Annual Report and Accounts Threadneedle Investment Funds ICVC March 2013



Threadneedle Investment Funds ICVC

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American Select Fund

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

Other Directors

T N Gillbanks P J W Reed N J Ring

Director's Report

The ACD, Threadneedle Investment Services Limited, has pleasure in presenting the Annual Report and Accounts for Threadneedle Investment Funds ICVC for the 12 months to 7 March 2013.

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

hom for -

Campbell Fleming Director

Aggregated Financial Statements for Threadneedle Investment Funds ICVC

STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2012 to 7 March 2013

		2013	2012
	Notes	£000	£000
Revenue			
Net capital gains/(losses)	2	3,225,920	(128,828)
Revenue	3	654,904	624,490
Expenses	4	(257,206)	(234,068)
Finance costs:			
Derivative expense		(829)	(937)
Interest		(225)	(696)
Net revenue before taxation		396,644	388,789
Taxation	5	(21,353)	(20,613)
Net revenue after taxation		375,291	368,176
Total return before distributions		3,601,211	239,348
Finance costs: Distributions		(448,937)	(429,719)
Change in net assets attributable to			
shareholders from investment activities	;	3,152,274	(190,371)

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

2012

2012

for the accounting period 8 March 2012 to 7 March 2013

	2013	2012
	£000	£000
Opening net assets attributable to shareholders	19,025,484	19,301,636
Movement due to sales and repurchases		
of shares:		
Amounts receivable on the issue of shares	5,675,093	5,266,122
Amounts receivable on inspecie transfers	-	27,742
Amounts payable on the cancellation of shares	(4,348,504)	(5,593,183)
Amounts payable on inspecie transfers	(738,753)	_
	587,836	(299,319)
Dilution adjustment	5,976	11,133
Stamp duty reserve tax	(3,622)	(4,617)
Change in net assets attributable to		
shareholders from investment activities		
(see statement of total return above)	3,152,274	(190,371)
Retained distribution on accumulation shares	196,502	207,369
Unclaimed distribution monies brought back		
into account	450	(347)
Closing net assets attributable to shareholders	22,964,900	19,025,484

BALANCE SHEET

as at 7 March 2013

	Notes	2013 £000	2012 £000
Assets			
Investment assets		22,439,770	18,412,378
Other assets			
Debtors	6	471,979	548,289
Cash and bank balances		688,097	609,491
Total other assets		1,160,076	1,157,780
Total assets		23,599,846	19,570,158
Liabilities			
Derivative liabilities		(18,340)	(4,893)
Other liabilities			
Creditors	7	(404,494)	(364,421)
Bank overdrafts		(154,966)	(119,789)
Distribution payable on income share	S	(57,146)	(55,571)
Total other liabilities		(616,606)	(539,781)
Total liabilities		(634,946)	(544,674)
Net assets attributable to shareholders		22,964,900	19,025,484

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

T N Gillbanks Director

7 May 2013

Notes to the Aggregated Financial Statements for Threadneedle Investment Funds ICVC

Notes to the financial statements

For the accounting period 8 March 2012 to 7 March 2013

1 ACCOUNTING POLICIES

(1) Basis of accounting

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

The Japan Smaller Companies Fund has applied and received approval from the FCA on 5 April 2013 to wind up the fund and therefore the accounts have been prepared on a non-going concern basis.

(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 295). 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.

2013

18

471,979

2012

30

548.289

2012

2012

Notes to the Aggregated Financial Statements for Threadneedle Investment Funds ICVC

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2012

2012

2012

2012

Notes to the financial statements (continued)

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".

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

2 NET CAPITAL GAINS/(LOSSES)

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

	2013	2012
	£000	£000
Non-derivative securities	3,261,122	(127,602)
Derivative contracts	2,559	(3,099)
Forward currency contracts	(47,526)	5,543
Other gains/(losses)	10,113	(2,803)
Transaction costs	(348)	(867)
Net capital gains/(losses)	3,225,920	(128,828)

3 REVENUE

	2013	2012
	£000	£000
UK dividends	194,460	170,640
Overseas dividends	203,888	198,250
Stock dividends	2,247	6,193
Interest on debt securities	246,651	240,761
Interest on short term investments	761	1,073
Derivative revenue	444	125
Bank interest	712	1,351
Underwriting commission	618	22
Stocklending commission	4,726	5,586
Management fee rebate on collective		
investment scheme holdings	396	466
Miscellaneous revenue	1	23
Total revenue	654,904	624,490

4 EXPENSES

	2013	2012
Payable to the ACD or associates of the ACD, and the agents of either of them:	£000	£000
Annual management charge Registration fees	(233,050) (21,246)	(211,955) (19,163)
	(254,296)	(231,118)
Payable to the depositary or associate of the depositary, and the agents of either of them:		
Depositary's fees	(743)	(727)
Safe custody fees	(1,277)	(1,359)
Revenue collection expenses	(341)	(319)
	(2,361)	(2,405)
Other expenses:		
Regulatory fee	(283)	(294)
Audit fee	(259)	(242)
Miscellaneous expenses	(7)	(9)
	(549)	(545)
*Total expenses	(257,206)	(234,068)

*Including irrecoverable VAT where applicable.

5 TAXATION

	a) Analysis of charge in period	2013 £000	2012 £000
	Overseas taxes	(21,195)	(21,259)
	Capital gains tax (note 5c)	(173)	647
	Adjustments in respect of prior periods	15	-
	Irrecoverable tax	-	(1)
	Total current tax (note 5b)	(21,353)	(20,613)
	Total tax charge for the period	(21,353)	(20,613)
	b) Factors affecting taxation charge for period		
	Net revenue before taxation	396,644	388,789
	Net revenue before taxation multiplied by		
	the standard rate of corporation tax of 20%*	(79,332)	(77,758)
	Revenue not subject to taxation	76,284	71,688
	Overseas taxes	(21,195)	(21,259)
	Overseas taxes expensed	485	460
	Excess expenses Revenue taxable in other periods	(43,265)	(39,113)
	Distributions treated as tax deductible	45,828	44,723
	Capital gains tax (note 5a)	(173)	647
	Irrecoverable tax	((1)
	Adjustments in respect of prior periods	15	-
	Current tax charge for period (note 5a)	(21,353)	(20,613)
	c) Capital gains tax		
	Provision at start of period	(1,128)	(1,775)
	Capital gains tax charge in statement of		
	total return for period (note 5a)	(173)	647
	Capital gains tax paid in year	560	-
	Provision at end of period	(741)	(1,128)
	*This may not cast due to rounding.		
6	DEBTORS		
		2013	2012
	A manual reactively for the issue of the set	£000	£000
	Amounts receivable for the issue of shares	248,103	171,797
	Sales awaiting settlement Accrued revenue	100,198 120,160	250,385 121,957
	Foreign withholding tax recoverable	3,500	4,120
		3,500	4,120

Total debtors 7 CREDITORS

	£000	£000
Amounts payable for the cancellation		
of shares	(61,208)	(102,647)
Purchases awaiting settlement	(307,650)	(230,232)
Accrued expenses	(625)	(482)
Amounts payable to ACD	(22,005)	(19,316)
Income tax payable	(9,362)	(7,698)
Corporation tax payable	(3,121)	(3,136)
Capital gains tax payable	(523)	(910)
Total creditors	(404,494)	(364,421)

8 RELATED PARTY TRANSACTIONS

United Kingdom income tax recoverable

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

Notes to the Aggregated Financial Statements for Threadneedle Investment Funds ICVC

Notes to the financial statements (continued)

Details of the investments 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 "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 7 share classes; Class 1, Class 1 Hedged, Class 2, Class 2i, Class 2 Hedged, Class X and Class Z 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 Japan Smaller Companies 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 £6,652,000 (2012: £7,975,000) of which £586,000 (2012: £517,000) was outstanding at year end. They have paid fees of £930,000 (2012: £1,153,000) of which £82,000 (2012: £72,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £996,000 (2012: £1,236,000) of which £88,000 (2012: £78,000) 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 £1,073.66m (2012: £789.77m), whilst the value of collateral held for these arrangements was £1,135.16m (2012: £840.51m). The collateral was held as either securities transferred in CREST by a DBV (Delivery by Value) or Gilt DBV, or in the form of overseas government bonds, supranational bonds or certificates of deposit. The nature and value of collateral held is analysed by asset class in the table below.

Analysis of Collateral Held

		2013		2012
	Value £000	% of Total	Value £000	% of Total
Bonds	1,135,160	100	840,513	100
	1,135,160	100	840,513	100

11 DILUTION ADJUSTMENT

Under certain circumstances the ACD has the power to charge a dilution adjustment on the purchase and/or redemption of shares. If charged, the dilution adjustment will be paid into the fund. Full details of the operation of the scheme can be found in the Prospectus.

12 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

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

The funds may also enter into a range of derivative transactions whose purpose is efficient portfolio management. In addition the funds only execute derivative contracts where both the derivative instrument and the counterparty have been approved by the ACD. A sensitivity analysis for the relevant funds is shown in their notes to the financial statements, contained within the full accounts, where

derivative holdings could impact the fund significantly. The main risks arising from financial instruments and the ACD's policies for managing these risks are stated below. These policies have been applied throughout the period under review. These policies have been consistent for both the current and prior period to which these financial statements relate.

Market price risk

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

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

The funds' investment portfolios are exposed to market price fluctuations, which are monitored by the ACD as per the policies as set out in the Prospectus. The investment guidelines and investment and borrowing powers set out in the Instrument of Incorporation, the Prospectus and in the Financial Conduct Authority's (formerly Financial Services Authority's) Collective Investment Schemes Sourcebook describe the nature of the market price risk to which the fund will be exposed.

Liquidity risk

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

Under normal circumstances, the funds will remain close to fully invested. However, where circumstances require: either because a view of illiquid securities markets or high levels of cancellations in the fund, the fund may hold cash and/or more liquid assets.

Temporary higher liquidity levels may also arise during the carrying out of a change in asset allocation policy, or following a large issue of shares.

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

Notes to the Aggregated Financial Statements for Threadneedle Investment Funds ICVC

Notes to the financial statements (continued)

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.

Investment Report

Investment Objective 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 2013, the published share price of the Threadneedle UK Fund has risen from 87.20p to 102.58p.

Looking at performance within its peer group, the total return on the fund for the twelve months ending 28 February 2013, including net reinvested income, is 14.58% as compared to a median return of 13.44% over the same period. (For information the FTSE All-Share Total Return Index returned 14.06% over the same period).

Portfolio Activity

UK equities performed strongly over the year, with sentiment boosted by the Bank of England's quantitative easing programme and the European Central Bank's pledge to do 'whatever it takes' to save the euro. At the sector level, the best performing areas of the UK stock market included IT and consumer discretionary while energy and materials underperformed, with the latter affected by concerns over the outlook for Chinese arowth.

The fund delivered a strongly positive return over the year and outperformed the FTSE All-Share. Our sector positioning worked well, most notably our decision to favour outperforming areas such as consumer discretionary and industrials. However, stock selection was the primary driver of returns, with large positions in the likes of budget airline easyJet, insurer Legal & General and house builder Bellway all adding to returns. A bias against large-company energy stocks also worked well. Elsewhere, a bias against the banking sector was unhelpful but more than offset by our stock picking decisions elsewhere, and we remain concerned that banks may need further injections of capital despite the significant support provided by the government to date.

Portfolio activity was relatively modest, reflecting our long-term mindset and highconviction approach to investing. However, we introduced a number of new holdings such as Crest Nicholson (via an IPO) and property group Derwent London. Other large purchases included Reckitt Benckiser and Tullow Oil. Holdings that we exited completely include media group BskyB and mining group Xstrata.

Recent developments in the eurozone will serve to remind investors that structural economic imbalances are likely to prove difficult to address. However, UK equity valuations are attractive and outside of Europe, the economic outlook is improving. Cheap funding also means that merger and acquisition activity could pick up this year. Given these positives, we remain constructive on the outlook for UK equities this year.

STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2012 to 7 March 2013

	Notes	2013 £000	2012 £000
Income			
Net capital gains/(losses)	2	184,453	(23,748)
Revenue	3	40,155	37,623
Expenses	4	(15,115)	(14,631)
Finance costs: Interest	6	(7)	(23)
Net revenue before taxation		25,033	22,969
Taxation	5	(25)	(49)
Net revenue after taxation		25,008	22,920
Total return before distributions		209,461	(828)
Finance costs: Distributions	6	(25,010)	(22,920)
Change in net assets attributable to shareholders from investment activities		184,451	(23,748)

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

.....

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for the accounting period 8 March 2012 to 7 March 2013

	2013 £000	2012 £000
Opening net assets attributable to shareholders	1,135,706	1,296,052
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	277,615	240,551
Amounts payable on the cancellation of shares	(161,250)	(378,390)
Amounts payable on inspecie transfer	(236,165)	_
	(119,800)	(137,839)
Dilution adjustment	-	261
Stamp duty reserve tax	(1,006)	(1,167)
Change in net assets attributable to		
shareholders from investment activities		
(see statement of total return above)	184,451	(23,748)
Retained distribution on accumulation shares	2,347	2,152
Unclaimed distribution monies brought back		
into account	31	(5)
Closing net assets attributable to shareholders	1,201,729	1,135,706

*In pound Sterling and against UK peer group Please refer to pages 269-282 for comparative tables.

BALANCE SHEET

as at 7 March 2013

Assets Investment assets	Notes	2013 £000 1,173,178	2012 £000 1,111,584
Other assets Debtors Cash and bank balances	7	13,591 24,669	35,154 2,069
Total other assets		38,260	37,223
Total assets		1,211,438	1,148,807
Liabilities Other liabilities Creditors Distribution payable on income shares	8	(2,897) (6,812)	(6,599) (6,502)
Total other liabilities		(9,709)	(13,101)
Total liabilities		(9,709)	(13,101)
Net assets attributable to shareholders		1,201,729	1,135,706

DISTRIBUTION TABLE

for the accounting period 8 March 2012 to 7 March 2013

Dividend distribution in pence per share

Class 1 Shares

Net Income						
Distribution	Gross	Tax	Net		Distribution	Distribution
Period	Revenue	Credit	Revenue	Equalisation	Paid/Payable 2012/2013	Paid 2011/2012
Group 1					2012/2013	2011/2012
08/03/12 to 07/09/12	1.2057	0.1206	1.0851	_	1.0851	0.9279
08/09/12 to 07/03/13	0.5564	0.0556	0.5008	-	0.5008	0.3916
Group 2						
08/03/12 to 07/09/12	0.5162	0.0516	0.4646	0.6205	1.0851	0.9279
08/09/12 to 07/03/13	0.4104	0.0410	0.3694	0.1314	0.5008	0.3916
Total distributions in the	period				1.5859	1.3195
Class 2 Shares						
Net Income						
Distribution	Gross	Tax	Net		Distribution	Distribution
Period	Revenue	Credit	Revenue	Equalisation	Paid/Payable	Paid
					2012/2013	2011/2012
Group 1 08/03/12 to 07/09/12	1.5193	0.1519	1.3674		1.3674	1.2039
08/09/12 to 07/03/13	0.8870	0.0887	0.7983	_	0.7983	0.6528
Group 2						
08/03/12 to 07/09/12	0.7874	0.0787	0.7087	0.6587	1.3674	1.2039
08/09/12 to 07/03/13	0.7061	0.0706	0.6355	0.1628	0.7983	0.6528
Total distributions in the	period				2.1657	1.8567

DISTRIBUTION TABLE

(continued)

Class 2 Shares						
Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Net Revenue Accumulated 2012/2013	
Group 1 08/03/12 to 07/09/12 08/09/12 to 07/03/13	1.0142 0.6008	0.1014 0.0601	0.9128 0.5407	-	0.9128 0.5407	0.7847 0.4318
Group 2 08/03/12 to 07/09/12 08/09/12 to 07/03/13 Total distributions in the p	0.5163 0.3061 eriod	0.0516 0.0306	0.4647 0.2755	0.4481 0.2652	0.9128 0.5407 1.4535	0.7847 0.4318 1.2165
Class Z Shares						
Net Income* Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Distribution Payable 2012/2013	
Group 1 19/09/12 to 07/03/13	1.0442	0.1044	0.9398	-	0.9398	
Group 2 19/09/12 to 07/03/13 Total distributions in the p	0.5390 eriod	0.0539	0.4851	0.4547	0.9398 0.9398	
Class Z Shares						
Net Accumulation** Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Net Revenue Accumulated 2012/2013	
Group 1 19/09/12 to 07/03/13	1.0637	0.1064	0.9573	-	0.9573	
Group 2 19/09/12 to 07/03/13 Total distributions in the p		0.0356	0.3208	0.6365	0.9573 0.9573	

Group 2: shares purchased during a distribution period *Class Z – Net income shares commenced on 19 September 2012

**Class Z – Net accumulation shares commenced on 19 September 2012

Notes to the financial statements

for the accounting period 8 March 2012 to 7 March 2013

1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 6 and 7.

2 NET CAPITAL GAINS/(LOSSES)

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

	2013	2012
	£000	£000
Non-derivative securities	184,458	(23,739)
Other gains	1	1
Transaction costs	(6)	(10)
Net capital gains/(losses)	184,453	(23,748)

3 REVENUE

	2013	2012
	£000	£000
UK dividends	39,012	35,080
Overseas dividends	433	555
Stock dividends	420	1,890
Interest on short term investments	45	31
Bank interest	22	29
Underwriting commission	153	-
Stocklending commission	70	38
Total revenue	40,155	37,623

2013

2012

4 EXPENSES

	£000	£000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(13,989)	(13,565)
Registration fees	(1,069)	(1,009)
	(15,058)	(14,574)
Payable to the depositary or associate of the depositary, and the agents of either of them:		
Depositary's fees	(30)	(30)
Safe custody fees	(13)	(13)
	(43)	(43)
Other expenses:		
Regulatory fee	(7)	(7)
Audit fee	(7)	(7)
	(14)	(14)
*Total expenses	(15,115)	(14,631)

*Including irrecoverable VAT where applicable.

5 TAXATION

	£000	£000
a) Analysis of charge in period		
Overseas taxes	(25)	(49)
Total current tax (note 5b)	(25)	(49)
Total tax charge for the period	(25)	(49)
b) Factors affecting taxation charge for period		
Net revenue before taxation	25,033	22,969
Net revenue before taxation multiplied by the standard rate of corporation tax of 20% Effects of:	(5,007)	(4,594)
Revenue not subject to taxation	7,974	7,504
Overseas taxes	(25)	(49)
Overseas taxes expensed	-	10
Excess expenses	(2,967)	(2,920)
Current tax charge for period (note 5a)	(25)	(49)
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2013

2012

The fund has not recognised a deferred tax asset of £47,042,894 (2012: £44,076,089) arising as a result of having unutilised management expenses. It is unlikely that these expenses will be utilised in future years.

6 FINANCE COSTS

Distributions and Interest

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

	2013 £000	2012 £000
Interim	17,034	14,870
Final	7,677	7,266
	24,711	22,136
Add: Revenue deducted on cancellation of shares	1,642	1,975
Deduct: Revenue received on creation of shares	(1,343)	(1,191)
Net distribution for the period	25,010	22,920
Interest	7	23
Total finance costs	25,017	22,943
Net revenue after taxation	25,008	22,920
Equalisation on conversion	2	-
Net distribution for the period	25,010	22,920
Details of the distribution per share are set of pages 10 and 11.	ut in the	table on

7 DEBTORS

	2013 £000	2012 £000
Amounts receivable for the issue of shares	8,642	27,854
Accrued revenue	4,949	7,224
Foreign withholding tax recoverable	_	76
Total debtors	13,591	35,154

8 CREDITORS

	£000	£000
Amounts payable for the cancellation of shares	(1,678)	(5,258)
Purchases awaiting settlement	-	(178)
Accrued expenses	(13)	(11)
Amounts payable to ACD	(1,206)	(1,152)
Total creditors	(2,897)	(6,599)

2013

2012

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 7.

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:

1.50%
1.00%
0.75%
0.175%
0.035%
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 269. 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 £99,000 (2012: £54,000) of which £9,000 (2012: £5,000) was outstanding at year end. They have paid fees of £14,000 (2012: £8,000) of which £1,000 (2012: £1,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £15,000 (2012: £8,000) of which £1,000 (2012: £1,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £15,000 (2012: £8,000) of which £1,000 (2012: £1,000) was outstanding at year end to J.P. Morgan as the security lending agent to process these arrangements and hold the collateral. The value of stock on loan at the end of the accounting period was £72.96m (2012: £25.89m), whilst the value of collateral held for these arrangements was £79.32m (2012: £28.84m). 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

		2013		2012
	Value £	% of Total	Value £	% of Total
Bonds	79,318	100	28,843	100
	79,318	100	28,843	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

Currency 2013	Monetary exposures £000	Non- monetary exposures £000	Total £000
Euro	1	-	1
US Dollar	24	-	24
Currency 2012	£000	£000	£000
Euro	2	-	2
US Dollar	75	-	75

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 2013 was:

Currency 2013	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Euro	1	-	-	1
UK Sterling	8,637	16,007	1,186,769	1,211,413
US Dollar	24	-	-	24
Currency 2012	£000	£000	£000	£000
Euro	1	-	1	2
UK Sterling	2,068	-	1,146,662	1,148,730
US Dollar	-	-	75	75

Currency 2013	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
UK Sterling	-	-	(9,709)	(9,709)
Currency 2012 UK Sterling	£000	£000 _	£000 (13,101)	£000 (13,101)

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

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.

Notes to the financial statements

(continued)

13 CONTINGENT LIABILITIES AND COMMITMENTS

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

14 PORTFOLIO TRANSACTION COSTS

	2013	2012
	£000	£000
Analysis of total purchase costs		
Purchases in period before transaction costs	311,072	307,596
Commissions	306	355
Taxes	1,371	1,362
Total purchase costs	1,677	1,717
Gross purchases total	312,749	309,313
Analysis of total sale costs		
Gross sales before transaction costs	434,243	447,315
Commissions	(229)	(224)
Taxes	_	(1)
Total sale costs	(229)	(225)
Total sales net of transaction costs	434,014	447,090

Threadneedle UK Select Fund

Investment Report

Investment Objective 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 2013, the published share price of the Threadneedle UK Select Fund has risen from 82.13p to 93.97p.

Looking at performance within its peer group, the total return on the fund for the twelve months ending 28 February 2013, including net reinvested income, is 11.96% as compared to a median return of 13.44% over the same period. (For information the FTSE All-Share Total Return Index returned 14.06% over the same period).

Portfolio Activity

We continue to believe that economic growth in the UK is likely to remain lacklustre as both the government and consumers continue to rein in their spending and reduce their level of indebtedness. It is for this reason that we continue to focus predominantly on companies and geographies that can still deliver good growth despite this tough economic backdrop. Therefore we are targeting firms which generate a high proportion of their sales and profits from overseas markets and companies which sell products and services to other businesses, rather than to the government or the UK consumer.

Over recent months we have bought several companies which are accelerating cash returns to investors to drive shareholder value. Examples include Cambridge Silicon Radio, InterContinental Hotels and BAE Systems. We have also added wealth manager St James's Place to the portfolio as we feel the company is extremely well placed to continue to grow assets in the UK and we expect significant dividend growth from the company in the years to come. These purchases have been funded by selling out of our holdings in the UK food retail sector where we feel the competitive environment is likely to remain extremely tough.

The corporate sector remains in good financial health and this is likely to lead to a continued pick-up in merger and acquisition activity. As sales growth is likely to remain difficult in a low-growth world, many multinational firms may find it easier to buy growth via the UK stock market and so the UK Select Fund invests in several midsized global businesses with good niche technologies which we believe are ripe for takeover by larger multinationals. Examples are Premier Oil, technology firm Spirent, and several firms in the industrial sector.

Equity valuations continue to look good value versus both history and compared with other asset classes such as cash or bonds and so we are finding plenty of attractive companies to invest in.

STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2012 to 7 March 2013

	Notes	2013 £000	2012 £000
Income			
Net capital gains/(losses)	2	27,433	(1,126)
Revenue	3	6,967	7,791
Expenses	4	(3,057)	(3,379)
Finance costs: Interest	6	-	(2)
Net revenue before taxation		3,910	4,410
Taxation	5	-	(11)
Net revenue after taxation		3,910	4,399
Total return before distributions		31,343	3,273
Finance costs: Distributions	6	(3,912)	(4,399)
Change in net assets attributable to shareholders from investment activities		27,431	(1,126)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2012 to 7 March 2013

	2013 £000	2012 £000
Opening net assets attributable to shareholders	227,343	270,557
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	19,848	20,712
Amounts payable on the cancellation of shares	(54,083)	(62,756)
	(34,235)	(42,044)
Dilution adjustment	44	57
Stamp duty reserve tax	(72)	(101)
Change in net assets attributable to shareholders from investment activities		
(see statement of total return above) Unclaimed distribution monies brought back	27,431	(1,126)
into account	11	-
Closing net assets attributable to shareholders	220,522	227,343

*In pound Sterling and against UK peer group.

Please refer to pages 269-282 for comparative tables.

BALANCE SHEET

as at 7 March 2013

as at 7 march 2013			
	Notes	2013 £000	2012 £000
Assets			
Investment assets		208,849	219,131
Other assets			
Debtors	7	1,636	2,904
Cash and bank balances		11,840	7,414
Total other assets		13,476	10,318
Total assets		222,325	229,449
Liabilities			
Other liabilities			
Creditors	8	(1,141)	(901)
Distribution payable on income shares	5	(662)	(1,205)
Total other liabilities		(1,803)	(2,106)
Total liabilities		(1,803)	(2,106)
Net assets attributable to shareholders		220,522	227,343

DISTRIBUTION TABLE

for the accounting period 8 March 2012 to 7 March 2013

Dividend distribution in pence per share

Class 1 Shares Net Income						
Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Distribution Paid/Payable	Distribution Paid
renou	nevenue	Credit	nevenue	Equalisation	2012/2013	2011/2012
Group 1						
08/03/12 to 07/09/12	1.2782	0.1278	1.1504	-	1.1504	0.9851
08/09/12 to 07/03/13	0.2052	0.0205	0.1847	-	0.1847	0.3529
Group 2						
08/03/12 to 07/09/12	0.6394	0.0639	0.5755	0.5749	1.1504	0.9851
08/09/12 to 07/03/13	0.1069	0.0107	0.0962	0.0885	0.1847	0.3529
Total distributions in the	period				1.3351	1.3380
Class 2 Shares						
Net Income						
Distribution	Gross	Tax	Net		Distribution	Distribution
Period	Revenue	Credit	Revenue	Equalisation	Paid/Payable	Paid
					2012/2013	2011/2012
Group 1						
08/03/12 to 07/09/12	1.5751	0.1575	1.4176	-	1.4176	1.2475
08/09/12 to 07/03/13	0.5117	0.0512	0.4605	-	0.4605	0.6020
Group 2						
08/03/12 to 07/09/12	1.0719	0.1072	0.9647	0.4529	1.4176	1.2475
08/09/12 to 07/03/13	0.2722	0.0272	0.2450	0.2155	0.4605	0.6020
Total distributions in the	period				1.8781	1.8495

Threadneedle UK Select Fund

DISTRIBUTION TABLE

(continued)

Class Z Shares

Net income* Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Distribution Payable 2012/2013
Group 1 28/09/12 to 07/03/13	0.6692	0.0669	0.6023	-	0.6023
Group 2 28/09/12 to 07/03/13 Total distributions in the	0.1196 e period	0.0120	0.1076	0.4947	0.6023 0.6023

Group 2: shares purchased during a distribution period *Class Z – Net income shares commenced on 28 September 2012

2013

2012

Threadneedle UK Select Fund

Notes to the financial statements

for the accounting period 8 March 2012 to 7 March 2013

1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 6 and 7.

2 NET CAPITAL GAINS/(LOSSES)

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

	2013 £000	2012 £000
Non-derivative securities	27,437	(1,135)
Other gains	-	13
Transaction costs	(4)	(4)
Net capital gains/(losses)	27,433	(1,126)
3 REVENUE		

2013 2012 £000 £000 UK dividends 6,630 7,139 Overseas dividends 68 76 Stock dividends 236 547 Interest on short term investments 9 1 Bank interest 15 16 Stocklending commission 16 5 Total revenue 6,967 7,791

4 EXPENSES

	2013 £000	2012 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(2,758)	(3,047)
Registration fees	(264)	(297)
	(3,022)	(3,344)
Payable to the depositary or associate of the depositary, and the agents of either of them:		
Depositary's fees	(19)	(19)
Safe custody fees	(2)	(3)
	(21)	(22)
Other expenses:		
Regulatory fee	(7)	(7)
Audit fee	(7)	(6)
	(14)	(13)
*Total expenses	(3,057)	(3,379)

*Including irrecoverable VAT where applicable.

5 TAXATION

	£000	£000
a) Analysis of charge in period		
Overseas taxes	-	(11)
Total current tax (note 5b)	-	(11)
Total tax charge for the period	-	(11)
b) Factors affecting taxation charge for period		
Net revenue before taxation	3,910	4,410
Net revenue before taxation multiplied by the standard rate of corporation tax of 20% Effects of:	(782)	(882)
Revenue not subject to taxation	1,387	1,552
Overseas taxes	-	(11)
Excess expenses	(605)	(670)
Current tax charge for period (note 5a)	-	(11)

The fund has not recognised a deferred tax asset of £8,652,264 (2012 £8,047,664) arising as a result of having unutilised management expenses. It is unlikely that these expenses will be utilised in future years.

6 FINANCE COSTS

Distributions and Interest

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

	2013	2012
	£000	£000
Interim	3,064	3,027
Final	662	1,205
	3,726	4,232
Add: Revenue deducted on cancellation of shares	252	277
Deduct: Revenue received on creation of shares	(66)	(110)
Net distribution for the period	3,910	4,399
Interest	-	2
Total finance costs	3,912	4,401

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

7 DEBTORS

£000	2012 £000
1,008	348
-	1,734
628	822
1,636	2,904
	1,008 _ 628

8 CREDITORS

	2013	2012
	£000	£000
Amounts payable for the cancellation of shares	(351)	(625)
Purchases awaiting settlement	(543)	-
Accrued expenses	(10)	(6)
Amounts payable to ACD	(237)	(270)
Total creditors	(1,141)	(901)

2013

2012

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 statement on page 7.

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 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	0.175%
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 269. 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 £23,000 (2012: £7,000) of which £2,000 (2012: £1,000) was outstanding at year end. They have paid fees of £3,000 (2012: £1,000) of which Nil (2012: Nil) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £4,000 (2012: £1,000) of which Nil (2012: Nil) was outstanding at year end to J.P. Morgan as the security lending agent to process these arrangements and hold the collateral. The value of stock on loan at the end of the accounting period was £10.88m (2012: £1.19m), whilst the value of collateral held for these arrangements was £11.78m (2012: £1.35m). The collateral was held as either securities transferred in CREST by a DBV (Delivery by Value) or Gilt DBV, or in the form of overseas government bonds, supranational bonds or certificates of deposit. The nature and value of collateral held is analysed by asset class in the table below.

Analysis of Collateral Held

		2013		2012
	Value £000	% of Total	Value £000	% of Total
Bonds	11,779	100	1,348	100
	11,779	100	1,348	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

Currency 2013	Monetary exposures £000	Non- monetary exposures £000	Total £000
Euro	8	-	8
Currency 2012	£000	£000	£000
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 2013 was:

Currency 2013	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Euro	8	-	-	8
UK Sterling	2,831	9,001	210,485	222,317
Currency 2012	£000	£000	£000	£000
Euro	8	-	-	8
UK Sterling	7,406	-	222,035	229,441

Currency 2013	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
UK Sterling	-	-	(1,803)	(1,803)
Currency 2012 UK Sterling	£000 _	£000 _	£000 (2,106)	£000 (2,106)

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

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 (2012: Nil).

14 PORTFOLIO TRANSACTION COSTS

	2013	2012
	£000	£000
Analysis of total purchase costs		
Purchases in period before transaction costs	57,844	97,795
Commissions	67	117
Taxes	247	446
Fees	6	-
Total purchase costs	320	563
Gross purchases total	58,164	98,358
Analysis of total sale costs		
Gross sales before transaction costs	96,006	143,653
Commissions	(123)	(156)
Total sale costs	(123)	(156)
Total sales net of transaction costs	95,883	143,497

Investment Report

Investment Objective 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 2013, the published share price of the Threadneedle UK Smaller Companies Fund has risen from 138.87p to 169.03p.

Looking at performance within its peer group, the total return on the fund for the twelve months ending 28 February 2013, including net reinvested income, is 18.11% as compared to a median return of 20.80% over the same period. (For information the Numis Smaller Companies (ex Investment Trusts) Index returned 23.26% over the same period).

Portfolio Activity

The UK smaller companies market rose strongly over the year although it fell for the first few months of the period as the risk of a global economic slowdown grew. However, a combination of clearer policy and an improving outlook for corporate profitability led to a steady rise in equity markets.

The fund's sector allocations were positioned towards areas of structural growth; in a lowgrowth world, high-quality growth companies should deliver consistent returns. However, the fund does have holdings in areas exposed to the UK domestic economy where companies can take market share. Nonetheless, the consumer and government still have too much debt and demand for products and services is likely to remain depressed.

The fund was affected by stock selection decisions and more generally its bias against consumer sectors. Although there has been an improvement in housing transactions and consumer spending, we do not think this will develop into a strong recovery. The fund thus continues to favour areas of structural growth and exposure to global markets such as technology, engineering and chemical sectors; many of these will benefit from a weaker pound. The fund also benefited from its favouring of technology and industrials.

Individual investments in the portfolio that provided strong returns in the year included: Ashtead, Oxford Instruments, jomart, CSR and PayPoint. In the period the fund started new holdings in Brooks MacDonald, Crest Nicholson, Delcam, Enteq, Moss Bros, Polar Capital, Progressive Digital Media, Ted Baker and Trinity Oil & Gas. The fund sold out of holdings in Avanti, Barratt Developments, Immunodiagnostics and London Mining. During the period, Cove Energy, Endace, Kewill and Sportingbet were taken over.

High-quality small companies are uniquely positioned to benefit from the current environment. Although markets have risen significantly, the smaller companies 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

TO SHAREHOLDERS

for the accounting period 8 March 2012 to 7 March 2013

	Notes	2013 £000	2012 £000
Income			
Net capital gains	2	23,543	89
Revenue	3	2,928	2,983
Expenses	4	(2,080)	(2,294)
Net revenue before taxation		848	689
Taxation	5	(18)	(19)
Net revenue after taxation		830	670
Total return before distributions		24,373	759
Finance costs: Distributions	6	(862)	(792)
Change in net assets attributable to shareholders from investment activities		23,511	(33)
shareholdere nom mycothicht detivities		20,011	(00)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE

for the accounting period 8 March 2012 to 7 March 2013

BALANCE SHEET

as at 2	7 March	2013
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	Notes	2013 £000	2012 £000
Assets			
Investment assets		140,896	177,125
Other assets			
Debtors	7	10,111	2,602
Cash and bank balances		4,421	12,292
Total other assets		14,532	14,894
Total assets		155,428	192,019
Liabilities			
Other liabilities			
Creditors	8	(5,096)	(1,656)
Distribution payable on income shares	S	(161)	(137)
Total other liabilities		(5,257)	(1,793)
Total liabilities		(5,257)	(1,793)
Net assets attributable to shareholders		150,171	190,226

DISTRIBUTION TABLE

for the accounting period 8 March 2012 to 7 March 2013

Dividend distribution in pence per share

	2013 £000	2012 £000	Class 1 Sha Net Income
Opening net assets attributable to shareholders	190,226	192,482	Distribution Period
Movement due to sales and repurchases			Fenou
of shares:			Group 1
Amounts receivable on the issue of shares	35,773	50,236	08/03/12 to 07/0 08/09/12 to 07/0
Amounts payable on the cancellation of shares	(64,978)	(52,791)	Group 2
Amounts payable on inspecie transfer	(34,881)	-	08/03/12 to 07/0
	(64,086)	(2,555)	08/09/12 to 07/0 Total distribution
Dilution adjustment	592	439	Class 2 Sha
Stamp duty reserve tax	(73)	(107)	Net Income Distribution
Change in net assets attributable to			Period
shareholders from investment activities			
(see statement of total return above)	23,511	(33)	Group 1 08/03/12 to 07/0
Unclaimed distribution monies brought back			08/09/12 to 07/0
into account	1	-	Group 2
Closing net assets attributable to shareholders	150,171	190,226	08/03/12 to 07/0 08/09/12 to 07/0
			Total distributi

Class 1 Shares						
Net Income Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Distribution Paid/Payable 2012/2013	Distribution Paid 2011/2012
Group 1						
08/03/12 to 07/09/12 08/09/12 to 07/03/13	0.3936	0.0394	0.3542	-	0.3542	0.2957
Group 2						
08/03/12 to 07/09/12	0.3041	0.0304	0.2737	0.0805	0.3542	0.2957
08/09/12 to 07/03/13 Total distributions in t	he period	-	-	-	0.3542	0.2957
Class 2 Shares						
Net Income						
Distribution Period	Gross	Tax Credit	Net	Farra Bandian	Distribution	Distribution Paid
Period	Revenue	Credit	Revenue	Equalisation	Paid/Payable 2012/2013	2011/2012
Group 1						
08/03/12 to 07/09/12	0.8994	0.0899	0.8095	-	0.8095	0.7303
08/09/12 to 07/03/13		0.0463	0 4474			0.2130
	0.4634	0.0463	0.4171	-	0.4171	0.2130
Group 2	0.4634	0.0463	0.4171	-	0.4171	0.2130
Group 2 08/03/12 to 07/09/12	0.4634	0.0463	0.4171	0.1495	0.4171	0.2130
	0.7333 0.0904			0.1495 0.3357		

*In pound Sterling and against UK peer group. Please refer to pages 269-282 for comparative tables.

DISTRIBUTION TABLE

(continued)

Class Z Shares

Net Income* Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Distribution Payable 2012/2013
Group 1 05/10/12 to 07/03/13	0.3658	0.0366	0.3292	-	0.3292
Group 2					
05/10/12 to 07/03/13	0.0709	0.0071	0.0638	0.2654	0.3292
Total distributions in the	e period				0.3292
0 0 1 1		11			

Group 2: shares purchased during a distribution period

*Class Z – Net income shares commenced on 5 October 2012

Notes to the financial statements

for the accounting period 8 March 2012 to 7 March 2013

1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 6 and 7.

2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2013 £000	2012 £000
Non-derivative securities	23,547	93
Transaction costs	(4)	(4)
Net capital gains	23,543	89

3 REVENUE

	2013 £000	2012 £000
UK dividends	2,651	2,741
Overseas dividends	166	60
Stock dividends	-	35
Interest on short term investments	4	-
Bank interest	10	17
Underwriting commission	-	15
Stocklending commission	97	115
Total revenue	2,928	2,983

4 EXPENSES

	2013 £000	2012 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(1,885)	(2,085)
Registration fees	(163)	(176)
	(2,048)	(2,261)
Payable to the depositary or associate of the depositary, and the agents of either of them:		
Depositary's fees	(16)	(17)
Safe custody fees	(2)	(2)
	(18)	(19)
Other expenses:		
Regulatory fee	(7)	(8)
Audit fee	(7)	(6)
	(14)	(14)
*Total expenses	(2,080)	(2,294)

*Including irrecoverable VAT where applicable.

5 TAXATION

	£000	£000
a) Analysis of charge in period		
Overseas taxes	(18)	(19)
Total current tax (note 5b)	(18)	(19)
Total tax charge for the period	(18)	(19)
b) Factors affecting taxation charge for period		
Net revenue before taxation	848	689
Net revenue before taxation multiplied by		
the standard rate of corporation tax of 20% Effects of:	(170)	(138)
Revenue not subject to taxation	563	567
Overseas taxes	(18)	(19)
Overseas taxes expensed	4	4
Excess expenses	(397)	(433)
Current tax charge for period (note 5a)	(18)	(19)

2013

2012

2012

2013

The fund has not recognised a deferred tax asset of £4,359,206 (2012: \pounds 3,961,801) arising as a result of having unutilised management expenses. It is unlikely that these expenses will be utilised in future years.

6 FINANCE COSTS

Distributions

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

	2013 £000	2012 £000
Interim	492	645
Final	160	137
	652	782
Add: Revenue deducted on cancellation of shares	258	92
Deduct: Revenue received on creation of shares	(48)	(82)
Net distribution for the period	862	792
Net revenue after taxation	830	670
Shortfall transfer from capital to revenue	32	122
Net distribution for the period	862	792
Details of the distribution per share and any s	hare class	with a

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

	£000	£000
Amounts receivable for the issue of shares	10,003	2,212
Sales awaiting settlement	-	268
Accrued revenue	108	122
Total debtors	10,111	2,602

8 CREDITORS

	2013	2012
	£000	£000
Amounts payable for the cancellation of shares	(116)	(78)
Purchases awaiting settlement	(4,821)	(1,368)
Accrued expenses	(9)	(6)
Amounts payable to ACD	(150)	(204)
Total creditors	(5,096)	(1,656)

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 7.

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 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	0.175%
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 269. 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 £136,000 (2012: £162,000) of which £13,000 (2012: £17,000) was outstanding at year end. They have paid fees of £19,000 (2012: £23,000) of which £2,000 (2012: £2,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £20,000 (2012: £24,000) of which £2,000 (2012: £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 £5.88m (2012: £9.76m), whilst the value of collateral held for these arrangements was £6.39m (2012: £10.86m). The collateral was held as either securities transferred in CREST by a DBV (Delivery by Value) or Gilt DBV, or in the form of overseas government bonds, supranational bonds or certificates of deposit.

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

Analysis of Collateral Held

-		2013		2012
	Value £000	% of Total	Value £000	% of Total
Bonds	6,388	100	10,865	100
	6,388	100	10,865	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

UK Sterling

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 2013 was:

Currency 2013 UK Sterling	Floating rate financial assets £000 4,421	Fixed rate financial assets £000	Financial assets not carrying interest £000 151,007	Total £000 155,428
Currency 2012	£000	£000	£000	£000

179,727

2013

2012

192.019

Currency 2013 UK Sterling	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000 (5,257)	Total £000 (5,257)
Currency 2012	£000	£000	£000	£000
UK Sterling	-	-	(1,793)	(1,793)

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

12.292

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 (2012: Nil).

14 PORTFOLIO TRANSACTION COSTS

	£000	£000
Analysis of total purchase costs		
Purchases in period before transaction costs	41,547	70,151
Commissions	37	113
Taxes	40	281
Fees	1	-
Total purchase costs	78	394
Gross purchases total	41,625	70,545
Analysis of total sale costs		
Gross sales before transaction costs	101,496	85,390
Commissions	(96)	(131)
Total sale costs	(96)	(131)
Total sales net of transaction costs	101,400	85,259

Investment Report Investment Objective

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 2013, the published share price of the Threadneedle UK Growth & Income Fund has risen from 62.82p to 72.93p.

Looking at performance within its peer group, the total return on the fund for the twelve months ending 28 February 2013, including net reinvested income, is 16.58% as compared to a median return of 13.44% over the same period. (For information the FTSE All-Share Total Return Index returned 14.06% over the same period).

Portfolio Activity

UK equities performed strongly over the year, with sentiment boosted by the Bank of

England's quantitative easing programme and the European Central Bank's pledge to do 'whatever it takes' to save the euro. At the sector level, the best performing areas of the UK stock market included retail and media while energy and materials underperformed with the latter affected by concerns over the outlook for Chinese growth.

The fund produced a strongly positive return over the year and outperformed the FTSE All-Share index despite not holding banks, which performed strongly. Our sector positioning added to returns over the year, as did our stock selection decisions. At the sector level, the fund benefited from its favouring of consumer-sensitive areas and industrials. which outperformed, and its bias against energy and materials, which underperformed. The latter two sectors were affected by poor returns from some of the large-company stocks and broader concerns about emerging market demand for raw materials. At the stock level, key performers included our large positions in ITV, Unilever and insurer Legal & General. BAE was also a strong performer despite fears of US budget cuts. Weaker performance came from the likes of Marks & Spencer and Wm Morrison; both are unloved but the valuations are attractive and we regard the turnaround strategies of both companies as being sensible.

Portfolio activity was relatively modest, reflecting our long-term mindset and contrarian approach. However, new positions included venture capital firm 3i, which has performed very strongly since we purchased it, and Sherborne, an activist vehicle. We also participated in the Melrose rights issue. In terms of sales, Aegis exited the portfolio after being taken over at a large premium by a Japanese rival. We also took profits on a number of our economicallysensitive and industrial-related holdings that have performed strongly over the year.

Looking forward, we are cautiously optimistic on the outlook for UK equities. What John Maynard Keynes labelled 'animal spirits' are undoubtedly running high, but these are balanced by attractive valuations and the FTSE's high dividend yield in a global context. Moreover, cheap funding means that there is scope for merger and acquisition activity to pick up this year. On the downside, structural imbalances remain in Europe and are unlikely to be resolved in the near future.

STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2012 to 7 March 2013

	Notes	2013 £000	2012 £000
Income			
Net capital gains	2	35,455	6,890
Revenue	3	9,815	10,058
Expenses	4	(3,461)	(3,587)
Finance costs: Interest	6	(2)	(5)
Net revenue before taxation		6,352	6,466
Taxation	5	-	-
Net revenue after taxation		6,352	6,466
Total return before distributions		41,807	13,356
Finance costs: Distributions	6	(9,577)	(9,833)
Change in net assets attributable to			
shareholders from investment activities		32,230	3,523

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

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for the accounting period 8 March 2012 to 7 March 2013

|                                                                                 | 2013<br>£000 | 2012<br>£000 |
|---------------------------------------------------------------------------------|--------------|--------------|
| Opening net assets attributable to shareholders                                 | 294,608      | 288,875      |
| Movement due to sales and repurchases of shares:                                |              |              |
| Amounts receivable on the issue of shares                                       | 70,185       | 30,405       |
| Amounts payable on the cancellation of shares                                   | (40,773)     | (28,076)     |
| Amounts payable on inspecie transfer                                            | (126,849)    | -            |
|                                                                                 | (97,437)     | 2,329        |
| Dilution adjustment                                                             | 406          | -            |
| Stamp duty reserve tax                                                          | (77)         | (105)        |
| Change in net assets attributable to<br>shareholders from investment activities |              |              |
| (see statement of total return above)                                           | 32,230       | 3,523        |
| Unclaimed distribution monies brought back                                      |              |              |
| into account                                                                    | 25           | (14)         |
| Closing net assets attributable to shareholders                                 | 229,755      | 294,608      |
|                                                                                 |              |              |

# BALANCE SHEET

as at 7 March 2013

| Notes | 2013<br>£000 | 2012<br>£000                                                                                              |
|-------|--------------|-----------------------------------------------------------------------------------------------------------|
|       |              |                                                                                                           |
|       | 225,671      | 289,659                                                                                                   |
|       |              |                                                                                                           |
| 7     | 1,332        | 5,598                                                                                                     |
|       | 6,017        | 3,841                                                                                                     |
|       | 7,349        | 9,439                                                                                                     |
|       | 233,020      | 299,098                                                                                                   |
|       |              |                                                                                                           |
|       |              |                                                                                                           |
| 8     | (331)        | (661)                                                                                                     |
| S     | (2,934)      | (3,829)                                                                                                   |
|       | (3,265)      | (4,490)                                                                                                   |
|       | (3,265)      | (4,490)                                                                                                   |
|       | 229,755      | 294,608                                                                                                   |
|       | 7            | Notes £000<br>225,671<br>7 1,332<br>6,017<br>7,349<br>233,020<br>8 (331)<br>(2,934)<br>(3,265)<br>(3,265) |

### DISTRIBUTION TABLE

for the accounting period 8 March 2012 to 7 March 2013

Dividend distribution in pence per share

| Class | 1 | Shares |
|-------|---|--------|
|-------|---|--------|

| Net Income                 |         |        |         |              |              |              |
|----------------------------|---------|--------|---------|--------------|--------------|--------------|
| Distribution               | Gross   | Тах    | Net     |              | Distribution | Distribution |
| Period                     | Revenue | Credit | Revenue | Equalisation | Paid/Payable | Paid         |
|                            |         |        |         |              | 2012/2013    | 2011/2012    |
| Group 1                    |         |        |         |              |              |              |
| 08/03/12 to 07/09/12       | 1.6016  | 0.1602 | 1.4414  | -            | 1.4414       | 1.2919       |
| 08/09/12 to 07/03/13       | 1.0157  | 0.1016 | 0.9141  | -            | 0.9141       | 0.7932       |
| Group 2                    |         |        |         |              |              |              |
| 08/03/12 to 07/09/12       | 0.2528  | 0.0253 | 0.2275  | 1.2139       | 1.4414       | 1.2919       |
| 08/09/12 to 07/03/13       | 0.8759  | 0.0876 | 0.7883  | 0.1258       | 0.9141       | 0.7932       |
| Total distributions in the | period  |        |         |              | 2.3555       | 2.0851       |
| Class 2 Shares             |         |        |         |              |              |              |
| Net Income                 |         |        |         |              |              |              |
| Distribution               | Gross   | Tax    | Net     |              | Distribution | Distribution |
| Period                     | Revenue | Credit | Revenue | Equalisation | Paid/Payable | Paid         |
|                            |         |        |         |              | 2012/2013    | 2011/2012    |
| Group 1                    |         |        |         |              |              |              |
| 08/03/12 to 07/09/12       | 1.7471  | 0.1747 | 1.5724  | -            | 1.5724       | 1.4095       |
| 08/09/12 to 07/03/13       | 1.1280  | 0.1128 | 1.0152  | -            | 1.0152       | 0.8760       |
| Group 2                    |         |        |         |              |              |              |
| 08/03/12 to 07/09/12       | 0.7280  | 0.0728 | 0.6552  | 0.9172       | 1.5724       | 1.4095       |
| 08/09/12 to 07/03/13       | 0.5024  | 0.0502 | 0.4522  | 0.5630       | 1.0152       | 0.8760       |
| Total distributions in the |         |        |         |              | 2.5876       | 2,2855       |

\*In pound Sterling and against UK peer group. Please refer to pages 269-282 for comparative tables.

# **DISTRIBUTION TABLE**

(continued)

# Class Z Shares

| Gross<br>Revenue | Tax<br>Credit            | Net<br>Revenue                                                                         | Equalisation                                                                                                                         | Distribution<br>Payable<br>2012/2013                                                                                                                                               |
|------------------|--------------------------|----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.5868           | 0.1587                   | 1.4281                                                                                 | -                                                                                                                                    | 1.4281                                                                                                                                                                             |
| 0.0990           | 0.0099                   | 0.0891                                                                                 | 1.3390                                                                                                                               | 1.4281<br><b>1.4281</b>                                                                                                                                                            |
|                  | <b>Revenue</b><br>1.5868 | Revenue         Credit           1.5868         0.1587           0.0990         0.0099 | Revenue         Credit         Revenue           1.5868         0.1587         1.4281           0.0990         0.0099         0.0891 | Revenue         Credit         Revenue         Equalisation           1.5868         0.1587         1.4281         -           0.0990         0.0099         0.0891         1.3390 |

Group 2: shares purchased during a distribution period

\*Class Z – Net income shares commenced on 28 September 2012

### Notes to the financial statements

for the accounting period 8 March 2012 to 7 March 2013

### **1 ACCOUNTING POLICIES**

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 6 and 7.

### 2 NET CAPITAL GAINS

Net capital gains during the period comprise:

| 2013<br>£000 | 2012<br>£000                      |
|--------------|-----------------------------------|
| 35,459       | 6,892                             |
| 1            | 1                                 |
| (5)          | (3)                               |
| 35,455       | 6,890                             |
|              | <b>£000</b><br>35,459<br>1<br>(5) |

2013

2012

### **3 REVENUE**

|                                    | 2013  | 2012   |
|------------------------------------|-------|--------|
|                                    | £000  | £000   |
| UK dividends                       | 9,613 | 9,855  |
| Overseas dividends                 | -     | 5      |
| Stock dividends                    | 101   | 155    |
| Interest on short term investments | 11    | 14     |
| Bank interest                      | 12    | 16     |
| Underwriting commission            | 57    | -      |
| Stocklending commission            | 21    | 13     |
| Total revenue                      | 9,815 | 10,058 |
|                                    |       |        |

### **4 EXPENSES**

|                                                                                             | £000    | £000    |
|---------------------------------------------------------------------------------------------|---------|---------|
| Payable to the ACD or associates of the ACD,<br>and the agents of either of them:           |         |         |
| Annual management charge                                                                    | (3,226) | (3,367) |
| Registration fees                                                                           | (199)   | (184)   |
|                                                                                             | (3,425) | (3,551) |
| Payable to the depositary or associate of the depositary, and the agents of either of them: |         |         |
| Depositary's fees                                                                           | (19)    | (20)    |
| Safe custody fees                                                                           | (3)     | (3)     |
|                                                                                             | (22)    | (23)    |
| Other expenses:                                                                             |         |         |
| Regulatory fee                                                                              | (7)     | (7)     |
| Audit fee                                                                                   | (7)     | (6)     |
|                                                                                             | (14)    | (13)    |
| *Total expenses                                                                             | (3,461) | (3,587) |
|                                                                                             |         |         |

\*Including irrecoverable VAT where applicable.

# **5 TAXATION**

|                                                                                                   | £000    | £000    |
|---------------------------------------------------------------------------------------------------|---------|---------|
| a) Analysis of charge in period<br>Total current tax (note 5b)                                    | _       | _       |
| Total tax charge for the period                                                                   | _       | _       |
| b) Factors affecting taxation charge for period                                                   |         |         |
| Net revenue before taxation                                                                       | 6,352   | 6,466   |
| Net revenue before taxation multiplied by the standard rate of corporation tax of 20% Effects of: | (1,270) | (1,293) |
| Revenue not subject to taxation                                                                   | 1,943   | 2,003   |
| Excess expenses                                                                                   | (673)   | (710)   |
| Current tax charge for period (note 5a)                                                           | -       | -       |

2013

2012

The fund has not recognised a deferred tax asset of £12,798,608 (2012: £12,125,810) arising as a result of having unutilised management expenses. It is unlikely that these expenses will be utilised in future years.

### 6 FINANCE COSTS

#### **Distributions and Interest**

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

|                                                  | 2013       | 2012    |
|--------------------------------------------------|------------|---------|
|                                                  | £000       | £000    |
| Interim                                          | 4,153      | 6,050   |
| Final                                            | 2,934      | 3,829   |
|                                                  | 7,087      | 9,879   |
| Add: Revenue deducted on cancellation of shares  | 3,309      | 240     |
| Deduct: Revenue received on creation of shares   | (819)      | (286)   |
| Net distribution for the period                  | 9,577      | 9,833   |
| Interest                                         | 2          | 5       |
| Total finance costs                              | 9,579      | 9,838   |
| Net revenue after taxation                       | 6,352      | 6,466   |
| Annual management charge to capital              | 3,225      | 3,367   |
| Net distribution for the period                  | 9,577      | 9,833   |
| Details of the distribution per share are set ou | t in the t | able on |

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

2013

2013

2012

2012

# 7 DEBTORS

|                                            | £000  | £000  |
|--------------------------------------------|-------|-------|
| Amounts receivable for the issue of shares | 597   | 4,181 |
| Accrued revenue                            | 735   | 1,417 |
| Total debtors                              | 1,332 | 5,598 |

# 8 CREDITORS

|                                                | 2010  | LUIL  |
|------------------------------------------------|-------|-------|
|                                                | £000  | £000  |
| Amounts payable for the cancellation of shares | (59)  | (354) |
| Accrued expenses                               | (10)  | (6)   |
| Amounts payable to ACD                         | (262) | (301) |
| Total creditors                                | (331) | (661) |

#### 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 7.

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 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 270. 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 £29,000 (2012: £19,000) of which £3,000 (2012: £1,000) was outstanding at year end. They have paid fees of £4,000 (2012: £3,000) of which Nil (2012: Nil) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £4,000 (2012: £3,000) of which Nil (2012: Nil) was outstanding at year end to J.P. Morgan as the security lending agent to process these arrangements and hold the collateral. The value of stock on loan at the end of the accounting period was £7.54m (2012: £8.43m), whilst the value of collateral held for these arrangements was £8.03m (2012: £10.91m). The collateral was held as either securities transferred in CREST by a DBV (Delivery by Value) or Gilt DBV, or in the form of overseas government bonds, supranational bonds or certificates of deposit.

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

#### Analysis of Collateral Held

|       |            |            | 2013       |            |  |
|-------|------------|------------|------------|------------|--|
|       | Value £000 | % of Total | Value £000 | % of Total |  |
| Bonds | 8,027      | 100        | 10,914     | 100        |  |
|       | 8,027      | 100        | 10,914     | 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

| Currency 2013 | Monetary<br>exposures<br>£000 | Non-<br>monetary<br>exposures<br>£000 | Total<br>£000 |
|---------------|-------------------------------|---------------------------------------|---------------|
| Euro          | 12                            | -                                     | 12            |
| US Dollar     | 8                             | -                                     | 8             |
| Currency 2012 | £000                          | £000                                  | £000          |

Euro 12 – 12 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 2013 was:

| Currency 2013 | Floating rate<br>financial<br>assets<br>£000 | Fixed rate<br>financial<br>assets<br>£000 | Financial<br>assets not<br>carrying<br>interest<br>£000 | Total<br>£000 |
|---------------|----------------------------------------------|-------------------------------------------|---------------------------------------------------------|---------------|
| Euro          | 12                                           | -                                         | -                                                       | 12            |
| UK Sterling   | 1,491                                        | 4,506                                     | 227,003                                                 | 233,000       |
| US Dollar     | 8                                            | -                                         | -                                                       | 8             |
| Currency 2012 | £000                                         | £000                                      | £000                                                    | £000          |
| Euro          | 12                                           | -                                         | -                                                       | 12            |
| UK Sterling   | 828                                          | 3,001                                     | 295,257                                                 | 299,086       |

| Currency 2013<br>UK Sterling | Floating rate<br>financial<br>liabilities<br>£000 | Fixed rate<br>financial<br>liabilities<br>£000<br>– | Financial<br>liabilities<br>not carrying<br>interest<br>£000<br>(3,265) | <b>Total</b><br><b>£000</b><br>(3,265) |
|------------------------------|---------------------------------------------------|-----------------------------------------------------|-------------------------------------------------------------------------|----------------------------------------|
| Currency 2012                | <b>£000</b>                                       | <b>£000</b>                                         | <b>£000</b>                                                             | <b>£000</b>                            |
| UK Sterling                  | _                                                 | _                                                   | (4,490)                                                                 | (4,490)                                |

The fixed rate financial assets includes deposits which have a weighted average interest rate of 0.40% (2012: 0.45%).

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 (2012: Nil).

# Notes to the financial statements

(continued)

# 14 PORTFOLIO TRANSACTION COSTS

|                                              | 2013    | 2012   |
|----------------------------------------------|---------|--------|
|                                              | £000    | £000   |
| Analysis of total purchase costs             |         |        |
| Purchases in period before transaction costs | 58,361  | 20,251 |
| Commissions                                  | 33      | 22     |
| Taxes                                        | 247     | 94     |
| Total purchase costs                         | 280     | 116    |
| Gross purchases total                        | 58,641  | 20,637 |
| Analysis of total sale costs                 |         |        |
| Gross sales before transaction costs         | 157,829 | 25,970 |
| Commissions                                  | (8)     | (19)   |
| Total sale costs                             | (8)     | (19)   |
| Total sales net of transaction costs         | 157,821 | 25,951 |

#### Investment Report Investment Objective

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 2013, the published share price of the Threadneedle UK Equity Income Fund has risen from 66.36p to 76.03p.

Looking at performance within its peer group, the total return on the fund for the twelve months ending 28 February 2013, including net reinvested income, is 16.70% as compared to a median return of 14.63% over the same period. (For information the FTSE All-Share Total Return Index returned 14.06% over the same period).

### Portfolio Activity

UK equities performed strongly over the year, with sentiment boosted by the Bank of

## STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2012 to 7 March 2013

|                                                                              | Notes | 2013<br>£000 | 2012<br>£000 |
|------------------------------------------------------------------------------|-------|--------------|--------------|
| Income                                                                       |       |              |              |
| Net capital gains                                                            | 2     | 250,035      | 24,731       |
| Revenue                                                                      | 3     | 59,823       | 43,904       |
| Expenses                                                                     | 4     | (20,518)     | (14,334)     |
| Finance costs: Interest                                                      | 6     | (1)          | (3)          |
| Net revenue before taxation                                                  |       | 39,304       | 29,567       |
| Taxation                                                                     | 5     | -            | -            |
| Net revenue after taxation                                                   |       | 39,304       | 29,567       |
| Total return before distributions                                            |       | 289,339      | 54,298       |
| Finance costs: Distributions                                                 | 6     | (58,539)     | (43,022)     |
| Change in net assets attributable to shareholders from investment activities |       | 230,800      | 11,276       |

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

2012

2012

for the accounting period 8 March 2012 to 7 March 2013

|                                                  | 2013      | 2012      |
|--------------------------------------------------|-----------|-----------|
|                                                  | £000      | £000      |
| Opening net assets attributable to shareholders  | 1,228,701 | 914,237   |
| Movement due to sales and repurchases of shares: |           |           |
| Amounts receivable on the issue of shares        | 426,507   | 355,463   |
| Amounts payable on the cancellation of shares    | (33,001)  | (52,778)  |
|                                                  | 393,506   | 302,685   |
| Dilution adjustment                              | -         | 119       |
| Stamp duty reserve tax                           | (1,061)   | (769)     |
| Change in net assets attributable to             |           |           |
| shareholders from investment activities          |           |           |
| (see statement of total return above)            | 230,800   | 11,276    |
| Retained distribution on accumulation shares     | 3,174     | 1,175     |
| Unclaimed distribution monies brought back       |           |           |
| into account                                     | 45        | (22)      |
| Closing net assets attributable to shareholders  | 1,855,165 | 1,228,701 |
|                                                  |           |           |

England's quantitative easing programme and the European Central Bank's pledge to do 'whatever it takes' to save the euro. At the sector level, the best performing areas of the UK stock market included consumer-sensitive areas such as retail and media while energy and materials underperformed with the latter affected by concerns over the outlook for Chinese growth.

The fund produced a strongly positive return over the year and outperformed the FTSE All-Share index despite not holding banks, which rallied strongly. Our sector positioning added to returns over the year, as did our stock selection decisions. At the sector level, the fund benefited from its favouring of consumer-sensitive areas and industrials, which outperformed, and its bias against energy and materials (particularly mining), which underperformed. The latter two sectors were affected by poor returns from some of the large-company stocks and broader concerns about emerging market demand for raw materials. At the stock level, key performers included our large positions in ITV and insurer Legal & General. BAE was also a strong performer despite fears of US budget cuts. Weaker performance came from Marks & Spencer and Wm Morrison; both are unloved but the valuations are attractive and we regard the turnaround strategies of both companies as being sensible.

Portfolio activity was relatively modest, reflecting our long-term mindset and contrarian approach. However, new positions included venture capital firm 3i, which has performed very strongly since we purchased it. We also participated in the Melrose rights issue. Elsewhere, large purchases within the fund included National Grid and Unilever, with the latter delivering very strong returns. In terms of sales, the fund exited its position in hazard detection company Halma after a period of strong performance, while Misys also exited after being taken over.

Looking forward, we are cautiously optimistic on the outlook for UK equities. What John Maynard Keynes labelled 'animal spirits' are undoubtedly running high, but these are balanced by attractive valuations and the FTSE's high dividend yield in a global context. Moreover, cheap funding means that there is scope for merger and acquisition activity to pick up this year. On the downside, structural imbalances remain in Europe and are unlikely to be resolved in the near future.

#### **BALANCE SHEET**

| as at 7 March 2013                               | Notes | 2013<br>£000 | 2012<br>£000 |
|--------------------------------------------------|-------|--------------|--------------|
| Assets                                           |       |              |              |
| Investment assets                                |       | 1,781,799    | 1,232,676    |
| Other assets                                     |       |              |              |
| Debtors                                          | 7     | 14,953       | 13,838       |
| Cash and bank balances                           |       | 76,392       | 7,267        |
| Total other assets                               |       | 91,345       | 21,105       |
| Total assets<br>Liabilities<br>Other liabilities |       | 1,873,144    | 1,253,781    |
| Creditors                                        | 8     | (6,735)      | (13,241)     |
| Distribution payable on income shares            | 5     | (11,244)     | (11,839)     |
| Total other liabilities                          |       | (17,979)     | (25,080)     |
| Total liabilities                                |       | (17,979)     | (25,080)     |
| Net assets attributable to shareholders          |       | 1,855,165    | 1,228,701    |
|                                                  |       |              |              |

#### **DISTRIBUTION TABLE**

for the accounting period 8 March 2012 to 7 March 2013

Dividend distribution in pence per share

Class 1 Shares

| Net Income                 |                  |               |                |              |                                           |                                   |
|----------------------------|------------------|---------------|----------------|--------------|-------------------------------------------|-----------------------------------|
| Distribution<br>Period     | Gross<br>Revenue | Tax<br>Credit | Net<br>Revenue | Equalisation | Distribution<br>Paid/Payable<br>2012/2013 | Distribution<br>Paid<br>2011/2012 |
| Group 1                    |                  |               |                |              |                                           |                                   |
| 08/03/12 to 07/06/12       | 0.9850           | 0.0985        | 0.8865         | -            | 0.8865                                    | -                                 |
| 08/06/12 to 07/09/12       | 0.8034           | 0.0803        | 0.7231         | -            | 0.7231                                    | 1.1500                            |
| 08/09/12 to 07/12/12       | 0.7151           | 0.0715        | 0.6436         | -            | 0.6436                                    | 0.8715                            |
| 08/12/12 to 07/03/13       | 0.5379           | 0.0538        | 0.4841         | -            | 0.4841                                    | 0.6458                            |
| Group 2                    |                  |               |                |              |                                           |                                   |
| 08/03/12 to 07/06/12       | 0.5792           | 0.0579        | 0.5213         | 0.3652       | 0.8865                                    | -                                 |
| 08/06/12 to 07/09/12       | 0.4482           | 0.0448        | 0.4034         | 0.3197       | 0.7231                                    | 1.1500                            |
| 08/09/12 to 07/12/12       | 0.2381           | 0.0238        | 0.2143         | 0.4293       | 0.6436                                    | 0.8715                            |
| 08/12/12 to 07/03/13       | 0.4027           | 0.0403        | 0.3624         | 0.1217       | 0.4841                                    | 0.6458                            |
| Total distributions in the | period           |               |                |              | 2.7373                                    | 2.6673                            |

# **DISTRIBUTION TABLE**

(continued)

| Class 1 Shares<br>Net Accumulation           |                  |                  |                  |                  |                                         |                                         |
|----------------------------------------------|------------------|------------------|------------------|------------------|-----------------------------------------|-----------------------------------------|
| Distribution<br>Period                       | Gross<br>Revenue | Tax<br>Credit    | Net<br>Revenue   | Equalisation     | Net Revenue<br>Accumulated<br>2012/2013 | Net Revenue<br>Accumulated<br>2011/2012 |
| Group 1                                      |                  |                  |                  |                  |                                         |                                         |
| 08/03/12 to 07/06/12                         | 1.0871           | 0.1087           | 0.9784           | -                | 0.9784                                  | -                                       |
| 08/06/12 to 07/09/12                         | 0.9234           | 0.0923           | 0.8311           | -                | 0.8311                                  | 1.1500                                  |
| 08/09/12 to 07/12/12                         | 0.8091           | 0.0809           | 0.7282           | -                | 0.7282                                  | 0.9992                                  |
| 08/12/12 to 07/03/13                         | 0.5976           | 0.0598           | 0.5378           | -                | 0.5378                                  | 0.7058                                  |
| Group 2<br>08/03/12 to 07/06/12              | 0.0000           | 0.0669           | 0.0000           | 0.3761           | 0.9784                                  |                                         |
| 08/03/12 to 07/09/12<br>08/06/12 to 07/09/12 | 0.6692           | 0.0669           | 0.6023<br>0.3956 | 0.4355           | 0.8311                                  | 1.1500                                  |
| 08/09/12 to 07/12/12                         | 0.3473           | 0.0347           | 0.3126           | 0.4156           | 0.7282                                  | 0.9992                                  |
| 08/12/12 to 07/03/13                         | 0.3761           |                  | 0.3385           | 0.1993           | 0.5378                                  | 0.7058                                  |
| Total distributions in the                   | period           |                  |                  |                  | 3.0755                                  | 2.8550                                  |
| Class 2 Shares                               |                  |                  |                  |                  |                                         |                                         |
| Net Income                                   |                  |                  |                  |                  |                                         |                                         |
| Distribution                                 | Gross            | Тах              | Net              |                  | Distribution                            | Distribution                            |
| Period                                       | Revenue          | Credit           | Revenue          | Equalisation     | Paid/Payable<br>2012/2013               | Paid<br>2011/2012                       |
|                                              |                  |                  |                  |                  | 2012/2013                               | 2011/2012                               |
| Group 1<br>08/03/12 to 07/06/12              | 1.0797           | 0.1080           | 0.9717           | -                | 0.9717                                  |                                         |
| 08/06/12 to 07/09/12                         | 0.8848           | 0.0885           | 0.7963           | -                | 0.7963                                  | 1.1500                                  |
| 08/09/12 to 07/12/12                         | 0.7906           |                  | 0.7115           | -                | 0.7115                                  | 1.0664                                  |
| 08/12/12 to 07/03/13                         | 0.5993           | 0.0599           | 0.5394           | -                | 0.5394                                  | 0.7101                                  |
| Group 2                                      |                  |                  |                  |                  |                                         |                                         |
| 08/03/12 to 07/06/12                         | 0.4939           |                  | 0.4445           | 0.5272           | 0.9717                                  | -                                       |
| 08/06/12 to 07/09/12<br>08/09/12 to 07/12/12 | 0.5899<br>0.3782 | 0.0590<br>0.0378 | 0.5309<br>0.3404 | 0.2654<br>0.3711 | 0.7963<br>0.7115                        | 1.1500<br>1.0664                        |
| 08/12/12 to 07/03/13                         | 0.3782           | 0.0378           | 0.3404           | 0.1037           | 0.5394                                  | 0.7101                                  |
| Total distributions in the                   |                  | 0.0101           | 0.1007           | 0.1007           | 3.0189                                  | 2.9265                                  |
| Class Z Shares                               |                  |                  |                  |                  |                                         |                                         |
| Net Income*                                  |                  |                  |                  |                  |                                         |                                         |
| Distribution                                 | Gross            | Tax              | Net              |                  | Distribution                            |                                         |
| Period                                       | Revenue          | Credit           | Revenue          | Equalisation     | Paid/Payable<br>2012/2013               |                                         |
| Group 1                                      |                  |                  |                  |                  |                                         |                                         |
| 14/09/12 to 07/12/12                         | 0.9984           | 0.0998           | 0.8986           | -                | 0.8986                                  |                                         |
| 08/12/12 to 07/03/13                         | 0.7752           | 0.0775           | 0.6977           | -                | 0.6977                                  |                                         |
| Group 2<br>14/09/12 to 07/12/12              | 0.1737           | 0.0174           | 0.1563           | 0.7423           | 0.8986                                  |                                         |
| 08/12/12 to 07/03/13                         | 0.1737           | 0.0174           | 0.3081           | 0.7423           | 0.8986                                  |                                         |
| Total distributions in the                   |                  | 0.0042           | 0.0001           | 0.0000           | 1.5963                                  |                                         |
| Class Z Shares                               |                  |                  |                  |                  |                                         |                                         |
| Net Accumulation*                            |                  |                  |                  |                  |                                         |                                         |
| Distribution                                 | Gross            | Тах              | Net              |                  | Net Revenue                             |                                         |
| Period                                       | Revenue          |                  | Revenue          | Equalisation     | Accumulated<br>2012/2013                |                                         |
| Group 1                                      |                  |                  |                  |                  |                                         |                                         |
| 14/09/12 to 07/12/12                         | 0.9967           | 0.0997           | 0.8970           | -                | 0.8970                                  |                                         |
| 08/12/12 to 07/03/13                         |                  | 0.0784           | 0.7055           | -                | 0.7055                                  |                                         |
| Group 2                                      |                  |                  |                  |                  |                                         |                                         |
| 14/09/12 to 07/12/12                         | 0.1467           |                  | 0.1320           | 0.7650           | 0.8970                                  |                                         |
| 08/12/12 to 07/03/13                         |                  | 0.0285           | 0.2567           | 0.4488           | 0.7055                                  |                                         |
| Total distributions in the                   | •                | a diatrik        | tion notio       | d                | 1.6025                                  |                                         |

Group 2: shares purchased during a distribution period

\*Class Z – Net income and net accumulation shares commenced on 14 September 2012

### Notes to the financial statements

for the accounting period 8 March 2012 to 7 March 2013

### **1 ACCOUNTING POLICIES**

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 6 and 7.

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### 2 NET CAPITAL GAINS

Net capital gains during the period comprise:

|                           | 2013    | 2012   |
|---------------------------|---------|--------|
|                           | £000    | £000   |
| Non-derivative securities | 250,039 | 24,735 |
| Transaction costs         | (4)     | (4)    |
| Net capital gains         | 250,035 | 24,731 |
| REVENUE                   | 2012    | 2012   |
|                           | 2013    | 2012   |

|                                    | £000   | £000   |
|------------------------------------|--------|--------|
| UK dividends                       | 58,999 | 43,384 |
| Overseas dividends                 | -      | 18     |
| Stock dividends                    | 254    | 230    |
| Interest on short term investments | 108    | 82     |
| Bank interest                      | 89     | 85     |
| Underwriting commission            | 232    | -      |
| Stocklending commission            | 141    | 105    |
| Total revenue                      | 59,823 | 43,904 |

#### 4 EXPENSES

3

|                                                                                             | 2013<br>£000 | 2012<br>£000 |
|---------------------------------------------------------------------------------------------|--------------|--------------|
| Payable to the ACD or associates of the ACD,<br>and the agents of either of them:           |              |              |
| Annual management charge                                                                    | (19,241)     | (13,455)     |
| Registration fees                                                                           | (1,213)      | (825)        |
|                                                                                             | (20,454)     | (14,280)     |
| Payable to the depositary or associate of the depositary, and the agents of either of them: |              |              |
| Depositary's fees                                                                           | (34)         | (28)         |
| Safe custody fees                                                                           | (16)         | (12)         |
|                                                                                             | (50)         | (40)         |
| Other expenses:                                                                             |              |              |
| Regulatory fee                                                                              | (7)          | (7)          |
| Audit fee                                                                                   | (7)          | (7)          |
|                                                                                             | (14)         | (14)         |
| *Total expenses                                                                             | (20,518)     | (14,334)     |
|                                                                                             |              |              |

\*Including irrecoverable VAT where applicable.

# 5 TAXATION

|                                                                                                         | £000    | £000    |
|---------------------------------------------------------------------------------------------------------|---------|---------|
| a) Analysis of charge in period<br>Total current tax (note 5b)                                          | -       | _       |
| Total tax charge for the period                                                                         | -       | -       |
| b) Factors affecting taxation charge for period                                                         |         |         |
| Net revenue before taxation                                                                             | 39,304  | 29,567  |
| Net revenue before taxation multiplied by<br>the standard rate of corporation tax of 20%<br>Effects of: | (7,861) | (5,913) |
| Revenue not subject to taxation                                                                         | 11,851  | 8,726   |
| Excess expenses                                                                                         | (3,990) | (2,813) |
| Current tax charge for period (note 5a)                                                                 | -       | -       |

2013

2012

The fund has not recognised a deferred tax asset of £19,110,907 (2012 £15,120,942) arising as a result of having unutilised management expenses. It is unlikely that these expenses will be utilised in future years.

# 6 FINANCE COSTS

Distributions and Interest

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

|                                                                   | 2013      | 2012     |
|-------------------------------------------------------------------|-----------|----------|
|                                                                   | £000      | £000     |
| Interim                                                           | 48,342    | 33,840   |
| Final                                                             | 11,998    | 12,169   |
|                                                                   | 60,340    | 46,009   |
| Undistributed revenue                                             | 1         | 1        |
| Add: Revenue deducted on cancellation of shares                   | 113       | 436      |
| Deduct: Revenue received on creation of shares                    | (1,915)   | (3,424)  |
| Net distribution for the period                                   | 58,539    | 43,022   |
| Interest                                                          | 1         | 3        |
| Total finance costs                                               | 58,540    | 43,025   |
| Net revenue after taxation                                        | 39,304    | 29,567   |
| Annual management charge to capital                               | 19,241    | 13,455   |
| Equalisation on conversion                                        | (6)       | -        |
| Net distribution for the period                                   | 58,539    | 43,022   |
| Details of the distribution per share are set ou pages 29 and 30. | it in the | table on |

### 7 DEBTORS

|                                            | £000   | £000   |
|--------------------------------------------|--------|--------|
| Amounts receivable for the issue of shares | 7,549  | 5,216  |
| Accrued revenue                            | 7,404  | 8,622  |
| Total debtors                              | 14,953 | 13,838 |

2013

2012

### 8 CREDITORS

|                                                | 2013    | 2012     |
|------------------------------------------------|---------|----------|
|                                                | £000    | £000     |
| Amounts payable for the cancellation of shares | (1,558) | (4)      |
| Purchases awaiting settlement                  | (3,252) | (11,862) |
| Accrued expenses                               | (15)    | (10)     |
| Amounts payable to ACD                         | (1,910) | (1,365)  |
| Total creditors                                | (6,735) | (13,241) |

#### 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 7.

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 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    | 0.110% |
|                   |        |

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 270. 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 £199,000 (2012: £142,000) of which £18,000 (2012: £12,000) was outstanding at year end. They have paid fees of £28,000 (2012: £18,000) of which £3,000 (2012: £2,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £30,000 (2012: £19,000) of which £3,000 (2012: £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 £113.88m (2012: £12.92m), whilst the value of collateral held for these arrangements was £122.20m (2012: £13.72m). 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

|       |            | 2013       |            | 2012       |
|-------|------------|------------|------------|------------|
|       | Value £000 | % of Total | Value £000 | % of Total |
| Bonds | 122,206    | 100        | 13,716     | 100        |
|       | 122,206    | 100        | 13,716     | 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 2013.

Net foreign currency assets

|               |           | Non-      |       |
|---------------|-----------|-----------|-------|
|               | Monetary  | monetary  |       |
|               | exposures | exposures | Total |
| Currency 2012 | £000      | £000      | £000  |
| US Dollar     | 1         | -         | 1     |

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 2013 was:

| Currency 2013 | Floating rate<br>financial<br>assets<br>£000 | Fixed rate<br>financial<br>assets<br>£000 | Financial<br>assets not<br>carrying<br>interest<br>£000 | Total<br>£000 |
|---------------|----------------------------------------------|-------------------------------------------|---------------------------------------------------------|---------------|
| UK Sterling   | 41,342                                       | 35,050                                    | 1,796,752                                               | 1,873,144     |
| Currency 2012 | £000                                         | £000                                      | £000                                                    | £000          |
| UK Sterling   | 1,193                                        | 6,073                                     | 1,246,514                                               | 1,253,780     |
| US Dollar     | 1                                            | -                                         | -                                                       | 1             |

| <b>Currency 2013</b><br>UK Sterling | Floating rate<br>financial<br>liabilities<br>£000<br>– | Fixed rate<br>financial<br>liabilities<br>£000 | Financial<br>liabilities<br>not carrying<br>interest<br>£000<br>(17,979) | <b>Total</b><br><b>£000</b><br>(17,979) |
|-------------------------------------|--------------------------------------------------------|------------------------------------------------|--------------------------------------------------------------------------|-----------------------------------------|
| Currency 2012                       | £000                                                   | £000                                           | £000                                                                     | £000                                    |
| UK Sterling                         | -                                                      | -                                              | (25,080)                                                                 | (25,080)                                |

The fixed rate financial assets includes deposits which have a weighted average interest rate of 0.40% (2012: 0.45%).

#### Fair value of financial assets and financial liabilities

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

There are no material amounts of non interest-bearing financial assets, other than equities, which do not have maturity dates. Cash balances are held in floating rate accounts where interest is calculated with reference to prevailing market rates.

#### **13 CONTINGENT LIABILITIES AND COMMITMENTS**

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

# Notes to the financial statements

(continued)

# 14 PORTFOLIO TRANSACTION COSTS

|                                              | 2013    | 2012    |
|----------------------------------------------|---------|---------|
|                                              | £000    | £000    |
| Analysis of total purchase costs             |         |         |
| Purchases in period before transaction costs | 412,596 | 486,447 |
| Commissions                                  | 473     | 576     |
| Taxes                                        | 1,894   | 2,299   |
| Fees                                         | 4       | -       |
| Total purchase costs                         | 2,371   | 2,875   |
| Gross purchases total                        | 414,967 | 489,322 |
| Analysis of total sale costs                 |         |         |
| Gross sales before transaction costs         | 114,645 | 169,372 |
| Commissions                                  | (122)   | (208)   |
| Total sale costs                             | (122)   | (208)   |
| Total sales net of transaction costs         | 114,523 | 169,164 |
|                                              |         |         |

# **Threadneedle UK Monthly Income Fund**

# **Investment Report**

Investment Objective

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 2013, the published share price of the Threadneedle UK Monthly Income Fund has risen from 58.06p to 65.30p.

Looking at performance within its peer group, the total return on the fund for the twelve months ending 28 February 2013, including net reinvested income, is 14.22% as compared to a median return of 14.63% over the same period. (For information the FTSE All-Share Total Return Index returned 14.06% over the same period).

#### **Portfolio Activity**

The first quarter of the year saw concerns gradually mount that global economic growth was weakening. This accelerated over the summer with renewed fears about the ability of Spain and Italy to remain within the eurozone and the market fell 6%. Then in July ECB President Mario Draghi pledged to 'do whatever it takes' to stop any countries being forced out of the eurozone. This statement turned market sentiment. Despite softer trading conditions in the Autumn and concerns about the US fiscal cliff ahead of Christmas the market rose 20% during the latter 9 months to end the year up 13%.

As in 2011, domestic economic growth continued to stagnate in 2012. This continued to reflect high consumer, government and financial sector indebtedness, combined with a second year of falling real consumer disposable income (as inflation exceeded wage growth). However the overall global economy, particularly in the US, continued to grow. With overseas operations contributing almost 75% of UK company profits this enabled corporate profitability to remain almost flat. Continuing good cashflow

enabled companies to increased dividends by around 6% for 2012, leaving dividend cover at 2.25x, in line with the long run average.

Fund activity during the year was relatively light. Its slightly defensive stance served it well during the first quarter although less well immediately post Draghi's comments. To reflect this extraordinarily easing of global monetary policy the fund increased its holding in financials, ending the year at 25% (16%). This was principally done by adding to existing holdings in HSBC, Close Brothers, Catlin and starting a new holding in Intermediate Capital Group. This was funded primarily by reducing exposure to defensive stocks such as Glaxo, Centrica and Vodafone.

The fund's first 11 monthly dividend payments were increased to 0.20p/unit from 0.19p/unit (and 0.18p/unit the year before that). Together with a higher final dividend the fund increased its overall distribution for the year by 5% (after a 10% increase the previous year). In the current year the monthly payments are being increased to 0.21p/unit.

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2012 to 7 March 2013

|                                         | Notes | 2013<br>£000 | 2012<br>£000 |
|-----------------------------------------|-------|--------------|--------------|
| Income                                  |       |              |              |
| Net capital gains                       | 2     | 72,857       | 6,037        |
| Revenue                                 | 3     | 24,023       | 23,072       |
| Expenses                                | 4     | (8,674)      | (8,354)      |
| Finance costs: Interest                 | 6     | (1)          | (36)         |
| Net revenue before taxation             |       | 15,348       | 14,682       |
| Taxation                                | 5     | -            | (32)         |
| Net revenue after taxation              |       | 15,348       | 14,650       |
| Total return before distributions       |       | 88,205       | 20,687       |
| Finance costs: Distributions            | 6     | (23,392)     | (22,391)     |
| Change in net assets attributable to    |       |              |              |
| shareholders from investment activities |       | 64,813       | (1,704)      |

# STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2012 to 7 March 2013

|                                                                                     | 2013<br>£000 | 2012<br>£000 |
|-------------------------------------------------------------------------------------|--------------|--------------|
| Opening net assets attributable to shareholders                                     | 529,289      | 534,183      |
| Movement due to sales and repurchases of shares:                                    |              |              |
| Amounts receivable on the issue of shares                                           | 18,548       | 26,981       |
| Amounts payable on the cancellation of shares                                       | (34,656)     | (29,778)     |
|                                                                                     | (16,108)     | (2,797)      |
| Stamp duty reserve tax                                                              | (171)        | (182)        |
| Change in net assets attributable to<br>shareholders from investment activities     |              |              |
| (see statement of total return above)<br>Unclaimed distribution monies brought back | 64,813       | (1,704)      |
| into account                                                                        | 231          | (211)        |
| Closing net assets attributable to shareholders                                     | 578,054      | 529,289      |

# BALANCE SHEET

| BALANCE SHEET                           |       |              |              |
|-----------------------------------------|-------|--------------|--------------|
| as at 7 March 2013                      | Notes | 2013<br>£000 | 2012<br>£000 |
| Assets                                  | Notes | 2000         | 2000         |
| Investment assets                       |       | 573,430      | 519,436      |
| Other assets                            |       |              |              |
| Debtors                                 | 7     | 11,850       | 5,977        |
| Cash and bank balances                  |       | 3,406        | 14,482       |
| Total other assets                      |       | 15,256       | 20,459       |
| Total assets                            |       | 588,686      | 539,895      |
| Liabilities<br>Other liabilities        |       |              |              |
| Creditors                               | 8     | (7,243)      | (7,222)      |
| Distribution payable on income share    | S     | (3,389)      | (3,384)      |
| Total other liabilities                 |       | (10,632)     | (10,606)     |
| Total liabilities                       |       | (10,632)     | (10,606)     |
| Net assets attributable to shareholders |       | 578,054      | 529,289      |
|                                         |       |              |              |

#### **DISTRIBUTION TABLE**

for the accounting period 8 March 2012 to 7 March 2013

Dividend distribution in pence per share

Class 1 Shares

| Net Income             |                  |               |                |              |                                           |                                   |
|------------------------|------------------|---------------|----------------|--------------|-------------------------------------------|-----------------------------------|
| Distribution<br>Period | Gross<br>Revenue | Tax<br>Credit | Net<br>Revenue | Equalisation | Distribution<br>Paid/Payable<br>2012/2013 | Distribution<br>Paid<br>2011/2012 |
| Group 1                |                  |               |                |              |                                           |                                   |
| 08/03/12 to 07/04/12   | 0.2222           | 0.0222        | 0.2000         | -            | 0.2000                                    | 0.1900                            |
| 08/04/12 to 07/05/12   | 0.2222           | 0.0222        | 0.2000         | -            | 0.2000                                    | 0.1900                            |
| 08/05/12 to 07/06/12   | 0.2222           | 0.0222        | 0.2000         | -            | 0.2000                                    | 0.1900                            |
| 08/06/12 to 07/07/12   | 0.2222           | 0.0222        | 0.2000         | -            | 0.2000                                    | 0.1900                            |
| 08/07/12 to 07/08/12   | 0.2222           | 0.0222        | 0.2000         | -            | 0.2000                                    | 0.1900                            |
| 08/08/12 to 07/09/12   | 0.2222           | 0.0222        | 0.2000         | -            | 0.2000                                    | 0.1900                            |
| 08/09/12 to 07/10/12   | 0.2222           | 0.0222        | 0.2000         | -            | 0.2000                                    | 0.1900                            |
| 08/10/12 to 07/11/12   | 0.2222           | 0.0222        | 0.2000         | -            | 0.2000                                    | 0.1900                            |
| 08/11/12 to 07/12/12   | 0.2222           | 0.0222        | 0.2000         | -            | 0.2000                                    | 0.1900                            |
| 08/12/12 to 07/01/13   | 0.2222           | 0.0222        | 0.2000         | -            | 0.2000                                    | 0.1900                            |
| 08/01/13 to 07/02/13   | 0.2222           | 0.0222        | 0.2000         | -            | 0.2000                                    | 0.1900                            |
| 08/02/13 to 07/03/13   | 0.4217           | 0.0422        | 0.3795         | -            | 0.3795                                    | 0.3686                            |

\*In pound Sterling and against UK peer group.

Please refer to pages 269-282 for comparative tables.

# **Threadneedle UK Monthly Income Fund**

# **DISTRIBUTION TABLE**

(continued)

| Class 1 Shares                                                                                                                                                                                                                         |                                                              |                                                          |                                                                        |                                           |                                                                                                                      |              |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|----------------------------------------------------------|------------------------------------------------------------------------|-------------------------------------------|----------------------------------------------------------------------------------------------------------------------|--------------|
| Net Income                                                                                                                                                                                                                             |                                                              |                                                          |                                                                        |                                           |                                                                                                                      |              |
| Distribution                                                                                                                                                                                                                           | Gross                                                        | Тах                                                      | Net                                                                    |                                           | Distribution                                                                                                         | Distribution |
| Period                                                                                                                                                                                                                                 | Revenue                                                      | Credit                                                   |                                                                        | Foundisation                              | Paid/Payable                                                                                                         | Paid         |
| 101104                                                                                                                                                                                                                                 | noronao                                                      | orount                                                   |                                                                        | Lquanoution                               | 2012/2013                                                                                                            | 2011/2012    |
| Group 2                                                                                                                                                                                                                                |                                                              |                                                          |                                                                        |                                           |                                                                                                                      |              |
| 08/03/12 to 07/04/12                                                                                                                                                                                                                   | 0.0924                                                       | 0.0092                                                   | 0.0832                                                                 | 0.1168                                    | 0.2000                                                                                                               | 0.1900       |
| 08/04/12 to 07/05/12                                                                                                                                                                                                                   | -                                                            | -                                                        | -                                                                      | 0.2000                                    | 0.2000                                                                                                               | 0.1900       |
| 08/05/12 to 07/06/12                                                                                                                                                                                                                   | -                                                            | -                                                        | -                                                                      | 0.2000                                    | 0.2000                                                                                                               | 0.1900       |
| 08/06/12 to 07/07/12                                                                                                                                                                                                                   | -                                                            | -                                                        | -                                                                      | 0.2000                                    | 0.2000                                                                                                               | 0.1900       |
| 08/07/12 to 07/08/12                                                                                                                                                                                                                   | -                                                            | -                                                        | -                                                                      | 0.2000                                    | 0.2000                                                                                                               | 0.1900       |
| 08/08/12 to 07/09/12                                                                                                                                                                                                                   | -                                                            | -                                                        | -                                                                      | 0.2000                                    | 0.2000                                                                                                               | 0.1900       |
| 08/09/12 to 07/10/12                                                                                                                                                                                                                   | -                                                            | -                                                        | -                                                                      | 0.2000                                    | 0.2000                                                                                                               | 0.1900       |
| 08/10/12 to 07/11/12                                                                                                                                                                                                                   | -                                                            | -                                                        | -                                                                      | 0.2000                                    | 0.2000                                                                                                               | 0.1900       |
| 08/11/12 to 07/12/12                                                                                                                                                                                                                   | -                                                            | -                                                        | -                                                                      | 0.2000                                    | 0.2000                                                                                                               | 0.1900       |
| 08/12/12 to 07/01/13                                                                                                                                                                                                                   | -                                                            | -                                                        | -                                                                      | 0.2000                                    | 0.2000                                                                                                               | 0.1900       |
| 08/01/13 to 07/02/13                                                                                                                                                                                                                   |                                                              |                                                          |                                                                        | 0.2000                                    | 0.2000                                                                                                               | 0.1900       |
| 08/02/13 to 07/03/13                                                                                                                                                                                                                   | 0.0551                                                       | 0.0055                                                   | 0.0496                                                                 | 0.3299                                    | 0.3795                                                                                                               | 0.3686       |
| Total distributions in the pe                                                                                                                                                                                                          | riod                                                         |                                                          |                                                                        |                                           | 2.5795                                                                                                               | 2.4586       |
| Class Z Shares                                                                                                                                                                                                                         |                                                              |                                                          |                                                                        |                                           |                                                                                                                      |              |
| Net Income*                                                                                                                                                                                                                            |                                                              |                                                          |                                                                        |                                           |                                                                                                                      |              |
| Distribution                                                                                                                                                                                                                           | Gross                                                        | Tax                                                      | Net                                                                    |                                           | Distribution                                                                                                         |              |
| Period                                                                                                                                                                                                                                 | Revenue                                                      | Credit                                                   | Revenue                                                                | Equalisation                              | Paid/Payable                                                                                                         |              |
|                                                                                                                                                                                                                                        |                                                              |                                                          |                                                                        |                                           |                                                                                                                      |              |
| Group 1                                                                                                                                                                                                                                |                                                              |                                                          |                                                                        |                                           | 2012/2013                                                                                                            |              |
|                                                                                                                                                                                                                                        |                                                              |                                                          |                                                                        |                                           | 2012/2010                                                                                                            |              |
| 21/09/12 to 07/10/12                                                                                                                                                                                                                   | 0.1414                                                       | 0.0141                                                   | 0.1273                                                                 | -                                         | 0.1273                                                                                                               |              |
| 08/10/12 to 07/11/12                                                                                                                                                                                                                   | 0.2222                                                       | 0.0222                                                   | 0.2000                                                                 | -                                         | 0.1273 0.2000                                                                                                        |              |
| 08/10/12 to 07/11/12<br>08/11/12 to 07/12/12                                                                                                                                                                                           | 0.2222 0.2222                                                | 0.0222 0.0222                                            | 0.2000 0.2000                                                          | -                                         | 0.1273<br>0.2000<br>0.2000                                                                                           |              |
| 08/10/12 to 07/11/12<br>08/11/12 to 07/12/12<br>08/12/12 to 07/01/13                                                                                                                                                                   | 0.2222<br>0.2222<br>0.2222                                   | 0.0222<br>0.0222<br>0.0222                               | 0.2000<br>0.2000<br>0.2000                                             | -                                         | 0.1273<br>0.2000<br>0.2000<br>0.2000                                                                                 |              |
| 08/10/12 to 07/11/12<br>08/11/12 to 07/12/12<br>08/12/12 to 07/01/13<br>08/01/13 to 07/02/13                                                                                                                                           | 0.2222<br>0.2222<br>0.2222<br>0.2222                         | 0.0222<br>0.0222<br>0.0222<br>0.0222                     | 0.2000<br>0.2000<br>0.2000<br>0.2000                                   | -<br>-<br>-                               | 0.1273<br>0.2000<br>0.2000<br>0.2000<br>0.2000                                                                       |              |
| 08/10/12 to 07/11/12<br>08/11/12 to 07/12/12<br>08/12/12 to 07/01/13                                                                                                                                                                   | 0.2222<br>0.2222<br>0.2222                                   | 0.0222<br>0.0222<br>0.0222                               | 0.2000<br>0.2000<br>0.2000                                             | -                                         | 0.1273<br>0.2000<br>0.2000<br>0.2000                                                                                 |              |
| 08/10/12 to 07/11/12<br>08/11/12 to 07/12/12<br>08/12/12 to 07/01/13<br>08/01/13 to 07/02/13<br>08/02/13 to 07/03/13<br>Group 2                                                                                                        | 0.2222<br>0.2222<br>0.2222<br>0.2222                         | 0.0222<br>0.0222<br>0.0222<br>0.0222<br>0.0222<br>0.1006 | 0.2000<br>0.2000<br>0.2000<br>0.2000<br>0.9050                         | -<br>-<br>-                               | 0.1273<br>0.2000<br>0.2000<br>0.2000<br>0.2000                                                                       |              |
| 08/10/12 to 07/11/12<br>08/11/12 to 07/12/12<br>08/12/12 to 07/01/13<br>08/01/13 to 07/02/13<br>08/02/13 to 07/03/13                                                                                                                   | 0.2222<br>0.2222<br>0.2222<br>0.2222                         | 0.0222<br>0.0222<br>0.0222<br>0.0222                     | 0.2000<br>0.2000<br>0.2000<br>0.2000                                   | -<br>-<br>-                               | 0.1273<br>0.2000<br>0.2000<br>0.2000<br>0.2000                                                                       |              |
| 08/10/12 to 07/11/12<br>08/11/12 to 07/11/2/12<br>08/02/12 to 07/01/13<br>08/02/13 to 07/02/13<br>08/02/13 to 07/03/13<br>Group 2<br>21/09/12 to 07/10/12<br>08/10/12 to 07/11/12                                                      | 0.2222<br>0.2222<br>0.2222<br>0.2222<br>1.0056               | 0.0222<br>0.0222<br>0.0222<br>0.0222<br>0.0222<br>0.1006 | 0.2000<br>0.2000<br>0.2000<br>0.2000<br>0.9050                         | -<br>-<br>-<br>-<br>0.1400                | 0.1273<br>0.2000<br>0.2000<br>0.2000<br>0.2000<br>0.2000<br>0.9050<br>0.1273<br>0.2000                               |              |
| 08/10/12 to 07/11/12<br>08/11/12 to 07/12/12<br>08/12/12 to 07/01/13<br>08/02/13 to 07/02/13<br>08/02/13 to 07/03/13<br>Group 2<br>21/09/12 to 07/10/12<br>08/10/12 to 07/12/12                                                        | 0.2222<br>0.2222<br>0.2222<br>0.2222<br>1.0056<br>0.1414     | 0.0222<br>0.0222<br>0.0222<br>0.0222<br>0.1006<br>0.0141 | 0.2000<br>0.2000<br>0.2000<br>0.2000<br>0.9050<br>0.1273               | -<br>-<br>-<br>-<br>0.1400<br>0.2000      | 0.1273<br>0.2000<br>0.2000<br>0.2000<br>0.2000<br>0.2000<br>0.9050<br>0.1273<br>0.2000<br>0.2000                     |              |
| 08/10/12 to 07/11/12<br>08/11/12 to 07/12/12<br>08/12/12 to 07/01/13<br>08/01/13 to 07/02/13<br>08/02/13 to 07/03/13<br><b>Group 2</b><br>21/09/12 to 07/10/12<br>08/10/12 to 07/11/12<br>08/10/12 to 07/12/12                         | 0.2222<br>0.2222<br>0.2222<br>0.2222<br>1.0056<br>0.1414     | 0.0222<br>0.0222<br>0.0222<br>0.0222<br>0.1006<br>0.0141 | 0.2000<br>0.2000<br>0.2000<br>0.2000<br>0.9050<br>0.1273<br>0.0600     | -<br>-<br>-<br>0.1400<br>0.2000<br>0.2000 | 0.1273<br>0.2000<br>0.2000<br>0.2000<br>0.2000<br>0.9050<br>0.1273<br>0.2000<br>0.2000<br>0.2000                     |              |
| 08/10/12 to 07/11/12<br>08/11/12 to 07/01/12<br>08/12/12 to 07/01/13<br>08/02/13 to 07/02/13<br>08/02/13 to 07/03/13<br><b>Group 2</b><br>21/09/12 to 07/10/12<br>08/10/12 to 07/11/12<br>08/11/12 to 07/11/13<br>08/01/13 to 07/02/13 | 0.2222<br>0.2222<br>0.2222<br>1.0056<br>0.1414<br>0.0667     | 0.0222<br>0.0222<br>0.0222<br>0.1006<br>0.0141<br>0.0067 | 0.2000<br>0.2000<br>0.2000<br>0.2000<br>0.9050<br>0.1273<br>0.0600<br> |                                           | 0.1273<br>0.2000<br>0.2000<br>0.2000<br>0.2000<br>0.2000<br>0.9050<br>0.1273<br>0.2000<br>0.2000<br>0.2000<br>0.2000 |              |
| 08/10/12 to 07/11/12<br>08/11/12 to 07/12/12<br>08/12/12 to 07/01/13<br>08/01/13 to 07/02/13<br>08/02/13 to 07/03/13<br><b>Group 2</b><br>21/09/12 to 07/10/12<br>08/10/12 to 07/11/12<br>08/10/12 to 07/12/12                         | 0.2222<br>0.2222<br>0.2222<br>1.0056<br>0.1414<br>0.0667<br> | 0.0222<br>0.0222<br>0.0222<br>0.1006<br>0.0141<br>0.0067 | 0.2000<br>0.2000<br>0.2000<br>0.2000<br>0.9050<br>0.1273<br>0.0600     | -<br>-<br>-<br>0.1400<br>0.2000<br>0.2000 | 0.1273<br>0.2000<br>0.2000<br>0.2000<br>0.2000<br>0.9050<br>0.1273<br>0.2000<br>0.2000<br>0.2000                     |              |

Group 2: shares purchased during a distribution period

\*Class Z – Net income shares commenced on 21 September 2012

# **Threadneedle UK Monthly Income Fund**

# Notes to the financial statements

for the accounting period 8 March 2012 to 7 March 2013

# **1 ACCOUNTING POLICIES**

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 6 and 7.

### 2 NET CAPITAL GAINS

Net capital gains during the period comprise:

| ···· ····· 3-···· 3 ···· 9 ···· P ···· ··· P | 2013   | 2012  |
|----------------------------------------------|--------|-------|
|                                              | £000   | £000  |
| Non-derivative securities                    | 72,863 | 6,044 |
| Other losses                                 | -      | (3)   |
| Transaction costs                            | (6)    | (4)   |
| Net capital gains                            | 72,857 | 6,037 |
|                                              |        |       |

# **3 REVENUE**

|                                    | 2013   | 2012   |
|------------------------------------|--------|--------|
|                                    | £000   | £000   |
| UK dividends                       | 23,049 | 22,325 |
| Overseas dividends                 | 682    | 442    |
| Stock dividends                    | 138    | 183    |
| Interest on short term investments | 19     | 33     |
| Bank interest                      | 18     | 41     |
| Underwriting commission            | 56     | -      |
| Stocklending commission            | 61     | 48     |
| Total revenue                      | 24,023 | 23,072 |
|                                    |        |        |

2013

2012

### **4 EXPENSES**

| Payable to the ACD or associates of the ACD,                                                |         |         |
|---------------------------------------------------------------------------------------------|---------|---------|
| and the agents of either of them:                                                           |         |         |
| Annual management charge                                                                    | (8,040) | (7,741) |
| Registration fees                                                                           | (590)   | (568)   |
|                                                                                             | (8,630) | (8,309) |
| Payable to the depositary or associate of the depositary, and the agents of either of them: |         |         |
| Depositary's fees                                                                           | (22)    | (22)    |
| Safe custody fees                                                                           | (6)     | (6)     |
|                                                                                             | (28)    | (28)    |
| Other expenses:                                                                             |         |         |
| Regulatory fee                                                                              | (7)     | (7)     |
| Audit fee                                                                                   | (6)     | (6)     |
| Miscellaneous expenses                                                                      | (3)     | (4)     |
|                                                                                             | (16)    | (17)    |
| *Total expenses                                                                             | (8,674) | (8,354) |

\*Including irrecoverable VAT where applicable.

# 5 TAXATION

|                                                                                                   | £000    | £000    |
|---------------------------------------------------------------------------------------------------|---------|---------|
| a) Analysis of charge in period                                                                   |         |         |
| Overseas taxes                                                                                    | _       | (32)    |
| Total current tax (note 5b)                                                                       | -       | (32)    |
| Total tax charge for the period                                                                   | _       | (32)    |
| b) Factors affecting taxation charge for period                                                   |         |         |
| Net revenue before taxation                                                                       | 15,348  | 14,682  |
| Net revenue before taxation multiplied by the standard rate of corporation tax of 20% Effects of: | (3,070) | (2,936) |
| Revenue not subject to taxation                                                                   | 4,774   | 4,589   |
| Overseas taxes                                                                                    | -       | (32)    |
| Excess expenses                                                                                   | (1,704) | (1,653) |
| Current tax charge for period (note 5a)                                                           | -       | (32)    |

2013

2012

The fund has not recognised a deferred tax asset of £33,499,415 (2012:  $\pm$ 31,795,187) arising as a result of having unutilised management expenses. It is unlikely that these expenses will be utilised in future years.

# 6 FINANCE COSTS

# **Distributions and Interest**

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

|                                                                   | 2013      | 2012     |
|-------------------------------------------------------------------|-----------|----------|
|                                                                   | £000      | £000     |
| Interim                                                           | 19,947    | 18,998   |
| Final                                                             | 3,389     | 3,384    |
|                                                                   | 23,336    | 22,382   |
| Add: Revenue deducted on cancellation of shares                   | 149       | 144      |
| Deduct: Revenue received on creation of shares                    | (93)      | (135)    |
| Net distribution for the period                                   | 23,392    | 22,391   |
| Interest                                                          | 1         | 36       |
| Total finance costs                                               | 23,393    | 22,427   |
| Net revenue after taxation                                        | 15,348    | 14,650   |
| Annual management charge to capital                               | 8,040     | 7,741    |
| Equalisation on conversion                                        | 4         | -        |
| Net distribution for the period                                   | 23,392    | 22,391   |
| Details of the distribution per share are set of pages 34 and 35. | ut in the | table on |

### 7 DEBTORS

|                                            | 2013   | 2012  |
|--------------------------------------------|--------|-------|
|                                            | £000   | £000  |
| Amounts receivable for the issue of shares | 206    | -     |
| Sales awaiting settlement                  | 8,551  | 2,611 |
| Accrued revenue                            | 3,093  | 3,366 |
| Total debtors                              | 11,850 | 5,977 |

2012

2012

## 8 CREDITORS

|                                                | 2013    | 2012    |
|------------------------------------------------|---------|---------|
|                                                | £000    | £000    |
| Amounts payable for the cancellation of shares | (829)   | (952)   |
| Purchases awaiting settlement                  | (5,701) | (5,575) |
| Accrued expenses                               | (11)    | (7)     |
| Amounts payable to ACD                         | (702)   | (688)   |
| Total creditors                                | (7,243) | (7,222) |

# **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 7.

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 UK Monthly 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           | 1.50%  |
| Class Z shares           | 0.75%  |
| 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 270. 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 £86,000 (2012: £68,000) of which £8,000 (2012: £6,000) was outstanding at year end. They have paid fees of £12,000 (2012: £10,000) of which £1,000 (2012: £1,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £13,000 (2012: £10,000) of which £1,000 (2012: £1,000) was outstanding at year end to J.P. Morgan as the security lending agent to process these arrangements and hold the collateral. The value of stock on loan at the end of the accounting period was £39.06m (2012: £11.52m), whilst the value of collateral held for these arrangements was £43.65m (2012: £12.90m). The collateral was held as either securities transferred in CREST by a DBV (Delivery by Value) or Gilt DBV, or in the form of overseas government bonds, supranational bonds or certificates of deposit.

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

#### Analysis of Collateral Held

|       |         | 2013       |         | 2012       |
|-------|---------|------------|---------|------------|
|       | Value £ | % of Total | Value £ | % of Total |
| Bonds | 43,650  | 100        | 12,896  | 100        |
|       | 43,650  | 100        | 12,896  | 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**

**UK Sterling** 

There are no assets of the fund 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 2013 was:

| <b>Currency 2013</b><br>UK Sterling | Floating rate<br>financial<br>assets<br>£000<br>1,405 | Fixed rate<br>financial<br>assets<br>£000<br>2,001 | Financial<br>assets not<br>carrying<br>interest<br>£000<br>585,280 | <b>Total</b><br><b>£000</b><br>588,686 |
|-------------------------------------|-------------------------------------------------------|----------------------------------------------------|--------------------------------------------------------------------|----------------------------------------|
| Currency 2012                       | £000                                                  | £000                                               | £000                                                               | £000                                   |

7.018

525,413

539,895

2012

2013

7,464

| Currency 2013<br>UK Sterling | Floating rate<br>financial<br>liabilities<br>£000 | Fixed rate<br>financial<br>liabilities<br>£000<br>– | Financial<br>liabilities<br>not carrying<br>interest<br>£000<br>(10,632) | <b>Total</b><br><b>£000</b><br>(10,632) |
|------------------------------|---------------------------------------------------|-----------------------------------------------------|--------------------------------------------------------------------------|-----------------------------------------|
| Currency 2012                | £000                                              | <b>£000</b>                                         | <b>£000</b>                                                              | <b>£000</b>                             |
| UK Sterling                  |                                                   | _                                                   | (10,606)                                                                 | (10,606)                                |

The fixed rate financial assets includes deposits which have a weighted average interest rate of 0.40% (2012: 0.45%).

#### Fair value of financial assets and financial liabilities

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

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

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

#### **13 CONTINGENT LIABILITIES AND COMMITMENTS**

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

### **14 PORTFOLIO TRANSACTION COSTS**

|                                              | £000    | £000    |
|----------------------------------------------|---------|---------|
| Analysis of total purchase costs             |         |         |
| Purchases in period before transaction costs | 185,538 | 149,156 |
| Commissions                                  | 239     | 186     |
| Taxes                                        | 804     | 764     |
| Total purchase costs                         | 1,043   | 950     |
| Gross purchases total                        | 186,581 | 150,106 |
| Analysis of total sale costs                 |         |         |
| Gross sales before transaction costs         | 205,577 | 171,312 |
| Commissions                                  | (280)   | (191)   |
| Total sale costs                             | (280)   | (191)   |
| Total sales net of transaction costs         | 205,297 | 171,121 |

# **Investment Report**

**Investment Objective** 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 2013, the published share price of the Threadneedle Monthly Extra Income Fund has risen from 57.77p to 65.85p.

Looking at performance within its peer group, the total return on the fund for the twelve months ending 28 February 2013, including net reinvested income, is 16.29% as compared to a median return of 12.79% 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

UK equities performed strongly over the year, with sentiment boosted by the Bank of

# STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2012 to 7 March 2013

|                                                                              | Notes | 2013<br>£000 | 2012<br>£000 |
|------------------------------------------------------------------------------|-------|--------------|--------------|
| Income                                                                       |       |              |              |
| Net capital gains                                                            | 2     | 20,402       | 2,613        |
| Revenue                                                                      | 3     | 6,355        | 5,842        |
| Expenses                                                                     | 4     | (1,942)      | (1,731)      |
| Net revenue before taxation                                                  |       | 4,413        | 4,111        |
| Taxation                                                                     | 5     | 15           | -            |
| Net revenue after taxation                                                   |       | 4,428        | 4,111        |
| Total return before distributions                                            |       | 24,830       | 6,724        |
| Finance costs: Distributions                                                 | 6     | (5,865)      | (5,359)      |
| Change in net assets attributable to shareholders from investment activities |       | 18,965       | 1,365        |
|                                                                              |       |              |              |

# STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2012 to 7 March 2013

|                                                                                     | 2013<br>£000 | 2012<br>£000 |
|-------------------------------------------------------------------------------------|--------------|--------------|
| Opening net assets attributable to shareholders                                     | 131,541      | 119,651      |
| Movement due to sales and repurchases<br>of shares:                                 |              |              |
| Amounts receivable on the issue of shares                                           | 25,377       | 25,123       |
| Amounts payable on the cancellation of shares                                       | (13,732)     | (14,660)     |
|                                                                                     | 11,645       | 10,463       |
| Dilution adjustment                                                                 | 73           | 94           |
| Stamp duty reserve tax                                                              | (37)         | (29)         |
| Change in net assets attributable to shareholders from investment activities        |              |              |
| (see statement of total return above)<br>Unclaimed distribution monies brought back | 18,965       | 1,365        |
| into account                                                                        | 4            | (3)          |
| Closing net assets attributable to shareholders                                     | 162,191      | 131,541      |
|                                                                                     |              |              |

England's quantitative easing programme and the European Central Bank's pledge to do 'whatever it takes' to save the euro. UK corporate bonds performed strongly.

The equity portfolio produced a strongly positive return and outperformed the FTSE All-Share index despite not holding banks, which rallied strongly. Our equity stock selection decisions added to returns. At the sector level, the fund benefited from its bias against energy and materials (particularly mining), which underperformed. At the stock level, key performers included our large positions in ITV and insurer Legal & General. Weaker performance came from Marks & Spencer and Wm Morrison; both are unloved but the valuations are attractive and we regard the turnaround strategies of both companies as being sensible. Our strategies in corporate bonds enabled us to deliver strong performance. An overweight position in banks further aided performance in the bond portfolio.

Equity portfolio activity was relatively modest, reflecting our long-term mindset and contrarian approach. However, new positions included venture capital firm 3i, which has performed very strongly since we purchased it, and Sherborne, an activist vehicle. We also participated in the Melrose rights issue. In terms of sales Misys exited after being taken over. In the bonds portfolio, although we can still find balance sheet repair stories in the bank sector, these are now much fewer in number, and various banks have begun to move toward more equity friendly policies. As such, activity has been focused on moving into more defensive names using the primary market, for instance adding MetLife GICs, Hanover Re, and Standard Life in the Insurance sector, and BG Group, Rio Tinto and Morrison's in Corporate space.

Looking forward, we are cautiously optimistic on the outlook for UK equities given attractive valuations and the FTSE's high dividend yield in a global context. Moreover, cheap funding means that there is scope for merger and acquisition activity to pick up. On the downside, structural imbalances remain in Europe and are unlikely to be resolved in the near future. Although credit spreads have tightened, they are not over valued against either the economic outlook or historic comparisons, and the implied level of defaults remains significantly in excess of historical investment grade default experience.

| as at 7 March 2013                      |       | 2013    | 2012    |
|-----------------------------------------|-------|---------|---------|
| Assets                                  | Notes | £000    | £000    |
| Investment assets                       |       | 152,477 | 130,303 |
| Other assets                            |       |         |         |
| Debtors                                 | 7     | 7,104   | 1,777   |
| Cash and bank balances                  |       | 3,620   | 2,749   |
| Total other assets                      |       | 10,724  | 4,526   |
| Total assets                            |       | 163,201 | 134,829 |
| Liabilities                             |       |         |         |
| Derivative liabilities                  |       | (56)    | -       |
| Other liabilities                       |       |         |         |
| Creditors                               | 8     | (222)   | (2,696) |
| Bank overdrafts                         |       | (5)     | -       |
| Distribution payable on income shares   | \$    | (727)   | (592)   |
| Total other liabilities                 |       | (954)   | (3,288) |
| Total liabilities                       |       | (1,010) | (3,288) |
| Net assets attributable to shareholders |       | 162,191 | 131,541 |
|                                         |       |         |         |

#### **DISTRIBUTION TABLE**

**BALANCE SHEET** 

for the accounting period 8 March 2012 to 7 March 2013

Dividend distribution in pence per share

Class 1 Shares

| Net Income             |                  |               |                |              |                                           |                                   |
|------------------------|------------------|---------------|----------------|--------------|-------------------------------------------|-----------------------------------|
| Distribution<br>Period | Gross<br>Revenue | Tax<br>Credit | Net<br>Revenue | Equalisation | Distribution<br>Paid/Payable<br>2012/2013 | Distribution<br>Paid<br>2011/2012 |
| Group 1                |                  |               |                |              |                                           |                                   |
| 08/03/12 to 07/04/12   | 0.2222           | 0.0222        | 0.2000         | -            | 0.2000                                    | 0.1950                            |
| 08/04/12 to 07/05/12   | 0.2222           | 0.0222        | 0.2000         | -            | 0.2000                                    | 0.1950                            |
| 08/05/12 to 07/06/12   | 0.2222           | 0.0222        | 0.2000         | -            | 0.2000                                    | 0.1950                            |
| 08/06/12 to 07/07/12   | 0.2222           | 0.0222        | 0.2000         | -            | 0.2000                                    | 0.1950                            |
| 08/07/12 to 07/08/12   | 0.2222           | 0.0222        | 0.2000         | -            | 0.2000                                    | 0.1950                            |
| 08/08/12 to 07/09/12   | 0.2222           | 0.0222        | 0.2000         | -            | 0.2000                                    | 0.1950                            |
| 08/09/12 to 07/10/12   | 0.2222           | 0.0222        | 0.2000         | -            | 0.2000                                    | 0.1950                            |
| 08/10/12 to 07/11/12   | 0.2222           | 0.0222        | 0.2000         | -            | 0.2000                                    | 0.1950                            |
| 08/11/12 to 07/12/12   | 0.2222           | 0.0222        | 0.2000         | -            | 0.2000                                    | 0.1950                            |
| 08/12/12 to 07/01/13   | 0.2222           | 0.0222        | 0.2000         | -            | 0.2000                                    | 0.1950                            |
| 08/01/13 to 07/02/13   | 0.2222           | 0.0222        | 0.2000         | -            | 0.2000                                    | 0.1950                            |
| 08/02/13 to 07/03/13   | 0.3237           | 0.0324        | 0.2913         | -            | 0.2913                                    | 0.2583                            |

\*In pound Sterling and against UK peer group. Please refer to pages 269-282 for comparative tables.

# **DISTRIBUTION TABLE**

(continued)

| Class 1 Shares                                                                                                                                                                                                                                                         |                                                                               |                                                                                                            |                                                                                                   |                                                                                             |                                                                                                                               |              |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|--------------|
| Distribution                                                                                                                                                                                                                                                           | Gross                                                                         | Тах                                                                                                        | Net                                                                                               |                                                                                             | Distribution                                                                                                                  | Distribution |
| Period                                                                                                                                                                                                                                                                 | Revenue                                                                       | Credit                                                                                                     | Revenue                                                                                           | Faualisation                                                                                | Paid/Payable                                                                                                                  | Paid         |
|                                                                                                                                                                                                                                                                        | noronao                                                                       | oroun                                                                                                      |                                                                                                   | Equalication                                                                                | 2012/2013                                                                                                                     | 2011/2012    |
| Group 2                                                                                                                                                                                                                                                                |                                                                               |                                                                                                            |                                                                                                   |                                                                                             |                                                                                                                               |              |
| 08/03/12 to 07/04/12                                                                                                                                                                                                                                                   | 0.0886                                                                        | 0.0089                                                                                                     | 0.0797                                                                                            | 0.1203                                                                                      | 0.2000                                                                                                                        | 0.1950       |
| 08/04/12 to 07/05/12                                                                                                                                                                                                                                                   | 0.0289                                                                        | 0.0029                                                                                                     | 0.0260                                                                                            | 0.1740                                                                                      | 0.2000                                                                                                                        | 0.1950       |
| 08/05/12 to 07/06/12                                                                                                                                                                                                                                                   |                                                                               | -                                                                                                          | -                                                                                                 | 0.2000                                                                                      | 0.2000                                                                                                                        | 0.1950       |
| 08/06/12 to 07/07/12                                                                                                                                                                                                                                                   | -                                                                             | -                                                                                                          | -                                                                                                 | 0.2000                                                                                      | 0.2000                                                                                                                        | 0.1950       |
| 08/07/12 to 07/08/12                                                                                                                                                                                                                                                   | 0.0281                                                                        | 0.0028                                                                                                     | 0.0253                                                                                            | 0.1747                                                                                      | 0.2000                                                                                                                        | 0.1950       |
| 08/08/12 to 07/09/12                                                                                                                                                                                                                                                   | -                                                                             | -                                                                                                          | -                                                                                                 | 0.2000                                                                                      | 0.2000                                                                                                                        | 0.1950       |
| 08/09/12 to 07/10/12                                                                                                                                                                                                                                                   | -                                                                             | -                                                                                                          | -                                                                                                 | 0.2000                                                                                      | 0.2000                                                                                                                        | 0.1950       |
| 08/10/12 to 07/11/12                                                                                                                                                                                                                                                   | -                                                                             | -                                                                                                          | -                                                                                                 | 0.2000                                                                                      | 0.2000                                                                                                                        | 0.1950       |
| 08/11/12 to 07/12/12                                                                                                                                                                                                                                                   | -                                                                             | -                                                                                                          | -                                                                                                 | 0.2000                                                                                      | 0.2000                                                                                                                        | 0.1950       |
| 08/12/12 to 07/01/13                                                                                                                                                                                                                                                   | -                                                                             | -                                                                                                          | -                                                                                                 | 0.2000                                                                                      | 0.2000                                                                                                                        | 0.1950       |
| 08/01/13 to 07/02/13                                                                                                                                                                                                                                                   | 0.0128                                                                        | 0.0013                                                                                                     | 0.0115                                                                                            | 0.1885                                                                                      | 0.2000                                                                                                                        | 0.1950       |
| 08/02/13 to 07/03/13                                                                                                                                                                                                                                                   | 0.0164                                                                        | 0.0016                                                                                                     | 0.0148                                                                                            | 0.2765                                                                                      | 0.2913                                                                                                                        | 0.2583       |
| Total distributions in the                                                                                                                                                                                                                                             | e period                                                                      |                                                                                                            |                                                                                                   |                                                                                             | 2.4913                                                                                                                        | 2.4033       |
| Class Z Shares                                                                                                                                                                                                                                                         |                                                                               |                                                                                                            |                                                                                                   |                                                                                             |                                                                                                                               |              |
| Net Income *                                                                                                                                                                                                                                                           |                                                                               |                                                                                                            |                                                                                                   |                                                                                             |                                                                                                                               |              |
|                                                                                                                                                                                                                                                                        |                                                                               |                                                                                                            |                                                                                                   |                                                                                             |                                                                                                                               |              |
| Distribution                                                                                                                                                                                                                                                           | Gross                                                                         | Тах                                                                                                        | Net                                                                                               |                                                                                             | Distribution                                                                                                                  |              |
|                                                                                                                                                                                                                                                                        | Gross<br>Revenue                                                              | Tax<br>Credit                                                                                              | Net<br>Revenue                                                                                    | Equalisation                                                                                | Distribution<br>Paid/Payable                                                                                                  |              |
| Distribution                                                                                                                                                                                                                                                           |                                                                               |                                                                                                            |                                                                                                   | Equalisation                                                                                |                                                                                                                               |              |
| Distribution                                                                                                                                                                                                                                                           |                                                                               |                                                                                                            |                                                                                                   | Equalisation                                                                                | Paid/Payable                                                                                                                  |              |
| Distribution<br>Period                                                                                                                                                                                                                                                 |                                                                               |                                                                                                            |                                                                                                   | Equalisation<br>_                                                                           | Paid/Payable                                                                                                                  |              |
| Distribution<br>Period<br>Group 1                                                                                                                                                                                                                                      | Revenue                                                                       | Credit                                                                                                     | Revenue                                                                                           | Equalisation<br>_<br>_                                                                      | Paid/Payable<br>2012/2013                                                                                                     |              |
| Group 1           03/10/12 to 07/10/12         08/10/12 to 07/11/12           08/11/12 to 07/12/12         08/11/12 to 07/12/12                                                                                                                                        | 0.0052<br>0.2222<br>0.2222                                                    | Credit<br>0.0005<br>0.0222<br>0.0222                                                                       | 0.0047<br>0.2000<br>0.2000                                                                        | -                                                                                           | Paid/Payable<br>2012/2013<br>0.0047                                                                                           |              |
| Distribution<br>Period<br>Group 1<br>03/10/12 to 07/10/12<br>08/10/12 to 07/11/12<br>08/11/12 to 07/12/12                                                                                                                                                              | 0.0052<br>0.2222<br>0.2222<br>0.2222                                          | Credit<br>0.0005<br>0.0222<br>0.0222<br>0.0222                                                             | Revenue<br>0.0047<br>0.2000<br>0.2000<br>0.2000                                                   | -                                                                                           | Paid/Payable<br>2012/2013<br>0.0047<br>0.2000<br>0.2000<br>0.2000                                                             |              |
| Distribution<br>Period<br>Group 1<br>03/10/12 to 07/10/12<br>08/10/12 to 07/11/12<br>08/11/12 to 07/12/12<br>08/12/12 to 07/02/13                                                                                                                                      | Revenue<br>0.0052<br>0.2222<br>0.2222<br>0.2222<br>0.2222                     | Credit<br>0.0005<br>0.0222<br>0.0222<br>0.0222<br>0.0222                                                   | Revenue<br>0.0047<br>0.2000<br>0.2000<br>0.2000<br>0.2000                                         | -                                                                                           | Paid/Payable<br>2012/2013<br>0.0047<br>0.2000<br>0.2000<br>0.2000<br>0.2000                                                   |              |
| Distribution<br>Period<br>Group 1<br>03/10/12 to 07/10/12<br>08/10/12 to 07/11/12<br>08/11/12 to 07/12/12                                                                                                                                                              | 0.0052<br>0.2222<br>0.2222<br>0.2222                                          | Credit<br>0.0005<br>0.0222<br>0.0222<br>0.0222                                                             | Revenue<br>0.0047<br>0.2000<br>0.2000<br>0.2000                                                   | -                                                                                           | Paid/Payable<br>2012/2013<br>0.0047<br>0.2000<br>0.2000<br>0.2000                                                             |              |
| Distribution<br>Period<br>Group 1<br>03/10/12 to 07/10/12<br>08/10/12 to 07/11/12<br>08/11/12 to 07/12/12<br>08/12/12 to 07/02/13                                                                                                                                      | Revenue<br>0.0052<br>0.2222<br>0.2222<br>0.2222<br>0.2222                     | Credit<br>0.0005<br>0.0222<br>0.0222<br>0.0222<br>0.0222                                                   | Revenue<br>0.0047<br>0.2000<br>0.2000<br>0.2000<br>0.2000                                         | -                                                                                           | Paid/Payable<br>2012/2013<br>0.0047<br>0.2000<br>0.2000<br>0.2000<br>0.2000                                                   |              |
| Distribution<br>Period<br>03/10/12 to 07/10/12<br>08/10/12 to 07/11/12<br>08/11/12 to 07/11/12<br>08/11/12 to 07/11/13<br>08/10/13 to 07/02/13<br>08/02/13 to 07/03/13                                                                                                 | Revenue<br>0.0052<br>0.2222<br>0.2222<br>0.2222<br>0.2222                     | Credit<br>0.0005<br>0.0222<br>0.0222<br>0.0222<br>0.0222                                                   | Revenue<br>0.0047<br>0.2000<br>0.2000<br>0.2000<br>0.2000                                         | -<br>-<br>-<br>-<br>-<br>-                                                                  | Paid/Payable<br>2012/2013<br>0.0047<br>0.2000<br>0.2000<br>0.2000<br>0.2000                                                   |              |
| Distribution<br>Period<br>03/10/12 to 07/10/12<br>08/10/12 to 07/10/12<br>08/10/12 to 07/11/12<br>08/10/12 to 07/11/12<br>08/10/13 to 07/02/13<br>08/02/13 to 07/02/13<br>08/02/13 to 07/02/13<br>03/10/12 to 07/10/12<br>08/10/12 to 07/11/12                         | 0.0052<br>0.2222<br>0.2222<br>0.2222<br>0.2222<br>0.2222<br>0.2222<br>0.8396  | Credit<br>0.0005<br>0.0222<br>0.0222<br>0.0222<br>0.0222<br>0.0222<br>0.0222<br>0.0840                     | Revenue<br>0.0047<br>0.2000<br>0.2000<br>0.2000<br>0.2000<br>0.2000<br>0.7556                     | -<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>0.1224                                              | Paid/Payable<br>2012/2013<br>0.0047<br>0.2000<br>0.2000<br>0.2000<br>0.2000<br>0.7556<br>0.0047<br>0.2000                     |              |
| Distribution<br>Period<br>03/10/12 to 07/10/12<br>08/10/12 to 07/11/12<br>08/11/12 to 07/11/12<br>08/12/12 to 07/01/13<br>08/02/13 to 07/02/13<br>08/02/13 to 07/02/13<br>08/10/12 to 07/10/12<br>08/10/12 to 07/12/12                                                 | Revenue<br>0.0052<br>0.2222<br>0.2222<br>0.2222<br>0.2222<br>0.8396<br>0.0052 | Credit<br>0.0005<br>0.0222<br>0.0222<br>0.0222<br>0.0222<br>0.0222<br>0.0840<br>0.0005                     | Revenue<br>0.0047<br>0.2000<br>0.2000<br>0.2000<br>0.2000<br>0.7556<br>0.0047                     | -<br>-<br>-<br>-<br>-<br>-<br>-<br>0.1224<br>0.2000                                         | Paid/Payable<br>2012/2013<br>0.0047<br>0.2000<br>0.2000<br>0.2000<br>0.7556<br>0.0047<br>0.2000<br>0.2000                     |              |
| Distribution<br>Period<br>Group 1<br>03/10/12 to 07/10/12<br>08/10/12 to 07/11/12<br>08/11/12 to 07/11/13<br>08/02/13 to 07/02/13<br>08/02/13 to 07/03/13<br>Group 2<br>03/10/12 to 07/10/12<br>08/11/12 to 07/12/12<br>08/11/12 to 07/12/12                           | Revenue 0.0052 0.2222 0.2222 0.2222 0.2222 0.2222 0.8396 0.0052 0.0862        | Credit<br>0.0005<br>0.0222<br>0.0222<br>0.0222<br>0.0222<br>0.0222<br>0.0840<br>0.0005                     | Revenue<br>0.0047<br>0.2000<br>0.2000<br>0.2000<br>0.2000<br>0.7556<br>0.0047                     | -<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>- | Paid/Payable<br>2012/2013<br>0.0047<br>0.2000<br>0.2000<br>0.2000<br>0.2000<br>0.7556<br>0.0047<br>0.2000<br>0.2000<br>0.2000 |              |
| Distribution<br>Period<br>03/10/12 to 07/10/12<br>08/10/12 to 07/10/12<br>08/11/12 to 07/12/12<br>08/12/12 to 07/12/12<br>08/12/12 to 07/02/13<br>08/02/13 to 07/02/13<br>03/10/12 to 07/10/12<br>08/10/12 to 07/11/12<br>08/12/12 to 07/01/13<br>08/01/13 to 07/02/13 | Revenue 0.0052 0.2222 0.2222 0.2222 0.2222 0.8396 0.0052 0.0862               | Credit<br>0.0005<br>0.0222<br>0.0222<br>0.0222<br>0.0222<br>0.0222<br>0.0840<br>0.0005<br>0.0005<br>0.0086 | Revenue<br>0.0047<br>0.2000<br>0.2000<br>0.2000<br>0.7556<br>0.0047<br>0.0776<br>-<br>-<br>-<br>- | -<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>- | Paid/Payable<br>2012/2013<br>0.0047<br>0.2000<br>0.2000<br>0.2000<br>0.7556<br>0.0047<br>0.2000<br>0.2000<br>0.2000<br>0.2000 |              |
| Distribution<br>Period<br>Group 1<br>03/10/12 to 07/10/12<br>08/10/12 to 07/11/12<br>08/11/12 to 07/11/13<br>08/02/13 to 07/02/13<br>08/02/13 to 07/03/13<br>Group 2<br>03/10/12 to 07/10/12<br>08/11/12 to 07/12/12<br>08/11/12 to 07/12/12                           | Revenue 0.0052 0.2222 0.2222 0.2222 0.2222 0.8396 0.0052 0.0862 0.08627       | Credit<br>0.0005<br>0.0222<br>0.0222<br>0.0222<br>0.0222<br>0.0222<br>0.0840<br>0.0005                     | Revenue<br>0.0047<br>0.2000<br>0.2000<br>0.2000<br>0.2000<br>0.7556<br>0.0047                     | -<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>- | Paid/Payable<br>2012/2013<br>0.0047<br>0.2000<br>0.2000<br>0.2000<br>0.2000<br>0.7556<br>0.0047<br>0.2000<br>0.2000<br>0.2000 |              |

**Total distributions in the period** Group 2: shares purchased during a distribution period

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

# Notes to the financial statements

for the accounting period 8 March 2012 to 7 March 2013

### **1 ACCOUNTING POLICIES**

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 6 and 7.

## 2 NET CAPITAL GAINS

Net capital gains during the period comprise:

| 2013   | 2012                                       |
|--------|--------------------------------------------|
| £000   | £000                                       |
| 20,560 | 2,573                                      |
| (155)  | 59                                         |
| 1      | (15)                                       |
| (4)    | (4)                                        |
| 20,402 | 2,613                                      |
|        | <b>£000</b><br>20,560<br>(155)<br>1<br>(4) |

| 3 | REVENUE                     |       |       |
|---|-----------------------------|-------|-------|
|   |                             | 2013  | 2012  |
|   |                             | £000  | £000  |
|   | UK dividends                | 4,570 | 4,065 |
|   | Overseas dividends          | -     | 1     |
|   | Stock dividends             | 28    | 47    |
|   | Interest on debt securities | 1,707 | 1,710 |
|   | Bank interest               | 11    | 10    |
|   | Underwriting commission     | 22    | -     |
|   | Stocklending commission     | 17    | 9     |
|   | Total revenue               | 6,355 | 5,842 |

# 4 EXPENSES

|                                                                                             | 2013<br>£000 | 2012<br>£000 |
|---------------------------------------------------------------------------------------------|--------------|--------------|
| Payable to the ACD or associates of the ACD,<br>and the agents of either of them:           |              |              |
| Annual management charge                                                                    | (1,752)      | (1,559)      |
| Registration fees                                                                           | (154)        | (138)        |
|                                                                                             | (1,906)      | (1,697)      |
| Payable to the depositary or associate of the depositary, and the agents of either of them: |              |              |
| Depositary's fees                                                                           | (16)         | (15)         |
| Safe custody fees                                                                           | (3)          | (2)          |
|                                                                                             | (19)         | (17)         |
| Other expenses:                                                                             |              |              |
| Regulatory fee                                                                              | (7)          | (7)          |
| Audit fee                                                                                   | (10)         | (10)         |
|                                                                                             | (17)         | (17)         |
| *Total expenses                                                                             | (1,942)      | (1,731)      |

\*Including irrecoverable VAT where applicable.

# 5 TAXATION

|                                                                                                   | £000  | £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                                                                       | 4,413 | 4,111 |
| Net revenue before taxation multiplied by the standard rate of corporation tax of 20% Effects of: | (883) | (822) |
| Revenue not subject to taxation                                                                   | 920   | 823   |
| Excess expenses                                                                                   | (37)  | (1)   |
| Adjustments in respect of prior periods                                                           | 15    | -     |
| Current tax charge for period (note 5a)                                                           | 15    | _     |
|                                                                                                   |       |       |

2013

2012

The fund has not recognised a deferred tax asset of £37,727 (2012: £735) arising as a result of having unutilised management expenses. It is unlikely that these expenses will be utilised in future years.

# 6 FINANCE COSTS

#### Distributions

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

|                                                  | 2013<br>£000 | 2012<br>£000 |
|--------------------------------------------------|--------------|--------------|
| Interim                                          | 5,178        | 4,811        |
| Final                                            | 727          | 592          |
|                                                  | 5,905        | 5,403        |
| Add: Revenue deducted on cancellation of shares  | 67           | 62           |
| Deduct: Revenue received on creation of shares   | (107)        | (106)        |
| Net distribution for the period                  | 5,865        | 5,359        |
| Net revenue after taxation                       | 4,428        | 4,111        |
| Annual management charge to capital              | 1,752        | 1,559        |
| Tax thereon                                      | (316)        | (311)        |
| Equalisation on conversion                       | 1            | -            |
| Net distribution for the period                  | 5,865        | 5,359        |
| Details of the distribution per share are set ou | t in the     | table on     |

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

2013

2012

# 7 DEBTORS

|                                            | £000  | £000  |
|--------------------------------------------|-------|-------|
| Amounts receivable for the issue of shares | 5,968 | 466   |
| Accrued revenue                            | 1,133 | 1,307 |
| Foreign withholding tax recoverable        | 3     | 4     |
| Total debtors                              | 7,104 | 1,777 |

#### 8 CREDITORS

|                                                | 2013<br>£000 | 2012<br>£000 |
|------------------------------------------------|--------------|--------------|
| Amounts payable for the cancellation of shares | (18)         | (13)         |
| Purchases awaiting settlement                  | -            | (2,487)      |
| Accrued expenses                               | (13)         | (7)          |
| Amounts payable to ACD                         | (159)        | (142)        |
| Corporation tax payable                        | (32)         | (47)         |
| Total creditors                                | (222)        | (2,696)      |

# 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 7.

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 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 271. 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 £23,000 (2012: £13,000) of which £2,000 (2012: £1,000) was outstanding at year end. They have paid fees of £3,000 (2012: £2,000) of which Nil (2012: Nil) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £3,000 (2012: £2,000) of which Nil (2012: Nil) was outstanding at year end to J.P. Morgan as the security lending agent to process these arrangements and hold the collateral. The value of stock on loan at the end of the accounting period was £6.11m (2012: £2.43m), whilst the value of collateral held for these arrangements was £6.54m (2012: £3.62m). 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

|       |            | 2013       |            |            |  |  |
|-------|------------|------------|------------|------------|--|--|
|       | Value £000 | % of Total | Value £000 | % of Total |  |  |
| Bonds | 6,541      | 100        | 3,625      | 100        |  |  |
|       | 6,541      | 100        | 3,625      | 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.

| Currency 2013 | Monetary<br>exposures<br>£000 | Non-<br>monetary<br>exposures<br>£000 | Total<br>£000 |
|---------------|-------------------------------|---------------------------------------|---------------|
| Euro          | 94                            | (111)                                 | (17)          |
| US Dollar     | (5)                           | (32)                                  | (37)          |
| Currency 2012 | £000                          | £000                                  | £000          |
| Euro          | 10                            | (61)                                  | (51)          |
| US Dollar     | 25                            | (31)                                  | (6)           |

**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 2013 was:

|               | Floating rate<br>financial<br>assets | Fixed rate<br>financial<br>assets | Financial<br>assets not<br>carrying<br>interest | Total   |
|---------------|--------------------------------------|-----------------------------------|-------------------------------------------------|---------|
| 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   |
| Currency 2012 | £000                                 | £000                              | £000                                            | £000    |
| Euro          | 105                                  | 1,174                             | 3                                               | 1,282   |
| UK Sterling   | 4,338                                | 24,533                            | 106,015                                         | 134,886 |
| US Dollar     | 183                                  | 1,573                             | 13                                              | 1,769   |

| Currency 2013 | Floating rate<br>financial<br>liabilities<br>£000 | Fixed rate<br>financial<br>liabilities<br>£000 | Financial<br>liabilities<br>not carrying<br>interest<br>£000 | Total<br>£000 |
|---------------|---------------------------------------------------|------------------------------------------------|--------------------------------------------------------------|---------------|
| Euro          | (48)                                              | (1,335)                                        | -                                                            | (1,383)       |
| UK Sterling   | -                                                 | -                                              | (948)                                                        | (948)         |
| US Dollar     | (257)                                             | (2,332)                                        | -                                                            | (2,589)       |
| Currency 2012 | £000                                              | £000                                           | £000                                                         | £000          |
| Euro          | (103)                                             | (1,230)                                        | -                                                            | (1,333)       |
| UK Sterling   | -                                                 | -                                              | (3,228)                                                      | (3,228)       |
| US Dollar     | (174)                                             | (1,601)                                        | -                                                            | (1,775)       |
|               | Fixed rate fina                                   | incial assets                                  | Fixed rate finan                                             | cial assets   |

|             | Weighte | d average  | Weighted avera         | erage period |  |
|-------------|---------|------------|------------------------|--------------|--|
|             | int     | erest rate | for which rate is fixe |              |  |
|             | 2013    | 2012       | 2013                   | 2012         |  |
| Currency    | %       | %          | years                  | years        |  |
| Euro        | 6       | 7          | 17.26                  | 12.31        |  |
| US Dollar   | 6       | 6          | 10.39                  | 8.71         |  |
| UK Sterling | 7       | 7          | 15.51                  | 16.48        |  |

# Notes to the financial statements

(continued)

#### Fair value of financial assets and financial liabilities

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

The only material amounts of non interest-bearing assets relate to 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 2013, the fund had outstanding open forward foreign exchange contracts of -£56,000 (2012: £30,000).

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 (2012: Nil).

### **14 PORTFOLIO TRANSACTION COSTS**

|                                                                                                          | 2013<br>£000 | 2012<br>£000          |
|----------------------------------------------------------------------------------------------------------|--------------|-----------------------|
| Analysis of total purchase costs<br>Purchases in period before transaction costs<br>Commissions<br>Taxes | 22,319<br>   | 41,122<br>29<br>123   |
| Total purchase costs                                                                                     | 63           | 152                   |
| Gross purchases total                                                                                    | 22,382       | 41,274                |
| Analysis of total sale costs<br>Gross sales before transaction costs<br>Commissions                      | 20,632       | <u>32,337</u><br>(16) |
| Total sale costs                                                                                         | (4)          | (16)                  |
| Total sales net of transaction costs                                                                     | 20,628       | 32,321                |

# **Investment Report**

Investment Objective 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 2013, the published share price of the Threadneedle UK Corporate Bond Fund has risen from 53.58p to 57.20p.

Looking at performance within its peer group, the total return on the fund for the twelve months ending 28 February 2013, including net reinvested income, is 9.95% as compared to a median return of 9.88% over the same period. The fund return equates approximately to 11.86% 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 10.14% for the same period).

#### **Portfolio Activity**

The UK corporate bond market enjoyed a period of considerable strength and the fund delivered healthy positive returns over this period. This was driven by the combination of lower UK government bond yields and tighter corporate bond spreads. Eurozone political policy risk, that had been a key driver of markets for much of 2012, faded as a concern through the last quarter of the year and remained relatively subdued in the early period of 2013.

The fund was invested with a duration that was lower than the index, reflecting the poor risk reward to be found in the gilt market at present historically low levels. Performance was aided by an overweighting in the insurance and banking sectors, which performed well, over the review period. There remain on-going signs of credit quality improvement within these sectors at a time when the valuation is better than the market as a whole. The fund was invested with an overweight in overall corporate bond risk and had some off-benchmark exposure to the high yield market which again added to performance. Relative to the benchmark index, the combination of these strategies worked well. We maintained the relatively high cash weighting during the course of the year to support the overall efficiency of portfolio management and this detracted from performance.

In terms of market outlook and fund strategy, we are somewhat less positive about the market than we were a year ago. Corporate bond yields are at the lowest levels for many years, reflecting the tightening of spreads last year and the level of interest rates and gilt yields. This means that a replication of the returns seen in 2012 is improbable. However, we envisage interest rates remaining welded to the current low levels for a long period of time given the challenging UK and Global economic outlook. Consequently, the likelihood of an appreciable rise in gilt yields is not high. Likewise, although credit spreads have tightened, they are not over valued against either the economic outlook or by historic comparison.

# STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2012 to 7 March 2013

| Tor the accounting period o March 2012 to |       | 015          |              |
|-------------------------------------------|-------|--------------|--------------|
|                                           | Notes | 2013<br>£000 | 2012<br>£000 |
| Income                                    |       |              |              |
| Net capital gains                         | 2     | 48,228       | 14,501       |
| Revenue                                   | 3     | 34,935       | 33,772       |
| Expenses                                  | 4     | (4,373)      | (3,679)      |
| Finance costs:                            |       |              |              |
| Derivative expense                        | 6     | (154)        | (588)        |
| Interest                                  | 6     | (24)         | (80)         |
| Net revenue before taxation               |       | 30,384       | 29,425       |
| Taxation                                  | 5     | _            | -            |
| Net revenue after taxation                |       | 30,384       | 29,425       |
| Total return before distributions         |       | 78,612       | 43,926       |
| Finance costs: Distributions              | 6     | (30,384)     | (29,425)     |
| Change in net assets attributable to      | -     |              |              |
| shareholders from investment activities   | 5     | 48,228       | 14,501       |
|                                           |       |              |              |

# STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2012 to 7 March 2013

|                                                                                                 | 2013<br>£000 | 2012<br>£000 |
|-------------------------------------------------------------------------------------------------|--------------|--------------|
| <b>Opening net assets attributable to shareholders</b><br>Movement due to sales and repurchases | 606,583      | 598,366      |
| of shares:                                                                                      |              |              |
| Amounts receivable on the issue of shares                                                       | 176,224      | 62,259       |
| Amounts payable on the cancellation of shares                                                   | (108,493)    | (84,154)     |
|                                                                                                 | 67,731       | (21,895)     |
| Dilution adjustment                                                                             | 71           | -            |
| Change in net assets attributable to                                                            |              |              |
| shareholders from investment activities                                                         |              |              |
| (see statement of total return above)                                                           | 48,228       | 14,501       |
| Retained distribution on accumulation shares<br>Unclaimed distribution monies brought back      | 17,933       | 15,653       |
| into account                                                                                    | 43           | (42)         |
| Closing net assets attributable to shareholders                                                 | 740,589      | 606,583      |
|                                                                                                 |              |              |

\*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 269-282 for comparative tables.

# BALANCE SHEET

| as at 7 March 2013                      | Notes | 2013<br>£000 | 2012<br>£000 |
|-----------------------------------------|-------|--------------|--------------|
| Assets                                  |       |              |              |
| Investment assets                       |       | 703,453      | 551,503      |
| Other assets                            |       |              |              |
| Debtors                                 | 7     | 26,946       | 20,591       |
| Cash and bank balances                  | 8     | 37,386       | 42,070       |
| Total other assets                      |       | 64,332       | 62,661       |
| Total assets                            |       | 767,785      | 614,164      |
| Liabilities                             |       |              |              |
| Derivative liabilities                  |       | (3,303)      | (793)        |
| Other liabilities                       |       |              |              |
| Creditors                               | 9     | (21,213)     | (4,221)      |
| Bank overdrafts                         | 8     | (134)        | -            |
| Distribution payable on income share    | s .   | (2,546)      | (2,567)      |
| Total other liabilities                 |       | (23,893)     | (6,788)      |
| Total liabilities                       |       | (27,196)     | (7,581)      |
| Net assets attributable to shareholders |       | 740,589      | 606,583      |
|                                         |       |              |              |

# DISTRIBUTION TABLE

for the accounting period 8 March 2012 to 7 March 2013

Interest distribution in pence per share

**Class 1 Shares** 

| Net Income                 |                  |               |                |              |                                           |                                   |
|----------------------------|------------------|---------------|----------------|--------------|-------------------------------------------|-----------------------------------|
| Distribution<br>Period     | Gross<br>Revenue | Income<br>Tax | Net<br>Revenue | Equalisation | Distribution<br>Paid/Payable<br>2012/2013 | Distribution<br>Paid<br>2011/2012 |
| Group 1                    |                  |               |                |              |                                           |                                   |
| 08/03/12 to 07/06/12       | 0.5293           | 0.1059        | 0.4234         | -            | 0.4234                                    | 0.5005                            |
| 08/06/12 to 07/09/12       | 0.5516           | 0.1103        | 0.4413         | -            | 0.4413                                    | 0.4930                            |
| 08/09/12 to 07/12/12       | 0.5338           | 0.1068        | 0.4270         | -            | 0.4270                                    | 0.4828                            |
| 08/12/12 to 07/03/13       | 0.5503           | 0.1101        | 0.4402         | -            | 0.4402                                    | 0.4561                            |
| Group 2                    |                  |               |                |              |                                           |                                   |
| 08/03/12 to 07/06/12       | 0.2263           | 0.0453        | 0.1810         | 0.2424       | 0.4234                                    | 0.5005                            |
| 08/06/12 to 07/09/12       | 0.1933           | 0.0387        | 0.1546         | 0.2867       | 0.4413                                    | 0.4930                            |
| 08/09/12 to 07/12/12       | 0.2593           | 0.0519        | 0.2074         | 0.2196       | 0.4270                                    | 0.4828                            |
| 08/12/12 to 07/03/13       | 0.1556           | 0.0311        | 0.1245         | 0.3157       | 0.4402                                    | 0.4561                            |
| Total distributions in the | period           |               |                |              | 1.7319                                    | 1.9324                            |

# DISTRIBUTION TABLE

(continued)

| Class 2 Shares                                     |                  |               |                  |                  |                              |                         |
|----------------------------------------------------|------------------|---------------|------------------|------------------|------------------------------|-------------------------|
| Net Income<br>Distribution                         | 0                |               | Net              |                  | Distribution                 | Distribution            |
| Period                                             | Revenue          | Income<br>Tax | Revenue          | Equalisation     | Distribution<br>Paid/Payable | Distribution<br>Paid    |
|                                                    |                  |               |                  |                  | 2012/2013                    | 2011/2012               |
| Group 1                                            |                  |               |                  |                  |                              |                         |
| 08/03/12 to 07/06/12<br>08/06/12 to 07/09/12       | 0.5825           | 0.1165 0.1213 | 0.4660<br>0.4852 | -                | 0.4660<br>0.4852             | 0.5429                  |
| 08/09/12 to 07/12/12                               | 0.5898           | 0.1213        | 0.4852           | _                | 0.4652                       | 0.5355<br>0.5236        |
| 08/12/12 to 07/03/13                               | 0.6060           | 0.1212        | 0.4848           | -                | 0.4848                       | 0.4976                  |
| Group 2                                            |                  |               |                  |                  |                              |                         |
| 08/03/12 to 07/06/12                               | 0.2703           | 0.0541        | 0.2162           | 0.2498           | 0.4660                       | 0.5429                  |
| 08/06/12 to 07/09/12                               | 0.1630           | 0.0326        | 0.1304           | 0.3548           | 0.4852                       | 0.5355                  |
| 08/09/12 to 07/12/12<br>08/12/12 to 07/03/13       | 0.4319<br>0.3004 | 0.0864 0.0601 | 0.3455<br>0.2403 | 0.1263<br>0.2445 | 0.4718<br>0.4848             | 0.5236<br>0.4976        |
| Total distributions in the                         |                  | 0.0001        | 0.2403           | 0.2445           | 1.9078                       | 2.0996                  |
| Class 1 Shares                                     |                  |               |                  |                  |                              |                         |
| Gross Income                                       |                  |               |                  |                  |                              |                         |
| Distribution                                       | Gross            |               |                  |                  | Distribution                 | Distribution            |
| Period                                             | Revenue          |               |                  | Equalisation     | Paid/Payable                 | Paid                    |
|                                                    |                  |               |                  |                  | 2012/2013                    | 2011/2012               |
| Group 1                                            |                  |               |                  |                  |                              |                         |
| 08/03/12 to 07/06/12                               | 0.5296           |               |                  | -                | 0.5296                       | 0.6258                  |
| 08/06/12 to 07/09/12<br>08/09/12 to 07/12/12       | 0.5508<br>0.5316 |               |                  | -                | 0.5508<br>0.5316             | 0.6150<br>0.5995        |
| 08/09/12 to 07/03/13                               | 0.5316           |               |                  | -                | 0.5464                       | 0.5655                  |
| Group 2                                            |                  |               |                  |                  |                              |                         |
| 08/03/12 to 07/06/12                               | 0.4011           |               |                  | 0.1285           | 0.5296                       | 0.6258                  |
| 08/06/12 to 07/09/12                               | 0.1596           |               |                  | 0.3912           | 0.5508                       | 0.6150                  |
| 08/09/12 to 07/12/12                               | 0.2473           |               |                  | 0.2843           | 0.5316                       | 0.5995                  |
| 08/12/12 to 07/03/13<br>Total distributions in the | 0.3352           |               |                  | 0.2112           | 0.5464<br>2.1584             | 0.5655<br><b>2.4058</b> |
| Class 2 Shares                                     | periou           |               |                  |                  | 2.1504                       | 2.4030                  |
| Gross Accumulation                                 |                  |               |                  |                  |                              |                         |
| Gross Accumulation                                 |                  |               |                  |                  | Gross                        | Gross                   |
| Distribution                                       | Gross            |               |                  |                  | Revenue                      | Revenue                 |
| Period                                             | Revenue          |               |                  | Equalisation     | Accumulated                  | Accumulated             |
|                                                    |                  |               |                  |                  | 2012/2013                    | 2011/2012               |
| Group 1                                            |                  |               |                  |                  |                              |                         |
| 08/03/12 to 07/06/12                               | 0.8994           |               |                  | -                | 0.8994                       | 0.9976                  |
| 08/06/12 to 07/09/12<br>08/09/12 to 07/12/12       | 0.9454<br>0.9274 |               |                  | -                | 0.9454<br>0.9274             | 0.9937<br>0.9815        |
| 08/09/12 to 07/03/13                               | 0.9274           |               |                  | -                | 0.9597                       | 0.9421                  |
| Group 2                                            |                  |               |                  |                  |                              |                         |
| 08/03/12 to 07/06/12                               | 0.5810           |               |                  | 0.3184           | 0.8994                       | 0.9976                  |
| 08/06/12 to 07/09/12                               | 0.3507           |               |                  | 0.5947           | 0.9454                       | 0.9937                  |
| 08/09/12 to 07/12/12                               | 0.7180           |               |                  | 0.2094           | 0.9274                       | 0.9815                  |
| 08/12/12 to 07/03/13<br>Total distributions in the | 0.3218           |               |                  | 0.6379           | 0.9597<br>3.7319             | 0.9421<br><b>3.9149</b> |
|                                                    | periou           |               |                  |                  | 3.7319                       | 3.3143                  |

Group 2: shares purchased during a distribution period

# Notes to the financial statements

for the accounting period 8 March 2012 to 7 March 2013

# **1 ACCOUNTING POLICIES**

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 6 and 7.

# 2 NET CAPITAL GAINS

Net capital gains during the period comprise:

|                            | 2013    | 2012    |
|----------------------------|---------|---------|
|                            | £000    | £000    |
| Non-derivative securities  | 51,272  | 16,017  |
| Derivative contracts       | 1,423   | (1,198) |
| Forward currency contracts | (4,682) | (358)   |
| Other gains                | 226     | 50      |
| Transaction costs          | (11)    | (10)    |
| Net capital gains          | 48,228  | 14,501  |

#### **3 REVENUE**

|                                                | 2013<br>£000 | 2012<br>£000 |
|------------------------------------------------|--------------|--------------|
| Interest on debt securities                    | 34,742       | 33,602       |
| Interest on short term investments             | 80           | 41           |
| Bank interest                                  | 60           | 100          |
| Stocklending commission                        | 53           | 28           |
| Management fee rebate on collective investment |              |              |
| scheme holdings                                | -            | 1            |
| Total revenue                                  | 34,935       | 33,772       |

2013

2012

# 4 EXPENSES

|                                                                                             | £000    | £000    |
|---------------------------------------------------------------------------------------------|---------|---------|
| Payable to the ACD or associates of the ACD,<br>and the agents of either of them:           |         |         |
| Annual management charge                                                                    | (3,883) | (3,252) |
| Registration fees                                                                           | (417)   | (361)   |
|                                                                                             | (4,300) | (3,613) |
| Payable to the depositary or associate of the depositary, and the agents of either of them: |         |         |
| Depositary's fees                                                                           | (24)    | (23)    |
| Safe custody fees                                                                           | (34)    | (28)    |
|                                                                                             | (58)    | (51)    |
| Other expenses:                                                                             |         |         |
| Regulatory fee                                                                              | (7)     | (7)     |
| Audit fee                                                                                   | (8)     | (7)     |
| Miscellaneous expenses                                                                      | -       | (1)     |
|                                                                                             | (15)    | (15)    |
| *Total expenses                                                                             | (4,373) | (3,679) |

\*Including irrecoverable VAT where applicable.

# 5 TAXATION

|                                                                                                   | £000    | £000    |
|---------------------------------------------------------------------------------------------------|---------|---------|
| a) Analysis of charge in period                                                                   |         |         |
| Total current tax (note 5b)                                                                       | -       | -       |
| Total tax charge for period                                                                       | _       | _       |
| b) Factors affecting taxation charge for period                                                   |         |         |
| Net revenue before taxation                                                                       | 30,384  | 29,425  |
| Net revenue before taxation multiplied by the standard rate of corporation tax of 20% Effects of: | (6,077) | (5,885) |
| Distributions treated as tax deductible                                                           | 6,077   | 5,885   |
| Current tax charge for period (note 5a)                                                           | -       | -       |

2013

2012

The fund has not recognised a deferred tax asset of £927 (2012: £801) arising as a result of having unutilised management expenses.

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

# 6 FINANCE COSTS

#### **Distributions and Interest**

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

|                                                 | 2013   | 2012   |
|-------------------------------------------------|--------|--------|
|                                                 | £000   | £000   |
| Interim                                         | 22,771 | 22,324 |
| Final                                           | 7,724  | 6,945  |
|                                                 | 30,495 | 29,269 |
| Add: Revenue deducted on cancellation of shares | 707    | 523    |
| Deduct: Revenue received on creation of shares  | (818)  | (367)  |
| Net distribution for the period                 | 30,384 | 29,425 |
| Derivative expense                              | 154    | 588    |
| Interest                                        | 24     | 80     |
| Total finance costs                             | 30,562 | 30,093 |
|                                                 |        |        |

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

### 7 DEBTORS

|                                            | 2013<br>£000 | 2012<br>£000 |
|--------------------------------------------|--------------|--------------|
| Amounts receivable for the issue of shares | 1,123        | 1,935        |
| Sales awaiting settlement                  | 10,428       | 5,942        |
| Accrued revenue                            | 15,395       | 12,714       |
| Total debtors                              | 26,946       | 20,591       |

2013

2012

2012

2012

## Notes to the financial statements

(continued)

# 8 CASH AND BANK BALANCES

|                                         | £000   | £000   |
|-----------------------------------------|--------|--------|
| Amounts held at futures clearing houses |        |        |
| and brokers                             | 2,568  | 111    |
| Cash and bank balances                  | 34,818 | 41,959 |
|                                         | 37,386 | 42,070 |
| Bank overdrafts                         | (134)  | -      |
| Total cash and bank balances            | 37,252 | 42,070 |

#### 9 CREDITORS

|                                                | 2013     | 2012    |
|------------------------------------------------|----------|---------|
|                                                | £000     | £000    |
| Amounts payable for the cancellation of shares | (3,155)  | (431)   |
| Purchases awaiting settlement                  | (16,543) | (2,261) |
| Accrued expenses                               | (19)     | (14)    |
| Amounts payable to ACD                         | (338)    | (290)   |
| Taxation payable                               | (1,158)  | (1,225) |
| Total creditors                                | (21,213) | (4,221) |

### **10 RELATED PARTY TRANSACTIONS**

The related parties are set out in detail in Note 8 of the aggregated financial statements on page 7.

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 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                    | 0.175%    |
| Class 2 shares                    | 0.035%    |
| The net exect value of each share | alaaa tha |

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 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 £74,000 (2012: £40,000) of which £7,000 (2012: £4,000) was outstanding at year end. They have paid fees of £10,000 (2012: £6,000) of which £1,000 (2012: £1,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £11,000 (2012: £6,000) of which £1,000 (2012: £1,000) was outstanding at year end to J.P. Morgan as the security lending agent to process these arrangements and hold the collateral. The value of stock on loan at the end of the accounting period was £13.85m (2012: £27.35m), whilst the value of collateral held for these arrangements was £14.52m (2012: £28.50m). The collateral was held as either securities transferred in CREST by a DBV (Delivery by Value) or Gilt DBV, or in the form of overseas government bonds, supranational bonds or certificates of deposit.

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

#### Analysis of Collateral Held

|       |            | 2013       |            |            |
|-------|------------|------------|------------|------------|
|       | Value £000 | % of Total | Value £000 | % of Total |
| Bonds | 14,517     | 100        | 28,498     | 100        |
|       | 14,517     | 100        | 28,498     | 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.

NI -----

# Net foreign currency assets

| Currency 2013 | Monetary<br>exposures<br>£000 | Non-<br>monetary<br>exposures<br>£000 | Total<br>£000 |
|---------------|-------------------------------|---------------------------------------|---------------|
| Euro          | 1,847                         | (1,000)                               | 847           |
| US Dollar     | 945                           | (578)                                 | 367           |
| Currency 2012 | £000                          | £000                                  | £000          |
| Euro          | 7,458                         | (7,593)                               | (135)         |
| US Dollar     | 361                           | (244)                                 | 117           |

**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 2013 was:

| Currency 2013 | Floating rate<br>financial<br>liabilities<br>£000 | Fixed rate<br>financial<br>liabilities<br>£000 | Financial<br>liabilities<br>not carrying<br>interest<br>£000 | Total<br>£000 |
|---------------|---------------------------------------------------|------------------------------------------------|--------------------------------------------------------------|---------------|
| Euro          | 1,194                                             | 41,056                                         | 1,461                                                        | 43,711        |
| UK Sterling   | 70,561                                            | 667,942                                        | 17,503                                                       | 756,006       |
| US Dollar     | 4,703                                             | 53,296                                         | 7,981                                                        | 65,980        |
| Currency 2012 | £000                                              | £000                                           | £000                                                         | £000          |
| Euro          | 10,101                                            | 23,921                                         | 1,831                                                        | 35,853        |
| UK Sterling   | 53,864                                            | 541,096                                        | 18,429                                                       | 613,389       |
| US Dollar     | 4,992                                             | 33,061                                         | 330                                                          | 38,383        |

| 0             | Floating rate<br>financial<br>liabilities | liabilities | Financial<br>liabilities<br>not carrying<br>interest | Total    |
|---------------|-------------------------------------------|-------------|------------------------------------------------------|----------|
| Currency 2013 | £000                                      | £000        | £000                                                 | £000     |
| Euro          | (828)                                     | (42,036)    | -                                                    | (42,864) |
| UK Sterling   | (134)                                     | -           | (16,497)                                             | (16,631) |
| US Dollar     | (4,522)                                   | (53,829)    | (7,262)                                              | (65,613) |
| Currency 2012 | £000                                      | £000        | £000                                                 | £000     |
| Euro          | (4,858)                                   | (30,470)    | (660)                                                | (35,988) |
| UK Sterling   | -                                         | -           | (6,788)                                              | (6,788)  |
| US Dollar     | (4,993)                                   | (33,273)    | -                                                    | (38,266) |

# Notes to the financial statements

(continued)

|             | financial<br>We<br>a |      | Fixed rate<br>financial assets<br>Weighted<br>average period<br>for which<br>rate is fixed |       | Non interest<br>bearing assets<br>Weighted<br>average period |       |
|-------------|----------------------|------|--------------------------------------------------------------------------------------------|-------|--------------------------------------------------------------|-------|
| C           | 2013                 | 2012 | 2013                                                                                       | 2012  | 2013                                                         | 2012  |
| Currency    | %                    | %    | years                                                                                      | years | years                                                        | years |
| Euro        | 5                    | 6    | 13.92                                                                                      | 13.02 | -                                                            | 4.79  |
| UK Sterling | 6                    | 6    | 15.24                                                                                      | 16.67 | -                                                            | -     |
| US Dollar   | 6                    | 6    | 14.98                                                                                      | 18.80 | -                                                            | -     |

The fixed rate financial assets includes deposits which have a weighted average interest rate of 0.40% (2012: 0.45%).

The only material amounts of non interest-bearing assets relate to forward foreign exchange contracts and credit default swaps.

Derivatives including forwards, credit default swaps, futures & 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 & 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 2013, the fund had outstanding open forward foreign exchange contracts and credit default swaps –£2,464,000 (2012: –£395,000).

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 (2012: Nil).

# **15 PORTFOLIO TRANSACTION COSTS**

The purchases and sales are not subject to portfolio transaction costs. The total cost of purchases during the period was £371,727,502 (2012: £270,325,827) and proceeds received from sales were £271,459,856 (2012: £315,538,023).

#### Investment Report Investment Objective

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 2013, the published share price of the Threadneedle High Yield Bond Fund has risen from 42.31p to 44.08p.

The total return on the fund for the twelve months ending 28 February 2013, including net reinvested income, is 10.45%, which equates approximately 13.15% 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 15.09% for the same period).

#### Portfolio Activity

The market rallied strongly partly on the back of the underperformance seen in 2011 and as risk appetite picked up in the final guarter of 2012. The fund benefited from being overweight BB-rated issues and underweight B-rated issues, and from its focus on companies with an international rather than a purely European focus, a stance that reflected the problems that continue to weigh on eurozone economies. These are particularly acute in the automotive sector, which is suffering from depressed domestic demand and our underweight here was a major positive. The fund's concentration upon defensive areas such as telecoms and basic industries also supported performance. We also had a slight bias towards banking and financial services, sectors that benefited from the ECB's extraordinary measures to restore confidence in the latter part of 2012.

Primary issuance picked up strongly in the final quarter of 2012, this trend continued into 2013 and we were active participants in the market. Looking forward, it is clear that interest rates are likely to remain very low as central banks seek to prop up consumer demand given that there is little scope for fiscal stimulus in the developed world. Demand for income and higher-yielding assets should, therefore, remain robust. However, any further deterioration in the eurozone economy would be negative for risk appetite and this could have an adverse impact on high yield. Nonetheless, we expect fundamentals within the high yield space to remain supportive, and we anticipate that default rates will remain very low.

Notes

7

8

9

2013

£000

816,123

19,463

18,121

37,584

853,707

(6,870)

(7.277)

(3, 573)

(10,850)

(17,720)

835,987

2012

£000

698,055

23,561

37,302

60,863

758,918

(191)

(6.563)

(2,997)

(9,560)

(9,751)

749,167

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2012 to 7 March 2013

| for the decounting period o march 2012 to | , , , , , , , , , , , , , , , , , , , | 010          |              |
|-------------------------------------------|---------------------------------------|--------------|--------------|
|                                           | Notes                                 | 2013<br>£000 | 2012<br>£000 |
| Income                                    |                                       |              |              |
| Net capital gains/(losses)                | 2                                     | 43,950       | (36,054)     |
| Revenue                                   | 3                                     | 65,575       | 58,282       |
| Expenses                                  | 4                                     | (9,778)      | (8,893)      |
| Finance costs: Interest                   | 6                                     | (28)         | (74)         |
| Net revenue before taxation               |                                       | 55,769       | 49,315       |
| Taxation                                  | 5                                     | _            | (7)          |
| Net revenue after taxation                |                                       | 55,769       | 49,308       |
| Total return before distributions         |                                       | 99,719       | 13,254       |
| Finance costs: Distributions              | 6                                     | (64,435)     | (57,186)     |
| Change in net assets attributable to      |                                       |              |              |
| shareholders from investment activities   | ;                                     | 35,284       | (43,932)     |
|                                           |                                       |              |              |

# STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2012 to 7 March 2013

| 2013<br>£000 | 2012<br>£000                                                                     |
|--------------|----------------------------------------------------------------------------------|
| 749,167      | 744,092                                                                          |
|              |                                                                                  |
| 195,776      | 152,850                                                                          |
| (156,525)    | (115,275)                                                                        |
| 39,251       | 37,575                                                                           |
| -            | 40                                                                               |
|              |                                                                                  |
|              |                                                                                  |
| 35,284       | (43,932)                                                                         |
| 12,257       | 11,420                                                                           |
|              |                                                                                  |
| 28           | (28)                                                                             |
| 835,987      | 749,167                                                                          |
|              | £000<br>749,167<br>195,776<br>(156,525)<br>39,251<br>-<br>35,284<br>12,257<br>28 |

#### **DISTRIBUTION TABLE**

**BALANCE SHEET** 

as at 7 March 2013

Investment assets

Total other assets

Other liabilities Creditors

Total liabilities

Total other liabilities

Cash and bank balances

Other assets

Debtors

Total assets

Liabilities Derivative liabilities

Assets

for the accounting period 8 March 2012 to 7 March 2013

Distribution payable on income shares

Net assets attributable to shareholders

Interest distribution in pence per share

**Class 1 Shares** 

| Net Income             |                  |               |                |              |                                           |                                   |
|------------------------|------------------|---------------|----------------|--------------|-------------------------------------------|-----------------------------------|
| Distribution<br>Period | Gross<br>Revenue | Income<br>Tax | Net<br>Revenue | Equalisation | Distribution<br>Paid/Payable<br>2012/2013 | Distribution<br>Paid<br>2011/2012 |
| Group 1                |                  |               |                |              |                                           |                                   |
| 08/03/12 to 07/04/12   | 0.2448           | 0.0490        | 0.1958         | -            | 0.1958                                    | 0.2500                            |
| 08/04/12 to 07/05/12   | 0.2443           | 0.0489        | 0.1954         | -            | 0.1954                                    | 0.2290                            |
| 08/05/12 to 07/06/12   | 0.3251           | 0.0650        | 0.2601         | -            | 0.2601                                    | 0.2444                            |
| 08/06/12 to 07/07/12   | 0.2515           | 0.0503        | 0.2012         | -            | 0.2012                                    | 0.2388                            |
| 08/07/12 to 07/08/12   | 0.2889           | 0.0578        | 0.2311         | -            | 0.2311                                    | 0.1851                            |
| 08/08/12 to 07/09/12   | 0.2751           | 0.0550        | 0.2201         | -            | 0.2201                                    | 0.2386                            |
| 08/09/12 to 07/10/12   | 0.2833           | 0.0567        | 0.2266         | -            | 0.2266                                    | 0.2147                            |
| 08/10/12 to 07/11/12   | 0.3329           | 0.0666        | 0.2663         | -            | 0.2663                                    | 0.2022                            |
| 08/11/12 to 07/12/12   | 0.2921           | 0.0584        | 0.2337         | -            | 0.2337                                    | 0.2193                            |
| 08/12/12 to 07/01/13   | 0.2886           | 0.0577        | 0.2309         | -            | 0.2309                                    | 0.1917                            |
| 08/01/13 to 07/02/13   | 0.3231           | 0.0646        | 0.2585         | -            | 0.2585                                    | 0.2099                            |
| 08/02/13 to 07/03/13   | 0.2764           | 0.0553        | 0.2211         | -            | 0.2211                                    | 0.2022                            |

\*In pound Sterling and against UK peer group

For provide section and a section of post group of the section of the section

# **DISTRIBUTION TABLE**

(continued)

| Mathema<br>TestDescription<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Description<br>Desc                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 08/10/12 to 07/11/12<br>08/11/12 to 07/12/12 | 0.4062<br>0.3562 |        |         | -            | 0.4062<br>0.3562 | 0.3075<br>0.3325 |                      |                |            |            |               |              |             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|------------------|--------|---------|--------------|------------------|------------------|----------------------|----------------|------------|------------|---------------|--------------|-------------|
| Note of the section                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 08/09/12 to 07/10/12                         | 0.3457           |        |         | -            | 0.3457           | 0.3261           | §Class Z – Net incon | ne shares com  | menced     | l on 21 Se | ptember 201   | 2            |             |
| Image         Team         Total         Biology         Contract         Contrat         Contrat         Contrac                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                              |                  |        |         | -            |                  |                  | *Class Z – Gross acc | cumulation sha | ares com   | menced o   | on 19 Septerr | nber 2012    |             |
| Orient         Orienta         Description         Orienta         Oriena         Orienta         Orienta                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                              |                  |        |         | -            |                  |                  | Group 2: shares pu   | rchased during | g a distri | bution per | riod          |              |             |
| memory<br>featurememory<br>featurememory<br>featurememory<br>featurememory<br>featurememory<br>featurememory<br>featurememory<br>featurememory<br>featurememory<br>featurememory<br>featurememory<br>featurememory<br>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 08/05/12 to 07/06/12                         | 0.3988           |        |         | -            | 0.3988           | 0.3734           |                      | -              |            |            |               | 3.0599       |             |
| Image         Theorem         Theorem <th< td=""><td></td><td></td><td></td><td></td><td>-</td><td></td><td></td><td>08/02/13 to 07/03/13</td><td>0.3565</td><td></td><td></td><td></td><td>0.5146</td><td></td></th<>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                              |                  |        |         | -            |                  |                  | 08/02/13 to 07/03/13 | 0.3565         |            |            |               | 0.5146       |             |
| Image         Image <t< td=""><td></td><td>0 3015</td><td></td><td></td><td>-</td><td>0.3015</td><td>0.3819</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></t<>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                              | 0 3015           |        |         | -            | 0.3015           | 0.3819           |                      |                |            |            |               |              |             |
| Oriento         Oriento         Description         Operation         Operation <th< td=""><td>Group 1</td><td></td><td></td><td></td><td></td><td>2012/2013</td><td>2011/2012</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></th<>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Group 1                                      |                  |        |         |              | 2012/2013        | 2011/2012        |                      |                |            |            |               |              |             |
| International<br>Petrol         Researce<br>Accord         Note<br>and the accord         Distribution<br>and the acc                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                              |                  |        |         | Equalisation | Paid/Payable     | Paid             |                      |                |            |            |               |              |             |
| Internation         Norme         Norme         Norme         Description         Control of Cont                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                              | Gross            |        |         |              | Distribution     | Distribution     | 21/09/12 to 07/10/12 |                |            |            |               |              |             |
| Interior         Nome<br>Paral         Nome<br>Paral         Nome<br>Paral         Perform<br>Paral         Distriction<br>Paral         Constitution<br>Paral         Constitution<br>Paral <th< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></th<>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                              |                  |        |         |              |                  |                  |                      |                |            |            |               |              |             |
| Internation         Name         Nome         Perform         Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                              | -                |        |         |              |                  |                  |                      |                |            |            |               |              |             |
| Internation         Name         Name         Distriction         Distriction <thdistriction< th="">         Distriction         Distrist</thdistriction<>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                              |                  |        |         | 0.0729       |                  |                  |                      |                |            |            |               |              |             |
| PrincipOrigon<br>PersonOrigon<br>PersonPrincipula<br>PersonDistribution<br>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                              |                  |        |         |              |                  |                  |                      |                |            |            |               |              |             |
| Image: Decision in the part of                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                              |                  |        |         |              |                  |                  | 08/10/12 to 07/11/12 |                |            | 0.6182     |               | 0.6182       |             |
| Image: mage:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                              |                  |        |         |              |                  |                  | 21/09/12 to 07/10/12 |                |            |            | -             |              |             |
| Image: Description         Obset in the second                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 08/10/12 to 07/11/12                         | 0.1862           |        |         | 0.1443       | 0.3305           | 0.2509           | Group 1              |                |            |            |               |              |             |
| Image: Description         Origonal of the period         Product of the period of the                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                              |                  |        |         |              |                  |                  |                      |                | Tun        |            | 29441344001   |              |             |
| Impartment         Open Period         Revent P         Period         Period        <                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                              |                  |        |         |              |                  |                  |                      |                |            |            | Equalisation  |              |             |
| Principal<br>PeriodPereve<br>PeriodPereve<br>PeriodPereve<br>PeriodPereve<br>PeriodPereve<br>PeriodPereve<br>PeriodPereve<br>PeriodPereve<br>PeriodPeriod<br>PeriodPereve<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>PeriodPeriod<br>Period <t< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>Char-</td><td>Income</td><td>Not</td><td></td><td>Dietrikution</td><td></td></t<>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                              |                  |        |         |              |                  |                  |                      | Char-          | Income     | Not        |               | Dietrikution |             |
| Impartment         Former         Revner         Person         Discription         Optimization         0000113 0.070013         0.3039         -         0.3039         0.3039           Comp J         Comp J         Comp J         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333         0.333                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                              |                  |        |         |              |                  |                  |                      |                |            |            |               |              |             |
| Participant         Revenue         Person         P                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 08/04/12 to 07/05/12                         | 0.1056           |        |         | 0.1392       | 0.2448           | 0.2866           |                      | e periou       |            |            |               | 3.32.03      |             |
| Image         Decr         Decr         Description         Obtained         Pail         Pai                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                              | 0.1254           |        |         | 0.1197       | 0.2451           | 0.3130           |                      |                |            |            | 0.2312        |              |             |
| Image         Decision         Reve         Description         Description         Obs2/1 is 007031         0.030         -         0.030         0.030           Period         Reve         Second         0.017         0.028         0.017         0.029         0.031         0.0301         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.031         0.0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                              |                  |        |         |              |                  |                  |                      | 011002         |            |            | 0.0000        |              |             |
| Image<br>PariadReve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve<br>Reve <b< td=""><td></td><td></td><td></td><td></td><td>-</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></b<>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                              |                  |        |         | -            |                  |                  |                      |                |            |            |               |              |             |
| Image         Observe be         Description         Observe be         Description         Observe be         Obse         Observe be                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                              |                  |        |         | _            |                  |                  | 08/11/12 to 07/12/12 | 0.6854         |            |            | -             |              |             |
| Image         Decay         Description         Distribution         Distribution         Order 2         OPD/11         OPD/12                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                              |                  |        |         | -            |                  |                  | 08/10/12 to 07/11/12 | 0.7744         |            |            | -             | 0.7744       |             |
| Image: Consol location         Revenue         Particular         Deproduction         Deproduct                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                              |                  |        |         | -            |                  |                  |                      | 0.3408         |            |            | -             | 0.3408       |             |
| Image: control         Revenue         Persbul method                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 08/09/12 to 07/10/12                         | 0.2816           |        |         | -            | 0.2816           | 0.2667           |                      |                |            |            |               |              |             |
| Image: Conset location         Revenue         Revenue         Particity         Distribution         Object 10 (70/11)         0.0001         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.0000         0.00000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 08/08/12 to 07/09/12                         |                  |        |         | -            |                  |                  |                      |                |            |            | -             |              |             |
| Image         Description         Network         Network         Distribution         D                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                              |                  |        |         | _            |                  |                  |                      |                |            |            | -             |              |             |
| Partnorm                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                              |                  |        |         | -            |                  |                  |                      |                |            |            |               |              |             |
| Image: Normal methods                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 08/04/12 to 07/05/12                         | 0.2448           |        |         | -            | 0.2448           | 0.2866           | 08/10/12 to 07/11/12 | 0.7744         |            |            |               | 0.7744       |             |
| min monthe<br>Period         Recent Period         Net Period         Distribution<br>Period         Distribution<br>201/201                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                              | 0.2451           |        |         | -            | 0.2451           | 0.3130           |                      | 0.3408         |            |            | -             | 0.3408       |             |
| Number of the period         Recent Period         Number of the period Period         Posterization Period Period         Posterization Period Period         Posterization Period Period         Posterization Period Pe                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Group 1                                      |                  |        |         |              | 2012/2013        | 2011/2012        | Group 1              |                |            |            |               | 2012/2013    |             |
| min norming<br>Phriod         Resense         Net<br>Resense         Point interfluence<br>(ansue 2)         Distribution<br>(ansue 2)         Distri                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Period                                       | Revenue          |        |         | Equalisation |                  |                  | Period               | Revenue        |            |            | Equalisation  |              |             |
| min. Income<br>Parial of Review         Review         Review         Function         Distribution<br>(pauliation Paulify Pauli                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                              |                  |        |         |              |                  |                  |                      |                |            |            | Famely 11     |              |             |
| min linome<br>Period         Gross         Income<br>Period         New Period         Distribution<br>(page 1007/12 0.070/12 0.0380         0.380         -         0.3300         0.3300         0.3300         0.3300         0.3300         0.3300         0.3300         0.3300         0.3300         0.3300         0.3300         0.3300         0.3300         0.3300         0.3300         0.3300         0.3300         0.3300         0.3300         0.3300         0.3300         0.3300         0.3300         0.3300         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3380         0.3                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                              |                  |        |         |              |                  |                  |                      |                |            |            |               |              |             |
| Mart Income<br>Pariod         Cross Income<br>Tax         Net<br>Pariod         Distribution<br>Feasibility Pariod<br>Pariod         Distribution<br>Pariod<br>2017/2017         0.0307 10<br>(2007) 2<br>(2007) 2<br>(20 | Class 1 Shares                               |                  |        |         |              |                  |                  |                      | n*             |            |            |               |              |             |
| International<br>Period         Cross<br>Favorato         Task<br>Favorato         Net<br>Period         Distribution<br>Pariod<br>2017/210         Distribution<br>Pariod         Distribution<br>Pariod <t< th=""><th>Total distributions in</th><th>the period</th><th></th><th></th><th></th><th>3.9201</th><th>3.7377</th><th>Class Z Shares</th><th></th><th></th><th></th><th></th><th></th><th></th></t<>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Total distributions in                       | the period       |        |         |              | 3.9201           | 3.7377           | Class Z Shares       |                |            |            |               |              |             |
| International<br>Period         Cross<br>Form J         Revenue<br>Tas         Form J<br>Form J         Distribution<br>Form J 2         Distribution<br>Particle Distribution<br>2017/210         Distribution<br>Particle Distribution<br>2017/210         Distribution<br>Particle Distribution<br>2017/210         Distribution<br>Particle Distribution<br>2017/210         Distribution<br>2017/210 <thdistribution<br>2017/210         <thdistribution<br>20</thdistribution<br></thdistribution<br>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 08/02/13 to 07/03/13                         | 0.2516           |        |         |              | 0.3161           | 0.2887           |                      |                |            |            |               |              |             |
| Net Roome<br>Paring         Genes         Net<br>Revenue         Net<br>Revenue         Net<br>Revenue         Net<br>Paid         Distribution<br>Paid         Observation<br>Paid         Observation<br>Paid <thobservation<br>Paid         <thobservation<br>Paid<!--</td--><td>08/01/13 to 07/02/13</td><td>0.2208</td><td>0.0442</td><td>0.1766</td><td>0.1926</td><td>0.3692</td><td>0.2998</td><td>08/02/13 to 07/03/13</td><td>0.4982</td><td></td><td></td><td></td><td>0.8374</td><td>0.7053</td></thobservation<br></thobservation<br>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 08/01/13 to 07/02/13                         | 0.2208           | 0.0442 | 0.1766  | 0.1926       | 0.3692           | 0.2998           | 08/02/13 to 07/03/13 | 0.4982         |            |            |               | 0.8374       | 0.7053      |
| Net Rochne<br>Period         Gross<br>Revenue         Net<br>Revenue         Net<br>Revenue         Distribution<br>Revenue         Distribution<br>Equilisation         Distribution<br>Period         Perio                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                              |                  |        |         |              |                  |                  |                      |                |            |            |               |              |             |
| Net Rocknie<br>Period         Gesss         Income<br>Revenue         Net<br>Revenue         Net<br>Revenue         Net<br>Revenue         Distribution<br>Paid/Payal         Distribution<br>Paid/Payal         0.3390         -         0.3390         -         0.3390         -         0.3390         -         0.3390         0.3390           0830/12 to 07/04/12         0.0282         0.0164         0.0666         0.1302         0.1398         0.2200         0080/12 to 07/04/12         0.0204         0.0191         0.3390         0.3390         0.3390         0.3390         0.3390         0.3390         0.3390         0.3390         0.3390         0.3390         0.3390         0.3390         0.3390         0.3390         0.3390         0.3390         0.3390         0.3390         0.3390         0.3390         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391 <td></td>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                              |                  |        |         |              |                  |                  |                      |                |            |            |               |              |             |
| Net Income<br>Particitution         Genome<br>Revenue         Net<br>Revenue         Net<br>Revenue         Net<br>Revenue         Distribution<br>Revenue         Distribution<br>Revenue         0.3390         -         0.3390         -         0.3090         -         0.3090         -         0.3090           Group 2         0         0         0         0         0         0         0.3390         0.0191         0.3390         0.3390         0.3390         0.3390         0.3390         0.3390         0.3390         0.3390         0.3390         0.3390         0.3390         0.3390         0.3390         0.3390         0.3390         0.3390         0.3390         0.3390         0.3390         0.3390         0.3390         0.3390         0.3390         0.3390         0.3390         0.3390         0.3390         0.3390         0.3390         0.3390         0.3390         0.3391         0.3390         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391         0.3391                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                              |                  |        |         |              |                  |                  |                      |                |            |            |               |              |             |
| Net Richard         Org         Net Revenue         N                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                              |                  |        |         |              |                  |                  |                      |                |            |            |               |              |             |
| Net norme<br>Period         norme<br>Revenue         norme<br>Network         Net<br>Revenue         Net<br>Period         Distribution<br>Pidd/Paid/S         Distribution<br>2012/2013         Distribution<br>2012/2013         Distribution<br>2012/2014         0.3800         -         0.3800         -         0.3800         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816         0.3816                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                              |                  |        |         |              |                  |                  |                      |                |            |            |               |              |             |
| Net income<br>Distribution<br>Beroad         Gross<br>Revenue         Income<br>Beroad         Net<br>Revenue         Net<br>Revenue         Net<br>Faviliation<br>Paid/Paid/Paid/Paid/Paid/Paid/Paid/Paid/                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 08/06/12 to 07/07/12                         | 0.1258           | 0.0252 | 0.1006  | 0.1870       | 0.2876           | 0.3391           | 08/07/12 to 07/08/12 | 0.1556         |            |            | 0.6852        | 0.8408       | 0.6217      |
| Net income<br>Distribution<br>Period         Gross<br>Revenue         Income<br>Total Statustion Paid<br>Paid         Distribution<br>Paid         Distribution<br>Paid <thdist< td=""><td>08/05/12 to 07/06/12</td><td>0.3443</td><td>0.0689</td><td>0.2754</td><td>0.0958</td><td>0.3712</td><td>0.3477</td><td>08/06/12 to 07/07/12</td><td>0.5806</td><td></td><td></td><td>0.1477</td><td>0.7283</td><td>0.7947</td></thdist<>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 08/05/12 to 07/06/12                         | 0.3443           | 0.0689 | 0.2754  | 0.0958       | 0.3712           | 0.3477           | 08/06/12 to 07/07/12 | 0.5806         |            |            | 0.1477        | 0.7283       | 0.7947      |
| Net income<br>Pariod         Gross<br>Revenue         Net<br>Tot         Net<br>Revenue         Net<br>Fail         Distribution<br>Paid         Distribution<br>Paid         000/213 to 07/03/13         0.300         -         0.3369         0.3369           0500712         0700712         0.0883         0.197         0.20712         0.2084         0.0991         0.3015         0.3399           0800712         070070572         0.0883         0.197         0.7585         0.2500         0.806712 to 07/0612         0.2460         0.0393         0.3981           0800712 to 07/0672         0.0883         0.0197         0.0785         0.0281         0.2501         0.2440         0.06912         0.70812         0.1782         0.1783         0.3981           0800712 to 07/0712         0.0846         0.169         0.0674         0.1737         0.2211         0.2461         0.07712         0.1464         0.1911         0.3481           0800712 to 07/0172         0.1384         0.0286         0.2266         0.2147         0.01911         0.2185         0.3376           0800712 to 07/0173         0.169         0.0370         0.1735         0.2286         0.2376         0.907121         0.1481         0.3380         0.3376           0810712 to 07/0173         0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                              |                  |        |         |              |                  |                  |                      |                |            |            |               |              |             |
| Net moduli partiplication         Gross income         Net moduli paid/Psychole         Distribution paid/Psychole         Distribution paid/Psychole         Observation         Observation <thobservation< th="">         Observation</thobservation<>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                              | 0.2394           | 0.0479 | 0.1915  | 0.0884       | 0.2799           | 0.3547           |                      |                |            |            |               |              |             |
| Net income<br>Partipuition         Group A         Income<br>Revenue         Net<br>Net income<br>Paid         Distribution<br>Paid         Distribution<br>Paid <t< td=""><td></td><td>0.0001</td><td>2.3,00</td><td>2.0101</td><td></td><td>0.0101</td><td>5.2007</td><td></td><td>0.2209</td><td></td><td></td><td>0.4763</td><td>0.6972</td><td>0.8170</td></t<>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                              | 0.0001           | 2.3,00 | 2.0101  |              | 0.0101           | 5.2007           |                      | 0.2209         |            |            | 0.4763        | 0.6972       | 0.8170      |
| Net income<br>Partipution         Gross<br>Revenue         Income<br>Tax         Net<br>Revenue         Net<br>Revenue         Net<br>Revenue         Distribution<br>Paid         Distribution<br>Paid         Distribution<br>Paid         08/02/13 to 770/2/13         0.3360         -         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                              |                  |        |         | -            |                  |                  |                      | 0.0074         |            |            |               | 0.0074       | 0.7000      |
| Net income<br>Pariod         Gross in-corme<br>Revenue         Norme<br>Tas         Norme<br>Revenue         Norme<br>Tas         Distribution<br>Revenue         Distribution<br>Pariot         Distribution<br>Pariot <thdistribution<br>Pariot         Distribution&lt;</thdistribution<br>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                              |                  |        |         | _            |                  |                  |                      |                |            |            |               |              |             |
| Net Income<br>Priod         Gross<br>Revenue         Income<br>Tax         Net<br>Revenue         Distribution<br>Tax         Distribution<br>Revenue         Distribution<br>Tax         Distribution<br>Revenue         Distribution<br>Tax         Observation<br>Revenue         Distribution<br>Revenue         Observation<br>Revenue         Observation<br>Revenue<                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                              |                  |        |         | _            |                  |                  |                      |                |            |            |               |              |             |
| Net nacome<br>Period         Gross<br>Revenue         Income<br>Tax         Net<br>Revenue         Distribution<br>Tax         Distribution<br>Revenue         Distribution<br>Tax         Distribution<br>Revenue         Distribution<br>Tax         Observation<br>Revenue         Distribution<br>Revenue         Observation<br>Revenue                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                              |                  |        |         | -            |                  |                  |                      |                |            |            |               |              |             |
| Net Income<br>Priod         Gross<br>Revenue         Income<br>Tax         Net<br>Revenue         Net<br>Revenue         Distribution<br>Paid/Payable<br>2012/2013         Distribution<br>Paid/Payable<br>2012/2013         0.070/31         0.3860         -         0.3860         0.3066           Group 2         Comp 2 <thcomp 2<="" th=""> <t< td=""><td></td><td></td><td></td><td></td><td>-</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></t<></thcomp>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                              |                  |        |         | -            |                  |                  |                      |                |            |            |               |              |             |
| Net Income<br>Pistribution<br>Priod         Gross<br>Revenue         Income<br>Tax         Net<br>Revenue         Net<br>Tax         Net<br>Revenue         Distribution<br>Paid/Payable<br>2012/2013         Distribution<br>Paid/Payable<br>2011/2012         OB/02/13 to 07/03/13         0.3360         -         0.3360         0.3066           Group 2         0         0         0.0803/12 to 07/04/12         0.0022         0.0194         0.0376         0.3368         0.3388         0.3388         0.3389           08/03/12 to 07/06/12         0.0823         0.0197         0.0786         0.1168         0.1954         0.0290         08/06/12 to 07/06/12         0.0488         0.3388         0.3389           08/03/12 to 07/06/12         0.0983         0.0197         0.0335         0.2010         0.2444         0.07661         0.2170         0.1762         0.1779         0.3631         0.2816           08/03/12 to 07/01/12         0.0844         0.0169         0.677         0.1335         0.2011         0.079912         0.1762         0.1645         0.3370         0.3631           08/07/12 to 07/01/12         0.1844         0.0761         0.2211         0.071012         0.1785         0.483         0.2292         0.3362         0.3362         0.3362         0.3362         0.3362         0.3362         0.3362 <td>08/08/12 to 07/09/12</td> <td>0.3941</td> <td>0.0788</td> <td>0.3153</td> <td>-</td> <td>0.3153</td> <td>0.3385</td> <td>08/09/12 to 07/10/12</td> <td>0.8323</td> <td></td> <td></td> <td></td> <td>0.8323</td> <td>0.7265</td>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 08/08/12 to 07/09/12                         | 0.3941           | 0.0788 | 0.3153  | -            | 0.3153           | 0.3385           | 08/09/12 to 07/10/12 | 0.8323         |            |            |               | 0.8323       | 0.7265      |
| Net Income<br>Priod         Gross<br>Revenue         Income<br>Tax         Net<br>Revenue         Distribution<br>Paid         Distribution<br>Paid         Distribution<br>Paid         Distribution<br>Paid         Distribution<br>Paid         Distribution         Distribution <td></td> <td></td> <td></td> <td></td> <td>-</td> <td></td> <td></td> <td>08/08/12 to 07/09/12</td> <td></td> <td></td> <td></td> <td></td> <td>0.8060</td> <td></td>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                              |                  |        |         | -            |                  |                  | 08/08/12 to 07/09/12 |                |            |            |               | 0.8060       |             |
| Net Income<br>Priod         Gross         Income<br>Revenue         Net<br>Tax         Net<br>Revenue         Distribution<br>Equalisation         Distribution<br>Paid<br>2011/201         Distribution<br>Paid<br>2011/201         0.802/13 to 07/04/12<br>08/03/12 to 07/04/12         0.3360         -         0.3360         0.3066           Group 2         Comp 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                              |                  |        |         | -            |                  |                  |                      |                |            |            |               |              |             |
| Net Income<br>Period         Gross         Income<br>Revenue         Net<br>Revenue         Net<br>Revenue         Distribution<br>Paid/Payable<br>2012/2013         Distribution<br>Paid         Distribution<br>Paid         0.3060         -         0.3060         0.3066           Group 2         0         0         0.0061         0.0056         0.3012 to 07/04/12         0.2024         0.0091         0.3015         0.3086         0.3086           08/03/12 to 07/04/12         0.0080         0.0164         0.0656         0.1302         0.1958         0.2500         08/06/12 to 07/06/12         0.2024         0.0991         0.3015         0.3089         0.33499           08/03/12 to 07/06/12         0.0083         0.0164         0.0657         0.1168         0.1954         0.2209         08/06/12 to 07/07/12         0.0663         0.2420         0.3083         0.3984         0.3374           08/06/12 to 07/06/12         0.07061         0.0167         0.0335         0.2012         0.0709/12         0.1775         0.3461         0.3363         0.3984         0.3385         0.2226         0.00712 to 07/01/12         0.1775         0.4664         0.3370         0.3381         0.2381           08/06/12 to 07/09/12         0.709/12         0.1812         0.0709/12         0.7071         0.3415                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                              |                  |        |         | -            |                  |                  |                      |                |            |            |               |              |             |
| Net income<br>Period         Gross<br>Revenue         Income<br>Tax         Net<br>Revenue         Distribution<br>Faulisation         Distribution<br>Paid/Payable<br>2011/2012         Distribution<br>Paid         08/02/13 to 07/03/13         0.3360         -         0.3360         0.3360         0.3066           Group 2         2         2011/2012         08/03/12 to 07/04/12         0.2024         0.0991         0.3015         0.3389           08/03/12 to 07/04/12         0.0820         0.0164         0.0665         0.1302         0.1958         0.2290         08/05/12 to 07/06/12         0.2650         0.3063         0.3363         0.3389           08/05/12 to 07/06/12         0.0824         0.0164         0.0665         0.1302         0.1958         0.2290         08/06/12 to 07/07/12         0.0663         0.2420         0.3083         0.3861           08/05/12 to 07/08/12         0.0707/12         0.0843         0.0169         0.0677         0.1335         0.2021         0.2386         08/07/12 to 07/07/12         0.1645         0.3370         0.3631           08/07/12 to 07/08/12         0.0709/12         0.180         0.0677         0.1335         0.2021         0.2386         08/07/12 to 07/01/12         0.1752         0.1645         0.3370         0.3361           08/07/12 to 07/01/12                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 08/03/12 to 07/04/12                         |                  |        |         | -            |                  |                  | 08/04/12 to 07/05/12 | 0.6989         |            |            |               | 0.6989       | 0.7536      |
| Net income<br>Distribution<br>Period         Gross<br>Revenue         Income<br>Tax         Net<br>Revenue         Distribution<br>Tax         Distribution<br>Paid         Distribution<br>Paid         Distribution<br>Paid         OB/02/13 to 07/03/13         0.3360         -         0.3360         0.3366           Group 2         08/03/12 to 07/04/12         0.0820         0.0144         0.0656         0.1302         0.1958         0.2500         08/06/12 to 07/06/12         0.2650         0.1338         0.3398         0.3364           08/03/12 to 07/06/12         0.0824         0.0444         0.0766         0.1302         0.158         0.2500         08/06/12 to 07/06/12         0.2650         0.1338         0.3398         0.33641           08/05/12 to 07/06/12         0.0846         0.1169         0.0671         0.1335         0.2011         0.1851         08/06/12 to 07/09/12         0.1762         0.1779         0.3541         0.2815           08/06/12 to 07/09/12         0.0846         0.0169         0.0677         0.1335         0.2011         0.2866         08/09/12 to 07/09/12         0.1779         0.3541         0.2815           08/07/12 to 07/09/12         0.0846         0.0169         0.0677         0.1335         0.2216         0.2747         0.8709/12 to 07/10/12         0.1645         0.3360                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Group 1                                      |                  |        |         |              | 2012/2013        | 2011/2012        |                      | 0.6972         |            |            | -             | 0.6972       | 0.8170      |
| Net income<br>Pistribution<br>Priol         Gross<br>Revenue         Income<br>Tax         Net<br>Revenue         Distribution<br>Paid/Payable<br>2012/2013         Distribution<br>Paid         Distribution<br>Paid         08/02/13 to 07/03/13         0.3360         -         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.33                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                              | Revenue          | Тах    |         | Equalisation | Paid/Payable     | Paid             | Grown 1              |                |            |            |               | 2012/2013    | 2011/2012   |
| Net income<br>Distribution<br>Period         Gross<br>Revenue         Income<br>Tax         Net<br>Revenue         Distribution<br>Faultion<br>2012/2013         Distribution<br>Paid<br>2012/2013         Distribution<br>Paid<br>2012/2013         0.3360         -         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                              | Gross            | Income | Net     |              | Distribution     | Distribution     |                      |                |            |            | Equalisation  | Accumulated  | Accumulated |
| Net income<br>Period         Gross<br>Revenue         Income<br>Tax         Net<br>Revenue         Distribution<br>Faulisation         Distribution<br>Paid/Payable<br>2011/2012         Distribution<br>Paid/Payable<br>2011/2012         Distribution<br>Paid/Payable<br>2011/2012         008/02/13 to 07/03/13         0.3360         -         0.3360         0.3366         0.3366           Group 2         Counce         Counce         0.0056         0.1302         0.1958         0.2024         0.00911         0.0315         0.3389         0.33734           08/03/12 to 07/04/12         0.0620         0.0164         0.0665         0.1302         0.1958         0.2290         08/05/12 to 07/06/12         0.20451         0.1492         0.1338         0.3988         0.33734           08/05/12 to 07/06/12         0.0706/12         0.0483         0.0169         0.0677         0.0331         0.2291         0.2388         08/06/12 to 07/07/12         0.1663         0.2420         0.3360         0.3631           08/06/12 to 07/08/12         0.0709/12         0.1637         0.2311         0.1851         08/09/12 to 07/01/12         0.1762         0.1645         0.3370         0.3631           08/07/12 to 07/08/12         0.0709/12         0.1809         0.0349         0.3499         0.3360         0.3499         0.3360         0.3499                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                              |                  |        |         |              |                  |                  | Distribution         | Gross          |            |            |               |              |             |
| Net income<br>Period         Gross<br>Revenue         Income<br>Tax         Net<br>Revenue         Distribution<br>Faulisation         Distribution<br>Paid/Payable<br>2011/2012         Distribution<br>Paid/Payable<br>2011/2012         Distribution<br>Paid/Payable<br>2011/2012         08/02/13 to 07/03/13         0.3360         -         0.3360         0.3366         0.3366           Group 2         2         2011/2012         2011/2012         08/03/12 to 07/04/12         0.2024         0.0991         0.3015         0.3389         0.3389           08/03/12 to 07/04/12         0.0820         0.0164         0.0665         0.1302         0.1958         0.2500         08/05/12 to 07/06/12         0.2044         0.3015         0.3389         0.33734           08/05/12 to 07/06/12         0.070/12         0.0683         0.0197         0.0738         0.1188         0.2290         08/06/12 to 07/07/12         0.0663         0.2420         0.3360         0.3631         0.2811           08/05/12 to 07/08/12         0.070/01/12         0.1637         0.2311         0.1851         08/09/12 to 07/07/12         0.1663         0.1184         0.3370         0.3631           08/07/12 to 07/08/12         0.0709/12         0.1645         0.3370         0.3261         0.376         0.3261           08/07/12 to 07/01/12         0.1800 <t< td=""><td></td><td>•</td><td></td><td></td><td></td><td>2.7 100</td><td>2.0200</td><td>Gross Accumulation</td><td></td><td></td><td></td><td></td><td></td><td></td></t<>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                              | •                |        |         |              | 2.7 100          | 2.0200           | Gross Accumulation   |                |            |            |               |              |             |
| Net income<br>Distribution<br>Period         Gross<br>Revenue         Income<br>Tax         Net<br>Revenue         Distribution<br>Fault/Payable<br>2012/2013         Distribution<br>Paid/Payable<br>2011/2012         Distribution<br>Paid/Payable<br>2011/2012         08/02/13 to 07/03/13         0.3360         -         0.3360         0.3366         0.3366           Group 2         Unitary 2012/2013         Distribution<br>2013/2 to 07/04/12         0.2024         0.0991         0.3015         0.3369         0.3369         0.3366         0.3369           08/03/12 to 07/04/12         0.0820         0.0164         0.0566         0.1302         0.1958         0.2500         08/06/12 to 07/06/12         0.2650         0.1338         0.3988         0.3361           08/05/12 to 07/06/12         0.0846         0.0169         0.0776         0.1168         0.2590         08/06/12 to 07/07/12         0.0663         0.2420         0.3081         0.2811         0.2816           08/06/12 to 07/09/12         0.0846         0.0167         0.1335         0.2011         0.2318         0.8808/12 to 07/09/12         0.1725         0.1645         0.3360         0.3361           08/07/12 to 07/01/12         0.0846         0.0167         0.1335         0.2211         0.2386         08/07/12 to 07/10/12         0.1546         0.1371         0.3362         0.3325 <td></td> <td></td> <td>0.0183</td> <td>0.0731</td> <td>0.1480</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                              |                  | 0.0183 | 0.0731  | 0.1480       |                  |                  |                      |                |            |            |               |              |             |
| Net income<br>Distribution<br>Period         Gross<br>Revenue         Income<br>Tax         Net<br>Revenue         Distribution<br>Paid/Payable<br>2012/2013         Distribution<br>Paid/Payable<br>2011/2012         Distribution<br>Paid/Payable<br>2011/2012         0.3660         -         -         0.3360         -         0.3360         -         0.3360         -         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0.3363         0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                              |                  |        |         |              |                  |                  |                      | tne period     |            |            |               | 4.1897       | 3.9974      |
| Net income<br>Distribution<br>Period         Gross<br>Revenue         Income<br>Tax         Net<br>Revenue         Distribution<br>Equalisation         Distribution<br>Paid/Payable<br>2012/2013         Distribution<br>Priod         0360         -         0.3360         -         0.3360         0.3360         -         0.3360         0.3360         -         0.3360         0.3360         -         0.3360         0.3360         -         0.3360         -         0.3360         -         0.3360         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360 <td></td> <td>0.1993</td> <td></td> <td></td>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                              |                  |        |         |              |                  |                  |                      |                |            |            | 0.1993        |              |             |
| Net income<br>Distribution<br>Period         Gross<br>Revenue         Income<br>Tax         Net<br>Revenue         Distribution<br>Equalisation         Distribution<br>Paid/Payable<br>2012/2013         Distribution<br>Paid/Payable<br>2012/2013         0360         -         0.3360         -         0.3360         0.3360         -         0.3360         0.3360         -         0.3360         0.3360         -         0.3360         0.3360         -         0.3360         0.3360         -         0.3360         0.3360         -         0.3360         0.3360         -         0.3360         0.3360         -         0.3360         0.3360         -         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 08/11/12 to 07/12/12                         | 0.1849           | 0.0370 | 0.1479  | 0.0858       | 0.2337           | 0.2193           |                      |                |            |            |               | 0.3930       |             |
| Net income<br>Distribution<br>Period         Gross<br>Revenue         Income<br>Tax         Net<br>Revenue         Distribution<br>Equalisation         Distribution<br>Paid/Payable<br>2012/2013         Distribution<br>Priod         0360         -         0.3360         -         0.3360         0.3360         -         0.3360         0.3360         -         0.3360         -         0.3360         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         0.3360         -         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                              |                  |        |         |              |                  |                  | 08/12/12 to 07/01/13 | 0.1986         |            |            | 0.1538        | 0.3524       | 0.2912      |
| Note income<br>Distribution<br>Period         Gross<br>Revenue         Income<br>Tax         Net<br>Revenue         Distribution<br>Paid/Payable<br>2012/2013         Distribution<br>Paid/Payable<br>2011/2012         08/02/13 to 07/03/13         0.3360         -         0.3360         0.3360         0.3060         0.3060         0.3060         0.3060         0.3060         0.3060         0.3060         0.3060         0.3060         0.3060         0.3060         0.3060         0.3060         0.3060         0.3060         0.3060         0.3060         0.3060         0.3060         0.3060         0.3060         0.3060         0.3060         0.3060         0.3060         0.3060         0.3060         0.3060         0.3060         0.3060         0.3060         0.3060         0.3060         0.3060         0.3060         0.3080         0.3360         0.3060         0.3060         0.3060         0.3060         0.3060         0.3060         0.3060         0.3060         0.3070         0.3080         0.3360         0.3080         0.3080         0.3080         0.3080         0.3080         0.3080         0.3080         0.3080         0.3080         0.3080         0.3080         0.3080         0.3080         0.3080         0.3080         0.3080         0.3080         0.3080         0.3080         0.3080         0.3080                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                              |                  |        |         |              |                  |                  |                      |                |            |            |               |              |             |
| Note income<br>Distribution<br>Period         Gross<br>Revenue         Income<br>Tax         Net<br>Revenue         Distribution<br>Equalisation         Distribution<br>Paid/Payable<br>2012/2013         0360         -         0.3360         -         0.3360         0.3360         -         0.3360         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         0.3360         -         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3376<                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                              |                  |        |         |              |                  |                  |                      |                |            |            |               |              |             |
| Note income         Operation         Gross         Income         Net         Distribution         Distribution         08/02/13 to 07/03/13         0.3360         -         0.3360         -         0.3360         0.3360         -         0.3360         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 08/06/12 to 07/07/12                         | 0.0846           | 0.0169 | 0.0677  | 0.1335       | 0.2012           |                  |                      |                |            |            |               |              |             |
| Operation         Gross         Income         Net         Distribution         Distribution         08/02/13 to 07/03/13         0.3360         -         0.3360         -         0.3360         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         0.3360         -         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360<                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 08/05/12 to 07/06/12                         | 0.2463           | 0.0493 | 0.1970  | 0.0631       | 0.2601           | 0.2444           | 08/07/12 to 07/08/12 | 0.1762         |            |            | 0.1779        | 0.3541       | 0.2815      |
| Net income         Operation         Gross         Income         Net         Distribution         Distribution         08/02/13 to 07/03/13         0.3360         -         0.3360         0.3360         -         0.3360         0.3360         -         0.3360         0.3360         -         0.3360         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         -         0.3360         0.3360         -         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360         0.3360                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                              |                  |        |         |              |                  |                  | 08/06/12 to 07/07/12 | 0.0663         |            |            | 0.2420        | 0.3083       | 0.3641      |
| Net income         08/02/13 to 07/03/13         0.3360         -         0.3360         0.3066           Distribution         Group 2         2012/2013         2011/2012         08/03/11 to 07/04/12         0.2024         0.0991         0.3015         0.3819                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                              | 0.0820           | 0.0164 | 0.0656  | 0.1302       | 0.1958           | 0.2500           |                      |                |            |            |               |              |             |
| Net income 08/02/13 to 07/03/13 0.3360 – 0.3360 0.3066<br>Distribution Gross Income Net Distribution Distribution 08/02/13 to 07/03/13 0.3360 – 0.3360 0.3066<br>Period Revenue Tax Revenue Equalisation Paid/Payable Paid Group 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Group 2                                      |                  |        |         |              | 2012/2013        | 2011/2012        |                      |                |            |            |               |              |             |
| Net income<br>Distribution Gross Income Net Distribution Distribution                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Period                                       | Revenue          | Tax    | Revenue | Equalisation |                  |                  |                      | 0.0004         |            |            | 0.0001        | 0 2015       | 0 2010      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Distribution                                 |                  |        |         | _            |                  |                  |                      | 0.3360         |            |            | -             | 0.3360       | 0.3066      |
| 08/01/13 to 07/02/13 0.3930 - 0.3930 0.3196                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Net Income                                   |                  |        |         |              |                  |                  | 08/01/13 to 07/02/13 |                |            |            |               | 0.3930       | 0.3196      |
| Class 1 Shares 08/12/12 to 07/01/13 0.3524 - 0.3524 0.2912                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                              |                  |        |         |              |                  |                  |                      |                |            |            |               |              |             |

# Notes to the financial statements

for the accounting period 8 March 2012 to 7 March 2013

# **1 ACCOUNTING POLICIES**

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 6 and 7.

# 2 NET CAPITAL GAINS/(LOSSES)

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

| REVENUE                                           | 2013<br>£000 | 2012<br>£000 |
|---------------------------------------------------|--------------|--------------|
| REVENUE                                           |              |              |
| Net capital gains/(losses)                        | 43,950       | (36,054)     |
| Transaction costs                                 | (12)         | (9)          |
| Other gains/(losses)                              | 11           | (745)        |
| Forward currency contracts                        | (26,823)     | 12,512       |
| Derivative contracts                              | 983          | (6)          |
| Non-derivative securities                         | 69,791       | (47,806)     |
|                                                   | £000         | £000         |
|                                                   | 2013         | 2012         |
| not capital gains/(103303) during the period comp | 1130.        |              |

|                                    | £000   | LOOD   |
|------------------------------------|--------|--------|
| Overseas dividends                 | -      | 45     |
| Interest on debt securities        | 64,696 | 57,329 |
| Interest on short term investments | 106    | 137    |
| Derivative revenue                 | 165    | 116    |
| Bank interest                      | 76     | 167    |
| Stocklending commission            | 531    | 474    |
| Miscellaneous revenue              | 1      | 14     |
| Total revenue                      | 65,575 | 58,282 |
|                                    |        |        |

2013

2012

# 4 EXPENSES

3

|                                                                                             | £000    | £000    |
|---------------------------------------------------------------------------------------------|---------|---------|
| Payable to the ACD or associates of the ACD,                                                |         |         |
| and the agents of either of them:                                                           |         |         |
| Annual management charge                                                                    | (8,666) | (7,878) |
| Registration fees                                                                           | (1,026) | (935)   |
|                                                                                             | (9,692) | (8,813) |
| Payable to the depositary or associate of the depositary, and the agents of either of them: |         |         |
| Depositary's fees                                                                           | (26)    | (25)    |
| Safe custody fees                                                                           | (38)    | (34)    |
|                                                                                             | (64)    | (59)    |
| Other expenses:                                                                             |         |         |
| Regulatory fee                                                                              | (7)     | (7)     |
| Audit fee                                                                                   | (12)    | (11)    |
| Miscellaneous expenses                                                                      | (3)     | (3)     |
|                                                                                             | (22)    | (21)    |
| *Total expenses                                                                             | (9,778) | (8,893) |

\*Including irrecoverable VAT where applicable.

# 5 TAXATION

|                                                 | £000     | £000    |
|-------------------------------------------------|----------|---------|
| a) Analysis of charge in period                 |          |         |
| Overseas taxes                                  | -        | (7)     |
| Total current tax (note 5b)                     | -        | (7)     |
| Total tax charge for the period                 | _        | (7)     |
| b) Factors affecting taxation charge for period |          |         |
| Net revenue before taxation                     | 55,769   | 49,315  |
| Net revenue before taxation multiplied by       |          |         |
| the standard rate of corporation tax of 20%     | (11,154) | (9,863) |
| Effects of:                                     |          |         |
| Revenue not subject to taxation                 | -        | 9       |
| Overseas taxes                                  | -        | (7)     |
| Overseas taxes expensed                         | -        | 1       |
| Excess expenses                                 | (1,733)  | (1,585) |
| Distributions treated as tax deductible         | 12,887   | 11,438  |
| Current tax charge for period (note 5a)         | _        | (7)     |
|                                                 |          |         |

2013

2013

2013

2012

2012

2012

The fund has not recognised a deferred tax asset of £10,335,266 (2012: £8,601,832) arising as a result of having unutilised management expenses.

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

# 6 FINANCE COSTS

# **Distributions and Interest**

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

|                                                       | 2013   | 2012     |
|-------------------------------------------------------|--------|----------|
|                                                       | £000   | £000     |
| Interim                                               | 59,219 | 52,645   |
| Final                                                 | 5,287  | 4,526    |
|                                                       | 64,506 | 57,171   |
| Undistributed revenue                                 | -      | 1        |
| Add: Revenue deducted on cancellation of shares       | 502    | 466      |
| Deduct: Revenue received on creation of shares        | (573)  | (452)    |
| Net distribution for the period                       | 64,435 | 57,186   |
| Interest                                              | 28     | 74       |
| Total finance costs                                   | 64,463 | 57,260   |
| Net revenue after taxation                            | 55,769 | 49,308   |
| Annual management charge to capital                   | 8,666  | 7,878    |
| Net distribution for the period                       | 64,435 | 57,186   |
| -<br>Detaile of the distribution was share are ast as | بمطغمة | table en |

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

# 7 DEBTORS

|                                            | 2010   | 2012   |
|--------------------------------------------|--------|--------|
|                                            | £000   | £000   |
| Amounts receivable for the issue of shares | 1,516  | 2,589  |
| Sales awaiting settlement                  | -      | 4,055  |
| Accrued revenue                            | 17,926 | 16,897 |
| Foreign withholding tax recoverable        | 21     | 20     |
| Total debtors                              | 19,463 | 23,561 |
|                                            |        |        |

# Notes to the financial statements

(continued)

# 8 CASH AND BANK BALANCES

|                                         | £000   | £000   |
|-----------------------------------------|--------|--------|
| Amounts held at futures clearing houses |        |        |
| and brokers                             | 1,820  | -      |
| Cash and bank balances                  | 16,301 | 37,302 |
| Total cash and bank balances            | 18,121 | 37,302 |

2013

2012

### 9 CREDITORS

|                                                | 2013<br>£000 | 2012<br>£000 |
|------------------------------------------------|--------------|--------------|
| Amounts payable for the cancellation of shares | (1,111)      | (726)        |
| Purchases awaiting settlement                  | (2,349)      | (2,398)      |
| Accrued expenses                               | (24)         | (18)         |
| Amounts payable to ACD                         | (766)        | (718)        |
| Income tax payable                             | (3,027)      | (2,703)      |
| Total creditors                                | (7,277)      | (6,563)      |

### **10 RELATED PARTY TRANSACTIONS**

The related parties are set out in detail in Note 8 of the aggregated financial statements on page 7.

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 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    | 0.175% |
| 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 272. 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.

#### **12 STOCKLENDING**

During the period under review the High Yield Bond Fund has entered into stocklending arrangements. The fund has earned £748,000 (2012: £716,000) of which £71,000 (2012: £68,000) was outstanding at year end. They have paid fees of £105,000 (2012: £117,000) of which £10,000 (2012: £9,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £112,000 (2012: £125,000) of which £11,000 (2012: £10,000) 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 £188.41m (2012: £100.05m), whilst the value of collateral held for these arrangements was £195.88m (2012: £105.23m). The collateral was held as either securities transferred in CREST by a DBV (Delivery by Value) or Gilt DBV, or in the form of overseas government bonds, supranational bonds or certificates of deposit.

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

#### Analysis of Collateral Held

|       |            | 2013       |            |            |
|-------|------------|------------|------------|------------|
|       | Value £000 | % of Total | Value £000 | % of Total |
| Bonds | 195,885    | 100        | 105,229    | 100        |
|       | 195,885    | 100        | 105,229    | 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

| Not foreign burrenby about |                               |                                       |               |
|----------------------------|-------------------------------|---------------------------------------|---------------|
| Currency 2013              | Monetary<br>exposures<br>£000 | Non-<br>monetary<br>exposures<br>£000 | Total<br>£000 |
| Euro                       | 138                           | (7,236)                               | (7,098)       |
| Swiss Franc                | 2                             | 35                                    | 37            |
| US Dollar                  | 355                           | 584                                   | 939           |
| Currency 2012              | £000                          | £000                                  | £000          |
| Euro                       | 16,999                        | (10,767)                              | 6,232         |
| Norwegian Krone            | 1                             | (11)                                  | (10)          |
| Swiss Franc                | 55                            | 59                                    | 114           |
| US Dollar                  | 1,096                         | (393)                                 | 703           |

**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 2013 was:

| Currency 2013  | Floating rate<br>financial<br>assets<br>£000 | Fixed rate<br>financial<br>assets<br>£000 | Financial<br>assets not<br>carrying<br>interest<br>£000 | Total<br>£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        |
| Currency 2012  | £000                                         | £000                                      | £000                                                    | £000          |
| Euro           | 30,433                                       | 512,406                                   | 17,936                                                  | 560,775       |
| Norwegian Kror | e 809                                        | -                                         | -                                                       | 809           |
| Swiss Franc    | 9                                            | 5,689                                     | 45                                                      | 5,743         |
| UK Sterling    | 5,207                                        | 739,061                                   | 5,022                                                   | 749,290       |
| US Dollar      | 3,775                                        | 18,564                                    | 1,120                                                   | 23,459        |

### Notes to the financial statements

(continued)

| Currency 2013  | Floating rate<br>financial<br>liabilities<br>£000 | Fixed rate<br>financial<br>liabilities<br>£000 | Financial<br>liabilities<br>not carrying<br>interest<br>£000 | Total<br>£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)      |
| Currency 2012  | £000                                              | £000                                           | £000                                                         | £000          |
| Euro           | (29,548)                                          | (522,597)                                      | (2,398)                                                      | (554,543)     |
| Norwegian Kron | e (819)                                           | -                                              | -                                                            | (819)         |
| Swiss Franc    | -                                                 | (5,629)                                        | -                                                            | (5,629)       |
| UK Sterling    | -                                                 | -                                              | (7,162)                                                      | (7,162)       |
| US Dollar      | (3,294)                                           | (18,890)                                       | (572)                                                        | (22,756)      |

|                 | Fixed rate<br>financial assets<br>Weighted<br>average<br>interest rate |      | financial<br>We<br>average<br>for | eighted | bearing | eighted |
|-----------------|------------------------------------------------------------------------|------|-----------------------------------|---------|---------|---------|
|                 | 2013                                                                   | 2012 | 2013                              | 2012    | 2013    | 2012    |
| Currency        | %                                                                      | %    | years                             | years   | years   | years   |
| Euro            | 8                                                                      | 8    | 6.33                              | 6.73    | 4.63    | -       |
| Norwegian Krone | 9                                                                      | 9    | 0.72                              | 0.72    | -       | -       |
| Swiss Franc     | 7                                                                      | 7    | 5.46                              | 6.28    | -       | -       |
| UK Sterling     | 9                                                                      | 7    | 7.01                              | 5.49    | -       | 37.40   |
| US Dollar       | 9                                                                      | 9    | 4.98                              | 5.43    | -       | -       |

The fixed rate financial assets includes deposits which have a weighted average interest rate of 0.40% (2012: 0.45%).

# Fair value of financial assets and financial liabilities

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

The only material amounts of non interest-bearing assets relate to 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 2013, the fund had outstanding open credit default swaps and forward foreign exchange contracts of £6,608,000 (2012: forward foreign exchange contracts £2,838,000).

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 (2012: Nil).

#### **15 PORTFOLIO TRANSACTION COSTS**

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

The total cost of purchases during the period was £348,228,351 (2012: £320,466,249) and proceeds received from sales were £302,188,372 (2012: £280,012,906).

# Investment Report

Investment Objective 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 2013, the

published share price of the Threadneedle Strategic Bond Fund has risen from 46.71p to 48.69p The total return on the fund for the twelve

months ending 28 February 2013, including net reinvested income, is 9.03%, which equates approximately to 11.99% gross of tax and charges\*\*. This compares against a return of 11.96% 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**

Over the review period, the fund posted a positive return although it marginally underperformed the index. Through the review period the fund has been invested with an interest rate risk (duration) that was lower than the secondary composite index of 60% Investment Grade and 40% High Yield. This reflects the poor risk reward inherent in the government bond market where yields have been at multi decade lows.

During the first half of the year, the fund was tilted towards higher yielding corporate and financial issues e.g. below BB-rated credits. However this stance was gradually reduced as corporate bond spreads tightened such that

Creditors

Total liabilities

Total other liabilities

**BALANCE SHEET** 

by the end of year the fund was only modestly overweight credit risk.

Within the high vield component on a sector basis the fund benefited being underweight interest rate sensitive names, particularly, in the auto sector. However, our defensive positioning through certain cable and media names detracted from performance. Within the investment grade component, in terms of sector and stock selection, we favoured globallyexposed, less cyclical companies such as those in the beverages, tobacco and supermarket sectors which benefited performance. A small overweight to sovereign issuers detracted, as sovereigns underperformed investment grade credit and high yield.

Overall, we prefer high yield and investment grade corporate credit over core governments and cash. In particular, we prefer defensive corporates with visibility of earnings, and favour companies with global earnings vs. those that have a primarily European focus. We continue to maintain a duration position below the secondary benchmark given the poor risk reward in the core government bond markets. Finally on a sector basis we continue to favour less cyclical companies and those with less interest rate sensitivity.

9

(6.517)

(1,083)

(7,600)

(11,041)

390,276

2012

£000

372,066

11,197 17,843

29.040

401,106

(379)

(2.622)

(1, 141)

(3,763)

(4,142)

396,964

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2012 to 7 March 2013

| Notes | 2013<br>£000               | 2012<br>£000                                                                                                                                                                                                                               |
|-------|----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|       |                            |                                                                                                                                                                                                                                            |
| 2     | 22,062                     | (6,437)                                                                                                                                                                                                                                    |
| 3     | 26,373                     | 26,223                                                                                                                                                                                                                                     |
| 4     | (4,853)                    | (4,603)                                                                                                                                                                                                                                    |
|       |                            |                                                                                                                                                                                                                                            |
| 6     | (543)                      | (249)                                                                                                                                                                                                                                      |
| 6     | (25)                       | (74)                                                                                                                                                                                                                                       |
|       | 20,952                     | 21,297                                                                                                                                                                                                                                     |
| 5     | -                          | (1)                                                                                                                                                                                                                                        |
|       | 20,952                     | 21,296                                                                                                                                                                                                                                     |
|       | 43,014                     | 14,859                                                                                                                                                                                                                                     |
| 6     | (25,252)                   | (25,380)                                                                                                                                                                                                                                   |
|       | 17,762                     | (10,521)                                                                                                                                                                                                                                   |
|       | 2<br>3<br>4<br>6<br>5<br>5 | Notes         £000           2         22,062           3         26,373           4         (4,853)           6         (543)           6         (25)           5         -           20,952         -           43,014         (25,252) |

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

for the accounting period 8 March 2012 to 7 March 2013

|                                                 | 2013<br>£000 | 2012<br>£000 |
|-------------------------------------------------|--------------|--------------|
| Opening net assets attributable to shareholders | 396,964      | 410,502      |
| Movement due to sales and repurchases           |              |              |
| of shares:                                      |              |              |
| Amounts receivable on the issue of shares       | 34,474       | 36,941       |
| Amounts payable on the cancellation of shares   | (67,030)     | (48,694)     |
|                                                 | (32,556)     | (11,753)     |
| Dilution adjustment                             | -            | 122          |
| Change in net assets attributable to            |              |              |
| shareholders from investment activities         |              |              |
| (see statement of total return above)           | 17,762       | (10,521)     |
| Retained distribution on accumulation shares    | 8,084        | 8,635        |
| Unclaimed distribution monies brought back      |              |              |
| into account                                    | 22           | (21)         |
| Closing net assets attributable to shareholders | 390,276      | 396,964      |
|                                                 |              |              |

\*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 269-282 for comparative tables.

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| as at 7 March 2013          |       |                                       |
|-----------------------------|-------|---------------------------------------|
| Assets<br>Investment assets | Notes | <b>2013</b><br><b>£000</b><br>386,762 |
| Other assets                |       |                                       |
| Debtors                     | 7     | 11,260                                |
| Cash and bank balances      | 8     | 3,295                                 |
| Total other assets          |       | 14,555                                |
| Total assets                |       | 401,317                               |
| Liabilities                 |       |                                       |
| Derivative liabilities      |       | (3,441)                               |
| Other liabilities           |       |                                       |

# **DISTRIBUTION TABLE**

for the accounting period 8 March 2012 to 7 March 2013

Interest distribution in pence per share

Net assets attributable to shareholders

Distribution payable on income shares

Class 1 Shares

| 0.2214 |
|--------|
| 0.2074 |
| 0.2218 |
| 0.2100 |
| 0.1786 |
| 0.2201 |
| 0.1999 |
| 0.1911 |
| 0.1985 |
| 0.1697 |
| 0.1954 |
| 0.1851 |
|        |

# DISTRIBUTION TABLE

(continued)

| Class 1 Shares                    |                  |                  |                  |                  |                  |                  | Class 2 Shares                                   |                  |                  |                        |                  |
|-----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------------------------------------|------------------|------------------|------------------------|------------------|
| Net Income                        |                  |                  |                  |                  |                  |                  | Gross Income                                     |                  |                  |                        |                  |
|                                   | Gross            | Income           | Net              |                  | Distribution     | Distribution     | Distribution                                     | Gross            |                  | Distribution           | Distribution     |
| Period Rev                        | venue            | Tax              | Revenue          | Equalisation     |                  | Paid             | Period                                           | Revenue          | Equalisation     | Paid/Payable           | Paid             |
| Group 2                           |                  |                  |                  |                  | 2012/2013        | 2011/2012        | Group 1                                          |                  |                  | 2012/2013              | 2011/2012        |
|                                   | 0.1559           | 0.0312           | 0.1247           | 0.0573           | 0.1820           | 0.2214           | 08/03/12 to 07/04/12                             | 0.2588           | -                | 0.2588                 | 0.3033           |
| 08/04/12 to 07/05/12 0            | 0.0813           | 0.0163           | 0.0650           | 0.1179           | 0.1829           | 0.2074           | 08/04/12 to 07/05/12                             | 0.2599           | -                | 0.2599                 | 0.2925           |
|                                   | 0.1919           | 0.0384           | 0.1535           | 0.0703           | 0.2238           | 0.2218           | 08/05/12 to 07/06/12                             | 0.3179           | -                | 0.3179                 | 0.3134           |
|                                   | 0.0954           | 0.0191<br>0.0298 | 0.0763<br>0.1191 | 0.1101           | 0.1864           | 0.2100           | 08/06/12 to 07/07/12<br>08/07/12 to 07/08/12     | 0.2650<br>0.2831 | -                | 0.2650<br>0.2831       | 0.2962<br>0.2524 |
|                                   |                  | 0.0258           | 0.1406           | 0.0803<br>0.0488 | 0.1994<br>0.1894 | 0.1786<br>0.2201 | 08/08/12 to 07/09/12                             | 0.2692           | -                | 0.2692                 | 0.3101           |
|                                   |                  | 0.0141           | 0.0563           | 0.1289           | 0.1852           | 0.1999           | 08/09/12 to 07/10/12                             | 0.2646           | -                | 0.2646                 | 0.2812           |
|                                   | 0.0601           | 0.0120           | 0.0481           | 0.1689           | 0.2170           | 0.1911           | 08/10/12 to 07/11/12                             | 0.3074           | -                | 0.3074                 | 0.2692           |
|                                   | 0.1574           | 0.0315           | 0.1259           | 0.0694           | 0.1953           | 0.1985           | 08/11/12 to 07/12/12<br>08/12/12 to 07/01/13     | 0.2767<br>0.2769 | -                | 0.2767<br>0.2769       | 0.2788<br>0.2391 |
|                                   | ).1528           | 0.0306           | 0.1222           | 0.0734           | 0.1956           | 0.1697           | 08/01/13 to 07/02/13                             | 0.2966           | -                | 0.2966                 | 0.2747           |
|                                   | ).0755<br>).1645 | 0.0151<br>0.0329 | 0.0604<br>0.1316 | 0.1495<br>0.0581 | 0.2099<br>0.1897 | 0.1954<br>0.1851 | 08/02/13 to 07/03/13                             | 0.2671           | -                | 0.2671                 | 0.2602           |
| Total distributions in the period |                  | 0.0020           | 0.1010           | 0.0001           | 2.3566           | 2.3990           | Group 2                                          |                  |                  |                        |                  |
| Class 2 Shares                    |                  |                  |                  |                  |                  |                  | 08/03/12 to 07/04/12                             | 0.1702           | 0.0886           | 0.2588                 | 0.3033           |
| Net Income                        |                  |                  |                  |                  |                  |                  | 08/04/12 to 07/05/12<br>08/05/12 to 07/06/12     | 0.1086<br>0.1349 | 0.1513<br>0.1830 | 0.2599<br>0.3179       | 0.2925<br>0.3134 |
|                                   | Gross            | Income           | Net              |                  | Distribution     | Distribution     | 08/06/12 to 07/07/12                             | 0.1268           | 0.1382           | 0.2650                 | 0.2962           |
| Period Rev                        | venue            | Tax              | Revenue          | Equalisation     | Paid/Payable     | Paid             | 08/07/12 to 07/08/12                             | 0.0631           | 0.2200           | 0.2831                 | 0.2524           |
|                                   |                  |                  |                  |                  | 2012/2013        | 2011/2012        | 08/08/12 to 07/09/12                             | 0.0308           | 0.2384           | 0.2692                 | 0.3101           |
| Group 1                           | 0450             | 0.0400           | 0 4000           |                  | 0.4000           | 0.0000           | 08/09/12 to 07/10/12                             | 0.0563           | 0.2083           | 0.2646                 | 0.2812           |
|                                   | ).2450<br>).2461 | 0.0490<br>0.0492 | 0.1960<br>0.1969 |                  | 0.1960<br>0.1969 | 0.2368<br>0.2217 | 08/10/12 to 07/11/12                             | 0.2226           | 0.0848           | 0.3074                 | 0.2692<br>0.2788 |
|                                   |                  | 0.0603           | 0.2410           | -                | 0.2410           | 0.2375           | 08/11/12 to 07/12/12<br>08/12/12 to 07/01/13     | 0.2632<br>0.2769 | 0.0135           | 0.2767<br>0.2769       | 0.2391           |
|                                   | 0.2510           | 0.0502           | 0.2008           | -                | 0.2008           | 0.2248           | 08/01/13 to 07/02/13                             | 0.2966           | -                | 0.2966                 | 0.2747           |
|                                   | 0.2690           | 0.0538           | 0.2152           | -                | 0.2152           | 0.1919           | 08/02/13 to 07/03/13                             | 0.0971           | 0.1700           | 0.2671                 | 0.2602           |
|                                   | ).2559<br>).2496 | 0.0512<br>0.0499 | 0.2047<br>0.1997 | -                | 0.2047<br>0.1997 | 0.2359<br>0.2142 | Total distributions in t                         | the period       |                  | 3.3432                 | 3.3711           |
|                                   | 0.2930           | 0.0586           | 0.2344           | -                | 0.2344           | 0.2054           | Class 2 Shares                                   |                  |                  |                        |                  |
| 08/11/12 to 07/12/12 0            | 0.2636           | 0.0527           | 0.2109           | -                | 0.2109           | 0.2129           | Gross Accumulation                               | 1                |                  |                        |                  |
|                                   | 0.2645           | 0.0529           | 0.2116           | -                | 0.2116           | 0.1827<br>0.2102 |                                                  |                  |                  | Gross                  | Gross            |
|                                   | ).2834<br>).2563 | 0.0567<br>0.0513 | 0.2267<br>0.2050 | -                | 0.2267<br>0.2050 | 0.1991           | Distribution<br>Period                           | Gross<br>Revenue | Faualisation     | Revenue<br>Accumulated | Revenue          |
| Group 2                           |                  |                  |                  |                  |                  |                  | 1 chou                                           | nevenue          | Equilibrition    | 2012/2013              | 2011/2012        |
|                                   | 0.1310           | 0.0262           | 0.1048           | 0.0912           | 0.1960           | 0.2368           | Group 1                                          |                  |                  |                        |                  |
|                                   | 0.0233           | 0.0047           | 0.0186           | 0.1783           | 0.1969           | 0.2217           | 08/03/12 to 07/04/12                             | 0.4294           | -                | 0.4294                 | 0.4861           |
|                                   |                  | 0.0199           | 0.0794           | 0.1616           | 0.2410           | 0.2375           | 08/04/12 to 07/05/12                             | 0.4333           | -                | 0.4333                 | 0.4581           |
|                                   | ).1430           | 0.0286           | 0.1144           | 0.0864           | 0.2008           | 0.2248           | 08/05/12 to 07/06/12<br>08/06/12 to 07/07/12     | 0.5327<br>0.4461 | -                | 0.5327<br>0.4461       | 0.4921<br>0.4681 |
|                                   |                  | 0.0205<br>0.0153 | 0.0821<br>0.0610 | 0.1331<br>0.1437 | 0.2152<br>0.2047 | 0.1919<br>0.2359 | 08/07/12 to 07/08/12                             | 0.4800           | -                | 0.4800                 | 0.4013           |
|                                   | 0.0890           | 0.0178           | 0.0712           | 0.1285           | 0.1997           | 0.2142           | 08/08/12 to 07/09/12                             | 0.4583           | -                | 0.4583                 | 0.4952           |
| 08/10/12 to 07/11/12 0            | 0.1843           | 0.0369           | 0.1474           | 0.0870           | 0.2344           | 0.2054           | 08/09/12 to 07/10/12                             | 0.4492           | -                | 0.4492                 | 0.4519           |
|                                   | 0.1625           | 0.0325           | 0.1300           | 0.0809           | 0.2109           | 0.2129           | 08/10/12 to 07/11/12<br>08/11/12 to 07/12/12     | 0.5291<br>0.4786 | -                | 0.5291<br>0.4786       | 0.4351<br>0.4533 |
|                                   | ).1266<br>).1164 | 0.0253<br>0.0233 | 0.1013<br>0.0931 | 0.1103<br>0.1336 | 0.2116<br>0.2267 | 0.1827<br>0.2102 | 08/12/12 to 07/01/13                             | 0.4818           | -                | 0.4818                 | 0.3907           |
|                                   | 0.0861           | 0.0233           | 0.0689           | 0.1350           | 0.2050           | 0.1991           | 08/01/13 to 07/02/13                             | 0.5187           | -                | 0.5187                 | 0.4512           |
| Total distributions in the period |                  |                  |                  |                  | 2.5429           | 2.5731           | 08/02/13 to 07/03/13                             | 0.4709           | -                | 0.4709                 | 0.4291           |
| Class 1 Shares                    |                  |                  |                  |                  |                  |                  | Group 2                                          | 0 2002           | 0.2201           | 0.4294                 | 0.4861           |
| Gross Income                      |                  |                  |                  |                  |                  |                  | 08/03/12 to 07/04/12<br>08/04/12 to 07/05/12     | 0.2093<br>0.1650 | 0.2201           | 0.4294                 | 0.4861           |
| Distribution                      | Gross            |                  |                  |                  | Distribution     | Distribution     | 08/05/12 to 07/06/12                             | 0.2373           | 0.2954           | 0.5327                 | 0.4921           |
| Period Rev                        | venue            |                  |                  | Equalisation     | Paid/Payable     | Paid             | 08/06/12 to 07/07/12                             | 0.1825           | 0.2636           | 0.4461                 | 0.4681           |
|                                   |                  |                  |                  |                  | 2012/2013        | 2011/2012        | 08/07/12 to 07/08/12                             | 0.2105           | 0.2695           | 0.4800                 | 0.4013           |
| Group 1<br>08/03/12 to 07/04/12 0 | ).2278           |                  |                  |                  | 0.2278           | 0.2774           | 08/08/12 to 07/09/12<br>08/09/12 to 07/10/12     | 0.3150<br>0.2603 | 0.1433<br>0.1889 | 0.4583<br>0.4492       | 0.4952<br>0.4519 |
|                                   | ).2289           |                  |                  | -                | 0.2289           | 0.2596           | 08/10/12 to 07/11/12                             | 0.2140           | 0.3151           | 0.5291                 | 0.4351           |
|                                   | 0.2801           |                  |                  | -                | 0.2801           | 0.2774           | 08/11/12 to 07/12/12                             | 0.4562           | 0.0224           | 0.4786                 | 0.4533           |
|                                   | ).2328           |                  |                  | -                | 0.2328           | 0.2622           | 08/12/12 to 07/01/13                             | 0.2265           | 0.2553           | 0.4818                 | 0.3907           |
|                                   | ).2488<br>).2360 |                  |                  | _                | 0.2488<br>0.2360 | 0.2229           | 08/01/13 to 07/02/13                             | 0.3253<br>0.1794 | 0.1934           | 0.5187                 | 0.4512           |
| 08/09/12 to 07/10/12 0            | ).2305           |                  |                  | -                | 0.2305           | 0.2488           | 08/02/13 to 07/03/13<br>Total distributions in t |                  | 0.2915           | 0.4709<br>5.7081       | 0.4291<br>5.4122 |
|                                   | 0.2699           |                  |                  | -                | 0.2699           | 0.2377           | Class Z Shares                                   | ino ponou        |                  | 0.7001                 | 0.1122           |
|                                   | ).2426<br>).2427 |                  |                  | -                | 0.2426<br>0.2427 | 0.2463<br>0.2108 | Gross Accumulation*                              |                  |                  |                        |                  |
|                                   | ).2602           |                  |                  | -                | 0.2427           | 0.2423           | Gross Accumulation                               |                  |                  | Gross                  |                  |
|                                   | 0.2345           |                  |                  | -                | 0.2345           | 0.2291           | Distribution                                     | Gross            |                  | Revenue                |                  |
| Group 2                           |                  |                  |                  |                  |                  |                  | Period                                           | Revenue          | Equalisation     | Accumulated            |                  |
|                                   | 0.0951           |                  |                  | 0.1327           | 0.2278           | 0.2774           | Group 1                                          |                  |                  | 2012/2013              |                  |
|                                   | 0.0914           |                  |                  | 0.1375           | 0.2289           | 0.2596           | 26/09/12 to 07/10/12                             | 0.1556           | -                | 0.1556                 |                  |
|                                   | ).0987<br>).0894 |                  |                  | 0.1814<br>0.1434 | 0.2801<br>0.2328 | 0.2774<br>0.2622 | 08/10/12 to 07/11/12                             | 0.5714           | -                | 0.5714                 |                  |
|                                   | ).0587           |                  |                  | 0.1901           | 0.2328           | 0.2022           | 08/11/12 to 07/12/12                             | 0.5174           | -                | 0.5174                 |                  |
| 08/08/12 to 07/09/12 0            | ).1756           |                  |                  | 0.0604           | 0.2360           | 0.2743           | 08/12/12 to 07/01/13<br>08/01/13 to 07/02/13     | 0.5198<br>0.5608 | -                | 0.5198<br>0.5608       |                  |
|                                   | 0.1004           |                  |                  | 0.1301           | 0.2305           | 0.2488           | 08/01/13 to 07/02/13<br>08/02/13 to 07/03/13     | 0.5608           | -                | 0.5608                 |                  |
|                                   | 0.0807           |                  |                  | 0.1892           | 0.2699           | 0.2377           | Group 2                                          |                  |                  |                        |                  |
|                                   | ).1372<br>).1794 |                  |                  | 0.1054<br>0.0633 | 0.2426<br>0.2427 | 0.2463<br>0.2108 | 26/09/12 to 07/10/12                             | 0.1556           | -                | 0.1556                 |                  |
|                                   | ).0449           |                  |                  | 0.2153           | 0.2602           | 0.2423           | 08/10/12 to 07/11/12                             | 0.5714           | -                | 0.5714                 |                  |
| 08/02/13 to 07/03/13 0            | ).1523           |                  |                  | 0.0822           | 0.2345           | 0.2291           | 08/11/12 to 07/12/12                             | 0.5174           | -                | 0.5174                 |                  |
| Total distributions in the period | 1                |                  |                  |                  | 2.9348           | 2.9888           | 08/12/12 to 07/01/13<br>08/01/13 to 07/02/13     | 0.5198<br>0.5608 | -                | 0.5198<br>0.5608       |                  |
|                                   |                  |                  |                  |                  |                  |                  | 08/02/13 to 07/03/13                             | 0.5008           | -                | 0.5608                 |                  |
|                                   |                  |                  |                  |                  |                  |                  | Total distributions in t                         |                  |                  | 2.8328                 |                  |
|                                   |                  |                  |                  |                  |                  |                  |                                                  |                  |                  |                        |                  |

# **DISTRIBUTION TABLE**

(continued)

# Class Z Shares Gross Income\*\*

| Distribution                                                                                                                                                                                                                                                                                                                                                                                      | ~                                                                                                                                                     |                                                                                                                                               |                                                                                                                                |                                                              | B:                                                                                          |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|---------------------------------------------------------------------------------------------|
| Period                                                                                                                                                                                                                                                                                                                                                                                            | Gross<br>Revenue                                                                                                                                      |                                                                                                                                               |                                                                                                                                | Equalisation                                                 | Distribution<br>Paid/Payab                                                                  |
| - chou                                                                                                                                                                                                                                                                                                                                                                                            | novonao                                                                                                                                               |                                                                                                                                               |                                                                                                                                | Equanoution                                                  | 2012/20                                                                                     |
| Group 1                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                       |                                                                                                                                               |                                                                                                                                |                                                              |                                                                                             |
| 26/09/12 to 07/10/12                                                                                                                                                                                                                                                                                                                                                                              | 0.1556                                                                                                                                                |                                                                                                                                               |                                                                                                                                | -                                                            | 0.15                                                                                        |
| 08/10/12 to 07/11/12                                                                                                                                                                                                                                                                                                                                                                              | 0.5708                                                                                                                                                |                                                                                                                                               |                                                                                                                                | -                                                            | 0.57                                                                                        |
| 08/11/12 to 07/12/12                                                                                                                                                                                                                                                                                                                                                                              | 0.5121                                                                                                                                                |                                                                                                                                               |                                                                                                                                | -                                                            | 0.51                                                                                        |
| 08/12/12 to 07/01/13                                                                                                                                                                                                                                                                                                                                                                              | 0.5131                                                                                                                                                |                                                                                                                                               |                                                                                                                                | -                                                            | 0.51                                                                                        |
| 08/01/13 to 07/02/13                                                                                                                                                                                                                                                                                                                                                                              | 0.5523                                                                                                                                                |                                                                                                                                               |                                                                                                                                | -                                                            | 0.55                                                                                        |
| 08/02/13 to 07/03/13                                                                                                                                                                                                                                                                                                                                                                              | 0.4981                                                                                                                                                |                                                                                                                                               |                                                                                                                                | -                                                            | 0.49                                                                                        |
| Group 2                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                       |                                                                                                                                               |                                                                                                                                |                                                              |                                                                                             |
| 26/09/12 to 07/10/12                                                                                                                                                                                                                                                                                                                                                                              | 0.1556                                                                                                                                                |                                                                                                                                               |                                                                                                                                | -                                                            | 0.15                                                                                        |
| 08/10/12 to 07/11/12                                                                                                                                                                                                                                                                                                                                                                              | 0.5708                                                                                                                                                |                                                                                                                                               |                                                                                                                                | -                                                            | 0.57                                                                                        |
| 08/11/12 to 07/12/12                                                                                                                                                                                                                                                                                                                                                                              | 0.5121                                                                                                                                                |                                                                                                                                               |                                                                                                                                | -                                                            | 0.51                                                                                        |
| 08/12/12 to 07/01/13                                                                                                                                                                                                                                                                                                                                                                              | 0.5131                                                                                                                                                |                                                                                                                                               |                                                                                                                                | -                                                            | 0.51                                                                                        |
| 08/01/13 to 07/02/13                                                                                                                                                                                                                                                                                                                                                                              | 0.4822                                                                                                                                                |                                                                                                                                               |                                                                                                                                | 0.0701                                                       | 0.55                                                                                        |
| 08/02/13 to 07/03/13                                                                                                                                                                                                                                                                                                                                                                              | 0.1582                                                                                                                                                |                                                                                                                                               |                                                                                                                                | 0.3399                                                       | 0.49                                                                                        |
| Total distributions in t                                                                                                                                                                                                                                                                                                                                                                          | he period                                                                                                                                             |                                                                                                                                               |                                                                                                                                |                                                              | 2.80                                                                                        |
| Class Z Shares                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                       |                                                                                                                                               |                                                                                                                                |                                                              |                                                                                             |
| Net Income***                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                       |                                                                                                                                               |                                                                                                                                |                                                              |                                                                                             |
| Distribution                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                       | Income                                                                                                                                        | Net                                                                                                                            |                                                              | Distributi                                                                                  |
| Period                                                                                                                                                                                                                                                                                                                                                                                            | Revenue                                                                                                                                               | Тах                                                                                                                                           | Revenue                                                                                                                        | Equalisation                                                 | 2012/20                                                                                     |
|                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                       |                                                                                                                                               |                                                                                                                                |                                                              |                                                                                             |
| Group 1                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                       |                                                                                                                                               |                                                                                                                                |                                                              |                                                                                             |
| Group 1<br>26/09/12 to 07/10/12                                                                                                                                                                                                                                                                                                                                                                   | 0.1558                                                                                                                                                | 0.0312                                                                                                                                        | 0.1246                                                                                                                         | -                                                            | 0.12                                                                                        |
|                                                                                                                                                                                                                                                                                                                                                                                                   | 0.1558<br>0.5736                                                                                                                                      | 0.0312<br>0.1147                                                                                                                              | 0.1246<br>0.4589                                                                                                               | -                                                            |                                                                                             |
| 26/09/12 to 07/10/12                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                       |                                                                                                                                               |                                                                                                                                | -                                                            | 0.45                                                                                        |
| 26/09/12 to 07/10/12<br>08/10/12 to 07/11/12                                                                                                                                                                                                                                                                                                                                                      | 0.5736                                                                                                                                                | 0.1147                                                                                                                                        | 0.4589                                                                                                                         | -<br>-<br>-                                                  | 0.45<br>0.40                                                                                |
| 26/09/12 to 07/10/12<br>08/10/12 to 07/11/12<br>08/11/12 to 07/12/12<br>08/12/12 to 07/01/13<br>08/01/13 to 07/02/13                                                                                                                                                                                                                                                                              | 0.5736<br>0.5123<br>0.5144<br>0.5516                                                                                                                  | 0.1147<br>0.1025<br>0.1029<br>0.1103                                                                                                          | 0.4589<br>0.4098<br>0.4115<br>0.4413                                                                                           | -<br>-<br>-<br>-                                             | 0.45<br>0.40<br>0.41<br>0.44                                                                |
| 26/09/12 to 07/10/12<br>08/10/12 to 07/11/12<br>08/11/12 to 07/12/12<br>08/12/12 to 07/01/13                                                                                                                                                                                                                                                                                                      | 0.5736<br>0.5123<br>0.5144                                                                                                                            | 0.1147<br>0.1025<br>0.1029                                                                                                                    | 0.4589<br>0.4098<br>0.4115                                                                                                     |                                                              | 0.45<br>0.40<br>0.41<br>0.44                                                                |
| 26/09/12 to 07/10/12<br>08/10/12 to 07/11/12<br>08/11/12 to 07/11/12<br>08/11/12 to 07/01/13<br>08/01/13 to 07/02/13<br>08/02/13 to 07/03/13<br>Group 2                                                                                                                                                                                                                                           | 0.5736<br>0.5123<br>0.5144<br>0.5516<br>0.4973                                                                                                        | 0.1147<br>0.1025<br>0.1029<br>0.1103<br>0.0995                                                                                                | 0.4589<br>0.4098<br>0.4115<br>0.4413<br>0.3978                                                                                 | -                                                            | 0.45<br>0.40<br>0.41<br>0.44<br>0.39                                                        |
| 26/09/12 to 07/10/12<br>08/10/12 to 07/11/12<br>08/11/12 to 07/11/12<br>08/11/12 to 07/12/12<br>08/12/12 to 07/01/13<br>08/02/13 to 07/02/13<br>08/02/13 to 07/03/13<br><b>Group 2</b><br>26/09/12 to 07/10/12                                                                                                                                                                                    | 0.5736<br>0.5123<br>0.5144<br>0.5516<br>0.4973<br>0.1558                                                                                              | 0.1147<br>0.1025<br>0.1029<br>0.1103<br>0.0995<br>0.0312                                                                                      | 0.4589<br>0.4098<br>0.4115<br>0.4413<br>0.3978<br>0.1246                                                                       | -<br>-                                                       | 0.45<br>0.40<br>0.41<br>0.44<br>0.39<br>0.12                                                |
| 26/09/12 to 07/10/12<br>08/10/12 to 07/11/12<br>08/11/12 to 07/11/12<br>08/12/12 to 07/01/13<br>08/02/13 to 07/02/13<br>08/02/13 to 07/03/13<br><b>Group 2</b><br>26/09/12 to 07/10/12<br>08/10/12 to 07/11/12                                                                                                                                                                                    | 0.5736<br>0.5123<br>0.5144<br>0.5516<br>0.4973<br>0.1558<br>0.1370                                                                                    | 0.1147<br>0.1025<br>0.1029<br>0.1103<br>0.0995<br>0.0312<br>0.0274                                                                            | 0.4589<br>0.4098<br>0.4115<br>0.4413<br>0.3978<br>0.1246<br>0.1096                                                             | -<br>-<br>0.3493                                             | 0.45<br>0.40<br>0.41<br>0.44<br>0.39<br>0.12<br>0.45                                        |
| 26/09/12 to 07/10/12<br>08/10/12 to 07/11/12<br>08/10/12 to 07/12/12<br>08/12/12 to 07/02/13<br>08/02/13 to 07/02/13<br>08/02/13 to 07/03/13<br>Group 2<br>26/09/12 to 07/10/12<br>08/10/12 to 07/12/12                                                                                                                                                                                           | 0.5736<br>0.5123<br>0.5144<br>0.5516<br>0.4973<br>0.1558<br>0.1370<br>0.0315                                                                          | 0.1147<br>0.1025<br>0.1029<br>0.1103<br>0.0995<br>0.0312<br>0.0274<br>0.0063                                                                  | 0.4589<br>0.4098<br>0.4115<br>0.4413<br>0.3978<br>0.1246<br>0.1096<br>0.0252                                                   | -<br>-<br>0.3493<br>0.3846                                   | 0.45<br>0.40<br>0.41<br>0.44<br>0.39<br>0.12<br>0.45<br>0.40                                |
| 26/09/12 to 07/10/12<br>08/10/12 to 07/11/12<br>08/10/12 to 07/12/12<br>08/12/12 to 07/01/13<br>08/02/13 to 07/02/13<br>08/02/13 to 07/03/13<br><b>Group 2</b><br>26/09/12 to 07/10/12<br>08/10/12 to 07/10/12<br>08/11/12 to 07/12/12                                                                                                                                                            | 0.5736<br>0.5123<br>0.5144<br>0.5516<br>0.4973<br>0.1558<br>0.1370<br>0.0315<br>0.1751                                                                | 0.1147<br>0.1025<br>0.1029<br>0.1103<br>0.0995<br>0.0312<br>0.0274<br>0.0063<br>0.0350                                                        | 0.4589<br>0.4098<br>0.4115<br>0.4413<br>0.3978<br>0.1246<br>0.1096<br>0.0252<br>0.1401                                         | -<br>0.3493<br>0.3846<br>0.2714                              | 0.45<br>0.40<br>0.41<br>0.44<br>0.39<br>0.12<br>0.45<br>0.40<br>0.41                        |
| 26/09/12 to 07/10/12<br>08/10/12 to 07/11/12<br>08/11/12 to 07/12/12<br>08/12/12 to 07/10/13<br>08/01/13 to 07/02/13<br>08/02/13 to 07/02/13<br>26/09/12 to 07/10/12<br>08/10/12 to 07/11/12<br>08/10/112 to 07/11/13<br>08/12/12 to 07/01/13                                                                                                                                                     | 0.5736<br>0.5123<br>0.5144<br>0.5516<br>0.4973<br>0.1558<br>0.1370<br>0.0315<br>0.1751<br>0.1441                                                      | 0.1147<br>0.1025<br>0.1029<br>0.1103<br>0.0995<br>0.0312<br>0.0274<br>0.0063<br>0.0350<br>0.0288                                              | 0.4589<br>0.4098<br>0.4115<br>0.4413<br>0.3978<br>0.1246<br>0.0252<br>0.1401<br>0.1153                                         | -<br>0.3493<br>0.3846<br>0.2714<br>0.3260                    | 0.45<br>0.40<br>0.41<br>0.44<br>0.39<br>0.12<br>0.45<br>0.40<br>0.41<br>0.41                |
| 26/09/12 to 07/10/12<br>08/10/12 to 07/11/12<br>08/10/12 to 07/11/12<br>08/12/12 to 07/01/13<br>08/02/13 to 07/02/13<br>08/02/13 to 07/03/13<br><b>Group 2</b><br>26/09/12 to 07/10/12<br>08/10/12 to 07/10/12<br>08/12/12 to 07/10/13<br>08/01/13 to 07/02/13<br>08/02/13 to 07/03/13                                                                                                            | 0.5736<br>0.5123<br>0.5144<br>0.5516<br>0.4973<br>0.1558<br>0.1370<br>0.0315<br>0.1751<br>0.1441<br>0.2546                                            | 0.1147<br>0.1025<br>0.1029<br>0.1103<br>0.0995<br>0.0312<br>0.0274<br>0.0063<br>0.0350                                                        | 0.4589<br>0.4098<br>0.4115<br>0.4413<br>0.3978<br>0.1246<br>0.1096<br>0.0252<br>0.1401                                         | -<br>0.3493<br>0.3846<br>0.2714                              | 0.45<br>0.40<br>0.41<br>0.44<br>0.39<br>0.12<br>0.45<br>0.40<br>0.41<br>0.44<br>0.39        |
| 26/09/12 to 07/10/12<br>08/10/12 to 07/11/12<br>08/10/12 to 07/12/12<br>08/12/12 to 07/12/12<br>08/02/13 to 07/02/13<br>08/02/13 to 07/03/13<br><b>Group 2</b><br>26/09/12 to 07/10/12<br>08/10/12 to 07/10/12<br>08/11/12 to 07/11/12<br>08/11/12 to 07/12/12<br>08/12/112 to 07/01/13<br>08/02/13 to 07/02/13<br>08/02/13 to 07/02/13<br>Total distributions in t                               | 0.5736<br>0.5123<br>0.5144<br>0.5516<br>0.4973<br>0.1558<br>0.1370<br>0.0315<br>0.1751<br>0.1441<br>0.2546<br>he period                               | 0.1147<br>0.1025<br>0.1029<br>0.1103<br>0.0995<br>0.0312<br>0.0274<br>0.0063<br>0.0350<br>0.0288<br>0.0509                                    | 0.4589<br>0.4098<br>0.4115<br>0.4413<br>0.3978<br>0.1246<br>0.1096<br>0.0252<br>0.1401<br>0.1153<br>0.2037                     | -<br>0.3493<br>0.3846<br>0.2714<br>0.3260<br>0.1941          | 0.45<br>0.40<br>0.41<br>0.44<br>0.39<br>0.12<br>0.45<br>0.40<br>0.41<br>0.44<br>0.39        |
| 26/09/12 to 07/10/12<br>08/10/12 to 07/11/12<br>08/10/12 to 07/11/12<br>08/12/12 to 07/10/13<br>08/02/13 to 07/02/13<br>08/02/13 to 07/02/13<br>08/02/13 to 07/02/12<br>08/10/12 to 07/10/12<br>08/10/12 to 07/11/12<br>08/10/12 to 07/11/12<br>08/12/12 to 07/11/12<br>08/12/12 to 07/11/12<br>08/12/13 to 07/02/13<br>08/02/13 to 07/03/13<br>Total distributions in t<br>Group 2: shares purce | 0.5736<br>0.5123<br>0.5144<br>0.5516<br>0.4973<br>0.1558<br>0.1370<br>0.0315<br>0.1751<br>0.1441<br>0.2546<br>he period<br>chased duri                | 0.1147<br>0.1025<br>0.1029<br>0.1103<br>0.0995<br>0.0312<br>0.0274<br>0.0063<br>0.0278<br>0.0288<br>0.0509<br>ing a dist                      | 0.4589<br>0.4098<br>0.4115<br>0.4413<br>0.3978<br>0.1246<br>0.1096<br>0.0252<br>0.1401<br>0.1153<br>0.2037<br>tribution points | –<br>0.3493<br>0.3846<br>0.2714<br>0.3260<br>0.1941          | 0.45<br>0.40<br>0.41<br>0.39<br>0.12<br>0.45<br>0.40<br>0.41<br>0.41<br>0.39<br><b>2.24</b> |
| 26/09/12 to 07/10/12<br>08/10/12 to 07/11/12<br>08/10/12 to 07/12/12<br>08/12/12 to 07/12/12<br>08/02/13 to 07/02/13<br>08/02/13 to 07/03/13<br><b>Group 2</b><br>26/09/12 to 07/10/12<br>08/10/12 to 07/10/12<br>08/11/12 to 07/11/12<br>08/11/12 to 07/12/12<br>08/12/112 to 07/01/13<br>08/02/13 to 07/02/13<br>08/02/13 to 07/02/13<br>Total distributions in t                               | 0.5736<br>0.5123<br>0.5144<br>0.5516<br>0.4973<br>0.1558<br>0.1370<br>0.0315<br>0.1751<br>0.1441<br>0.2546<br>he period<br>chased duri                | 0.1147<br>0.1025<br>0.1029<br>0.1103<br>0.0995<br>0.0312<br>0.0274<br>0.0063<br>0.0278<br>0.0288<br>0.0509<br>ing a dist                      | 0.4589<br>0.4098<br>0.4115<br>0.4413<br>0.3978<br>0.1246<br>0.1096<br>0.0252<br>0.1401<br>0.1153<br>0.2037<br>tribution points | –<br>0.3493<br>0.3846<br>0.2714<br>0.3260<br>0.1941          | 0.45<br>0.40<br>0.41<br>0.39<br>0.12<br>0.45<br>0.40<br>0.41<br>0.41<br>0.39<br><b>2.24</b> |
| 26/09/12 to 07/10/12<br>08/10/12 to 07/11/12<br>08/10/12 to 07/11/12<br>08/12/12 to 07/10/13<br>08/02/13 to 07/02/13<br>08/02/13 to 07/02/13<br>08/02/13 to 07/02/12<br>08/10/12 to 07/10/12<br>08/10/12 to 07/11/12<br>08/10/12 to 07/11/12<br>08/12/12 to 07/11/12<br>08/12/12 to 07/11/12<br>08/12/13 to 07/02/13<br>08/02/13 to 07/03/13<br>Total distributions in t<br>Group 2: shares purce | 0.5736<br>0.5123<br>0.5144<br>0.5516<br>0.4973<br>0.1558<br>0.1370<br>0.0315<br>0.1751<br>0.1441<br>0.2546<br>he period<br>chased duri<br>mulation sl | 0.1147<br>0.1025<br>0.1029<br>0.1029<br>0.103<br>0.0995<br>0.0312<br>0.0274<br>0.0063<br>0.0350<br>0.0288<br>0.0509<br>ing a disi<br>hares co | 0.4589<br>0.4098<br>0.4115<br>0.4113<br>0.3978<br>0.1246<br>0.1096<br>0.0252<br>0.1401<br>0.1153<br>0.2037<br>tribution por    | -<br>0.3493<br>0.3846<br>0.2714<br>0.3260<br>0.1941<br>eriod | 0.44<br>0.39<br>0.12<br>0.45<br>0.40<br>0.41<br>0.44<br>0.39<br><b>2.24</b><br>mber 2012    |

# Notes to the financial statements

for the accounting period 8 March 2012 to 7 March 2013

# **1 ACCOUNTING POLICIES**

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 6 and 7.

# 2 NET CAPITAL GAINS/(LOSSES)

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

|   |                                                   | 2013                       | 2012                       |
|---|---------------------------------------------------|----------------------------|----------------------------|
|   |                                                   | £000                       | £000                       |
|   | Non-derivative securities                         | 31,161                     | (7,897)                    |
|   | Derivative contracts                              | (2,023)                    | (743)                      |
|   | Forward currency contracts                        | (7,103)                    | 2,323                      |
|   | Other gains/(losses)                              | 40                         | (109)                      |
|   | Transaction costs                                 | (13)                       | (11)                       |
|   | Net capital gains/(losses)                        | 22,062                     | (6,437)                    |
| 3 | REVENUE                                           |                            |                            |
|   |                                                   |                            |                            |
|   |                                                   | 2013                       | 2012                       |
|   |                                                   | 2013<br>£000               | 2012<br>£000               |
|   | Overseas dividends                                |                            |                            |
|   | Overseas dividends<br>Interest on debt securities |                            | £000                       |
|   |                                                   | £000                       | <b>£000</b><br>5           |
|   | Interest on debt securities                       | <b>£000</b><br>–<br>26,241 | <b>£000</b><br>5<br>26,009 |

## **4 EXPENSES**

Total revenue

Miscellaneous revenue

|                                                                                             | £000    | £000    |
|---------------------------------------------------------------------------------------------|---------|---------|
| Payable to the ACD or associates of the ACD,<br>and the agents of either of them:           |         |         |
| Annual management charge                                                                    | (4,300) | (4,084) |
| Registration fees                                                                           | (496)   | (464)   |
|                                                                                             | (4,796) | (4,548) |
| Payable to the depositary or associate of the depositary, and the agents of either of them: |         |         |
| Depositary's fees                                                                           | (21)    | (21)    |
| Safe custody fees                                                                           | (19)    | (18)    |
|                                                                                             | (40)    | (39)    |
| Other expenses:                                                                             |         |         |
| Regulatory fee                                                                              | (7)     | (7)     |
| Audit fee                                                                                   | (9)     | (8)     |
| Miscellaneous expenses                                                                      | (1)     | (1)     |
|                                                                                             | (17)    | (16)    |
| *Total expenses                                                                             | (4,853) | (4,603) |
|                                                                                             |         |         |

\*Including irrecoverable VAT where applicable.

# 5 TAXATION

0040

2

26,223

2012

26,373

2013

|                                                 | £000    | £000    |
|-------------------------------------------------|---------|---------|
| a) Analysis of charge in period                 |         |         |
| Overseas taxes                                  | -       | (1)     |
| Total current tax (note 5b)                     | -       | (1)     |
| Total tax charge for the period                 | -       | (1)     |
| b) Factors affecting taxation charge for period |         |         |
| Net revenue before taxation                     | 20,952  | 21,297  |
| Net revenue before taxation multiplied by       |         |         |
| the standard rate of corporation tax of 20%     | (4,190) | (4,259) |
| Effects of:                                     |         |         |
| Revenue not subject to taxation                 | -       | 1       |
| Excess expenses                                 | (860)   | (818)   |
| Overseas taxes                                  | -       | (1)     |
| Distributions treated as tax deductible         | 5,050   | 5,076   |
| Current tax charge for period (note 5a)         | _       | (1)     |

2013

2012

The fund has not recognised a deferred tax asset of £8,688,214 (2012: £7,828,174) arising as a result of having unutilised management expenses. These expenses will only be utilised if the treatment of interest distributions made by the fund or the nature of capital gains changes. Interest distributions have been made in respect of all distributions during the period. Income Tax at 20% will be accounted for on shareholders' behalf to the HM Revenue & Customs.

# 6 FINANCE COSTS

## **Distributions and Interest**

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

|                                                               | 2013<br>£000 | 2012<br>£000 |
|---------------------------------------------------------------|--------------|--------------|
| Interim                                                       | 23,271       | 23,349       |
| Final                                                         | 1,919        | 1,986        |
|                                                               | 25,190       | 25,335       |
| Add: Revenue deducted on cancellation of shares               | 155          | 129          |
| Deduct: Revenue received on creation of shares                | (93)         | (84)         |
| Net distribution for the period                               | 25,252       | 25,380       |
| Derivative expense                                            | 543          | 249          |
| Interest                                                      | 25           | 74           |
| Total finance costs                                           | 25,820       | 25,703       |
| Net revenue after taxation                                    | 20,952       | 21,296       |
| Annual management charge to capital                           | 4,300        | 4,084        |
| Net distribution for the period                               | 25,252       | 25,380       |
| Details of the distribution per share are set ou pages 53-55. | it in the t  | table on     |

#### 7 DEBTORS

|                                            | 2013<br>£000 | 2012<br>£000 |
|--------------------------------------------|--------------|--------------|
| Amounts receivable for the issue of shares | 423          | 1,561        |
| Sales awaiting settlement                  | 2,607        | 855          |
| Accrued revenue                            | 8,224        | 8,773        |
| Foreign withholding tax recoverable        | 6            | 8            |
| Total debtors                              | 11,260       | 11,197       |

### Notes to the financial statements

(continued)

# 8 CASH AND BANK BALANCES

|                                  | £000  | £000   |
|----------------------------------|-------|--------|
| Amounts held at futures clearing |       |        |
| houses and brokers               | 2,184 | 162    |
| Cash and bank balances           | 1,111 | 17,681 |
| Total cash and bank balances     | 3,295 | 17,843 |

2013

2012

#### 9 CREDITORS

|                                                | 2013<br>£000 | 2012<br>£000 |
|------------------------------------------------|--------------|--------------|
| Amounts payable for the cancellation of shares | (2,261)      | (775)        |
| Purchases awaiting settlement                  | (3,065)      | (645)        |
| Accrued expenses                               | (17)         | (12)         |
| Amounts payable to ACD                         | (356)        | (372)        |
| Income tax payable                             | (818)        | (818)        |
| Total creditors                                | (6,517)      | (2,622)      |

### **10 RELATED PARTY TRANSACTIONS**

The related parties are set out in detail in Note 8 of the aggregated financial statements on page 7.

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    | 0.175% |
| 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 273. The distribution per share class is given in the distribution table on pages 53–55. 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 £102,000 (2012: £55,000) of which £9,000 (2012: £6,000) was outstanding at year end. They have paid fees of £14,000 (2012: £8,000) of which £1,000 (2012: £1,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £15,000 (2012: £8,000) of which £2,000 (2012: £1,000) was outstanding at year end to J.P. Morgan as the security lending agent to process these arrangements and hold the collateral. The value of stock on loan at the end of the accounting period was £33.88m (2012: £47.67m), whilst the value of collateral held for these arrangements was £34.82m (2012: £49.68m). The collateral was held as either securities transferred in CREST by a DBV (Delivery by Value) or Gilt DBV, or in the form of overseas government bonds, supranational bonds or certificates of deposit.

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

#### Analysis of Collateral Held

|       |            | 2013       |            | 2012       |
|-------|------------|------------|------------|------------|
|       | Value £000 | % of Total | Value £000 | % of Total |
| Bonds | 34,820     | 100        | 49,675     | 100        |
|       | 34,820     | 100        | 49,675     | 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.

New

#### Net foreign currency assets

| Currency 2013   | Monetary<br>exposures<br>£000 | Non-<br>monetary<br>exposures<br>£000 | Total<br>£000 |
|-----------------|-------------------------------|---------------------------------------|---------------|
| Euro            | 3,394                         | (3,234)                               | 160           |
| Swiss Franc     | 19                            | 6                                     | 25            |
| US Dollar       | 783                           | 552                                   | 1,335         |
| Currency 2012   | £000                          | £000                                  | £000          |
| Canadian Dollar | 5                             | -                                     | 5             |
| Euro            | 5,363                         | (3,303)                               | 2,060         |
| Norwegian Krone | 2                             | (3)                                   | (1)           |
| Swiss Franc     | 10                            | 11                                    | 21            |
| US Dollar       | 282                           | (120)                                 | 162           |
|                 |                               |                                       |               |

**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 2013 was:

| Currency 2013   | Floating rate<br>financial<br>assets<br>£000 | Fixed rate<br>financial<br>assets<br>£000 | Financial<br>assets not<br>carrying<br>interest<br>£000 | Total<br>£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        |
| Currency 2012   | £000                                         | £000                                      | £000                                                    | £000          |
| Canadian Dollar | 5                                            | -                                         | -                                                       | 5             |
| Euro            | 9,798                                        | 138,590                                   | 4,389                                                   | 152,777       |
| Norwegian Kron  | e 69                                         | -                                         | -                                                       | 69            |
| Swiss Franc     | 2                                            | 1,179                                     | 8                                                       | 1,189         |
| UK Sterling     | 26,876                                       | 364,418                                   | 6,541                                                   | 397,835       |
| US Dollar       | 2,745                                        | 16,676                                    | 318                                                     | 19,739        |

## Notes to the financial statements

(continued)

| Currency 2013  | Floating rate<br>financial<br>liabilities<br>£000 | Fixed rate<br>financial<br>liabilities<br>£000 | Financial<br>liabilities<br>not carrying<br>interest<br>£000 | Total<br>£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)      |
| Currency 2012  | £000                                              | £000                                           | £000                                                         | £000          |
| Euro           | (8,096)                                           | (141,715)                                      | (906)                                                        | (150,717)     |
| Norwegian Kron | e (70)                                            | -                                              | -                                                            | (70)          |
| Swiss Franc    | -                                                 | (1,168)                                        | -                                                            | (1,168)       |
| UK Sterling    | -                                                 | -                                              | (3,118)                                                      | (3,118)       |
| US Dollar      | (2,739)                                           | (16,779)                                       | (59)                                                         | (19,577)      |

Fixed rate financial assets Fixed rate financial assets Weighted average Weighted average period

|             | interest rate |      | for which I | for which rate is fixed |  |  |
|-------------|---------------|------|-------------|-------------------------|--|--|
|             | 2013          | 2012 | 2013        | 2012                    |  |  |
| Currency    | %             | %    | years       | years                   |  |  |
| Euro        | 8             | 8    | 6.89        | 7.02                    |  |  |
| Swiss Franc | 7             | 7    | 5.47        | 6.40                    |  |  |
| UK Sterling | 6             | 6    | 14.01       | 14.66                   |  |  |
| US Dollar   | 7             | 7    | 11.79       | 15.65                   |  |  |

The 2012 fixed rate financial assets included deposits which had a weighted average interest rate of 0.45%.

#### Fair value of financial assets and financial liabilities

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

The only material amounts of non interest-bearing assets relate to forward foreign exchange contracts, credit default swaps 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. 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 2013, the fund had outstanding open credit default swaps and forward foreign exchange contracts with a net value of -£3,390,633 (2012: £483,000).

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.

## Sensivity 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.

#### 14 CONTINGENT LIABILITIES AND COMMITMENTS

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

#### **15 PORTFOLIO TRANSACTION COSTS**

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

The total cost of purchases during the period was £155,743,355 (2012: £170,530,182) and proceeds received from sales were £173,933,279 (2012: £179,625,329).

# **Threadneedle Sterling Bond Fund**

#### **Investment Report** Investment Objective

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

2013, the published share price of the Threadneedle Sterling Bond Fund has risen from 52.47p to 52.51p.

Looking at performance within its peer group, the total return on the fund for the twelve months ending 28 February 2013, including net reinvested income, is 1.30% as compared to a median return of 1.37% over the same period. The fund return equates approximately to 3.01% gross of tax and charges\*\*. (For information the FTSE All Stocks Index gave a total return of 2.55% for the same period).

### Portfolio Activity

The fund delivered healthy returns over the period. Gilt yields touched historically low levels over the review period. The loss of the UK's AAA rating from Moody's did not have a significant impact with gilts subsequently performing relatively in line with other core markets. Gilts continue to be seen as one of the safe havens. We adopted a short duration

position towards the end of the review period as we have a medium term negative view of gilts based upon the UK's fiscal situation. Looking forward, gilts are priced for a sustained period of very weak growth and unchanged base rates, but they are vulnerable to policy slippage in terms of changes to the Bank of England's mandate or the achievement of debt sustainability. Gilt yields are historically very low, but a prolonged period of base rate close to zero and a very steep curve means that investors can still achieve reasonable returns. Yields on long term bonds are probably not sufficient given risks in monetary and fiscal policy and the competing returns available from intermediate term bonds.

# STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2012 to 7 March 2013

|                                                                                 | Notes | 2013<br>£000 | 2012<br>£000 |
|---------------------------------------------------------------------------------|-------|--------------|--------------|
| Income                                                                          |       |              |              |
| Net capital gains                                                               | 2     | 3,066        | 32,461       |
| Revenue                                                                         | 3     | 4,187        | 5,898        |
| Expenses                                                                        | 4     | (2,796)      | (2,894)      |
| Finance costs: Interest                                                         | 6     | (1)          | (1)          |
| Net revenue before taxation                                                     |       | 1,390        | 3,003        |
| Taxation                                                                        | 5     | -            | -            |
| Net revenue after taxation                                                      |       | 1,390        | 3,003        |
| Total return before distributions                                               |       | 4,456        | 35,464       |
| Finance costs: Distributions                                                    | 6     | (3,739)      | (5,436)      |
| Change in net assets attributable to<br>shareholders from investment activities |       | 717          | 30,028       |
| shareholders nom investment detivities                                          |       | /1/          | 30,020       |

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

for the accounting period 8 March 2012 to 7 March 2013

|                                                                                                                                          | 2013<br>£000          | 2012<br>£000               |
|------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----------------------------|
| <b>Opening net assets attributable to shareholders</b><br>Movement due to sales and repurchases<br>of shares:                            | 248,446               | 217,580                    |
| Amounts receivable on the issue of shares<br>Amounts payable on the cancellation of shares                                               | 36,282<br>(105,598)   | 81,393<br>(81,764)         |
| Dilution adjustment<br>Change in net assets attributable to<br>shareholders from investment activities                                   | (69,316)<br>32        | (371)<br>35                |
| (see statement of total return above)<br>Retained distribution on accumulation shares<br>Closing net assets attributable to shareholders | 717<br>762<br>180,641 | 30,028<br>1,174<br>248,446 |

\*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 269-282 for comparative tables.

# **BALANCE SHEET**

| 20 | at | 7 | 112  | rch  | 20 | 12  |
|----|----|---|------|------|----|-----|
| as | ar | / | IVIA | I CH | 20 | 1.5 |

| as at 7 March 2013                      |       |         |         |
|-----------------------------------------|-------|---------|---------|
|                                         |       | 2013    | 2012    |
| Assets                                  | Notes | £000    | £000    |
| Investment assets                       |       | 180,802 | 247,631 |
| Other assets                            |       |         |         |
| Debtors                                 | 7     | 3,253   | 1,191   |
| Cash and bank balances                  |       | 5,136   | 7,429   |
| Total other assets                      |       | 8,389   | 8,620   |
| Total assets                            |       | 189,191 | 256,251 |
| Liabilities                             |       |         |         |
| Derivative liabilities                  |       | (40)    | -       |
| Other liabilities                       |       |         |         |
| Creditors                               | 8     | (7,652) | (6,380) |
| Distribution payable on income share    | s     | (858)   | (1,425) |
| Total other liabilities                 |       | (8,510) | (7,805) |
| Total liabilities                       |       | (8,550) | (7,805) |
| Net assets attributable to shareholders |       | 180,641 | 248,446 |
|                                         |       |         |         |

#### DISTRIBUTION TABLE

for the accounting period 8 March 2012 to 7 March 2013

Interest distribution in pence per share

| CI | a | SS | 1 | S | h | aı | 6 |
|----|---|----|---|---|---|----|---|
|    |   |    |   |   |   |    |   |

| Net Income                                   |                  |                  |                |              |                                              |                                              |
|----------------------------------------------|------------------|------------------|----------------|--------------|----------------------------------------------|----------------------------------------------|
| Distribution<br>Period                       | Gross<br>Revenue | Income<br>Tax    | Net<br>Revenue | Equalisation | Distribution<br>Paid/Payable<br>2012/2013    | Distribution<br>Paid<br>2011/2012            |
| Group 1                                      |                  |                  |                |              |                                              |                                              |
| 08/03/12 to 07/09/12<br>08/09/12 to 07/03/13 | 0.4293           | 0.0859<br>0.0828 | 0.3434 0.3312  | -            | 0.3434                                       | 0.5181<br>0.3721                             |
| Group 2                                      |                  |                  |                |              |                                              |                                              |
| 08/03/12 to 07/09/12                         | 0.1845           | 0.0369           | 0.1476         | 0.1958       | 0.3434                                       | 0.5181                                       |
| 08/09/12 to 07/03/13                         | 0.3094           | 0.0619           | 0.2475         | 0.0837       | 0.3312                                       | 0.3721                                       |
| Total distributions in the                   | period           |                  |                |              | 0.6746                                       | 0.8902                                       |
| Class 1 Shares                               |                  |                  |                |              |                                              |                                              |
| Gross Accumulation                           |                  |                  |                |              |                                              |                                              |
| Distribution<br>Period                       | Gross<br>Revenue |                  |                | Equalisation | Gross<br>Revenue<br>Accumulated<br>2012/2013 | Gross<br>Revenue<br>Accumulated<br>2011/2012 |
| Group 1                                      |                  |                  |                |              | 2012/2013                                    | 2011/2012                                    |
| 08/03/12 to 07/09/12                         | 0.8423           |                  |                | -            | 0.8423                                       | 1.2418                                       |
| 08/09/12 to 07/03/13                         | 0.8141           |                  |                | -            | 0.8141                                       | 0.9006                                       |
| Group 2<br>08/03/12 to 07/09/12              | 0.3109           |                  |                | 0.5314       | 0.8423                                       | 1.2418                                       |
| 08/09/12 to 07/03/13                         | 0.4499           |                  |                | 0.3642       | 0.8141                                       | 0.9006                                       |
| Total distributions in the                   |                  |                  |                | 0.0042       | 1.6564                                       | 2.1424                                       |

# **Threadneedle Sterling Bond Fund**

# **DISTRIBUTION TABLE**

(continued)

# Class Z Shares

| Net Income*<br>Distribution<br>Period                                           | Gross<br>Revenue | Income<br>Tax | Net<br>Revenue | Equalisation | Distribution<br>Payable<br>2012/2013 |
|---------------------------------------------------------------------------------|------------------|---------------|----------------|--------------|--------------------------------------|
| Group 1<br>12/10/12 to 07/03/13                                                 | 0.8036           | 0.1607        | 0.6429         | -            | 0.6429                               |
| Group 2<br>12/10/12 to 07/03/13<br>Total distributions in the<br>Class Z Shares | 0.1429<br>period | 0.0286        | 0.1143         | 0.5286       | 0.6429<br><b>0.6429</b>              |
| Gross Accumulation**                                                            |                  |               |                |              | Gross                                |
| Distribution<br>Period                                                          | Gross<br>Revenue |               |                | Equalisation | Revenue                              |
| Group 1<br>12/10/12 to 07/03/13                                                 | 0.7977           |               |                | -            | 0.7977                               |
| Group 2<br>12/10/12 to 07/03/13<br>Total distributions in the                   | 0.6477<br>period |               |                | 0.1500       | 0.7977<br><b>0.7977</b>              |

Group 2: shares purchased during a distribution period \*Class Z – Net income shares commenced on 12 October 2012 \*\*Class Z – Gross accumulation shares commenced on 12 October 2012

2013

2012

# **Threadneedle Sterling Bond Fund**

# Notes to the financial statements

for the accounting period 8 March 2012 to 7 March 2013

### **1 ACCOUNTING POLICIES**

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 6 and 7.

# 2 NET CAPITAL GAINS

Net capital gains during the period comprise:

| 5 |                                               | 2013<br>£000 | 2012<br>£000 |
|---|-----------------------------------------------|--------------|--------------|
| 3 | REVENUE                                       |              |              |
|   | Net capital gains                             | 3,066        | 32,461       |
|   | Transaction costs                             | (5)          | (4)          |
|   | Other (losses)/gains                          | (26)         | 1            |
|   | Forward currency contracts                    | (122)        | 56           |
|   | Non-derivative securities                     | 3,219        | 32,408       |
|   |                                               | £000         | £000         |
|   |                                               | 2013         | 2012         |
|   | Net capital gains during the period comprise. |              |              |

|                                    | £000  | LUUU  |
|------------------------------------|-------|-------|
| Interest on debt securities        | 4,122 | 5,837 |
| Interest on short term investments | -     | 2     |
| Bank interest                      | 15    | 20    |
| Stocklending commission            | 50    | 38    |
| Miscellaneous revenue              | _     | 1     |
| Total revenue                      | 4,187 | 5,898 |
|                                    |       |       |

### **4 EXPENSES**

|                                                                                             | 2013<br>£000 | 2012<br>£000 |
|---------------------------------------------------------------------------------------------|--------------|--------------|
| Payable to the ACD or associates of the ACD, and the agents of either of them:              |              |              |
| Annual management charge                                                                    | (2,349)      | (2,433)      |
| Registration fees                                                                           | (411)        | (426)        |
|                                                                                             | (2,760)      | (2,859)      |
| Payable to the depositary or associate of the depositary, and the agents of either of them: |              |              |
| Depositary's fees                                                                           | (19)         | (19)         |
| Safe custody fees                                                                           | (2)          | (2)          |
|                                                                                             | (21)         | (21)         |
| Other expenses:                                                                             |              |              |
| Regulatory fee                                                                              | (7)          | (7)          |
| Audit fee                                                                                   | (8)          | (7)          |
|                                                                                             | (15)         | (14)         |
| *Total expenses                                                                             | (2,796)      | (2,894)      |

\*Including irrecoverable VAT where applicable.

# **5 TAXATION**

|                                                                                                   | £000  | £000  |
|---------------------------------------------------------------------------------------------------|-------|-------|
| a) Analysis of charge in period<br>Total current tax (note 5b)                                    | -     | _     |
| Total tax charge for the period                                                                   | _     | _     |
| b) Factors affecting taxation charge for period                                                   |       |       |
| Net revenue before taxation                                                                       | 1,390 | 3,003 |
| Net revenue before taxation multiplied by the standard rate of corporation tax of 20% Effects of: | (278) | (601) |
| Excess expenses                                                                                   | (470) | (486) |
| Distributions treated as tax deductible                                                           | 748   | 1,087 |
| Current tax charge for period (note 5a)                                                           | -     | -     |

The fund has not recognised a deferred tax asset of £7,092,761 (2012: £6,622,946) arising as a result of having unutilised management expenses.

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

# 6 FINANCE COSTS

#### **Distributions and Interest**

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

|                                                 | 2013<br>£000 | 2012<br>£000 |
|-------------------------------------------------|--------------|--------------|
| Interim                                         | 2,049        | 3,171        |
| Final                                           | 1,427        | 2,200        |
|                                                 | 3,476        | 5,371        |
| Add: Revenue deducted on cancellation of shares | 408          | 489          |
| Deduct: Revenue received on creation of shares  | (145)        | (424)        |
| Net distribution for the period                 | 3,739        | 5,436        |
| Interest                                        | 1            | 1            |
| Total finance costs                             | 3,740        | 5,437        |
| Net revenue after taxation                      | 1,390        | 3,003        |
| Annual management charge to capital             | 2,349        | 2,433        |
| Net distribution for the period                 | 3,739        | 5,436        |
|                                                 |              |              |

Details of the distribution per share are set out in the table on pages 59 and 60.

2013

2012

# **7 DEBTORS**

|                                            | £000  | £000  |
|--------------------------------------------|-------|-------|
| Amounts receivable for the issue of shares | 147   | 178   |
| Sales awaiting settlement                  | 2,459 | -     |
| Accrued revenue                            | 647   | 1,013 |
| Total debtors                              | 3,253 | 1,191 |

# **Threadneedle Sterling Bond Fund**

## Notes to the financial statements

(continued)

# 8 CREDITORS

|                                                | 2013    | 2012    |
|------------------------------------------------|---------|---------|
|                                                | £000    | £000    |
| Amounts payable for the cancellation of shares | (573)   | (1,645) |
| Purchases awaiting settlement                  | (6,671) | (4,142) |
| Accrued expenses                               | (11)    | (7)     |
| Amounts payable to ACD                         | (163)   | (236)   |
| Income tax payable                             | (234)   | (350)   |
| Total creditors                                | (7,652) | (6,380) |
|                                                |         |         |

2012

2012

## 9 RELATED PARTY TRANSACTIONS

The related parties are set out in detail in Note 8 of the aggregated financial statements on page 7.

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    | 0.175% |
| 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 273. The distribution per share class is given in the distribution table on pages 59 and 60. 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 £71,000 (2012: £53,000) of which £7,000 (2012: £5,000) was outstanding at year end. They have paid fees of £10,000 (2012: £7,000) of which £1,000 (2012: £1,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £11,000 (2012: £8,000) of which £1,000 (2012: £1,000) was outstanding at year end to J.P. Morgan as the security lending agent to process these arrangements and hold the collateral. The value of stock on loan at the end of the accounting period was £77.26m (2012: £126.05m), whilst the value of collateral held for these arrangements was £79.37m (2012: £130.75m). The collateral was held as either securities transferred in CREST by a DBV (Delivery by Value) or Gilt DBV, or in the form of overseas government bonds, supranational bonds or certificates of deposit.

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

#### Analysis of Collateral Held

|       |            | 2013       |            |            |
|-------|------------|------------|------------|------------|
|       | Value £000 | % of Total | Value £000 | % of Total |
| Bonds | 79,369     | 100        | 130,750    | 100        |
|       | 79,369     | 100        | 130,750    | 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

| Currency 2013     | Monetary<br>exposures<br>£000 | Non-<br>monetary<br>exposures<br>£000 | Total<br>£000 |
|-------------------|-------------------------------|---------------------------------------|---------------|
| Australian Dollar | 5                             | -                                     | 5             |
| Euro              | -                             | (23)                                  | (23)          |
| US Dollar         | 45                            | 1,783                                 | 1,828         |
| Currency 2012     | £000                          | £000                                  | £000          |
| Australian Dollar | 5                             | -                                     | 5             |
| Euro              | 39                            | -                                     | 39            |

**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 2013 was:

| F<br>Currency 2013 | loating rate<br>financial<br>assets<br>£000 | Fixed rate<br>financial<br>assets<br>£000 | Financial<br>assets not<br>carrying<br>interest<br>£000 | Total<br>£000 |
|--------------------|---------------------------------------------|-------------------------------------------|---------------------------------------------------------|---------------|
| Australian Dollar  | 5                                           | -                                         | -                                                       | 5             |
| UK Sterling        | 5,103                                       | 179,002                                   | 3,236                                                   | 187,341       |
| US Dollar          | 28                                          | 1,800                                     | 17                                                      | 1,845         |
| Currency 2012      | £000                                        | £000                                      | £000                                                    | £000          |
| Australian Dollar  | 5                                           | -                                         | -                                                       | 5             |
| Euro               | 39                                          | -                                         | -                                                       | 39            |
| UK Sterling        | 7,384                                       | 247,631                                   | 1,191                                                   | 256,206       |

| Currency 2013 | Floating rate<br>financial<br>liabilities<br>£000 | Fixed rate<br>financial<br>liabilities<br>£000 | Financial<br>liabilities<br>not carrying<br>interest<br>£000 | Total<br>£000 |
|---------------|---------------------------------------------------|------------------------------------------------|--------------------------------------------------------------|---------------|
| Euro          | (23)                                              | -                                              | -                                                            | (23)          |
| UK Sterling   | -                                                 | -                                              | (8,510)                                                      | (8,510)       |
| US Dollar     | -                                                 | (17)                                           | -                                                            | (17)          |
| Currency 2012 | £000                                              | £000                                           | £000                                                         | £000          |
| UK Sterling   | -                                                 | -                                              | (7,804)                                                      | (7,804)       |

| Fixed rate financial assets Fixed rate financial assets |                                          |                                      |       |       |
|---------------------------------------------------------|------------------------------------------|--------------------------------------|-------|-------|
|                                                         | Weighted average Weighted average period |                                      |       |       |
|                                                         |                                          | interest rate for which rate is fixe |       |       |
|                                                         | 2013                                     | 2012                                 | 2013  | 2012  |
| Currency                                                | %                                        | %                                    | years | years |
| UK Sterling                                             | 3                                        | 3                                    | 13.38 | 13.88 |
| 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.

The only material amounts of non interest-bearing assets relate to forward foreign exchange contracts. Derivatives including forwards are used in this portfolio to take active positions in FX markets. 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 2013, the fund had outstanding open forward foreign exchange contracts of -£30,000 (2012: 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 (2012: Nil).

#### **14 PORTFOLIO TRANSACTION COSTS**

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

The total cost of purchases during the period was  $\pm$ 779,328,400 (2012:  $\pm$ 790,453,014) and proceeds received from sales were  $\pm$ 845,964,375 (2012:  $\pm$ 782,962,296).

# **Threadneedle Sterling Fund**

#### Investment Report **Investment Objective**

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:

- (i) 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;
- (ii) 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
- (iii) 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 2013, the published share price of the Threadneedle Sterling Fund has fallen from 99.99p to 99.88p.

The total return on the fund for the twelve months ending 28 February 2013, including net reinvested income, is +0.22%. (Source: Threadneedle, bid-bid, net income reinvested.)

#### **Portfolio Activity**

UK interest rates once again remained unchanged at 0.5% throughout the whole period. The last 12 months has been a continuing story of faltering growth and economic uncertainty brought on by the eurozone banking and debt crisis. At the start of September the ECB finally announced details of the latest bond purchasing initiative (Outright Monetary Transactions). The initial reaction was positive with Spanish & Italian government bond yields falling. The US economic recovery continued despite concern over the 'fiscal cliff'. Fortunately an interim agreement was announced before markets opened in 2013. The start of 2013 continued with a similar theme. In Italy there was an inconclusive outcome to elections as the public seemed to vote against austerity and the UK finally lost its AAA credit rating. In the UK with very little signs of economic growth a further round of QE is looking likely sooner rather than later. Over the period we have seen the 3 month LIBOR rate fall from 1.04% to 0.51%. There have also been comments recently about whether negative rates would be appropriate in such benign circumstances. As a result the short term interest rate curve remains flat out to at least 6 months. The yield on the fund has therefore fallen accordingly. At the end of the period the weighted average maturity of the fund was approximately 51 days and the weighted average yield around 0.44%. The holdings were split 44% Bank Certificates of Deposit, 21% short dated Bank deposits and 35% in Euro Commercial Paper issued by Banks or Supranationals (i.e. Government backed issuers). The fund remains well diversified and liquid and invested in a mixture of well rated banks and sovereign backed institutions. The financial strength of these banks and financial institutions is taken into account 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 2012 to 7 March 2013

|                                                                              | Notes | 2013<br>£000 | 2012<br>£000 |
|------------------------------------------------------------------------------|-------|--------------|--------------|
| Income                                                                       |       |              |              |
| Net capital losses                                                           | 2     | (36)         | (4)          |
| Revenue                                                                      | 3     | 1,264        | 1,262        |
| Expenses                                                                     | 4     | (626)        | (513)        |
| Finance costs: Interest                                                      | 6     | -            | (1)          |
| Net revenue before taxation                                                  |       | 638          | 748          |
| Taxation                                                                     | 5     | _            | -            |
| Net revenue after taxation                                                   |       | 638          | 748          |
| Total return before distributions                                            |       | 602          | 744          |
| Finance costs: Distributions                                                 | 6     | (638)        | (748)        |
| Change in net assets attributable to shareholders from investment activities |       | (36)         | (4)          |

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

for the accounting period 8 March 2012 to 7 March 2013

|                                                                                                               | 2013<br>£000 | 2012<br>£000 |
|---------------------------------------------------------------------------------------------------------------|--------------|--------------|
| <b>Opening net assets attributable to shareholders</b><br>Movement due to sales and repurchases<br>of shares: | 246,260      | 49,872       |
| Amounts receivable on the issue of shares                                                                     | 65,775       | 221,360      |
| Amounts payable on the cancellation of shares                                                                 | (88,371)     | (24,968)     |
|                                                                                                               | (22,596)     | 196,392      |
| Change in net assets attributable to<br>shareholders from investment activities                               |              |              |
| (see statement of total return above)                                                                         | (36)         | (4)          |
| Closing net assets attributable to shareholders                                                               | 223,628      | 246,260      |

# **BALANCE SHEET**

as at 7 March 2013

|                                         | Notes | 2013<br>£000 | 2012<br>£000 |
|-----------------------------------------|-------|--------------|--------------|
| Assets                                  |       |              |              |
| Investment assets                       |       | 175,616      | 177,367      |
| Other assets                            |       |              |              |
| Debtors                                 | 7     | 215          | 11,156       |
| Cash and bank balances                  |       | 48,069       | 70,307       |
| Total other assets                      |       | 48,284       | 81,463       |
| Total assets                            |       | 223,900      | 258,830      |
| Liabilities<br>Other liabilities        |       |              |              |
| Creditors                               | 8     | (97)         | (12,153)     |
| Distribution payable on income shares   | 6     | (175)        | (417)        |
| Total other liabilities                 |       | (272)        | (12,570)     |
| Total liabilities                       |       | (272)        | (12,570)     |
| Net assets attributable to shareholders |       | 223,628      | 246,260      |
|                                         |       |              |              |

#### **DISTRIBUTION TABLE**

for the accounting period 8 March 2012 to 7 March 2013

Interest distribution in pence per share

Class 1 Shares

| Net Income                 |                    |               |                |              |                                           |                                   |
|----------------------------|--------------------|---------------|----------------|--------------|-------------------------------------------|-----------------------------------|
| Distribution<br>Period     | Gross<br>Revenue   | Income<br>Tax | Net<br>Revenue | Equalisation | Distribution<br>Paid/Payable<br>2012/2013 | Distribution<br>Paid<br>2011/2012 |
| Group 1                    |                    |               |                |              |                                           |                                   |
| 08/03/12 to 07/09/12       | 0.1784             | 0.0357        | 0.1427         | -            | 0.1427                                    | 0.1471                            |
| 08/09/12 to 07/03/13       | 0.0975             | 0.0195        | 0.0780         | -            | 0.0780                                    | 0.1691                            |
| Group 2                    |                    |               |                |              |                                           |                                   |
| 08/03/12 to 07/09/12       | 0.1214             | 0.0243        | 0.0971         | 0.0456       | 0.1427                                    | 0.1471                            |
| 08/09/12 to 07/03/13       | 0.0660             | 0.0132        | 0.0528         | 0.0252       | 0.0780                                    | 0.1691                            |
| Total distributions in the | period             |               |                |              | 0.2207                                    | 0.3162                            |
| 0                          | ere and all starts | and dealers   | 1              | 2 . d        |                                           |                                   |

Group 2: shares purchased during a distribution period

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

Please refer to pages 269-282 for comparative tables.

# **Threadneedle Sterling Fund**

#### Notes to the financial statements

for the accounting period 8 March 2012 to 7 March 2013

#### **1 ACCOUNTING POLICIES**

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 6 and 7.

#### 2 NET CAPITAL LOSSES

Net capital losses during the period comprise:

|                           | 2013<br>£000 | 2012<br>£000 |
|---------------------------|--------------|--------------|
| Non-derivative securities | (35)         | (3)          |
| Transaction costs         | (1)          | (1)          |
| Net capital losses        | (36)         | (4)          |

# **3 REVENUE**

|                                    | £000  | £000  |
|------------------------------------|-------|-------|
| Interest on debt securities        | 1,004 | 922   |
| Interest on short term investments | 259   | 337   |
| Bank interest                      | 1     | 3     |
| Total revenue                      | 1,264 | 1,262 |
|                                    |       |       |

2013

2013

2013

2012

2012

2012

# 4 EXPENSES

|                                                                                             | 2013  | 2012  |
|---------------------------------------------------------------------------------------------|-------|-------|
|                                                                                             | £000  | £000  |
| Payable to the ACD or associates of the ACD,<br>and the agents of either of them:           |       |       |
| Annual management charge                                                                    | (343) | (279) |
| Registration fees                                                                           | (252) | (205) |
|                                                                                             | (595) | (484) |
| Payable to the depositary or associate of the depositary, and the agents of either of them: |       |       |
| Depositary's fees                                                                           | (19)  | (17)  |
| Safe custody fees                                                                           | (5)   | (4)   |
|                                                                                             | (24)  | (21)  |
| Other expenses:                                                                             |       |       |
| Regulatory fee                                                                              | -     | (1)   |
| Audit fee                                                                                   | (7)   | (7)   |
|                                                                                             | (7)   | (8)   |
| *Total expenses                                                                             | (626) | (513) |
| *Including irrecoverable VAT where applicable.                                              |       |       |
|                                                                                             |       |       |

### **5 TAXATION**

|                                                                                                   | £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                                                                       | 638   | 748   |
| Net revenue before taxation multiplied by the standard rate of corporation tax of 20% Effects of: | (128) | (150) |
| Distributions treated as tax deductible                                                           | 128   | 150   |
| Current tax charge for period (note 5a)                                                           | -     | -     |

The fund has not recognised a deferred tax asset of £25 (2012: £2) arising as a result of having unutilised management expenses.

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

# **6 FINANCE COSTS**

# **Distributions and Interest**

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

|                                                     | 2013 | 2012  |
|-----------------------------------------------------|------|-------|
|                                                     | £000 | £000  |
| Interim                                             | 404  | 327   |
| Final                                               | 217  | 507   |
|                                                     | 621  | 834   |
| Add: Revenue deducted on cancellation of shares     | 43   | 39    |
| Deduct: Revenue received on creation of shares $\_$ | (26) | (125) |
| Net distribution for the period                     | 638  | 748   |
| Interest                                            | -    | 1     |
| Total finance costs                                 | 638  | 749   |

Details of the distribution per share are set out in the table on page 64.

#### **7 DEBTORS**

|                           | 2013 | 2012   |
|---------------------------|------|--------|
|                           | £000 | £000   |
| Sales awaiting settlement | -    | 11,000 |
| Accrued revenue           | 215  | 156    |
| Total debtors             | 215  | 11,156 |

### 8 CREDITORS

|                               | 2013<br>£000 | 2012<br>£000 |
|-------------------------------|--------------|--------------|
| Purchases awaiting settlement | -            | (12,000)     |
| Accrued expenses              | (10)         | (6)          |
| Amounts payable to ACD        | (45)         | (50)         |
| Income tax payable            | (42)         | (97)         |
| Total creditors               | (97)         | (12,153)     |

# **9 RELATED PARTY TRANSACTIONS**

The related parties are set out in detail in Note 8 of the aggregated financial statements on page 7.

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**

The 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        |       |

0.110% Class 1 shares

The net asset value, the net asset value per share, and the number of shares are given in the comparative table on page 274. The distribution is given in the distribution table on page 64.

# **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 2013 was:

| Currency 2013<br>UK Sterling | Floating rate<br>financial<br>assets<br>£000<br>158 | Fixed rate<br>financial<br>assets<br>£000<br>223,527 | Financial<br>assets not<br>carrying<br>interest<br>£000<br>215 | <b>Total</b><br><b>£000</b><br>223,900 |
|------------------------------|-----------------------------------------------------|------------------------------------------------------|----------------------------------------------------------------|----------------------------------------|
| Currency 2012                | £000                                                | £000                                                 | £000                                                           | £000                                   |
| UK Sterling                  | 460                                                 | 247,214                                              | 11,156                                                         | 258,830                                |
| 0 0040                       | Floating rate<br>financial<br>liabilities           | Fixed rate<br>financial<br>liabilities               | Financial<br>liabilities<br>not carrying<br>interest           | Total                                  |

| UK Sterling   | £000 | £000 | <b>£000</b> | <b>£000</b> |
|---------------|------|------|-------------|-------------|
|               | _    | -    | (272)       | (272)       |
| Currency 2012 | £000 | £000 | <b>£000</b> | <b>£000</b> |
| UK Sterling   |      | _    | (12,570)    | (12,570)    |
|               |      |      |             |             |

#### Fixed rate financial assets Fixed rate financial assets Weighted average Weighted average period interest rate for which rate is fixed % % years years

Currency%%yearsyUK Sterling-10.14

The fixed rate financial assets includes deposits which have a weighted average interest rate of 0.42% (2012: 0.57%). 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 (2012: Nil).

#### **13 PORTFOLIO TRANSACTION COSTS**

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

The total cost of purchases during the period was £750,794,619 (2012: £873,397,794) and proceeds received from sales were £752,510,720 (2012: £727,514,030).

0.12

# Investment Report

**Investment Objective** 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 2013, the published share price of the Threadneedle European Fund has risen from 124.17p to 158.27p.

Looking at the sterling performance within its peer group, the total return on the fund for the twelve months ending 28 February 2013, including net reinvested income, is 20.29% as compared to a median return of 18.07% over the same period. (For

#### information the FTSE World Europe ex UK (GBP) Index returned 18.60% over the same period).

### Portfolio Activity

European stocks ended higher over the year. The portfolio increased weightings in bank stocks after a prolonged period of underweighting, to take advantage of the rally caused by improving bond markets and ECB rhetoric. Later in the period we took profits in some of these holdings and are again underweight in the sector. We continue to underweight telecoms and utilities and this has been successful as the sectors have underperformed. Major transactions included the purchase of UBS, the Swiss bank which is cutting back its investment banking operations and concentrating more on the higher quality and capital-light wealth management division. We bought the cable operator Ziggo in Holland, where the market dynamics favour Ziggo and penalise the larger established operators such as KPN, as Ziggo has strong cost and technology advantages. We sold Munich Re and Air Liquide and also Daimler, as we believe it is less well positioned than the other German car manufacturers. The OMT programme has given some useful breathing space to support peripheral sovereign bonds - even though no country has used it and it may not be a viable option for Italy, given the unpopularity of austerity and the concomitant election result. No full long-term solution is evident from either European leaders or the ECB, but encouraging rhetoric has helped, as has more positive sentiment regarding the economies in the US and China. Europe itself should see an economic recovery in the second half of 2013, and profits should show some recovery then too, albeit we forecast a negative outcome for both over the full year. Valuations are less attractive than they were, but there is still room for further re-rating, income returns are difficult to match in other asset classes, and the market may be encouraged by an earnings upturn. We continue to find good longterm opportunities in selected equities, particularly those with robust earnings prospects and pricing power.

# STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2012 to 7 March 2013

|                                         | Notes | 2013<br>£000 | 2012<br>£000 |
|-----------------------------------------|-------|--------------|--------------|
| Income                                  |       |              |              |
| Net capital gains/(losses)              | 2     | 100,336      | (89,273)     |
| Revenue                                 | 3     | 14,781       | 20,964       |
| Expenses                                | 4     | (6,364)      | (8,431)      |
| Finance costs: Interest                 | 6     | (11)         | (44)         |
| Net revenue before taxation             |       | 8,406        | 12,489       |
| Taxation                                | 5     | (1,687)      | (2,529)      |
| Net revenue after taxation              |       | 6,719        | 9,960        |
| Total return before distributions       |       | 107,055      | (79,313)     |
| Finance costs: Distributions            | 6     | (6,721)      | (9,960)      |
| Change in net assets attributable to    |       |              |              |
| shareholders from investment activities |       | 100,334      | (89,273)     |
|                                         |       |              |              |

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

for the accounting period 8 March 2012 to 7 March 2013

|                                                  | 2013<br>£000 | 2012<br>£000 |
|--------------------------------------------------|--------------|--------------|
| Opening net assets attributable to shareholders  | 539,605      | 752,826      |
| Movement due to sales and repurchases of shares: |              |              |
| Amounts receivable on the issue of shares        | 89,371       | 94,660       |
| Amounts payable on the cancellation of shares    | (126,052)    | (228,745)    |
| Amounts payable on inspecie transfer             | (85,480)     | -            |
|                                                  | (122,161)    | (134,085)    |
| Dilution adjustment                              | 45           | 178          |
| Stamp duty reserve tax                           | -            | (1)          |
| Change in net assets attributable to             |              |              |
| shareholders from investment activities          |              |              |
| (see statement of total return above)            | 100,334      | (89,273)     |
| Retained distribution on accumulation shares     | 6,721        | 9,960        |
| Closing net assets attributable to shareholders  | 524,544      | 539,605      |
|                                                  |              |              |

# **BALANCE SHEET**

as at 7 March 2013

| as at 7 iviarch 2013                    |       |              |              |
|-----------------------------------------|-------|--------------|--------------|
| Assets                                  | Notes | 2013<br>£000 | 2012<br>£000 |
| Investment assets                       |       | 520,870      | 536,726      |
| Other assets                            |       |              |              |
| Debtors                                 | 7     | 5,591        | 4,770        |
| Cash and bank balances                  |       | 8,208        | 1,577        |
| Total other assets                      |       | 13,799       | 6,347        |
| Total assets                            |       | 534,669      | 543,073      |
| Liabilities<br>Other liabilities        |       |              |              |
| Creditors                               | 8     | (7,888)      | (3,468)      |
| Bank overdrafts                         | 0     | (2,237)      | (0,400)      |
| Ballk Overtraits                        |       | (2,237)      |              |
| Total other liabilities                 |       | (10,125)     | (3,468)      |
| Total liabilities                       |       | (10,125)     | (3,468)      |
| Net assets attributable to shareholders |       | 524,544      | 539,605      |
|                                         |       |              |              |

### **DISTRIBUTION TABLE**

for the accounting period 8 March 2012 to 7 March 2013

Dividend distribution in pence per share

| Class 1 Shares<br>Net Accumulation                                  |                    |               |                |                                         |                                         |
|---------------------------------------------------------------------|--------------------|---------------|----------------|-----------------------------------------|-----------------------------------------|
| Distribution<br>Period                                              | Gross<br>Revenue   | Tax<br>Credit | Net<br>Revenue |                                         | Net Revenue<br>Accumulated<br>2011/2012 |
| 08/03/12 to 07/03/13<br>Total distributions in th                   | 1.3441<br>e period | 0.1344        | 1.2097         | 1.2097<br>1.2097                        | 1.8344<br><b>1.8344</b>                 |
| Class 2 Shares<br>Net Accumulation                                  |                    |               |                |                                         |                                         |
| Distribution<br>Period                                              | Gross<br>Revenue   | Tax<br>Credit | Net<br>Revenue | Net Revenue<br>Accumulated<br>2012/2013 | Net Revenue<br>Accumulated<br>2011/2012 |
| 08/03/12 to 07/03/13<br>Total distributions in th<br>Class Z Shares | 3.4619<br>e period | 0.3462        | 3.1157         | 3.1157<br><b>3.1157</b>                 | 2.8651<br>2.8651                        |

#### Net Accumulation\*

There is no distribution for the period 28 September 2012 to 7 March 2013, as expenses exceed revenue.

\*Class Z – Net accumulation shares commenced on 28 September 2012

\*In pound Sterling and against UK peer group Please refer to pages 269-282 for comparative tables.

## Notes to the financial statements

for the accounting period 8 March 2012 to 7 March 2013

# **1 ACCOUNTING POLICIES**

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 6 and 7.

# 2 NET CAPITAL GAINS/(LOSSES)

Net capital gains/(losses) during the period comprise: 2012

|   | Net capital gains/(losses/ during the period comp | 1136.        |              |
|---|---------------------------------------------------|--------------|--------------|
|   |                                                   | 2013<br>£000 | 2012<br>£000 |
|   | Non-derivative securities                         | 100,654      | (88,706)     |
|   | Other losses                                      | (305)        | (550)        |
|   | Transaction costs                                 | (13)         | (17)         |
|   | Net capital gains/(losses)                        | 100,336      | (89,273)     |
| 3 | REVENUE                                           |              |              |
|   |                                                   | 2013         | 2012         |
|   |                                                   | £000         | £000         |
|   | Overseas dividends                                | 14,320       | 19,960       |
|   | Interest on short term investments                | 1            | 7            |
|   | Bank interest                                     | 49           | 68           |
|   | Stocklending commission                           | 411          | 929          |
|   | Total revenue                                     | 14,781       | 20,964       |
|   |                                                   |              |              |

### **4 EXPENSES**

|                                                                                             | £000    | £000    |
|---------------------------------------------------------------------------------------------|---------|---------|
| Payable to the ACD or associates of the ACD,<br>and the agents of either of them:           |         |         |
| Annual management charge                                                                    | (5,817) | (7,722) |
| Registration fees                                                                           | (471)   | (609)   |
|                                                                                             | (6,288) | (8,331) |
| Payable to the depositary or associate of the depositary, and the agents of either of them: |         |         |
| Depositary's fees                                                                           | (22)    | (24)    |
| Safe custody fees                                                                           | (40)    | (55)    |
|                                                                                             | (62)    | (79)    |
| Other expenses:                                                                             |         |         |
| Regulatory fee                                                                              | (7)     | (15)    |
| Audit fee                                                                                   | (7)     | (6)     |
|                                                                                             | (14)    | (21)    |
| *Total expenses                                                                             | (6,364) | (8,431) |
|                                                                                             |         |         |

2013

2012

\*Including irrecoverable VAT where applicable.

# **5 TAXATION**

|                                                                                                   | £000    | £000    |
|---------------------------------------------------------------------------------------------------|---------|---------|
| a) Analysis of charge in period                                                                   |         |         |
| Overseas taxes                                                                                    | (1,687) | (2,529) |
| Total current tax (note 5b)                                                                       | (1,687) | (2,529) |
| Total tax charge for period                                                                       | (1,687) | (2,529) |
| b) Factors affecting taxation charge for period                                                   |         |         |
| Net revenue before taxation                                                                       | 8,406   | 12,489  |
| Net revenue before taxation multiplied by the standard rate of corporation tax of 20% Effects of: | (1,681) | (2,498) |
| Revenue not subject to taxation                                                                   | 2,064   | 3,016   |
| Overseas taxes                                                                                    | (1,687) | (2,529) |
| Overseas taxes expensed                                                                           | 119     | 147     |
| Excess expenses                                                                                   | (502)   | (665)   |
| Current tax charge for period (note 5a)                                                           | (1,687) | (2,529) |

2013

2013

2012

2012

The fund has not recognised a deferred tax asset of £2,299,569 (2012: £1,797,876) 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** 

| Final                                      | <b>2013</b><br><b>£000</b><br>6,721 | <b>2012</b><br><b>£000</b><br>9,960 |
|--------------------------------------------|-------------------------------------|-------------------------------------|
| Net distribution for the period            | 6,721                               | 9,960                               |
| Interest                                   | 11                                  | 44                                  |
| Total finance costs                        | 6,732                               | 10,004                              |
| Net revenue after taxation                 | 6,719                               | 9,960                               |
| Shortfall transfer from capital to revenue | 2                                   | _                                   |
| Net distribution for the period            | 6,721                               | 9,960                               |

Details of the distribution per share and any share class with a shortfall are set out in the table on page 67.

# 7 DEBTORS

|   |                                                | £000    | £000    |
|---|------------------------------------------------|---------|---------|
|   | Amounts receivable for the issue of shares     | 2,465   | 16      |
|   | Sales awaiting settlement                      | 2,337   | 3,372   |
|   | Accrued revenue                                | 38      | 240     |
|   | Foreign withholding tax recoverable            | 751     | 1,142   |
|   | Total debtors                                  | 5,591   | 4,770   |
| 8 | CREDITORS                                      |         |         |
|   |                                                | 2013    | 2012    |
|   |                                                | £000    | £000    |
|   | Amounts payable for the cancellation of shares | (2,728) | (2,871) |
|   | Purchases awaiting settlement                  | (4,613) | -       |
|   | Accrued expenses                               | (18)    | (17)    |
|   | Amounts payable to ACD                         | (529)   | (580)   |
|   | Total creditors                                | (7,888) | (3,468) |

## 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 7.

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 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    | 0.175% |
| 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 274. The distribution per share class is given in the distribution table on page 67. 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 £579,000 (2012: £1,308,000) of which £54,000 (2012: £34,000) was outstanding at year end. They have paid fees of £81,000 (2012: £183,000) of which £8,000 (2012: £5,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £87,000 (2012: £196,000) of which £8,000 (2012: £5,000) 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 £17.32m (2012: £9.81m), whilst the value of collateral held for these arrangements was £18.99m (2012: £10.50m). The collateral was held as either securities transferred in CREST by a DBV (Delivery by Value) or Gilt DBV, or in the form of overseas government bonds, supranational bonds or certificates of deposit.

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

### Analysis of Collateral Held

|       |            | 2013       |            |            |
|-------|------------|------------|------------|------------|
|       | Value £000 | % of Total | Value £000 | % of Total |
| Bonds | 18,989     | 100        | 10,496     | 100        |
|       | 18,989     | 100        | 10,496     | 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

| wer foreign currency assers |                               |                                       |               |
|-----------------------------|-------------------------------|---------------------------------------|---------------|
| Currency 2013               | Monetary<br>exposures<br>£000 | Non-<br>monetary<br>exposures<br>£000 | Total<br>£000 |
| 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        |
| Currency 2012               | £000                          | £000                                  | £000          |
| Canadian Dollar             | 1                             | -                                     | 1             |
| Danish Krone                | 9                             | 20,442                                | 20,451        |
| Euro                        | 3,910                         | 355,280                               | 359,190       |
| Norwegian Krone             | 450                           | 22,587                                | 23,037        |
| Swedish Krona               | -                             | 45,258                                | 45,258        |
| Swiss Franc                 | 606                           | 93,159                                | 93,765        |

**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 2013 was:

| Currency 2013   | Floating rate<br>financial<br>assets<br>£000 | Fixed rate<br>financial<br>assets<br>£000 | Financial<br>assets not<br>carrying<br>interest<br>£000 | Total<br>£000 |
|-----------------|----------------------------------------------|-------------------------------------------|---------------------------------------------------------|---------------|
| Canadian Dollar | 1                                            | -                                         | -                                                       | 1             |
| Danish Krone    | -                                            | -                                         | 18,403                                                  | 18,403        |
| Euro            | 4,197                                        | -                                         | 352,962                                                 | 357,159       |
| Norwegian Kron  | ie –                                         | -                                         | 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         |
| Currency 2012   | £000                                         | £000                                      | £000                                                    | £000          |
| Canadian Dollar | 1                                            | -                                         | -                                                       | 1             |
| Danish Krone    | -                                            | -                                         | 20,451                                                  | 20,451        |
| Euro            | 246                                          | -                                         | 358,944                                                 | 359,190       |
| Norwegian Kron  | ie –                                         | -                                         | 23,037                                                  | 23,037        |
| Swedish Krona   | -                                            | -                                         | 45,258                                                  | 45,258        |
| Swiss Franc     | -                                            | -                                         | 93,765                                                  | 93,765        |
| UK Sterling     | 1,330                                        | -                                         | 41                                                      | 1,371         |
|                 |                                              |                                           |                                                         |               |

# Notes to the financial statements

(continued)

| Currency 2013 | Floating rate<br>financial<br>liabilities<br>£000 | Fixed rate<br>financial<br>liabilities<br>£000 | Financial<br>liabilities<br>not carrying<br>interest<br>£000 | Total<br>£000 |
|---------------|---------------------------------------------------|------------------------------------------------|--------------------------------------------------------------|---------------|
| Danish Krone  | (2,237)                                           | -                                              | -                                                            | (2,237)       |
| Euro          | -                                                 | -                                              | (2,495)                                                      | (2,495)       |
| Swedish Krona | -                                                 | -                                              | (2,118)                                                      | (2,118)       |
| UK Sterling   | -                                                 | -                                              | (3,275)                                                      | (3,275)       |
| Currency 2012 | £000                                              | £000                                           | £000                                                         | £000          |
| UK Sterling   | -                                                 | -                                              | (3,468)                                                      | (3,468)       |

# Fair value of financial assets and financial liabilities

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

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

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

# **13 CONTINGENT LIABILITIES AND COMMITMENTS**

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

# **14 PORTFOLIO TRANSACTION COSTS**

| 4 FORTFOLIO TRANSACTION COSTS                |         |         |
|----------------------------------------------|---------|---------|
|                                              | 2013    | 2012    |
|                                              | £000    | £000    |
| Analysis of total purchase costs             |         |         |
| Purchases in period before transaction costs | 231,839 | 396,253 |
| Commissions                                  | 247     | 457     |
| Taxes                                        | 11      | 50      |
| Fees                                         | 30      | -       |
| Total purchase costs                         | 288     | 507     |
| Gross purchases total                        | 232,127 | 396,760 |
| Analysis of total sale costs                 |         |         |
| Gross sales before transaction costs         | 348,913 | 518,689 |
| Commissions                                  | (276)   | (584)   |
| Total sale costs                             | (276)   | (584)   |
| Total sales net of transaction costs         | 348,637 | 518,105 |
|                                              |         |         |

# **Threadneedle European Select Fund**

# **Investment Report**

**Investment Objective** 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).

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

Over the twelve months to 7 March 2013, the published share price of the Threadneedle European Select Fund has risen from 147.74p to 193.66p.

Looking at the sterling performance within its peer group, the total return on the fund for

the twelve months ending 28 February 2013, including net reinvested income, is 23.85% as compared to a median return of 18.07% over the same period. (For information the FTSE World Europe ex UK (GBP) Index returned 18.60% over the same period).

#### Portfolio Activity

European stocks ended higher over the year. The fund focuses on high-quality business models with sufficient pricing power to sustain good returns. For this reason we continue to underweight telecoms and utilities and this has been successful as these sectors have underperformed. It has also caused us to overweight areas such as consumer goods and chemicals, to good effect. Major transactions included the purchase of Syngenta, the agrochemicals and seeds business which has a strong market position and operates in an industry which demonstrates limited cyclical traits and has useful exposure to emerging markets. We bought Unilever, which has a good brand profile, an increasing exposure to the higher value home and consumer products sector and offers an attractive emerging markets profile with limited exposure to the eurozone problems. We bought Bayer, which is attractively valued and has a good drugs pipeline with little exposure to the risk of regulatory decisions - and the company has useful divisions covering areas such as seeds/agrochemicals and animal healthcare. We reduced Schneider, the French electricals business which is exposed to a eurozone downturn, while Chinese business is exposed to a construction slowdown. The OMT programme has given some useful breathing space to support peripheral sovereign bonds. No full long-term solution is evident from either European leaders or the ECB, but encouraging rhetoric has helped, as has more positive sentiment regarding the economies in the US and China. Valuations are less attractive than they were, but there is still room for further re-rating, income returns are difficult to match in other asset classes, and the market may be encouraged by an earnings upturn. We continue to find good long-term opportunities in selected equities, particularly those with robust earnings prospects and pricing power.

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2012 to 7 March 2013

|                                                                                 | Notes | 2013<br>£000 | 2012<br>£000 |
|---------------------------------------------------------------------------------|-------|--------------|--------------|
| Income                                                                          |       |              |              |
| Net capital gains                                                               | 2     | 403,391      | 12,217       |
| Revenue                                                                         | 3     | 27,911       | 23,188       |
| Expenses                                                                        | 4     | (18,577)     | (13,794)     |
| Finance costs: Interest                                                         | 6     | (13)         | (38)         |
| Net revenue before taxation                                                     |       | 9,321        | 9,356        |
| Taxation                                                                        | 5     | (3,178)      | (2,786)      |
| Net revenue after taxation                                                      |       | 6,143        | 6,570        |
| Total return before distributions                                               |       | 409,534      | 18,787       |
| Finance costs: Distributions                                                    | 6     | (6,928)      | (6,570)      |
| Change in net assets attributable to<br>shareholders from investment activities |       | 402,606      | 12,217       |

# STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE

TO SHAREHOLDERS

| for the accounting period 8 March 2012 to 7 March 2 | 2013         |              |
|-----------------------------------------------------|--------------|--------------|
|                                                     | 2013<br>£000 | 2012<br>£000 |
| Opening net assets attributable to shareholders     | 931,275      | 904,764      |
| Movement due to sales and repurchases of shares:    |              |              |
| Amounts receivable on the issue of shares           | 700,305      | 191,587      |
| Amounts payable on the cancellation of shares       | (108,669)    | (183,944)    |
|                                                     | 591,636      | 7,643        |
| Dilution adjustment                                 | 590          | 82           |
| Stamp duty reserve tax                              | -            | (1)          |
| Change in net assets attributable to                |              |              |
| shareholders from investment activities             |              |              |
| (see statement of total return above)               | 402,606      | 12,217       |
| Retained distribution on accumulation shares        | 6,928        | 6,570        |
| Closing net assets attributable to shareholders     | 1,933,035    | 931,275      |
|                                                     |              |              |

# BALANCE SHEET

as at 7 March 2013

| as at 7 March 2010                      |       |              |              |
|-----------------------------------------|-------|--------------|--------------|
|                                         | Notes | 2013<br>£000 | 2012<br>£000 |
| Assets                                  |       |              |              |
| Investment assets                       |       | 1,915,104    | 934,016      |
| Other assets                            |       |              |              |
| Debtors                                 | 7     | 19,748       | 28,948       |
| Cash and bank balances                  |       | 29,987       | 9,951        |
| Total other assets                      |       | 49,735       | 38,899       |
| Total assets                            |       | 1,964,839    | 972,915      |
| Liabilities                             |       |              |              |
| Other liabilities                       |       |              |              |
| Creditors                               | 8     | (17,907)     | (24,739)     |
| Bank overdrafts                         |       | (13,897)     | (16,901)     |
| Total other liabilities                 |       | (31,804)     | (41,640)     |
| Total liabilities                       |       | (31,804)     | (41,640)     |
| Net assets attributable to shareholders |       | 1,933,035    | 931,275      |
|                                         |       |              |              |

### **DISTRIBUTION TABLE**

for the accounting period 8 March 2012 to 7 March 2013

Dividend distribution in pence per share

| Net Accumulation<br>Distribution<br>Period | Gross<br>Revenue | Tax<br>Credit | Net<br>Revenue | Net Revenue<br>Accumulated<br>2012/2013 | Net Revenue<br>Accumulated<br>2011/2012 |
|--------------------------------------------|------------------|---------------|----------------|-----------------------------------------|-----------------------------------------|
| 08/03/12 to 07/03/13                       | 0.9343           | 0.0934        | 0.8409         | 0.8409                                  | 0.9246                                  |
| Total distributions in the                 | e period         |               |                | 0.8409                                  | 0.9246                                  |
| Class 2 Shares                             |                  |               |                |                                         |                                         |
| Net Income*                                |                  |               |                |                                         |                                         |

There is no distribution for the period 9 March 2012 to 7 March 2013, as expenses exceed revenue.

# Class 2 Shares

| Distribution<br>Period     | Gross<br>Revenue | Tax<br>Credit | Net<br>Revenue | Net Revenue<br>Accumulated | Accumulated         |
|----------------------------|------------------|---------------|----------------|----------------------------|---------------------|
| 08/03/12 to 07/03/13       | 1,1196           | 0.1120        | 1.0076         | 2012/2013<br>1.0076        | 2011/2012<br>1.7180 |
| Total distributions in the |                  | 0.1120        | 1.0076         | 1.0076                     | 1.7180              |

\*In pound Sterling and against UK peer group.

Please refer to pages 269-282 for comparative tables.

## **Threadneedle European Select Fund**

## DISTRIBUTION TABLE

(continued)

## Class Z Shares

| enue  | Credit | Revenue      | Accumulated                   |
|-------|--------|--------------|-------------------------------|
| .0858 | 0.0086 | 0.0772       | 2012/2013<br>0.0772<br>0.0772 |
|       |        | .0858 0.0086 | .0858 0.0086 0.0772           |

\*Class Z – Net income shares commenced on 9 March 2012 \*\*Class Z – Net accumulation shares commenced on 14 September 2012

2013

2012

## **Threadneedle European Select Fund**

### Notes to the financial statements

for the accounting period 8 March 2012 to 7 March 2013

### **1 ACCOUNTING POLICIES**

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 6 and 7.

### 2 NET CAPITAL GAINS

Net capital gains during the period comprise:

| 3 | REVENUE                                   | 2013          | 2012            |
|---|-------------------------------------------|---------------|-----------------|
|   | Net capital gains                         | 403,391       | 12,217          |
|   | Other gains/(losses)<br>Transaction costs | 1,092<br>(16) | (1,516)<br>(26) |
|   | Forward currency contracts                | -             | 5<br>(1 5 1 6)  |
|   | Non-derivative securities                 | 402,315       | 13,754          |
|   |                                           | £000          | £000            |
|   |                                           | 2013          | 2012            |

|                                    | £000   | £000   |
|------------------------------------|--------|--------|
| Overseas dividends                 | 27,253 | 22,406 |
| Interest on short term investments | 2      | 12     |
| Bank interest                      | 46     | 57     |
| Stocklending commission            | 610    | 713    |
| Total revenue                      | 27,911 | 23,188 |

2013

2012

### 4 EXPENSES

|                                                                                             | £000     | £000     |
|---------------------------------------------------------------------------------------------|----------|----------|
| Payable to the ACD or associates of the ACD,<br>and the agents of either of them:           |          |          |
| Annual management charge                                                                    | (16,779) | (12,344) |
| Registration fees                                                                           | (1,644)  | (1,321)  |
|                                                                                             | (18,423) | (13,665) |
| Payable to the depositary or associate of the depositary, and the agents of either of them: |          |          |
| Depositary's fees                                                                           | (31)     | (26)     |
| Safe custody fees                                                                           | (108)    | (78)     |
|                                                                                             | (139)    | (104)    |
| Other expenses:                                                                             |          |          |
| Regulatory fee                                                                              | (8)      | (19)     |
| Audit fee                                                                                   | (7)      | (6)      |
|                                                                                             | (15)     | (25)     |
| *Total expenses                                                                             | (18,577) | (13,794) |

\*Including irrecoverable VAT where applicable.

## 5 TAXATION

|                                                 | £000    | £000    |
|-------------------------------------------------|---------|---------|
| a) Analysis of charge in period                 |         |         |
| Overseas taxes                                  | (3,178) | (2,786) |
| Total current tax (note 5b)                     | (3,178) | (2,786) |
| Total tax charge for the period                 | (3,178) | (2,786) |
| b) Factors affecting taxation charge for period |         |         |
| Net revenue before taxation                     | 9,321   | 9,356   |
| Net revenue before taxation multiplied by       |         |         |
| the standard rate of corporation tax of 20%     | (1,864) | (1,871) |
| Effects of:                                     |         |         |
| Revenue not subject to taxation                 | 4,268   | 3,691   |
| Overseas taxes                                  | (3,178) | (2,786) |
| Overseas taxes expensed                         | 165     | 108     |
| Excess expenses                                 | (2,569) | (1,928) |
| Current tax charge for period (note 5a)         | (3,178) | (2,786) |

The fund has not recognised a deferred tax asset of £7,123,870 (2012: £4,555,186) 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** 

| Bistributions and interest                                                                       |       |          |
|--------------------------------------------------------------------------------------------------|-------|----------|
|                                                                                                  | 2013  | 2012     |
|                                                                                                  | £000  | £000     |
| Final                                                                                            | 6,928 | 6,570    |
| Net distribution for the period                                                                  | 6,928 | 6,570    |
| Interest                                                                                         | 13    | 38       |
| Total finance costs                                                                              | 6,941 | 6,608    |
| Net revenue after taxation                                                                       | 6,143 | 6,570    |
| Shortfall transfer from capital to revenue                                                       | 785   | -        |
| Net distribution for the period                                                                  | 6,928 | 6,570    |
| Details of the distribution per share and any shortfall are set out in the table on pages 71 and |       | s with a |

7 DEBTORS

|                                            | 2013<br>£000 | 2012<br>£000 |
|--------------------------------------------|--------------|--------------|
| Amounts receivable for the issue of shares | 18,221       | 9,408        |
| Sales awaiting settlement                  | -            | 17,875       |
| Accrued revenue                            | 706          | 722          |
| Foreign withholding tax recoverable        | 821          | 943          |
| Total debtors                              | 19,748       | 28,948       |

8 CREDITORS

|                                                | 2013     | 2012     |
|------------------------------------------------|----------|----------|
|                                                | £000     | £000     |
| Amounts payable for the cancellation of shares | (826)    | (8,391)  |
| Purchases awaiting settlement                  | (15,082) | (15,173) |
| Accrued expenses                               | (35)     | (23)     |
| Amounts payable to ACD                         | (1,964)  | (1,152)  |
| Total creditors                                | (17,907) | (24,739) |

## **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 7.

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 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           | 0.175% |
| 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 274. The distribution per share class is given in the distribution table on pages 71 and 72. 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 £859,000 (2012: £1,004,000) of which £76,000 (2012: £17,000) was outstanding at year end. They have paid fees of £120,000 (2012: £140,000) of which £11,000 (2012: £2,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £129,000 (2012: £151,000) of which £12,000 (2012: £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 £17.30m (2012: £28.69m), whilst the value of collateral held for these arrangements was £18.34m (2012: £30.74m). The collateral was held as either securities transferred in CREST by a DBV (Delivery by Value) or Gilt DBV, or in the form of overseas government bonds, supranational bonds or certificates of deposit.

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

#### Analysis of Collateral Held

|       |            | 2013       |            | 2012       |
|-------|------------|------------|------------|------------|
|       | Value £000 | % of Total | Value £000 | % of Total |
| Bonds | 18,345     | 100        | 30,737     | 100        |
|       | 18,345     | 100        | 30,737     | 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

|                  |           | Non-      |           |
|------------------|-----------|-----------|-----------|
|                  | Monetary  | monetary  |           |
|                  | exposures | exposures | Total     |
| 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   |
| Currency 2012    | £000      | £000      | £000      |
| Danish Krone     | -         | 22,790    | 22,790    |
| Euro             | (154)     | 634,826   | 634,672   |
| Hungarian Forint | 1         | -         | 1         |
| Norwegian Krone  | 415       | 30,294    | 30,709    |
| Swedish Krona    | -         | 107,001   | 107,001   |
| Swiss Franc      | 1,646     | 139,105   | 140,751   |
|                  |           |           |           |

### 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 2013 was:

|                 |                            |                | Financial            |           |
|-----------------|----------------------------|----------------|----------------------|-----------|
|                 | Floating rate<br>financial | Fixed rate     | assets not           |           |
|                 |                            | financial      | carrying<br>interest | Total     |
| Currency 2013   | assets<br>£000             | assets<br>£000 | £000                 | £000      |
|                 |                            | 1000           |                      |           |
| Danish Krone    | 1,129                      | -              | 55,873               | 57,002    |
| Euro            | 6,790                      | 14,761         | 1,271,704            | 1,293,255 |
| Hungarian Forin | t 1                        | -              | -                    | 1         |
| Norwegian Kron  | e –                        | -              | 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    |
|                 |                            |                |                      |           |
| Currency 2012   | £000                       | £000           | £000                 | £000      |
| Danish Krone    | -                          | -              | 22,790               | 22,790    |
| Euro            | 9,859                      | -              | 639,427              | 649,286   |
| Hungarian Forin | t 1                        | -              | -                    | 1         |
| Norwegian Kron  | ie 91                      | -              | 30,710               | 30,801    |
| Swedish Krona   | -                          | -              | 107,001              | 107,001   |
| Swiss Franc     | -                          | -              | 153,616              | 153,616   |
| UK Sterling     | -                          | -              | 9,420                | 9,420     |
|                 |                            |                |                      |           |

## **Threadneedle European Select Fund**

### Notes to the financial statements

(continued)

| Currency 2013  | Floating rate<br>financial<br>liabilities<br>£000 | Fixed rate<br>financial<br>liabilities<br>£000 | Financial<br>liabilities<br>not carrying<br>interest<br>£000 | Total<br>£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)      |
| Currency 2012  | £000                                              | £000                                           | £000                                                         | £000          |
| Euro           | -                                                 | -                                              | (14,614)                                                     | (14,614)      |
| Norwegian Kror | ne –                                              | -                                              | (92)                                                         | (92)          |
| Swiss Franc    | (12,398)                                          | -                                              | (467)                                                        | (12,865)      |
| UK Sterling    | (4,503)                                           | -                                              | (9,566)                                                      | (14,069)      |

The 2013 fixed rate financial assets included deposits which had a weighted average interest rate of 0.25% (2012: N/A).

### Fair value of financial assets and financial liabilities

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

There are no material amounts of non interest-bearing financial assets, other than equities, which do not have maturity dates. Cash balances are held in floating rate accounts where interest is

calculated with reference to prevailing market rates.

## **13 CONTINGENT LIABILITIES AND COMMITMENTS**

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

### **14 PORTFOLIO TRANSACTION COSTS**

| Total sales net of transaction costs                                             | 565,899      | 671,119      |
|----------------------------------------------------------------------------------|--------------|--------------|
| Total sale costs                                                                 | (624)        | (764)        |
| Commissions                                                                      | (624)        | (764)        |
| Analysis of total sale costs<br>Gross sales before transaction costs             | 566,523      | 671,883      |
| Gross purchases total                                                            | 1,144,671    | 686,835      |
| Total purchase costs                                                             | 1,642        | 994          |
| Fees                                                                             | 96           | -            |
| Taxes                                                                            | 478          | 268          |
| Commissions                                                                      | 1,068        | 726          |
| Analysis of total purchase costs<br>Purchases in period before transaction costs | 1,143,029    | 685,841      |
|                                                                                  | 2013<br>£000 | 2012<br>£000 |
|                                                                                  |              |              |

## **Investment Report**

Investment Objective 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 2013, the published share price of the Threadneedle European Smaller Companies Fund has risen from 336.09p to 456.34p.

Looking at the sterling performance within its peer group, the total return on the fund for the twelve months ending 28 February 2013, including net reinvested income, is 30.61% as compared to a median return

# of 21.77% over the same period. (For information the HSBC European Smaller Companies ex UK Index returned 18.30% over the same period).

#### Portfolio Activity

European stocks ended higher over the year, after a weak start as concerns continued over the euro crisis. The fund focuses on high-quality business models with sufficient pricing power to sustain good returns. For this reason we continue to underweight financials and this has been successful as this sector has underperformed. It has also caused us to overweight areas such as consumer goods and healthcare, to good effect. We bought William Demant, the provider of hearing aids, after the shares fell on the back of dull results - we believe the reaction is overdone. We also increased our exposure to the luxury goods sector selectively, buying Salvatore Ferragamo, the Italian fashion house, where careful future management should improve margins, and Remy Cointreau, where the limited supply and increasing demand for cognac promotes a healthy pricing environment. We took profits in a number of our more successful holdings, selling the Irish betting business Paddy Power, German real estate company TAG Immobilien and smokeless tobacco specialist Swedish Match. The OMT programme has given some useful breathing space to support peripheral sovereign bonds. No full long-term solution is evident from either European leaders or the ECB, but encouraging rhetoric has helped, as has more positive sentiment regarding the economies in the US and China. Europe itself should see an economic recovery in the second half of 2013, and profits should show some recovery then too, albeit we forecast a negative outcome for both over the full year. Valuations are less attractive than they were, but there is still room for a further re-rating, income returns are difficult to match in other asset classes, and the market may be encouraged by an earnings upturn. We continue to find good long-term opportunities in selected equities, particularly those with robust earnings prospects and pricing power.

#### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2012 to 7 March 2013

|                                                                                 | Notes | 2013<br>£000 | 2012<br>£000 |
|---------------------------------------------------------------------------------|-------|--------------|--------------|
| Income                                                                          |       |              |              |
| Net capital gains/(losses)                                                      | 2     | 345,072      | (43,659)     |
| Revenue                                                                         | 3     | 24,434       | 22,877       |
| Expenses                                                                        | 4     | (15,255)     | (14,820)     |
| Finance costs: Interest                                                         | 6     | (9)          | (31)         |
| Net revenue before taxation                                                     |       | 9,170        | 8,026        |
| Taxation                                                                        | 5     | (2,586)      | (2,649)      |
| Net revenue after taxation                                                      |       | 6,584        | 5,377        |
| Total return before distributions                                               |       | 351,656      | (38,282)     |
| Finance costs: Distributions                                                    | 6     | (6,585)      | (5,412)      |
| Change in net assets attributable to<br>shareholders from investment activities | ;     | 345,071      | (43,694)     |

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2012 to 7 March 2013

|                                                                                 | 2013<br>£000 | 2012<br>£000 |
|---------------------------------------------------------------------------------|--------------|--------------|
| Opening net assets attributable to sharehold                                    | ers 948,435  | 1,081,576    |
| Movement due to sales and repurchases of shares:                                |              |              |
| Amounts receivable on the issue of shares                                       | 359,355      | 313,696      |
| Amounts payable on the cancellation of share                                    | es (208,657) | (408,838)    |
|                                                                                 | 150,698      | (95,142)     |
| Dilution adjustment                                                             | 80           | 283          |
| Change in net assets attributable to<br>shareholders from investment activities |              |              |
| (see statement of total return above)                                           | 345,071      | (43,694)     |
| Retained distribution on accumulation shares                                    | 6,581        | 5,412        |
| Closing net assets attributable to shareholde                                   | rs 1,450,865 | 948,435      |
|                                                                                 |              |              |

## BALANCE SHEET as at 7 March 2013

|                                         | Notes | 2013<br>£000 | 2012<br>£000 |
|-----------------------------------------|-------|--------------|--------------|
| Assets                                  |       |              |              |
| Investment assets                       |       | 1,426,508    | 933,353      |
| Other assets                            |       |              |              |
| Debtors                                 | 7     | 20,067       | 17,793       |
| Cash and bank balances                  |       | 23,689       | 11,077       |
| Total other assets                      |       | 43,756       | 28,870       |
| Total assets                            |       | 1,470,264    | 962,223      |
| Liabilities                             |       |              |              |
| Other liabilities                       |       |              |              |
| Creditors                               | 8     | (11,163)     | (10,455)     |
| Bank overdrafts                         |       | (8,233)      | (3,333)      |
| Distribution payable on income shares   | 5     | (3)          | _            |
| Total other liabilities                 |       | (19,399)     | (13,788)     |
| Total liabilities                       |       | (19,399)     | (13,788)     |
| Net assets attributable to shareholders |       | 1,450,865    | 948,435      |
|                                         |       |              |              |

#### **DISTRIBUTION TABLE**

for the accounting period 8 March 2012 to 7 March 2013

Dividend distribution in pence per share

| ~ .   | - | ~ .    |
|-------|---|--------|
| Class | 1 | Shares |

| Class I Shares                     |         |        |         |              |              |
|------------------------------------|---------|--------|---------|--------------|--------------|
| Net Income                         |         |        |         |              |              |
| Distribution                       | Gross   | Тах    | Net     | Distribution | Distribution |
| Period                             | Revenue | Credit | Revenue | Payable      | Paid         |
|                                    |         |        |         | 2012/2013    | 2011/2012    |
| 08/03/12 to 07/03/13               | 0.0503  | 0.0050 | 0.0453  | 0.0453       | -            |
| Total distributions in the         | period  |        |         | 0.0453       | -            |
| Class 1 Shares<br>Net Accumulation |         |        |         |              |              |
| Distribution                       | Gross   | Tax    | Net     | Net Revenue  | Net Revenue  |
| Period                             | Revenue | Credit | Revenue | Accumulated  | Accumulated  |
|                                    |         |        |         | 2012/2013    | 2011/2012    |
| 08/03/12 to 07/03/13               | 1.3383  | 0.1338 | 1.2045  | 1.2045       | 0.9154       |
| Total distributions in the         | period  |        |         | 1.2045       | 0.9154       |
|                                    |         |        |         |              |              |

## **DISTRIBUTION TABLE**

(continued)

| Class 2 Shares<br>Net Accumulation<br>Distribution<br>Period | Gross<br>Revenue   | Tax<br>Credit | Net<br>Revenue | Net Revenue<br>Accumulated<br>2012/2013 | Net Revenue<br>Accumulated<br>2011/2012 |
|--------------------------------------------------------------|--------------------|---------------|----------------|-----------------------------------------|-----------------------------------------|
| 08/03/12 to 07/03/13<br>Total distributions in th            | 4.5601<br>e period | 0.4560        | 4.1041         | 4.1041<br><b>4.1041</b>                 | 4.0588<br><b>4.0588</b>                 |

Class Z Shares Net Accumulation\*

There is no distribution for the period 12 February 2013 to 7 March 2013, as expenses exceed revenue.

\*Class Z – Net accumulation shares commenced on 12 February 2013.

### Notes to the financial statements

for the accounting period 8 March 2012 to 7 March 2013

### **1 ACCOUNTING POLICIES**

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 6 and 7.

### 2 NET CAPITAL GAINS/(LOSSES)

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

|   | Net capital gains/(losses) during the period comp | J156.    |          |
|---|---------------------------------------------------|----------|----------|
|   |                                                   | 2013     | 2012     |
|   |                                                   | £000     | £000     |
|   | Non-derivative securities                         | 345,195  | (42,856) |
|   | Other losses                                      | (77)     | (743)    |
|   | Transaction costs                                 | (46)     | (60)     |
|   |                                                   |          |          |
|   | Net capital gains/(losses)                        | 345,072  | (43,659) |
| 3 | REVENUE                                           |          |          |
| Ũ |                                                   | 2013     | 2012     |
|   |                                                   | £000     | £000     |
|   | Overseas dividends                                | 23,645   | 21,809   |
|   | Interest on short term investments                | 2        | 46       |
|   | Bank interest                                     | 14       | 48       |
|   | Stocklending commission                           | 773      | 974      |
|   | Total revenue                                     | 24,434   | 22,877   |
|   |                                                   |          |          |
| 4 | EXPENSES                                          |          |          |
|   |                                                   | 2013     | 2012     |
|   |                                                   | £000     | £000     |
|   | Payable to the ACD or associates of the ACD,      |          |          |
|   | and the agents of either of them:                 |          |          |
|   | Annual management charge                          | (13,811) | (13,425) |
|   | Registration fees                                 | (1,294)  | (1,238)  |
|   |                                                   | (15,105) | (14,663) |
|   | Payable to the depositary or associate of the     |          |          |
|   | depositary, and the agents of either of them:     |          |          |
|   | Depositary's fees                                 | (28)     | (28)     |
|   | Safe custody fees                                 | (100)    | (99)     |

(128) (127) Other expenses: Regulatory fee (15) Audit fee (7) (22) (15,255) (14,820) \*Total expenses

\*Including irrecoverable VAT where applicable.

## **5 TAXATION**

|                                                                                                   | £000    | £000    |
|---------------------------------------------------------------------------------------------------|---------|---------|
| a) Analysis of charge in period                                                                   |         |         |
| Overseas taxes                                                                                    | (2,586) | (2,649) |
| Total current tax (note 5b)                                                                       | (2,586) | (2,649) |
| Total tax charge for the period                                                                   | (2,586) | (2,649) |
| b) Factors affecting taxation charge for period                                                   |         |         |
| Net revenue before taxation                                                                       | 9,170   | 8,026   |
| Net revenue before taxation multiplied by the standard rate of corporation tax of 20% Effects of: | (1,834) | (1,605) |
| Revenue not subject to taxation                                                                   | 3,840   | 3,557   |
| Overseas taxes                                                                                    | (2,586) | (2,649) |
| Overseas taxes expensed                                                                           | 94      | 91      |
| Excess expenses                                                                                   | (2,100) | (2,043) |
| Current tax charge for period (note 5a)                                                           | (2,586) | (2,649) |
|                                                                                                   |         |         |

2013

2013

(1,541)

(11,163)

2012

(1, 107)

(10,455)

2012

The fund has not recognised a deferred tax asset of £6,241,787 (2012: £4,142,086) 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** 

Amounts payable to ACD

Total creditors

| Final                                      | <b>2013</b><br><b>£000</b><br>6,585 | <b>2012</b><br><b>£000</b><br>5,412 |
|--------------------------------------------|-------------------------------------|-------------------------------------|
| Net distribution for the period            | 6,585                               | 5,412                               |
| Interest                                   | 9                                   | 31                                  |
| Total finance costs                        | 6,594                               | 5,443                               |
| Net revenue after taxation                 | 6,584                               | 5,377                               |
| Shortfall transfer from capital to revenue | 1                                   | 35                                  |
| Net distribution for the period            | 6,585                               | 5,412                               |

Details of the distribution per share and any share class with a shortfall are set out in the table on pages 76 and 77.

#### **7 DEBTORS**

(23)

(30)

(7)

|   |                                                | £000    | £000    |
|---|------------------------------------------------|---------|---------|
|   | Amounts receivable for the issue of shares     | 18,837  | 5,416   |
|   | Sales awaiting settlement                      | 450     | 11,182  |
|   | Accrued revenue                                | 76      | 505     |
|   | Foreign withholding tax recoverable            | 704     | 690     |
|   | Total debtors                                  | 20,067  | 17,793  |
| 8 | CREDITORS                                      |         |         |
|   |                                                | 2013    | 2012    |
|   |                                                | £000    | £000    |
|   | Amounts payable for the cancellation of shares | (6,886) | (2,629) |
|   | Purchases awaiting settlement                  | (2,699) | (6,687) |
|   | Accrued expenses                               | (37)    | (32)    |

Non-

Financial

## **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 7.

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 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:

| 1.50%  |
|--------|
| 1.00%  |
| 0.75%  |
|        |
| 0.175% |
| 0.035% |
| 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 275. The distribution per share class is given in the distribution table on pages 76 and 77. 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 £1,088,000 (2012: £1,372,000) of which £107,000 (2012: £132,000) was outstanding at year end. They have paid fees of £152,000 (2012: £192,000) of which £15,000 (2012: £19,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £163,000 (2012: £206,000) of which £16,000 (2012: £20,000) 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 £32.46m (2012: £38.75m), whilst the value of collateral held for these arrangements was £34.26m (2012: £41.14m). The collateral was held as either securities transferred in CREST by a DBV (Delivery by Value) or Gilt DBV, or in the form of overseas government bonds, supranational bonds or certificates of deposit.

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

#### Analysis of Collateral Held

|       |            | 2013       |            | 2012       |
|-------|------------|------------|------------|------------|
|       | Value £000 | % of Total | Value £000 | % of Total |
| Bonds | 34,260     | 100        | 41,143     | 100        |
|       | 34,260     | 100        | 41,143     | 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  | Non-                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-----------|---------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| exposures | exposures                                                                                                           | Total                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| £000      | £000                                                                                                                | £000                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 3         | -                                                                                                                   | 3                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 43        | 111,795                                                                                                             | 111,838                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 21,652    | 986,347                                                                                                             | 1,007,999                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 1         | -                                                                                                                   | 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 94        | 69,904                                                                                                              | 69,998                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| -         | 122,651                                                                                                             | 122,651                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 282       | 135,811                                                                                                             | 136,093                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 70        | -                                                                                                                   | 70                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| £000      | £000                                                                                                                | £000                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 4         | -                                                                                                                   | 4                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 95        | 59,689                                                                                                              | 59,784                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 13,984    | 665,318                                                                                                             | 679,302                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 1         | -                                                                                                                   | 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 91        | 29,923                                                                                                              | 30,014                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 648       | 78,848                                                                                                              | 79,496                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 338       | 99,576                                                                                                              | 99,914                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 1         | -                                                                                                                   | 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|           | <b>£000</b><br>3<br>43<br>21,652<br>1<br>94<br>-<br>282<br>70<br><b>£000</b><br>4<br>95<br>13,984<br>1<br>91<br>648 | Monetary<br>exposures<br>£000         monetary<br>exposures<br>£000           3         -           43         111,795           21,652         986,347           1         -           94         69,904           -         122,651           282         135,811           70         - <b>£000 £000</b> 4         -           95         59,689           13,984         665,318           1         -           91         29,923           648         78,848 |

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 2013 was:

|                 |                            |                         | Financial              |           |
|-----------------|----------------------------|-------------------------|------------------------|-----------|
|                 | Floating rate<br>financial | Fixed rate<br>financial | assets not<br>carrying |           |
|                 | assets                     | assets                  | interest               | Total     |
| 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 Forin | t 1                        | -                       | -                      | 1         |
| Norwegian Kror  | ne –                       | -                       | 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        |
| Currency 2012   | £000                       | £000                    | £000                   | £000      |
| Currency 2012   |                            | FOOD                    | 1000                   |           |
| Canadian Dollar | 4                          | -                       | -                      | 4         |
| Danish Krone    | -                          | -                       | 59,978                 | 59,978    |
| Euro            | 5,785                      | 5,011                   | 671,210                | 682,006   |
| Hungarian Forin | t 1                        | -                       | -                      | 1         |
| Norwegian Kror  | ne 275                     | -                       | 30,111                 | 30,386    |
| Swedish Krona   | -                          | -                       | 79,957                 | 79,957    |
| Swiss Franc     | -                          | -                       | 104,379                | 104,379   |
| UK Sterling     | -                          | -                       | 5,511                  | 5,511     |
| US Dollar       | 1                          | -                       | -                      | 1         |

### Notes to the financial statements

(continued)

| Currency 2013  | Floating rate<br>financial<br>liabilities<br>£000 | Fixed rate<br>financial<br>liabilities<br>£000 | Financial<br>liabilities<br>not carrying<br>interest<br>£000 | Total<br>£000 |
|----------------|---------------------------------------------------|------------------------------------------------|--------------------------------------------------------------|---------------|
| Danish Krone   | -                                                 | -                                              | (422)                                                        | (422)         |
| Euro           | -                                                 | -                                              | (2,276)                                                      | (2,276)       |
| UK Sterling    | (8,233)                                           | -                                              | (8,468)                                                      | (16,701)      |
| Currency 2012  | £000                                              | £000                                           | £000                                                         | £000          |
| Danish Krone   | (194)                                             | -                                              | -                                                            | (194)         |
| Euro           | -                                                 | -                                              | (2,704)                                                      | (2,704)       |
| Norwegian Kror | ne –                                              | -                                              | (372)                                                        | (372)         |
| Swedish Krona  | (272)                                             | -                                              | (189)                                                        | (461)         |
| Swiss Franc    | (1,043)                                           | -                                              | (3,422)                                                      | (4,465)       |
| UK Sterling    | (1,824)                                           | -                                              | (3,768)                                                      | (5,592)       |

The fixed rate financial assets includes deposits which have a weighted average interest rate of 0.01% (2012: 0.12%).

#### Fair value of financial assets and financial liabilities

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

There are no material amounts of non interest-bearing financial assets, other than equities, which do not have maturity dates. Cash balances are held in floating rate accounts where interest is calculated with reference to prevailing market rates.

#### **13 CONTINGENT LIABILITIES AND COMMITMENTS**

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

## **14 PORTFOLIO TRANSACTION COSTS**

|                                              | 2013    | 2012    |
|----------------------------------------------|---------|---------|
|                                              | £000    | £000    |
| Analysis of total purchase costs             |         |         |
| Purchases in period before transaction costs | 592,281 | 724,037 |
| Commissions                                  | 716     | 923     |
| Taxes                                        | 276     | 464     |
| Fees                                         | 93      | -       |
| Total purchase costs                         | 1,085   | 1,387   |
| Gross purchases total                        | 593,366 | 725,424 |
| Analysis of total sale costs                 |         |         |
| Gross sales before transaction costs         | 445,857 | 818,185 |
| Commissions                                  | (499)   | (1,040) |
| Total sale costs                             | (499)   | (1,040) |
| Total sales net of transaction costs         | 445,358 | 817,145 |

## **Investment Report**

Investment Objective 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 2013, the published share price of the Threadneedle Pan European Smaller Companies Fund has risen from 107.45p to 141.77p.

The total return on the fund for the twelve months ending 28 February 2013,

including net reinvested income, is 26.03% as compared to a median return of 21.77% over the same period. (For information the HSBC Smaller European Companies Index gave a total return of 19.13% for the same period).

### **Portfolio Activity**

Major transactions included the purchase of the cable operator Ziggo in Holland, where the market dynamics favour Ziggo and penalise the larger established operators such as KPN, as Ziggo has strong cost and technology advantages. We bought William Demant, the provider of hearing aids, after the shares fell on the back of dull results - we believe the reaction is overdone. We bought Elementis, the speciality chemicals business. We sold Hargreaves Lansdown, the UK investment and insurances fund platform and advisory business, after strong performance. We sold Telecity, the data centre operator, after they announced that new capacity would come on stream more slowly than expected. The OMT programme has given some useful breathing space to support peripheral sovereign bonds - even though no country has used it and it may not be a viable option for Italy, given the unpopularity of austerity and the concomitant election result. No full long-term solution is evident from either European leaders or the ECB, but encouraging rhetoric has helped, as has more positive sentiment regarding the economies in the US and China. Europe itself should see an economic recovery in the second half of 2013, and profits should show some recovery then too, albeit we forecast a negative outcome for both over the full year. Valuations are less attractive than they were, but there is still room for further re-rating, income returns are difficult to match in other asset classes, and the market may be encouraged by an earnings upturn. We continue to find good long-term opportunities in selected equities, particularly those with robust earnings prospects and pricing power.

#### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2012 to 7 March 2013

| 3,                                                                           |       |              |              |
|------------------------------------------------------------------------------|-------|--------------|--------------|
|                                                                              | Notes | 2013<br>£000 | 2012<br>£000 |
| Income                                                                       |       |              |              |
| Net capital gains/(losses)                                                   | 2     | 233,873      | (30,698)     |
| Revenue                                                                      | 3     | 16,895       | 14,963       |
| Expenses                                                                     | 4     | (7,295)      | (5,499)      |
| Finance costs: Interest                                                      | 6     | (7)          | (23)         |
| Net revenue before taxation                                                  |       | 9,593        | 9,441        |
| Taxation                                                                     | 5     | (1,105)      | (1,506)      |
| Net revenue after taxation                                                   |       | 8,488        | 7,935        |
| Total return before distributions                                            |       | 242,361      | (22,763)     |
| Finance costs: Distributions                                                 | 6     | (8,488)      | (7,935)      |
| Change in net assets attributable to shareholders from investment activities |       | 233,873      | (30,698)     |
|                                                                              |       |              |              |

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2012 to 7 March 2013

|                                                  | 2013<br>£000 | 2012<br>£000 |
|--------------------------------------------------|--------------|--------------|
| Opening net assets attributable to shareholders  | 570,912      | 563,375      |
| Movement due to sales and repurchases of shares: |              |              |
| Amounts receivable on the issue of shares        | 555,855      | 296,791      |
| Amounts receivable on inspecie transfer          | -            | 3,306        |
| Amounts payable on the cancellation of shares    | (207,757)    | (269,444)    |
|                                                  | 348,098      | 30,653       |
| Dilution adjustment                              | 376          | 776          |
| Stamp duty reserve tax                           | (347)        | (210)        |
| Change in net assets attributable to             |              |              |
| shareholders from investment activities          |              |              |
| (see statement of total return above)            | 233,873      | (30,698)     |
| Retained distribution on accumulation shares     | 11,500       | 7,016        |
| Closing net assets attributable to shareholders  | 1,164,412    | 570,912      |

## BALANCE SHEET

as at 7 March 2013

| as at 7 March 2015                      |       |              |              |
|-----------------------------------------|-------|--------------|--------------|
|                                         | Notes | 2013<br>£000 | 2012<br>£000 |
| Assets                                  |       |              |              |
| Investment assets                       |       | 1,144,873    | 563,778      |
| Other assets                            |       |              |              |
| Debtors                                 | 7     | 18,634       | 4,933        |
| Cash and bank balances                  |       | 21,287       | 8,223        |
| Total other assets                      |       | 39,921       | 13,156       |
| Total assets                            |       | 1,184,794    | 576,934      |
| Liabilities                             |       |              |              |
| Other liabilities                       |       |              |              |
| Creditors                               | 8     | (12,387)     | (3,949)      |
| Bank overdrafts                         |       | (7,995)      | (2,073)      |
| Total other liabilities                 |       | (20,382)     | (6,022)      |
| Total liabilities                       |       | (20,382)     | (6,022)      |
| Net assets attributable to shareholders |       | 1,164,412    | 570,912      |
| Net assets attributable to shareholders |       | 1,104,412    | 570,512      |

#### **DISTRIBUTION TABLE**

for the accounting period 8 March 2012 to 7 March 2013

Dividend distribution in pence per share

**Class 1 Shares** 

| Net Accumulation                                              |                    |               |                |              |                                              |                                              |
|---------------------------------------------------------------|--------------------|---------------|----------------|--------------|----------------------------------------------|----------------------------------------------|
| Distribution<br>Period                                        | Gross<br>Revenue   | Tax<br>Credit | Net<br>Revenue | Equalisation | Gross<br>Revenue<br>Accumulated<br>2012/2013 | Gross<br>Revenue<br>Accumulated<br>2011/2012 |
| Group 1<br>08/03/12 to 07/03/13                               | 0.8339             | 0.0834        | 0.7505         | -            | 0.7505                                       | 0.5753                                       |
| Group 2<br>08/03/12 to 07/03/13<br>Total distributions in the | -<br>period        | -             | -              | 0.7505       | 0.7505<br><b>0.7505</b>                      | 0.5753<br><b>0.5753</b>                      |
| Class 2 Shares                                                |                    |               |                |              |                                              |                                              |
| Net Accumulation                                              |                    |               |                |              |                                              |                                              |
| Distribution<br>Period                                        | Gross<br>Revenue   | Tax<br>Credit | Net<br>Revenue | Equalisation | Gross<br>Revenue<br>Accumulated<br>2012/2013 | Gross<br>Revenue<br>Accumulated<br>2011/2012 |
| Group 1<br>08/03/12 to 07/03/13                               | 1.7322             | 0.1732        | 1.5590         | -            | 1.5590                                       | 1.2940                                       |
| Group 2<br>08/03/12 to 07/03/13<br>Total distributions in the | 0.2822<br>e period | 0.0282        | 0.2540         | 1.3050       | 1.5590<br><b>1.5590</b>                      | 1.2940<br><b>1.2940</b>                      |

\*In pound Sterling and against UK peer group.

Please refer to pages 269-282 for comparative tables.

## **DISTRIBUTION TABLE**

(continued)

#### Class X Shares Net Accumulation

| Distribution<br>Period                                                                               | Gross<br>Revenue   | Tax<br>Credit        | Net<br>Revenue       | Equalisation   | Gross<br>Revenue<br>Accumulated<br>2012/2013 | Gross<br>Revenue<br>Accumulated<br>2011/2012 |
|------------------------------------------------------------------------------------------------------|--------------------|----------------------|----------------------|----------------|----------------------------------------------|----------------------------------------------|
| Group 1<br>08/03/12 to 07/03/13                                                                      | 1.9364             | 0.1936               | 1.7428               | -              | 1.7428                                       | 1.3720                                       |
| Group 2<br>08/03/12 to 07/03/13<br>Total distributions in the<br>Class Z Shares*<br>Net Accumulation | 0.3139<br>e period | 0.0314               | 0.2825               | 1.4603         | 1.7428<br><b>1.7428</b>                      | 1.3720<br><b>1.3720</b>                      |
| Distribution<br>Period                                                                               | Gross<br>Revenue   | Tax<br>Credit        | Net<br>Revenue       | Equalisation   | Gross<br>Revenue<br>Accumulated<br>2013      |                                              |
| Group 1<br>12/02/13 to 07/03/13                                                                      | 0.6672             | 0.0667               | 0.6005               | -              | 0.6005                                       |                                              |
| Group 2<br>12/02/13 to 07/03/13<br>Total distributions in the<br>Group 2: shares purch               | •                  | 0.0060<br>g a distri | 0.0538<br>bution per | 0.5467<br>riod | 0.6005<br><b>0.6005</b>                      |                                              |

\*Class Z – Net accumulation shares commenced 12 February 2013

2013

2012

## **Threadneedle Pan European Smaller Companies Fund**

## Notes to the financial statements

for the accounting period 8 March 2012 to 7 March 2013

### **1 ACCOUNTING POLICIES**

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 6 and 7.

### 2 NET CAPITAL GAINS/(LOSSES)

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

|   |                            | 2013    | 2012     |
|---|----------------------------|---------|----------|
|   |                            | £000    | £000     |
|   | Non-derivative securities  | 232,884 | (29,860) |
|   | Other gains/(losses)       | 1,002   | (821)    |
|   | Transaction costs          | (13)    | (17)     |
|   | Net capital gains/(losses) | 233,873 | (30,698) |
| 3 | REVENUE                    |         |          |
|   |                            | 2013    | 2012     |

|                                    | £000   | £000   |
|------------------------------------|--------|--------|
| UK dividends                       | 5,119  | 2,282  |
| Overseas dividends                 | 11,352 | 12,109 |
| Interest on short term investments | 2      | 17     |
| Bank interest                      | 9      | 55     |
| Stocklending commission            | 413    | 500    |
| Total revenue                      | 16,895 | 14,963 |

### 4 EXPENSES

|                                                                                             | £000    | £000    |
|---------------------------------------------------------------------------------------------|---------|---------|
| Payable to the ACD or associates of the ACD,<br>and the agents of either of them:           |         |         |
| Annual management charge                                                                    | (6,597) | (4,943) |
| Registration fees                                                                           | (606)   | (460)   |
|                                                                                             | (7,203) | (5,403) |
| Payable to the depositary or associate of the depositary, and the agents of either of them: |         |         |
| Depositary's fees                                                                           | (25)    | (23)    |
| Safe custody fees                                                                           | (52)    | (47)    |
|                                                                                             | (77)    | (70)    |
| Other expenses:                                                                             |         |         |
| Regulatory fee                                                                              | (8)     | (19)    |
| Audit fee                                                                                   | (7)     | (7)     |
|                                                                                             | (15)    | (26)    |
| *Total expenses                                                                             | (7,295) | (5,499) |

\*Including irrecoverable VAT where applicable.

## 5 TAXATION

|                                                                                                         | £000    | £000    |
|---------------------------------------------------------------------------------------------------------|---------|---------|
| a) Analysis of charge in period                                                                         |         |         |
| Overseas taxes                                                                                          | (1,105) | (1,506) |
| Total current tax (note 5b)                                                                             | (1,105) | (1,506) |
| Total tax charge for the period                                                                         | (1,105) | (1,506) |
| b) Factors affecting taxation charge for period                                                         |         |         |
| Net revenue before taxation                                                                             | 9,593   | 9,441   |
| Net revenue before taxation multiplied by<br>the standard rate of corporation tax of 20%<br>Effects of: | (1,919) | (1,888) |
| Revenue not subject to taxation                                                                         | 2,836   | 2,389   |
| Overseas taxes                                                                                          | (1,105) | (1,506) |
| Overseas taxes expenses                                                                                 | 49      | 59      |
| Excess expenses                                                                                         | (966)   | (560)   |
| Current tax charge for period (note 5a)                                                                 | (1,105) | (1,506) |

The fund has not recognised a deferred tax asset of  $\pounds 2,446,601$  (2012:  $\pounds 1,480,197$ ) arising as a result of having unutilised management expenses. It is unlikely that these expenses will be utilised in future years.

## 6 FINANCE COSTS

2012

2013

Distributions and Interest

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

|                                                 | 2013<br>£000 | 2012<br>£000 |
|-------------------------------------------------|--------------|--------------|
| Final                                           | 11,500       | 7.016        |
| Add: Revenue deducted on cancellation of shares | 2,194        | 2,766        |
| Deduct: Revenue received on creation of shares  | (5,206)      | (1,847)      |
| Net distribution for the period                 | 8,488        | 7,935        |
| Interest                                        | 7            | 23           |
| Total finance costs                             | 8,495        | 7,958        |
|                                                 |              |              |

Details of the distribution per share are set out in the table on pages 81 and 82.

#### 7 DEBTORS

8

|                                                | 2013    | 2012    |
|------------------------------------------------|---------|---------|
|                                                | £000    | £000    |
| Amounts receivable for the issue of shares     | 17,690  | 4,298   |
| Accrued revenue                                | 479     | 364     |
| Foreign withholding tax recoverable            | 465     | 271     |
| Total debtors                                  | 18,634  | 4,933   |
| CREDITORS                                      |         |         |
|                                                | 2013    | 2012    |
|                                                | £000    | £000    |
| Amounts payable for the cancellation of shares | (1,494) | (1,306) |

|                                                | £000     | £000    |
|------------------------------------------------|----------|---------|
| Amounts payable for the cancellation of shares | (1,494)  | (1,306) |
| Purchases awaiting settlement                  | (9,940)  | (2,218) |
| Accrued expenses                               | (23)     | (15)    |
| Amounts payable to ACD                         | (930)    | (410)   |
| Total creditors                                | (12,387) | (3,949) |

### 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 7.

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 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           | 0.175% |
| Class 2 shares           | 0.035% |
| Class X shares           | 0.035% |
| Class Z shares           | 0.11%  |
|                          |        |

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 pages 81 and 82. 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 £582,000 (2012: £704,000) of which £56,000 (2012: £59,000) was outstanding at year end. They have paid fees of £82,000 (2012: £98,000) of which £8,000 (2012: £8,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £87,000 (2012: £106,000) of which £8,000 (2012: £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 £61.55m (2012: £40.75m), whilst the value of collateral held for these arrangements was £66.47m (2012: £45.10m). 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

|       |            | 2013       |            |            |
|-------|------------|------------|------------|------------|
|       | Value £000 | % of Total | Value £000 | % of Total |
| Bonds | 66,466     | 100        | 45,101     | 100        |
|       | 66,466     | 100        | 45,101     | 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

|                 |           | Non-      |         |
|-----------------|-----------|-----------|---------|
|                 | Monetary  | monetary  |         |
|                 | exposures | exposures | Total   |
| Currency 2013   | £000      | £000      | £000    |
| 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  |
| Currency 2012   | £000      | £000      | £000    |
| Canadian Dollar | 3         | -         | 3       |
| Danish Krone    | -         | 27,098    | 27,098  |
| Euro            | 8,283     | 315,234   | 323,517 |
| Norwegian Krone | 170       | 28,476    | 28,646  |
| Swedish Krona   | -         | 27,510    | 27,510  |
| Swiss Franc     | 28        | 24,035    | 24,063  |
| US Dollar       | 10        | -         | 10      |

**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 2013 was:

|                 | Floating rate<br>financial<br>assets | Fixed rate<br>financial<br>assets | Financial<br>assets not<br>carrying<br>interest | Total   |
|-----------------|--------------------------------------|-----------------------------------|-------------------------------------------------|---------|
| 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 | e –                                  | -                                 | 47,357                                          | 47,357  |
| Swedish Krona   | 1,015                                | -                                 | 58,752                                          | 59,767  |
| Swiss Franc     | -                                    | -                                 | 34,606                                          | 34,606  |
| UK Sterling     | -                                    | -                                 | 334,745                                         | 334,745 |
| Currency 2012   | £000                                 | £000                              | £000                                            | £000    |
| Canadian Dollar | 3                                    | -                                 | -                                               | 3       |
| Danish Krone    | -                                    | -                                 | 27,098                                          | 27,098  |
| Euro            | 2,782                                | 5,428                             | 315,307                                         | 323,517 |
| Norwegian Krone | e –                                  | -                                 | 28,646                                          | 28,646  |
| Swedish Krona   | -                                    | -                                 | 27,510                                          | 27,510  |
| Swiss Franc     | -                                    | -                                 | 24,063                                          | 24,063  |
| UK Sterling     | -                                    | -                                 | 146,087                                         | 146,087 |
| US Dollar       | 10                                   | -                                 | -                                               | 10      |

## Notes to the financial statements

(continued)

| Currency 2013 | Floating rate<br>financial<br>liabilities<br>£000 | Fixed rate<br>financial<br>liabilities<br>£000 | Financial<br>liabilities<br>not carrying<br>interest<br>£000 | Total<br>£000 |
|---------------|---------------------------------------------------|------------------------------------------------|--------------------------------------------------------------|---------------|
| Danish Krone  | -                                                 | -                                              | (342)                                                        | (342)         |
| Euro          | -                                                 | -                                              | (3,267)                                                      | (3,267)       |
| Swedish Krona | -                                                 | -                                              | (1,015)                                                      | (1,015)       |
| UK Sterling   | (7,995)                                           | -                                              | (7,763)                                                      | (15,758)      |
| Currency 2012 | £000                                              | £000                                           | £000                                                         | £000          |
| UK Sterling   | (2,073)                                           | -                                              | (3,949)                                                      | (6,022)       |

The fixed rate financial assets includes deposits which have a weighted average interest rate of 0.01% (2012: 0.12%).

#### Fair value of financial assets and financial liabilities

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

There are no material amounts of non interest-bearing financial assets, other than equities, which do not have maturity dates. Cash balances are held in floating rate accounts where interest is calculated with reference to prevailing market rates.

#### **13 CONTINGENT LIABILITIES AND COMMITMENTS**

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

## **14 PORTFOLIO TRANSACTION COSTS**

|                                              | 2013<br>£000 | 2012<br>£000 |
|----------------------------------------------|--------------|--------------|
| Analysis of total purchase costs             |              |              |
| Purchases in period before transaction costs | 495,321      | 318,661      |
| Commissions                                  | 612          | 397          |
| Taxes                                        | 889          | 546          |
| Fees                                         | 67           | -            |
| Total purchase costs                         | 1,568        | 943          |
| Gross purchases total                        | 496,889      | 319,604      |
| Analysis of total sale costs                 |              |              |
| Gross sales before transaction costs         | 148,802      | 288,024      |
| Commissions                                  | (176)        | (376)        |
| Total sale costs                             | (176)        | (376)        |
| Total sales net of transaction costs         | 148,626      | 287,648      |

## **Investment Report**

Investment Objective

## 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 2013, the published share price of the Threadneedle Pan European Fund has risen from 94.35p to 114.53p.

Looking at the sterling performance within its peer group, the total return on the fund for the twelve months ending 28 February 2013, including net reinvested income, is 14.50% as compared to a median return of 15.41% over the same period. (For information the MSCI World Europe Index returned 16.68% over the same period).

#### **Portfolio Activity**

European stocks ended higher over the year. The portfolio increased weightings in bank stocks after a prolonged period of underweighting, to take advantage of the rally caused by improving bond markets and ECB rhetoric. Later in the period we took profits in some of these holdings and are again underweight in the sector. We continue to underweight telecoms and utilities and this has been successful as the sectors have underperformed.

Major transactions included the purchase of BNP Paribas, one of the better quality banks within the eurozone, which at the time was trading on a 40% discount to book value; we reduced this position later in the year after a strong rally. We bought Bayer, which is attractively valued and has a good drugs pipeline with little exposure to the risk of regulatory decisions – and the company has useful divisions covering areas such as seeds/ agrochemicals and animal healthcare. We sold GlaxoSmithKline, a decision borne out by poor Q3 results announced later, depressed by weak performance in Europe.

The OMT programme has given some useful breathing space to support peripheral sovereign bonds. No full long-term solution is evident from either European leaders or the ECB, but encouraging rhetoric has helped, as has more positive sentiment regarding the economies in the US and China. Europe itself should see an economic recovery in the second half of 2013, and profits should show some recovery then too, albeit we forecast a negative outcome for both over the full year. Valuations are less attractive than they were, but there is still room for further re-rating, income returns are difficult to match in other asset classes, and the market may be encouraged by an earnings upturn. We continue to find good long-term opportunities in selected equities, particularly those with robust earnings prospects and pricing power.

#### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2012 to 7 March 2013

|                                                                              | Notes | 2013<br>£000 | 2012<br>£000 |
|------------------------------------------------------------------------------|-------|--------------|--------------|
| Income                                                                       |       |              |              |
| Net capital gains/(losses)                                                   | 2     | 40,295       | (13,815)     |
| Revenue                                                                      | 3     | 5,226        | 5,716        |
| Expenses                                                                     | 4     | (2,100)      | (2,374)      |
| Finance costs: Interest                                                      | 6     | (1)          | (5)          |
| Net revenue before taxation                                                  |       | 3,125        | 3,337        |
| Taxation                                                                     | 5     | (500)        | (438)        |
| Net revenue after taxation                                                   |       | 2,625        | 2,899        |
| Total return before distributions                                            |       | 42,920       | (10,916)     |
| Finance costs: Distributions                                                 | 6     | (2,626)      | (2,899)      |
| Change in net assets attributable to shareholders from investment activities |       | 40,294       | (13,815)     |

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2012 to 7 March 2013

|                                                 | 2013<br>£000 | 2012<br>£000 |
|-------------------------------------------------|--------------|--------------|
| Opening net assets attributable to shareholders | 190,764      | 205,767      |
| Movement due to sales and repurchases           |              |              |
| of shares:                                      |              |              |
| Amounts receivable on the issue of shares       | 67,094       | 75,965       |
| Amounts payable on the cancellation of shares   | (58,996)     | (104,594)    |
| Amounts receivable on inspecie transfer         | -            | 24,436       |
|                                                 | 8,098        | (4,193)      |
| Dilution adjustment                             | 89           | 276          |
| Stamp duty reserve tax                          | (85)         | (170)        |
| Change in net assets attributable to            |              |              |
| shareholders from investment activities         |              |              |
| (see statement of total return above)           | 40,294       | (13,815)     |
| Retained distribution on accumulation shares    | 2,626        | 2,899        |
| Closing net assets attributable to shareholders | 241,786      | 190,764      |
|                                                 |              |              |

## BALANCE SHEET

as at 7 March 2013

| as at 7 ividicii 2013                                            |       |                                       |                                       |
|------------------------------------------------------------------|-------|---------------------------------------|---------------------------------------|
| Assets<br>Investment assets                                      | Notes | <b>2013</b><br><b>£000</b><br>239,486 | <b>2012</b><br><b>£000</b><br>187,486 |
| Other assets<br>Debtors<br>Cash and bank balances                | 7     | 7,128<br>4,512                        | 6,754<br>2,862                        |
| Total other assets                                               |       | 11,640                                | 9,616                                 |
| Total assets                                                     |       | 251,126                               | 197,102                               |
| Liabilities<br>Other liabilities<br>Creditors<br>Bank overdrafts | 8     | (8,873)<br>(467)                      | (3,689)<br>(2,649)                    |
| Total other liabilities                                          |       | (9,340)                               | (6,338)                               |
| Total liabilities                                                |       | (9,340)                               | (6,338)                               |
| Net assets attributable to shareholders                          |       | 241,786                               | 190,764                               |

#### DISTRIBUTION TABLE

for the accounting period 8 March 2012 to 7 March 2013

Dividend distribution in pence per share

| Class 1 Shares             |                  |               |                |                          |                          |
|----------------------------|------------------|---------------|----------------|--------------------------|--------------------------|
| Distribution<br>Period     | Gross<br>Revenue | Tax<br>Credit | Net<br>Revenue | Accumulated              |                          |
| 08/03/12 to 07/03/13       | 0.8141           | 0.0814        | 0.7327         | 2012/2013<br>0.7327      | 2011/2012<br>1.0981      |
| Total distributions in the | period           |               |                | 0.7327                   | 1.0981                   |
| Class 2 Shares             |                  |               |                |                          |                          |
| Net Accumulation           |                  |               |                |                          |                          |
| Distribution               | Gross            | Tax           | Net            |                          | Net Revenue              |
| Period                     | Revenue          | Credit        | Revenue        | Accumulated<br>2012/2013 | Accumulated<br>2011/2012 |
| 08/03/12 to 07/03/13       | 1.6076           | 0.1608        | 1.4468         | 1.4468                   | 1.6803                   |
| Total distributions in the | period           |               |                | 1.4468                   | 1.6803                   |
| Class 2i Shares            |                  |               |                |                          |                          |
| Net Accumulation           |                  |               |                |                          |                          |
| Distribution               | Gross            | Tax           | Net            |                          | Net Revenue              |
| Period                     | Revenue          | Credit        | Revenue        | Accumulated<br>2012/2013 | Accumulated<br>2011/2012 |
| 08/03/12 to 07/03/13       | 1.7560           | 0.1756        | 1.5804         | 1.5804                   | 0.1076                   |
| Total distributions in the | period           |               |                | 1.5804                   | 0.1076                   |

\*In pound Sterling and against UK peer group. Please refer to pages 269-282 for comparative tables.

## **DISTRIBUTION TABLE**

(continued)

| Class X Shares   |
|------------------|
| Net Accumulation |

| Distribution<br>Period     | Gross<br>Revenue | Tax<br>Credit | Net<br>Revenue | Net Revenue<br>Accumulated<br>2012/2013 | Net Revenue<br>Accumulated<br>2011/2012 |
|----------------------------|------------------|---------------|----------------|-----------------------------------------|-----------------------------------------|
| 08/03/12 to 07/03/13       | 2,1692           | 0.2169        | 1.9523         | 1.9523                                  |                                         |
| Total distributions in th  | e period         |               |                | 1.9523                                  | 1.7635                                  |
| Class Z Shares             |                  |               |                |                                         |                                         |
| Net Accumulation*          |                  |               |                |                                         |                                         |
| Distribution               | Gross            | Tax           | Net            | Net Revenue                             |                                         |
| Period                     | Revenue          | Credit        | Revenue        | Accumulated<br>2012/2013                |                                         |
| 03/10/12 to 07/03/13       | 0.0492           | 0.0049        | 0.0443         | 0.0443                                  |                                         |
| Total distributions in the | e period         |               |                | 0.0443                                  |                                         |
| *Class 7 - Net accumu      | lation share     | e comm        | anced on 3     | October 2012                            |                                         |

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

### Notes to the financial statements

for the accounting period 8 March 2012 to 7 March 2013

### **1 ACCOUNTING POLICIES**

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 6 and 7.

### 2 NET CAPITAL GAINS/(LOSSES)

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

|                            | 2013   | 2012     |
|----------------------------|--------|----------|
|                            | £000   | £000     |
| Non-derivative securities  | 40,360 | (13,796) |
| Forward currency contracts | 6      | (13)     |
| Other (losses)/gains       | (58)   | 10       |
| Transaction costs          | (13)   | (16)     |
| Net capital gains/(losses) | 40,295 | (13,815) |

| 3 | REVENUE                            |       |       |
|---|------------------------------------|-------|-------|
|   |                                    | 2013  | 2012  |
|   |                                    | £000  | £000  |
|   | UK dividends                       | 1,439 | 2,567 |
|   | Overseas dividends                 | 3,534 | 2,954 |
|   | Stock dividends                    | 139   | 45    |
|   | Interest on short term investments | -     | 2     |
|   | Bank interest                      | 8     | 24    |
|   | Stocklending commission            | 106   | 124   |
|   | Total revenue                      | 5,226 | 5,716 |

## 4 EXPENSES

|                                                                                             | 2013    | 2012    |
|---------------------------------------------------------------------------------------------|---------|---------|
| Payable to the ACD or associates of the ACD, and the agents of either of them:              | £000    | £000    |
| Annual management charge                                                                    | (1,909) | (2,158) |
| Registration fees                                                                           | (148)   | (172)   |
|                                                                                             | (2,057) | (2,330) |
| Payable to the depositary or associate of the depositary, and the agents of either of them: |         |         |
| Depositary's fees                                                                           | (18)    | (18)    |
| Safe custody fees                                                                           | (11)    | (11)    |
|                                                                                             | (29)    | (29)    |
| Other expenses:                                                                             |         |         |
| Regulatory fee                                                                              | (7)     | (8)     |
| Audit fee                                                                                   | (7)     | (7)     |
|                                                                                             | (14)    | (15)    |
| *Total expenses                                                                             | (2,100) | (2,374) |

\*Including irrecoverable VAT where applicable.

## 5 TAXATION

| £000  | £000                                                                     |
|-------|--------------------------------------------------------------------------|
|       |                                                                          |
| (500) | (438)                                                                    |
| (500) | (438)                                                                    |
| (500) | (438)                                                                    |
|       |                                                                          |
| 3,125 | 3,337                                                                    |
| (625) | (667)                                                                    |
| 717   | 923                                                                      |
| (500) | (438)                                                                    |
| 35    | 29                                                                       |
| (127) | (285)                                                                    |
| (500) | (438)                                                                    |
|       | (500)<br>(500)<br>(500)<br>3,125<br>(625)<br>717<br>(500)<br>35<br>(127) |

2013

2013

2012

2012

The fund has not recognised a deferred tax asset of £755,693 (2012: £629,080) 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** 

|                                                  | 2013<br>£000 | 2012<br>£000 |
|--------------------------------------------------|--------------|--------------|
| Final                                            | 2,626        | 2,899        |
| Net distribution for the period                  | 2,626        | 2,899        |
| Interest                                         | 1            | 5            |
| Total finance costs                              | 2,627        | 2,904        |
| Details of the distribution per share are set of | ut in the    | table on     |

Details of the distribution per share are set out in the table on pages 86 and 87.

## 7 DEBTORS

|                                            | £000  | £000  |
|--------------------------------------------|-------|-------|
| Amounts receivable for the issue of shares | 742   | 246   |
| Sales awaiting settlement                  | 6,083 | 5,921 |
| Accrued revenue                            | 200   | 523   |
| Foreign withholding tax recoverable        | 103   | 64    |
| Total debtors                              | 7,128 | 6,754 |

#### 8 CREDITORS

|                                   |               | 2013    | 2012    |
|-----------------------------------|---------------|---------|---------|
|                                   |               | £000    | £000    |
| Amounts payable for the cancellat | ion of shares | (721)   | (2,636) |
| Purchases awaiting settlement     |               | (7,960) | (865)   |
| Accrued expenses                  |               | (13)    | (9)     |
| Amounts payable to ACD            |               | (179)   | (179)   |
| Total creditors                   |               | (8,873) | (3,689) |

#### 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 7.

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 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           | 0.175% |
| Class 2 shares           | 0.035% |
| Class 2i shares          | 0.035% |
| Class X shares           | 0.035% |
| Class Z shares           | 0.110% |
| Initial Service Charge   |        |
| Class 2i shares          | 3.00%  |

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 86 and 87. 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 £149,000 (2012: £175,000) of which £13,000 (2012: £4,000) was outstanding at year end. They have paid fees of £21,000 (2012: £25,000) of which £2,000 (2012: £1,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £22,000 (2012: £26,000) of which £2,000 (2012: £1,000) was outstanding at year end to J.P. Morgan as the security lending agent to process these arrangements and hold the collateral. The value of stock on loan at the end of the accounting period was £4.47m (2012: £9.22m), whilst the value of collateral held for these arrangements was £4.84m (2012: £10.07m). The collateral was held as either securities transferred in CREST by a DBV (Delivery by Value) or Gilt DBV, or in the form of overseas government bonds, supranational bonds or certificates of deposit.

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

#### Analysis of Collateral Held

|       |            | 2013       |            |            |  |
|-------|------------|------------|------------|------------|--|
|       | Value £000 | % of Total | Value £000 | % of Total |  |
| Bonds | 4,839      | 100        | 10,074     | 100        |  |
|       | 4,839      | 100        | 10,074     | 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

|                 |           | Non-      |         |
|-----------------|-----------|-----------|---------|
|                 | Monetary  | monetary  |         |
|                 | exposures | exposures | Total   |
| 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       |
| Currency 2012   | £000      | £000      | £000    |
| Danish Krone    | -         | 4,211     | 4,211   |
| Euro            | 126       | 82,290    | 82,416  |
| Norwegian Krone | 17        | 2,861     | 2,878   |
| Swedish Krona   | -         | 9,113     | 9,113   |
| Swiss Franc     | 22        | 18,919    | 18,941  |
| US Dollar       | 4         | -         | 4       |

**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 2013 was:

|               |                                                                                           | Financial                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|---------------|-------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Floating rate | Fixed rate                                                                                | assets not                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| financial     | financial                                                                                 | , ,                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| assets        | assets                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Total                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| £000          | £000                                                                                      | £000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | £000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| -             | -                                                                                         | 4,657                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 4,657                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 3,722         | -                                                                                         | 124,838                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 128,560                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| ne –          | -                                                                                         | 1,431                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 1,431                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 788           | -                                                                                         | 4,602                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 5,390                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| -             | -                                                                                         | 37,416                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 37,416                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| -             | -                                                                                         | 73,669                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 73,669                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 1             | -                                                                                         | 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 3                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|               |                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| £000          | £000                                                                                      | £000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | £000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| -             | -                                                                                         | 4,309                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 4,309                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| -             | -                                                                                         | 84,246                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 84,246                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| ne –          | -                                                                                         | 2,945                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 2,945                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| -             | -                                                                                         | 9,325                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 9,325                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| -             | -                                                                                         | 19,383                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 19,383                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 2,861         | -                                                                                         | 74,029                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 76,890                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 1             | -                                                                                         | 3                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 4                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|               | financial<br>assets<br>£000<br>-<br>3,722<br>ne -<br>-<br>788<br>-<br>1<br>1<br>£000<br>- | financial<br>assets         financial<br>assets           £000         £000           -         -           3,722         -           10         -           788         -           -         -           1         -           £000         £000           -         -           1         -           £000         £000           -         -           1         -           1         -           1         -           1         -           1         -           1         -           2         -           1         -           1         -           1         -           2         -           2         -           2         -           2,861         - | Floating rate<br>financial<br>assets         Fixed rate<br>financial<br>assets         assets not<br>carrying<br>assets           £000         £000         £000           -         -         4,657           3,722         -         124,838           ne         -         -           788         -         4,602           -         -         37,416           788         -         4,602           -         -         37,416           -         -         73,669           1         -         2           £000         £000         £000           -         -         4,309           -         -         2,945           -         -         9,325           -         -         19,383           2,861         -         74,029 |

## Notes to the financial statements

(continued)

| Currency 2013  | Floating rate<br>financial<br>liabilities<br>£000 | Fixed rate<br>financial<br>liabilities<br>£000 | Financial<br>liabilities<br>not carrying<br>interest<br>£000 | Total<br>£000 |
|----------------|---------------------------------------------------|------------------------------------------------|--------------------------------------------------------------|---------------|
| Euro           | -                                                 | -                                              | (3,664)                                                      | (3,664)       |
| Swedish Krona  | -                                                 | -                                              | (787)                                                        | (787)         |
| UK Sterling    | (467)                                             | -                                              | (4,422)                                                      | (4,889)       |
| Currency 2012  | £000                                              | £000                                           | £000                                                         | £000          |
| Danish Krone   | (98)                                              | -                                              | -                                                            | (98)          |
| Euro           | (1,830)                                           | -                                              | -                                                            | (1,830)       |
| Norwegian Kror | ne (67)                                           | -                                              | -                                                            | (67)          |
| Swedish Krona  | (212)                                             | -                                              | -                                                            | (212)         |
| Swiss Franc    | (442)                                             | -                                              | -                                                            | (442)         |
| UK Sterling    | -                                                 | -                                              | (3,689)                                                      | (3,689)       |
|                |                                                   |                                                |                                                              |               |

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 (2012: Nil).

## **14 PORTFOLIO TRANSACTION COSTS**

|                                              | 2013    | 2012    |
|----------------------------------------------|---------|---------|
|                                              | £000    | £000    |
| Analysis of total purchase costs             |         |         |
| Purchases in period before transaction costs | 188,411 | 279,474 |
| Commissions                                  | 205     | 291     |
| Taxes                                        | 312     | 450     |
| Total purchase costs                         | 517     | 741     |
| Gross purchases total                        | 188,928 | 280,215 |
| Analysis of total sale costs                 |         |         |
| Gross sales before transaction costs         | 177,358 | 282,975 |
| Commissions                                  | (189)   | (277)   |
| Total sale costs                             | (189)   | (277)   |
| Total sales net of transaction costs         | 177,169 | 282,698 |
|                                              |         |         |

## **Threadneedle European Bond Fund**

#### **Investment Report** Investment Objective

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 2013, the published share price of the Threadneedle European Bond Fund has risen from 66.78p to 71.68p.

The sterling total return on the fund for the twelve months ending 28 February

2013, including net reinvested income, is 8.50%, which equates approximately to 10.84% gross of tax and charges\*\* For information the ML Pan Euro Large Cap. Index returned 9.21% over the same period.

#### **Portfolio Activity**

The fund delivered positive returns over this period. We began the period with an underweight position in peripheral eurozone government bonds, which was maintained for much of the remainder of the year and this added to performance. Over the course of the review period, we also exploited price volatility to vary our exposure to peripheral issues, adding further value. Eurozone political policy risk, which had been a key driver of markets for much of 2012, faded as a concern through the last quarter of the year and our underweight proved a drag on performance for some of this period. At the beginning of 2013, we bought Italian government bonds, adopting an overweight position. Further to this we

invested into a new Spanish 10-year bond which was issued at auction and some Irish bonds, taking advantage of both the attractive yields available in peripheral Europe and improved market sentiment. However, at the end of January, we reduced the holdings in Italian bonds ahead of the general election, moving to an underweight position in Italy. Towards the end of the review period, we also allocated to Polish zloty bonds, looking to take advantage of higher yields relative to core Europe. We sold German bonds and bought Swedish bonds. We maintained an overweight position in corporate bonds over much of the review period and this stance added to performance as spreads tightened. In terms of our strategy, we expect government bond markets to remain volatile in 2013, and higher yielding corporate bonds to perform relatively well as a more encouraging global economic outlook leads investors to favour riskier assets.

#### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2012 to 7 March 2013

| 01                                                                           |       |              |              |
|------------------------------------------------------------------------------|-------|--------------|--------------|
|                                                                              | Notes | 2013<br>£000 | 2012<br>£000 |
| Income                                                                       |       |              |              |
| Net capital gains                                                            | 2     | 13,612       | 6,877        |
| Revenue                                                                      | 3     | 5,244        | 6,350        |
| Expenses                                                                     | 4     | (2,052)      | (2,347)      |
| Finance costs:                                                               |       |              |              |
| Derivative expense                                                           | 6     | (26)         | (4)          |
| Interest                                                                     | 6     | (6)          | (18)         |
| Net revenue before taxation                                                  |       | 3,160        | 3,981        |
| Taxation                                                                     | 5     | -            | -            |
| Net revenue after taxation                                                   |       | 3,160        | 3,981        |
| Total return before distributions                                            |       | 16,772       | 10,858       |
| Finance costs: Distributions                                                 | 6     | (4,877)      | (5,943)      |
| Change in net assets attributable to shareholders from investment activities |       | 11,895       | 4,915        |
|                                                                              |       |              |              |

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

for the accounting period 8 March 2012 to 7 March 2013

|                                                                                            | £000     | 2012<br>£000 |
|--------------------------------------------------------------------------------------------|----------|--------------|
| Opening net assets attributable to shareholders                                            | 207,856  | 189,881      |
| Movement due to sales and repurchases of shares:                                           |          |              |
| Amounts receivable on the issue of shares                                                  | 40,977   | 63,763       |
| Amounts payable on the cancellation of shares                                              | (89,189) | (55,267)     |
|                                                                                            | (48,212) | 8,496        |
| Dilution adjustment                                                                        | 165      | 131          |
| Change in net assets attributable to<br>shareholders from investment activities            |          |              |
| (see statement of total return above)                                                      | 11,895   | 4,915        |
| Retained distribution on accumulation shares<br>Unclaimed distribution monies brought back | 3,085    | 4,433        |
| into account                                                                               | 1        | _            |
| Closing net assets attributable to shareholders                                            | 174,790  | 207,856      |

\*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 269-282 for comparative tables.

|                                                      | 012<br>000 |
|------------------------------------------------------|------------|
|                                                      | 791        |
| Assets                                               | 791        |
| Investment assets 170,370 179,                       |            |
| Other assets                                         |            |
| Debtors 7 4,044 20,                                  | 962        |
| Cash and bank balances 8 2,560 11,                   | 149        |
| Total other assets 6,604 32,                         | 111        |
| Total assets 176,974 211,                            | 902        |
| Liabilities (24)                                     | (57)       |
| Other liabilities                                    |            |
| Creditors 9 (828) (3,                                | 359)       |
| Bank overdrafts 8 (678)                              | -          |
| Distribution payable on income shares (654) (        | 630)       |
| Total other liabilities (2,160) (3,                  | 989)       |
| Total liabilities (2,184) (4,                        | .046)      |
| Net assets attributable to shareholders 174,790 207, | 856        |

#### DISTRIBUTION TABLE

for the accounting period 8 March 2012 to 7 March 2013

Interest distribution in pence per share

Class 1 Shares

| Net Income<br>Distribution<br>Period | Gross<br>Revenue | Income<br>Tax | Net<br>Revenue | Equalisation | Distribution<br>Payable<br>2012/2013 | Distribution<br>Paid<br>2011/2012 |
|--------------------------------------|------------------|---------------|----------------|--------------|--------------------------------------|-----------------------------------|
| Group 1                              |                  |               |                |              |                                      |                                   |
| 08/03/12 to 07/09/12                 | 0.8514           | 0.1703        | 0.6811         | -            | 0.6811                               | 0.8604                            |
| 08/09/12 to 07/03/13                 | 0.9976           | 0.1995        | 0.7981         | -            | 0.7981                               | 0.7397                            |
| Group 2                              |                  |               |                |              |                                      |                                   |
| 08/03/12 to 07/09/12                 | 0.3516           | 0.0703        | 0.2813         | 0.3998       | 0.6811                               | 0.8604                            |
| 08/09/12 to 07/03/13                 | 0.6708           | 0.1342        | 0.5366         | 0.2615       | 0.7981                               | 0.7397                            |
| Total distributions in the           | period           |               |                |              | 1.4792                               | 1.6001                            |

## **Threadneedle European Bond Fund**

## DISTRIBUTION TABLE

(continued)

#### Class 1 Shares Gross Accumulation

| Distribution<br>Period                                                                | Gross<br>Revenue           |               |                | Equalisation     | Gross<br>Revenue<br>Accumulated<br>2012/2013 | Gross<br>Revenue<br>Accumulated<br>2011/2012 |
|---------------------------------------------------------------------------------------|----------------------------|---------------|----------------|------------------|----------------------------------------------|----------------------------------------------|
| Group 1<br>08/03/12 to 07/09/12<br>08/09/12 to 07/03/13                               | 1.5178<br>1.7978           |               |                |                  | 1.5178<br>1.7978                             | 1.8629<br>1.6223                             |
| Group 2<br>08/03/12 to 07/09/12<br>08/09/12 to 07/03/13<br>Total distributions in the | 0.6702<br>0.6395<br>period |               |                | 0.8476<br>1.1583 | 1.5178<br>1.7978<br><b>3.3156</b>            | 1.8629<br>1.6233<br><b>3.4852</b>            |
| Class 2 Shares                                                                        |                            |               |                |                  |                                              |                                              |
| Gross Accumulation<br>Distribution<br>Period                                          | Gross<br>Revenue           |               |                | Equalisation     | Gross<br>Revenue<br>Accumulated<br>2012/2013 | Gross<br>Revenue<br>Accumulated<br>2011/2012 |
| Group 1<br>08/03/12 to 07/09/12<br>08/09/12 to 07/03/13                               | 1.4217<br>1.6790           |               |                | -                | 1.4217<br>1.6790                             | 1.6035<br>1.4004                             |
| Group 2<br>08/03/12 to 07/09/12<br>08/09/12 to 07/03/13<br>Total distributions in the | 0.8348<br>0.9672           |               |                | 0.5869<br>0.7118 | 1.4217<br>1.6790<br><b>3.1007</b>            | 1.6035<br>1.4004<br><b>3.0039</b>            |
| Class Z Shares                                                                        | period                     |               |                |                  | 3.1007                                       | 3.0035                                       |
| Net Income*                                                                           |                            |               |                |                  |                                              |                                              |
| Distribution<br>Period                                                                | Gross<br>Revenue           | Income<br>Tax | Net<br>Revenue | Equalisation     | Distribution<br>Payable<br>2012/2013         |                                              |
| Group 1<br>15/02/13 to 07/03/13                                                       | 1.4115                     | 0.2823        | 1.1292         | -                | 1.1292                                       |                                              |
| Group 2<br>15/02/13 to 07/03/13<br>Total distributions in the                         | 0.1735<br>period           | 0.0347        | 0.1388         | 0.9904           | 1.1292<br><b>1.1292</b>                      |                                              |

Group 2: shares purchased during a distribution period

\*Class Z – Net income shares commenced on 15 February 2013

2013

2012

## **Threadneedle European Bond Fund**

### Notes to the financial statements

for the accounting period 8 March 2012 to 7 March 2013

### **1 ACCOUNTING POLICIES**

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 6 and 7.

#### 2 NET CAPITAL GAINS

Net capital gains during the period comprise:

|   |                             | 2013   | 2012  |
|---|-----------------------------|--------|-------|
|   |                             | £000   | £000  |
|   | Non-derivative securities   | 14,319 | 6,982 |
|   | Derivative contracts        | 38     | (132) |
|   | Forward currency contracts  | (855)  | 12    |
|   | Other gains                 | 119    | 23    |
|   | Transaction costs           | (9)    | (8)   |
|   | Net capital gains           | 13,612 | 6,877 |
| 3 | REVENUE                     |        |       |
|   |                             | 2013   | 2012  |
|   |                             | £000   | £000  |
|   | Interest on debt securities | 5,201  | 6,255 |

| Interest on debt securities        | 5,201 | 6,255 |
|------------------------------------|-------|-------|
| Interest on short trem investments | -     | 4     |
| Bank interest                      | 22    | 71    |
| Stocklending commission            | 21    | 20    |
| Total revenue                      | 5,244 | 6,350 |

### 4 EXPENSES

| EXFENSES                                                                                    |              |              |
|---------------------------------------------------------------------------------------------|--------------|--------------|
|                                                                                             | 2013<br>£000 | 2012<br>£000 |
| Payable to the ACD or associates of the ACD,<br>and the agents of either of them:           |              |              |
| Annual management charge                                                                    | (1,716)      | (1,962)      |
| Registration fees                                                                           | (296)        | (343)        |
|                                                                                             | (2,012)      | (2,305)      |
| Payable to the depositary or associate of the depositary, and the agents of either of them: |              |              |
| Depositary's fees                                                                           | (17)         | (18)         |
| Safe custody fees                                                                           | (8)          | (9)          |
|                                                                                             | (25)         | (27)         |
| Other expenses:                                                                             |              |              |
| Regulatory fee                                                                              | (7)          | (7)          |
| Audit fee                                                                                   | (8)          | (8)          |
|                                                                                             | (15)         | (15)         |
| *Total expenses                                                                             | (2,052)      | (2,347)      |
|                                                                                             |              |              |

\*Including irrecoverable VAT where applicable.

## 5 TAXATION

|                                                                                                   | £000  | £000  |
|---------------------------------------------------------------------------------------------------|-------|-------|
| a) Analysis of charge in period<br>Total current tax (note 5b)                                    | _     | _     |
| Total tax charge for the period                                                                   | _     |       |
| b) Factors affecting taxation charge for period                                                   |       |       |
| Net revenue before taxation                                                                       | 3,160 | 3,981 |
| Net revenue before taxation multiplied by the standard rate of corporation tax of 20% Effects of: | (632) | (796) |
| Excess expenses                                                                                   | (343) | (392) |
| Distributions treated as tax deductible                                                           | 975   | 1,188 |
| Current tax charge for period (note 5a)                                                           | _     | _     |

The fund has not recognised a deferred tax asset of £2,527,096 (2012: £2,183,842) arising as a result of having unutilised management expenses.

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

### 6 FINANCE COSTS

#### **Distributions and Interest**

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

|                                                  | 2013  | 2012    |
|--------------------------------------------------|-------|---------|
|                                                  | £000  | £000    |
| Interim                                          | 2,175 | 3,225   |
| Final                                            | 2,438 | 2,878   |
|                                                  | 4,613 | 6,103   |
| Add: Revenue deducted on cancellation of shares  | 584   | 451     |
| Deduct: Revenue received on creation of shares   | (320) | (611)   |
| Net distribution for the period                  | 4,877 | 5,943   |
| Derivative expense                               | 26    | 4       |
| Interest                                         | 6     | 18      |
| Total finance costs                              | 4,909 | 5,965   |
| Net revenue after taxation                       | 3,160 | 3,981   |
| Annual management charge to capital              | 1,716 | 1,962   |
| Movement in revenue carried forward              | 1     | -       |
| Net distribution for the period                  | 4,877 | 5,943   |
| Details of the distribution new shore are set or | * *!  | able en |

Details of the distribution per share are set out in the table on pages 91 and 92.

2013

2012

## 7 DEBTORS

|                                            | £000  | £000   |
|--------------------------------------------|-------|--------|
| Amounts receivable for the issue of shares | 1,193 | 11,809 |
| Sales awaiting settlement                  | -     | 6,007  |
| Accrued revenue                            | 2,851 | 3,146  |
| Total debtors                              | 4,044 | 20,962 |
|                                            |       |        |

## **Threadneedle European Bond Fund**

#### Notes to the financial statements

(continued)

## 8 CASH AND BANK BALANCES

| 2013<br>£000 | 2012<br>£000                                  |
|--------------|-----------------------------------------------|
|              |                                               |
| 270          | -                                             |
| 2,290        | 11,149                                        |
| 2,560        | 11,149                                        |
| (678)        | -                                             |
| 1,882        | 11,149                                        |
|              | <b>£000</b><br>270<br>2,290<br>2,560<br>(678) |

#### 9 CREDITORS

|                                                | 2013<br>£000 | 2012<br>£000 |
|------------------------------------------------|--------------|--------------|
| Amounts payable for the cancellation of shares | (499)        | (1,881)      |
| Purchases awaiting settlement                  | -            | (1,132)      |
| Accrued expenses                               | (12)         | (9)          |
| Amounts payable to ACD                         | (153)        | (183)        |
| Income tax payable                             | (164)        | (154)        |
| Total creditors                                | (828)        | (3,359)      |

2012

2012

#### **10 RELATED PARTY TRANSACTIONS**

The related parties are set out in detail in Note 8 of the aggregated financial statements on page 7.

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 11.

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    | 0.175% |
| 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 276. The distribution per share class is given in the distribution table on pages 91 and 92. 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 £29,000 (2012: £28,000) of which £3,000 (2012: £3,000) was outstanding at year end. They have paid fees of £4,000 (2012: £4,000) of which Nil (2012: Nil) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £4,000 (2012: £4,000) of which Nil (2012: £1,000) was outstanding at year end to J.P. Morgan as the security lending agent to process these arrangements and hold the collateral. The value of stock on loan at the end of the accounting period was £18.75m (2012: £18.88m), whilst the value of collateral held for these arrangements was £19.12m (2012: £19.61m). The collateral was held as either securities transferred in CREST by a DBV (Delivery by Value) or Gilt DBV, or in the form of overseas government bonds, supranational bonds or certificates of deposit.

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

#### Analysis of Collateral Held

|       |            | 2013       |            |            |
|-------|------------|------------|------------|------------|
|       | Value £000 | % of Total | Value £000 | % of Total |
| Bonds | 19,116     | 100        | 19,607     | 100        |
|       | 19,116     | 100        | 19,607     | 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

| Currency 2013 | Monetary<br>exposures<br>£000 | Non-<br>monetary<br>exposures<br>£000 | Total<br>£000 |
|---------------|-------------------------------|---------------------------------------|---------------|
| Euro          | 4,444                         | 133,005                               | 137,449       |
| Polish Zloty  | 85                            | 4,701                                 | 4,786         |
| Swedish Krona | 276                           | 996                                   | 1,272         |
| Currency 2012 | £000                          | £000                                  | £000          |
| Euro          | 13,230                        | 145,989                               | 159,219       |
| Swedish Krona | 2                             | 1,546                                 | 1,548         |

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 2013 was:

| Currency 2013 | Floating rate<br>financial<br>assets<br>£000 | Fixed rate<br>financial<br>assets<br>£000 | Financial<br>assets not<br>carrying<br>interest<br>£000 | Total<br>£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        |
| Currency 2012 | £000                                         | £000                                      | £000                                                    | £000          |
| Euro          | 12,571                                       | 138,645                                   | 9,135                                                   | 160,351       |
| Swedish Krona | 2                                            | 7,550                                     | -                                                       | 7,552         |
| UK Sterling   | 7,056                                        | 36,062                                    | 11,827                                                  | 54,945        |

## **Threadneedle European Bond Fund**

### Notes to the financial statements

(continued)

| Currency 2013 | Floating rate<br>financial<br>liabilities<br>£000 | Fixed rate<br>financial<br>liabilities<br>£000 | Financial<br>liabilities<br>not carrying<br>interest<br>£000 | Total<br>£000 |
|---------------|---------------------------------------------------|------------------------------------------------|--------------------------------------------------------------|---------------|
| Swedish Krona | -                                                 | (6,692)                                        | -                                                            | (6,692)       |
| UK Sterling   | (678)                                             | -                                              | (1,482)                                                      | (2,160)       |
| Currency 2012 | £000                                              | £000                                           | £000                                                         | £000          |
| Euro          | -                                                 | -                                              | (1,132)                                                      | (1,132)       |
| Swedish Krona | -                                                 | (6,004)                                        | -                                                            | (6,004)       |
| UK Sterling   | (151)                                             | (4,848)                                        | (2,857)                                                      | (7,856)       |
|               | Fixed rate fina                                   | ncial assets                                   | Fixed rate finan                                             | cial assets   |

|               |      | ancial assets<br>hted average<br>interest rate | Weighted ave<br>for which |       |
|---------------|------|------------------------------------------------|---------------------------|-------|
|               | 2013 | 2012                                           | 2013                      | 2012  |
| Currency      | %    | %                                              | years                     | years |
| Euro          | 4    | 4                                              | 8.73                      | 9.63  |
| Polish Zloty  | 5    | -                                              | 6.26                      | _     |
| Swedish Krona | 3    | 4                                              | 9.24                      | 2.86  |
| UK Sterling   | 4    | 4                                              | 13.5                      | 13.33 |

#### Fair value of financial assets and financial liabilities

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

The only material amounts of non interest-bearing assets relate to forward foreign exchange contracts. Derivatives including forwards are used in this portfolio to take active positions in FX markets, interest rates and credit markets. Derivatives are employed when they are the cheapest and most efficient method of gaining exposure. This increases the risk profile of the fund and may result in a higher degree of volatility. All open positions are regularly reviewed by the fund manager. At 7 March 2013, the fund had outstanding open forward foreign exchange contracts of -£24,000 (2012: -£5,000).

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 value of the derivatives at year end is small in the context of the overall portfolio. The same is true of the prior year.

#### **14 CONTINGENT LIABILITIES AND COMMITMENTS**

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

#### **15 PORTFOLIO TRANSACTION COSTS**

The purchases and sales are not subject to portfolio transaction costs. The total cost of purchases during the period was £298,936,444 (2012: £456,167,038) and proceeds received from sales were £321,656,079 (2012: £450,628,816).

## Investment Report

**Investment Objective** 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 2013, the published share price of the Threadneedle European Corporate Bond Fund has risen from 83.70p to 95.01p.

Looking at performance within its peer group, the total return on the fund for the twelve months ending 28 February 2013, including net reinvested income, is 11.85%. The fund return equates approximately to 14.11% gross of tax and charges\*\*. (For information the iBoxx European All Corporate Bond Index gave a total return of 11.63% for the same period).

### **Portfolio Activity**

The fund delivered positive returns over this period. The fund went into the year with an overweight in aggregate spread risk on the back of the ECB announcement of a 3-year Long Term Refinancing Operation (LTRO) in late 2011. We believed most market participants were positioned underweight spread risk into the LTRO which aided our positive view. As the LTRO came to an end in March 2012 we reduced spread risk in the fund significantly. Despite being overweight overall spread risk, the fund was underweight peripheral economies. This positioning benefited the fund in the second quarter when risk markets were weak owing to concerns over the solvency of Spain and its banking sector. Following ECB President Mario Draghi's comments in July that the ECB would do "whatever it takes" to defend the eurozone, we covered the short position in the periphery through Spanish covered bonds and Spanish and Irish utilities. Performance was aided significantly by an underweight position in the troubled banking sector. An overweight in the insurance sector and basic industries sector, both of which performed well, also added value over the review period. In terms of strategy, we believe there continue to be good opportunities to add relative value at a sector and name selection level. While there are limited bottom-up credit improvement stories available in the corporate sector, various parts of the banking sector are still in balance sheet repair mode. The banking sector remains an interesting part of the market, where we believe good relative value opportunities exist between Covered Bonds, Senior unsecured, and Bank Capital. We are underweight Senior unsecured where we believe the market still needs to re-price from considering this asset class as being 'government-backed' to realising that it is increasingly likely to be loss absorbing going forward.

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2012 to 7 March 2013

|                                         | Notes | 2013<br>£000 | 2012<br>£000 |
|-----------------------------------------|-------|--------------|--------------|
| Income                                  |       |              |              |
| Net capital gains/(losses)              | 2     | 7,458        | (532)        |
| Revenue                                 | 3     | 2,281        | 2,016        |
| Expenses                                | 4     | (613)        | (467)        |
| Finance costs:                          |       |              |              |
| Derivative expense                      | 6     | -            | (2)          |
| Interest                                | 6     | (2)          | (6)          |
| Net revenue before taxation             |       | 1,666        | 1,541        |
| Taxation                                | 5     | -            | -            |
| Net revenue after taxation              |       | 1,666        | 1,541        |
| Total return before distributions       |       | 9,124        | 1,009        |
| Finance costs: Distributions            | 6     | (1,666)      | (1,541)      |
| Change in net assets attributable to    |       |              |              |
| shareholders from investment activities |       | 7,458        | (532)        |
|                                         |       |              |              |

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE

**TO SHAREHOLDERS** for the accounting period 8 March 2012 to 7 March 2013

|                                                 | 2013<br>£000 |
|-------------------------------------------------|--------------|
| Opening net assets attributable to shareholders | 48,811       |
| Movement due to sales and repurchases           |              |

| of shares:<br>Amounts receivable on the issue of shares<br>Amounts payable on the cancellation of shares | 36,802<br>(27,501) | 15,340<br>(5,526) |
|----------------------------------------------------------------------------------------------------------|--------------------|-------------------|
|                                                                                                          | 9,301              | 9,814             |
| Dilution adjustment                                                                                      | 150                | 66                |
| Change in net assets attributable to shareholders from investment activities                             |                    |                   |
| (see statement of total return above)                                                                    | 7,458              | (532)             |
| Retained distribution on accumulation shares                                                             | 1,492              | 1,344             |
| Closing net assets attributable to shareholders                                                          | 67,212             | 48,811            |
|                                                                                                          |                    |                   |

<sup>\*</sup>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 269-282 for comparative tables.

| BALANCE SHEET<br>as at 7 March 2013               |        |                                      |                                      |
|---------------------------------------------------|--------|--------------------------------------|--------------------------------------|
| Assets<br>Investment assets                       | Notes  | <b>2013</b><br><b>£000</b><br>66,282 | <b>2012</b><br><b>£000</b><br>47,191 |
| Other assets<br>Debtors<br>Cash and bank balances | 7<br>8 | 1,231<br>160                         | 2,387<br>537                         |
| Total other assets                                |        | 1,391                                | 2,924                                |
| Total assets                                      |        | 67,673                               | 50,115                               |
| Liabilities<br>Derivative liabilities             |        | (259)                                | (10)                                 |
| Other liabilities                                 |        |                                      |                                      |
| Creditors<br>Bank overdrafts                      | 9<br>8 | (184)<br>(18)                        | (202)<br>(1,092)                     |
| Total other liabilities                           |        | (202)                                | (1,294)                              |
| Total liabilities                                 |        | (461)                                | (1,304)                              |
| Net assets attributable to shareholders           |        | 67,212                               | 48,811                               |

## **DISTRIBUTION TABLE**

for the accounting period 8 March 2012 to 7 March 2013

Interest distribution in pence per share

| Class 1 Shares<br>Net Accumulation |          |        |         |
|------------------------------------|----------|--------|---------|
| Distribution                       | Gross    | Income | Net     |
| Period                             | Revenue  |        | Revenue |
| 08/03/12 to 07/09/12               | 1.2120   | 0.2424 | 0.9696  |
| 08/09/12 to 07/03/13               | 1.0906   | 0.2181 | 0.8725  |
| Total distributions in th          | e period |        |         |
| Class 1 Chause                     |          |        |         |

| Class 1 Shares<br>Gross Accumulation                                     |                               |                                              |                                              |
|--------------------------------------------------------------------------|-------------------------------|----------------------------------------------|----------------------------------------------|
| Distribution<br>Period                                                   | Gross<br>Revenue              | Gross<br>Revenue<br>Accumulated<br>2012/2013 | Gross<br>Revenue<br>Accumulated<br>2011/2012 |
| 08/03/12 to 07/09/12<br>08/09/12 to 07/03/13<br>Total distributions in t | 1.1617<br>1.1165<br>he period | 1.1617<br>1.1165<br><b>2.2782</b>            | 1.7189<br>1.3966<br><b>3.1155</b>            |
| Class 2 Shares<br>Gross Accumulation                                     |                               |                                              |                                              |
| Distribution<br>Period                                                   | Gross<br>Revenue              | Gross<br>Revenue<br>Accumulated<br>2012/2013 | Gross<br>Revenue<br>Accumulated<br>2011/2012 |
| 08/03/12 to 07/09/12<br>08/09/12 to 07/03/13<br>Total distributions in t | 1.3875<br>2.4156<br>he period | 1.3875<br>2.4156<br><b>3.8031</b>            | 1.3977<br>1.4132<br><b>2.8109</b>            |

Net Revenue

2012/2013

Accumulated Accur

0.9696

0.8725

1 8421

Net Revenue

2011/2012

1.3068

1.0918

2 3986

2012

£000

38,119

### Notes to the financial statements

for the accounting period 8 March 2012 to 7 March 2013

### **1 ACCOUNTING POLICIES**

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 6 and 7.

### 2 NET CAPITAL GAINS/(LOSSES)

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

|   |                             | 2013  | 2012  |
|---|-----------------------------|-------|-------|
|   |                             | £000  | £000  |
|   | Non-derivative securities   | 6,870 | (329) |
|   | Derivative contracts        | 72    | 22    |
|   | Forward currency contracts  | 475   | (160) |
|   | Other gains/(losses)        | 49    | (59)  |
|   | Transaction costs           | (8)   | (6)   |
|   | Net capital gains/(losses)  | 7,458 | (532) |
| 3 | REVENUE                     |       |       |
|   |                             | 2013  | 2012  |
|   |                             | £000  | £000  |
|   | Interest on debt securities | 2,258 | 1,999 |
|   | Derivative revenue          | 12    | -     |
|   | Bank interest               | 4     | 13    |

### Bank interest 4 Stocklending commission 7 Total revenue 2,281

## 4 EXPENSES

|                                                                                             | 2013<br>£000 | £000  |
|---------------------------------------------------------------------------------------------|--------------|-------|
| Payable to the ACD or associates of the ACD,<br>and the agents of either of them:           |              |       |
| Annual management charge                                                                    | (504)        | (378) |
| Registration fees                                                                           | (79)         | (62)  |
|                                                                                             | (583)        | (440) |
| Payable to the depositary or associate of the depositary, and the agents of either of them: |              |       |
| Depositary's fees                                                                           | (12)         | (10)  |
| Safe custody fees                                                                           | (3)          | (2)   |
|                                                                                             | (15)         | (12)  |
| Other expenses:                                                                             |              |       |
| Regulatory fee                                                                              | (7)          | (7)   |
| Audit fee                                                                                   | (8)          | (8)   |
|                                                                                             | (15)         | (15)  |
| *Total expenses                                                                             | (613)        | (467) |
|                                                                                             |              |       |

\*Including irrecoverable VAT where applicable.

## 5 TAXATION

|                                                 | £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                     | 1,666 | 1,541 |
| Net revenue before taxation multiplied by       |       |       |
| the standard rate of corporation tax of 20%     | (333) | (308) |
| Effects of:                                     |       |       |
| Distributions treated as tax deductible         | 333   | 308   |
| Current tax charge for period (note 5a)         | -     | _     |

2013

2013

2013

2012

2012

2012

The fund has not recognised a deferred tax asset of £40 (2012: £33)

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

## 6 FINANCE COSTS

4

2,016

2012

2012

**Distributions and Interest** 

|                                 | 2013  | 2012  |
|---------------------------------|-------|-------|
|                                 | £000  | £000  |
| Interim                         | 771   | 790   |
| Final                           | 895   | 751   |
|                                 | 1,666 | 1,541 |
| Net distribution for the period | 1,666 | 1,541 |
| Derivative expense              | -     | 2     |
| Interest                        | 2     | 6     |
| Total finance costs             | 1,668 | 1,549 |
|                                 |       |       |

Details of the distribution per share are set out in the table on page 96.

#### 7 DEBTORS

|                                            | £000  | £000  |
|--------------------------------------------|-------|-------|
| Amounts receivable for the issue of shares | 12    | 1,301 |
| Sales awaiting settlement                  | -     | 77    |
| Accrued revenue                            | 1,219 | 1,009 |
| Total debtors                              | 1,231 | 2,387 |

#### 8 CASH AND BANK BALANCES

|                                         | £000 | £000    |
|-----------------------------------------|------|---------|
| Amounts held at futures clearing houses |      |         |
| and brokers                             | 158  | 112     |
| Cash and bank balances                  | 2    | 425     |
|                                         | 160  | 537     |
| Bank overdraft                          | (18) | (1,092) |
| Total cash and bank balances            | 142  | (555)   |
|                                         |      |         |

2012

2012

### Notes to the financial statements

(continued)

## 9 CREDITORS

| 2013  | 2012                                        |
|-------|---------------------------------------------|
| £000  | £000                                        |
| (20)  | (26)                                        |
| -     | (44)                                        |
| (11)  | (6)                                         |
| (56)  | (37)                                        |
| (97)  | (89)                                        |
| (184) | (202)                                       |
|       | <b>£000</b><br>(20)<br>(11)<br>(56)<br>(97) |

#### **10 RELATED PARTY TRANSACTIONS**

The related parties are set out in detail in Note 8 of the aggregated financial statements on page 7.

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 European 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           | 1.00%  |
| Class 2 shares           | 0.50%  |
| Registration fees        |        |
| Class 1 shares           | 0.175% |
| Class 2 shares           | 0.035% |
|                          |        |

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative table on page 277. The distribution per share class is given in the distribution table on page 96. 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 £10,000 (2012: £6,000) of which £1,000 (2012: £1,000) was outstanding at year end. They have paid fees of £1,000 (2012: £1,000) of which Nil (2012: Nil) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £2,000 (2012: £1,000) of which Nil (2012: Nil) was outstanding at year end to J.P. Morgan as the security lending agent to process these arrangements and hold the collateral. The value of stock on loan at the end of the accounting period was £7.46m (2012: £1.63m), whilst the value of collateral held for these arrangements was £7.62m (2012: £1.67m). The collateral was held as either securities transferred in CREST by a DBV (Delivery by Value) or Gilt DBV, or in the form of overseas government bonds. supranational bonds or certificates of deposit.

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

#### Analysis of Collateral Held

|       |            | 2013       |            | 2012       |
|-------|------------|------------|------------|------------|
|       | Value £000 | % of Total | Value £000 | % of Total |
| Bonds | 7,622      | 100        | 1,673      | 100        |
|       | 7,622      | 100        | 1,673      | 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

| Currency 2013<br>Euro | Monetary<br>exposures<br>£000<br>997 | Non-<br>monetary<br>exposures<br>£000<br>66,265 | <b>Total</b><br><b>£000</b><br>67,262 |
|-----------------------|--------------------------------------|-------------------------------------------------|---------------------------------------|
| Currency 2012         | £000                                 | £000                                            | £000                                  |
| Euro                  | 1,446                                | 47,383                                          | 48,829                                |

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 2013 was:

| Currency 2013 | Floating rate<br>financial<br>assets<br>£000 | Fixed rate<br>financial<br>assets<br>£000 | Financial<br>assets not<br>carrying<br>interest<br>£000 | Total<br>£000 |
|---------------|----------------------------------------------|-------------------------------------------|---------------------------------------------------------|---------------|
| Euro          | 1,353                                        | 65,065                                    | 1,118                                                   | 67,536        |
| UK Sterling   | 1,319                                        | 9,496                                     | 216                                                     | 11,031        |
| Currency 2012 | £000                                         | £000                                      | £000                                                    | £000          |
| Euro          | 1,981                                        | 45,940                                    | 952                                                     | 48,873        |
| UK Sterling   | 588                                          | 6,404                                     | 1,434                                                   | 8,426         |

| Currency 2013 | Floating rate<br>financial<br>liabilities<br>£000 | Fixed rate<br>financial<br>liabilities<br>£000 | Financial<br>liabilities<br>not carrying<br>interest<br>£000 | Total<br>£000 |
|---------------|---------------------------------------------------|------------------------------------------------|--------------------------------------------------------------|---------------|
| Euro          | (18)                                              | -                                              | (256)                                                        | (274)         |
| UK Sterling   | (1,185)                                           | (9,712)                                        | (184)                                                        | (11,081)      |
| Currency 2012 | £000                                              | £000                                           | £000                                                         | £000          |
| Euro          | -                                                 | -                                              | (44)                                                         | (44)          |
| UK Sterling   | (1,697)                                           | (6,588)                                        | (159)                                                        | (8,444)       |

|             | Fixe      | d rate | Fix       | ed rate | Non i   | nterest |
|-------------|-----------|--------|-----------|---------|---------|---------|
|             | financial | assets | financial | assets  | bearing | assets  |
|             | We        | ighted | We        | eighted | W       | eighted |
|             | av        | /erage | average   | period  | average | period  |
|             | 2013      | 2012   | 2013      | 2012    | 2013    | 2012    |
| Currency    | %         | %      | years     | years   | years   | years   |
| Euro        | 4         | 5      | 8.47      | 9.81    | 4.77    | -       |
| UK Sterling | 6         | 6      | 5.69      | 9.61    | -       | -       |

## Notes to the financial statements

(continued)

#### Fair value of financial assets and financial liabilities

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

The only material amounts of non interest-bearing assets relate to 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 2013, the fund had outstanding open credit default swaps and forward foreign exchange contracts f12,000).

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 (2012: Nil).

### 15 PORTFOLIO TRANSACTION COSTS

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

The total cost of purchases during the period was £80,630,806 (2012:  $\pounds$ 42,674,456) and proceeds received from sales were £68,964,777 (2012:  $\pounds$ 32,133,650).

#### Investment Report Investment Objective

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).

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

Over the twelve months to 7 March 2013, the published share price of the Threadneedle European High Yield Bond Fund has risen from 112.87p to 130.67p. The sterling total return on the fund for the twelve months ending 28 February 2013, including net reinvested income, is 14.05%, which equates approximately to 16.79% gross of tax and charges\*\* and compares against a return of 17.82% for the Merrill Lynch European Currency High Yield Index 3% constrained ex sub-financials (100% hedged to euros). The gross returns equate to approximately 13.56% for the fund and 14.56% for the index when quoted in Euros\*\*.

#### **Portfolio Activity**

The market rallied strongly partly on the back of the underperformance seen in 2011 and as risk appetite picked up in the final quarter of 2012. The fund benefited from being overweight BB-rated issues and underweight B-rated issues, and from its focus on companies with an international rather than a purely European focus, a stance that reflected the problems that continue to weigh on eurozone economies. These are particularly acute in the automotive sector, which is suffering from depressed domestic demand and our underweight here was a major positive. The fund's concentration upon defensive areas such as telecoms and basic industries also supported performance. We also had a slight bias towards banking and financial services, sectors that benefited from the ECB's extraordinary measures to restore confidence in the latter part of 2012.

Primary issuance picked up strongly in the final quarter of 2012, this trend continued into 2013 and we were active participants in the market. Looking forward, it is clear that interest rates are likely to remain very low as central banks seek to prop up consumer demand given that there is little scope for fiscal stimulus in the developed world. Demand for income and higher-yielding assets should, therefore, remain robust However, any further deterioration in the eurozone economy would be negative for risk appetite and this could have an adverse impact on high yield. Nonetheless, we expect fundamentals within the high yield space to remain supportive, and we anticipate that default rates will remain very low.

#### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2012 to 7 March 2013

|                                         | / 1010112 |              |              |
|-----------------------------------------|-----------|--------------|--------------|
|                                         | Notes     | 2013<br>£000 | 2012<br>£000 |
| Income                                  |           |              |              |
| Net capital gains/(losses)              | 2         | 66,525       | (82,679)     |
| Revenue                                 | 3         | 54,503       | 65,165       |
| Expenses                                | 4         | (7,172)      | (8,513)      |
| Finance costs: Interest                 | 6         | (33)         | (57)         |
| Net revenue before taxation             |           | 47,298       | 56,595       |
| Taxation                                | 5         | -            | (4)          |
| Net revenue after taxation              |           | 47,298       | 56,591       |
| Total return before distributions       |           | 113,823      | (26,088)     |
| Finance costs: Distributions            | 6         | (47,298)     | (56,591)     |
| Change in net assets attributable to    |           |              |              |
| shareholders from investment activities |           | 66,525       | (82,679)     |
|                                         |           |              |              |

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2012 to 7 March 2013

|                                                                              | 2013<br>£000 | 2012<br>£000 |
|------------------------------------------------------------------------------|--------------|--------------|
| Opening net assets attributable to shareholders                              | 700,486      | 1,061,024    |
| Movement due to sales and repurchases of shares:                             |              |              |
| Amounts receivable on the issue of shares                                    | 347,355      | 345,799      |
| Amounts payable on the cancellation of shares                                | (323,065)    | (682,125)    |
| Amounts payable on inspecie transfer                                         | (34,983)     | -            |
|                                                                              | (10,693)     | (336,326)    |
| Dilution adjustment                                                          | 1,499        | 2,602        |
| Change in net assets attributable to shareholders from investment activities |              |              |
| (see statement of total return above)                                        | 66,525       | (82,679)     |
| Retained distribution on accumulation shares                                 | 45,184       | 55,865       |
| Closing net assets attributable to shareholders                              | 803,001      | 700,486      |
| *1                                                                           |              |              |

\*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 269-282 for comparative tables.

## BALANCE SHEET

| as | at | 7 | March | 2013 |
|----|----|---|-------|------|
|    |    |   |       |      |

| as at 7 March 2013                      |       |          |          |
|-----------------------------------------|-------|----------|----------|
|                                         |       | 2013     | 2012     |
| Assets                                  | Notes | £000     | £000     |
| Investment assets                       |       | 748,543  | 648,107  |
| Other assets                            |       |          |          |
| Debtors                                 | 7     | 26,916   | 26,269   |
| Cash and bank balances                  | 8     | 38,300   | 44,220   |
| Total other assets                      |       | 65,216   | 70,489   |
| Total assets                            |       | 813,759  | 718,596  |
| Liabilities                             |       |          |          |
| Derivative liabilities                  |       | (671)    | (949)    |
| Other liabilities                       |       |          |          |
| Creditors                               | 9     | (7,320)  | (13,452) |
| Bank overdrafts                         | 8     | (1,074)  | (3,579)  |
| Distribution payable on income shares   | S     | (1,693)  | (130)    |
| Total other liabilities                 |       | (10,087) | (17,161) |
| Total liabilities                       |       | (10,758) | (18,110) |
| Net assets attributable to shareholders |       | 803,001  | 700,486  |
|                                         |       |          |          |

#### **DISTRIBUTION TABLE**

for the accounting period 8 March 2012 to 7 March 2013

Interest distribution in pence per share

| Class 1 Shares<br>Net Accumulation<br>Distribution<br>Period | Gross<br>Revenue    | Income<br>Tax | Net<br>Revenue | Net Revenue<br>Accumulated<br>2012/2013 |                         |
|--------------------------------------------------------------|---------------------|---------------|----------------|-----------------------------------------|-------------------------|
| 08/03/12 to 07/03/13<br>Total distributions in th            | 7.4180<br>ne period | 1.4836        | 5.9344         | 5.9344<br><b>5.9344</b>                 | 8.0781<br><b>8.0781</b> |
| Class 1 Shares<br>Gross Income                               |                     |               |                |                                         |                         |
| Distribution                                                 | Gross               |               |                | Distribution                            | Distribution            |
| Period                                                       | Revenue             |               |                | Payable                                 | Paid                    |
|                                                              |                     |               |                | 2012/2013                               | 2011/2012               |
| 08/03/12 to 07/03/13                                         | 6.4218              |               |                | 6.4218                                  | 0.7214                  |
| Total distributions in the                                   | ne period           |               |                | 6.4218                                  | 0.7214                  |

## **DISTRIBUTION TABLE**

(continued)

| Class 1 Shares<br>Gross Accumulation             |                     |                            |                          |
|--------------------------------------------------|---------------------|----------------------------|--------------------------|
| Distribution                                     | Gross               | Gross<br>Revenue           | Gross<br>Revenue         |
| Period                                           | Revenue             | Accumulated 2012/2013      | Accumulated<br>2011/2012 |
| 08/03/12 to 07/03/13                             | 8.2994              | 8.2994<br>8.2994           |                          |
| Total distributions in the Class 2 Shares        | ne period           | 8.2994                     | 11.9066                  |
| Gross Income*                                    |                     |                            |                          |
| Distribution                                     | Gross               | Distribution               |                          |
| Period                                           | Revenue             | Payable<br>2012/2013       |                          |
| 09/05/12 to 07/03/13<br>Total distributions in t | 0.5483              | 0.5483                     |                          |
| Class 2 Shares                                   | ne period           | 0.5483                     |                          |
| Gross Accumulation                               |                     |                            |                          |
| Distribution                                     | 0                   | Gross                      | Gross                    |
| Period                                           | Gross<br>Revenue    | Revenue<br>Accumulated     | Revenue<br>Accumulated   |
|                                                  |                     | 2012/2013                  | 2011/2012                |
| 08/03/12 to 07/03/13<br>Total distributions in t | 11.9032             | 11.9032<br><b>11.9032</b>  |                          |
| Class 2 Hedged                                   | •                   | 11.5052                    | 12.7 150                 |
| Gross Accumulation                               | Shares              | <u>,</u>                   |                          |
| Distribution                                     | Gross               | Gross<br>Revenue           |                          |
| Period                                           | Revenue             |                            | Accumulated              |
| 08/03/12 to 07/03/13                             | 7,1507              | <b>2012/2013</b><br>7.1507 |                          |
| Total distributions in t                         | he period           | 7.1507                     | 7.4286                   |
| Class X Shares                                   |                     |                            |                          |
| Gross Accumulation                               |                     | Gross                      | Gross                    |
| Distribution                                     | Gross               | Revenue                    | Revenue                  |
| Period                                           | Revenue             | Accumulated                |                          |
| 08/03/12 to 07/03/13                             | 7,1541              | <b>2012/2013</b><br>7.1541 | 2011/2012<br>5.0953      |
| Total distributions in t                         |                     | 7.1541                     | 5.0953                   |
| Class Z Shares                                   |                     |                            |                          |
| Gross Income**                                   |                     |                            |                          |
| Distribution<br>Period                           | Gross<br>Revenue    | Distribution<br>Payable    |                          |
|                                                  |                     | 2012/2013                  |                          |
| 26/09/12 to 07/03/13<br>Total distributions in t | 1.8221<br>he period | 1.8221<br>1.8221           |                          |
| Class Z Shares                                   |                     |                            |                          |
| Gross Accumulation                               | * * *               |                            |                          |
| Distribution                                     | Gross               | Gross<br>Revenue           |                          |
| Period                                           | Revenue             | Accumulated                |                          |
| 26/09/12 to 07/03/13                             | 3.3965              | <b>2012/2013</b><br>3,3965 |                          |
| Total distributions in t                         |                     | 3.3965                     |                          |
|                                                  |                     |                            |                          |

\*Class Z – Gross income shares commenced on 9 May 2012 \*\*Class Z – Gross income shares commenced on 26 September 2012

\*\*\*Class Z – Gross accumulation shares commenced on 26 September 2012

### Notes to the financial statements

for the accounting period 8 March 2012 to 7 March 2013

#### **1 ACCOUNTING POLICIES**

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 6 and 7.

### 2 NET CAPITAL GAINS/(LOSSES)

Net capital gains/(losses) during the period comprise: 2013

|   | Net capital gams/(losses/ during the period comp | 1130.  |          |
|---|--------------------------------------------------|--------|----------|
|   |                                                  | 2013   | 2012     |
|   |                                                  | £000   | £000     |
|   | Non-derivative securities                        | 55,957 | (78,178) |
|   | Derivative contracts                             | 2,210  | 145      |
|   | Forward currency contracts                       | 5,880  | (3,637)  |
|   | Other gains/(losses)                             | 2,493  | (998)    |
|   | Transaction costs                                | (15)   | (11)     |
|   | Net capital gains/(losses)                       | 66,525 | (82,679) |
| 3 | REVENUE                                          |        |          |
|   |                                                  | 2013   | 2012     |
|   |                                                  | £000   | £000     |
|   | Overseas dividends                               | -      | 26       |
|   | Interest on debt securities                      | 53,748 | 64,327   |
|   | Interest on short term investments               | 8      | 149      |
|   | Derivative revenue                               | 267    | 9        |
|   | Bank interest                                    | 45     | 106      |
|   | Stocklending commission                          | 435    | 542      |
|   | Miscellaneous revenue                            | -      | 6        |
|   | Total revenue                                    | 54,503 | 65,165   |
| 4 | EXPENSES                                         |        |          |
|   |                                                  | 2013   | 2012     |
|   |                                                  | £000   | £000     |

|                                                                                             | FOOD    | FOOD    |
|---------------------------------------------------------------------------------------------|---------|---------|
| Payable to the ACD or associates of the ACD,<br>and the agents of either of them:           |         |         |
| Annual management charge                                                                    | (6,324) | (7,483) |
| Registration fees                                                                           | (771)   | (947)   |
|                                                                                             | (7,095) | (8,430) |
| Payable to the depositary or associate of the depositary, and the agents of either of them: |         |         |
| Depositary's fees                                                                           | (24)    | (26)    |
| Safe custody fees                                                                           | (32)    | (38)    |
|                                                                                             | (56)    | (64)    |
| Other expenses:                                                                             |         |         |
| Regulatory fee                                                                              | (7)     | (7)     |
| Audit fee                                                                                   | (14)    | (12)    |
|                                                                                             | (21)    | (19)    |
| *Total expenses                                                                             | (7,172) | (8,513) |

\*Including irrecoverable VAT where applicable.

## **5 TAXATION**

|                                                                                                   | £000    | £000     |
|---------------------------------------------------------------------------------------------------|---------|----------|
| a) Analysis of charge in period                                                                   |         |          |
| Overseas taxes                                                                                    | -       | (4)      |
| Total current tax (note 5b)                                                                       | _       | (4)      |
| Total tax charge for the period                                                                   | _       | (4)      |
| b) Factors affecting taxation charge for period                                                   |         |          |
| Net revenue before taxation                                                                       | 47,298  | 56,595   |
| Net revenue before taxation multiplied by the standard rate of corporation tax of 20% Effects of: | (9,460) | (11,319) |
| Revenue not subject to taxation                                                                   | -       | 5        |
| Overseas taxes                                                                                    | -       | (4)      |
| Excess expenses                                                                                   | -       | (4)      |
| Distributions treated as tax deductible                                                           | 9,460   | 11,318   |
| Current tax charge for period (note 5a)                                                           |         | (4)      |
|                                                                                                   |         |          |

2013

2012

The fund has not recognised a deferred tax asset of £14,361 (2012: £14,322) arising as a result of having unutilised management expenses.

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

### 6 FINANCE COSTS

**Distributions and Interest** 

| Distributions and interest            |           |            |          |
|---------------------------------------|-----------|------------|----------|
|                                       |           | 2013       | 2012     |
|                                       |           | £000       | £000     |
| Final                                 |           | 47,298     | 56,591   |
| Net distribution for the period       |           | 47,298     | 56,591   |
| Interest                              |           | 33         | 57       |
| Total finance costs                   |           | 47,331     | 56,648   |
| Details of the distribution per share | e are set | out in the | table on |

pages 100 and 101.

#### **7 DEBTORS**

|                                            | 2013<br>£000 | 2012<br>£000 |
|--------------------------------------------|--------------|--------------|
| Amounts receivable for the issue of shares | 8,839        | 10,222       |
| Sales awaiting settlement                  | 1,521        | 266          |
| Accrued revenue                            | 16,528       | 15,754       |
| Foreign withholding tax recoverable        | 28           | 27           |
| Total debtors                              | 26,916       | 26,269       |

#### 8 CASH AND BANK BALANCES

|                                         | £000    | £000    |
|-----------------------------------------|---------|---------|
| Amounts held at futures clearing houses |         |         |
| and brokers                             | 360     | 1,150   |
| Cash and bank balances                  | 37,940  | 43,070  |
|                                         | 38,300  | 44,220  |
| Bank overdraft                          | (1,074) | (3,579) |
| Total cash and bank balances            | 37,226  | 40,641  |

2013

2012

2012

2012

## Notes to the financial statements

(continued)

## 9 CREDITORS

|                                                | 2013    | 2012     |
|------------------------------------------------|---------|----------|
|                                                | £000    | £000     |
| Amounts payable for the cancellation of shares | (4,003) | (10,644) |
| Purchases awaiting settlement                  | (2,218) | (2,038)  |
| Accrued expenses                               | (25)    | (17)     |
| Amounts payable to ACD                         | (652)   | (529)    |
| Income tax payable                             | (422)   | (224)    |
| Total creditors                                | (7,320) | (13,452) |
|                                                |         |          |

#### **10 RELATED PARTY TRANSACTIONS**

The related parties are set out in detail in Note 8 of the aggregated financial statements on page 7.

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 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           | 0.175% |
| Class 2 shares           | 0.035% |
| Class X shares           | 0.035% |
| Class Z shares           | 0.110% |
|                          |        |

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative table on page 277. The distribution per share class is given in the distribution table on pages 100 and 101. 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 £613,000 (2012: £822,000) of which £60,000 (2012: £76,000) was outstanding at year end. They have paid fees of £86,000 (2012: £135,000) of which £9,000 (2012: £11,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £92,000 (2012: £145,000) of which £9,000 (2012: £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 £140.42m (2012: £60.39m), whilst the value of collateral held for these arrangements was £145.70m (2012: £63.56m). The collateral was held as either securities transferred in CREST by a DBV (Delivery by Value) or Gilt DBV, or in the form of overseas government bonds, supranational bonds or certificates of deposit. The nature and value of collateral held is analysed by asset class in the table below.

#### Analysis of Collateral Held

|       |            | 2013       |            |            |
|-------|------------|------------|------------|------------|
|       | Value £000 | % of Total | Value £000 | % of Total |
| Bonds | 145,697    | 100        | 63,565     | 100        |
|       | 145,697    | 100        | 63,565     | 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.

Non-

#### Net foreign currency assets

| Currency 2013   | Monetary<br>exposures<br>£000 | monetary<br>exposures<br>£000 | Total<br>£000 |
|-----------------|-------------------------------|-------------------------------|---------------|
| Euro            | 50,127                        | 747,031                       | 797,158       |
| Swiss Franc     | 63                            | 2,596                         | 2,659         |
| US Dollar       | 661                           | 1,134                         | 1,795         |
| Currency 2012   | £000                          | £000                          | £000          |
| Canadian Dollar | 6                             | -                             | 6             |
| Euro            | 54,016                        | 647,227                       | 701,243       |
| Norwegian Krone | -                             | (16)                          | (16)          |
| Swiss Franc     | 65                            | 2,237                         | 2,302         |
| US Dollar       | 823                           | (402)                         | 421           |
|                 |                               |                               |               |

## **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 2013 was:

|                 |               |            | Financial  |         |
|-----------------|---------------|------------|------------|---------|
|                 | Floating rate | Fixed rate | assets not |         |
|                 | financial     | financial  | carrying   |         |
|                 | assets        | assets     | interest   | Total   |
| 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  |
|                 |               |            |            |         |
| Currency 2012   | £000          | £000       | £000       | £000    |
| Canadian Dollar | 6             | -          | -          | 6       |
| Euro            | 37,721        | 652,278    | 13,282     | 703,281 |
| Norwegian Kron  | ie 1,313      | -          | -          | 1,313   |
| Swiss Franc     | 23            | 6,412      | 42         | 6,477   |
| UK Sterling     | -             | 117,222    | 12,392     | 129,614 |
| US Dollar       | 4,949         | 14,325     | 869        | 20,143  |

### Notes to the financial statements

(continued)

| Currency 2013  | Floating rate<br>financial<br>liabilities<br>£000 | Fixed rate<br>financial<br>liabilities<br>£000 | Financial<br>liabilities<br>not carrying<br>interest<br>£000 | Total<br>£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)      |
| Currency 2012  | £000                                              | £000                                           | £000                                                         | £000          |
| Euro           | -                                                 | -                                              | (2,038)                                                      | (2,038)       |
| Norwegian Kron | e (1,329)                                         | -                                              | -                                                            | (1,329)       |
| Swiss Franc    | -                                                 | (4,175)                                        | -                                                            | (4,175)       |
| UK Sterling    | (2,430)                                           | (119,110)                                      | (11,544)                                                     | (133,084)     |
| US Dollar      | (4,777)                                           | (14,623)                                       | (322)                                                        | (19,722)      |

|                 | Fixed rate<br>financial assets<br>Weighted<br>average |      | Fixed rate<br>financial assets<br>Weighted<br>average period |       | Non interest<br>bearing assets<br>Weighted<br>average period |       |
|-----------------|-------------------------------------------------------|------|--------------------------------------------------------------|-------|--------------------------------------------------------------|-------|
|                 | 2013                                                  | 2012 | 2013                                                         | 2012  | 2013                                                         | 2012  |
| Currency        | %                                                     | %    | years                                                        | years | years                                                        | years |
| Euro            | 8                                                     | 8    | 6.10                                                         | 6.87  | 4.55                                                         | -     |
| Norwegian Krone | 9                                                     | 9    | 0.72                                                         | 0.72  | -                                                            | -     |
| Swiss Franc     | 6                                                     | 7    | 4.62                                                         | 6.47  | -                                                            | -     |
| UK Sterling     | 9                                                     | 8    | 8.14                                                         | 7.40  | -                                                            | 37.40 |
| US Dollar       | 7                                                     | 9    | 4.26                                                         | 5.25  | -                                                            | -     |

The fixed rate financial assets includes deposits which have a weighted average interest rate of 0.01% (2012: 0.14%).

#### Fair value of financial assets and financial liabilities

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

The only material amounts of non interest-bearing assets relate to 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 2013, the fund had outstanding open credit default swaps and forward foreign exchange contracts –£939,000).

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 (2012: Nil).

#### **15 PORTFOLIO TRANSACTION COSTS**

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

The total cost of purchases during the period was  $\pm$ 363,492,091 (2012:  $\pm$ 315,221,939) and proceeds received from sales were  $\pm$ 325,052,112 (2012:  $\pm$ 567,319,310).

## **Threadneedle American Fund**

## **Investment Report**

**Investment Objective** 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 2013, the published share price of the Threadneedle American Fund has risen from 117.92p to 140.85p.

Looking at the sterling performance within its peer group, the total return on the fund for the twelve months ending 28 February 2013, including net reinvested income, is 14.10% as compared to a median return of 15.15% over the same period. (For information the

## S&P 500 Composite Index returned 19.40% over the same period).

#### Portfolio Activity

During the first half of the review period, we reduced the fund's cyclicality amid the slowdown in global growth. As a result, holdings in the energy, industrial and IT sectors were decreased and positions in IT storage firm EMC and industrial gases company Air Products & Chemicals reduced. Instead, we emphasised US stocks primarily exposed to the domestic economy, where our conviction in their earnings prospects was the strongest, thereby reinforcing holdings in the consumer discretionary and healthcare sectors primarily. We initiated positions in coffee stores chain Starbucks, dollar stores chain Dollar General, regional bank SunTrust and in pharmaceutical company Eli Lilly. Growing signs that the US housing market had turned the corner also led us to establish a position in home improvement retailer Home Depot. We reduced the exposure to the defensive consumer staples sector following a period of strong absolute and relative performance, as we sold out of Wal-Mart and Coca-Cola.

In the second half of the review period, high levels of policy uncertainty ahead of the US presidential elections and 'fiscal cliff' led the Federal Reserve to announce an openended quantitative easing programme, which further limited the downside risk for a number of positions in cyclical sectors. As a result, we increased holdings in the industrial, materials and financial sectors, initiating new holdings in Bank of America and Citigroup, railroad Norfolk Southern, International Paper and refiner Phillips 66. Conversely, we continued to reduce exposure to the defensive consumer staples as valuations no longer looked compelling, reducing positions in tobacco firm Philip Morris and Lorillard. We maintain our view that US equities remain attractively valued. While the view that the US housing market is improving is now more widely accepted, we believe that the recovery has important ramifications for employment and consumer spending growth at a time when the US is enjoying an industrial renaissance and increased energy self-reliance.

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2012 to 7 March 2013

| ter alle decedariang period e maren zerz te                                     | / ////a/ 0/// 2 | 010          |              |
|---------------------------------------------------------------------------------|-----------------|--------------|--------------|
|                                                                                 | Notes           | 2013<br>£000 | 2012<br>£000 |
| Income                                                                          |                 |              |              |
| Net capital gains                                                               | 2               | 370,888      | 117,692      |
| Revenue                                                                         | 3               | 33,321       | 23,517       |
| Expenses                                                                        | 4               | (26,929)     | (20,961)     |
| Finance costs: Interest                                                         | 6               | (5)          | (6)          |
| Net revenue before taxation                                                     |                 | 6,387        | 2,550        |
| Taxation                                                                        | 5               | (4,257)      | (2,946)      |
| Net revenue/(expenses) after taxation                                           |                 | 2,130        | (396)        |
| Total return before distributions                                               |                 | 373,018      | 117,296      |
| Finance costs: Distributions                                                    | 6               | (4,168)      | (2,447)      |
| Change in net assets attributable to<br>shareholders from investment activities |                 | 368,850      | 114,849      |

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

for the accounting period 8 March 2012 to 7 March 2013

|                                                   | 2013<br>£000 | 2012<br>£000 |
|---------------------------------------------------|--------------|--------------|
| Opening net assets attributable to shareholders   | 1,802,553    | 1,569,504    |
| Movement due to sales and repurchases of shares:  |              |              |
| Amounts receivable on the issue of shares         | 619,286      | 548,410      |
| Amounts payable on the cancellation of shares     | (575,223)    | (432,995)    |
|                                                   | 44,063       | 115,415      |
| Dilution adjustment                               | -            | 339          |
| Stamp duty reserve tax                            | (7)          | (1)          |
| Change in net assets attributable to              |              |              |
| shareholders from investment activities           |              |              |
| (see statement of total return above)             | 368,850      | 114,849      |
| Retained distribution on accumulation shares      | 4,072        | 2,447        |
| Closing net assets attributable to shareholders   | 2,219,531    | 1,802,553    |
| orooning not account attributable to shareholders | 2,210,001    | 1,002,000    |

## BALANCE SHEET

| as at 7 March 2013                      |       | 2013      | 2012      |
|-----------------------------------------|-------|-----------|-----------|
| Assets                                  | Notes | £000      | £000      |
| Investment assets                       |       | 2,201,104 | 1,726,950 |
| Other assets                            |       |           |           |
| Debtors                                 | 7     | 18,492    | 31,764    |
| Cash and bank balances                  | 8     | 30,321    | 58,069    |
| Total other assets                      |       | 48,813    | 89,833    |
| Total assets                            |       | 2,249,917 | 1,816,783 |
| Liabilities                             |       |           |           |
| Derivative liabilities                  |       | (1,253)   | (243)     |
| Other liabilities                       |       |           |           |
| Creditors                               | 9     | (18,375)  | (5,177)   |
| Bank overdrafts                         | 8     | (10,664)  | (8,810)   |
| Distribution payable on income shares   |       | (94)      | _         |
| Total other liabilities                 |       | (29,133)  | (13,987)  |
| Total liabilities                       |       | (30,386)  | (14,230)  |
| Net assets attributable to shareholders |       | 2,219,531 | 1,802,553 |

#### DISTRIBUTION TABLE

for the accounting period 8 March 2012 to 7 March 2013

Dividend distribution in pence per share

## Class 1 Shares

There is no distribution for the accounting period 8 March 2012 to 7 March 2013, as expenses exceed revenue (2012: Nil).

#### Class 1 Shares Net Accumulation

There is no distribution for the accounting period 8 March 2012 to 7 March 2013, as expenses exceed revenue (2012: Nil).

#### Class 2 Shares

| Net Accumulation          |          |        |         |               |             |
|---------------------------|----------|--------|---------|---------------|-------------|
| Distribution              | Gross    | Tax    | Net     | Net Revenue   | Vet Revenue |
| Period                    | Revenue  | Credit | Revenue | Accumulated A | Accumulated |
|                           |          |        |         | 2012/2013     | 2011/2012   |
| 08/03/12 to 07/03/13      | 0.7262   | 0.0726 | 0.6536  | 0.6536        | 0.3019      |
| Total distributions in th | e period |        |         | 0.6536        | 0.3019      |

## **Threadneedle American Fund**

## **DISTRIBUTION TABLE**

(continued)

## Class X Shares

| Net Accumulation<br>Distribution<br>Period                     | Gross<br>Revenue | Tax<br>Credit | Net<br>Revenue | Net Revenue Net Revenue<br>Accumulated Accumulated<br>2012/2013 2011/2012 |
|----------------------------------------------------------------|------------------|---------------|----------------|---------------------------------------------------------------------------|
| 08/03/12 to 07/03/13<br>Total distributions in the p           | 2.3464<br>eriod  | 0.2346        | 2.1118         | 2.1118 5.3081<br>2.1118 5.3081<br>2.1118 5.3081                           |
| Class 1 Hedged Sha<br>Net Accumulation                         | ares             |               |                |                                                                           |
| There is no distributi<br>2013, as expenses e                  |                  |               | 01             | od 8 March 2012 to 7 March                                                |
| Class Z Shares<br>Net Accumulation *<br>Distribution<br>Period | Gross<br>Revenue | Tax<br>Credit | Net<br>Revenue | Net Revenue<br>Accumulated                                                |
| 12/09/12 to 07/03/13<br>Total distributions in the p           | 0.0718<br>eriod  | 0.0072        | 0.0646         | 2012/2013<br>0.0646<br>0.0646                                             |
| Class Z Shares                                                 |                  |               |                |                                                                           |
| Distribution                                                   | Gross            | Tax           | Net            | Distribution                                                              |
| Period                                                         | Revenue          | Credit        | Revenue        | Payable 2012/2013                                                         |
| 12/09/12 to 07/03/13<br>Total distributions in the p           | 0.1859<br>eriod  | 0.0186        | 0.1673         | 0.1673<br>0.1673                                                          |

12/09/12 to 07/03/13 Total distributions in the period 0.1859 0.0186 0.1673 \*Class Z – Net accumulation shares commenced on 12 September 2012.

\*\*Class Z – Net income shares commenced on 12 September 2012.

2013

2013

2012

2012

## **Threadneedle American Fund**

### Notes to the financial statements

for the accounting period 8 March 2012 to 7 March 2013

### **1 ACCOUNTING POLICIES**

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 6 and 7.

### 2 NET CAPITAL GAINS

Net capital gains during the period comprise:

|   |                            | 2013    | 2012    |
|---|----------------------------|---------|---------|
|   |                            | £000    | £000    |
|   | Non-derivative securities  | 371,400 | 118,605 |
|   | Forward currency contracts | 173     | (974)   |
|   | Other (losses)/gains       | (678)   | 68      |
|   | Transaction costs          | (7)     | (7)     |
|   | Net capital gains          | 370,888 | 117,692 |
| 3 | REVENUE                    |         |         |

|                                    | 2013<br>£000 | 2012<br>£000 |
|------------------------------------|--------------|--------------|
| UK dividends                       | 100          | -            |
| Overseas dividends                 | 33,172       | 23,395       |
| Interest on short term investments | 27           | 18           |
| Bank interest                      | 11           | 9            |
| Stocklending commission            | 11           | 95           |
| Total revenue                      | 33,321       | 23,517       |

## **4 EXPENSES**

|                                                                                             | 2013<br>£000 | 2012<br>£000 |
|---------------------------------------------------------------------------------------------|--------------|--------------|
| Payable to the ACD or associates of the ACD,<br>and the agents of either of them:           |              |              |
| Annual management charge                                                                    | (24,713)     | (19,289)     |
| Registration fees                                                                           | (2,133)      | (1,592)      |
|                                                                                             | (26,846)     | (20,881)     |
| Payable to the depositary or associate of the depositary, and the agents of either of them: |              |              |
| Depositary's fees                                                                           | (40)         | (35)         |
| Safe custody fees                                                                           | (28)         | (30)         |
|                                                                                             | (68)         | (65)         |
| Other expenses:                                                                             |              |              |
| Regulatory fee                                                                              | (7)          | (7)          |
| Audit fee                                                                                   | (8)          | (8)          |
|                                                                                             | (15)         | (15)         |
| *Total expenses                                                                             | (26,929)     | (20,961)     |

\*Including irrecoverable VAT where applicable.

## **5 TAXATION**

|                                                                                       | £000    | £000    |  |  |
|---------------------------------------------------------------------------------------|---------|---------|--|--|
| a) Analysis of charge in period                                                       |         |         |  |  |
| Overseas taxes                                                                        | (4,257) | (2,946) |  |  |
| Total current tax (note 5b)                                                           | (4,257) | (2,946) |  |  |
| Total tax charge for the period                                                       | (4,257) | (2,946) |  |  |
| b) Factors affecting taxation charge for period                                       |         |         |  |  |
| Net revenue before taxation                                                           | 6,387   | 2,550   |  |  |
| Net revenue before taxation multiplied by the standard rate of corporation tax of 20% | (1,277) | (510)   |  |  |
| Effects of:                                                                           | (1,277) | (510)   |  |  |
| Revenue not subject to taxation                                                       | 6,656   | 4,678   |  |  |
| Overseas taxes                                                                        | (4,257) | (2,946) |  |  |
| Excess expenses                                                                       | (5,379) | (4,168) |  |  |
| Total tax charge for period (note 5a)                                                 | (4,257) | (2,946) |  |  |
|                                                                                       |         |         |  |  |

The fund has not recognised a deferred tax asset of £16,129,416 (2012: £10,750,996) 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** 

|                                            | 2013  | 2012  |
|--------------------------------------------|-------|-------|
|                                            | £000  | £000  |
| Final                                      | 4,168 | 2,447 |
| Net distribution for the period            | 4,168 | 2,447 |
| Interest                                   | 5     | 6     |
| Total finance costs                        | 4,173 | 2,453 |
| Net revenue/(expenses) after taxation      | 2,130 | (396) |
| Shortfall transfer from capital to revenue | 2,038 | 2,843 |
| Net distribution for the period            | 4,168 | 2,447 |
|                                            |       |       |

Details of the distribution per share and any share class with a shortfall are set out in the table on pages 105 and 106.

### 7 DEBTORS

|   | Amounts receivable for the issue of shares   | <b>£000</b><br>15,727 | <b>£000</b><br>4,762 |
|---|----------------------------------------------|-----------------------|----------------------|
|   | Sales awaiting settlement<br>Accrued revenue | _<br>2,691            | 25,100<br>1,646      |
|   | Foreign withholding tax recoverable          | 74                    | 256                  |
|   | Total debtors                                | 18,492                | 31,764               |
| 8 | CASH AND BANK BALANCES                       |                       |                      |
|   |                                              | 2013                  | 2012                 |
|   |                                              | £000                  | £000                 |
|   | Amounts held at futures clearing houses      |                       |                      |
|   | and brokers                                  | 1,192                 | 140                  |
|   | Cash and bank balances                       | 29,129                | 57,929               |
|   |                                              | 30,321                | 58,069               |
|   | Bank overdrafts                              | (10,664)              | (8,810)              |
|   | Total cash and bank balances                 | 19,657                | 49,259               |

## **Threadneedle American Fund**

#### Notes to the financial statements

(continued)

## 9 CREDITORS

| 2013     | 2012                                                  |
|----------|-------------------------------------------------------|
| £000     | £000                                                  |
| (2,488)  | (3,196)                                               |
| (13,624) | -                                                     |
| (18)     | (13)                                                  |
| (2,245)  | (1,968)                                               |
| (18,375) | (5,177)                                               |
|          | <b>£000</b><br>(2,488)<br>(13,624)<br>(18)<br>(2,245) |

### **10 RELATED PARTY TRANSACTIONS**

The related parties are set out in detail in Note 8 of the aggregated financial statements on page 7.

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

| Annual n | nanagement | charge |
|----------|------------|--------|
|----------|------------|--------|

| <b>J</b>              | <b>J</b> - |
|-----------------------|------------|
| Class 1 shares        | 1.50%      |
| Class 1 Hedged shares | 1.50%      |
| Class 2 shares        | 1.00%      |
| Class X shares        | -          |
| Class Z shares        | 0.75%      |
| Registration fees     |            |
| Class 1 shares        | 0.175%     |
| Class 1 Hedged shares | 0.175%     |
| Class 2 shares        | 0.035%     |
| Class X shares        | 0.035%     |
| Class Z shares        | 0.110%     |
|                       |            |

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative table on page 278. The distribution per share class is given in the distribution table on pages 105 and 106. 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 £15,000 (2012: £133,000) of which £2,000 (2012: £5,000) was outstanding at year end. They have paid fees of £2,000 (2012: £18,000) of which Nil (2012: £1,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £2,000 (2012: £20,000) of which Nil (2012: £1,000) was outstanding at year end to J.P. Morgan as the security lending agent to process these arrangements and hold the collateral.

The value of stock on loan at the end of the accounting period was Nil (2012: £7.63m), whilst the value of collateral held for these arrangements was Nil (2012: £8.10m). 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

| i i i ciu | 2013           |                                  | 2012                                                        |
|-----------|----------------|----------------------------------|-------------------------------------------------------------|
| alue £000 | % of Total     | Value £000                       | % of Total                                                  |
| -         | -              | 8,101                            | 100                                                         |
| -         | -              | 8,101                            | 100                                                         |
|           | alue £000<br>– | 2013<br>alue £000 % of Total<br> | <b>2013</b><br>alue £000 % of Total Value £000<br>– – 8,101 |

#### **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

| Currency 2013   | Monetary<br>exposures<br>£000 | Non-<br>monetary<br>exposures<br>£000 | Total<br>£000 |
|-----------------|-------------------------------|---------------------------------------|---------------|
| Euro            | 17                            | 99,501                                | 99,518        |
| US Dollar       | 19,444                        | 2,100,350                             | 2,119,794     |
| Currency 2012   | £000                          | £000                                  | £000          |
| Canadian Dollar | (6,235)                       | 5,817                                 | (418)         |
| Euro            | -                             | 16,841                                | 16,841        |
| US Dollar       | 58,069                        | 1,704,049                             | 1,762,118     |

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 2013 was:

| Currency 2013   | Floating rate<br>financial<br>assets<br>£000 | Fixed rate<br>financial<br>assets<br>£000 | Financial<br>assets not<br>carrying<br>interest<br>£000 | Total<br>£000 |
|-----------------|----------------------------------------------|-------------------------------------------|---------------------------------------------------------|---------------|
| Euro            | 99,518                                       | -                                         | -                                                       | 99,518        |
| UK Sterling     | -                                            | -                                         | 15,728                                                  | 15,728        |
| US Dollar       | 30,304                                       | -                                         | 2,203,867                                               | 2,234,171     |
| Currency 2012   | £000                                         | £000                                      | £000                                                    | £000          |
| Canadian Dollar | · –                                          | -                                         | 5,817                                                   | 5,817         |
| Euro            | 16,841                                       | -                                         | -                                                       | 16,841        |
| UK Sterling     | -                                            | -                                         | 31,764                                                  | 31,764        |
| US Dollar       | 14,823                                       | 43,246                                    | 1,721,131                                               | 1,779,200     |

## **Threadneedle American Fund**

## Notes to the financial statements

(continued)

| Currency 2013   | Floating rate<br>financial<br>liabilities<br>£000 | Fixed rate<br>financial<br>liabilities<br>£000 | Financial<br>liabilities<br>not carrying<br>interest<br>£000 | Total<br>£000 |
|-----------------|---------------------------------------------------|------------------------------------------------|--------------------------------------------------------------|---------------|
| UK Sterling     | (10,664)                                          | -                                              | (4,845)                                                      | (15,509)      |
| US Dollar       | -                                                 | -                                              | (114,377)                                                    | (114,377)     |
| Currency 2012   | £000                                              | £000                                           | £000                                                         | £000          |
| Canadian Dollar | · _                                               | -                                              | (4,095)                                                      | (4,095)       |
| UK Sterling     | (14,240)                                          | -                                              | (3,503)                                                      | (17,743)      |
| US Dollar       | -                                                 | -                                              | (15,417)                                                     | (15,417)      |

The 2012 fixed rate financial assets included deposits which had a weighted average interest rate of 0.05%.

#### Fair value of financial assets and financial liabilities

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

The only material amounts of non interest-bearing assets relate to forward foreign exchange contracts. 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 2013, the fund had outstanding open forward foreign exchange contracts of -£1,125,000 (2012: -£241,000).

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.

#### 14 CONTINGENT LIABILITIES AND COMMITMENTS

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

### **15 PORTFOLIO TRANSACTION COSTS**

| 2013 2012           |
|---------------------|
| £000 £000           |
|                     |
| 2,222,698 1,184,040 |
| 1,947 1,232         |
| 1,947 1,232         |
| 2,224,645 1,185,272 |
|                     |
| 2,120,501 1,090,327 |
| (1,889) (1,194)     |
| (34) (16)           |
| (1,923) (1,210)     |
| 2,118,578 1,089,117 |
|                     |

## **Investment Report**

**Investment Objective** 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 2013, the published share price of the Threadneedle American Select Fund has risen from 128.25p to 153.06p.

Looking at the sterling performance within its peer group, the total return on the fund for the twelve months ending 28 February 2013, including net reinvested income, is 13.61% as compared to a median return of 15.15% over the same period. (For information the S&P 500 Composite Index returned 19.40% over the same period, and the NASDAQ Composite Index returned 13.61%).

#### Portfolio Activity

During the first half of the review period, we reduced the fund's cyclicality amid the slowdown in global growth. We took profits on the fund's position in bank JPMorgan, as well as other cyclically-exposed holdings such as truck engine maker Cummins, industrial gases firm Praxair, oil servicing firm Nabors, cloud storage firm EMC and semiconductor capital equipment firm Lam Research. With the proceeds, we emphasised US stocks primarily exposed to the domestic economy, where our conviction in their earnings prospects was the strongest. This led us to increase the fund's capital allocated to the industrial, financial and healthcare sectors as we started positions in dollar stores chain Dollar General, coffee chain Starbucks and regional bank SunTrust. We also added to the fund's holding in life sciences firm Thermo Fisher Scientific. In the second half of the review period, high levels of policy uncertainty ahead of the

US presidential elections and 'fiscal cliff' led the Federal Reserve to announce an open-ended quantitative easing program which further limited the downside risk for a number of portfolio positions in cyclical sectors. As a result, we increased holdings in the industrial, materials and consumer discretionary sectors, initiating new holdings in Bank of America, railroad Union Pacific, alarm monitoring firm ADT and added to positions in JPMorgan and specialty chemicals firm LyondellBasell. Conversely, we significantly reduced the exposure to the defensive consumer staples as valuations no longer looked compelling, reducing positions in tobacco firm Philip Morris and Lorillard and to personal goods firm Colgate-Palmolive. We maintain our view that US equities remain attractively valued. While the view that the US housing market is improving is now more widely accepted, we believe that the recovery has important ramifications for employment and consumer spending growth at a time when the US is enjoying an industrial renaissance and increased energy self-reliance.

2013

£000

103.115

159,482

262,597

(731)

(181.033)

(96,089)

(277.125)

(277.856)

(3)

2,036,798 1,649,985

2.052.057 1.549.643

2,314,654 1,725,969

Notes

7

8

9

8

2012

£000

101.555

74,771

176,326

(2,143)

(65.196)

(73,841)

(75.984)

(8,645)

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2012 to 7 March 2013

|                                                                              | Notes | 2013<br>£000 | 2012<br>£000 |
|------------------------------------------------------------------------------|-------|--------------|--------------|
| Income                                                                       |       |              |              |
| Net capital gains                                                            | 2     | 325,060      | 111,582      |
| Revenue                                                                      | 3     | 25,356       | 19,188       |
| Expenses                                                                     | 4     | (25,260)     | (19,867)     |
| Finance costs: Interest                                                      | 6     | (2)          | (7)          |
| Net revenue/(expenses) before taxation                                       |       | 94           | (686)        |
| Taxation                                                                     | 5     | (3,121)      | (2,285)      |
| Net expenses after taxation                                                  |       | (3,027)      | (2,971)      |
| Total return before distributions                                            |       | 322,033      | 108,611      |
| Finance costs: Distributions                                                 | 6     | (1,451)      | (948)        |
| Change in net assets attributable to shareholders from investment activities |       | 320,582      | 107,663      |

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2012 to 7 March 2013

|                                                                                                               | 2013<br>£000 | 2012<br>£000 |
|---------------------------------------------------------------------------------------------------------------|--------------|--------------|
| <b>Opening net assets attributable to shareholders</b><br>Movement due to sales and repurchases<br>of shares: | 1,649,985    | 1,293,113    |
| Amounts receivable on the issue of shares                                                                     | 607,361      | 547,757      |
| Amounts payable on the cancellation of shares                                                                 | (494,429)    | (299,861)    |
| Amounts payable on inspecie transfer                                                                          | (48,498)     | -            |
|                                                                                                               | 64,434       | 247,896      |
| Dilution adjustment                                                                                           | 370          | 368          |
| Stamp duty reserve tax                                                                                        | (21)         | (3)          |
| Change in net assets attributable to<br>shareholders from investment activities                               |              |              |
| (see statement of total return above)                                                                         | 320,582      | 107,663      |
| Retained distribution on accumulation shares                                                                  | 1,448        | 948          |
| Closing net assets attributable to shareholders                                                               | 2,036,798    | 1,649,985    |
|                                                                                                               |              |              |

#### **DISTRIBUTION TABLE**

**BALANCE SHEET** 

as at 7 March 2013

Investment assets

Total other assets

**Derivative liabilities** 

Total other liabilities

Other liabilities

Creditors Bank overdrafts

Total liabilities

Cash and bank balances

Other assets

Debtors

Total assets

Liabilities

Accate

for the accounting period 8 March 2012 to 7 March 2013

Dividend distribution in pence per share

Net assets attributable to shareholders

Distribution payable on income shares

#### Class 1 Shares

Net Income

There is no distribution for the accounting period 8 March 2012 to 7 March 2013, as expenses exceed revenue (2012: Nil).

#### Class 1 Shares Net Accumulation

There is no distribution for the accounting period 8 March 2012 to 7 March 2013, as expenses exceed revenue (2012: Nil).

#### **Class 1 Hedged Shares**

Net Accumulation

There is no distribution for the accounting period 8 March 2012 to 7 March 2013, as expenses exceed revenue (2012: Nil).

\*In pound Sterling and against UK peer group. Please refer to pages 269-282 for comparative tables.

## DISTRIBUTION TABLE

(continued)

| Class 2 Shares<br>Net Accumulation<br>Distribution<br>Period | Gross<br>Revenue | Tax<br>Credit | Net<br>Revenue | Net Revenue<br>Accumulated              | Net Revenue                             |
|--------------------------------------------------------------|------------------|---------------|----------------|-----------------------------------------|-----------------------------------------|
| renou                                                        | nevenue          | cieuit        | nevenue        | 2012/2013                               | 2011/2012                               |
| 08/03/12 to 07/03/13<br>Total distributions in the           | 0.3754<br>period | 0.0375        | 0.3379         | 0.3379<br><b>0.3379</b>                 |                                         |
| Class 2 Hedged S<br>Net Accumulation                         | hares            |               |                |                                         |                                         |
| Distribution<br>Period                                       | Gross<br>Revenue | Tax<br>Credit | Net<br>Revenue | Net Revenue<br>Accumulated<br>2012/2013 | Net Revenue<br>Accumulated<br>2011/2012 |
| 08/03/12 to 07/03/13<br>Total distributions in the           | 0.2469<br>period | 0.0247        | 0.2222         | 0.2222<br>0.2222                        |                                         |
| Class Z Shares<br>Net Income*                                |                  |               |                |                                         |                                         |
| Distribution                                                 | Gross            | Tax           | Net            | Distribution                            |                                         |
| Period                                                       | Revenue          | Credit        | Revenue        | Payable 2012/2013                       |                                         |
| 12/09/12 to 07/03/13                                         | 0.0736           | 0.0074        | 0.0662         | 0.0662                                  |                                         |
| Total distributions in the                                   | period           |               |                | 0.0662                                  |                                         |
| Class Z Shares                                               |                  |               |                |                                         |                                         |
| Net Accumulation**                                           |                  |               |                |                                         |                                         |
| Distribution                                                 | Gross            | Tax           | Net            | Net Revenue                             |                                         |
| Period                                                       | Revenue          | Credit        | Revenue        | Accumulated<br>2012/2013                |                                         |
| 12/09/12 to 07/03/13<br>Total distributions in the           | 0.1146<br>period | 0.0115        | 0.1031         | 0.1031<br><b>0.1031</b>                 |                                         |

\*Class Z – Net income shares commenced on 12 September 2012 \*\*Class Z – Net accumulation shares commenced on 12 September 2012

### Notes to the financial statements

for the accounting period 8 March 2012 to 7 March 2013

## **1 ACCOUNTING POLICIES**

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 6 and 7.

### 2 NET CAPITAL GAINS

Net capital gains during the period comprise:

| 3 | REVENUE                    | 2013    | 2012    |
|---|----------------------------|---------|---------|
|   | Net capital gains          | 325,060 | 111,582 |
|   | Transaction costs          | (10)    | (9)     |
|   | Other gains                | 2,844   | 1,284   |
|   | Forward currency contracts | (2,506) | (1,488) |
|   | Non-derivative securities  | 324,732 | 111,795 |
|   |                            | £000    | £000    |
|   |                            | 2013    | 2012    |

|                                    | 2013   | 2012   |
|------------------------------------|--------|--------|
|                                    | £000   | £000   |
| UK dividends                       | 246    | -      |
| Overseas dividends                 | 24,945 | 19,093 |
| Interest on short term investments | 31     | 16     |
| Bank interest                      | 8      | 10     |
| Stocklending commission            | 126    | 69     |
| Total revenue                      | 25,356 | 19,188 |
|                                    |        |        |

## 4 EXPENSES

|                                                                                             | 2013<br>£000 | 2012<br>£000 |
|---------------------------------------------------------------------------------------------|--------------|--------------|
| Payable to the ACD or associates of the ACD,<br>and the agents of either of them:           |              |              |
| Annual management charge                                                                    | (22,970)     | (18,048)     |
| Registration fees                                                                           | (2,212)      | (1,753)      |
|                                                                                             | (25,182)     | (19,801)     |
| Payable to the depositary or associate of the depositary, and the agents of either of them: |              |              |
| Depositary's fees                                                                           | (37)         | (32)         |
| Safe custody fees                                                                           | (25)         | (19)         |
|                                                                                             | (62)         | (51)         |
| Other expenses:                                                                             |              |              |
| Regulatory fee                                                                              | (7)          | (7)          |
| Audit fee                                                                                   | (9)          | (8)          |
|                                                                                             | (16)         | (15)         |
| *Total expenses                                                                             | (25,260)     | (19,867)     |

\*Including irrecoverable VAT where applicable.

## 5 TAXATION

|                                                            | £000    | £000    |
|------------------------------------------------------------|---------|---------|
| a) Analysis of charge in period                            |         |         |
| Overseas taxes                                             | (3,121) | (2,285) |
| Total current tax (note 5b)                                | (3,121) | (2,285) |
| Total tax charge for the period                            | (3,121) | (2,285) |
| b) Factors affecting taxation charge for period            |         |         |
| Net revenue/(expense) before taxation                      | 94      | (686)   |
| Net revenue/(expense) before taxation multiplied           |         |         |
| by the standard rate of corporation tax of 20% Effects of: | (19)    | 137     |
| Revenue not subject to taxation                            | 5,038   | 3,818   |
| Overseas taxes                                             | (3,121) | (2,285) |
| Excess expenses                                            | (5,019) | (3,955) |
| Current tax charge for period (note 5a)                    | (3,121) | (2,285) |
|                                                            |         |         |

2013

2013

2012

2012

The fund has not recognised a deferred tax asset of £20,401,480 (2012:  $\pm$ 15,382,140) 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** 

|                                               | 2013<br>£000 | 2012<br>£000 |
|-----------------------------------------------|--------------|--------------|
| Final                                         | 1,451        | 948          |
| Net distribution for the period               | 1,451        | 948          |
| Interest                                      | 2            | 7            |
| Total finance costs                           | 1,453        | 955          |
| Net expenses after taxation                   | (3,027)      | (2,971)      |
| Shortfall transfer from capital to revenue    | 4,478        | 3,919        |
| Net distribution for the period               | 1,451        | 948          |
| Details of the distribution per share and any | chara class  | with a       |

Details of the distribution per share and any share class with a shortfall are set out in the table on pages 110 and 111.

## 7 DEBTORS

8

|   |                                            | £000         | £000         |
|---|--------------------------------------------|--------------|--------------|
|   | Amounts receivable for the issue of shares | 101,030      | 14,381       |
|   | Sales awaiting settlement                  | -            | 85,623       |
|   | Accrued revenue                            | 1,989        | 1,219        |
|   | Foreign withholding tax recoverable        | 96           | 332          |
|   | Total debtors                              | 103,115      | 101,555      |
| ; | CASH AND BANK BALANCES                     | 2013<br>£000 | 2012<br>£000 |

|                                         | £000     | 1000    |
|-----------------------------------------|----------|---------|
| Amounts held at futures clearing houses |          |         |
| and brokers                             | 786      | 540     |
| Cash and bank balances                  | 158,697  | 74,231  |
|                                         | 159,483  | 74,771  |
| Bank overdrafts                         | (96,089) | (8,645) |
| Total cash and bank balances            | 63,394   | 66,126  |
|                                         |          |         |

## Notes to the financial statements

(continued)

## 9 CREDITORS

|                                                | 2013      | 2012     |
|------------------------------------------------|-----------|----------|
|                                                | £000      | £000     |
| Amounts payable for the cancellation of shares | (2,979)   | (3,738)  |
| Purchases awaiting settlement                  | (175,955) | (59,565) |
| Accrued expenses                               | (17)      | (12)     |
| Amounts payable to ACD                         | (2,082)   | (1,881)  |
| Total creditors                                | (181,033) | (65,196) |
|                                                |           |          |

## **10 RELATED PARTY TRANSACTIONS**

The related parties are set out in detail in Note 8 of the aggregated financial statement on page 7.

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 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 1 Hedged shares    | 1.50%  |
| Class 2 shares           | 1.00%  |
| Class 2 Hedged shares    | 1.00%  |
| Class Z shares           | 0.75%  |
| Registration fees        |        |
| Class 1 shares           | 0.175% |
| Class 1 Hedged shares    | 0.175% |
| Class 2 shares           | 0.035% |
| Class 2 Hedged 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 278. The distribution per share class is given in the distribution table on pages 110 and 111. 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 £178,000 (2012: £98,000) of which £4,000 (2012: £3,000) was outstanding at year end. They have paid fees of £25,000 (2012: £14,000) of which £1,000 (2012: Nil) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £27,000 (2012: £15,000) of which £1,000 (2012: Nil) was outstanding at year end to J.P. Morgan as the security lending agent to process these arrangements and hold the collateral.

The value of stock on loan at the end of the accounting period was Nil (2012: £21.05m), whilst the value of collateral held for these arrangements was Nil (2012: £21.74m). 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 or supranational bonds.

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

#### Analysis of Collateral Held

| -     |            | 2013       |            |            |
|-------|------------|------------|------------|------------|
|       | Value £000 | % of Total | Value £000 | % of Total |
| Bonds | -          | -          | 21,739     | 100        |
|       | -          | -          | 21,739     | 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.

Mon

#### Net foreign currency assets

| Currency 2013   | Monetary<br>exposures<br>£000 | monetary<br>exposures<br>£000 | Total<br>£000 |
|-----------------|-------------------------------|-------------------------------|---------------|
| Canadian Dollar | 3                             | -                             | 3             |
| Euro            | 27                            | 57,625                        | 57,652        |
| US Dollar       | 161,439                       | 1,993,702                     | 2,155,141     |
| Currency 2012   | £000                          | £000                          | £000          |
| Canadian Dollar | 3                             | -                             | 3             |
| Euro            | -                             | 121,026                       | 121,026       |
| US Dollar       | 76,318                        | 1,426,474                     | 1,502,792     |

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 2013 was:

| Currency 2013   | Floating rate<br>financial<br>assets<br>£000 | Fixed rate<br>financial<br>assets<br>£000 | Financial<br>assets not<br>carrying<br>interest<br>£000 | Total<br>£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     |
| Currency 2012   | £000                                         | £000                                      | £000                                                    | £000          |
| Canadian Dollar | 3                                            | -                                         | -                                                       | 3             |
| Euro            | 121,027                                      | -                                         | -                                                       | 121,027       |
| UK Sterling     | -                                            | -                                         | 100,006                                                 | 100,006       |
| US Dollar       | 11,183                                       | 63,585                                    | 1,551,190                                               | 1,625,958     |

## Notes to the financial statements

(continued)

| Currency 2013 | Floating rate<br>financial<br>liabilities<br>£000 | Fixed rate<br>financial<br>liabilities<br>£000 | Financial<br>liabilities<br>not carrying<br>interest<br>£000 | Total<br>£000 |
|---------------|---------------------------------------------------|------------------------------------------------|--------------------------------------------------------------|---------------|
| UK Sterling   | (96,089)                                          | -                                              | (181,037)                                                    | (277,126)     |
| US Dollar     | -                                                 | -                                              | (58,352)                                                     | (58,352)      |
| 0             | c000                                              | co.o.o                                         | 6000                                                         | 6000          |

| Currency 2012  | £000             | £000          | £000       | £000      |
|----------------|------------------|---------------|------------|-----------|
| UK Sterling    | (8,645)          | -             | (65,197)   | (73,842)  |
| US Dollar      | -                | -             | (123,167)  | (123,167) |
| The fixed rate | financial assets | includes depo | sits which | have a    |

weighted average interest rate of 0.10% (2012: 0.05%).

## Fair value of financial assets and financial liabilities

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

Other than equities, which do not have maturity dates, the only material amounts of non interest-bearing assets relate to forward foreign exchange contracts. At 7 March 2013, the fund had outstanding open forward foreign exchange contracts of  $-\pounds728,000$  (2012:  $-\pounds2,141,000$ ).

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

### **14 CONTINGENT LIABILITIES AND COMMITMENTS**

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

## **15 PORTFOLIO TRANSACTION COSTS**

| 2013        | 2012                                                                                                    |
|-------------|---------------------------------------------------------------------------------------------------------|
| £000        | £000                                                                                                    |
|             |                                                                                                         |
| 3,169,593 2 | 637,045                                                                                                 |
| 3,021       | 2,982                                                                                                   |
| 3,021       | 2,982                                                                                                   |
| 3,172,614 2 | ,640,027                                                                                                |
|             |                                                                                                         |
| 2,994,166 2 | 479,354                                                                                                 |
| (2,862)     | (2,995)                                                                                                 |
| (48)        | (42)                                                                                                    |
| (2,910)     | (3,037)                                                                                                 |
| 2,991,256 2 | 476,317                                                                                                 |
|             | <b>£000</b><br>3,169,593 2,<br>3,021<br>3,021<br><b>3,172,614 2,</b><br>2,994,166 2,<br>(2,862)<br>(48) |

## **Threadneedle American Smaller Companies Fund (US)**

## **Investment Report**

Investment Objective 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 2013, the published share price of the Threadneedle American Smaller Companies Fund (US) has risen from 130.15p to 160.46p.

Looking at the sterling performance within its peer group, the total return on the fund for the twelve months ending 28 February 2013, including net reinvested income, is 16.62% as

#### compared to a median return of 16.01% over the same period. (For information the S&P 400 Mid Cap Index returned 20.57% over the same period).

#### Portfolio Activity

The fund performed strongly during the review period. During the first half of the review period, we reduced the fund's cyclicality amid the slowdown in global growth. As a result, holdings in the energy and industrial sectors were decreased as we exited positions in cranes and food service firm Manitowoc, oil exploration firm SM Energy and oil services firm Nabors Industries. We also reduced our holding in aerial platforms and cranes maker Terex. With the proceeds, we emphasised US stocks primarily exposed to the domestic economy, where our conviction in their earnings prospects was the strongest. This led us to increase the fund's capital allocated to the healthcare, financial and utilities sectors. Positions we started included pharmaceutical services firm Omnicare and apartments REIT Colonia Property Trust. In the second half of the review period, high levels of policy uncertainty ahead of the US presidential elections and 'fiscal cliff' led the Federal Reserve to announce an openended quantitative easing programme, which further limited the downside risk for a number of portfolio positions in cyclical sectors. As a result, we increased holdings in the energy, industrial and IT sectors, initiating new holdings in IT storage firm Informatica, pipeline operator Semgroup, human resources and financing consulting services firm Towers Watson and vehicle driveline and chassis components maker American Axle. We maintain our view that US equities remain attractively valued. While the view that the US housing market is improving is now more widely accepted, we believe that the recovery has important ramifications for employment and consumer spending growth at a time when the US is enjoying an industrial renaissance and increased energy self-reliance.

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2012 to 7 March 2013

|                                                                                 | Notes | 2013<br>£000 | 2012<br>£000 |
|---------------------------------------------------------------------------------|-------|--------------|--------------|
| Income                                                                          |       |              |              |
| Net capital gains/(losses)                                                      | 2     | 72,305       | (16,970)     |
| Revenue                                                                         | 3     | 3,419        | 2,146        |
| Expenses                                                                        | 4     | (4,237)      | (4,363)      |
| Finance costs: Interest                                                         | 6     | (1)          | (2)          |
| Net expenses before taxation                                                    |       | (819)        | (2,219)      |
| Taxation                                                                        | 5     | (431)        | (263)        |
| Net expenses after taxation                                                     |       | (1,250)      | (2,482)      |
| Total return before distributions                                               |       | 71,055       | (19,452)     |
| Finance costs: Distributions                                                    | 6     | (15)         | (37)         |
| Change in net assets attributable to<br>shareholders from investment activities | -     | 71,040       | (19,489)     |

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2012 to 7 March 2013

|                                                  | 2013<br>£000 | 2012<br>£000 |
|--------------------------------------------------|--------------|--------------|
| Opening net assets attributable to shareholders  | 328,046      | 325,901      |
| Movement due to sales and repurchases of shares: |              |              |
| Amounts receivable on the issue of shares        | 97,044       | 184,696      |
| Amounts payable on the cancellation of shares    | (98,270)     | (163,200)    |
|                                                  | (1,226)      | 21,496       |
| Dilution adjustment                              | 59           | 104          |
| Stamp duty reserve tax                           | -            | (3)          |
| Change in net assets attributable to             |              |              |
| shareholders from investment activities          |              |              |
| (see statement of total return above)            | 71,040       | (19,489)     |
| Retained distribution on accumulation shares     | 15           | 37           |
| Closing net assets attributable to shareholders  | 397,934      | 328,046      |

## **BALANCE SHEET**

as at 7 March 2013

| as al 7 ividicii 2015                   |       |              |              |
|-----------------------------------------|-------|--------------|--------------|
|                                         | Notes | 2013<br>£000 | 2012<br>£000 |
| Assets                                  |       |              |              |
| Investment assets                       |       | 378,043      | 329,187      |
| Other assets                            |       |              |              |
| Debtors                                 | 7     | 4,516        | 14,098       |
| Cash and bank balances                  |       | 22,750       | 14,058       |
| Total other assets                      |       | 27,266       | 28,156       |
| Total assets                            |       | 405,309      | 357,343      |
| Liabilities                             |       |              |              |
| Other liabilities                       |       |              |              |
| Creditors                               | 8     | (5,925)      | (14,854)     |
| Bank overdrafts                         |       | (1,450)      | (14,443)     |
| Total other liabilities                 |       | (7,375)      | (29,297)     |
| Total liabilities                       |       | (7,375)      | (29,297)     |
| Net assets attributable to shareholders |       | 397,934      | 328,046      |
|                                         |       |              |              |

#### **DISTRIBUTION TABLE**

for the accounting period 8 March 2012 to 7 March 2013

Dividend distribution in pence per share

#### Class 1 Shares

Net Income

There is no distribution for the accounting period 8 March 2012 to 7 March 2013, as expenses exceed revenue (2012: Nil).

## **Class 1 Shares**

#### Net Accumulation

There is no distribution for the accounting period 8 March 2012 to 7 March 2013, as expenses exceed revenue (2012: Nil).

#### Class 2 Shares Net Accumulation

There is no distribution for the accounting period 8 March 2012 to 7 March 2013, as expenses exceed revenue (2012: Nil).

\*In pound Sterling and against UK peer group. Please refer to pages 269-282 for comparative tables.

## **Threadneedle American Smaller Companies Fund (US)**

## **DISTRIBUTION TABLE**

(continued)

| Class X Shares<br>Net Accumulation |         |        |         |                         |
|------------------------------------|---------|--------|---------|-------------------------|
| Distribution                       | Gross   | Тах    | Net     | Net Revenue Net Revenue |
| Period                             | Revenue | Credit | Revenue | Accumulated Accumulated |
|                                    |         |        |         | 2012/2013 2011/2012     |
| 08/03/12 to 07/03/13               | 42.6800 | 4.2680 | 38.4120 | 38.4120 0.4156          |
| Total distributions in the         | period  |        |         | 38.4120 0.4156          |
| Class Z Shares                     |         |        |         |                         |
| Net Accumulation*                  |         |        |         |                         |
| Distribution                       | Gross   | Тах    | Net     | Net Revenue             |
| Period                             | Revenue | Credit | Revenue | Accumulated             |
|                                    |         |        |         | 2012/2013               |
| 21/09/12 to 07/03/13               | 0.0040  | 0.0004 | 0.0036  | 0.0036                  |
| Total distributions in the         | period  |        |         | 0.0036                  |

\*Class Z – Net accumulation shares commenced on 21 September 2012.

2013

2013

2012

2012

## **Threadneedle American Smaller Companies Fund (US)**

2012

2013

2012

2012

## Notes to the financial statements

for the accounting period 8 March 2012 to 7 March 2013

## **1 ACCOUNTING POLICIES**

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 6 and 7.

## 2 NET CAPITAL GAINS/(LOSSES)

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

|   |                            | 2013<br>£000 | 2012<br>£000 |
|---|----------------------------|--------------|--------------|
|   | Non-derivative securities  | 70,789       | (16,380)     |
|   | Forward currency contracts | -            | 16           |
|   | Other gains/(losses)       | 1,522        | (599)        |
|   | Transaction costs          | (6)          | (7)          |
|   | Net capital gains/(losses) | 72,305       | (16,970)     |
| 3 | REVENUE                    |              |              |

|                                    | 2013  | 2012  |
|------------------------------------|-------|-------|
|                                    | £000  | £000  |
| Overseas dividends                 | 3,129 | 1,883 |
| Interest on short term investments | 7     | 4     |
| Bank interest                      | 4     | 3     |
| Stocklending commission            | 279   | 256   |
| Total revenue                      | 3,419 | 2,146 |
|                                    |       |       |

## **4 EXPENSES**

|                                                                                             | £000    | £000    |
|---------------------------------------------------------------------------------------------|---------|---------|
| Payable to the ACD or associates of the ACD,<br>and the agents of either of them:           |         |         |
| Annual management charge                                                                    | (3,901) | (4,046) |
| Registration fees                                                                           | (297)   | (277)   |
|                                                                                             | (4,198) | (4,323) |
| Payable to the depositary or associate of the depositary, and the agents of either of them: |         |         |
| Depositary's fees                                                                           | (20)    | (20)    |
| Safe custody fees                                                                           | (5)     | (6)     |
|                                                                                             | (25)    | (26)    |
| Other expenses:                                                                             |         |         |
| Regulatory fee                                                                              | (7)     | (7)     |
| Audit fee                                                                                   | (7)     | (7)     |
|                                                                                             | (14)    | (14)    |
| *Total expenses                                                                             | (4,237) | (4,363) |

\*Including irrecoverable VAT where applicable.

## **5 TAXATION**

|                                                                                                          | £000  | £000    |
|----------------------------------------------------------------------------------------------------------|-------|---------|
| a) Analysis of charge in period                                                                          |       |         |
| Overseas taxes                                                                                           | (431) | (263)   |
| Total current tax (note 5b)                                                                              | (431) | (263)   |
| Total tax charge for the period                                                                          | (431) | (263)   |
| b) Factors affecting taxation charge for period                                                          |       |         |
| Net expenses before taxation                                                                             | (819) | (2,219) |
| Net expenses before taxation multiplied by<br>the standard rate of corporation tax of 20%<br>Effects of: | 164   | 444     |
| Revenue not subject to taxation                                                                          | 624   | 376     |
| Overseas taxes                                                                                           | (431) | (263)   |
| Excess expenses                                                                                          | (788) | (820)   |
| Current tax charge for period (note 5a)                                                                  | (431) | (263)   |

The fund has not recognised a deferred tax asset of £3,616,982 (2012: £2,829,278) 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** 

|                                               | 2013<br>£000 | 2012<br>£000 |
|-----------------------------------------------|--------------|--------------|
| Final                                         | 15           | 37           |
| Net distribution for the period               | 15           | 37           |
| Interest                                      | 1            | 2            |
| Total finance costs                           | 16           | 39           |
| Net expenses after taxation                   | (1,250)      | (2,482)      |
| Shortfall transfer from capital to revenue    | 1,265        | 2,519        |
| Net distribution for the period               | 15           | 37           |
| Details of the distribution per share and any | share class  | with a       |

shortfall are set out in the table on pages 115 and 116.

## 7 DEBTORS

|                                            | £000  | £000   |
|--------------------------------------------|-------|--------|
| Amounts receivable for the issue of shares | 4,110 | 844    |
| Sales awaiting settlement                  | -     | 13,172 |
| Accrued revenue                            | 222   | 81     |
| Foreign withholding tax recoverable        | 184   | 1      |
| Total debtors                              | 4,516 | 14,098 |

#### 8 CREDITORS

|                                                | 2013<br>£000 | 2012<br>£000 |
|------------------------------------------------|--------------|--------------|
| Amounts payable for the cancellation of shares | (1,503)      | (14,499)     |
| Purchases awaiting settlement                  | (4,039)      | -            |
| Accrued expenses                               | (11)         | (7)          |
| Amounts payable to ACD                         | (372)        | (348)        |
| Total creditors                                | (5,925)      | (14,854)     |

## **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 7.

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 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           | 0.175%  |
| Class 2 shares           | 0.035%  |
| Class X shares           | 0.035%  |
| Class Z shares           | 0.110%  |
|                          | 01110/0 |

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 pages 115 and 116. 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 £393,000 (2012: £364,000) of which £8,000 (2012: £10,000) was outstanding at year end. They have paid fees of £55,000 (2012: £52,000) of which £1,000 (2012: £1,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £59,000 (2012: £56,000) of which £1,000 (2012: £1,000) was outstanding at year end to J.P. Morgan as the security lending agent to process these arrangements and hold the collateral. The value of stock on loan at the end of the accounting period was £12.22m (2012: £33.03m), whilst the value of collateral held for these arrangements was £13.18m (2012: £34.72m). 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

|       |            | 2013       |            |            |  |  |
|-------|------------|------------|------------|------------|--|--|
|       | Value £000 | % of Total | Value £000 | % of Total |  |  |
| Bonds | 13,179     | 100        | 34,721     | 100        |  |  |
|       | 13,179     | 100        | 34,721     | 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

| Currency 2013 | Monetary<br>exposures<br>£000 | Non-<br>monetary<br>exposures<br>£000 | Total<br>£000 |
|---------------|-------------------------------|---------------------------------------|---------------|
| US Dollar     | 19,098                        | 378,043                               | 397,141       |
| Currency 2012 | £000                          | £000                                  | £000          |
| US Dollar     | (1,196)                       | 329,187                               | 327,991       |

**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 2013 was:

| Currency 2013 | Floating rate<br>financial<br>assets<br>£000 | Fixed rate<br>financial<br>assets<br>£000 | Financial<br>assets not<br>carrying<br>interest<br>£000 | Total<br>£000 |
|---------------|----------------------------------------------|-------------------------------------------|---------------------------------------------------------|---------------|
| UK Sterling   | -                                            | -                                         | 4,116                                                   | 4,116         |
| US Dollar     | 7,404                                        | 15,346                                    | 378,443                                                 | 401,193       |
| Currency 2012 | £000                                         | £000                                      | £000                                                    | £000          |
| UK Sterling   | 14,058                                       | -                                         | 851                                                     | 14,909        |
| US Dollar     | -                                            | -                                         | 342,434                                                 | 342,434       |

| <b>Currency 2013</b><br>UK Sterling | Floating rate<br>financial<br>liabilities<br>£000<br>(1,450) | Fixed rate<br>financial<br>liabilities<br>£000<br>– | Financial<br>liabilities<br>not carrying<br>interest<br>£000<br>(1,886) | <b>Total</b><br><b>£000</b><br>(3,336) |
|-------------------------------------|--------------------------------------------------------------|-----------------------------------------------------|-------------------------------------------------------------------------|----------------------------------------|
| US Dollar                           | -                                                            | -                                                   | (4,039)                                                                 | (4,039)                                |
| Currency 2012                       | £000                                                         | £000                                                | £000                                                                    | £000                                   |
| UK Sterling                         | -                                                            | -                                                   | (14,854)                                                                | (14,854)                               |
| US Dollar                           | (14,443)                                                     | -                                                   | -                                                                       | (14,443)                               |

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

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.

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

#### 13 CONTINGENT LIABILITIES AND COMMITMENTS

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

## **Threadneedle American Smaller Companies Fund (US)**

## Notes to the financial statements

(continued)

## 14 PORTFOLIO TRANSACTION COSTS

|                                              | 2013    | 2012    |
|----------------------------------------------|---------|---------|
|                                              | £000    | £000    |
| Analysis of total purchase costs             |         |         |
| Purchases in period before transaction costs | 273,478 | 545,879 |
| Commissions                                  | 234     | 602     |
| Total purchase costs                         | 234     | 602     |
| Gross purchases total                        | 273,712 | 546,481 |
| Analysis of total sale costs                 |         |         |
| Gross sales before transaction costs         | 294,565 | 524,394 |
| Commissions                                  | (276)   | (524)   |
| Taxes                                        | (5)     | (9)     |
| Total sale costs                             | (281)   | (533)   |
| Total sales net of transaction costs         | 294,284 | 523,861 |
|                                              |         |         |

#### Investment Report Investment Objective

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 2013, the published share price of the Threadneedle Dollar Bond Fund has risen from 52.39p to 55.80p.

The sterling total return on the fund for the twelve months ending 28 February 2013, including gross reinvested income, is 10.95% gross of tax and charges\*\*. (For information the 50% ML Euro-Dollar & Globals/50% ML US Treasuries – Master Index gave a total return of 9.35% in sterling terms for the same period).

#### Portfolio Activity

The fund delivered healthy positive returns over the review period. Eurozone political policy risk, that had been a key driver of markets for much of 2012, faded as a concern through the last quarter of the year and remained relatively subdued in the early period of 2013.

The fund was significantly underweight in US government bonds for much of the review period given the poor risk/reward profile in this market. By contrast, we were overweight in corporate bonds and emerging markets. These strategies proved to be very positive for fund returns relative to the market.

Performance was aided by an overweighting in the insurance and banking sectors, which performed well over the review period, and lower weights in the telecoms and utilities sector, which performed less well. We maintained the relatively high cash weighting during the course of the year to support the overall efficiency of portfolio management and this detracted from performance.

In terms of our positioning, the outlook for the market as a whole is less constructive than was the case a year ago. Government, corporate and emerging market bond yields are at the lowest levels for many years, reflecting the tightening of spreads last year and the level of interest rates and treasury yields. This means that a replication of the returns seen last year is improbable. We envisage interest rates remaining welded to the current low levels for a long period of time given the challenging economic and political background. Consequently, the likelihood of an appreciable rise in US treasury yields is not high. Likewise, although credit spreads have tightened through the last few months, they are not over valued against either the economic outlook or by historic comparison and so it is in these areas the fund will remain overweight for the foreseeable future.

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2012 to 7 March 2013

|                                         | Notes | 2013<br>£000 | 2012<br>£000 |
|-----------------------------------------|-------|--------------|--------------|
| Income                                  |       |              |              |
| Net capital gains                       | 2     | 5,196        | 5,320        |
| Revenue                                 | 3     | 2,088        | 2,034        |
| Expenses                                | 4     | (882)        | (729)        |
| Finance costs:                          |       |              |              |
| Derivative expense                      | 6     | (55)         | (94)         |
| Interest                                | 6     | (1)          | (2)          |
| Net revenue before taxation             |       | 1,150        | 1,209        |
| Taxation                                | 5     | _            | -            |
| Net revenue after taxation              |       | 1,150        | 1,209        |
| Total return before distributions       |       | 6,346        | 6,529        |
| Finance costs: Distributions            | 6     | (1,876)      | (1,806)      |
| Change in net assets attributable to    |       |              |              |
| shareholders from investment activities |       | 4,470        | 4,723        |
|                                         |       |              |              |

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2012 to 7 March 2013

|                                                                              | 2013<br>£000 | 2012<br>£000 |
|------------------------------------------------------------------------------|--------------|--------------|
| Opening net assets attributable to shareholders                              | 71,447       | 54,445       |
| Movement due to sales and repurchases of shares:                             |              |              |
| Amounts receivable on the issue of shares                                    | 33,184       | 34,309       |
| Amounts payable on the cancellation of shares                                | (35,132)     | (22,664)     |
|                                                                              | (1,948)      | 11,645       |
| Dilution adjustment                                                          | 93           | 84           |
| Change in net assets attributable to shareholders from investment activities |              |              |
| (see statement of total return above)                                        | 4,470        | 4,723        |
| Retained distribution on accumulation shares                                 | 503          | 550          |
| Closing net assets attributable to shareholders                              | 74,565       | 71,447       |
|                                                                              |              |              |

\*In pound Sterling and against UK peer group

For provide commance is calculated in Factset using daily cash flows and daily global close valuations. Please refer to pages 269-282 for comparative tables.

## BALANCE SHEET

| as at 7 March 201 | 01: | :h 2 | larcl | M | 7 | at | as |
|-------------------|-----|------|-------|---|---|----|----|
|-------------------|-----|------|-------|---|---|----|----|

| as at 7 March 2013                      |       |              |              |
|-----------------------------------------|-------|--------------|--------------|
|                                         | Notes | 2013<br>£000 | 2012<br>£000 |
| Assets                                  |       |              |              |
| Investment assets                       |       | 69,941       | 63,060       |
| Other assets                            |       |              |              |
| Debtors                                 | 7     | 2,253        | 7,334        |
| Cash and bank balances                  | 8     | 4,268        | 7,791        |
| Total other assets                      |       | 6,521        | 15,125       |
| Total assets                            |       | 76,462       | 78,185       |
| Liabilities                             |       |              |              |
| Other liabilities                       |       |              |              |
| Creditors                               | 9     | (1,318)      | (1,997)      |
| Bank overdrafts                         | 8     | (29)         | (4,123)      |
| Distribution payable on income shares   | S     | (550)        | (618)        |
| Total other liabilities                 |       | (1,897)      | (6,738)      |
| Total liabilities                       |       | (1,897)      | (6,738)      |
| Net assets attributable to shareholders |       | 74,565       | 71,447       |
|                                         |       |              |              |

#### **DISTRIBUTION TABLE**

for the accounting period 8 March 2012 to 7 March 2013

Interest distribution in pence per share

Class 1 Shares

| Class 1 Shares                  |         |        |         |              |                      |                   |
|---------------------------------|---------|--------|---------|--------------|----------------------|-------------------|
| Net Income<br>Distribution      | Gross   | Income | Net     |              | Distribution         | Distribution      |
| Period                          | Revenue | Тах    | Revenue | Equalisation | Payable<br>2012/2013 | Paid<br>2011/2012 |
| Group 1                         |         |        |         |              |                      |                   |
| 08/03/12 to 07/09/12            | 0.6845  | 0.1369 | 0.5476  | -            | 0.5476               | 0.6179            |
| 08/09/12 to 07/03/13            | 0.6749  | 0.1350 | 0.5399  | -            | 0.5399               | 0.5997            |
| Group 2                         |         |        |         |              |                      |                   |
| 08/03/12 to 07/09/12            | 0.4178  | 0.0836 | 0.3342  | 0.2134       | 0.5476               | 0.6179            |
| 08/09/12 to 07/03/13            | 0.3296  | 0.0659 | 0.2637  | 0.2762       | 0.5399               | 0.5997            |
| Total distributions in the      | period  |        |         |              | 1.0875               | 1.2176            |
| Class 1 Shares                  |         |        |         |              |                      |                   |
| Gross Accumulation              |         |        |         |              |                      |                   |
| Distribution                    | Gross   |        |         | C            | Gross Revenue G      | Fross Revenue     |
| Period                          | Revenue |        |         | Equalisation | Accumulated          |                   |
|                                 |         |        |         |              | 2012/2013            | 2011/2012         |
| Group 1<br>08/03/12 to 07/09/12 | 1.3159  |        |         |              | 1.3159               | 1,4409            |
| 08/09/12 to 07/03/12            | 1.3097  |        |         | _            | 1.3097               | 1.4158            |
| Group 2                         |         |        |         |              |                      |                   |
| 08/03/12 to 07/09/12            | 0.4657  |        |         | 0.8502       | 1.3159               | 1,4409            |
| 08/09/12 to 07/03/13            | 0.7976  |        |         | 0.5121       | 1.3097               | 1.4158            |
| Total distributions in the      | period  |        |         |              | 2.6256               | 2.8567            |
|                                 |         |        |         |              |                      |                   |
|                                 |         |        |         |              |                      |                   |

## **DISTRIBUTION TABLE**

(continued)

## Class Z Shares

| Net Income*<br>Distribution<br>Period | Gross<br>Revenue | Income<br>Tax | Net<br>Revenue | Equalisation | Distribution<br>Payable<br>2013 |
|---------------------------------------|------------------|---------------|----------------|--------------|---------------------------------|
| Group 1<br>15/02/13 to 07/03/13       | 1.2570           | 0.2514        | 1.0056         | -            | 1.0056                          |
| Group 2<br>15/02/13 to 07/03/13       | 0.1154           | 0.0231        | 0.0923         | 0.9133       | 1.0056                          |
| Total distributions in th             |                  |               |                | 2 - A        | 1.0056                          |

Group 2: shares purchased during a distribution period \*Class Z – Net income shares commenced on 15 February 2013

### Notes to the financial statements

for the accounting period 8 March 2012 to 7 March 2013

## **1 ACCOUNTING POLICIES**

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 6 and 7.

### 2 NET CAPITAL GAINS

Net capital gains during the period comprise:

| 2013  | 2012                                                     |
|-------|----------------------------------------------------------|
| £000  | £000                                                     |
| 5,060 | 5,633                                                    |
| 43    | (537)                                                    |
| 97    | 229                                                      |
| (4)   | (5)                                                      |
| 5,196 | 5,320                                                    |
|       |                                                          |
| 2013  | 2012                                                     |
| £000  | £000                                                     |
| 2,080 | 2,025                                                    |
|       | 5,060<br>43<br>97<br>(4)<br>5,196<br><b>2013</b><br>£000 |

|                             | £000  | £000  |
|-----------------------------|-------|-------|
| Interest on debt securities | 2,080 | 2,025 |
| Bank interest               | 2     | 5     |
| Stocklending commission     | 6     | 4     |
| Total revenue               | 2,088 | 2,034 |
|                             |       |       |

### **4 EXPENSES**

|                                                                                             | 2013<br>£000 | 2012<br>£000 |
|---------------------------------------------------------------------------------------------|--------------|--------------|
| Payable to the ACD or associates of the ACD, and the agents of either of them:              |              |              |
| Annual management charge                                                                    | (726)        | (597)        |
| Registration fees                                                                           | (127)        | (104)        |
|                                                                                             | (853)        | (701)        |
| Payable to the depositary or associate of the depositary, and the agents of either of them: |              |              |
| Depositary's fees                                                                           | (13)         | (12)         |
| Safe custody fees                                                                           | (2)          | (2)          |
|                                                                                             | (15)         | (14)         |
| Other expenses:                                                                             |              |              |
| Regulatory fee                                                                              | (7)          | (7)          |
| Audit fee                                                                                   | (7)          | (7)          |
|                                                                                             | (14)         | (14)         |
| *Total expenses                                                                             | (882)        | (729)        |
|                                                                                             |              |              |

\*Including irrecoverable VAT where applicable.

## **5 TAXATION**

|                                                                                                         | £000  | £000  |
|---------------------------------------------------------------------------------------------------------|-------|-------|
| a) Analysis of charge in period<br>Total current tax (note 5b)                                          | -     |       |
| Total tax charge for the period                                                                         | _     | _     |
| b) Factors affecting taxation charge for period                                                         |       |       |
| Net revenue before taxation                                                                             | 1,150 | 1,209 |
| Net revenue before taxation multiplied by<br>the standard rate of corporation tax of 20%<br>Effects of: | (230) | (242) |
| Excess expenses                                                                                         | (145) | (119) |
| Distributions treated as tax deductible                                                                 | 375   | 361   |
| Current tax charge for period (note 5a)                                                                 | _     | _     |

2013

2012

The fund has not recognised a deferred tax asset of £1,714,138 (2012 £1,569,010) arising as a result of having unutilised management expenses.

These expenses will only be utilised if the treatment of interest distributions made by the fund or the nature of capital gains changes. Interest distributions have been made in respect of all distributions during the period. Income Tax at 20% will be accounted for on shareholders' behalf to 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: 2012

|                                                  | 2013<br>£000 | 2012<br>£000 |
|--------------------------------------------------|--------------|--------------|
| Interim                                          | 981          | 918          |
| Final                                            | 907          | 1,007        |
| _                                                | 1,888        | 1,925        |
| Add: Revenue deducted on cancellation of shares  | 179          | 144          |
| Deduct: Revenue received on creation of shares   | (191)        | (263)        |
| Net distribution for the period                  | 1,876        | 1,806        |
| Derivative expense                               | 55           | 94           |
| Interest                                         | 1            | 2            |
| Total finance costs                              | 1,932        | 1,902        |
| Net revenue after taxation                       | 1,150        | 1,209        |
| Annual management charge to capital              | 726          | 597          |
| Net distribution for the period                  | 1,876        | 1,806        |
| Details of the distribution per obere are set ou | t in the t   | able on      |

Details of the distribution per share are set out in the table on pages 120 and 121.

## 7 DEBTORS

|                                            | 2013  | 2012  |
|--------------------------------------------|-------|-------|
|                                            | £000  | £000  |
| Amounts receivable for the issue of shares | 307   | 4,580 |
| Sales awaiting settlement                  | 1,329 | 2,257 |
| Accrued revenue                            | 617   | 497   |
| Total debtors                              | 2,253 | 7,334 |

#### Notes to the financial statements

(continued)

## 8 CASH AND BANK BALANCES

|                                         | £000  | £000    |
|-----------------------------------------|-------|---------|
| Amounts held at futures clearing houses |       |         |
| and brokers                             | 65    | 4       |
| Cash and bank balances                  | 4,203 | 7,787   |
|                                         | 4,268 | 7,791   |
| Amounts held at futures clearing houses |       |         |
| and brokers                             | (29)  | -       |
| Bank overdrafts                         | _     | (4,123) |
| Total cash and bank balances            | 4,239 | 3,668   |

2013

2012

## 9 CREDITORS

|                                                | 2013    | 2012    |
|------------------------------------------------|---------|---------|
|                                                | £000    | £000    |
| Amounts payable for the cancellation of shares | (38)    | (312)   |
| Purchases awaiting settlement                  | (1,069) | (1,485) |
| Accrued expenses                               | (9)     | (5)     |
| Amounts payable to ACD                         | (66)    | (63)    |
| Income tax payable                             | (136)   | (132)   |
| Total creditors                                | (1,318) | (1,997) |

### **10 RELATED PARTY TRANSACTIONS**

The related parties are set out in detail in Note 8 of the aggregated financial statements on page 7.

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           | 0.175% |
| 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 pages 120 and 121. 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 £8,000 (2012: £6,000) of which £1,000 (2012: Nil) was outstanding at year end. They have paid fees of £1,000 (2012: £1,000) of which Nil (2012: Nil) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £1,000 (2012: £1,000) of which Nil (2012: Nil) was outstanding at year end to J.P. Morgan as the security lending agent to process these arrangements and hold the collateral. The value of stock on loan at the end of the accounting period was £2.67m (2012: £5.45m), whilst the value of collateral held for these arrangements was £2.79m (2012: £5.76m). 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 or supranational bonds.

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

#### Analysis of Collateral Held

|       |            | 2013       |            |            |
|-------|------------|------------|------------|------------|
|       | Value £000 | % of Total | Value £000 | % of Total |
| Bonds | 2,788      | 100        | 5,761      | 100        |
|       | 2,788      | 100        | 5,761      | 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<br>exposures | Non-<br>monetary<br>exposures | Total  |  |
|---------------|-----------------------|-------------------------------|--------|--|
| Currency 2013 | £000                  | £000                          | £000   |  |
| US Dollar     | 4,996                 | 69,941                        | 74,937 |  |
| Currency 2012 | £000                  | £000                          | £000   |  |

US Dollar 9,060 63,060 72,120 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 2013 was:

| Currency 2013 | Floating rate<br>financial<br>assets<br>£000 | Fixed rate<br>financial<br>assets<br>£000 | Financial<br>assets not<br>carrying<br>interest<br>£000 | Total<br>£000 |
|---------------|----------------------------------------------|-------------------------------------------|---------------------------------------------------------|---------------|
| UK Sterling   | 120                                          | -                                         | 307                                                     | 427           |
| US Dollar     | 5,839                                        | 68,237                                    | 1,959                                                   | 76,035        |
| Currency 2012 | £000                                         | £000                                      | £000                                                    | £000          |
| UK Sterling   | -                                            | -                                         | 4,580                                                   | 4,580         |
| US Dollar     | 9.411                                        | 61,440                                    | 2,754                                                   | 73,605        |

| Currency 2013 | Floating rate<br>financial<br>liabilities<br>£000 | Fixed rate<br>financial<br>liabilities<br>£000 | Financial<br>liabilities<br>not carrying<br>interest<br>£000 | Total<br>£000 |
|---------------|---------------------------------------------------|------------------------------------------------|--------------------------------------------------------------|---------------|
| UK Sterling   | -                                                 | -                                              | (799)                                                        | (799)         |
| US Dollar     | (29)                                              | -                                              | (1,069)                                                      | (1,098)       |
| Currency 2012 | £000                                              | £000                                           | £000                                                         | £000          |

(1, 130)

(1.485)

(5,253)

(1.485)

(4,123)

**UK Sterling** 

US Dollar

### Notes to the financial statements

(continued)

|           | financial<br>We<br>a |           | financial<br>We<br>average<br>for | eighted       | bearing       | eighted       |
|-----------|----------------------|-----------|-----------------------------------|---------------|---------------|---------------|
| Currency  | 2013<br>%            | 2012<br>% | 2013<br>years                     | 2012<br>years | 2013<br>years | 2012<br>years |
| US Dollar | 3                    | 4         | 9.21                              | 9.13          | 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 2013, the fund had outstanding futures of £13,000 (2012: Nil).

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

#### Sensivity 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 (2012: Nil).

#### **15 PORTFOLIO TRANSACTION COSTS**

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

The total cost of purchases during the period was  $\pounds$ 74,533,155 (2012:  $\pounds$ 73,891,590) and proceeds received from sales were  $\pounds$ 72,506,191 (2012:  $\pounds$ 69,427,956).

## **Investment Report**

Investment Objective

#### **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 2013, the published share price of the Threadneedle Japan Fund has risen from 33.59p to 37.15p.

Looking at the sterling performance within its peer group, the total return on the fund for the twelve months ending 28 February 2013, including net reinvested income, is 6.51% as compared to a median return of 8.29% over the same period. (For information the TOPIX Index returned 10.35% over the same period).

#### Portfolio Activity

The landslide election of Shinzo Abe, a previous Prime Minister, transformed sentiment towards Japanese equities. His policies, which are based on a threepronged approach, have been named "Abenomics" and have caught everyone's imagination. He favours Bank of Japan monetary easing and has managed to appoint a new Governor of the BOJ who also favours stimulatory policies to help Japan overcome its persistent deflation. Topix has responded enthusiastically and by our period end was around 40% higher in yen terms than the point when Abe came onto the scene in mid November.

At the interim we commented that activity in the portfolio had focused around reducing stocks with the highest cyclicality in their exposure to the global economy, and on searching for opportunities in the

more domestic sectors or on exporters where the growth opportunity does not depend on the cycle. We also mentioned that we had further reduced stocks where the primary growth driver had been China. Thus we had reduced positions in trading houses, chemical companies, and several technology and machinery companies. In the more recent, much more bullish market environment we have not reversed any of these decisions as the opportunity has been in domestic sectors and perceived beneficiaries of the end of deflation such as Sekisui Chemical (housing and infrastructure), Tokyu (real estate and railways), or Japan Exchange (the TSE is listed). Within the telecom sector we have switched from the ex-growth majors such as NTT and DoCoMo to IT service companies such as SCSK and Internet Initiative Japan where there are growth opportunities. One cyclical area where we continue to hold our overweight position is autos, where Toyota continues to see a remarkable earnings recovery and can really enjoy the now much weaker currency.

#### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2012 to 7 March 2013

|                                                                                 | Notes | 2013<br>£000 | 2012<br>£000 |
|---------------------------------------------------------------------------------|-------|--------------|--------------|
| Income                                                                          |       |              |              |
| Net capital gains/(losses)                                                      | 2     | 7,878        | (18,622)     |
| Revenue                                                                         | 3     | 4,668        | 4,649        |
| Expenses                                                                        | 4     | (2,166)      | (2,340)      |
| Finance costs: Interest                                                         | 6     | (1)          | (4)          |
| Net revenue before taxation                                                     |       | 2,501        | 2,305        |
| Taxation                                                                        | 5     | (324)        | (326)        |
| Net revenue after taxation                                                      |       | 2,177        | 1,979        |
| Total return before distributions                                               |       | 10,055       | (16,643)     |
| Finance costs: Distributions                                                    | 6     | (2,177)      | (1,979)      |
| Change in net assets attributable to<br>shareholders from investment activities |       | 7,878        | (18,622)     |

# STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2012 to 7 March 2013

|                                                  | 2013<br>£000 | 2012<br>£000 |
|--------------------------------------------------|--------------|--------------|
| Opening net assets attributable to shareholders  | 198,455      | 200,133      |
| Movement due to sales and repurchases of shares: |              |              |
| Amounts receivable on the issue of shares        | 93,373       | 69,468       |
| Amounts payable on the cancellation of shares    | (119,992)    | (54,662)     |
| Amounts payable on inspecie transfer             | (34,857)     | -            |
|                                                  | (61,476)     | 14,806       |
| Dilution adjustment                              | 270          | 159          |
| Change in net assets attributable to             |              |              |
| shareholders from investment activities          |              |              |
| (see statement of total return above)            | 7,878        | (18,622)     |
| Retained distribution on accumulation shares     | 2,177        | 1,979        |
| Closing net assets attributable to shareholders  | 147,304      | 198,455      |

## BALANCE SHEET

as at 7 March 2013

| as at 7 Ividi ci i 2013                 |       |              |              |
|-----------------------------------------|-------|--------------|--------------|
|                                         | Notes | 2013<br>£000 | 2012<br>£000 |
| Assets                                  |       |              |              |
| Investment assets                       |       | 147,044      | 194,576      |
| Other assets                            |       |              |              |
| Debtors                                 | 7     | 6,909        | 6,838        |
| Cash and bank balances                  |       | 4,041        | 3,303        |
| Total other assets                      |       | 10,950       | 10,141       |
| Total assets                            |       | 157,994      | 204,717      |
| Liabilities                             |       |              |              |
| Other liabilities                       |       |              |              |
| Creditors                               | 8     | (6,431)      | (5,945)      |
| Bank overdrafts                         |       | (4,259)      | (317)        |
| Total other liabilities                 |       | (10,690)     | (6,262)      |
| Total liabilities                       |       | (10,690)     | (6,262)      |
| Net assets attributable to shareholders |       | 147,304      | 198,455      |
|                                         |       |              |              |

#### **DISTRIBUTION TABLE**

for the accounting period 8 March 2012 to 7 March 2013

| Dividend distributio<br>Class 1 Shares<br>Net Accumulation | n in pence | per sha | ire     |                          |                       |
|------------------------------------------------------------|------------|---------|---------|--------------------------|-----------------------|
| Distribution                                               | Gross      | Тах     | Net     | Net Bevenue              | Net Revenue           |
| Period                                                     | Revenue    | Credit  | Revenue |                          | Accumulated           |
| 08/03/12 to 07/03/13                                       | 0.2731     | 0.0273  | 0.2458  | 0.2458                   | 0.1948                |
| Total distributions in th                                  | e period   |         |         | 0.2458                   | 0.1948                |
| Class 2 Shares<br>Net Accumulation                         |            |         |         |                          |                       |
| Distribution                                               | Gross      | Tax     | Net     | Net Revenue              | Net Revenue           |
| Period                                                     | Revenue    | Credit  | Revenue | Accumulated<br>2012/2013 | Accumulated 2011/2012 |
| 08/03/12 to 07/03/13                                       | 0.9141     | 0.0914  | 0.8227  | 0.8227                   | 0.4299                |
| Total distributions in th                                  | e period   |         |         | 0.8227                   | 0.4299                |
| Class Z Shares                                             |            |         |         |                          |                       |

Net Accumulation\*

There is no distribution for the period 3 October 2012 to 7 March 2013, as expenses exceed revenue.

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

\*In pound Sterling and against UK peer group. Please refer to pages 269-282 for comparative tables.

### Notes to the financial statements

for the accounting period 8 March 2012 to 7 March 2013

## **1 ACCOUNTING POLICIES**

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 6 and 7.

### 2 NET CAPITAL GAINS/(LOSSES)

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

|   | ivet capital gains/(losses) during the period comp                                          | rise:   |          |
|---|---------------------------------------------------------------------------------------------|---------|----------|
|   |                                                                                             | 2013    | 2012     |
|   |                                                                                             | £000    | £000     |
|   | Non-derivative securities                                                                   | 7,925   | (18,514) |
|   | Other losses                                                                                | (35)    | (98)     |
|   | Transaction costs                                                                           | (12)    | (10)     |
|   | Net capital gains/(losses)                                                                  | 7,878   | (18,622) |
| 3 | REVENUE                                                                                     |         |          |
| - |                                                                                             | 2013    | 2012     |
|   |                                                                                             | £000    | £000     |
|   | Overseas dividends                                                                          | 4,640   | 4,640    |
|   | Bank interest                                                                               | .,      | .,       |
|   | Stocklending commission                                                                     | 26      | 5        |
|   | Total revenue                                                                               | 4,668   | 4,649    |
| 4 | EXPENSES                                                                                    |         |          |
| - |                                                                                             | 2013    | 2012     |
|   |                                                                                             | £000    | £000     |
|   | Payable to the ACD or associates of the ACD, and the agents of either of them:              |         |          |
|   | Annual management charge                                                                    | (1,987) | (2,152)  |
|   | Registration fees                                                                           | (135)   | (143)    |
|   |                                                                                             | (2,122) | (2,295)  |
|   | Payable to the depositary or associate of the depositary, and the agents of either of them: |         |          |
|   | Depositary's fees                                                                           | (17)    | (18)     |
|   | Safe custody fees                                                                           | (13)    | (14)     |
|   |                                                                                             | (30)    | (32)     |
|   | Other expenses:                                                                             |         |          |
|   | Regulatory fee                                                                              | (7)     | (7)      |
|   | Audit fee                                                                                   | (7)     | (6)      |
|   |                                                                                             |         |          |

\*Total expenses

\*Including irrecoverable VAT where applicable.

## 5 TAXATION

|                                                                                                   | £000  | £000  |
|---------------------------------------------------------------------------------------------------|-------|-------|
| a) Analysis of charge in period                                                                   |       |       |
| Overseas taxes                                                                                    | (324) | (326) |
| Total current tax (note 5b)                                                                       | (324) | (326) |
| Total tax charge for the period                                                                   | (324) | (326) |
| b) Factors affecting taxation charge for period                                                   |       |       |
| Net revenue before taxation                                                                       | 2,501 | 2,305 |
| Net revenue before taxation multiplied by the standard rate of corporation tax of 20% Effects of: | (500) | (461) |
| Revenue not subject to taxation                                                                   | 928   | 928   |
| Overseas taxes                                                                                    | (324) | (326) |
| Excess expenses                                                                                   | (428) | (467) |
| Current tax charge for period (note 5a)                                                           | (324) | (326) |

2013

2012

2012

2012

The fund has not recognised a deferred tax asset of £3,350,288 (2012:  $\pounds 2,922,354$ ) 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** 

|                                 | 2013  | 2012  |
|---------------------------------|-------|-------|
|                                 | £000  | £000  |
| Final                           | 2,177 | 1,979 |
| Net distribution for the period | 2,177 | 1,979 |
| Interest                        | 1     | 4     |
| Total finance costs             | 2,178 | 1,983 |
|                                 |       |       |

Details of the distribution per share and any share class with a shortfall are set out in the table on page 125.

### 7 DEBTORS

(14)

(2,166)

(13)

(2,340)

|                                            | 2010  | 2012  |
|--------------------------------------------|-------|-------|
|                                            | £000  | £000  |
| Amounts receivable for the issue of shares | 4,574 | 1,157 |
| Sales awaiting settlement                  | 2,066 | 5,320 |
| Accrued revenue                            | 269   | 361   |
| Total debtors                              | 6,909 | 6,838 |
|                                            |       |       |

#### 8 CREDITORS

| Amounts payable for the cancellation of shares    | <b>2013</b><br><b>£000</b><br>(534) | <b>2012</b><br><b>£000</b><br>(4,920) |
|---------------------------------------------------|-------------------------------------|---------------------------------------|
| Purchases awaiting settlement<br>Accrued expenses | (5,746)<br>(13)                     | (4,320)<br>(825)<br>(8)               |
| Amounts payable to ACD                            | (13)                                | (192)                                 |
| Total creditors                                   | (6,431)                             | (5,945)                               |

#### 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 7.

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 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    | 0.175% |
| 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 125. 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 £36,000 (2012: £7,000) of which £3,000 (2012: £1,000) was outstanding at year end. They have paid fees of £5,000 (2012: £1,000) of which £1,000 (2012: Nil) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £5,000 (2012: £1,000) of which £1,000 (2012: Nil) was outstanding at year end to J.P. Morgan as the security lending agent to process these arrangements and hold the collateral. The value of stock on loan at the end of the accounting period was £5.57m (2012: £3.60m), whilst the value of collateral held for these arrangements was £6.16m (2012: £3.83m). The collateral was held as either securities transferred in CREST by a DBV (Delivery by Value) or Gilt DBV, or in the form of overseas government bonds, supranational bonds or certificates of deposit.

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

#### Analysis of Collateral Held

|       |            | 2013       |            | 2012       |
|-------|------------|------------|------------|------------|
|       | Value £000 | % of Total | Value £000 | % of Total |
| Bonds | 6,159      | 100        | 3,828      | 100        |
|       | 6,159      | 100        | 3,828      | 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

| <b>Currency 2013</b><br>Japanese Yen | Monetary<br>exposures<br>£000<br>628 | Non-<br>monetary<br>exposures<br>£000<br>147,044 | <b>Total</b><br><b>£000</b><br>147,672 |
|--------------------------------------|--------------------------------------|--------------------------------------------------|----------------------------------------|
| Currency 2012                        | £000                                 | £000                                             | £000                                   |
| Japanese Yen                         | 5,363                                | 194,576                                          | 199,939                                |
| US Dollar                            | 4                                    | -                                                | 4                                      |

#### 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 2013 was:

| Currency 2013 | Floating rate<br>financial<br>assets<br>£000 | Fixed rate<br>financial<br>assets<br>£000 | Financial<br>assets not<br>carrying<br>interest<br>£000 | Total<br>£000 |
|---------------|----------------------------------------------|-------------------------------------------|---------------------------------------------------------|---------------|
| Japanese Yen  | 4,041                                        | -                                         | 149,377                                                 | 153,418       |
| UK Sterling   | -                                            | -                                         | 4,576                                                   | 4,576         |
| Currency 2012 | £000                                         | £000                                      | £000                                                    | £000          |
| Japanese Yen  | -                                            | -                                         | 200,256                                                 | 200,256       |
| UK Sterling   | 3,299                                        | -                                         | 1,158                                                   | 4,457         |
| US Dollar     | 4                                            | -                                         | -                                                       | 4             |

| Currency 2013 | Floating rate<br>financial<br>liabilities<br>£000 | Fixed rate<br>financial<br>liabilities<br>£000 | Financial<br>liabilities<br>not carrying<br>interest<br>£000 | Total<br>£000 |
|---------------|---------------------------------------------------|------------------------------------------------|--------------------------------------------------------------|---------------|
| Japanese Yen  | -                                                 | -                                              | (5,746)                                                      | (5,746)       |
| UK Sterling   | (4,259)                                           | -                                              | (685)                                                        | (4,944)       |
| Currency 2012 | £000                                              | £000                                           | £000                                                         | £000          |
| Japanese Yen  | (317)                                             | -                                              | (825)                                                        | (1,142)       |
| UK Sterling   | -                                                 | -                                              | (5,120)                                                      | (5,120)       |

#### Fair value of financial assets and financial liabilities

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

There are no material amounts of non interest-bearing financial assets, other than equities, which do not have maturity dates. Cash balances are held in floating rate accounts where interest is calculated with reference to prevailing market rates.

#### **13 CONTINGENT LIABILITIES AND COMMITMENTS**

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

## Notes to the financial statements

(continued)

## 14 PORTFOLIO TRANSACTION COSTS

|                                              | 2013    | 2012    |
|----------------------------------------------|---------|---------|
|                                              | £000    | £000    |
| Analysis of total purchase costs             |         |         |
| Purchases in period before transaction costs | 144,124 | 137,265 |
| Commissions                                  | 132     | 121     |
| Total purchase costs                         | 132     | 121     |
| Gross purchases total                        | 144,256 | 137,386 |
| Analysis of total sale costs                 |         |         |
| Gross sales before transaction costs         | 199,854 | 123,248 |
| Commissions                                  | (138)   | (120)   |
| Fees                                         | (3)     | -       |
| Total sale costs                             | (141)   | (120)   |
| Total sales net of transaction costs         | 199,713 | 123,128 |
|                                              |         |         |

## **Investment Report**

**Investment Objective** 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 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, 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 2013, the published share price of the Threadneedle Japan Smaller Companies Fund has risen from 80.15p to 88.72p.

Looking at the sterling performance within its peer group, the total return on the fund for the twelve months ending 28 February 2013, including net reinvested income, is 8.19% as compared to a median return of 18.16% over the same period. (For information the return for theTOPIX Small Cap Index was 11.30% over the same period).

#### Portfolio Activity

The landslide election of Shinzo Abe, a previous Prime Minister, transformed sentiment towards Japanese equities. His policies, which are based on a threepronged approach, have been named "Abenomics" and have caught everyone's imagination. He favours Bank of Japan monetary easing and has managed to appoint a new Governor of the BOJ who also favours stimulatory policies to help Japan overcome its persistent deflation. Topix Small has responded almost as enthusiastically as large caps and by our period end was around 35% higher in Yen terms than the point when Abe came onto the scene in mid November. Portfolio activity continued to focus on maintaining a balanced sector approach. Sector representation in small caps is quite different from large cap with much fewer banks, tech and autos for example and much higher weights in domestic sectors such as construction or retail. As the overall market moved on from focusing solely on beneficiaries of the weaker currency towards beneficiaries of domestic reflation it has turned towards some of our long held core positions such as small stock brokers, regional banks and housing or condominium builders. We added significantly to core holding Wacom - their world leading electronic pen technology is integral to smartphone models such as the Galaxy Note and Samsung have recognised this with a capital tie-up.

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2012 to 7 March 2013

|                                                                                 | Notes | 2013<br>£000 | 2012<br>£000 |
|---------------------------------------------------------------------------------|-------|--------------|--------------|
| Income                                                                          |       |              |              |
| Net capital losses                                                              | 2     | (3,785)      | (2,478)      |
| Revenue                                                                         | 3     | 2,603        | 2,709        |
| Expenses                                                                        | 4     | (946)        | (1,197)      |
| Finance costs: Interest                                                         | 6     | (1)          | (3)          |
| Net revenue before taxation                                                     |       | 1,656        | 1,509        |
| Taxation                                                                        | 5     | (179)        | (188)        |
| Net revenue after taxation                                                      |       | 1,477        | 1,321        |
| Total return before distributions                                               |       | (2,308)      | (1,157)      |
| Finance costs: Distributions                                                    | 6     | (1,477)      | (1,321)      |
| Change in net assets attributable to<br>shareholders from investment activities |       | (3,785)      | (2,478)      |

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2012 to 7 March 2013

|                                                                              | 2013<br>£000 | 2012<br>£000 |
|------------------------------------------------------------------------------|--------------|--------------|
| Opening net assets attributable to shareholders                              | 121,872      | 126,208      |
| Movement due to sales and repurchases of shares:                             |              |              |
| Amounts receivable on the issue of shares                                    | 12,054       | 33,336       |
| Amounts payable on the cancellation of shares                                | (21,562)     | (36,701)     |
| Amounts payable on inspecie transfer                                         | (98,796)     | -            |
|                                                                              | (108,304)    | (3,365)      |
| Dilution adjustment                                                          | 68           | 186          |
| Change in net assets attributable to shareholders from investment activities |              |              |
| (see statement of total return above)                                        | (3,785)      | (2,478)      |
| Retained distribution on accumulation shares                                 | 1,477        | 1,321        |
| Closing net assets attributable to shareholders                              | 11,328       | 121,872      |

## BALANCE SHEET

| as at 7 March 2013                      |       |              |              |
|-----------------------------------------|-------|--------------|--------------|
|                                         | Notes | 2013<br>£000 | 2012<br>£000 |
| Assets                                  |       |              |              |
| Investment assets                       |       | 11,247       | 119,529      |
| Other assets                            |       |              |              |
| Debtors                                 | 7     | 79           | 5,935        |
| Cash and bank balances                  |       | 52           | 4,856        |
| Total other assets                      |       | 131          | 10,791       |
| Total assets                            |       | 11,378       | 130,320      |
| Liabilities                             |       |              |              |
| Other liabilities                       |       |              |              |
| Creditors                               | 8     | (30)         | (5,147)      |
| Bank overdrafts                         |       | (20)         | (3,301)      |
| Total other liabilities                 |       | (50)         | (8,448)      |
| Total liabilities                       |       | (50)         | (8,448)      |
| Net assets attributable to shareholders |       | 11,328       | 121,872      |

#### **DISTRIBUTION TABLE**

for the accounting period 8 March 2012 to 7 March 2013

| Dividend distribution<br>Class 1 Shares | n in pence | per sha | ire     |                          |                       |
|-----------------------------------------|------------|---------|---------|--------------------------|-----------------------|
| Net Accumulation<br>Distribution        | Gross      | Тах     | Net     | Net Revenue              | Net Revenue           |
| Period                                  | Revenue    | Credit  | Revenue |                          | Accumulated 2011/2012 |
| 08/03/12 to 07/03/13                    | 0.5019     | 0.0502  | 0.4517  | 0.4517                   | 0.3268                |
| Total distributions in the              | e period   |         |         | 0.4517                   | 0.3268                |
| Class 2 Shares<br>Net Accumulation      |            |         |         |                          |                       |
| Distribution                            | Gross      | Тах     | Net     | Net Revenue              | Net Revenue           |
| Period                                  | Revenue    | Credit  | Revenue | Accumulated<br>2012/2013 | Accumulated 2011/2012 |
| 08/03/12 to 07/03/13                    | 17.9669    | 1.7967  | 16.1702 | 16.1702                  | 0.9558                |
| Total distributions in the              | e period   |         |         | 16.1702                  | 0.9558                |
| Class Z Shares                          |            |         |         |                          |                       |

Net Accumulation\*

There is no distribution for the period 5 October 2012 to 7 March 2013, as expenses exceed revenue.

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

\*In pound Sterling and against UK peer group. Please refer to pages 269-282 for comparative tables.

### Notes to the financial statements

for the accounting period 8 March 2012 to 7 March 2013

## **1 ACCOUNTING POLICIES**

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 6 and 7. The fund has applied and received approval from the FCA on 5 April 2013 to wind up the fund and therefore the accounts have been prepared on a non-going concern basis.

## 2 NET CAPITAL LOSSES

Net capital losses during the period comprise:

|   | Non-derivative securities<br>Other (losses)/gains | <b>2013</b><br><b>£000</b><br>(3,721)<br>(55) | <b>2012</b><br><b>£000</b><br>(2,595)<br>125 |
|---|---------------------------------------------------|-----------------------------------------------|----------------------------------------------|
|   | Transaction costs<br>Net capital losses           | (9)                                           | (8)                                          |
| 3 | REVENUE                                           | 2013<br>£000                                  | 2012<br>£000                                 |

|                         | £000  | £000  |
|-------------------------|-------|-------|
| Overseas dividends      | 2,557 | 2,684 |
| Bank interest           | 1     | 3     |
| Stocklending commission | 45    | 22    |
| Total revenue           | 2,603 | 2,709 |

2012

2012

#### 4 EXPENSES

|                                                                                             | £000  | £000    |
|---------------------------------------------------------------------------------------------|-------|---------|
| Payable to the ACD or associates of the ACD, and the agents of either of them:              |       |         |
| Annual management charge                                                                    | (880) | (1,118) |
| Registration fees                                                                           | (33)  | (43)    |
|                                                                                             | (913) | (1,161) |
| Payable to the depositary or associate of the depositary, and the agents of either of them: |       |         |
| Depositary's fees                                                                           | (12)  | (15)    |
| Safe custody fees                                                                           | (7)   | (8)     |
|                                                                                             | (19)  | (23)    |
| Other expenses:                                                                             |       |         |
| Regulatory fee                                                                              | (7)   | (7)     |
| Audit fee                                                                                   | (7)   | (6)     |
|                                                                                             | (14)  | (13)    |
| *Total expenses                                                                             | (946) | (1,197) |
|                                                                                             |       |         |

\*Including irrecoverable VAT where applicable.

## 5 TAXATION

|                                                                                                         | £000  | £000  |
|---------------------------------------------------------------------------------------------------------|-------|-------|
| a) Analysis of charge in period                                                                         |       |       |
| Overseas taxes                                                                                          | (179) | (188) |
| Total current tax (note 5b)                                                                             | (179) | (188) |
| Total tax charge for the period                                                                         | (179) | (188) |
| b) Factors affecting taxation charge for period                                                         |       |       |
| Net revenue before taxation                                                                             | 1,656 | 1,509 |
| Net revenue before taxation multiplied by<br>the standard rate of corporation tax of 20%<br>Effects of: | (331) | (302) |
| Revenue not subject to taxation                                                                         | 511   | 537   |
| Overseas taxes                                                                                          | (179) | (188) |
| Excess expenses                                                                                         | (180) | (235) |
| Current tax charge for period (note 5a)                                                                 | (179) | (188) |

2013

2012

The fund has not recognised a deferred tax asset of £923,913 (2012:  $\pounds$ 743,637) 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** 

|                                 | 2013  | 2012  |
|---------------------------------|-------|-------|
|                                 | £000  | £000  |
| Final                           | 1,477 | 1,321 |
| Net distribution for the period | 1,477 | 1,321 |
| Interest                        | 1     | 3     |
| Total finance costs             | 1,478 | 1,324 |
|                                 |       |       |

Details of the distribution per share and any share class with a shortfall are set out in the table on page 129.

## 7 DEBTORS

|                                            | 2013<br>£000 | 2012<br>£000 |
|--------------------------------------------|--------------|--------------|
| Amounts receivable for the issue of shares | 57           | 4,345        |
| Sales awaiting settlement                  | -            | 1,320        |
| Accrued revenue                            | 22           | 270          |
| Total debtors                              | 79           | 5,935        |

## 8 CREDITORS

|                                                | £000 | £000    |
|------------------------------------------------|------|---------|
| Amounts payable for the cancellation of shares | (9)  | (881)   |
| Purchases awaiting settlement                  | -    | (4,161) |
| Accrued expenses                               | (11) | (8)     |
| Amounts payable to ACD                         | (10) | (97)    |
| Total creditors                                | (30) | (5,147) |

2013

2012

### 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 7.

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 Japan 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           | 0.175% |
| 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 280. 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 Japan Smaller Companies Fund has entered into stocklending arrangements. The fund has earned £63,000 (2012: £31,000) of which £6,000 (2012: £2,000) was outstanding at year end. They have paid fees of £9,000 (2012: £4,000) of which £1,000 (2012: Nil) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £9,000 (2012: £5,000) of which £1,000 (2012: Nil) was outstanding at year end to J.P. Morgan as the security lending agent to process these arrangements and hold the collateral. The value of stock on loan at the end of the accounting period was £0.35m (2012: £4.43m), whilst the value of collateral held for these arrangements was £0.38m (2012: £4.78m). 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

|       |            | 2013       |            |            |
|-------|------------|------------|------------|------------|
|       | Value £000 | % of Total | Value £000 | % of Total |
| Bonds | 383        | 100        | 4,776      | 100        |
|       | 383        | 100        | 4,776      | 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

| Currency 2013 | Monetary<br>exposures<br>£000 | Non-<br>monetary<br>exposures<br>£000 | Total<br>£000 |  |
|---------------|-------------------------------|---------------------------------------|---------------|--|
| Japanese Yen  | 70                            | 11,247                                | 11,317        |  |
| Currency 2012 | £000                          | £000                                  | £000          |  |
| Japanese Yen  | 2,283                         | 119,528                               | 121,811       |  |

**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 2013 was:

| Currency 2013 | Floating rate<br>financial<br>assets<br>£000 | Fixed rate<br>financial<br>assets<br>£000 | Financial<br>assets not<br>carrying<br>interest<br>£000 | Total<br>£000 |
|---------------|----------------------------------------------|-------------------------------------------|---------------------------------------------------------|---------------|
| Japanese Yen  | 52                                           | -                                         | 11,265                                                  | 11,317        |
| UK Sterling   | -                                            | -                                         | 61                                                      | 61            |
| Currency 2012 | £000                                         | £000                                      | £000                                                    | £000          |
| Japanese Yen  | 4,856                                        | -                                         | 121,117                                                 | 125,973       |
| UK Sterling   | -                                            | -                                         | 4,347                                                   | 4,347         |

| Currency 2013                        | Floating rate<br>financial<br>liabilities<br>£000 | Fixed rate<br>financial<br>liabilities<br>£000 | Financial<br>liabilities<br>not carrying<br>interest<br>£000 | Total<br>£000          |
|--------------------------------------|---------------------------------------------------|------------------------------------------------|--------------------------------------------------------------|------------------------|
| UK Sterling                          | (20)                                              | -                                              | (30)                                                         | (50)                   |
| <b>Currency 2012</b><br>Japanese Yen | £000<br>_                                         | £000<br>_                                      | <b>£000</b><br>(4,162)                                       | <b>£000</b><br>(4,162) |
| UK Sterling                          | (3,301)                                           | -                                              | (985)                                                        | (4,286)                |

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 (2012: Nil).

## Notes to the financial statements

(continued)

## **14 PORTFOLIO TRANSACTION COSTS**

|                                              | 2013    | 2012   |
|----------------------------------------------|---------|--------|
|                                              | £000    | £000   |
| Analysis of total purchase costs             |         |        |
| Purchases in period before transaction costs | 32,787  | 54,358 |
| Commissions                                  | 29      | 51     |
| Total purchase costs                         | 29      | 51     |
| Gross purchases total                        | 32,816  | 54,409 |
| Analysis of total sale costs                 |         |        |
| Gross sales before transaction costs         | 137,419 | 56,400 |
| Commissions                                  | (43)    | (63)   |
| Total sale costs                             | (43)    | (63)   |
| Total sales net of transaction costs         | 137,376 | 56,337 |
|                                              |         |        |

## **15 POST BALANCE SHEET EVENT**

Subsequent to year end, market fluctuations have resulted in the NAV of the Class 1 Net Accumulation, Class 2 Net Accumulation and Class Z Net Accumulation share classes increasing by 10.41%, 10.52% and 10.55% respectively from 88.72p, 97.27p and 118.30p respectively at 7 March 2013 to 97.96p, 107.50p and 130.78p respectively at 2 May 2013.

## **Investment Report**

**Investment Objective** 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 2013, the published share price of the Threadneedle Asia Fund has risen from 119.47p to 141.05p.

Looking at the sterling performance within its peer group, the total return on the fund for the twelve months ending 28 February 2013, including net reinvested income, is 11.93% as compared to a median return of 14.91% over the same period. (For information the MSCI AC Asia Pacific Ex Japan Index returned 15.24% over the same period).

#### Portfolio Activity

After a weak start to the period, where markets fell in May as risk appetite continued to be impacted by deepening of the Chinese slowdown, Asian equities rallied strongly from June as risk sentiment improved on the back of improving Chinese economic data as well as better US economic data and a partial resolution of the eurozone crisis. During the period, the fund increased exposure to the financials sector by adding to select holdings in property-related companies in China and Hong Kong, which are experiencing strong underlying demand, and to the Australian banking sector, which is a beneficiary of the global hunt for yield. Towards the end of the period, we trimmed the overweight position in the telecommunications sector after solid performance and raised exposure to regional utilities, notably to companies with good earnings visibility: P Gas in the Indonesian gas utility space and Chinese gas distributor Towngas.

While the fund has continued to have a positive investment stance towards the consumer discretionary sector, where the structural drivers of growth are well

underpinned, it has reduced the overweight in the sector by selling out of Korean autoparts manufacturer Hyundai Mobis and Astra International in Indonesia, where the earnings outlook is less certain. The fund also increased the underweight in the Energy and Materials sectors, where the outlook for commodity prices looks increasingly uncertain given slower Chinese growth, and sold out of positions in the coal miners Yanzhou Coal and Banpu, Chinese oil producer Petrochina and Australian gold producer Newcrest Mining. Fund performance during the period was negatively impacted by the underweight in the Australian market, as the market outperformed on the back of strong flows into the high dividend yielding sectors, notably the Australian banks, as well as by stock selection in China, as some US-listed Chinese stocks were hit by corporate governance fears. A mitigating factor for performance was good stock selection in Taiwan, India and Indonesia.

#### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2012 to 7 March 2013

|                                         | Notes | 2013<br>£000 | 2012<br>£000 |
|-----------------------------------------|-------|--------------|--------------|
| Income                                  |       |              |              |
| Net capital gains/(losses)              | 2     | 107,926      | (40,585)     |
| Revenue                                 | 3     | 19,313       | 22,902       |
| Expenses                                | 4     | (8,942)      | (10,557)     |
| Finance costs: Interest                 | 6     | (5)          | (30)         |
| Net revenue before taxation             |       | 10,366       | 12,315       |
| Taxation                                | 5     | (1,507)      | (1,563)      |
| Net revenue after taxation              |       | 8,859        | 10,752       |
| Total return before distributions       |       | 116,785      | (29,833)     |
| Finance costs: Distributions            | 6     | (9,191)      | (10,713)     |
| Change in net assets attributable to    |       |              |              |
| shareholders from investment activities |       | 107,594      | (40,546)     |
|                                         |       |              |              |

## BALANCE SHEET

| as at 7 March 2013                      |       |              |              |
|-----------------------------------------|-------|--------------|--------------|
|                                         | Notes | 2013<br>£000 | 2012<br>£000 |
| Assets                                  |       |              |              |
| Investment assets                       |       | 773,422      | 701,750      |
| Other assets                            |       |              |              |
| Debtors                                 | 7     | 8,416        | 23,853       |
| Cash and bank balances                  |       | 11,311       | 11,697       |
| Total other assets                      |       | 19,727       | 35,550       |
| Total assets                            |       | 793,149      | 737,300      |
| Liabilities                             |       |              |              |
| Other liabilities                       |       |              |              |
| Creditors                               | 8     | (4,298)      | (23,366)     |
| Bank overdrafts                         |       | (3,658)      | _            |
| Total other liabilities                 |       | (7,956)      | (23,366)     |
| Total liabilities                       |       | (7,956)      | (23,366)     |
| Net assets attributable to shareholders |       | 785,193      | 713,934      |

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2012 to 7 March 2013

|                                                  | 2013<br>£000 | 2012<br>£000 |
|--------------------------------------------------|--------------|--------------|
| Opening net assets attributable to shareholders  | 713,934      | 958,442      |
| Movement due to sales and repurchases of shares: |              |              |
| Amounts receivable on the issue of shares        | 87,601       | 82,760       |
| Amounts payable on the cancellation of shares    | (133,214)    | (298,148)    |
|                                                  | (45,613)     | (215,388)    |
| Dilution adjustment                              | 87           | 733          |
| Stamp duty reserve tax                           | -            | (20)         |
| Change in net assets attributable to             |              |              |
| shareholders from investment activities          |              |              |
| (see statement of total return above)            | 107,594      | (40,546)     |
| Retained distribution on accumulation shares     | 9,191        | 10,713       |
| Closing net assets attributable to shareholders  | 785,193      | 713,934      |
|                                                  |              |              |

## **DISTRIBUTION TABLE**

for the accounting period 8 March 2012 to 7 March 2013

| Dividend distr | ibution in | nence | ner share |  |
|----------------|------------|-------|-----------|--|

| Class 1 Shares<br>Net Accumulation<br>Distribution | Gross   | Тах    | Net     | Not Povenue | Net Revenue |
|----------------------------------------------------|---------|--------|---------|-------------|-------------|
| Period                                             | Revenue | Credit | Revenue |             | Accumulated |
| i chou                                             | nevenue | orcuit | nevenue | 2012/2013   |             |
| 08/03/12 to 07/03/13                               | 1.3048  | 0.1305 | 1.1743  | 1.1743      |             |
| Total distributions in the                         | period  |        |         | 1.1743      | 1.1641      |
| Class 2 Shares                                     |         |        |         |             |             |
| Net Accumulation                                   |         |        |         |             |             |
| Distribution                                       | Gross   | Tax    | Net     | Net Revenue | Net Revenue |
| Period                                             | Revenue | Credit | Revenue | Accumulated | Accumulated |
|                                                    |         |        |         | 2012/2013   | 2011/2012   |
| 08/03/12 to 07/03/13                               | 2.2236  | 0.2224 | 2.0012  | 2.0012      | 2.2960      |
| Total distributions in the                         | period  |        |         | 2.0012      | 2.2960      |
| Class Z Shares<br>Net Accumulation*                |         |        |         |             |             |
| Distribution                                       | Gross   | Tax    | Net     | Net Revenue |             |
| Period                                             | Revenue | Credit | Revenue | Accumulated |             |
|                                                    |         |        |         | 2012/2013   |             |
| 21/09/12 to 07/03/13                               | 0.9663  | 0.0966 | 0.8697  | 0.8697      | ,           |
| Total distributions in the                         | period  |        |         | 0.8697      | ,           |
|                                                    |         |        |         |             |             |

\*Class Z - Net accumulation shares commenced on 21 September 2012

### Notes to the financial statements

for the accounting period 8 March 2012 to 7 March 2013

## **1 ACCOUNTING POLICIES**

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 6 and 7.

### 2 NET CAPITAL GAINS/(LOSSES)

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

|   |                                     | 2013    | 2012     |
|---|-------------------------------------|---------|----------|
|   |                                     | £000    | £000     |
|   | Non-derivative securities           | 107,565 | (40,626) |
|   | Forward currency contracts          | 2       | -        |
|   | Other gains                         | 376     | 59       |
|   | Transaction costs                   | (17)    | (18)     |
|   | Net capital gains/(losses)          | 107,926 | (40,585) |
| 3 | REVENUE                             |         |          |
|   |                                     | 2013    | 2012     |
|   |                                     | £000    | £000     |
|   | UK dividends                        | 190     | 114      |
|   | Overseas dividends                  | 18,823  | 22,242   |
|   | Interest on short term investments  | 2       | 3        |
|   | Bank interest                       | 14      | 36       |
|   | Stocklending commission             | 17      | 156      |
|   | Management fee rebate on collective |         |          |
|   | investment scheme holdings          | 267     | 351      |
|   | Total revenue                       | 19,313  | 22,902   |

## 4 EXPENSES

|                                                                                             | £000    | £000     |
|---------------------------------------------------------------------------------------------|---------|----------|
| Payable to the ACD or associates of the ACD,<br>and the agents of either of them:           |         |          |
| Annual management charge                                                                    | (8,051) | (9,535)  |
| Registration fees                                                                           | (545)   | (667)    |
|                                                                                             | (8,596) | (10,202) |
| Payable to the depositary or associate of the depositary, and the agents of either of them: |         |          |
| Depositary's fees                                                                           | (24)    | (26)     |
| Safe custody fees                                                                           | (262)   | (302)    |
| Revenue collection expenses                                                                 | (3)     | -        |
|                                                                                             | (289)   | (328)    |
| Other expenses:                                                                             |         |          |
| Regulatory fee                                                                              | (50)    | (21)     |
| Audit fee                                                                                   | (7)     | (6)      |
|                                                                                             | (57)    | (27)     |
| *Total expenses                                                                             | (8,942) | (10,557) |

\*Including irrecoverable VAT where applicable.

## 5 TAXATION

0040

2013

2012

|                                                  | 2013<br>£000 | 2012<br>£000 |
|--------------------------------------------------|--------------|--------------|
| a) Analysis of charge in period                  |              |              |
| Overseas taxes                                   | (1,175)      | (1,601)      |
| Capital gains tax (note 5c)                      | (332)        | 39           |
| Irrecoverable tax                                | _            | (1)          |
| Total current tax (note 5b)                      | (1,507)      | (1,563)      |
| Total tax charge for the period                  | (1,507)      | (1,563)      |
| b) Factors affecting taxation charge for period  |              |              |
| Net revenue before taxation                      | 10,366       | 12,315       |
| Net revenue before taxation multiplied by        |              |              |
| the standard rate of corporation tax of 20%      | (2,074)      | (2,463)      |
| Effects of:                                      |              |              |
| Revenue not subject to taxation                  | 3,805        | 4,470        |
| Overseas taxes                                   | (1,175)      | (1,601)      |
| Overseas taxes expensed                          | (2)          | -            |
| Excess expenses                                  | (1,729)      | (2,007)      |
| Capital gains tax (note 5a)                      | (332)        | 39           |
| Irrecoverable tax                                |              | (1)          |
| Current tax charge for period (note 5a)          | (1,507)      | (1,563)      |
| c) Capital gains tax                             |              |              |
| Provision at start of period                     | (409)        | (448)        |
| Capital gains tax charge in statement of         |              |              |
| total return for period (note 5a)                | (332)        | 39           |
| Provision at end of period                       | (741)        | (409)        |
| <b>T</b> I ( ) I ( ) ( ) ( ) ( ) ( ) ( ) ( ) ( ) |              |              |

The fund has not recognised a deferred tax asset of £9,245,089 (2012:  $\pounds$ 7,518,005) 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** 

|                                                            | 2013<br>£000 | 2012<br>£000   |
|------------------------------------------------------------|--------------|----------------|
| Final                                                      | 9,191        | 10,713         |
| Net distribution for the period                            | 9,191        | 10,713         |
| Interest                                                   | 5            | 30             |
| Total finance costs                                        | 9,196        | 10,743         |
| Net revenue after taxation<br>Capital gains tax            | 8,859<br>332 | 10,752<br>(39) |
| Net distribution for the period                            | 9,191        | 10,713         |
| Details of the distribution per share are set of page 133. | ut in the t  | able on        |

#### 7 DEBTORS

|                                            | £000  | £000   |
|--------------------------------------------|-------|--------|
| Amounts receivable for the issue of shares | 1,362 | 1,398  |
| Sales awaiting settlement                  | 4,118 | 19,559 |
| Accrued revenue                            | 2,922 | 2,866  |
| United Kingdom income tax recoverable      | 14    | 30     |
| Total debtors                              | 8,416 | 23,853 |

2013

2012

#### Notes to the financial statements

(continued)

## 8 CREDITORS

|                                                | 2013    | 2012     |
|------------------------------------------------|---------|----------|
|                                                | £000    | £000     |
| Amounts payable for the cancellation of shares | (999)   | (15,804) |
| Purchases awaiting settlement                  | (818)   | (5,387)  |
| Accrued expenses                               | (62)    | (58)     |
| Amounts payable to ACD                         | (717)   | (747)    |
| Corporation tax payable                        | (1,179) | (1,179)  |
| Capital gains tax payable                      | (523)   | (191)    |
| Total creditors                                | (4,298) | (23,366) |
|                                                |         |          |

2012

2012

## 9 RELATED PARTY TRANSACTIONS

The related parties are set out in detail in Note 8 of the aggregated financial statements on page 7.

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 £190,000 (2012: £114,000) UK dividends and £267,000 (2012: £351,000) Management fee rebate on collective investment scheme holdings from this investment. In addition this investment has produced a non-derivative security gain of £4,655,000 (2012: £5,179,000).

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

#### **10 SHAREHOLDER FUNDS**

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

| 1.50%  |
|--------|
| 1.00%  |
| 0.75%  |
|        |
| 0.175% |
| 0.035% |
| 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 280. The distribution per share class is given in the distribution table on page 133. 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 £24,000 (2012: £220,000) of which £4,000 (2012: £23,000) was outstanding at year end. They have paid fees of £3,000 (2012: £31,000) of which £1,000 (2012: £3,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £4,000 (2012: £33,000) of which £1,000 (2012: £33,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £4,000 (2012: £33,000) of which £1,000 (2012: £33,000) 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 £8.97m (2012: £9.14m), whilst the value of collateral held for these arrangements was £9.85m (2012: £9.78m). 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

| -     | 2013       |            |            | 2012       |
|-------|------------|------------|------------|------------|
|       | Value £000 | % of Total | Value £000 | % of Total |
| Bonds | 9,853      | 100        | 9,776      | 100        |
|       | 9,853      | 100        | 9.776      | 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 | Non-<br>monetary<br>exposures | Total   |
|-------------------|--------------------|-------------------------------|---------|
| Currency 2013     | £000               | £000                          | £000    |
| 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  |
| Currency 2012     | £000               | £000                          | £000    |
| Australian Dollar | 10,926             | 110,717                       | 121,643 |
| Hong Kong Dollar  | -                  | 205,904                       | 205,904 |
| Indian Rupee      | 2,298              | 36,437                        | 38,735  |
| Indonesian Rupiah | -                  | 22,447                        | 22,447  |
| Malaysian Ringgit | 1,132              | 13,510                        | 14,642  |
| Philippines Peso  | -                  | 6,933                         | 6,933   |
| Singapore Dollar  | -                  | 35,258                        | 35,258  |
| South Korean Won  | 6,488              | 116,450                       | 122,938 |
| Taiwan Dollar     | 5,799              | 75,773                        | 81,572  |
| Thai Baht         | 105                | 30,624                        | 30,729  |
| US Dollar         | 1,404              | 17,204                        | 18,608  |

## 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 2013 was:

| F                 | loating rate<br>financial<br>assets | Fixed rate<br>financial<br>assets | Financial<br>assets not<br>carrying<br>interest | Total   |
|-------------------|-------------------------------------|-----------------------------------|-------------------------------------------------|---------|
| 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 Rupiał | n –                                 | -                                 | 26,120                                          | 26,120  |
| Malaysian Ringgit | -                                   | -                                 | 3,593                                           | 3,593   |
| Philippines Peso  | -                                   | -                                 | 21,645                                          | 21,645  |
| Singapore Dollar  | -                                   | -                                 | 42,415                                          | 42,415  |
| South Korean Wo   | n –                                 | -                                 | 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  |
| Currency 2012     | £000                                | £000                              | £000                                            | £000    |
| Australian Dollar | 1                                   | -                                 | 121,642                                         | 121,643 |
| Hong Kong Dollar  | 3,984                               | -                                 | 205,904                                         | 209,888 |
| Indian Rupee      | -                                   | -                                 | 40,138                                          | 40,138  |
| Indonesian Rupiał | n –                                 | -                                 | 22,447                                          | 22,447  |
| Malaysian Ringgit | -                                   | -                                 | 14,642                                          | 14,642  |
| Philippines Peso  | -                                   | -                                 | 6,933                                           | 6,933   |
| Singapore Dollar  | -                                   | -                                 | 35,258                                          | 35,258  |
| South Korean Wo   | n –                                 | -                                 | 122,938                                         | 122,938 |
| Taiwan Dollar     | 5,799                               | -                                 | 75,773                                          | 81,572  |
| Thai Baht         | -                                   | -                                 | 30,729                                          | 30,729  |
| UK Sterling       | 509                                 | -                                 | 31,995                                          | 32,504  |
| US Dollar         | 1,404                               | -                                 | 17,204                                          | 18,608  |
|                   |                                     |                                   | Financial                                       |         |

| Currency 2013     | Floating rate<br>financial<br>liabilities<br>£000 | Fixed rate<br>financial<br>liabilities<br>£000 | Financial<br>liabilities<br>not carrying<br>interest<br>£000 | Total<br>£000 |
|-------------------|---------------------------------------------------|------------------------------------------------|--------------------------------------------------------------|---------------|
| Australian Dollar | · (1,826)                                         | -                                              | -                                                            | (1,826)       |
| Hong Kong Dolla   | ar (1,832)                                        | -                                              | -                                                            | (1,832)       |
| Indonesian Rupi   | ah –                                              | -                                              | (434)                                                        | (434)         |
| Taiwan Dollar     | -                                                 | -                                              | (384)                                                        | (384)         |
| UK Sterling       | -                                                 | -                                              | (3,480)                                                      | (3,480)       |
| Currency 2012     | £000                                              | £000                                           | £000                                                         | £000          |
| Hong Kong Dolla   | ar –                                              | -                                              | (3,984)                                                      | (3,984)       |
| Indian Rupee      | -                                                 | -                                              | (1,403)                                                      | (1,403)       |
| UK Sterling       | -                                                 | -                                              | (17,979)                                                     | (17,979)      |

The fixed rate financial assets includes deposits which have a weighted average interest rate of 0.06% (2012: 0.15%).

#### Fair value of financial assets and financial liabilities

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

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

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

#### **13 CONTINGENT LIABILITIES AND COMMITMENTS**

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

## **14 PORTFOLIO TRANSACTION COSTS**

|                                              | 2013<br>£000 | 2012<br>£000 |
|----------------------------------------------|--------------|--------------|
| Analysis of total purchase costs             |              |              |
| Purchases in period before transaction costs | 265,609      | 235,746      |
| Commissions                                  | 539          | 460          |
| Taxes                                        | 84           | 81           |
| Fees                                         | 37           | 11           |
| Total purchase costs                         | 660          | 552          |
| Gross purchases total                        | 266,269      | 236,298      |
| Analysis of total sale costs                 |              |              |
| Gross sales before transaction costs         | 303,009      | 440,705      |
| Commissions                                  | (539)        | (672)        |
| Taxes                                        | (98)         | (142)        |
| Fees                                         | (211)        | (266)        |
| Total sale costs                             | (848)        | (1,080)      |
| Total sales net of transaction costs         | 302,161      | 439,625      |

## **Investment Report**

Investment Objective 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 risen from 298.37p to 312.81p.

Looking at the sterling performance within its peer group, the total return on the fund for the twelve months ending 28 February 2013, including net reinvested income, is -1.33%. (For information the MSCI 10/40 Latin America Index returned -1.54% over the same period).

#### Portfolio Activity

The fund outperformed in the period under review. Within the Latin American region, the Mexican market was the main outperformer. During 2012, Mexico elected a new president who has a probusiness agenda on the back of long due structural reforms. On the other hand, Brazil underperformed due a negative reaction to interventionist government policies. At a sector level, the least regulation exposed sectors, such as consumer staples and industrials outperformed more regulated sectors like utilities and telecoms. In addition, energy underperformed on the back of Petrobras' lacklustre performance.

During the period under review, the fund benefited from successful stock selection in Mexico, Peru and off-index stocks, overweights in consumer staples and industrials and underweights in utilities and energy. However, on the negative side, an underweight in Colombia and stock selection in consumer discretionary and financials detracted from performance.

At a country level, we increased the fund's exposure to Mexico and Peru while reducing the position in Brazil. With regard to sectors, the weightings in telecoms and energy were reduced, while the exposure to the consumer staples and industrials sectors was increased. We purchased holdings in the Mexican cement producer Cemex; the Mexican Coca Cola bottler Arca Continental; and the Brazilian food producer M. Dias Branco. In addition, we sold our entire stake in the Mexican telco America Movil because we consider the company's dominant position will be harmed by a change in regulations.

The fund retains a significant exposure to companies operating in sectors less affected by regulations within Latin America. In particular, the fund owns retail, property, financials, industrials, and food and beverage stocks. The fund has no exposure to utilities and telecoms where the risk of unfavourable government intervention remains high.

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2012 to 7 March 2013

|                                         | Notes | 2013<br>£000 | 2012<br>£000 |
|-----------------------------------------|-------|--------------|--------------|
| Income                                  |       |              |              |
| Net capital gains/(losses)              | 2     | 26,347       | (85,454)     |
| Revenue                                 | 3     | 23,514       | 32,526       |
| Expenses                                | 4     | (11,911)     | (14,283)     |
| Finance costs: Interest                 | 6     | (14)         | (54)         |
| Net revenue before taxation             |       | 11,589       | 18,189       |
| Taxation                                | 5     | (1,082)      | (1,586)      |
| Net revenue after taxation              |       | 10,507       | 16,603       |
| Total return before distributions       |       | 36,854       | (68,851)     |
| Finance costs: Distributions            | 6     | (10,349)     | (15,995)     |
| Change in net assets attributable to    |       |              |              |
| shareholders from investment activities | ;     | 26,505       | (84,846)     |

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

2013

2012

for the accounting period 8 March 2012 to 7 March 2013

|                                                  | £000      | £000      |
|--------------------------------------------------|-----------|-----------|
| Opening net assets attributable to shareholders  | 1,008,664 | 1,195,443 |
| Movement due to sales and repurchases of shares: |           |           |
| Amounts receivable on the issue of shares        | 36,822    | 118,118   |
| Amounts payable on the cancellation of shares    | (167,657) | (236,508) |
|                                                  | (130,835) | (118,390) |
| Dilution adjustment                              | 111       | 475       |
| Stamp duty reserve tax                           | (12)      | (13)      |
| Change in net assets attributable to             |           |           |
| shareholders from investment activities          |           |           |
| (see statement of total return above)            | 26,505    | (84,846)  |
| Retained distribution on accumulation shares     | 10,349    | 15,995    |
| Closing net assets attributable to shareholders  | 914,782   | 1,008,664 |

## **BALANCE SHEET**

as at 7 March 2013

| Notes | <b>2013</b><br><b>£000</b><br>879,367 | <b>2012</b><br><b>£000</b><br>1,002,629                                                                                                                                       |
|-------|---------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7     | 19,267<br>33,323                      | 11,477<br>17,608                                                                                                                                                              |
|       | 52,590                                | 29,085                                                                                                                                                                        |
|       | 931,957                               | 1,031,714                                                                                                                                                                     |
| 8     | (16,236)<br>(939)                     | (23,050)                                                                                                                                                                      |
|       | (17,175)                              | (23,050)                                                                                                                                                                      |
|       | (17,175)                              | (23,050)                                                                                                                                                                      |
|       | 914,782                               | 1,008,664                                                                                                                                                                     |
|       | 7                                     | Notes         £000<br>879,367           7         19,267<br>33,323           52,590         931,957           8         (16,236)<br>(939)           (17,175)         (17,175) |

### **DISTRIBUTION TABLE**

for the accounting period 8 March 2012 to 7 March 2013 Dividend distribution in pence per share

Clace 1 Shares

| Class 1 Shares                       |         |        |         |             |             |
|--------------------------------------|---------|--------|---------|-------------|-------------|
| Distribution                         | Gross   | Тах    | Net     | Net Revenue | Net Revenue |
| Period                               | Revenue | Credit | Revenue | Accumulated | Accumulated |
|                                      |         |        |         | 2012/2013   | 2011/2012   |
| 08/03/12 to 07/03/13                 | 2.6849  | 0.2685 | 2.4164  | 2.4164      | 3.2750      |
| Total distributions in the           | period  |        |         | 2.4164      | 3.2750      |
| Class 2 Shares<br>Net Accumulation   |         |        |         |             |             |
| Distribution                         | Gross   | Tax    | Net     | Net Revenue |             |
| Period                               | Revenue | Credit | Revenue | Accumulated |             |
|                                      |         |        |         | 2012/2013   | 2011/2012   |
| 08/03/12 to 07/03/13                 | 5.0222  | 0.5022 | 4.5200  | 4.5200      |             |
| Total distributions in the           | period  |        |         | 4.5200      | 6.0342      |
| Class X Shares<br>Net Accumulation   |         |        |         |             |             |
| Distribution                         | Gross   | Tax    | Net     | Net Revenue | Net Revenue |
| Period                               | Revenue | Credit | Revenue | Accumulated | Accumulated |
|                                      |         |        |         | 2012/2013   | 2011/2012   |
| 08/03/12 to 07/03/13                 | 4.3869  | 0.4387 | 3.9482  | 3.9482      | 4.7265      |
| Total distributions in the           | period  |        |         | 3.9482      | 4.7265      |
| Class Z Shares<br>Net Accumulation * |         |        |         |             |             |
| Distribution                         | Gross   | Tax    | Net     | Net Revenue |             |
| Period                               | Revenue | Credit | Revenue | Accumulated |             |
|                                      |         |        |         | 2012/2013   |             |
| 21/09/12 to 07/03/13                 | 0.3216  | 0.0322 | 0.2894  | 0.2894      |             |
| Total distributions in the           | period  |        |         | 0.2894      |             |

\* Class Z – Net accumulation shares commenced on 21 September 2012

### Notes to the financial statements

for the accounting period 8 March 2012 to 7 March 2013

## **1 ACCOUNTING POLICIES**

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 6 and 7.

## 2 NET CAPITAL GAINS/(LOSSES)

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

|                            | 2013   | 2012     |
|----------------------------|--------|----------|
|                            | £000   | £000     |
| Non-derivative securities  | 26,293 | (83,912) |
| Forward currency contracts | 19     | (32)     |
| Other gains/(losses)       | 45     | (1,008)  |
| Transaction costs          | (10)   | (502)    |
| Net capital gains/(losses) | 26,347 | (85,454) |

| 3 | REVENUE                            |        |        |
|---|------------------------------------|--------|--------|
|   |                                    | 2013   | 2012   |
|   |                                    | £000   | £000   |
|   | UK dividends                       | 386    | 790    |
|   | Overseas dividends                 | 22,778 | 31,669 |
|   | Stock dividends                    | 296    | -      |
|   | Interest on short term investments | 4      | 6      |
|   | Bank interest                      | 21     | 59     |
|   | Stocklending commission            | 29     | 2      |
|   | Total revenue                      | 23,514 | 32,526 |

2013

2012

## 4 EXPENSES

|                                                                                             | £000     | £000     |
|---------------------------------------------------------------------------------------------|----------|----------|
| Payable to the ACD or associates of the ACD,<br>and the agents of either of them:           |          |          |
| Annual management charge                                                                    | (10,468) | (12,624) |
| Registration fees                                                                           | (774)    | (924)    |
|                                                                                             | (11,242) | (13,548) |
| Payable to the depositary or associate of the depositary, and the agents of either of them: |          |          |
| Depositary's fees                                                                           | (26)     | (29)     |
| Safe custody fees                                                                           | (315)    | (385)    |
| Revenue collection expenses                                                                 | (314)    | (307)    |
|                                                                                             | (655)    | (721)    |
| Other expenses:                                                                             |          |          |
| Regulatory fee                                                                              | (7)      | (7)      |
| Audit fee                                                                                   | (7)      | (7)      |
|                                                                                             | (14)     | (14)     |
| *Total expenses                                                                             | (11,911) | (14,283) |

\*Including irrecoverable VAT where applicable.

## 5 TAXATION

|                                                         | 2013<br>£000 | 2012<br>£000 |
|---------------------------------------------------------|--------------|--------------|
| a) Analysis of charge in period                         |              |              |
| Overseas taxes                                          | (1,241)      | (2,194)      |
| Capital gains tax (note 5c)                             | 159          | 608          |
| Total current tax (note 5b)                             | (1,082)      | (1,586)      |
| Total tax charge for the period                         | (1,082)      | (1,586)      |
| b) Factors affecting taxation charge for period         |              |              |
| Net revenue before taxation                             | 11,589       | 18,189       |
| Net revenue before taxation multiplied by               |              |              |
| the standard rate of corporation tax of 20% Effects of: | (2,318)      | (3,638)      |
| Revenue not subject to taxation                         | 4,692        | 6,492        |
| Overseas taxes                                          | (1,241)      | (2,194)      |
| Excess expenses                                         | (2,374)      | (2,854)      |
| Capital gains tax (note 5a)                             | 159          | 608          |
| Current tax charge for period (note 5a)                 | (1,082)      | (1,586)      |
| c) Capital gains tax                                    |              |              |
| Provision at start of period                            | (719)        | (1,327)      |
| Capital gains tax charge in statement of total          |              |              |
| return for period (note 5a)                             | 159          | 608          |
| Capital gains tax paid in year                          | 560          | -            |
| Provision at end of period                              |              | (719)        |
|                                                         |              |              |

The fund has not recognised a deferred tax asset of  $\pm 9,320,899$  (2012:  $\pm 6,946,704$ ) 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 |
|---------------|-----|----------|
|---------------|-----|----------|

| Distributions and interest                      |           |          |
|-------------------------------------------------|-----------|----------|
|                                                 | 2013      | 2012     |
|                                                 | £000      | £000     |
| Final                                           | 10,349    | 15,995   |
| Net distribution for the period                 | 10,349    | 15,995   |
| Interest                                        | 14        | 54       |
| Total finance costs                             | 10,363    | 16,049   |
| Net revenue after taxation                      | 10,507    | 16,603   |
| Capital gains tax credit                        | (159)     | (608)    |
| Movement in income carried forward              | 1         | -        |
| Net distribution for the period                 | 10,349    | 15,995   |
| Details of the distribution per share are set o | ut in the | table on |

page 137.

2013

2012

### 7 DEBTORS

|                                            | £000   | £000   |
|--------------------------------------------|--------|--------|
| Amounts receivable for the issue of shares | 79     | 1,984  |
| Sales awaiting settlement                  | 15,465 | 4,367  |
| Accrued revenue                            | 3,723  | 5,126  |
| Total debtors                              | 19,267 | 11,477 |

### Notes to the financial statements

(continued)

## 8 CREDITORS

|                         |                          | 2013     | 2012     |
|-------------------------|--------------------------|----------|----------|
|                         |                          | £000     | £000     |
| Amounts payable for th  | e cancellation of shares | (2,589)  | (5,703)  |
| Purchases awaiting set  | lement                   | (10,805) | (13,596) |
| Accrued expenses        |                          | (64)     | (75)     |
| Amounts payable to AC   | D                        | (868)    | (1,047)  |
| Corporation tax payable | e                        | (1,910)  | (1,910)  |
| Capital gains tax payab | le                       | _        | (719)    |
| Total creditors         |                          | (16,236) | (23,050) |
|                         |                          |          |          |

## 9 RELATED PARTY TRANSACTIONS

The related parties are set out in detail in Note 8 of the aggregated financial statements on page 7.

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 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 ma | nagement | charge |
|-----------|----------|--------|
|-----------|----------|--------|

| Class 1 shares    | 1.50%  |
|-------------------|--------|
| Class 2 shares    | 1.00%  |
| Class X shares    | -      |
| Class Z shares    | 0.75%  |
| Registration fees |        |
| Class 1 shares    | 0.175% |
| Class 2 shares    | 0.035% |
| Class X shares    | 0.035% |
| Class Z shares    | 0.110% |

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative table on page 280. The distribution per share class is given in the distribution table on page 137. 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 £41,000 (2012: £3,000) of which £3,000 (2012: Nil) was outstanding at year end. They have paid fees of £6,000 (2012: £500) of which Nil (2012: Nil) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £6,000 (2012: £500) of which £1,000 (2012: Nil) was outstanding at year end to J.P. Morgan as the security lending agent to process these arrangements and hold the collateral. The value of stock on loan at the end of the accounting period was £10.69m (2012: Nil), whilst the value of collateral held for these arrangements was £11.65m (2012: Nil). The collateral was held as either securities transferred in CREST by a DBV (Delivery by Value) or Gilt DBV, or in the form of overseas government bonds, supranational bonds or certificates of deposit.

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

#### Analysis of Collateral Held

|       |            | 2013       |            |            |
|-------|------------|------------|------------|------------|
|       | Value £000 | % of Total | Value £000 | % of Total |
| Bonds | 11,649     | 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

| Currency 2013   | Monetary<br>exposures<br>£000 | Non-<br>monetary<br>exposures<br>£000 | Total<br>£000 |
|-----------------|-------------------------------|---------------------------------------|---------------|
| 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       |
| Currency 2012   | £000                          | £000                                  | £000          |
| Brazilian Real  | (874)                         | 336,004                               | 335,130       |
| Canadian Dollar | -                             | 22,063                                | 22,063        |
| Chilean Peso    | (1,737)                       | 21,598                                | 19,861        |
| Mexican Peso    | -                             | 105,976                               | 105,976       |
| US Dollar       | 10,523                        | 495,602                               | 506,125       |

### 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 2013 was: \_.. . .

|                 |               |            | Financial  |         |
|-----------------|---------------|------------|------------|---------|
|                 | Floating rate | Fixed rate | assets not |         |
|                 | financial     | financial  | carrying   |         |
|                 | assets        | assets     | interest   | Total   |
| Currency 2013   | £000          | £000       | £000       | £000    |
| 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 |
| Currency 2012   | £000          | £000       | £000       | £000    |
| Brazilian Real  | 7,472         | -          | 339,516    | 346,988 |
| Canadian Dollar | -             | -          | 22,063     | 22,063  |
| Chilean Peso    | -             | -          | 21,598     | 21,598  |
| Mexican Peso    | -             | -          | 105,976    | 105,976 |
| UK Sterling     | 5,592         | -          | 23,371     | 28,963  |
| US Dollar       | 4,544         | -          | 501,582    | 506,126 |

| Currency 2013  | Floating rate<br>financial<br>liabilities<br>£000 | Fixed rate<br>financial<br>liabilities<br>£000 | Financial<br>liabilities<br>not carrying<br>interest<br>£000 | Total<br>£000 |
|----------------|---------------------------------------------------|------------------------------------------------|--------------------------------------------------------------|---------------|
| 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)       |
| Currency 2012  | £000                                              | £000                                           | £000                                                         | £000          |
| Brazilian Real | -                                                 | -                                              | (11,858)                                                     | (11,858)      |
| Chilean Peso   | -                                                 | -                                              | (1,738)                                                      | (1,738)       |
| UK Sterling    | -                                                 | -                                              | (9,454)                                                      | (9,454)       |

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

## Fair value of financial assets and financial liabilities

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

There are no material amounts of non interest-bearing financial assets, other than equities, which do not have maturity dates. Cash balances are held in floating rate accounts where interest is

calculated with reference to prevailing market rates.

## **13 CONTINGENT LIABILITIES AND COMMITMENTS**

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

## **14 PORTFOLIO TRANSACTION COSTS**

|                                              | 2013<br>£000 | 2012<br>£000 |
|----------------------------------------------|--------------|--------------|
| Analysis of total purchase costs             |              |              |
| Purchases in period before transaction costs | 294,168      | 489,848      |
| Commissions                                  | 395          | 928          |
| Taxes                                        | 6            | 49           |
| Fees                                         | 4            | 11           |
| Total purchase costs                         | 405          | 988          |
| Gross purchases total                        | 294,573      | 490,836      |
| Analysis of total sale costs                 |              |              |
| Gross sales before transaction costs         | 444,873      | 567,903      |
| Commissions                                  | (736)        | (993)        |
| Taxes                                        | (3)          | (5)          |
| Fees                                         | (7)          | (16)         |
| Total sale costs                             | (746)        | (1,014)      |
| Total sales net of transaction costs         | 444,127      | 566,889      |
|                                              |              |              |

## **Threadneedle Emerging Market Bond Fund**

#### **Investment Report** Investment Objective

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 2013, the published share price of the Threadneedle

STATEMENT OF TOTAL RETURN

| for the accounting period 8 March 2012 to 7 March 2013 |       |              |              |  |
|--------------------------------------------------------|-------|--------------|--------------|--|
|                                                        | Notes | 2013<br>£000 | 2012<br>£000 |  |
| Income                                                 |       |              |              |  |
| Net capital gains                                      | 2     | 92,455       | 58,676       |  |
| Revenue                                                | 3     | 44,609       | 32,606       |  |
| Expenses                                               | 4     | (13,602)     | (7,585)      |  |
| Finance costs:                                         |       |              |              |  |
| Derivative expense                                     | 6     | (51)         | -            |  |
| Interest                                               | 6     | (8)          | (12)         |  |
| Net revenue before taxation                            |       | 30,948       | 25,009       |  |
| Taxation                                               | 5     | -            | -            |  |
| Net revenue after taxation                             |       | 30,948       | 25,009       |  |
| Total return before distributions                      |       | 123,403      | 83,685       |  |
| Finance costs: Distributions                           | 6     | (43,036)     | (31,733)     |  |
| Change in net assets attributable to                   |       |              |              |  |
| shareholders from investment activities                |       | 80,367       | 51,952       |  |

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

for the accounting period 8 March 2012 to 7 March 2013

|                                                                                 | 2013<br>£000 | 2012<br>£000 |
|---------------------------------------------------------------------------------|--------------|--------------|
| Opening net assets attributable to shareholders                                 | 746,142      | 523,441      |
| Movement due to sales and repurchases<br>of shares:                             |              |              |
| Amounts receivable on the issue of shares                                       | 296,961      | 373,178      |
| Amounts payable on the cancellation of shares                                   | (79,351)     | (211,460)    |
| Amounts payable on inspecie transfer                                            | (38,244)     | -            |
|                                                                                 | 179,366      | 161,718      |
| Dilution adjustment                                                             | 473          | 1,565        |
| Change in net assets attributable to<br>shareholders from investment activities |              |              |
| (see statement of total return above)                                           | 80,367       | 51,952       |
| Retained distribution on accumulation shares                                    | 6,368        | 7,466        |
| Unclaimed distribution monies brought back                                      |              |              |
| into account                                                                    | 2            | -            |
| Closing net assets attributable to shareholders                                 | 1,012,718    | 746,142      |

Emerging Market Bond Fund has risen from 62.81p to 68.29p.

The sterling total return on the fund for the twelve months ending 28 February 2013, including net reinvested income, is 13.33%. The fund return equates approximately to 16.80% gross of tax and charges\*\*. (For information the JP Morgan Emerging Market Bonds Global Index gave a total return of 17.21% for the same period).

#### **Portfolio Activity**

The fund delivered positive returns over the period. The overweight in Venezuela added to performance. We had a positive view on the economy given its fundamental strength with relatively high growth rates, low debt levels and abundant natural resources. The bonds also offered an attractive yield. In addition, we anticipated that the government would devalue the currency and that this would have a positive impact on the country's bonds. We also anticipated that Hugo Chavez's departure (he died on 5 March 2013) could lead to the formation of a more market friendly administration. Our underweight in South Africa also added value. We moved underweight due to concerns over deteriorating economic fundamentals. We

maintained the relatively high cash weighting during the course of the year to support the overall efficiency of portfolio management and this detracted from performance. We sold South Africa in August and our fears were later realised when both Moody's and Standard & Poor's lowered their ratings on the country. We also adopted an overweight in Mexico. We liked the macro fundamentals and believed that following the July presidential election, the country would benefit from liberalising economic reforms. We held an overweight in Latin America overall during this period. From the summer we also had good exposure to higher-yielding European emerging markets and these performed well as risk appetite picked up towards the end of the year. We continue to focus on macroeconomic fundamentals targeting those countries with solid fundamentals while avoiding those economies about which we have concerns. The portfolio can thus benefit from a decline in yields as macroeconomic fundamentals improve. This approach also brings diversification benefits, and provides downside protection given that the weakest countries are likely to suffer the most during any flight to safety.

## **BALANCE SHEET**

| as i | at | 7 N | larci | h 2 | 013 |
|------|----|-----|-------|-----|-----|
|      |    |     |       |     |     |

| as at 7 march 2013                      |       |           |           |
|-----------------------------------------|-------|-----------|-----------|
| A                                       | Netes | 2013      | 2012      |
| Assets                                  | Notes | £000      | £000      |
| Investment assets                       |       | 970,826   | 724,680   |
| Other assets                            |       |           |           |
| Debtors                                 | 7     | 52,249    | 78,090    |
| Cash and bank balances                  | 8     | 19,809    | 73,841    |
| Total other assets                      |       | 72,058    | 151,931   |
| Total assets                            |       | 1,042,884 | 876,611   |
| Liabilities                             |       |           |           |
| Derivative liabilities                  |       | (1,130)   | (23)      |
| Other liabilities                       |       |           |           |
| Creditors                               | 9     | (11,165)  | (69,346)  |
| Bank overdrafts                         | 8     | (318)     | (45,579)  |
| Distribution payable on income shares   | 3     | (17,553)  | (15,521)  |
| Total other liabilities                 |       | (29,036)  | (130,446) |
| Total liabilities                       |       | (30,166)  | (130,469) |
| Net assets attributable to shareholders |       | 1,012,718 | 746,142   |
|                                         |       |           |           |

#### DISTRIBUTION TABLE

for the accounting period 8 March 2012 to 7 March 2013

Interest distribution in pence per share

Class 1 Shares

|   |    |      |      | <br> | - | 1 |
|---|----|------|------|------|---|---|
| 1 | -* | I.e. | <br> |      |   |   |

| Net Income                                              |                  |                  |                  |                  |                                           |                                   |
|---------------------------------------------------------|------------------|------------------|------------------|------------------|-------------------------------------------|-----------------------------------|
| Distribution<br>Period                                  | Gross<br>Revenue | Income<br>Tax    | Net<br>Revenue   | Equalisation     | Distribution<br>Paid/Payable<br>2012/2013 | Distribution<br>Paid<br>2011/2012 |
| Group 1<br>08/03/12 to 07/09/12<br>08/09/12 to 07/03/13 | 1.5143<br>1.5986 | 0.3029           | 1.2114           | -                | 1.2114                                    | 1.4814                            |
| Group 2                                                 |                  |                  |                  |                  |                                           |                                   |
| 08/03/12 to 07/09/12<br>08/09/12 to 07/03/13            | 0.1904<br>1.0523 | 0.0381<br>0.2105 | 0.1523<br>0.8418 | 1.0591<br>0.4371 | 1.2114<br>1.2789                          | 1.4814<br>1.4211                  |
| Total distributions in the<br>Class 1 Shares            | period           |                  |                  |                  | 2.4903                                    | 2.9025                            |
| Gross Income                                            |                  |                  |                  |                  |                                           |                                   |
| Distribution<br>Period                                  | Gross<br>Revenue |                  |                  | Equalisation     | Distribution<br>Paid/Payable<br>2012/2013 | Distribution<br>Paid<br>2011/2012 |
| Group 1<br>08/03/12 to 07/09/12<br>08/09/12 to 07/03/13 | 2.5676<br>2.7030 |                  |                  | -                | 2.5676<br>2.7030                          | 3.1462<br>3.0019                  |
| Group 2<br>08/03/12 to 07/09/12<br>08/09/12 to 07/03/13 | 1.6129<br>1.9448 |                  |                  | 0.9547<br>0.7582 | 2.5676<br>2.7030                          | 3.1462<br>3.0019                  |
| Total distributions in the                              | period           |                  |                  |                  | 5.2706                                    | 6.1481                            |

\*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 269-282 for comparative tables

## **Threadneedle Emerging Market Bond Fund**

## **DISTRIBUTION TABLE**

(continued)

#### Class 1 Shares **Gross Accumulation**

| Distribution<br>Period                                                                                                                                                                                                                                                                                                   | Gross<br>Revenue                                                                                                   |                      |                       | Equalisation                                    | Gross<br>Revenue<br>Accumulated<br>2012/2013                                                                                                  | Gross<br>Revenue<br>Accumulated<br>2011/2012 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|----------------------|-----------------------|-------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| Group 1<br>08/03/12 to 07/09/12<br>08/09/12 to 07/03/13                                                                                                                                                                                                                                                                  | 4.5932<br>4.9474                                                                                                   |                      |                       | -                                               | 4.5932<br>4.9474                                                                                                                              | 5.3021<br>5.2184                             |
| Group 2<br>08/03/12 to 07/09/12<br>08/09/12 to 07/03/13<br>Total distributions in                                                                                                                                                                                                                                        | 1.9963<br>3.1672<br>the period                                                                                     |                      |                       | 2.5969<br>1.7802                                | 4.5932<br>4.9474<br><b>9.5406</b>                                                                                                             | 5.3021<br>5.2184<br><b>10.5205</b>           |
| Class 2 Shares                                                                                                                                                                                                                                                                                                           |                                                                                                                    |                      |                       |                                                 |                                                                                                                                               |                                              |
| Gross Accumulation                                                                                                                                                                                                                                                                                                       | n                                                                                                                  |                      |                       |                                                 |                                                                                                                                               |                                              |
| Distribution<br>Period                                                                                                                                                                                                                                                                                                   | Gross<br>Revenue                                                                                                   |                      |                       | Equalisation                                    | Gross<br>Revenue<br>Accumulated<br>2012/2013                                                                                                  | Gross<br>Revenue<br>Accumulated<br>2011/2012 |
| Group 1<br>08/03/12 to 07/09/12<br>08/09/12 to 07/03/13                                                                                                                                                                                                                                                                  | 4.6193<br>4.9877                                                                                                   |                      |                       | -                                               | 4.6193<br>4.9877                                                                                                                              | 5.2647<br>5.1952                             |
| Group 2<br>08/03/12 to 07/09/12<br>08/09/12 to 07/03/13<br>Total distributions in                                                                                                                                                                                                                                        | 2.1357<br>3.5614                                                                                                   |                      |                       | 2.4836<br>1.4263                                | 4.6193<br>4.9877<br><b>9.6070</b>                                                                                                             | 5.2647<br>5.1952<br><b>10.4599</b>           |
| Class X Shares                                                                                                                                                                                                                                                                                                           | the period                                                                                                         |                      |                       |                                                 | 9.6070                                                                                                                                        | 10.4599                                      |
| Gross Accumulation                                                                                                                                                                                                                                                                                                       | n                                                                                                                  |                      |                       |                                                 |                                                                                                                                               |                                              |
| Distribution<br>Period                                                                                                                                                                                                                                                                                                   | Gross<br>Revenue                                                                                                   |                      |                       | Equalisation                                    | Gross<br>Revenue<br>Accumulated                                                                                                               |                                              |
| Group 1                                                                                                                                                                                                                                                                                                                  |                                                                                                                    |                      |                       |                                                 | 2012/2013                                                                                                                                     | 2011/2012                                    |
| 08/03/12 to 07/09/12<br>08/09/12 to 07/03/13                                                                                                                                                                                                                                                                             | 1.8249<br>1.9819                                                                                                   |                      |                       | -                                               | 1.8249<br>1.9819                                                                                                                              | 2.0585<br>2.0455                             |
| 08/03/12 to 07/09/12<br>08/09/12 to 07/03/13<br><b>Group 2</b><br>08/03/12 to 07/09/12<br>08/09/12 to 07/03/13                                                                                                                                                                                                           | 1.9819<br>0.7534<br>1.2384                                                                                         |                      |                       | -<br>1.0715<br>0.7435                           |                                                                                                                                               |                                              |
| 08/03/12 to 07/09/12<br>08/09/12 to 07/03/13<br>Group 2<br>08/03/12 to 07/09/12                                                                                                                                                                                                                                          | 1.9819<br>0.7534<br>1.2384                                                                                         |                      |                       | 1.0715                                          | 1.9819<br>1.8249<br>1.9819                                                                                                                    | 2.0455<br>2.0585<br>2.0455                   |
| 08/03/12 to 07/09/12<br>08/09/12 to 07/03/13<br>Group 2<br>08/03/12 to 07/09/12<br>08/09/12 to 07/03/13<br>Total distributions in                                                                                                                                                                                        | 1.9819<br>0.7534<br>1.2384                                                                                         |                      |                       | 1.0715                                          | 1.9819<br>1.8249<br>1.9819                                                                                                                    | 2.0455<br>2.0585<br>2.0455                   |
| 08/03/12 to 07/09/12<br>08/09/12 to 07/03/13<br>Group 2<br>08/03/12 to 07/09/12<br>08/09/12 to 07/09/12<br>08/09/12 to 07/03/13<br>Total distributions in<br>Class Z Shares                                                                                                                                              | 1.9819<br>0.7534<br>1.2384<br>the period                                                                           | Income<br>Tax        | Net<br>Revenue        | 1.0715                                          | 1.9819<br>1.8249<br>1.9819                                                                                                                    | 2.0455<br>2.0585<br>2.0455                   |
| 08/03/12 to 07/09/12<br>08/09/12 to 07/03/13<br>Group 2<br>08/03/12 to 07/03/13<br>Total distributions in<br>Class Z Shares<br>Net Income*<br>Distribution                                                                                                                                                               | 1.9819<br>0.7534<br>1.2384<br>the period<br>Gross                                                                  |                      |                       | 1.0715<br>0.7435                                | 1.9819<br>1.8249<br>1.9819<br><b>3.8068</b><br>Distribution<br>Payable                                                                        | 2.0455<br>2.0585<br>2.0455                   |
| 08/03/12 to 07/09/12<br>08/09/12 to 07/03/13<br>Group 2<br>08/03/12 to 07/09/12<br>08/09/12 to 07/03/13<br>Total distributions in<br>Class Z Shares<br>Net Income*<br>Distribution<br>Period<br>Group 1                                                                                                                  | 1.9819<br>0.7534<br>1.2384<br>the period<br>Gross<br>Revenue<br>2.5831<br>0.6241                                   | Tax                  | Revenue               | 1.0715<br>0.7435                                | 1.9819<br>1.8249<br>1.9819<br><b>3.8068</b><br>Distribution<br>Payable<br>2012/2013                                                           | 2.0455<br>2.0585<br>2.0455                   |
| 08/03/12 to 07/09/12<br>08/09/12 to 07/03/13<br>Group 2<br>08/03/12 to 07/03/13<br>Total distributions in<br>Class Z Shares<br>Net Income*<br>Distribution<br>Period<br>Group 1<br>14/09/12 to 07/03/13<br>Group 2<br>14/09/12 to 07/03/13                                                                               | 1.9819<br>0.7534<br>1.2384<br>the period<br>Gross<br>Revenue<br>2.5831<br>0.6241                                   | <b>Tax</b><br>0.5166 | <b>Revenue</b> 2.0665 | 1.0715<br>0.7435<br>Equalisation                | 1.9819<br>1.8249<br>1.9819<br><b>3.8068</b><br>Distribution<br>Payable<br>2012/2013<br>2.0665<br>2.0665                                       | 2.0455<br>2.0585<br>2.0455                   |
| 08/03/12 to 07/09/12<br>08/09/12 to 07/03/13<br>Group 2<br>08/03/12 to 07/03/13<br>Total distributions in<br>Class Z Shares<br>Net Income*<br>Distribution<br>Period<br>Group 1<br>14/09/12 to 07/03/13<br>Group 2<br>14/09/12 to 07/03/13<br>Total distributions in                                                     | 1.9819<br>0.7534<br>1.2384<br>the period<br>Gross<br>Revenue<br>2.5831<br>0.6241                                   | <b>Tax</b><br>0.5166 | <b>Revenue</b> 2.0665 | 1.0715<br>0.7435<br>Equalisation                | 1.9819<br>1.8249<br>1.9819<br><b>3.8068</b><br>Distribution<br>Payable<br>2012/2013<br>2.0665<br>2.0665                                       | 2.0455<br>2.0585<br>2.0455                   |
| 08/03/12 to 07/09/12<br>08/09/12 to 07/03/13<br>Group 2<br>08/03/12 to 07/03/13<br>Total distributions in<br>Class Z Shares<br>Net Income*<br>Distribution<br>Period<br>Group 1<br>14/09/12 to 07/03/13<br>Group 2<br>14/09/12 to 07/03/13<br>Total distributions in<br>Class Z Shares                                   | 1.9819<br>0.7534<br>1.2384<br>the period<br>Gross<br>Revenue<br>2.5831<br>0.6241                                   | <b>Tax</b><br>0.5166 | <b>Revenue</b> 2.0665 | 1.0715<br>0.7435<br>Equalisation                | 1.9819<br>1.8249<br>1.9819<br>3.8068<br>Distribution<br>2.0665<br>2.0665<br>2.0665<br>Distribution<br>Payable                                 | 2.0455<br>2.0585<br>2.0455                   |
| 08/03/12 to 07/09/12<br>08/09/12 to 07/03/13<br>Group 2<br>08/03/12 to 07/03/13<br>Total distributions in<br>Class Z Shares<br>Net Income*<br>Distribution<br>Period<br>Group 1<br>14/09/12 to 07/03/13<br>Group 2<br>14/09/12 to 07/03/13<br>Total distributions in<br>Class Z Shares<br>Gross Income**<br>Distribution | 1.9819<br>0.7534<br>1.2384<br>the period<br>Gross<br>Revenue<br>2.5831<br>0.6241<br>the period<br>Gross            | <b>Tax</b><br>0.5166 | <b>Revenue</b> 2.0665 | 1.0715<br>0.7435<br>Equalisation<br>-<br>1.5672 | 1.9819<br>1.8249<br>1.9819<br><b>3.8068</b><br>Distribution<br>Payable<br>2012/2013<br>2.0665<br>2.0665<br>2.0665<br>Distribution             | 2.0455<br>2.0585<br>2.0455                   |
| 08/03/12 to 07/09/12<br>08/09/12 to 07/03/13<br>Group 2<br>08/03/12 to 07/03/13<br>Total distributions in<br>Class Z Shares<br>Net Income*<br>Distribution<br>Period<br>Group 1<br>14/09/12 to 07/03/13<br>Total distributions in<br>Class Z Shares<br>Gross Income**<br>Distribution<br>Period<br>Group 1               | 1.9819<br>0.7534<br>1.2384<br>the period<br>2.5831<br>0.6241<br>the period<br>Gross<br>Revenue<br>2.4000<br>0.3289 | <b>Tax</b><br>0.5166 | <b>Revenue</b> 2.0665 | 1.0715<br>0.7435<br>Equalisation<br>-<br>1.5672 | 1.9819<br>1.8249<br>1.9819<br>3.8068<br>Distribution<br>Payable<br>2012/2013<br>2.0665<br>2.0665<br>2.0665<br>Distribution<br>Payable<br>2013 | 2.0455<br>2.0585<br>2.0455                   |

Group 2: shares purchased during a distribution period

\*Class Z – Net income shares commenced on 14 September 2012 \*\*Class Z – Gross income shares commenced on 15 February 2013

2013

2012

## **Threadneedle Emerging Market Bond Fund**

0040

2013

2012

0040

## Notes to the financial statements

for the accounting period 8 March 2012 to 7 March 2013

## **1 ACCOUNTING POLICIES**

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 6 and 7.

### 2 NET CAPITAL GAINS

Net capital gains during the period comprise:

|   |                            | 2013    | 2012   |
|---|----------------------------|---------|--------|
|   |                            | £000    | £000   |
|   | Non-derivative securities  | 94,392  | 58,133 |
|   | Derivative contracts       | (187)   | -      |
|   | Forward currency contracts | (2,658) | 209    |
|   | Other gains                | 927     | 345    |
|   | Transaction costs          | (19)    | (11)   |
|   | Net capital gains          | 92,455  | 58,676 |
| 3 | REVENUE                    |         |        |

|                                    | 2013<br>£000 | 2012<br>£000 |
|------------------------------------|--------------|--------------|
| Interest on debt securities        | 44,535       | 32,553       |
| Interest on short term investments | 7            | 2            |
| Bank interest                      | 18           | 28           |
| Stocklending commission            | 49           | 23           |
| Total revenue                      | 44,609       | 32,606       |

### **4 EXPENSES**

|                                                                                             | 2013<br>£000 | £000    |
|---------------------------------------------------------------------------------------------|--------------|---------|
| Payable to the ACD or associates of the ACD,<br>and the agents of either of them:           |              |         |
| Annual management charge                                                                    | (12,092)     | (6,724) |
| Registration fees                                                                           | (1,409)      | (790)   |
|                                                                                             | (13,501)     | (7,514) |
| Payable to the depositary or associate of the depositary, and the agents of either of them: |              |         |
| Depositary's fees                                                                           | (26)         | (22)    |
| Safe custody fees                                                                           | (53)         | (31)    |
| Revenue collection expenses                                                                 | (3)          | -       |
|                                                                                             | (82)         | (53)    |
| Other expenses:                                                                             |              |         |
| Regulatory fee                                                                              | (7)          | (7)     |
| Audit fee                                                                                   | (12)         | (11)    |
|                                                                                             | (19)         | (18)    |
| *Total expenses                                                                             | (13,602)     | (7,585) |
|                                                                                             |              |         |

Total expenses

\*Including irrecoverable VAT where applicable.

## **5 TAXATION**

|                                                                                                   | £000    | £000    |
|---------------------------------------------------------------------------------------------------|---------|---------|
| a) Analysis of charge in period<br>Total current tax (note 5b)                                    |         | -       |
| Total tax charge for the period                                                                   | _       |         |
| b) Factors affecting taxation charge for period                                                   |         |         |
| Net revenue before taxation                                                                       | 30,948  | 25,009  |
| Net revenue before taxation multiplied by the standard rate of corporation tax of 20% Effects of: | (6,190) | (5,002) |
| Excess expenses                                                                                   | (2,418) | (1,345) |
| Distributions treated as tax deductible                                                           | 8,608   | 6,347   |
| Current tax charge for period (note 5a)                                                           | _       | -       |

The fund has not recognised a deferred tax asset of £9,213,806 (2012: £6,795,238) arising as a result of having unutilised management expenses.

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

## 6 FINANCE COSTS

#### **Distributions and Interest**

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

|                                                 | 2013      | 2012     |
|-------------------------------------------------|-----------|----------|
|                                                 | £000      | £000     |
| Interim                                         | 21,142    | 17,039   |
| Final                                           | 24,006    | 20,790   |
|                                                 | 45,148    | 37,829   |
| Add: Revenue deducted on cancellation of shares | 1,408     | 1,440    |
| Deduct: Revenue received on creation of shares  | (3,520)   | (7,536)  |
| Net distribution for the period                 | 43,036    | 31,733   |
| Derivative expense                              | 51        | -        |
| Interest                                        | 8         | 12       |
| Total finance costs                             | 43,095    | 31,745   |
| Net revenue after taxation                      | 30,948    | 25,009   |
| Annual management charge to capital             | 12,092    | 6,724    |
| Equalisation on conversion                      | (4)       | -        |
| Net distribution for the period                 | 43,036    | 31,733   |
| Details of the distribution per share are set o | ut in the | table on |

Details of the distribution per share are set out in the table on pages 141 and 142.

2013

2012

## **7 DEBTORS**

|                                            | £000   | £000   |
|--------------------------------------------|--------|--------|
| Amounts receivable for the issue of shares | 2,978  | 47,941 |
| Sales awaiting settlement                  | 33,573 | 17,111 |
| Accrued revenue                            | 15,698 | 13,024 |
| Foreign withholding tax recoverable        | _      | 14     |
| Total debtors                              | 52,249 | 78,090 |

# **Threadneedle Emerging Market Bond Fund**

2013

2012

2012

2012

### Notes to the financial statements

(continued)

### 8 CASH AND BANK BALANCES

| £000   | £000                             |
|--------|----------------------------------|
|        |                                  |
| 877    | -                                |
| 18,932 | 73,841                           |
| 19,809 | 73,841                           |
| (318)  | (45,579)                         |
| 19,491 | 28,262                           |
|        | 877<br>18,932<br>19,809<br>(318) |

### 9 CREDITORS

|                                                | 2013     | 2012     |
|------------------------------------------------|----------|----------|
|                                                | £000     | £000     |
| Amounts payable for the cancellation of shares | (1,018)  | (135)    |
| Purchases awaiting settlement                  | (5,712)  | (66,521) |
| Accrued expenses                               | (28)     | (15)     |
| Amounts payable to ACD                         | (1,207)  | (848)    |
| Income tax payable                             | (3,200)  | (1,827)  |
| Total creditors                                | (11,165) | (69,346) |

#### **10 RELATED PARTY TRANSACTIONS**

The related parties are set out in detail in Note 8 of the aggregated financial statements on page 7.

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 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           | 0.175% |
| Class 2 shares           | 0.035% |
| Class X shares           | 0.035% |
| Class Z shares           | 0.110% |
|                          |        |

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative table on page 281. The distribution per share class is given in the distribution table on pages 141 and 142. 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 £69,000 (2012: £32,000) of which £6,000 (2012: £4,000) was outstanding at year end. They have paid fees of £10,000 (2012: £4,000) of which £1,000 (2012: £1,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £10,000 (2012: £5,000) of which £1,000 (2012: £1,000) was outstanding at year end to J.P. Morgan as the security lending agent to process these arrangements and hold the collateral. The value of stock on loan at the end of the accounting period was £55.82m (2012: £30.38m), whilst the value of collateral held for these arrangements was £58.26m (2012: £32.04m). The collateral was held as either securities transferred in CREST by a DBV (Delivery by Value) or Gilt DBV, or in the form of overseas government bonds, supranational bonds or certificates of deposit.

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

### Analysis of Collateral Held

|       |            | 2013       |            | 2012       |
|-------|------------|------------|------------|------------|
|       | Value £000 | % of Total | Value £000 | % of Total |
| Bonds | 58,259     | 100        | 32,036     | 100        |
|       | 58,259     | 100        | 32,036     | 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.

Non-

### Net foreign currency assets

| Currency 2013    | Monetary<br>exposures<br>£000 | monetary<br>exposures<br>£000 | Total<br>£000 |
|------------------|-------------------------------|-------------------------------|---------------|
| 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       |
| Currency 2012    | £000                          | £000                          | £000          |
| Brazilian Real   | -                             | 484                           | 484           |
| Egyptian Pound   | 4                             | -                             | 4             |
| Euro             | 48                            | (28)                          | 20            |
| Mexican Peso     | 164                           | (150)                         | 14            |
| Philippines Peso | 23                            | 3,425                         | 3,448         |
| Polish Zloty     | 38                            | -                             | 38            |
| US Dollar        | 72,564                        | 672,748                       | 745,312       |

# **Threadneedle Emerging Market Bond Fund**

### Notes to the financial statements

(continued)

**Interest rate risk profile of financial assets and financial liabilities** The interest rate risk profile of the fund's financial assets and financial liabilities at 7 March 2013 was:

|                  | Floating rate<br>financial<br>assets | Fixed rate<br>financial<br>assets | Financial<br>assets not<br>carrying<br>interest | Total   |
|------------------|--------------------------------------|-----------------------------------|-------------------------------------------------|---------|
| Currency 2013    | £000                                 | £000                              | £000                                            | £000    |
| 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 |
| 0                | cooo                                 | C000                              | C000                                            | 6000    |
| Currency 2012    | £000                                 | £000                              | £000                                            | £000    |
| Brazilian Real   | -                                    | 10,930                            | -                                               | 10,930  |
| Egyptian Pound   | 4                                    | -                                 | -                                               | 4       |
| Euro             | 305                                  | 4,338                             | 45                                              | 4,688   |
| Mexican Peso     | 736                                  | 11,355                            | 150                                             | 12,241  |
| Philippines Pesc | 207                                  | 3,425                             | 23                                              | 3,655   |
| Polish Zloty     | 24                                   | -                                 | 14                                              | 38      |
| UK Sterling      | -                                    | -                                 | 60,747                                          | 60,747  |
| US Dollar        | 106,212                              | 704,389                           | -                                               | 810,601 |

| Currency 2013    | Floating rate<br>financial<br>liabilities<br>£000 | Fixed rate<br>financial<br>liabilities<br>£000 | Financial<br>liabilities<br>not carrying<br>interest<br>£000 | Total<br>£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 2012    | £000                                              | £000                                           | £000                                                         | £000          |
| Brazilian Real   | -                                                 | (10,446)                                       | -                                                            | (10,446)      |
| Euro             | -                                                 | (4,366)                                        | (302)                                                        | (4,668)       |
| Mexican Peso     | -                                                 | (11,505)                                       | (722)                                                        | (12,227)      |
| Philippines Pesc |                                                   | -                                              | (207)                                                        | (207)         |
| UK Sterling      | (45,579)                                          | -                                              | (18,346)                                                     | (63,925)      |
| US Dollar        | -                                                 | -                                              | (65,289)                                                     | (65,289)      |

|                  | Fixe      | ed rate | financial | assets   |                |         |
|------------------|-----------|---------|-----------|----------|----------------|---------|
|                  | financial | assets  | We        | eighted  | Non interest   |         |
|                  | We        | ighted  | average   | period   | bearing assets |         |
|                  | average   |         | foi       | r which  | W              | eighted |
|                  | intere    | st rate | rate      | is fixed | average        | period  |
|                  | 2013      | 2012    | 2013      | 2012     | 2013           | 2012    |
| Currency         | %         | %       | years     | years    | years          | years   |
| Brazilian Real   | -         | -       | -         | -        | 1.82           | 1.32    |
| Euro             | 5         | 7       | 4.99      | 6.85     | -              | -       |
| Mexican Peso     | 7         | 6       | 6.03      | 7.21     | -              | -       |
| Philippines Peso | -         | 5       | -         | 8.87     | -              | -       |
| Russian Ruble    | 7         | -       | 6.12      | -        | -              | -       |
| Turkish Lira     | 7         | -       | 2.46      | -        | -              | -       |
| US Dollar        | 6         | 6       | 11.64     | 10.72    | 0.28           | -       |

The fixed rate financial assets includes deposits which have a weighted average interest rate of 0.10% (2012: 0.05%).

#### Fair value of financial assets and financial liabilities

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

The only material amounts of non interest-bearing assets relate to futures and 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 and futures and options contracts during this accounting period. At 7 March 2013, the fund had outstanding open futures and forward foreign exchange contracts of £26,000 (2012: forward foreign exchange contracts £308,000).

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.

### 14 CONTINGENT LIABILITIES AND COMMITMENTS

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

### **15 PORTFOLIO TRANSACTION COSTS**

The purchases and sales are not subject to portfolio transaction costs. The total cost of purchases during the period was £1,057,371,424 (2012: £545,001,820) and proceeds received from sales were £901,558,083 (2012: £389,592,977).

## Investment Report

**Investment Objective** 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 2013, the published share price of the Threadneedle Global Select Fund has risen from 101.51p to 118.84p.

Looking at the sterling performance within its peer group, the total return on the fund for the twelve months ending 28 February 2013, including net reinvested income, is 12.45% as compared to a median return of 13.64% over the same period. (For information the MSCI AC World Free Index returned 15.67% over the same period).

### **Portfolio Activity**

It was another volatile year for global equity markets. Amongst the key events influencing sentiment were the debt crisis in the eurozone and the slowdown in the world economy. Elsewhere, there were worries over whether the Chinese economy could successfully achieve a 'soft landing' and a leadership transition. However, towards the end of 2012 and into 2013, markets responded favourably to commitments by the European Central Bank to purchase sovereign bonds, if required, reducing the likelihood of a eurozone break-up.

The positive momentum in global equity markets was sustained into 2013, supported by improving economic data and continued quantitative easing in the US and UK. Additionally leadership change in Japan was accompanied by pro-stimulus, progrowth rhetoric which saw the Japanese market record significant gains.

The fund started the reporting period with a pro-economically-sensitive stance which was reduced over the ensuing half-year as we became concerned about deterioration in the eurozone. This led us to reduce exposure to the consumer and materials sectors and we re-allocated some funds to consumer healthcare which we believe should trade at a greater premium given its strong free cash flow generation in a low-growth world

Key purchases included pharmaceutical companies GlaxoSmithKline and Pfizer while sales included Citigroup, and mineral sands company Iluka Resources. Over the remainder of 2012 we continued to modify the portfolio to reflect our higher conviction ideas, reducing Apple in the run up to a product release and investing in the likes of online travel agent priceline.com. In light of the upturn in US economic activity and signs of a recovery in the housing market, we purchased equipment rental company United Rentals and added to auto manufacturers including Toyota. Elsewhere, we realised profits on Brazilian stocks Banco Itau and Multiplan.

Overall, the fund retained a bias towards companies in the technology and consumer discretionary sectors, which proved mixed. The relatively low exposure to financial companies detracted as this sector was particularly strong as eurozone concerns diminished.

Looking ahead, we believe that equities will continue to be supported by the boost to liquidity from leading central banks and low interest rates while corporate earnings growth generally remains robust. Equity valuations remain particularly attractive relative to other asset classes.

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2012 to 7 March 2013

|                                         | Notes | 2013<br>£000 | 2012<br>£000 |
|-----------------------------------------|-------|--------------|--------------|
| Income                                  |       |              |              |
| Net capital gains                       | 2     | 105,276      | 11,622       |
| Revenue                                 | 3     | 14,591       | 13,559       |
| Expenses                                | 4     | (11,145)     | (10,962)     |
| Finance costs: Interest                 | 6     | (1)          | (3)          |
| Net revenue before taxation             |       | 3,445        | 2,594        |
| Taxation                                | 5     | (1,352)      | (1,338)      |
| Net revenue after taxation              |       | 2,093        | 1,256        |
| Total return before distributions       |       | 107,369      | 12,878       |
| Finance costs: Distributions            | 6     | (2,093)      | (1,256)      |
| Change in net assets attributable to    |       |              |              |
| shareholders from investment activities |       | 105,276      | 11,622       |

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

for the accounting period 8 March 2012 to 7 March 2013

|                                                                                                               | 2013<br>£000 | 2012<br>£000 |
|---------------------------------------------------------------------------------------------------------------|--------------|--------------|
| <b>Opening net assets attributable to shareholders</b><br>Movement due to sales and repurchases<br>of shares: | 739,038      | 640,527      |
| Amounts receivable on the issue of shares                                                                     | 33,685       | 197,816      |
| Amounts payable on the cancellation of shares                                                                 | (132,737)    | (112,557)    |
|                                                                                                               | (99,052)     | 85,259       |
| Dilution adjustment                                                                                           | 87           | 420          |
| Stamp duty reserve tax                                                                                        | (72)         | (46)         |
| Change in net assets attributable to shareholders from investment activities                                  |              |              |
| (see statement of total return above)                                                                         | 105,276      | 11,622       |
| Retained distribution on accumulation shares                                                                  | 2,093        | 1,256        |
| Closing net assets attributable to shareholders                                                               | 747,370      | 739,038      |

## **BALANCE SHEET**

as at 7 March 2013

| as at 7 iviarch 2013                    |       |              |              |
|-----------------------------------------|-------|--------------|--------------|
|                                         | Notes | 2013<br>£000 | 2012<br>£000 |
| Assets                                  |       |              |              |
| Investment assets                       |       | 729,176      | 733,624      |
| Other assets                            |       |              |              |
| Debtors                                 | 7     | 5,863        | 4,358        |
| Cash and bank balances                  |       | 17,983       | 10,696       |
| Total other assets                      |       | 23,846       | 15,054       |
| Total assets                            |       | 753,022      | 748,678      |
| Liabilities                             |       |              |              |
| Other liabilities                       |       |              |              |
| Creditors                               | 8     | (2,850)      | (4,696)      |
| Bank overdrafts                         |       | (2,802)      | (4,944)      |
| Total other liabilities                 |       | (5,652)      | (9,640)      |
| Total liabilities                       |       | (5,652)      | (9,640)      |
| Net assets attributable to shareholders |       | 747,370      | 739,038      |
|                                         |       |              |              |

### **DISTRIBUTION TABLE**

Divi

Cla

for the accounting period 8 March 2012 to 7 March 2013

| idend di | istribution | in pence | per | share |
|----------|-------------|----------|-----|-------|
| ss 1 Sl  | hares       |          |     |       |

| 0.000 . 0.000              |           |        |         |                       |     |
|----------------------------|-----------|--------|---------|-----------------------|-----|
| Net Accumulation           |           |        |         |                       |     |
| Distribution               | Gross     | Tax    | Net     | Net Revenue Net Reven | nue |
| Period                     | Revenue   | Credit | Revenue | Accumulated Accumula  | ted |
|                            |           |        |         | 2012/2013 2011/2      | 012 |
| 08/03/12 to 07/03/13       | 0.2980    | 0.0298 | 0.2682  | 0.2682 0.0            | 956 |
| Total distributions in the | he period |        |         | 0.2682 0.0            | 956 |
| Class 2 Shares             |           |        |         |                       |     |
| Net Accumulation           |           |        |         |                       |     |
| Distribution               | Gross     | Tax    | Net     | Net Revenue Net Reven | nue |
| Period                     | Revenue   | Credit | Revenue | Accumulated Accumula  | ted |
|                            |           |        |         | 2012/2013 2011/2      | 012 |
| 08/03/12 to 07/03/13       | 1.3880    | 0.1388 | 1.2492  | 1.2492 0.9            | 525 |
| Total distributions in the | ne period |        |         | 1.2492 0.9            | 525 |

\*In pound Sterling and against UK peer group Please refer to pages 269-282 for comparative tables.

# DISTRIBUTION TABLE

(continued)

| Class X Shares<br>Net Accumulation |          |        |         |                          |                       |
|------------------------------------|----------|--------|---------|--------------------------|-----------------------|
| Distribution                       | Gross    | Тах    | Net     | Net Revenue              | Net Revenue           |
| Period                             | Revenue  | Credit | Revenue | Accumulated 2012/2013    | Accumulated 2011/2012 |
| 08/03/12 to 07/03/13               | 1.4849   | 0.1485 | 1.3364  | 1.3364                   | 1.6382                |
| Total distributions in th          | e period |        |         | 1.3364                   | 1.6382                |
| Class Z Shares                     |          |        |         |                          |                       |
| Net Accumulation*                  | _        | _      |         |                          |                       |
| Distribution                       | Gross    | Tax    | Net     | Net Revenue              |                       |
| Period                             | Revenue  | Credit | Revenue | Accumulated<br>2012/2013 |                       |
| 19/09/12 to 07/03/13               | 0.1554   | 0.0155 | 0.1399  | 0.1399                   |                       |
| Total distributions in th          | e period |        |         | 0.1399                   |                       |

\*Class Z – Net accumulation shares commenced on 19 September 2012

### Notes to the financial statements

for the accounting period 8 March 2012 to 7 March 2013

### **1 ACCOUNTING POLICIES**

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 6 and 7.

### 2 NET CAPITAL GAINS

Net capital gains during the period comprise:

|                            | 2013    | 2012   |
|----------------------------|---------|--------|
|                            | £000    | £000   |
| Non-derivative securities  | 104,802 | 10,433 |
| Forward currency contracts | 8       | -      |
| Other gains                | 487     | 1,224  |
| Transaction costs          | (21)    | (35)   |
| Net capital gains          | 105,276 | 11,622 |
|                            |         |        |
| 3 REVENUE                  |         |        |

|                                    | 2013   | 2012   |
|------------------------------------|--------|--------|
|                                    | £000   | £000   |
| UK dividends                       | 2,473  | 1,515  |
| Overseas dividends                 | 12,047 | 11,857 |
| Interest on short term investments | -      | 4      |
| Bank interest                      | 4      | 11     |
| Stocklending commission            | 67     | 172    |
| Total revenue                      | 14,591 | 13,559 |

### 4 EXPENSES

|                                                                                             | 2013<br>£000 | 2012<br>£000 |
|---------------------------------------------------------------------------------------------|--------------|--------------|
| Payable to the ACD or associates of the ACD,<br>and the agents of either of them:           |              |              |
| Annual management charge                                                                    | (9,925)      | (9,744)      |
| Registration fees                                                                           | (1,107)      | (1,093)      |
|                                                                                             | (11,032)     | (10,837)     |
| Payable to the depositary or associate of the depositary, and the agents of either of them: |              |              |
| Depositary's fees                                                                           | (24)         | (24)         |
| Safe custody fees                                                                           | (45)         | (68)         |
| Revenue collection expenses                                                                 | (21)         | (12)         |
|                                                                                             | (90)         | (104)        |
| Other expenses:                                                                             |              |              |
| Regulatory fee                                                                              | (16)         | (14)         |
| Audit fee                                                                                   | (7)          | (7)          |
|                                                                                             | (23)         | (21)         |
| *Total expenses                                                                             | (11,145)     | (10,962)     |
|                                                                                             |              |              |

\*Including irrecoverable VAT where applicable.

### 5 TAXATION

|                                                                                                   | £000    | £000    |
|---------------------------------------------------------------------------------------------------|---------|---------|
| a) Analysis of charge in period                                                                   |         |         |
| Overseas taxes                                                                                    | (1,352) | (1,338) |
| Total current tax (note 5b)                                                                       | (1,352) | (1,338) |
| Total tax charge for period                                                                       | (1,352) | (1,338) |
| b) Factors affecting taxation charge for period                                                   |         |         |
| Net revenue before taxation                                                                       | 3,445   | 2,594   |
| Net revenue before taxation multiplied by the standard rate of corporation tax of 20% Effects of: | (689)   | (519)   |
| Revenue not subject to taxation                                                                   | 2,700   | 2,603   |
| Overseas taxes                                                                                    | (1,352) | (1,338) |
| Overseas taxes expensed                                                                           | 21      | 11      |
| Excess expenses                                                                                   | (2,032) | (2,095) |
| Current tax charge for period (note 5a)                                                           | (1,352) | (1,338) |

2013

2013

2013

2012

2012

2012

The fund has not recognised a deferred tax asset of  $\pm 8,325,439$  (2012:  $\pm 6,293,055$ ) 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** 

|                                                  | 2013<br>£000 | 2012<br>£000 |
|--------------------------------------------------|--------------|--------------|
| Final                                            | 2,093        | 1,256        |
| Net distribution for the period                  | 2,093        | 1,256        |
| Interest                                         | 1            | 3            |
| Total finance costs                              | 2,094        | 1,259        |
| Details of the distribution per share are set or | ut in the    | table on     |

Details of the distribution per share are set out in the table on pages 146 and 147.

### 7 DEBTORS

|                                            | £000  | £000  |
|--------------------------------------------|-------|-------|
| Amounts receivable for the issue of shares | 3,055 | 107   |
| Sales awaiting settlement                  | 1,440 | 2,474 |
| Accrued revenue                            | 1,124 | 1,614 |
| Foreign withholding tax recoverable        | 244   | 163   |
| Total debtors                              | 5,863 | 4,358 |

### 8 CREDITORS

|                                                | 2010    | LUIL    |
|------------------------------------------------|---------|---------|
|                                                | £000    | £000    |
| Amounts payable for the cancellation of shares | (388)   | (924)   |
| Purchases awaiting settlement                  | (1,553) | (2,792) |
| Accrued expenses                               | (20)    | (19)    |
| Amounts payable to ACD                         | (889)   | (961)   |
| Total creditors                                | (2,850) | (4,696) |
|                                                |         |         |

### 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 7.

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 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:

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 281. The distribution per share class is given in the distribution table on pages 146 and 147. 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 £94,000 (2012: £243,000) of which £9,000 (2012: £10,000) was outstanding at year end. They have paid fees of £13,000 (2012: £34,000) of which £1,000 (2012: £1,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £14,000 (2012: £37,000) of which £1,000 (2012: £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 £5.20m (2012: £14.02m), whilst the value of collateral held for these arrangements was £5.72m (2012: £15.71m). The collateral was held as either securities transferred in CREST by a DBV (Delivery by Value) or Gilt DBV, or in the form of overseas government bonds, supranational bonds or certificates of deposit.

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

#### Analysis of Collateral Held

|       |            | 2013       |            |            |
|-------|------------|------------|------------|------------|
|       | Value £000 | % of Total | Value £000 | % of Total |
| Bonds | 5,724      | 100        | 15,710     | 100        |
|       | 5,724      | 100        | 15,710     | 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

| Net foreign currency assets |                   | Non-              |                |
|-----------------------------|-------------------|-------------------|----------------|
|                             | Monetary          | monetary          | Total          |
| Currency 2013               | exposures<br>£000 | exposures<br>£000 | 1 otal<br>£000 |
| 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        |
| Currency 2012               | £000              | £000              | £000           |
| Australian Dollar           | 217               | 12,603            | 12,820         |
| Brazilian Beal              | 2,968             | 10,860            | 13,828         |
| Canadian Dollar             | 2,000             | 10,893            | 10,893         |
| Danish Krone                | _                 | 4,602             | 4,602          |
| Euro                        | 108               | 72,381            | 72,489         |
| Hong Kong Dollar            | 1                 | 17,549            | 17,550         |
| Indonesian Rupiah           | _                 | 5,197             | 5,197          |
| Japanese Yen                | 276               | 61,990            | 62,266         |
| Norwegian Krone             | 96                | 5,888             | 5,984          |
| Singapore Dollar            | 5                 | 2,793             | 2,798          |
| South Africa Rand           | 1                 | 3,616             | 3,617          |
| South Korean Won            | 230               | 27,218            | 27,448         |
| Swiss Franc                 | 141               | 37,428            | 37,569         |
| Taiwan Dollar               | 6,295             | -                 | 6,295          |
| US Dollar                   | (4,633)           | 400,548           | 395,915        |

### 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 2013 was:

| F                 | loating rate<br>financial<br>assets | Fixed rate<br>financial<br>assets | Financial<br>assets not<br>carrying<br>interest | Total   |
|-------------------|-------------------------------------|-----------------------------------|-------------------------------------------------|---------|
| Currency 2013     | £000                                | £000                              | £000                                            | £000    |
| Australian Dollar | 1                                   | -                                 | -                                               | 1       |
| Canadian Dollar   | -                                   | -                                 | 15,124                                          | 15,124  |
| Euro              | -                                   | -                                 | 53,135                                          | 53,135  |
| Hong Kong Dollar  |                                     | -                                 | 16,254                                          | 16,259  |
| Indonesian Rupial |                                     | -                                 | 9,534                                           | 9,534   |
| Japanese Yen      | 1,553                               | -                                 | 48,101                                          | 49,654  |
| Norwegian Krone   |                                     | -                                 | 6,425                                           | 6,425   |
| Singapore Dollar  | 61                                  | -                                 | _                                               | 61      |
| South Korean Wo   |                                     | -                                 | 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 |
| Currency 2012     | £000                                | £000                              | £000                                            | £000    |
| Australian Dollar |                                     |                                   | 12,820                                          | 12,820  |
| Brazilian Real    | 2,894                               | _                                 | 10,934                                          | 13,828  |
| Canadian Dollar   | 2,00 -                              | _                                 | 10,893                                          | 10,893  |
| Danish Krone      | _                                   | _                                 | 4,602                                           | 4,602   |
| Euro              | 94                                  | _                                 | 72,395                                          | 72,489  |
| Hong Kong Dollar  | ÷ ·                                 | _                                 | 17,549                                          | 17,550  |
| Indonesian Rupial |                                     | _                                 | 5,197                                           | 5,197   |
| Japanese Yen      | 1                                   | _                                 | 62,265                                          | 62,266  |
| Norwegian Krone   | -                                   | _                                 | 5,984                                           | 5,984   |
| Singapore Dollar  | 5                                   | _                                 | 2,793                                           | 2,798   |
| South Africa Rand | -                                   | _                                 | 3,616                                           | 3,617   |
| South Korean Wo   |                                     | -                                 |                                                 |         |
|                   | n –                                 | -                                 | 27,448                                          | 27,448  |
| Swiss Franc       | -                                   | -                                 | 37,569                                          | 37,569  |
| Taiwan Dollar     | 6,295                               | -                                 | _                                               | 6,295   |
| UK Sterling       | 1,405                               | -                                 | 60,266                                          | 61,671  |
| US Dollar         | -                                   | -                                 | 403,651                                         | 403,651 |

| Currency 2013 | Floating rate<br>financial<br>liabilities<br>£000 | Fixed rate<br>financial<br>liabilities<br>£000 | Financial<br>liabilities<br>not carrying<br>interest<br>£000 | Total<br>£000 |
|---------------|---------------------------------------------------|------------------------------------------------|--------------------------------------------------------------|---------------|
| UK Sterling   | (2,802)                                           | -                                              | (2,850)                                                      | (5,652)       |
| Currency 2012 | £000                                              | £000                                           | £000                                                         | £000          |
| UK Sterling   | -                                                 | -                                              | (1,904)                                                      | (1,904)       |
| US Dollar     | (4,944)                                           | -                                              | (2,792)                                                      | (7,736)       |

### Fair value of financial assets and financial liabilities

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

There are no material amounts of non interest-bearing financial assets, other than equities, which do not have maturity dates. Cash balances are held in floating rate accounts where interest is calculated with reference to prevailing market rates.

### **13 CONTINGENT LIABILITIES AND COMMITMENTS**

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

### **14 PORTFOLIO TRANSACTION COSTS**

|                                              | £000    | £000    |
|----------------------------------------------|---------|---------|
| Analysis of total purchase costs             |         |         |
| Purchases in period before transaction costs | 348,247 | 502,542 |
| Commissions                                  | 380     | 447     |
| Taxes                                        | 262     | 132     |
| Fees                                         | 6       | 4       |
| Total purchase costs                         | 648     | 583     |
| Gross purchases total                        | 348,895 | 503,125 |
| Analysis of total sale costs                 |         |         |
| Gross sales before transaction costs         | 457,362 | 417,545 |
| Commissions                                  | (493)   | (480)   |
| Taxes                                        | (9)     | (8)     |
| Fees                                         | (37)    | (62)    |
| Total sale costs                             | (539)   | (550)   |
| Total sales net of transaction costs         | 456,823 | 416,995 |

2013

2012

# **Threadneedle Global Bond Fund**

#### Investment Report Investment Objective

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 2013, the published share price of the Threadneedle Global Bond Fund has fallen from 62.33p to 62.06p.

Looking at the sterling performance within its peer group, the total return on the fund for the twelve months ending 28 February 2013, including net reinvested income, is 1.34% as compared to a median return of 7.66% over the same period. The fund return equates approximately to 4.01% 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 1.88% for the same period).

### Portfolio Activity

The fund delivered positive returns over the period. We began the period with an underweight position in peripheral eurozone government bonds, which was maintained for much of the remainder of 2012 and this added to performance. Over the course of the review period, we also exploited price volatility to vary our exposure to peripheral issues, adding further value. Eurozone political policy risk, which had been a key driver of markets for much of 2012, faded as a concern through the last quarter of the year and our underweight proved a drag on performance during these months.

We maintained an off-benchmark position in non-government bonds and emerging market bonds, which boosted the overall yield on the fund. We continue to add to these positions where appropriate. In terms of country risk, we maintained a preference for Sweden, Canada and Australia, versus France, and Japan for much of the period. We reduced holdings in US treasuries and Australian dollar bonds towards the end of the review period.

Towards the end of the review period, we also sold German bonds and bought Swedish bonds following the recent underperformance of the latter bonds. In terms of our strategy, we expect government bond markets to remain volatile in 2013, and higher yielding corporate bonds to perform relatively well as a more encouraging global economic outlook leads investors to favour riskier assets. The fund is positioned for deteriorating fundamentals in Australia, where we believe the domestic economy will struggle following the tail-off in mining investment.

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2012 to 7 March 2013

|                                         |       | 2013    | 2012    |
|-----------------------------------------|-------|---------|---------|
|                                         | Notes | £000    | £000    |
| Income                                  |       |         |         |
| Net capital gains                       | 2     | 2,036   | 23,629  |
| Revenue                                 | 3     | 6,370   | 8,297   |
| Expenses                                | 4     | (3,507) | (3,706) |
| Finance costs: Interest                 | 6     | (9)     | (28)    |
| Net revenue before taxation             |       | 2,854   | 4,563   |
| Taxation                                | 5     | -       | -       |
| Net revenue after taxation              |       | 2,854   | 4,563   |
| Total return before distributions       |       | 4,890   | 28,192  |
| Finance costs: Distributions            | 6     | (5,932) | (7,826) |
| Change in net assets attributable to    |       |         |         |
| shareholders from investment activities |       | (1,042) | 20,366  |

# STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

0040

2012

for the accounting period 8 March 2012 to 7 March 2013

|                                                  | 2013<br>£000 | 2012<br>£000 |
|--------------------------------------------------|--------------|--------------|
| Opening net assets attributable to shareholders  | 291,482      | 300,391      |
| Movement due to sales and repurchases of shares: |              |              |
| Amounts receivable on the issue of shares        | 24,556       | 37,419       |
| Amounts payable on the cancellation of shares    | (63,190)     | (69,937)     |
|                                                  | (38,634)     | (32,518)     |
| Dilution adjustment                              | 19           | 26           |
| Change in net assets attributable to             |              |              |
| shareholders from investment activities          |              |              |
| (see statement of total return above)            | (1,042)      | 20,366       |
| Retained distribution on accumulation shares     | 2,117        | 3,217        |
| Unclaimed distribution monies brought back       |              |              |
| into account                                     | 1            |              |
| Closing net assets attributable to shareholders  | 253,943      | 291,482      |
|                                                  |              |              |

# BALANCE SHEET

| as at 7 March 2013                      |       | 2013    | 2012     |
|-----------------------------------------|-------|---------|----------|
| Assets                                  | Notes | £000    | £000     |
| Investment assets                       |       | 240,505 | 286,089  |
| Other assets                            |       |         |          |
| Debtors                                 | 7     | 4,776   | 6,919    |
| Cash and bank balances                  | 8     | 13,213  | 8,847    |
| Total other assets                      |       | 17,989  | 15,766   |
| Total assets                            |       | 258,494 | 301,855  |
| Liabilities                             |       |         |          |
| Derivative liabilities                  |       | (562)   | (105)    |
| Other liabilities                       |       |         |          |
| Creditors                               | 9     | (2,272) | (8,279)  |
| Distribution payable on income shares   |       | (1,717) | (1,989)  |
| Total other liabilities                 |       | (3,989) | (10,268) |
| Total liabilities                       |       | (4,551) | (10,373) |
| Net assets attributable to shareholders |       | 253,943 | 291,482  |

### **DISTRIBUTION TABLE**

for the accounting period 8 March 2012 to 7 March 2013

Interest distribution in pence per share

Class 1 Shares

| Net Income                 |                  |               |                |              |                         |                      |
|----------------------------|------------------|---------------|----------------|--------------|-------------------------|----------------------|
| Distribution<br>Period     | Gross<br>Revenue | Income<br>Tax | Net<br>Revenue | Equalisation | Distribution<br>Payable | Distribution<br>Paid |
| Group 1                    |                  |               |                |              | 2012/2013               | 2011/2012            |
| 08/03/12 to 07/09/12       | 0.6470           | 0.1294        | 0.5176         | -            | 0.5176                  | 0.6790               |
| 08/09/12 to 07/03/13       | 0.6623           | 0.1325        | 0.5298         | -            | 0.5298                  | 0.5860               |
| Group 2                    |                  |               |                |              |                         |                      |
| 08/03/12 to 07/09/12       | 0.2023           | 0.0405        | 0.1618         | 0.3558       | 0.5176                  | 0.6790               |
| 08/09/12 to 07/03/13       | 0.4534           | 0.0907        | 0.3627         | 0.1671       | 0.5298                  | 0.5860               |
| Total distributions in the | period           |               |                |              | 1.0474                  | 1.2650               |

\*In pound Sterling and against UK peer group

Figure 2 commance is calculated in Factset using daily cash flows and daily global close valuations. Please refer to pages 269-282 for comparative tables.

# **Threadneedle Global Bond Fund**

## **DISTRIBUTION TABLE**

(continued)

| Class 1 Shares<br>Net Accumulation                                     |                                |                  |                  |                  |                                              |                                              |
|------------------------------------------------------------------------|--------------------------------|------------------|------------------|------------------|----------------------------------------------|----------------------------------------------|
| Distribution<br>Period                                                 | Gross<br>Revenue               | Income<br>Tax    | Net<br>Revenue   | Equalisation     | Accumulated                                  |                                              |
| Group 1                                                                |                                |                  |                  |                  | 2012/2013                                    | 2011/2012                                    |
| 08/03/12 to 07/09/12<br>08/09/12 to 07/03/13                           | 0.5671<br>0.5854               | 0.1134<br>0.1171 | 0.4537<br>0.4683 | -                | 0.4537<br>0.4683                             | 0.5829<br>0.5086                             |
| Group 2<br>08/03/12 to 07/09/12<br>08/09/12 to 07/03/13                | 0.2926<br>0.1976               | 0.0585<br>0.0395 | 0.2341<br>0.1581 | 0.2196<br>0.3102 | 0.4537<br>0.4683                             | 0.5829<br>0.5086                             |
| Total distributions in<br>Class 2 Shares                               |                                |                  |                  |                  | 0.9220                                       | 1.0915                                       |
| Net Income                                                             |                                |                  |                  |                  |                                              |                                              |
| Distribution                                                           | Gross                          | Income           | Net              |                  | Distribution                                 | Distribution                                 |
| Period                                                                 | Revenue                        | Тах              | Revenue          | Equalisation     | Payable<br>2012/2013                         | Paid<br>2011/2012                            |
| Group 1<br>08/03/12 to 07/09/12<br>08/09/12 to 07/03/13                | 0.7474<br>0.7636               | 0.1495<br>0.1527 | 0.5979<br>0.6109 | -                | 0.5979<br>0.6109                             | 0.7668<br>0.6695                             |
| Group 2                                                                |                                |                  |                  |                  |                                              |                                              |
| 08/03/12 to 07/09/12<br>08/09/12 to 07/03/13<br>Total distributions in | 0.3796<br>0.4756<br>the period | 0.0759<br>0.0951 | 0.3037<br>0.3805 | 0.2942<br>0.2304 | 0.5979<br>0.6109<br><b>1.2088</b>            | 0.7668<br>0.6695<br><b>1.4363</b>            |
| Class 1 Shares<br>Gross Income                                         | ·                              |                  |                  |                  |                                              |                                              |
| Distribution                                                           | Gross                          |                  |                  |                  | Distribution                                 | Distribution                                 |
| Period                                                                 | Revenue                        |                  |                  | Equalisation     | Payable<br>2012/2013                         | Paid<br>2011/2012                            |
| Group 1<br>08/03/12 to 07/09/12<br>08/09/12 to 07/03/13                | 0.8838<br>0.9024               |                  |                  | -                | 0.8838<br>0.9024                             | 1.1592<br>0.9976                             |
| Group 2<br>08/03/12 to 07/09/12                                        | 0.3909<br>0.4341               |                  |                  | 0.4929           | 0.8838<br>0.9024                             | 1.1592<br>0.9976                             |
| 08/09/12 to 07/03/13<br>Total distributions in<br>Class 1 Shares       |                                |                  |                  | 0.4683           | 1.7862                                       | 2.1568                                       |
| Gross Accumulatio                                                      | n                              |                  |                  |                  | Gross                                        | Gross                                        |
| Distribution<br>Period                                                 | Gross<br>Revenue               |                  |                  | Equalisation     | Revenue<br>Accumulated<br>2012/2013          | Revenue                                      |
| Group 1<br>08/03/12 to 07/09/12<br>08/09/12 to 07/03/13                | 1.1766<br>1.2135               |                  |                  | -                | 1.1766<br>1.2135                             | 1.5039<br>1.3120                             |
| Group 2                                                                |                                |                  |                  |                  |                                              |                                              |
| 08/03/12 to 07/09/12<br>08/09/12 to 07/03/13                           | 0.5912<br>0.3263               |                  |                  | 0.5854<br>0.8872 | 1.1766<br>1.2135                             | 1.5039<br>1.3120                             |
| Total distributions in                                                 |                                |                  |                  | 0.0072           | 2.3901                                       | 2.8159                                       |
| Class 2 Shares<br>Gross Accumulatio                                    | n                              |                  |                  |                  |                                              |                                              |
| Distribution<br>Period                                                 | Gross<br>Revenue               |                  |                  | Equalisation     | Gross<br>Revenue<br>Accumulated<br>2012/2013 | Gross<br>Revenue<br>Accumulated<br>2011/2012 |
| Group 1<br>08/03/12 to 07/09/12<br>08/09/12 to 07/03/13                | 0.9907<br>1.0228               |                  |                  |                  | 0.9907<br>1.0228                             | 1.2366<br>1.0931                             |
| Group 2<br>08/03/12 to 07/09/12                                        | 0.4557                         |                  |                  | 0.5350           | 0.9907                                       | 1.2366                                       |
| 08/09/12 to 07/03/13<br>Total distributions in                         | 0.5278<br>the period           |                  |                  | 0.4950           | 1.0228<br><b>2.0135</b>                      | 1.0931<br><b>2.3297</b>                      |
| Class Z Shares<br>Net Income*                                          |                                |                  |                  |                  |                                              |                                              |
| Distribution<br>Period                                                 | Gross<br>Revenue               | Income<br>Tax    | Net<br>Revenue   | Equalisation     | Distribution<br>Payable<br>2012/2013         |                                              |
| Group 1<br>28/09/12 to 07/03/13                                        | 1.1216                         | 0.2243           | 0.8973           | -                | 0.8973                                       |                                              |
| Group 2<br>28/09/12 to 07/03/13                                        |                                | 0.0323           | 0.1290           | 0.7683           | 0.8973                                       |                                              |
| Total distributions in<br>Class Z Shares<br>Gross Income**             | me heuoa                       |                  |                  |                  | 0.8973                                       |                                              |
| Distribution<br>Period                                                 | Gross<br>Revenue               |                  |                  | Equalisation     | Distribution<br>Payable<br>2012/2013         |                                              |
| Group 1<br>28/09/12 to 07/03/13                                        | 1.1023                         |                  |                  | _                | 1.1023                                       |                                              |
| Group 2<br>28/09/12 to 07/03/13                                        | 0.7528                         |                  |                  | 0.3495           | 1.1023                                       |                                              |
| Total distributions in<br>Group 2: shares pu                           | the period                     | a a distri       | bution ner       |                  | 1.1023                                       |                                              |

28/09/12 to 07/03/13 0.7528 Total distributions in the period Group 2: shares purchased during a distribution period

\*Class Z – Net income shares commenced on 28 September 2012

\*\*Class Z – Gross income shares commenced on 28 September 2012

2013

2012

# **Threadneedle Global Bond Fund**

### Notes to the financial statements

for the accounting period 8 March 2012 to 7 March 2013

### **1 ACCOUNTING POLICIES**

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 6 and 7.

### 2 NET CAPITAL GAINS

Net capital gains during the period comprise:

|                            | 2013    | 2012    |
|----------------------------|---------|---------|
|                            | £000    | £000    |
| Non-derivative securities  | 11,223  | 26,249  |
| Derivative contracts       | -       | (650)   |
| Forward currency contracts | (9,185) | (2,987) |
| Other gains                | 8       | 1,028   |
| Transaction costs          | (10)    | (11)    |
| Net capital gains          | 2,036   | 23,629  |

### **3 REVENUE**

|                                    | £000  | £000  |
|------------------------------------|-------|-------|
| Interest on debt securities        | 6,317 | 8,193 |
| Interest on short term investments | -     | 3     |
| Bank interest                      | 32    | 83    |
| Stocklending commission            | 21    | 18    |
| Total revenue                      | 6,370 | 8,297 |

2013

2013

2012

2012

### 4 EXPENSES

|                                                                                             | 2013    | 2012    |
|---------------------------------------------------------------------------------------------|---------|---------|
|                                                                                             | £000    | £000    |
| Payable to the ACD or associates of the ACD,<br>and the agents of either of them:           |         |         |
| Annual management charge                                                                    | (3,078) | (3,263) |
| Registration fees                                                                           | (383)   | (396)   |
|                                                                                             | (3,461) | (3,659) |
| Payable to the depositary or associate of the depositary, and the agents of either of them: |         |         |
| Depositary's fees                                                                           | (19)    | (19)    |
| Safe custody fees                                                                           | (12)    | (13)    |
|                                                                                             | (31)    | (32)    |
| Other expenses:                                                                             |         |         |
| Regulatory fee                                                                              | (7)     | (7)     |
| Audit fee                                                                                   | (8)     | (8)     |
|                                                                                             | (15)    | (15)    |
| *Total expenses                                                                             | (3,507) | (3,706) |
|                                                                                             |         |         |

\*Including irrecoverable VAT where applicable.

## 5 TAXATION

|                                                                                                   | £000  | £000  |
|---------------------------------------------------------------------------------------------------|-------|-------|
| a) Analysis of charge in period                                                                   |       |       |
| Total current tax (note 5b)                                                                       |       |       |
| Total tax charge for period                                                                       |       |       |
| b) Factors affecting taxation charge for period                                                   |       |       |
| Net revenue before taxation                                                                       | 2,854 | 4,563 |
| Net revenue before taxation multiplied by the standard rate of corporation tax of 20% Effects of: | (571) | (913) |
| Excess expenses                                                                                   | (616) | (652) |
| Distributions treated as tax deductible                                                           | 1,187 | 1,565 |
| Current tax charge for period (note 5a)                                                           | -     | -     |

The fund has not recognised a deferred tax asset of  $\pounds$ 7,162,742 (2012:  $\pounds$ 6,547,151) arising as a result of having unutilised management expenses.

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

## 6 FINANCE COSTS

### **Distributions and Interest**

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

|                                                                     | 2013                 | 2012                 |
|---------------------------------------------------------------------|----------------------|----------------------|
| Interim                                                             | <b>£000</b><br>2,946 | <b>£000</b><br>4,223 |
| Final                                                               | 2,755                | 3,490                |
|                                                                     | 5,701                | 7,713                |
| Add: Revenue deducted on cancellation of shares                     | 370                  | 416                  |
| Deduct: Revenue received on creation of shares                      | (139)                | (303)                |
| Net distribution for the period                                     | 5,932                | 7,826                |
| Interest                                                            | 9                    | 28                   |
| Total finance costs                                                 | 5,941                | 7,854                |
| Net revenue after taxation                                          | 2,854                | 4,563                |
| Annual management charge to capital                                 | 3,078                | 3,263                |
| Net distribution for the period                                     | 5,932                | 7,826                |
| Details of the distribution per share are set ou pages 151 and 152. | t in the ta          | able on              |

7 DEBTORS

|                                            | £000  | £000  |
|--------------------------------------------|-------|-------|
| Amounts receivable for the issue of shares | 2,218 | 901   |
| Sales awaiting settlement                  | -     | 2,917 |
| Accrued revenue                            | 2,558 | 3,101 |
| Total debtors                              | 4,776 | 6,919 |
| CASH AND BANK BALANCES                     |       |       |

2013

2013

2012

2012

|                                         | £000   | £000  |
|-----------------------------------------|--------|-------|
| Amounts held at futures clearing houses |        |       |
| and brokers                             | 620    | 270   |
| Cash and bank balances                  | 12,593 | 8,577 |
| Total cash and bank balances            | 13,213 | 8,847 |

8

# **Threadneedle Global Bond Fund**

### Notes to the financial statements

(continued)

## 9 CREDITORS

|                                                | 2013    | 2012    |
|------------------------------------------------|---------|---------|
|                                                | £000    | £000    |
| Amounts payable for the cancellation of shares | (460)   | (3,082) |
| Purchases awaiting settlement                  | (1,487) | (4,819) |
| Accrued expenses                               | (14)    | (10)    |
| Amounts payable to ACD                         | (247)   | (289)   |
| Income tax payable                             | (64)    | (79)    |
| Total creditors                                | (2,272) | (8,279) |
|                                                |         |         |

2012

2012

### **10 RELATED PARTY TRANSACTIONS**

The related parties are set out in detail in Note 8 of the aggregated financial statements on page 7.

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 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           | 0.175% |
| 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 282. The distribution per share class is given in the distribution table on pages 151 and 152. 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 £30,000 (2012: £26,000) of which £3,000 (2012: Nil) was outstanding at year end. They have paid fees of £4,000 (2012: £4,000) of which Nil (2012: Nil) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £5,000 (2012: £4,000) of which Nil (2012: Nil) was outstanding at year end to J.P. Morgan as the security lending agent to process these arrangements and hold the collateral. The value of stock on loan at the end of the accounting period was £16.90m (2012: £28.02m), whilst the value of collateral held for these arrangements was £17.39m (2012: £29.05m). The collateral was held as either securities transferred in CREST by a DBV (Delivery by Value) or Gilt DBV, or in the form of overseas government bonds, supranational bonds or certificates of deposit. The nature and value of collateral held is analysed by asset class in the table below.

### Analysis of Collateral Held

|       |            | 2013       |            |            |
|-------|------------|------------|------------|------------|
|       | Value £000 | % of Total | Value £000 | % of Total |
| Bonds | 17,394     | 100        | 29,045     | 100        |
|       | 17,394     | 100        | 29,045     | 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.

|                   |           | Non-      |         |
|-------------------|-----------|-----------|---------|
|                   | Monetary  | monetary  |         |
|                   | exposures | exposures | Total   |
| Currency 2013     | £000      | £000      | £000    |
| 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  |
| Currency 2012     | £000      | £000      | £000    |
| Australian Dollar | 477       | 2,948     | 3,425   |
| Canadian Dollar   | 810       | 7,561     | 8,371   |
|                   |           | 1         | - / -   |
| Euro              | 4,057     | 95,056    | 99,113  |
| Swedish Krona     | 296       | 2,082     | 2,378   |
| US Dollar         | 1,593     | 149,963   | 151,556 |
|                   |           |           |         |

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 2013 was:

| 0                | Floating rate<br>financial<br>assets | Fixed rate<br>financial<br>assets | Financial<br>assets not<br>carrying<br>interest | Total   |
|------------------|--------------------------------------|-----------------------------------|-------------------------------------------------|---------|
| Currency 2013    | £000                                 | £000                              | £000                                            | £000    |
| Australian Dolla | /                                    | 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 |
|                  |                                      |                                   |                                                 |         |
| Currency 2012    | £000                                 | £000                              | £000                                            | £000    |
| Australian Dolla | r 3                                  | 21,718                            | 474                                             | 22,195  |
| Canadian Dollar  | 648                                  | 17,735                            | 161                                             | 18,544  |
| Euro             | 1,920                                | 95,056                            | 3,853                                           | 100,829 |
| Swedish Krona    | -                                    | 9,328                             | 296                                             | 9,624   |
| UK Sterling      | 2,663                                | 28,374                            | 1,052                                           | 32,089  |
| US Dollar        | 8,552                                | 145,023                           | 1,084                                           | 154,659 |

# **Threadneedle Global Bond Fund**

### Notes to the financial statements

(continued)

| Currency 2013    | Floating rate<br>financial<br>liabilities<br>£000 | Fixed rate<br>financial<br>liabilities<br>£000 | Financial<br>liabilities<br>not carrying<br>interest<br>£000 | Total<br>£000 |
|------------------|---------------------------------------------------|------------------------------------------------|--------------------------------------------------------------|---------------|
| Australian Dolla | r –                                               | (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 2012    | £000                                              | £000                                           | £000                                                         | £000          |
| Australian Dolla | r –                                               | (18,770)                                       | -                                                            | (18,770)      |
| Canadian Dollar  | -                                                 | (10,173)                                       | -                                                            | (10,173)      |
| Euro             | -                                                 | -                                              | (1,716)                                                      | (1,716)       |
| Swedish Krona    | -                                                 | (7,246)                                        | -                                                            | (7,246)       |
| UK Sterling      | -                                                 | -                                              | (5,450)                                                      | (5,450)       |
| US Dollar        | -                                                 | -                                              | (3,103)                                                      | (3,103)       |

|                   |   | nancial assets<br>hted average<br>interest rate<br>2012 | Fixed rate fina<br>Weighted ave<br>for which<br>2013 |       |
|-------------------|---|---------------------------------------------------------|------------------------------------------------------|-------|
| Currency          | % | %                                                       | years                                                | years |
| Australian Dollar | 5 | 6                                                       | 6.28                                                 | 5.25  |
| Canadian Dollar   | 3 | 3                                                       | 5.23                                                 | 7.26  |
| Euro              | 4 | 3                                                       | 10.56                                                | 9.97  |
| Japanese Yen      | 2 | -                                                       | 15.55                                                | -     |
| Swedish Krona     | 3 | 4                                                       | 9.24                                                 | 3.61  |
| UK Sterling       | 3 | 4                                                       | 20.87                                                | 23.65 |
| US Dollar         | 3 | 3                                                       | 6.71                                                 | 7.60  |

### Fair value of financial assets and financial liabilities

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

The only material amounts of non interest-bearing assets relate to forward foreign exchange contracts. At 7 March 2013, the fund had outstanding open forward foreign exchange contracts of £562,000 (2012: forward foreign exchange contracts £115,000).

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 (2012: Nil).

### **15 PORTFOLIO TRANSACTION COSTS**

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

The total cost of purchases during the period was £671,793,910 (2012:  $\pounds$ 969,057,421) and proceeds received from sales were £726,886,986 (2012: 969,894,604).

# **Threadneedle UK Institutional Fund**

## **Investment Report**

Investment Objective 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 longterm prospects.

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

Over the twelve months to 7 March 2013, the published share price of the Threadneedle UK Institutional Fund has risen from 98.36p to 115.25p.

Looking at performance within its peer group, the total return on the fund for the twelve months ending 28 February 2013, including net reinvested income, is 11.86% as compared to a median return of 13.44% over the same period. (For information the FTSE All-Share Total Return Index returned 14.06% over the same period).

#### Portfolio Activity

UK equities performed strongly over the year, with sentiment boosted by the Bank of England's quantitative easing programme and the European Central Bank's pledge to do 'whatever it takes' to save the euro. At the sector level, the best performing areas of the UK stock market included IT and consumer discretionary while energy and materials underperformed, with the latter affected by concerns over the outlook for Chinese growth.

At a sector level, the fund benefited from above benchmark positions in industrials and consumer discretionary. However, the benefits were in large part balanced by a below benchmark position in financials as the sector performed strongly in the second half of the reporting period. Stock selection proved to be the main driver of performance. Specific highlights were the holdings in no-frills airline easyJet, insurer Legal & General, plumbing and heating product supplier Wolseley, telecoms company BT, and industrial engineer GKN. This more than outweighed the negative impact of zero weight positions in financials stocks such as Prudential and Lloyds Banking Group, as well as the Fund's below benchmark position in HSBC.

In terms of fund activity, we added to companies with relatively resilient earnings and strong long term growth prospects, including global consumer goods company Unilever and leading contract caterer Compass. We also initiated a position in drinks company Diageo on similar grounds. Whilst retaining our cautious stance towards banks, we made select additions elsewhere in the financials sector - for example fund managers Schroders and St. James's Place. We reduced our position in the energy and materials sectors, and took some profits in stocks that had delivered strong performance, such as credit checking firm Experian. We also used short term market weakness to add to stocks we favour over the long term such as global pharmaceutical company AstraZeneca and business software provider Sage.

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2012 to 7 March 2013

|                                         | Notes | 2013<br>£000 | 2012<br>£000 |
|-----------------------------------------|-------|--------------|--------------|
| Income                                  |       |              |              |
| Net capital gains/(losses)              | 2     | 154,224      | (73,934)     |
| Revenue                                 | 3     | 37,368       | 38,575       |
| Expenses                                | 4     | (9,329)      | (10,732)     |
| Finance costs: Interest                 | 6     | (6)          | (24)         |
| Net revenue before taxation             |       | 28,033       | 27,819       |
| Taxation                                | 5     | (16)         | (87)         |
| Net revenue after taxation              |       | 28,017       | 27,732       |
| Total return before distributions       |       | 182,241      | (46,202)     |
| Finance costs: Distributions            | 6     | (28,018)     | (27,732)     |
| Change in net assets attributable to    |       |              |              |
| shareholders from investment activities |       | 154,223      | (73,934)     |
|                                         |       |              |              |

## **BALANCE SHEET**

as at 7 March 2013

| 2013         2012<br>£000           Assets         1,000           Investment assets         1,121,038         1,118,150           Other assets         1,121,038         1,118,150           Other assets         7         18,011         7,182           Debtors         7         18,011         7,182           Cash and bank balances         74         8,280           Total other assets         18,085         15,462           Total other assets         1,139,123         1,133,612           Liabilities         1,139,123         1,133,612           Other liabilities         (19,942)         (8,576)           Total other liabilities         (19,942)         (8,576)           Total liabilities         (19,942)         (8,576)           Net assets attributable to shareholders         1,119,181         1,125,036 |                                         |       |           |           |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-------|-----------|-----------|
| Investment assets         1,121,038         1,118,150           Other assets         Debtors         7         18,011         7,182           Cash and bank balances         74         8,280           Total other assets         18,085         15,462           Total assets         1,139,123         1,133,612           Liabilities         0ther liabilities         (19,942)         (8,576)           Total other liabilities         (19,942)         (8,576)           Total liabilities         (19,942)         (8,576)           Total liabilities         (19,942)         (8,576)                                                                                                                                                                                                                                             |                                         | Notes |           |           |
| Other assets         7         18,011         7,182           Cash and bank balances         74         8,280           Total other assets         18,085         15,462           Total assets         1,139,123         1,133,612           Liabilities         0ther liabilities         (19,942)         (8,576)           Total other liabilities         (19,942)         (8,576)           Total liabilities         (19,942)         (8,576)                                                                                                                                                                                                                                                                                                                                                                                          | Assets                                  |       |           |           |
| Debtors         7         18,011         7,182           Cash and bank balances         74         8,280           Total other assets         18,085         15,462           Total assets         1,139,123         1,133,612           Liabilities         0ther liabilities         (19,942)         (8,576)           Total other liabilities         (19,942)         (8,576)           Total liabilities         (19,942)         (8,576)                                                                                                                                                                                                                                                                                                                                                                                               | Investment assets                       |       | 1,121,038 | 1,118,150 |
| Cash and bank balances     74     8,280       Total other assets     18,085     15,462       Total assets     1,139,123     1,133,612       Liabilities     Other liabilities     (19,942)     (8,576)       Total other liabilities     (19,942)     (8,576)       Total liabilities     (19,942)     (8,576)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Other assets                            |       |           |           |
| Total other assets     18,085     15,462       Total assets     1,139,123     1,133,612       Liabilities     0ther liabilities     (19,942)     (8,576)       Total other liabilities     (19,942)     (8,576)       Total liabilities     (19,942)     (8,576)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Debtors                                 | 7     | 18,011    | 7,182     |
| Total assets         1,139,123         1,133,612           Liabilities         0ther liabilities         (19,942)         (8,576)           Total other liabilities         (19,942)         (8,576)           Total liabilities         (19,942)         (8,576)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Cash and bank balances                  |       | 74        | 8,280     |
| Liabilities         (19,942)         (8,576)           Other liabilities         (19,942)         (8,576)           Total other liabilities         (19,942)         (8,576)           Total liabilities         (19,942)         (8,576)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Total other assets                      |       | 18,085    | 15,462    |
| Other liabilities         8         (19,942)         (8,576)           Total other liabilities         (19,942)         (8,576)           Total liabilities         (19,942)         (8,576)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Total assets                            |       | 1,139,123 | 1,133,612 |
| Total other liabilities         (19,942)         (8,576)           Total liabilities         (19,942)         (8,576)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Other liabilities                       | 0     | (10.042)  | (9 576)   |
| Total liabilities         (19,942)         (8,576)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                         | 0     |           |           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Total other liabilities                 |       | (19,942)  | (8,576)   |
| Net assets attributable to shareholders 1,119,181 1,125,036                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Total liabilities                       |       | (19,942)  | (8,576)   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Net assets attributable to shareholders |       | 1,119,181 | 1,125,036 |

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

for the accounting period 8 March 2012 to 7 March 2013

|                                                  | 2013<br>£000 | 2012<br>£000 |
|--------------------------------------------------|--------------|--------------|
| Opening net assets attributable to shareholders  | 1,125,036    | 1,567,451    |
| Movement due to sales and repurchases of shares: |              |              |
| Amounts receivable on the issue of shares        | 149,983      | 328,545      |
| Amounts payable on the cancellation of shares    | (337,635)    | (724,195)    |
|                                                  | (187,652)    | (395,650)    |
| Dilution adjustment                              | 127          | 1,107        |
| Stamp duty reserve tax                           | (571)        | (1,670)      |
| Change in net assets attributable to             |              |              |
| shareholders from investment activities          |              |              |
| (see statement of total return above)            | 154,223      | (73,934)     |
| Retained distribution on accumulation shares     | 28,018       | 27,732       |
| Closing net assets attributable to shareholders  | 1,119,181    | 1,125,036    |
|                                                  | · · · · ·    |              |

### **DISTRIBUTION TABLE**

for the accounting period 8 March 2012 to 7 March 2013

Dividend distribution in pence per share

| Class 1 Shares         |            |        |         |             |             |
|------------------------|------------|--------|---------|-------------|-------------|
| Net Accumulation       |            |        |         |             |             |
| Distribution           | Gross      | Tax    | Net     | Net Revenue | Net Revenue |
| Period                 | Revenue    | Credit | Revenue | Accumulated | Accumulated |
|                        |            |        |         | 2012/2013   | 2011/2012   |
| 08/03/12 to 07/09/12   | 1.5119     | 0.1512 | 1.3607  | 1.3607      | 1.0077      |
| 08/09/12 to 07/03/13   | 0.5527     | 0.0553 | 0.4974  | 0.4974      | 0.5039      |
| Total distributions in | the period |        |         | 1.8581      | 1.5116      |
| Class 2 Shares         |            |        |         |             |             |
| Net Accumulation       |            |        |         |             |             |
| Distribution           | Gross      | Tax    | Net     | Net Revenue | Net Revenue |
| Period                 | Revenue    | Credit | Revenue | Accumulated | Accumulated |
|                        |            |        |         | 2012/2013   | 2011/2012   |
| 08/03/12 to 07/09/12   | 2.0368     | 0.2037 | 1.8331  | 1.8331      | 1.5491      |
| 08/09/12 to 07/03/13   | 1.2667     | 0.1267 | 1.1400  | 1.1400      | 0.9802      |
| Total distributions in | the neriod |        |         | 2 9731      | 2 5293      |

....

2013

2012

# **Threadneedle UK Institutional Fund**

### Notes to the financial statements

for the accounting period 8 March 2012 to 7 March 2013

### **1 ACCOUNTING POLICIES**

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 6 and 7.

### 2 NET CAPITAL GAINS/(LOSSES)

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

|                            | 2013    | 2012     |
|----------------------------|---------|----------|
|                            | £000    | £000     |
| Non-derivative securities  | 154,231 | (79,923) |
| Other gains                | 3       | 1        |
| Transaction costs          | (10)    | (12)     |
| Net capital gains/(losses) | 154,224 | (79,934) |

## **3 REVENUE**

| 5 | REVENUE                                       |         |          |
|---|-----------------------------------------------|---------|----------|
|   |                                               | 2013    | 2012     |
|   |                                               | £000    | £000     |
|   | UK dividends                                  | 36,069  | 35,070   |
|   | Overseas dividends                            | 344     | 313      |
|   | Stock dividends                               | 576     | 2,953    |
|   | Interest on short term investments            | 17      | 36       |
|   | Bank interest                                 | 24      | 38       |
|   | Underwriting commission                       | 76      | 7        |
|   | Stocklending commission                       | 133     | 44       |
|   | Management fee rebate on collective           |         |          |
|   | investment scheme holdings                    | 129     | 114      |
|   | Total revenue                                 | 37,368  | 38,575   |
|   |                                               |         |          |
| 4 | EXPENSES                                      |         |          |
|   |                                               | 2013    | 2012     |
|   |                                               | £000    | £000     |
|   | Payable to the ACD or associates of the ACD,  |         |          |
|   | and the agents of either of them:             |         |          |
|   | Annual management charge                      | (8,783) | (10,070) |
|   | Registration fees                             | (491)   | (604)    |
|   |                                               | (9,274) | (10,674) |
|   | Payable to the depositary or associate of the |         |          |
|   | depositary, and the agents of either of them: |         |          |
|   | Depositary's fees                             | (29)    | (31)     |
|   | Safe custody fees                             | (12)    | (14)     |
|   |                                               | (41)    | (45)     |
|   | Other expenses:                               |         |          |
|   | Regulatory fee                                | (7)     | (7)      |
|   | Audit fee                                     | (7)     | (6)      |
|   |                                               | (14)    | (13)     |
|   | *Total expenses                               | (9,329) | (10,732) |

\*Including irrecoverable VAT where applicable.

## **5 TAXATION**

|                                                                                                         | £000    | £000    |
|---------------------------------------------------------------------------------------------------------|---------|---------|
| a) Analysis of charge in period                                                                         |         |         |
| Overseas taxes                                                                                          | (16)    | (87)    |
| Total current tax (note 5b)                                                                             | (16)    | (87)    |
| Total tax charge for period                                                                             | (16)    | (87)    |
| b) Factors affecting taxation charge for period                                                         |         |         |
| Net revenue before taxation                                                                             | 28,033  | 27,819  |
| Net revenue before taxation multiplied by<br>the standard rate of corporation tax of 20%<br>Effects of: | (5,607) | (5,564) |
| Revenue not subject to taxation                                                                         | 7,398   | 7,666   |
| Overseas taxes                                                                                          | (16)    | (87)    |
| Excess expenses                                                                                         | (1,791) | (2,102) |
| Current tax charge for period (note 5a)                                                                 | (16)    | (87)    |

The fund has not recognised a deferred tax asset of £49,080,255 (2012: £47,288,635) 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** 

|                                 | 2013   | 2012   |
|---------------------------------|--------|--------|
|                                 | £000   | £000   |
| Interim                         | 18,184 | 17,579 |
| Final                           | 9,834  | 10,153 |
| Net distribution for the period | 28,018 | 27,732 |
| Interest                        | 6      | 24     |
| Total finance costs             | 28,024 | 27,756 |
|                                 |        |        |

Details of the distribution per share are set out in the table on page 156.

### 7 DEBTORS

|                                            | 2013<br>£000 | 2012<br>£000 |
|--------------------------------------------|--------------|--------------|
| Amounts receivable for the issue of shares | 6,914        | 141          |
| Sales awaiting settlement                  | 5,751        | -            |
| Accrued revenue                            | 5,342        | 6,932        |
| Foreign withholding tax recoverable        | -            | 109          |
| United Kingdom income tax recoverable      | 4            | -            |
| Total debtors                              | 18,011       | 7,182        |

## 8 CREDITORS

|                                                | 2013<br>£000 | 2012<br>£000 |
|------------------------------------------------|--------------|--------------|
| Amounts payable for the cancellation of shares | (18,995)     | (7,779)      |
| Purchases awaiting settlement                  | (202)        | (8)          |
| Accrued expenses                               | (13)         | (10)         |
| Amounts payable to ACD                         | (732)        | (779)        |
| Total creditors                                | (19,942)     | (8,576)      |

# **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 7.

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 (2012: £138,000) UK dividends and £129,000 (2012: £114,000) Management fee rebate on collective investment scheme holdings from this investment. In addition this investment has produced a non-derivative security gain of £3,223,000 (2012: -£101,000).

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    | 0.175% |
| Class 2 shares    | 0.035% |

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative table on page 282. The distribution per share class is given in the distribution table on page 156. 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 £187,000 (2012: £61,000) of which £17,000 (2012: £7,000) was outstanding at year end. They have paid fees of £26,000 (2012: £8,000) of which £2,000 (2012: £1,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £28,000 (2012: £9,000) of which £3,000 (2012: £1,000) was outstanding at year end to J.P. Morgan as the security lending agent to process these arrangements and hold the collateral. The value of stock on loan at the end of the accounting period was £81.10m (2012: £47.90m), whilst the value of collateral held for these arrangements was £86.84m (2012: £51.45m). The collateral was held as either securities transferred in CREST by a DBV (Delivery by Value) or Gilt DBV, or in the form of overseas government bonds, supranational bonds or certificates of deposit.

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

#### Analysis of Collateral Held

|       |            | 2013       |            | 2012       |
|-------|------------|------------|------------|------------|
|       | Value £000 | % of Total | Value £000 | % of Total |
| Bonds | 86,841     | 100        | 51,446     | 100        |
|       | 86,841     | 100        | 51,446     | 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

| Currency 2013 | Monetary<br>exposures<br>£000 | Non-<br>monetary<br>exposures<br>£000 | Total<br>£000 |
|---------------|-------------------------------|---------------------------------------|---------------|
| Euro          | 20                            | -                                     | 20            |
| US Dollar     | 45                            | -                                     | 45            |
| Currency 2012 | £000                          | £000                                  | £000          |

| Currency 2012                      | £000              | £000            | £000    |
|------------------------------------|-------------------|-----------------|---------|
| Euro                               | 20                | -               | 20      |
| Interest rate risk profile of fina | ancial assets and | financial liabi | ilities |

The interest rate risk profile of the fund's financial assets and financial liabilities at 7 March 2013 was:

| Currency 2013 | Floating rate<br>financial<br>assets<br>£000 | Fixed rate<br>financial<br>assets<br>£000 | Financial<br>assets not<br>carrying<br>interest<br>£000 | Total<br>£000 |
|---------------|----------------------------------------------|-------------------------------------------|---------------------------------------------------------|---------------|
| Euro          | 20                                           | _                                         | _                                                       | 20            |
| UK Sterling   | 10                                           | -                                         | 1,139,048                                               | 1,139,058     |
| US Dollar     | 45                                           | -                                         | -                                                       | 45            |
|               |                                              |                                           |                                                         |               |
| Currency 2012 | £000                                         | £000                                      | £000                                                    | £000          |
| Euro          | 19                                           | -                                         | 1                                                       | 20            |
| UK Sterling   | 8,261                                        | -                                         | 1,125,331                                               | 1,133,592     |

| Currency 2013 | Floating rate<br>financial<br>liabilities<br>£000 | Fixed rate<br>financial<br>liabilities<br>£000 | Financial<br>liabilities<br>not carrying<br>interest<br>£000 | Total<br>£000 |
|---------------|---------------------------------------------------|------------------------------------------------|--------------------------------------------------------------|---------------|
| UK Sterling   | -                                                 | -                                              | (19,942)                                                     | (19,942)      |
| Currency 2012 | £000                                              | £000                                           | £000                                                         | £000          |
| UK Sterling   | -                                                 | -                                              | (8,576)                                                      | (8,576)       |

#### Fair value of financial assets and financial liabilities

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

There are no material amounts of non interest-bearing financial assets, other than equities, which do not have maturity dates. Cash balances are held in floating rate accounts where interest is calculated with reference to prevailing market rates.

### **13 CONTINGENT LIABILITIES AND COMMITMENTS**

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

# **Threadneedle UK Institutional Fund**

# Notes to the financial statements

(continued)

# 14 PORTFOLIO TRANSACTION COSTS

|                                              | 2013<br>£000 | 2012<br>£000 |
|----------------------------------------------|--------------|--------------|
| Analysis of total purchase costs             |              |              |
| Purchases in period before transaction costs | 181,124      | 366,396      |
| Commissions                                  | 218          | 433          |
| Taxes                                        | 799          | 1,642        |
| Fees                                         | 24           | -            |
| Total purchase costs                         | 1,041        | 2,075        |
| Gross purchases total                        | 182,165      | 368,471      |
| Analysis of total sale costs                 |              |              |
| Gross sales before transaction costs         | 331,830      | 703,866      |
| Commissions                                  | (168)        | (422)        |
| Taxes                                        | (1)          | (1)          |
| Total sale costs                             | (169)        | (423)        |
| Total sales net of transaction costs         | 331,661      | 703,443      |

### **Investment Report**

**Investment Objective** 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 2013, the published share price of the Threadneedle UK Overseas Earnings Fund has risen from 77.87p to 92.02p.

Looking at performance within its peer group, the total return on the fund for the twelve months ending 28 February 2013, including net reinvested income, is 17.26% as compared to a median return of 13.44% over the same period. (For information the FTSE All-Share Total Return Index returned 14.06% over the same period).

### **Portfolio Activity**

UK equities performed strongly over the year, with sentiment boosted by the Bank of

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2012 to 7 March 2013

|                                         | Notes | 2013<br>£000 | 2012<br>£000 |
|-----------------------------------------|-------|--------------|--------------|
| Income                                  |       |              |              |
| Net capital gains                       | 2     | 18,104       | 2,303        |
| Revenue                                 | 3     | 4,009        | 3,833        |
| Expenses                                | 4     | (1,649)      | (1,649)      |
| Net revenue before taxation             |       | 2,360        | 2,184        |
| Taxation                                | 5     | -            | -            |
| Net revenue after taxation              |       | 2,360        | 2,184        |
| Total return before distributions       |       | 20,464       | 4,487        |
| Finance costs: Distributions            | 6     | (2,360)      | (2,184)      |
| Change in net assets attributable to    |       |              |              |
| shareholders from investment activities |       | 18,104       | 2,303        |

# STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2012 to 7 March 2013

|                                                                                 | 2013<br>£000 | 2012<br>£000 |
|---------------------------------------------------------------------------------|--------------|--------------|
| Opening net assets attributable to shareholders                                 | 105,852      | 112,856      |
| Movement due to sales and repurchases of shares:                                |              |              |
| Amounts receivable on the issue of shares                                       | 3,685        | 8,435        |
| Amounts payable on the cancellation of shares                                   | (11,736)     | (17,728)     |
|                                                                                 | (8,051)      | (9,293)      |
| Dilution adjustment                                                             | -            | 6            |
| Stamp duty reserve tax                                                          | (10)         | (19)         |
| Change in net assets attributable to<br>shareholders from investment activities |              |              |
| (see statement of total return above)                                           | 18,104       | 2,303        |
| Unclaimed distribution monies brought back                                      |              |              |
| into account                                                                    | 5            | (1)          |
| Closing net assets attributable to shareholders                                 | 115,900      | 105,852      |
|                                                                                 |              |              |

England's quantitative easing programme and the European Central Bank's pledge to do 'whatever it takes' to save the euro. At the sector level, the best performing areas of the UK stock market included consumersensitive areas such as retail and media while energy and materials underperformed with the latter affected by concerns over the outlook for Chinese growth.

The fund produced a strongly positive return over the year and outperformed the FTSE All-Share index despite not holding banks, which rallied strongly. Our sector positioning added to returns over the year, as did our stock selection decisions. At the sector level, the fund benefited from its favouring of consumer-sensitive areas and industrials, which outperformed, and its bias against energy and materials (particularly mining), which underperformed. The latter two sectors were affected by poor returns from some of the large-company stocks and broader concerns about emerging market demand for raw materials. At the stock level, key performers included our large positions in ITV and insurer Legal & General, while Schroders, the asset manager, also performed well. Weaker performance came from Marks & Spencer and Wm Morrison; both are unloved but the valuations are attractive and we regard the turnaround strategies of both companies as being sensible.

Portfolio activity was relatively modest, reflecting our long-term mindset and contrarian approach. However, new positions included venture capital firm 3i, which has performed very strongly since we purchased it, and Sherborne, an activist vehicle. We also participated in the Melrose rights issue. In terms of sales, Aegis exited the portfolio after being taken over at a large premium by a Japanese rival. Misys was also taken over.

Looking forward, we are cautiously optimistic on the outlook for UK equities. What John Maynard Keynes labelled 'animal spirits' are undoubtedly running high, but these are balanced by attractive valuations and the FTSE's high dividend yield in a global context. Moreover, cheap funding means that there is scope for merger and acquisition activity to pick up this year. On the downside, structural imbalances remain in Europe and are unlikely to be resolved in the near future.

### **BALANCE SHEET**

as at 7 March 2013

| as at 7 march 2015                      |       |              |              |
|-----------------------------------------|-------|--------------|--------------|
|                                         | Notes | 2013<br>£000 | 2012<br>£000 |
| Assets                                  |       |              |              |
| Investment assets                       |       | 114,908      | 105,527      |
| Other assets                            |       |              |              |
| Debtors                                 | 7     | 2,960        | 524          |
| Cash and bank balances                  |       | 395          | 1,013        |
| Total other assets                      |       | 3,355        | 1,537        |
| Total assets                            |       | 118,263      | 107,064      |
| Liabilities                             |       |              |              |
| Other liabilities                       |       |              |              |
| Creditors                               | 8     | (1,648)      | (564)        |
| Distribution payable on income shares   | S     | (715)        | (648)        |
| Total other liabilities                 |       | (2,363)      | (1,212)      |
| Total liabilities                       |       | (2,363)      | (1,212)      |
| Net assets attributable to shareholders |       | 115,900      | 105,852      |
|                                         |       |              |              |

### **DISTRIBUTION TABLE**

for the accounting period 8 March 2012 to 7 March 2013

Dividend distribution in pence per share

### **Class 2 Shares**

.....

| Net Income                |          |        |         |              |              |
|---------------------------|----------|--------|---------|--------------|--------------|
| Distribution              | Gross    | Tax    | Net     | Distribution | Distribution |
| Period                    | Revenue  | Credit | Revenue | Paid/Payable | Paid         |
|                           |          |        |         | 2012/2013    | 2012/2013    |
| 08/03/12 to 07/09/12      | 1.4060   | 0.1406 | 1.2654  | 1.2654       | 1.0901       |
| 08/09/12 to 07/03/13      | 0.6262   | 0.0626 | 0.5636  | 0.5636       | 0.4732       |
| Total distributions in th | e period |        |         | 1.8290       | 1.5633       |

\*In pound Sterling and against UK peer group. Please refer to pages 269-282 for comparative tables.

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### Notes to the financial statements

for the accounting period 8 March 2012 to 7 March 2013

### **1 ACCOUNTING POLICIES**

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 6 and 7.

### 2 NET CAPITAL GAINS

Net capital gains during the period comprise:

|                           | 2013   | 2012  |
|---------------------------|--------|-------|
|                           | £000   | £000  |
| Non-derivative securities | 18,106 | 2,307 |
| Other gains/(losses)      | 3      | (1)   |
| Transaction costs         | (5)    | (3)   |
| Net capital gains         | 18,104 | 2,303 |

| 3 | REVENUE                 |       |       |
|---|-------------------------|-------|-------|
|   |                         | 2013  | 2012  |
|   |                         | £000  | £000  |
|   | UK dividends            | 3,914 | 3,713 |
|   | Overseas dividends      | -     | 3     |
|   | Stock dividends         | 59    | 108   |
|   | Bank interest           | 3     | 7     |
|   | Underwriting commission | 22    | -     |
|   | Stocklending commission | 11    | 2     |
|   | Total revenue           | 4,009 | 3,833 |

2012

2012

### **4 EXPENSES**

|                                                                                   | 2013<br>£000 | £000    |
|-----------------------------------------------------------------------------------|--------------|---------|
| Payable to the ACD or associates of the ACD,<br>and the agents of either of them: |              |         |
| Annual management charge                                                          | (1,587)      | (1,585) |
| Registration fees                                                                 | (37)         | (37)    |
|                                                                                   | (1,624)      | (1,622) |
| Payable to the depositary or associate of the                                     |              |         |
| depositary, and the agents of either of them:                                     |              |         |
| Depositary's fees                                                                 | (14)         | (15)    |
| Safe custody fees                                                                 | (1)          | (1)     |
|                                                                                   | (15)         | (16)    |
| Other expenses:                                                                   |              |         |
| Regulatory fee                                                                    | (4)          | (5)     |
| Audit fee                                                                         | (6)          | (6)     |
|                                                                                   | (10)         | (11)    |
| *Total expenses                                                                   | (1,649)      | (1,649) |
|                                                                                   |              |         |

\*Including irrecoverable VAT where applicable.

## **5 TAXATION**

|                                                                                                   | 2013<br>£000 | 2012<br>£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                                                                       | 2,360        | 2,184        |
| Net revenue before taxation multiplied by the standard rate of corporation tax of 20% Effects of: | (472)        | (437)        |
| Revenue not subject to taxation                                                                   | 795          | 765          |
| Excess expenses                                                                                   | (323)        | (328)        |
| Current tax charge for period (note 5a)                                                           | -            | _            |

The fund has not recognised a deferred tax asset of £8,846,334 (2012: £8,523,554) 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

|                                 | 2013  | 2012  |
|---------------------------------|-------|-------|
|                                 | £000  | £000  |
| Interim                         | 1,645 | 1,536 |
| Final                           | 715   | 648   |
| Net distribution for the period | 2,360 | 2,184 |
| Total finance costs             | 2,360 | 2,184 |

Details of the distribution per share are set out in the table on page 160.

2013

(1,648)

2012

(564)

### **7 DEBTORS**

Total creditors

|                                                | 2010                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                        |
|------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                | £000                                                                                                                                                                                     | £000                                                                                                                                                                                                                                                                                                                                   |
| Amounts receivable for the issue of shares     | 511                                                                                                                                                                                      | -                                                                                                                                                                                                                                                                                                                                      |
| Sales awaiting settlement                      | 2,020                                                                                                                                                                                    | -                                                                                                                                                                                                                                                                                                                                      |
| Accrued revenue                                | 429                                                                                                                                                                                      | 524                                                                                                                                                                                                                                                                                                                                    |
| Total debtors                                  | 2,960                                                                                                                                                                                    | 524                                                                                                                                                                                                                                                                                                                                    |
| CREDITORS                                      |                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                        |
|                                                | 2013                                                                                                                                                                                     | 2012                                                                                                                                                                                                                                                                                                                                   |
|                                                | £000                                                                                                                                                                                     | £000                                                                                                                                                                                                                                                                                                                                   |
| Amounts payable for the cancellation of shares | (322)                                                                                                                                                                                    | (429)                                                                                                                                                                                                                                                                                                                                  |
| Purchases awaiting settlement                  | (1,183)                                                                                                                                                                                  | -                                                                                                                                                                                                                                                                                                                                      |
| Accrued expenses                               | (9)                                                                                                                                                                                      | (4)                                                                                                                                                                                                                                                                                                                                    |
| Amounts payable to ACD                         | (134)                                                                                                                                                                                    | (131)                                                                                                                                                                                                                                                                                                                                  |
|                                                | Sales awaiting settlement<br>Accrued revenue<br>Total debtors<br><b>CREDITORS</b><br>Amounts payable for the cancellation of shares<br>Purchases awaiting settlement<br>Accrued expenses | Amounts receivable for the issue of shares       511         Sales awaiting settlement       2,020         Accrued revenue       429         Total debtors       2,960         CREDITORS         Amounts payable for the cancellation of shares         Purchases awaiting settlement       (1,183)         Accrued expenses       (9) |

### 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 7.

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 UK Overseas Earnings Fund currently has one share class; Class 2 shares. The charges are as follows:

| Annual management charge |        |
|--------------------------|--------|
| Class 2 shares           | 1.50%  |
| Registration fees        |        |
| Class 2 shares           | 0.035% |

The net asset value, the net asset value per share, and the number of shares are given in the comparative table on page 282. The distribution is given in the distribution table on page 160.

### 11 STOCKLENDING

During the period under review the UK Overseas Earnings Fund has entered into stocklending arrangements. The fund has earned £15,000 (2012: £3,000) of which £1,000 (2012: Nil) was outstanding at year end. They have paid fees of £2,000 (2012: £500) of which Nil (2012: Nil) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £2,000 (2012: £500) of which Nil (2012: Nil) was outstanding at year end to J.P. Morgan as the security lending agent to process these arrangements and hold the collateral. The value of stock on loan at the end of the accounting period was £4.73m (2012: £3.75m), whilst the value of collateral held for these arrangements was £5.10m (2012: £4.82m). The collateral was held as either securities transferred in CREST by a DBV (Delivery by Value) or Gilt DBV, or in the form of overseas government bonds, supranational bonds or certificates of deposit. The nature and value of collateral held is analysed by asset class in the table below.

### Analysis of Collateral Held

|       |            | 2013       |            | 2012       |
|-------|------------|------------|------------|------------|
| ,     | Value £000 | % of Total | Value £000 | % of Total |
| Bonds | 5,097      | 100        | 4,821      | 100        |
|       | 5,097      | 100        | 4,821      | 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

| Currency 2013 | Monetary<br>exposures<br>£000 | Non-<br>monetary<br>exposures<br>£000 | Total<br>£000 |
|---------------|-------------------------------|---------------------------------------|---------------|
| Euro          | 25                            | -                                     | 25            |
| US Dollar     | 42                            | -                                     | 42            |
| Currency 2012 | £000                          | £000                                  | £000          |
| Euro          | 24                            | -                                     | 24            |
| US Dollar     | 37                            | -                                     | 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 2013 was:

| Currency 2013 | Floating rate<br>financial<br>assets<br>£000 | Fixed rate<br>financial<br>assets<br>£000 | Financial<br>assets not<br>carrying<br>interest<br>£000 | Total<br>£000 |
|---------------|----------------------------------------------|-------------------------------------------|---------------------------------------------------------|---------------|
| Euro          | 25                                           | -                                         | -                                                       | 25            |
| UK Sterling   | 328                                          | -                                         | 117,868                                                 | 118,196       |
| US Dollar     | 42                                           | -                                         | -                                                       | 42            |
| Currency 2012 | £000                                         | £000                                      | £000                                                    | £000          |
| Euro          | 24                                           | -                                         | -                                                       | 24            |
| UK Sterling   | 952                                          | -                                         | 106,051                                                 | 107,003       |
| US Dollar     | 37                                           | -                                         | -                                                       | 37            |

| Currency 2013<br>UK Sterling | Floating rate<br>financial<br>liabilities<br>£000 | Fixed rate<br>financial<br>liabilities<br>£000 | Financial<br>liabilities<br>not carrying<br>interest<br>£000<br>(2,363) | <b>Total</b><br><b>£000</b><br>(2,363) |
|------------------------------|---------------------------------------------------|------------------------------------------------|-------------------------------------------------------------------------|----------------------------------------|
| Currency 2012                | <b>£000</b>                                       | £000                                           | <b>£000</b>                                                             | <b>£000</b>                            |
| UK Sterling                  | _                                                 |                                                | (1,212)                                                                 | (1,212)                                |

### Fair value of financial assets and financial liabilities

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

There are no material amounts of non interest-bearing financial assets, other than equities, which do not have maturity dates. Cash balances are held in floating rate accounts where interest is calculated with reference to prevailing market rates.

# 13 CONTINGENT LIABILITIES AND COMMITMENTS

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

# Notes to the financial statements

(continued)

# 14 PORTFOLIO TRANSACTION COSTS

|                                              | 2013   | 2012   |
|----------------------------------------------|--------|--------|
|                                              | £000   | £000   |
| Analysis of total purchase costs             |        |        |
| Purchases in period before transaction costs | 14,238 | 5,961  |
| Commissions                                  | 10     | 6      |
| Taxes                                        | 38     | 26     |
| Total purchase costs                         | 48     | 32     |
| Gross purchases total                        | 14,286 | 5,993  |
| Analysis of total sale costs                 |        |        |
| Gross sales before transaction costs         | 22,894 | 15,245 |
| Commissions                                  | (9)    | (8)    |
| Total sale costs                             | (9)    | (8)    |
| Total sales net of transaction costs         | 22,885 | 15,237 |

## Statement of Authorised Corporate Director's (ACD) Responsibilities in relation to the Financial Statements of the Company

The Open-Ended Investment Companies Regulations 2001 and the Collective Investment Schemes Sourcebook (COLL), as issued (and amended) by the Financial Conduct Authority (FCA) (formerly Financial Services Authority (FSA)), require the ACD to prepare financial statements for each annual accounting period which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the financial position of the Company and of each sub-fund and its net revenue/(expenses) and the net gains/(losses) on the property of the Company and each sub-fund for the period. In preparing the financial statements the ACD is required to:

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

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

## Statement of the Depositary's Responsibilities and Report of the Depositary to the Shareholders of the Threadneedle Investment Funds ICVC

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

It is the duty of the Depositary to take reasonable care to ensure that the Company is managed by the Authorised Corporate Director in accordance with the Financial Conduct Authority's (formerly Financial Services Authority's) Collective Investment Schemes Sourcebook ("the COLL Sourcebook"), the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) ("the OEIC Regulations") and the Company's Instrument of Incorporation and Prospectus, as appropriate, in relation to the pricing of, and dealings in, shares in the Company; the application of revenue of the Company; and the investment and borrowing powers of the Company.

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

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's revenue in accordance with the COLL Sourcebook and, where applicable, the OEIC Regulations and the Company's Instrument of Incorporation and Prospectus; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

J.P. Morgan Trustee and Depositary Company Limited Bournemouth

7 May 2013

### Independent Auditors' Report to the Members of **Threadneedle Investment Funds ICVC**

We have audited the financial statements of the Threadneedle Investment Funds ICVC ("the Company") for the year ended 7 March 2013 which comprise the aggregated statement of total return, the aggregated statement of change in net assets attributable to shareholders, the aggregated balance sheet and related notes and, for each of the Company's sub-funds, the statement of total return, the statement of change in net assets attributable to shareholders, the balance sheet, the related notes and the distribution table. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Management Association (the "Statement of Recommended Practice for Authorised Funds").

### Respective responsibilities of director and auditors

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

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### Scope of the audit of the financial statements

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

### Scope of the audit of the financial statements

In our opinion the financial statements:

give a true and fair view of the financial position of the Company and each of the sub-funds at 7 March 2013 and of the net revenue/(expenses) and the net capital gains/ (losses) of the scheme property of the Company and each of the sub-funds for the year then ended; and

have been properly prepared in accordance with the Statement of Recommended Practice for Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

### Emphasis of matter – going concern

In forming our opinion on the financial statements, we have considered the adequacy of the disclosures made in Note 1 of the aggregated financial statements concerning the proposed termination of Japan Smaller Companies Fund. The disclosure indicates that there is a material uncertainty that may cast significant doubt regarding the going concern basis of accounting for this sub-fund. Our opinion is not qualified in respect of this matter.

# Opinion on other matters prescribed by the Collective Investment Schemes sourcebook

In our opinion:

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

### Matters on which we are required to report by exception

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

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

|            | PricewaterhouseCoopers LLP |
|------------|----------------------------|
| London     | Chartered Accountants and  |
| 7 May 2013 | Statutory Auditors         |

The financial statements are published at threadneedle.com, which is a website maintained by Threadneedle Investment Services Limited. The maintenance and integrity of the Threadneedle Investment Services Limited's website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# **Threadneedle UK Fund**

# **Portfolio Statement**

as at 7 March 2013

| Holding              | Investment                                 | Value Ne<br>£000 | % of<br>t Asset<br>Value |
|----------------------|--------------------------------------------|------------------|--------------------------|
| BASIC INDUST         | RIES 6.99% (9.01%)                         |                  |                          |
| 867,081              | Chemicals 1.65% (1.95%)<br>Johnson Matthey | 19,900           | 1.65                     |
|                      | Construction & building materia            | als 5.34% (6.98° | %)                       |
| 1,482,309            | Bellway                                    | 17,165           | 1.43                     |
| 3,848,011            | Crest Nicholson Holdings                   | 10,351           | 0.86                     |
| 1,998,941            | Persimmon                                  | 18,960           | 1.58                     |
| 12,368,512           | SIG                                        | 17,637           | 1.47                     |
|                      | Forestry & paper 0.00% (0.08%)             |                  |                          |
|                      | Total basic industries                     | 84,013           | 6.99                     |
|                      | SUMER GOODS 2.28% (1.84                    | %)               |                          |
| UTUEIUAE UUN         | Automobiles & parts 1.62% (1.1             | -                |                          |
| 6,847,076            | GKN                                        | 19,425           | 1.62                     |
|                      | Household goods & textiles 0.6             | 6% (0.67%)       |                          |
| 2,320,260            | Headlam Group                              | 7,958            | 0.66                     |
| ,,                   | Total cyclical consumer goods              | 27,383           | 2.28                     |
|                      |                                            |                  |                          |
| CYCLICAL SER         | VICES 21.48% (19.62%)                      |                  |                          |
|                      | Distributors 1.50% (0.00%)                 | 17.000           |                          |
| 555,996              | Wolseley                                   | 17,992           | 1.50                     |
|                      | General retailers 0.59% (0.60%)            |                  |                          |
| 1,799,629            | N. Brown Group                             | 7,110            | 0.59                     |
|                      | Leisure entertainment & hotels             | 1.92% (1.91%)    |                          |
| 635,031              | Carnival                                   | 15,946           | 1.33                     |
| 1,399,671            | J.D. Wetherspoon                           | 7,068            | 0.59                     |
|                      |                                            | 000// )          |                          |
| 0.070.704            | Media & photography 5.28% (3.              |                  | 1 70                     |
| 2,876,731            | Daily Mail & General Trust                 | 20,842           | 1.73                     |
| 4,488,511<br>947,423 | ITE Group<br>Pearson                       | 12,357<br>11,104 | 1.03<br>0.92             |
| 2,624,834            | Reed Elsevier                              | 19,266           | 1.60                     |
| 2,024,004            |                                            | 13,200           | 1.00                     |
|                      | Support services 9.25% (10.25%             | •                |                          |
| 2,381,722            | Berendsen                                  | 16,946           | 1.41                     |
| 2,476,728            | Compass Group                              | 20,606           | 1.72                     |
| 1,611,513            | De La Rue                                  | 14,584           | 1.21                     |
| 4,478,932            | Electrocomponents                          | 11,798           | 0.98                     |
| 1,169,010            | Experian Group                             | 13,525           | 1.13                     |
| 2,348,235            | Filtrona                                   | 15,404           | 1.28                     |
| 12,462,260           | Rentokil Initial                           | 11,391           | 0.95                     |
| 1,317,479            | Rexam                                      | 6,890            | 0.57                     |
|                      | Transport 2.94% (2.88%)                    |                  |                          |
| 1,633,893            | EasyJet                                    | 17,107           | 1.42                     |
| 4,433,399            | FirstGroup                                 | 8,517            | 0.71                     |
| 3,244,294            | Stagecoach Group                           | 9,743            | 0.81                     |
|                      | Total cyclical services                    | 258,196          | 21.48                    |

| Holding       | Investment                       | Value<br>£000 | % of<br>Net Asset<br>Value |
|---------------|----------------------------------|---------------|----------------------------|
| FINANCIALS 12 |                                  |               |                            |
| 5,895,399     | Banks 5.17% (4.80%)<br>Barclays  | 18,187        | 1.51                       |
| 4,014,494     |                                  | 28,957        |                            |
| 834,485       | 0                                | 14,983        | 1.25                       |
|               | Insurance 0.87% (0.63%)          |               |                            |
| 8,730,959     | RSA Insurance Group              | 10,512        | 0.87                       |
|               | Investment companies 1.13% (1    | .12%)         |                            |
| 3,491,476     | SVG Capital                      | 13,617        | 1.13                       |
|               | Life assurance 3.59% (3.32%)     |               |                            |
| 2,723,334     | Aviva                            | 8,617         | 0.72                       |
| 12,548,455    | 0                                | 20,655        | 1.72                       |
| 3,222,884     |                                  | 6,726         |                            |
| 1,324,858     | St. James's Place                | 7,055         | 0.59                       |
|               | Real estate 1.61% (0.90%)        |               |                            |
| 865,392       | Derwent London                   | 19,350        | 1.61                       |
|               | Speciality & other finance 0.43% |               |                            |
| 179,517       |                                  | 3,718         | 0.31                       |
| 84,313        | Schroders Non-voting Shares      | 1,395         | 0.12                       |
|               | Total financials                 | 153,772       | 12.80                      |
| GENERAL INDI  | JSTRIALS 9.20% (10.47%)          |               |                            |
| GENERAL MDC   | Aerospace & defence 3.76% (4.8   | 1%)           |                            |
| 1,836,627     | Rolls-Royce Holdings             | 19,285        | 1.60                       |
| 1,400,639     | Smiths Group                     | 18,236        | 1.52                       |

|           | Total general industrials       | 110,542         | 9.20 |
|-----------|---------------------------------|-----------------|------|
| 422,037   | Weir Group                      | 10,184          | 0.85 |
| 8,095,006 | Melrose Industries              | 21,023          | 1.75 |
| 836,754   | IMI                             | 11,120          | 0.93 |
| 1,200,989 | Amec                            | 12,550          | 1.04 |
|           | Engineering & machinery 4.57%   | % (4.91%)       |      |
| 2,750,187 | AZ Electronic Materials         | 10,431          | 0.87 |
|           | Electronic & electrical equipme | nt 0.87% (0.75% | )    |
| 449,237   | Ultra Electronics Holdings      | 7,713           | 0.64 |
| 1,400,000 | Sinitis Group                   | 10,230          | 1.52 |

# INFORMATION TECHNOLOGY 2.22% (0.31%)

| Software & computer services 2.22% (0.31%) |                              |        |      |
|--------------------------------------------|------------------------------|--------|------|
| 204,440                                    | Fidessa Group                | 4,009  | 0.33 |
| 6,519,685                                  | Sage Group                   | 22,675 | 1.89 |
|                                            | Total information technology | 26,684 | 2.22 |

# **Threadneedle UK Fund**

# **Portfolio Statement**

(continued)

| Holding                | Investment                                         | Value No<br>£000                | % of<br>et Asset<br>Value |
|------------------------|----------------------------------------------------|---------------------------------|---------------------------|
| NON-CYCLICAL           | CONSUMER GOODS 16.71<br>Beverages 2.06% (0.00%)    | % (14.93%)                      |                           |
| 594,299<br>375,118     | Diageo<br>SABMiller                                | 11,990<br>12,777                | 1.00<br>1.06              |
| 1,222,015              | Food producers & processors 2<br>Unilever          | 2. <b>78% (1.95%)</b><br>33,410 | 2.78                      |
| 2,058,572              | Health 1.24% (1.39%)<br>Smith & Nephew             | 14,853                          | 1.24                      |
| 340,334                | Personal care & household pro<br>Reckitt Benckiser | ducts 1.31% (0<br>15,751        | . <b>00%)</b><br>1.31     |
|                        | Pharmaceuticals & biotechnolo                      | • ·                             |                           |
| 922,620<br>2,775,641   | AstraZeneca<br>GlaxoSmithKline                     | 28,038<br>41,163                | 2.33<br>3.43              |
|                        | Tobacco 3.56% (4.50%)                              |                                 |                           |
| 629,859<br>862,481     | British American Tobacco<br>Imperial Tobacco Group | 22,209<br>20,579                | 1.85<br>1.71              |
|                        | Total non-cyclical<br>consumer goods               | 200,770                         | 16.71                     |
| NON-CYCLICAL           | SERVICES 6.88% (5.43%)                             | 079/ )                          |                           |
| 17,589,518             | Food & drug retailers 3.20% (1.<br>Booker Group    | .97%)<br>20,228                 | 1.68                      |
| 4,813,209              | Tesco                                              | 18,254                          | 1.52                      |
|                        | Telecommunications services 3                      | 3.68% (3.46%)                   |                           |
| 14,709,356             | BT Group                                           | 38,994                          | 3.24                      |
| 4,268,682              | Colt Group                                         | 5,255                           | 0.44                      |
|                        | Total non-cyclical services                        | 82,731                          | 6.88                      |
| RESOURCES 18           | 3.01% (22.60%)<br>Mining 4.63% (6.22%)             |                                 |                           |
| 520,456                | Anglo American                                     | 9,759                           | 0.81                      |
| 1,144,973              | First Quantum Minerals                             | 13,671                          | 1.14                      |
| 934,201                | Rio Tinto                                          | 32,221                          | 2.68                      |
|                        | Oil & gas 13.38% (16.38%)                          |                                 |                           |
| 2,390,948              | BG Group                                           | 27,855                          | 2.32                      |
| 9,125,654              | BP                                                 | 41,184                          | 3.43                      |
| 1,262,571              | Hunting                                            | 11,426                          | 0.95                      |
| 2,163,946              | Premier Oil                                        | 8,511                           | 0.71                      |
| 1,467,610              | Royal Dutch Shell 'B' Shares                       | 33,322                          | 2.77                      |
| 1,607,304<br>2,162,581 | Tullow Oil<br>Wood Group                           | 19,947<br>18,587                | 1.66<br>1.54              |
| 2,102,381              | Total resources                                    | 216,483                         | 18.01                     |
|                        | 10101163001663                                     | 210,403                         | 10.01                     |

| Holding            | Investment                     | Value N<br>£000 | % of<br>et Asset<br>Value |
|--------------------|--------------------------------|-----------------|---------------------------|
| UTILITIES 1.05%    | % (2.28%)                      |                 |                           |
|                    | Gas distribution 1.05% (1.20%) |                 |                           |
| 3,513,775          | Centrica                       | 12,604          | 1.05                      |
|                    | Water 0.00% (1.08%)            |                 |                           |
|                    | Total utilities                | 12,604          | 1.05                      |
| Total value of inv | estments                       | 1,173,178       | 97.62                     |
| Net other assets   | (2.12%)                        | 28,551          | 2.38                      |
| Net assets         |                                | 1,201,729       | 100.00                    |
|                    |                                |                 |                           |

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

March 2012 comparatives in brackets.

# **Threadneedle UK Select Fund**

# **Portfolio Statement**

as at 7 March 2013

|               |                                |                  | % of  |              |                                   |               | % of        |
|---------------|--------------------------------|------------------|-------|--------------|-----------------------------------|---------------|-------------|
|               |                                | Value Ne         |       |              |                                   | Value N       |             |
| Holding       | Investment                     | £000             | Value | Holding      | Investment                        | £000          | Value       |
| BASIC INDUST  | RIES 3.05% (3.19%)             |                  |       | GENERAL INDU | JSTRIALS 16.07% (18.05%)          |               |             |
|               | Chemicals 0.96% (2.35%)        |                  |       |              | Aerospace & defence 6.31% (6.59   |               |             |
| 91,919        | Johnson Matthey                | 2,109            | 0.96  | 739,328      | BAE Systems                       | 2,652         | 1.20        |
|               | Construction & building materi | iale 2.09% (0.00 | 0/_ ) | 750,945      | 88                                | 3,660         | 1.66        |
| 485,684       | Persimmon                      | 4,607            | 2.09  | 725,764      | Rolls-Royce Holdings              | 7,621         | 3.45        |
| 405,004       | reisinnion                     | 4,007            | 2.05  |              | Electronic & electrical equipment | + 2 15% (2 36 | %)          |
|               | Forestry & paper 0.00% (0.84%) | )                |       | 655,463      |                                   | 2,486         | 1.13        |
|               | Total basic industries         | 6,716            | 3.05  | 415,312      |                                   | 2,913         | 1.32        |
|               | Total basic industries         | 0,710            | 3.05  | 410,012      | Donno i mung                      | 2,010         | 1.02        |
|               |                                | 0/ )             |       |              | Engineering & machinery 7.31%     | (9.10%)       |             |
| CYCLICAL CON  | ISUMER GOODS 1.57% (2.43       |                  |       | 280,418      | Amec                              | 2,930         | 1.33        |
| 4 040 000     | Automobiles & parts 1.57% (2.4 |                  | 4 5 7 | 1,418,540    | Fenner                            | 5,927         | 2.69        |
| 1,219,390     | GKN                            | 3,459            | 1.57  | 300,436      | Weir Group                        | 7,250         | 3.29        |
|               | Total cyclical consumer goods  | 3,459            | 1.57  |              | Total general industrials         | 35,439        | 16.07       |
|               |                                |                  |       |              | _                                 |               |             |
| CYCLICAL SER  | VICES 10.89% (10.70%)          |                  |       | INFORMATION  | TECHNOLOGY 1.38% (0.00%)          |               |             |
|               | Leisure entertainment & hotels |                  |       |              | Information technology hardwar    | e 1.38% (0.00 | )%)         |
| 114,577       | InterContinental Hotels Group  | 2,239            | 1.02  | 634,233      | CSR                               | 3,044         | 1.38        |
|               | Media & photography 4.65% (2   | 98%)             |       |              | Total information technology      | 3,044         | 1.38        |
| 4,153,937     | ITV                            | 5.300            | 2.40  |              |                                   |               |             |
| 458,309       | WPP                            | 4,959            | 2.25  |              | L CONSUMER GOODS 12.88%           | (10 52%)      |             |
| ,             |                                | .,               |       | NON-CICLICA  | Food producers & processors 2.1   | • •           |             |
|               | Support services 3.54% (6.50%) | )                |       | 169,453      | Unilever                          | 4,633         | 2.10        |
| 455,261       | Compass Group                  | 3,788            | 1.72  | 109,455      | Officever                         | 4,033         | 2.10        |
| 451,995       | WS Atkins                      | 4,014            | 1.82  |              | Health 1.19% (0.98%)              |               |             |
|               | -                              |                  |       | 364,449      | Smith & Nephew                    | 2,629         | 1.19        |
| 4 000 407     | Transport 1.68% (1.22%)        |                  |       |              | ·                                 |               |             |
| 1,236,427     | Stagecoach Group               | 3,713            | 1.68  |              | Personal care & household produ   |               |             |
|               | Total cyclical services        | 24,013           | 10.89 | 73,316       | Reckitt Benckiser                 | 3,393         | 1.54        |
|               |                                |                  |       |              | Pharmaceuticals & biotechnolog    | v 3 70% (4 76 | <b>i%</b> ) |
| FINANCIALS 20 | ).98% (12.97%)                 |                  |       | 550,466      | GlaxoSmithKline                   | 8,163         | 3.70        |
|               | Banks 8.16% (3.16%)            |                  |       | 000,100      | Glaxoonnankino                    | 0,100         | 0.70        |
| 1,077,694     | Barclays                       | 3,325            | 1.51  |              | Tobacco 4.35% (4.78%)             |               |             |
| 2,032,646     | HSBC Holdings                  | 14,661           | 6.65  | 124,013      | British American Tobacco          | 4,373         | 1.98        |
|               |                                |                  |       | 218,562      | Imperial Tobacco Group            | 5,215         | 2.37        |
| 4 004 000     | Insurance 1.94% (1.13%)        | 4.070            | 4.04  |              | Total non-cyclical                |               |             |
| 1,021,060     | Amlin                          | 4,276            | 1.94  |              | consumer goods                    | 28,406        | 12.88       |
|               | Investment companies 0.89% (   | 0.00%)           |       |              | -                                 |               |             |
| 1,849,942     | Sherborne Investors (Guernsey  | •                |       |              | L SERVICES 8.06% (14.55%)         |               |             |
|               | 'B' Shares                     | 1,961            | 0.89  | NON-OTOEIOAI | Food & drug retailers 0.00% (3.50 | 0%)           |             |
|               |                                |                  |       |              | -                                 |               |             |
| 7 000 740     | Life assurance 7.15% (6.65%)   | 10.050           | F 00  |              | Telecommunications services 8.0   |               |             |
| 7,929,719     | Legal & General                | 13,052           | 5.92  | 2,437,484    | BT Group                          | 6,462         | 2.93        |
| 509,506       | St. James's Place              | 2,713            | 1.23  | 3,210,434    | Spirent Communications            | 4,976         | 2.25        |
|               | Real estate 2.84% (2.03%)      |                  |       | 3,564,819    | Vodafone Group                    | 6,344         | 2.88        |
| 280,377       | Derwent London                 | 6,269            | 2.84  |              | Total non-cyclical services       | 17,782        | 8.06        |
|               | Total financials               | 46,257           | 20.98 |              | _                                 |               |             |
|               |                                | 10,207           | 20.00 |              |                                   |               |             |

# **Threadneedle UK Select Fund**

# **Portfolio Statement**

(continued)

| Holding             | Investment                     | Value No<br>£000 | % of<br>et Asset<br>Value |  |  |  |
|---------------------|--------------------------------|------------------|---------------------------|--|--|--|
| <b>RESOURCES</b> 17 | 7.79% (22.28%)                 |                  |                           |  |  |  |
|                     | Mining 2.90% (3.73%)           |                  |                           |  |  |  |
| 185,159             | Rio Tinto                      | 6,386            | 2.90                      |  |  |  |
|                     | Oil & gas 14.89% (18.55%)      |                  |                           |  |  |  |
| 804,568             | BG Group                       | 9,373            | 4.25                      |  |  |  |
| 1,408,093           | BP                             | 6,355            | 2.88                      |  |  |  |
| 494,769             | Hunting                        | 4,478            | 2.03                      |  |  |  |
| 578,598             | Premier Oil                    | 2,276            | 1.03                      |  |  |  |
| 320,196             | Royal Dutch Shell 'B' Shares   | 7,270            | 3.30                      |  |  |  |
| 359,734             | Wood Group                     | 3,092            | 1.40                      |  |  |  |
|                     | Total resources                | 39,230           | 17.79                     |  |  |  |
| UTILITIES 2.04%     | UTILITIES 2.04% (1.70%)        |                  |                           |  |  |  |
|                     | Gas distribution 2.04% (1.70%) |                  |                           |  |  |  |

| Net assets                 |                 | 220,522 | 100.00 |
|----------------------------|-----------------|---------|--------|
| Net other assets (3.61%)   |                 | 11,673  | 5.29   |
| Total value of investments |                 | 208,849 | 94.71  |
|                            | Total utilities | 4,503   | 2.04   |
| 1,255,328                  | Centrica        | 4,503   | 2.04   |

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

March 2012 comparatives in brackets.

# **Threadneedle UK Smaller Companies Fund**

# **Portfolio Statement**

as at 7 March 2013

|                      |                                   |              | % of  |              |                                     |             | % of      |
|----------------------|-----------------------------------|--------------|-------|--------------|-------------------------------------|-------------|-----------|
|                      |                                   | Value No     |       |              |                                     |             | Net Asset |
| Holding              | Investment                        | £000         | Value | Holding      | Investment                          | £000        | Value     |
| BASIC INDUST         | RIES 5.38% (5.71%)                |              |       |              | Real estate 4.47% (3.14%)           |             |           |
|                      | Chemicals 3.37% (3.20%)           |              |       | 470,400      | Development Securities              | 737         | 0.49      |
| 944,001              | Elementis                         | 2,400        | 1.60  | 2,490,007    | Hansteen Holdings                   | 2,084       | 1.39      |
| 2,280,000            | Scapa Group                       | 1,482        | 0.99  | 400,000      | LSL Property Services               | 1,156       | 0.77      |
| 70,000               | Victrex                           | 1,164        | 0.78  | 539,392      | Newriver Retail                     | 1,063       | 0.71      |
|                      |                                   |              | 0()   | 1,091,521    | Regus                               | 1,669       | 1.11      |
| = 40,400             | Construction & building materials |              |       |              |                                     | (0.00%)     |           |
| 549,163              | Crest Nicholson Holdings          | 1,477        | 0.98  | 1 0 17 100   | Speciality & other finance 1.21%    |             | 1.01      |
| 164,640              | Galliford Try                     | 1,553        | 1.03  | 1,647,402    | · _                                 | 1,814       | 1.21      |
|                      | Total basic industries            | 8,076        | 5.38  |              | Total financials                    | 18,331      | 12.21     |
|                      | VICES 28.41% (25.33%)             |              |       | GENERAL INDI | USTRIALS 11.84% (12.92%)            |             |           |
| GIGLICAL SEN         | General retailers 6.39% (3.65%)   |              |       | GENERAL IND. | Aerospace & defence 0.00% (0.93)    | 0/_ )       |           |
| 210 720              |                                   | 1 707        | 1 1 4 |              | Aerospace & defence 0.00 /0 (0.55   | /0]         |           |
| 218,720              | Dunelm Group                      | 1,707        | 1.14  |              | Diversified industrials 0.51% (0.87 | 7%)         |           |
| 200,000              | Majestic Wine                     | 870          | 0.58  | 157,584      | New Britain Palm Oil                | 772         | 0.51      |
| 1,050,000            | Moss Bros Group                   | 693          | 0.46  | ,            |                                     |             | 0.0.      |
| 95,822               | Mulberry Group                    | 1,233        | 0.82  |              | Electronic & electrical equipment   | 8.24% (6.5  | 51%)      |
| 425,712              | N. Brown Group                    | 1,682        | 1.12  | 594,081      | AZ Electronic Materials             | 2,253       | 1.50      |
| 278,135              | Ted Baker                         | 3,402        | 2.27  | 376,384      | Domino Printing                     | 2,640       | 1.76      |
|                      |                                   |              |       | 1,027,481    | 0                                   | 1,847       | 1.23      |
| 4 000 044            | Leisure entertainment & hotels 6. |              |       | 213,528      | Oxford Instruments                  | 3,649       | 2.43      |
| 1,928,641            | Rank Group                        | 3,144        | 2.09  | 105,840      |                                     | 1,991       | 1.32      |
| 463,235              | Restaurant Group                  | 2,056        | 1.37  | 100,040      | nononaw                             | 1,001       | 1.02      |
| 4,425,571            | Spirit Pub Company                | 2,987        | 1.99  |              | Engineering & machinery 3.09% (     | 4.61%)      |           |
| 2,352,001            | Sportingbet                       | 1,288        | 0.86  | 521,943      | Fenner                              | 2,181       | 1.45      |
|                      | Media & photography 5.22% (5.32   | 0/ )         |       | 872,521      | Senior                              | 2,173       | 1.45      |
| 224 220              |                                   |              | 1 40  | 392,000      | Severfield-Rowen                    | 284         | 0.19      |
| 234,280              | Euromoney Institutional Investor  | 2,152        | 1.43  | ,            |                                     |             |           |
| 1,016,681            | ITE Group                         | 2,799        | 1.86  |              | Total general industrials           | 17,790      | 11.84     |
| 1,411,201            | STV Group                         | 1,891        | 1.26  |              |                                     |             |           |
| 646,800              | Wilmington Group                  | 1,009        | 0.67  | INFORMATION  | I TECHNOLOGY 15.76% (10.36%         | -           |           |
|                      | Support services 10.49% (10.89%)  |              |       |              | Information technology hardware     | e 3.66% (1. | 11%)      |
| 673,040              | Ashtead Group                     | 3,978        | 2.65  | 929,816      | CSR                                 | 4,462       | 2.97      |
| 894,039              | Howden Joinery Group              | 1,993        | 1.33  | 525,000      | Wolfson Microelectronics            | 1,034       | 0.69      |
| 294,108              | Hyder Consulting                  | 1,382        | 0.92  |              |                                     |             | - / .     |
| 2,224,048            | IP Group                          | 3,009        | 2.00  |              | Software & computer services 12     |             |           |
| 387,164              | PayPoint                          | 3,332        | 2.00  | 3,946,301    | Advanced Computer Software          | 3,433       | 2.29      |
| 427,845              | Robert Walters                    | 3,332<br>911 | 0.61  | 2,410,561    | Anite                               | 3,760       | 2.50      |
|                      |                                   |              | 0.81  | 89,273       | Aveva Group                         | 2,071       | 1.38      |
| 877,500              | SKIL Ports & Logistics            | 1,141        | 0.76  | 395,713      |                                     | 1,622       | 1.08      |
|                      | Total cyclical services           | 42,659       | 28.41 | 50,000       | Delcam                              | 705         | 0.47      |
|                      |                                   |              |       | 103,576      | Fidessa Group                       | 2,031       | 1.35      |
| <b>FINANCIALS</b> 12 | 2,21% (10,20%)                    |              |       | 1,800,000    | GB Group                            | 1,602       | 1.07      |
|                      | Investment companies 5.00% (2.2   | 7%)          |       | 4,744,444    | †Progressive Digital Media          | 1,471       | 0.98      |
| 153,695              | Brooks Macdonald Group            | 1,960        | 1.31  | 758,654      |                                     | 1,479       | 0.98      |
| 1,136,801            | Conygar Investment                | 1,239        | 0.82  |              | Total information technology        | 23,670      | 15 76     |
| 725,000              | Polar Capital Holdings            | 2,030        | 1.35  |              |                                     | 23,070      | 15.76     |
|                      |                                   |              |       |              |                                     |             |           |
| 586,000              | SVG Capital                       | 2,285        | 1.52  | NON-CYCLICA  | L CONSUMER GOODS 6.15% (            | -           |           |
|                      | Life assurance 1.53% (1.17%)      |              |       |              | Food producers & processors 2.10    |             |           |
| 430,760              | St. James's Place                 | 2,294        | 1.53  |              | †China Food Company                 | 235         | 0.16      |
|                      | -                                 |              |       | 5,259,266    | Domino's Pizza Poland               | 1,315       | 0.87      |
|                      |                                   |              |       | 110,544      | Genus                               | 1,608       | 1.07      |
|                      |                                   |              |       |              | Health 4.05% (3.92%)                |             |           |
|                      |                                   |              |       | 276,860      | Dechra Pharmaceuticals              | 2 0 2 1     | 1 25      |
|                      |                                   |              |       | 2,114,690    |                                     | 2,021       | 1.35      |
|                      |                                   |              |       | 2,114,090    | Optos                               | 4,060       | 2.70      |

170

Total non-cyclical

consumer goods

9,239

6.15

# **Threadneedle UK Smaller Companies Fund**

# **Portfolio Statement**

(continued)

|                    |                                           |         | % of      |  |  |  |  |  |
|--------------------|-------------------------------------------|---------|-----------|--|--|--|--|--|
|                    |                                           | Value   | Net Asset |  |  |  |  |  |
| Holding            | Investment                                | £000    | Value     |  |  |  |  |  |
|                    | L SERVICES 6.27% (9.08%)                  |         |           |  |  |  |  |  |
| NON-CICLICA        | Telecommunications services 6.27% (9.08%) |         |           |  |  |  |  |  |
| 59,689,734         | †Expansys                                 | 478     | ,<br>0.32 |  |  |  |  |  |
|                    | Gooch & Housego                           | 748     | 0.50      |  |  |  |  |  |
| 1,496,321          | iomart Group                              | 3,415   | 2.27      |  |  |  |  |  |
| 160,000            | †Lo-Q                                     | 896     | 0.59      |  |  |  |  |  |
| 2,214,880          | Mood Media                                | 2,370   | 1.58      |  |  |  |  |  |
| 979,028            | Spirent Communications                    | 1,517   | 1.01      |  |  |  |  |  |
|                    | Total non-cyclical services               | 9,424   | 6.27      |  |  |  |  |  |
|                    |                                           |         |           |  |  |  |  |  |
| <b>RESOURCES 7</b> | . ,                                       |         |           |  |  |  |  |  |
|                    | Mining 0.71% (2.41%)                      |         |           |  |  |  |  |  |
| ,                  | Petra Diamonds                            | 1,067   | 0.71      |  |  |  |  |  |
| 12,400,000         | †Weatherly International                  | 496     | 0.33      |  |  |  |  |  |
|                    | Oil & gas 6.11% (10.17%)                  |         |           |  |  |  |  |  |
| 2,563,922          |                                           | 1,667   | 1.11      |  |  |  |  |  |
| 1,046,641          | Faroe Petroleum                           | 1,484   | 0.99      |  |  |  |  |  |
| 351,112            | 8                                         | 3,178   | 2.12      |  |  |  |  |  |
| 361,880            | 1 87                                      | 1,858   | 1.24      |  |  |  |  |  |
| 775,000            | Trinity Exploration & Production          | 984     | 0.65      |  |  |  |  |  |
|                    | Total resources                           | 10,734  | 7.15      |  |  |  |  |  |
|                    |                                           |         |           |  |  |  |  |  |
| UTILITIES 0.65     | . ,                                       |         |           |  |  |  |  |  |
|                    | Electricity 0.65% (1.08%)                 |         |           |  |  |  |  |  |
| 86,520             | XP Power                                  | 973     | 0.65      |  |  |  |  |  |
|                    | Total utilities                           | 973     | 0.65      |  |  |  |  |  |
| Total value of inv | vestments                                 | 140,896 | 93.82     |  |  |  |  |  |
| Net other assets   | (6.89%)                                   | 9,275   | 6.18      |  |  |  |  |  |
| Net assets         |                                           | 150,171 | 100.00    |  |  |  |  |  |

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

March 2012 comparatives in brackets.

†Alternative Investment Market.

# **Threadneedle UK Growth & Income Fund**

# **Portfolio Statement**

as at 7 March 2013

|                      |                                                        |               | % of  |                        |                                                |                | % of         |
|----------------------|--------------------------------------------------------|---------------|-------|------------------------|------------------------------------------------|----------------|--------------|
| Halder -             | laure day and                                          | Value No      |       | Li a Lallar an         | 1                                              |                | let Asset    |
| Holding              | Investment                                             | £000          | Value | Holding                | Investment                                     | £000           | Value        |
| BASIC INDUST         | RIES 4.18% (7.36%)                                     |               |       | GENERAL INDU           | ISTRIALS 13.89% (13.18%)                       | 0/ )           |              |
| 220,452              | Chemicals 2.20% (2.72%)                                | 5,059         | 2.20  | 1 255 1/2              | Aerospace & defence 8.45% (8.09<br>BAE Systems | 4,861          | 2.12         |
| 220,452              | Johnson Matthey                                        | 5,059         | 2.20  | 1,355,143<br>1,727,978 | Cobham                                         | 4,001          | 1.79         |
|                      | <b>Construction &amp; building materials</b>           | 0.00% (2.71   | %)    | 592,832                | Rolls-Royce Holdings                           | 6,225          | 2.71         |
|                      |                                                        |               |       | 322,281                | Smiths Group                                   | 6,225<br>4,196 | 1.83         |
|                      | Forestry & paper 1.98% (1.93%)                         |               |       | 322,201                | Siniti's Group                                 | 4,130          | 1.05         |
| 1,943,803            | DS Smith                                               | 4,539         | 1.98  |                        | Engineering & machinery 5.44%                  | (5.09%)        |              |
|                      | Total basic industries                                 | 9,598         | 4.18  | 373,716                | IMI                                            | 4,967          | 2.16         |
|                      |                                                        |               |       | 1,704,510              | Melrose Industries                             | 4,427          | 1.93         |
|                      | SUMER GOODS 2.60% (2.46%)                              |               |       | 1,051,776              | Morgan Crucible                                | 3,107          | 1.35         |
| CICLICAL CON         | Automobiles & parts 2.60% (2.46%)                      |               |       |                        | Total general industrials                      | 31,906         | 13.89        |
| 2,106,240            | GKN                                                    | 5,975         | 2.60  |                        | -                                              | 51,500         | 10.00        |
| 2,100,240            |                                                        |               |       |                        | TEOURIOL O ON 4 40% (4 07%)                    |                |              |
|                      | Total cyclical consumer goods                          | 5,975         | 2.60  | INFORMATION            | TECHNOLOGY 1.19% (1.67%)                       |                |              |
|                      |                                                        |               |       |                        | Information technology hardwar                 |                |              |
| CYCLICAL SERV        | /ICES 24.50% (21.72%)                                  |               |       | 570,205                | CSR                                            | 2,736          | 1.19         |
|                      | Distributors 2.88% (0.00%)                             |               |       |                        | Software & computer services 0.                | 0.00/ /1 0.00/ | <b>`</b>     |
| 204,201              | Wolseley                                               | 6,608         | 2.88  |                        | · · ·                                          |                |              |
|                      |                                                        |               |       |                        | Total information technology                   | 2,736          | 1.19         |
|                      | General retailers 2.91% (2.27%)                        |               |       |                        |                                                |                |              |
| 1,761,875            | Home Retail Group                                      | 2,264         | 0.99  | NON-CYCLICAL           | CONSUMER GOODS 18.73%                          | (20.31%)       |              |
| 1,209,640            | Marks & Spencer Group                                  | 4,418         | 1.92  |                        | Food producers & processors 4.2                | 3% (3.48%)     |              |
|                      |                                                        | 040/ (0 400/) |       | 355,556                | Unilever                                       | 9,721          | 4.23         |
| F04 001              | Leisure entertainment & hotels 2.2<br>J.D. Wetherspoon | • •           |       |                        |                                                |                |              |
| 524,201              |                                                        | 2,647         | 1.15  |                        | Pharmaceuticals & biotechnology                | •              |              |
| 1,498,366            | Rank Group                                             | 2,442         | 1.06  | 297,532                | AstraZeneca                                    | 9,042          | 3.93         |
|                      | Media & photography 6.63% (7.33                        | %)            |       | 768,550                | GlaxoSmithKline                                | 11,398         | 4.96         |
| 4,104,156            | ITV                                                    | 5,237         | 2.28  |                        | Tobacco 5.61% (6.84%)                          |                |              |
| 313,872              | Pearson                                                | 3,679         | 1.60  | 107 005                | British American Tobacco                       | E 012          | 2 5 7        |
| 862,092              | Reed Elsevier                                          | 6,328         | 2.75  | 167,685<br>292,345     |                                                | 5,913<br>6,975 | 2.57<br>3.04 |
| 002,002              |                                                        | 0,020         | 2.7.0 | 292,345                | Imperial Tobacco Group                         | 0,975          | 3.04         |
|                      | Support services 8.15% (7.82%)                         |               |       |                        | Total non-cyclical                             |                |              |
| 726,114              | Compass Group                                          | 6,041         | 2.63  |                        | consumer goods                                 | 43,049         | 18.73        |
| 1,092,698            | Electrocomponents                                      | 2,878         | 1.25  |                        |                                                |                |              |
| 517,310              | Filtrona                                               | 3,394         | 1.48  | NON-CYCLICAL           | . SERVICES 9.24% (9.05%)                       |                |              |
| 3,690,876            | Rentokil Initial                                       | 3,373         | 1.47  |                        | Food & drug retailers 4.93% (4.85              | 5%)            |              |
| 341,552              | WS Atkins                                              | 3,033         | 1.32  | 5,882,127              | Booker Group                                   | 6,764          | 2.94         |
|                      |                                                        |               |       | 1,760,188              | Morrison (Wm) Supermarkets                     | 4,573          | 1.99         |
|                      | Transport 1.72% (2.11%)                                |               |       |                        |                                                |                |              |
| 1,094,090            | Stagecoach Group                                       | 3,286         | 1.43  |                        | Telecommunications services 4.3                |                |              |
| 1,157,965            | Wincanton                                              | 663           | 0.29  | 3,032,907              | BT Group                                       | 8,040          | 3.50         |
|                      | Total cyclical services                                | 56,291        | 24.50 | 1,508,396              | Colt Group                                     | 1,857          | 0.81         |
|                      |                                                        |               |       |                        | Total non-cyclical services                    | 21,234         | 9.24         |
| <b>FINANCIALS 10</b> | 48% (5.35%)                                            |               |       |                        | _                                              |                |              |
|                      | Insurance 1.85% (1.72%)                                |               |       | <b>RESOURCES 7.</b>    | 12% (10.09%)                                   |                |              |
| 3,533,548            | RSA Insurance Group                                    | 4,254         | 1.85  |                        | Mining 0.88% (1.60%)                           |                |              |
| -,,                  |                                                        | .,            |       | 108,219                | Anglo American                                 | 2,029          | 0.88         |
|                      | Investment companies 5.23% (0.8                        | 5%)           |       | 100,210                | Anglo American                                 | 2,025          | 0.00         |
| 1,674,698            | 3i Group                                               | 5,389         | 2.35  |                        | Oil & gas 6.24% (8.49%)                        |                |              |
| 2,425,557            | Sherborne Investors                                    | 2,741         | 1.19  | 617,521                | BG Group                                       | 7,194          | 3.13         |
| 3,664,141            | Sherborne Investors (Guernsey)                         |               |       | 314,764                | Royal Dutch Shell 'B' Shares                   | 7,147          | 3.11         |
|                      | 'B' Shares                                             | 3,884         | 1.69  |                        | Total resources                                | 16,370         | 7.12         |
|                      |                                                        |               |       |                        |                                                | 10,370         | 7.12         |
|                      | Life assurance 3.40% (2.78%)                           |               |       |                        |                                                |                |              |
|                      | Legal & General                                        | 7,803         | 3.40  |                        |                                                |                |              |
| 4,740,796            |                                                        |               |       |                        |                                                |                |              |

# **Threadneedle UK Growth & Income Fund**

# **Portfolio Statement**

(continued)

|                    |                                |         | % of     |
|--------------------|--------------------------------|---------|----------|
|                    |                                | Value N | et Asset |
| Holding            | Investment                     | £000    | Value    |
| UTILITIES 6.299    | % (7.13%)                      |         |          |
|                    | Gas distribution 3.91% (4.37%) |         |          |
| 1,285,800          | Centrica                       | 4,612   | 2.01     |
| 594,247            | National Grid                  | 4,359   | 1.90     |
|                    | Water 2.38% (2.76%)            |         |          |
| 304,870            | Pennon Group                   | 2,024   | 0.88     |
| 465,628            | United Utilities Group         | 3,446   | 1.50     |
|                    | Total utilities                | 14,441  | 6.29     |
| Total value of inv | estments                       | 225,671 | 98.22    |
| Net other assets   | (1.68%)                        | 4,084   | 1.78     |
| Net assets         | _                              | 229,755 | 100.00   |

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

March 2012 comparatives in brackets.

# **Threadneedle UK Equity Income Fund**

# **Portfolio Statement**

as at 7 March 2013

|               |                                                 |               | % of      |              |                                                |                | % of     |
|---------------|-------------------------------------------------|---------------|-----------|--------------|------------------------------------------------|----------------|----------|
|               |                                                 | Value N       | et Asset  |              |                                                | Value N        | et Asset |
| Holding       | Investment                                      | £000          | Value     | Holding      | Investment                                     | £000           | Value    |
| BASIC INDUST  | RIES 5.51% (6.95%)                              |               |           |              | Life assurance 5.65% (5.57%)                   |                |          |
|               | Chemicals 2.68% (2.36%)                         |               |           | 8,307,788    | Aviva                                          | 26,286         | 1.42     |
| 5,806,044     | Elementis                                       | 14,759        | 0.80      | 4,593,646    | Chesnara                                       | 10,336         | 0.56     |
| 1,519,087     | Johnson Matthey                                 | 34,863        | 1.88      | 41,411,756   | Legal & General                                | 68,164         | 3.67     |
|               | Construction & building material                | s 0.92% (2.93 | 3%)       |              | Real estate 0.39% (0.00%)                      |                |          |
| 951,412       | Kier Group                                      | 12,264        | 0.66      | 326,695      | Derwent London                                 | 7,305          | 0.39     |
| 897,305       | Morgan Sindall                                  | 4,854         | 0.26      |              | Total financials                               | 224,551        | 12.10    |
|               | Forestry & paper 1.91% (1.66%)                  |               |           |              |                                                |                |          |
| 15,139,611    | DS Smith                                        | 35,351        | 1.91      | GENERAL INDU | JSTRIALS 12.77% (13.02%)                       | -0/1           |          |
|               | Total basic industries                          | 102,091       | 5.51      | 44 747 500   | Aerospace & defence 7.26% (6.4                 |                | 0.07     |
|               |                                                 |               |           | 11,747,500   | BAE Systems                                    | 42,138         | 2.27     |
|               |                                                 | 1             |           | 11,732,971   |                                                | 27,995         | 1.51     |
|               | ISUMER GOODS 1.66% (1.42%                       | -             |           | 2,869,937    | , ,                                            | 30,134         | 1.62     |
| 10 000 000    | Automobiles & parts 1.66% (1.42<br>GKN          |               | 1 66      | 2,654,890    | Smiths Group                                   | 34,567         | 1.86     |
| 10,823,338    | GKN                                             | 30,706        | 1.66      |              | Electronic & electrical equipmen               | + 1 070/ /1 00 | 0/ )     |
|               | Total cyclical consumer goods                   | 30,706        | 1.66      | 1,163,565    | Oxford Instruments                             | 19,885         | 1.07     |
|               |                                                 |               |           |              | <b>-</b> · · · · · · · · · · · · · · · · · · · | (= 470/)       |          |
| CYCLICAL SER  | VICES 23.13% (19.96%)                           |               |           |              | Engineering & machinery 4.44%                  |                |          |
|               | Distributors 1.86% (0.00%)                      |               |           | 2,314,892    | IMI                                            | 30,765         | 1.66     |
| 1,066,612     | Wolseley                                        | 34,515        | 1.86      | 12,686,904   | Melrose Industries                             | 32,948         | 1.78     |
|               | General retailers 1.81% (1.53%)                 |               |           | 6,291,276    | Morgan Crucible                                | 18,584         | 1.00     |
| 9,202,742     |                                                 | 33,608        | 1.81      |              | Total general industrials                      | 237,016        | 12.77    |
|               |                                                 |               |           |              |                                                |                |          |
| 2 5 2 2 0 0 1 | Leisure entertainment & hotels 2                |               | )<br>0.38 | INFORMATION  | TECHNOLOGY 0.00% (1.04%                        | -              |          |
| 2,523,091     | Cineworld Group                                 | 7,128         |           |              | Software & computer services 0                 | 0.00% (1.04%)  |          |
| 3,445,145     | J.D. Wetherspoon                                | 17,398        | 0.94      |              | Total information technology                   | -              | -        |
| 9,797,399     | Rank Group                                      | 15,970        | 0.86      |              |                                                |                |          |
|               | Media & photography 6.16% (5.3                  | 5%)           |           | NON-CYCLICAL | CONSUMER GOODS 20.67%                          | 6 (25.37%)     |          |
| 29,611,210    | ITV                                             | 37,784        | 2.04      |              | Food producers & processors 4.                 | 91% (3.94%)    |          |
| 2,444,896     | Pearson                                         | 28,654        | 1.54      | 3,331,006    | Unilever                                       | 91,070         | 4.91     |
| 6,529,924     | Reed Elsevier                                   | 47,930        | 2.58      |              |                                                | 40.040/ /40    | 500/)    |
|               | Support convicts $9.92\%$ (9.05%)               |               |           | 0 000 010    | Pharmaceuticals & biotechnolog<br>AstraZeneca  |                |          |
| 6 576 100     | Support services 8.82% (8.05%)<br>Compass Group | 54,713        | 2.95      | 2,833,813    | GlaxoSmithKline                                | 86,120         | 4.64     |
| 6,576,103     |                                                 |               | 2.95      | 6,714,699    | GlaxoSmithKine                                 | 99,579         | 5.37     |
| 9,107,279     | Electrocomponents                               | 23,989        | 0.96      |              | Tobacco 5.75% (8.91%)                          |                |          |
| 2,706,742     | Filtrona                                        | 17,756        |           | 1,322,545    | British American Tobacco                       | 46,633         | 2.51     |
| 15,972,946    | Hays                                            | 15,518        | 0.84      | 2,520,458    | Imperial Tobacco Group                         | 60,138         | 3.24     |
| 23,042,023    | Rentokil Initial                                | 21,060        | 1.14      | 2,520,450    |                                                | 00,100         | 0.24     |
| 3,421,372     | WS Atkins                                       | 30,382        | 1.64      |              | Total non-cyclical                             | 000 5 40       |          |
|               | Transport 2.30% (2.98%)                         |               |           |              | consumer goods                                 | 383,540        | 20.67    |
| 872,356       | Go Ahead Group                                  | 12,605        | 0.68      |              |                                                |                |          |
| 8,750,393     | Stagecoach Group                                | 26,277        | 1.42      | NON-CYCLICAL | _ SERVICES 8.48% (8.86%)                       |                |          |
| 6,523,320     | Wincanton                                       | 3,735         | 0.20      |              | Food & drug retailers 3.42% (3.6               | 64%)           |          |
|               | Total cyclical services                         | 429,022       | 23.13     | 23,889,177   | Booker Group                                   | 27,472         | 1.48     |
|               |                                                 | 120,022       | 20.10     | 13,871,725   | Morrison (Wm) Supermarkets                     | 36,039         | 1.94     |
| FINANCIALS 12 | 2.10% (9.03%)                                   |               |           |              | Telecommunications services 5.                 | 06% (5.22%)    |          |
|               | Insurance 2.81% (3.01%)                         |               |           | 35,389,384   | BT Group                                       | 93,817         | 5.06     |
| 43,284,483    | RSA Insurance Group                             | 52,114        | 2.81      |              | Total non-cyclical services                    | 157,328        | 8.48     |
|               | Investment companies 3.25% (0.4                 | 15%)          |           |              |                                                |                |          |
| 11,655,905    | 3i Group                                        | 37,509        | 2.02      |              |                                                |                |          |
| 8,577,832     | Sherborne Investors                             | 9,693         | 0.52      |              |                                                |                |          |
| 12,399,610    | Sherborne Investors (Guernsey)                  | 5,055         | 0.52      |              |                                                |                |          |
| 12,000,010    | 'B' Shares                                      | 13,144        | 0.71      |              |                                                |                |          |
|               |                                                 | 13,144        | 0.71      |              |                                                |                |          |

# **Threadneedle UK Equity Income Fund**

# **Portfolio Statement**

(continued)

|                                         |                                |           | % of   |
|-----------------------------------------|--------------------------------|-----------|--------|
|                                         |                                | Value N   |        |
| Holding                                 | Investment                     | £000      | Value  |
| <b>RESOURCES 6.</b>                     | 04% (8.43%)                    |           |        |
|                                         | Oil & gas 6.04% (8.43%)        |           |        |
| 2,411,658                               | BG Group                       | 28,096    | 1.52   |
| 3,695,996                               | Royal Dutch Shell 'B' Shares   | 83,918    | 4.52   |
|                                         | Total resources                | 112,014   | 6.04   |
| UTILITIES 5.69%                         | % (6.24%)                      |           |        |
|                                         | Gas distribution 3.11% (2.95%) |           |        |
| 5,402,093                               | Centrica                       | 19,377    | 1.04   |
| 5,230,921                               | National Grid                  | 38,369    | 2.07   |
|                                         | Water 2.58% (3.29%)            |           |        |
| 3,183,157                               | Pennon Group                   | 21,136    | 1.14   |
| 3,601,221                               | United Utilities Group         | 26,649    | 1.44   |
|                                         | Total utilities                | 105,531   | 5.69   |
| Total value of investments              |                                | 1,781,799 | 96.05  |
| Net other assets/(liabilities) (–0.32%) |                                | 73,366    | 3.95   |
| Net assets                              |                                | 1,855,165 | 100.00 |

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

March 2012 comparatives in brackets.

# **Threadneedle UK Monthly Income Fund**

# **Portfolio Statement**

as at 7 March 2013

| Holding       | Investment                                                      | Value<br>£000                | % of<br>Net Asset<br>Value |
|---------------|-----------------------------------------------------------------|------------------------------|----------------------------|
| BASIC INDUST  | RIES 4.17% (2.67%)<br>Chemicals 1.17% (1.02%)                   |                              |                            |
| 110,000       | Croda International                                             | 2,961                        | 0.51                       |
| 165,000       | Johnson Matthey                                                 | 3,787                        | 0.66                       |
| 1,730,000     | Construction & building materials<br>Balfour Beatty             | <b>5 1.89% (1</b><br>4,756   |                            |
| 400,000       | Bovis Homes Group                                               | 2,688                        |                            |
| 1,200,000     | Carillion                                                       | 3,490                        |                            |
| 2,740,000     | Forestry & paper 1.11% (0.08%)<br>DS Smith                      | 6,398                        | 1.11                       |
| , ,,,,,,      | Total basic industries                                          | 24,080                       |                            |
|               | _                                                               |                              |                            |
|               | SUMER GOODS 0.92% (0.51%<br>Automobiles & parts 0.92% (0.51%    | %)                           |                            |
| 1,875,000     | GKN                                                             | 5,319                        | 0.92                       |
|               | Total cyclical consumer goods                                   | 5,319                        | 0.92                       |
| CYCLICAL SER  | VICES 20.02% (14.41%)<br>Distributors 0.67% (0.00%)<br>Wolseley | 3,869                        | 0.67                       |
|               |                                                                 |                              |                            |
| 6,825,000     | General retailers 1.67% (2.01%)<br>Debenhams                    | 5,631                        | 0.97                       |
| 2,375,000     | Smiths News                                                     | 4,067                        | 0.37                       |
| _,,           |                                                                 |                              |                            |
| 3,450,000     | Leisure entertainment & hotels 3.<br>Cineworld Group            | 2 <b>3% (1.40</b> .<br>9,746 |                            |
| 660,000       | Fuller Smith & Turner                                           | 5,293                        |                            |
| 2,225,000     | Rank Group                                                      | 3,627                        |                            |
|               | Media & photography 4.94% (1.30                                 | ۱%                           |                            |
| 365,000       | Chime Communications                                            | 949 g                        | 0.16                       |
| 5,150,000     | ITV                                                             | 6,572                        |                            |
| 335,000       | Pearson                                                         | 3,926                        |                            |
| 1,275,000     | Reed Elsevier                                                   | 9,358                        |                            |
| 715,000       | WPP                                                             | 7,736                        |                            |
|               | Summark convision 7 70% /6 90%)                                 |                              |                            |
| 85,000        | Support services 7.79% (6.80%)<br>Aggreko                       | 1,712                        | 0.30                       |
| 1,190,000     | Compass Group                                                   | 9,901                        | 1.71                       |
| 535,000       | De La Rue                                                       | 4,842                        | 0.84                       |
| 1,840,000     | Diploma                                                         | 11,408                       | 1.97                       |
| 960,000       | Electrocomponents                                               | 2,529                        | 0.44                       |
| 850,000       | Filtrona                                                        | 5,576                        |                            |
| 1,020,000     | WS Atkins                                                       | 9,058                        |                            |
|               | Transport 1.72% (2.90%)                                         |                              |                            |
| 180,000       | Go Ahead Group                                                  | 2,601                        | 0.45                       |
| 510,000       | James Fisher & Sons                                             | 4,613                        |                            |
| 900,000       | Stagecoach Group                                                | 2,703                        | 0.47                       |
|               | Total cyclical services                                         | 115,717                      | 20.02                      |
| FINANCIALS 24 | . ,                                                             |                              |                            |
| 2 620 000     | Banks 4.52% (2.64%)                                             | 26 114                       | 4 5 0                      |
| 3,620,000     | HSBC Holdings                                                   | 26,111                       | 4.52                       |
|               | Insurance 4.93% (4.09%)                                         |                              |                            |
| 1,055,000     | Amlin<br>Catlin Crown                                           | 4,418                        |                            |
| 2,835,000     | Catlin Group                                                    | 14,785                       |                            |
| 7,710,000     | RSA Insurance Group                                             | 9,283                        | 1.61                       |

| Holding                                                                | Investment                                 | Value<br>£000            | % of<br>Net Asset<br>Value |  |  |  |  |
|------------------------------------------------------------------------|--------------------------------------------|--------------------------|----------------------------|--|--|--|--|
|                                                                        |                                            |                          |                            |  |  |  |  |
| 1,135,000                                                              | Investment companies 1.11% (0.<br>3i Group | 3,652                    | 0.63                       |  |  |  |  |
| 2,623,840                                                              | Sherborne Investors (Guernsey)             |                          |                            |  |  |  |  |
|                                                                        | 'B' Shares                                 | 2,781                    | 0.48                       |  |  |  |  |
|                                                                        | Life assurance 7.06% (5.91%)               |                          |                            |  |  |  |  |
| 2,425,000                                                              | Aviva                                      | 7,673                    | 1.33                       |  |  |  |  |
| 4,530,000                                                              | Chesnara                                   | 10,192                   | 1.76                       |  |  |  |  |
| 12,500,000                                                             | Legal & General                            | 20,575                   | 3.56                       |  |  |  |  |
| 445,000                                                                | St. James's Place                          | 2,370                    | 0.41                       |  |  |  |  |
|                                                                        | Real estate 1.47% (1.60%)                  |                          |                            |  |  |  |  |
| 380,000                                                                | Derwent London                             | 8,497                    | 1.47                       |  |  |  |  |
|                                                                        | Speciality & other finance 5.54%           | (1.70%)                  |                            |  |  |  |  |
| 1,125,000                                                              | Close Bros Group                           | 12,049                   | 2.08                       |  |  |  |  |
| 3,330,000                                                              | Intermediate Capital Group                 | 13,413                   | 2.32                       |  |  |  |  |
| 420,000                                                                | Provident Financial                        | 6,590                    | 1.14                       |  |  |  |  |
|                                                                        | Total financials                           | 142,389                  | 24.63                      |  |  |  |  |
| GENERAL INDU                                                           | JSTRIALS 9.85% (11.61%)                    |                          |                            |  |  |  |  |
| 0.000.000                                                              | Aerospace & defence 5.41% (5.3)            |                          | 0.40                       |  |  |  |  |
| 3,390,000                                                              | BAE Systems                                | 12,160                   | 2.10                       |  |  |  |  |
| 1,065,000<br>610,000                                                   | Rolls-Royce Holdings<br>Smiths Group       | 11,182<br>7 <i>.</i> 942 | 1.94<br>1.37               |  |  |  |  |
| 010,000                                                                | Smiths Group                               | 7,542                    | 1.57                       |  |  |  |  |
| 80.000                                                                 | Electronic & electrical equipmen           |                          |                            |  |  |  |  |
| 80,000                                                                 | Spectris                                   | 1,895                    | 0.33                       |  |  |  |  |
|                                                                        | Engineering & machinery 4.11%              | (5.33%)                  |                            |  |  |  |  |
| 615,000                                                                | Halma                                      | 3,063                    | 0.53                       |  |  |  |  |
| 470,000                                                                | IMI                                        | 6,246                    | 1.08                       |  |  |  |  |
| 3,990,000                                                              | Melrose Industries                         | 10,362                   | 1.79                       |  |  |  |  |
| 1,000,000                                                              | Severfield-Rowen                           | 725                      | 0.13                       |  |  |  |  |
| 140,000                                                                | Weir Group                                 | 3,378                    | 0.58                       |  |  |  |  |
|                                                                        | Total general industrials                  | 56,953                   | 9.85                       |  |  |  |  |
| NON-CYCLICAL CONSUMER GOODS 18.42% (21.58%)<br>Beverages 2.59% (0.99%) |                                            |                          |                            |  |  |  |  |
| 455,000                                                                | Diageo                                     | 9,180                    | 1.59                       |  |  |  |  |
| 170,000                                                                | SABMiller                                  | 5,790                    | 1.00                       |  |  |  |  |
| Food producers & processors 2.34% (2.48%)                              |                                            |                          |                            |  |  |  |  |
| 495,000                                                                | Unilever                                   | 13,533                   | 2.34                       |  |  |  |  |
|                                                                        | Pharmaceuticals & biotechnolog             | v 7.33% (10              | .02%)                      |  |  |  |  |
| 905,000                                                                | AstraZeneca                                | 27,503                   | 4.76                       |  |  |  |  |
| 1,000,000                                                              | GlaxoSmithKline                            | 14,830                   | 2.57                       |  |  |  |  |
|                                                                        | Tobacco 6.16% (8.09%)                      |                          |                            |  |  |  |  |
| 520,000                                                                | British American Tobacco                   | 18,335                   | 3.17                       |  |  |  |  |
| 725,000                                                                | Imperial Tobacco Group                     | 17,298                   | 2.99                       |  |  |  |  |
|                                                                        | Total non-cyclical                         |                          |                            |  |  |  |  |
|                                                                        | consumer goods                             | 106,469                  | 18.42                      |  |  |  |  |

# **Threadneedle UK Monthly Income Fund**

# **Portfolio Statement**

(continued)

| Holding                    | Investment                                                  | Value<br>£000 | % of<br>Net Asset<br>Value |
|----------------------------|-------------------------------------------------------------|---------------|----------------------------|
| NON-CYCLICAL               | SERVICES 5.19% (10.68%)<br>Food & drug retailers 0.00% (1.1 | 10%)          |                            |
|                            | Telecommunications services 5                               | .19% (9.58%   | )                          |
| 7,960,000                  | BT Group                                                    | 21,102        | 3.65                       |
| 2,301,500                  | KCOM Group                                                  | 1,807         | 0.31                       |
| 4,005,000                  | Vodafone Group                                              | 7,127         | 1.23                       |
|                            | Total non-cyclical services                                 | 30,036        | 5.19                       |
| RESOURCES 9.3              |                                                             |               |                            |
|                            | Mining 2.07% (1.94%)                                        |               |                            |
| 570,000                    | BHP Billiton                                                | 11,944        | 2.07                       |
|                            | Oil & gas 7.25% (12.89%)                                    |               |                            |
| 1,080,000                  | BG Group                                                    | 12,582        | 2.18                       |
| 1,065,000                  | BP                                                          | 4,806         |                            |
| 1,080,000                  | Royal Dutch Shell 'B' Shares                                | 24,521        | 4.24                       |
|                            | Total resources                                             | 53,853        | 9.32                       |
| UTILITIES 6.68%            | % (5.50%)                                                   |               |                            |
|                            | Electricity 2.22% (0.00%)                                   |               |                            |
| 775,000                    | Drax Group                                                  | 4,852         | 0.84                       |
| 545,000                    | SSE                                                         | 7,979         | 1.38                       |
|                            | Gas distribution 2.78% (2.47%)                              |               |                            |
| 1,020,000                  | Centrica                                                    | 3,659         | 0.63                       |
| 1,690,000                  | National Grid                                               | 12,396        | 2.15                       |
|                            | Water 1.68% (3.03%)                                         |               |                            |
| 1,465,000                  | Pennon Group                                                | 9,728         | 1.68                       |
|                            | Total utilities                                             | 38,614        | 6.68                       |
| Total value of investments |                                                             | 573,430       | 99.20                      |
| Net other assets (1.86%)   |                                                             | 4,624         | 0.80                       |
| Net assets                 |                                                             | 578,054       | 100.00                     |

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

March 2012 comparatives in brackets.

# **Threadneedle Monthly Extra Income Fund**

# **Portfolio Statement**

as at 7 March 2013

| Holding            | Investment                                                  | Value<br>£000 | % of<br>Net Asset<br>Value | Holding             | Investment                                                         | Value<br>£000 | % of<br>Net Asset<br>Value |
|--------------------|-------------------------------------------------------------|---------------|----------------------------|---------------------|--------------------------------------------------------------------|---------------|----------------------------|
| AUSTRALIA 0.2      | 8% (0.24%)                                                  |               |                            | KAZAKHSTAN          | 0.00% (0.13%)                                                      |               |                            |
|                    | Corporate bonds 0.28% (0.24%)                               |               |                            |                     | Corporate bonds 0.00% (0.13%)                                      |               |                            |
| 300,000            | National Australia Bank 5.125%<br>09/12/2021                | 348           | 0.21                       |                     | Total Kazakhstan                                                   |               | _                          |
| 100,000            | QBE Insurance Group 6.125% 28/09/2015                       | 110           | 0.07                       | LUXEMBOURG          |                                                                    |               |                            |
|                    | Total Australia                                             | 458           | 0.28                       |                     | Corporate bonds 0.75% (1.02%)                                      |               |                            |
|                    |                                                             |               |                            | 300,000<br>700,000  | •                                                                  | 234           |                            |
| BELGIUM 0.28%      |                                                             |               |                            | 000.000             | 27/02/2019<br>Hannover Finance 5% 30/06/2043                       | 809           |                            |
| 200,000            | Corporate bonds 0.28% (0.23%)<br>Anheuser-Busch InBev 9.75% |               |                            | 200,000             |                                                                    | 185           |                            |
| 200,000            | 30/07/2024                                                  | 317           | 0.20                       |                     | Total Luxembourg                                                   | 1,228         | 0.75                       |
| 200,000            | KBC Bank 8% 25/01/2023                                      | 134           | 0.08                       |                     | (0.00%)                                                            |               |                            |
|                    | Total Belgium                                               | 451           | 0.28                       | <b>MEXICO 0.72%</b> | (0.82%)<br>Corporate bonds 0.34% (0.24%)                           |               |                            |
|                    |                                                             |               |                            | 285.000             | •                                                                  | 324           | 0.20                       |
| CAYMAN ISLAN       | IDS 0.74% (0.77%)<br>Corporate bonds 0.74% (0.77%)          |               |                            | 300,000             | BBVA Bancomer 6.75% 30/09/2022                                     | 232           | 0.14                       |
| 100,000            | DMR Cymru Financing 6.015%                                  |               |                            |                     | Government bonds 0.38% (0.58%)                                     |               |                            |
|                    | 31/03/2028<br>Hutchison Whampoa Internationa                | 124<br>al     | 0.08                       | 500,000             | United Mexican States 6.75% 06/02/2024                             | 622           | 0.38                       |
| 200,000            | 6% 28/10/2049                                               |               | 0.11                       |                     | Total Mexico                                                       | 1,178         | 0.72                       |
| 350,000            | IPIC GMTN 6.875% 14/03/2026                                 | 444           | 0.27                       |                     |                                                                    |               |                            |
| 250,000            | South East Water Finance 5.6577% 30/09/2019                 | 289           | 0.18                       | NETHERLANDS         | 5 1.40% (1.68%)<br>Corporate bonds 1.40% (1.68%)                   |               |                            |
| 140,000            | Thames Water Utilities Cayman                               |               |                            | 210.000             | •                                                                  | 159           | 0.10                       |
|                    | 5.75% 13/09/2030                                            | 159           | 0.10                       | 500,000             |                                                                    | 608           |                            |
|                    | Total Cayman Islands                                        | 1,193         | 0.74                       | 100,000<br>335,000  |                                                                    | 83            | 0.05                       |
| DENMARK 0.20       | % (0.24%)                                                   |               |                            |                     | 31/01/2017                                                         | 343           | 0.21                       |
|                    | Corporate bonds 0.20% (0.24%)                               |               |                            |                     | *ING Bank 1.006% 03/07/2017                                        | 248           |                            |
| 300,000            | DONG Energy 4.875% 12/01/2032                               | 317           | 0.20                       | 100,000             | Koninklijke KPN 5% 18/11/2026                                      | 106           |                            |
|                    | Total Denmark                                               | 317           | 0.20                       | 390,000<br>250,000  | Linde Finance 8.125% 14/07/2066<br>Siemens Financierungsamt 6.125% | 452           |                            |
| FRANCE 0.54%       | (0.58%)                                                     |               |                            |                     | 14/09/2066                                                         | 275           |                            |
|                    | Corporate bonds 0.54% (0.58%)                               |               |                            |                     | Total Netherlands                                                  | 2,274         | 1.40                       |
| 250,000<br>100,000 | AXA 7.125% 15/12/2020<br>CNP Assurances 7.375%              | 292           | 0.18                       | NORWAY 0.25%        | % (0.25%)                                                          |               |                            |
|                    | 30/09/2041                                                  | 104           | 0.06                       |                     | Corporate bonds 0.25% (0.25%)                                      |               |                            |
| 300,000            | Electricite de France 6%                                    |               |                            | 200,000             | DnB NOR Bank 7.25% 23/06/2020                                      | 221           | 0.14                       |
| 150.000            | 29/12/2049                                                  | 304           | 0.19                       | 267,000             | Eksportfinans 3% 17/11/2014                                        | 177           | 0.11                       |
| 150,000            | Electricite de France 6.125% 02/06/2034                     | 177           | 0.11                       |                     | Total Norway                                                       | 398           | 0.25                       |
|                    | Total France                                                | 877           | 0.54                       |                     | 0.000/1                                                            |               |                            |
|                    |                                                             | 0//           | 0.54                       | QATAR 0.26% (       | 0.23%)<br>Corporate bonds 0.26% (0.23%)                            |               |                            |
| GERMANY 0.13       | % (0 17%)                                                   |               |                            | 550,000             | Qatari Diar Finance 5% 21/07/2020                                  | 422           | 0.26                       |
| GERMANT 0.13       | Corporate bonds 0.13% (0.17%)                               |               |                            |                     | Total Qatar                                                        | 422           |                            |
| 200,000            | Münchener Rückversicherungs                                 | 000           | 0.40                       |                     |                                                                    | 766           | 0.20                       |
|                    | 6.25% 26/05/2042                                            | 206           | 0.13                       | REPUBLIC OF I       | RELAND 0.46% (0.53%)                                               |               |                            |
|                    | Total Germany                                               | 206           | 0.13                       | 004.000             | Corporate bonds 0.46% (0.53%)                                      |               | 0.45                       |
| ITALY 0.55% (0.    | 64%)                                                        |               |                            | 381,000<br>400,000  | *Argon Capital 2.845% 29/10/2049<br>GE Capital UK Funding 5.125%   | 244           |                            |
|                    | Corporate bonds 0.52% (0.64%)                               |               |                            | 700 000             | 24/05/2023                                                         | 454           |                            |
| 777,000 +1         | Acquedotto Pugliese 6.92%                                   | 0.47          | 0.50                       | 790,000 *           | **Saphir Finance 0% 04/07/2049                                     | 42            |                            |
| 53,000 +++         | 29/06/2018<br>*Romulus Finance 1.084%                       | 847           | 0.52                       |                     | Total Republic of Ireland                                          | 740           | 0.46                       |
|                    | 20/02/2015                                                  | 44            | 0.03                       |                     |                                                                    |               |                            |
|                    | Total Italy                                                 | 891           | 0.55                       |                     |                                                                    |               |                            |

# **Threadneedle Monthly Extra Income Fund**

# **Portfolio Statement**

(continued)

|                                                                    |                                                                     | Value Net    |              |  |  |
|--------------------------------------------------------------------|---------------------------------------------------------------------|--------------|--------------|--|--|
| Holding                                                            | Investment                                                          | £000         | Value        |  |  |
| RUSSIAN FEDERATION 0.09% (0.00%)<br>Government bonds 0.09% (0.00%) |                                                                     |              |              |  |  |
| 200,000                                                            | Russian Federation 4.5% 04/04/2022                                  | 147          | 0.09         |  |  |
|                                                                    | Total Russian Federation                                            | 147          | 0.09         |  |  |
| SOUTH KOREA                                                        | 0.00% (0.23%)<br>Corporate bonds 0.00% (0.23%)<br>Total South Korea |              |              |  |  |
| SPAIN 0.19% (0                                                     |                                                                     |              |              |  |  |
| SPAIN 0.15% (0                                                     | Corporate bonds 0.19% (0.37%)                                       |              |              |  |  |
| 300,000                                                            | Telefonica Emisiones 5.597%                                         |              |              |  |  |
|                                                                    | 12/03/2020                                                          | 314          | 0.19         |  |  |
|                                                                    | Total Spain                                                         | 314          | 0.19         |  |  |
|                                                                    |                                                                     |              |              |  |  |
| SWITZERLAND                                                        |                                                                     |              |              |  |  |
| 465.000                                                            | Corporate bonds 0.20% (0.22%)                                       | 221          | 0.20         |  |  |
| 465,000                                                            | UBS Jersey 7.25% 22/02/2022                                         | 331          | 0.20         |  |  |
|                                                                    | Total Switzerland                                                   | 331          | 0.20         |  |  |
|                                                                    | OM 85.54% (89.38%)                                                  |              |              |  |  |
|                                                                    | Aerospace & defence 5.87% (5.60%)                                   |              |              |  |  |
| 783,985                                                            | BAE Systems                                                         | 2,812        | 1.73         |  |  |
| 783,255                                                            | ,                                                                   | 1,869        | 1.15         |  |  |
| 247,170                                                            |                                                                     | 2,595        | 1.60         |  |  |
| 173,719                                                            | Smiths Group                                                        | 2,262        | 1.39         |  |  |
| 985,800                                                            | Automobiles & parts 1.72% (1.63%)<br>GKN                            | 2,797        | 1.72         |  |  |
|                                                                    | Chemicals 1.30% (1.41%)                                             |              |              |  |  |
| 92,028                                                             | Johnson Matthey                                                     | 2,112        | 1.30         |  |  |
|                                                                    | Construction & building materials 1.                                | 710/ /1 750/ | ,            |  |  |
| 85,717                                                             | Wolseley                                                            | 2,774        | 1.71         |  |  |
|                                                                    | Corporate bonds 10.14% (12.03%)                                     |              |              |  |  |
| 125,000                                                            | 3i Group 6.875% 09/03/2023                                          | 143          | 0.09         |  |  |
| 115,000                                                            | Abbey National Treasury Service                                     |              | 0.00         |  |  |
| .,                                                                 | 5.25% 16/02/2029                                                    | 138          | 0.09         |  |  |
| 300,000                                                            | Anglian Water (Osprey) Financing                                    |              |              |  |  |
|                                                                    | 7% 31/01/2018                                                       | 321          | 0.20         |  |  |
| 170,000                                                            | Aviva 6.625% 03/06/2041                                             | 181          | 0.11         |  |  |
| 264,000                                                            | Bank of Scotland 7.286% 30/05/2049                                  | 260          | 0.16         |  |  |
| 435,000                                                            | Barclays Bank 10% 21/05/2021                                        | 581          | 0.36         |  |  |
| 125,000                                                            | Barclays Bank 5.75% 17/08/2021                                      | 149          | 0.09         |  |  |
| 245,000                                                            | BG Energy Capital 6.5% 30/11/2072<br>*Cattles 0% 05/07/2017         | 265          | 0.16         |  |  |
| 125,000                                                            | Clydesdale Bank 4.625% 08/06/2026                                   | 9<br>143     | 0.01<br>0.09 |  |  |
| 305,000                                                            | Enterprise Inns 6.5% 06/12/2018                                     | 299          | 0.00         |  |  |
| 264,000                                                            | ENW Finance 6.125% 21/07/2021                                       | 314          | 0.19         |  |  |
| 750,000                                                            | Eversholt Funding 5.831% 02/12/202                                  |              | 0.55         |  |  |
| 270,000                                                            | First Hydro Finance 9% 31/07/2021                                   | 332          | 0.20         |  |  |
| 264,000                                                            | G4S 7.75% 13/05/2019                                                | 329          | 0.20         |  |  |
| 125,000                                                            | GKN Holdings 6.75% 28/10/2019                                       | 143          | 0.09         |  |  |
| 250,000                                                            | Heathrow Funding 6.25% 10/09/2018                                   |              | 0.18         |  |  |
| 250,000                                                            | Heathrow Funding 6.75% 03/12/2026                                   | 324          | 0.20         |  |  |
| 200,000                                                            | HSBC Capital Funding LP 5.844%                                      | 102          | 0.10         |  |  |
| 240,000                                                            | 05/11/2049<br>HSBC Capital Funding LP 8.208%                        | 193          | 0.12         |  |  |
| 240,000                                                            | 30/06/2049                                                          | 261          | 0.16         |  |  |
| 350,000                                                            | HSBC Holdings 6.5% 20/05/2024                                       | 443          | 0.27         |  |  |
|                                                                    |                                                                     |              |              |  |  |

| Holding            | Investment                                                                        | /alue<br>£000 | % of<br>Net Asset<br>Value |
|--------------------|-----------------------------------------------------------------------------------|---------------|----------------------------|
| 180,000            | Imperial Tobacco Finance 8.125%<br>15/03/2024                                     | 245           | 0.15                       |
| 250,000            | Imperial Tobacco Finance 9%<br>17/02/2022                                         | 353           | 0.22                       |
| 196,000            | InterContinental Hotels 3.875%<br>28/11/2022                                      | 202           | 0.12                       |
| 292,416            | *Integrated Accomodation Service<br>6.48% 31/03/2029                              | 371           | 0.23                       |
| 300,000<br>250,000 | LBG Capital No 1 11.04% 19/03/2020<br>Legal and General Group 10%                 | 354           |                            |
|                    | 23/07/2041                                                                        | 347           | 0.21                       |
| 149,000            | Lloyds TSB Bank 10.75% 16/12/2021                                                 | 178           |                            |
| 200,000            | Lloyds TSB Bank 7.625% 22/04/2025                                                 | 237           |                            |
|                    | *Longstone Finance 4.791% 19/04/2030                                              |               |                            |
| 112,000<br>100,000 | Marks & Spencer 4.75% 12/06/2025<br>Morrison (Wm) Supermarkets 3.5%<br>27/07/2026 | 113<br>96     |                            |
| 300,000            | National Express Group 6.25%<br>13/01/2017                                        | 336           |                            |
| 260,000            | National Grid Electricity Transmission<br>7.375% 13/01/2031                       |               |                            |
| 200,000            | Nationwide Building Society 5.769% 06/08/2049                                     | 181           | 0.11                       |
| 330,000            | Nationwide Building Society 6.75% 22/07/2020                                      | 335           | 0.21                       |
| 275,124            | *Octagon Healthcare 5.333%<br>31/12/2035                                          | 314           | 0.19                       |
| 60,609             | *Punch Taverns Finance 5.883%<br>15/10/2026                                       | 49            | 0.03                       |
| 165,000            | Rio Tinto Finance 4% 11/12/2029                                                   | 166           |                            |
| 225,000            | Royal Bank of Scotland 6.625%<br>17/09/2018                                       | 273           | 0.17                       |
| 333,000            | Royal Bank of Scotland 9.5%<br>16/03/2022                                         | 263           | 0.16                       |
| 525,000            | RSA Insurance Group 9.375%<br>20/05/2039                                          | 677           | 0.42                       |
| 250,000            | South Eastern Power Networks 6.375% 12/11/2031                                    | 310           | 0.19                       |
| 350,000            | Southern Electric Power Distribution 4.625% 20/02/2037                            | 368           | 0.23                       |
| 69,000             | 4.823 % 20/02/2037<br>Spirit Issuer 5.86% 28/12/2021                              | 308<br>67     | 0.23                       |
| 155,000            | SSE 5.453% 01/10/2049                                                             | 160           |                            |
| 150,000            | Standard Chartered Bank 8.103%<br>11/05/2049                                      | 160           |                            |
| 100,000            |                                                                                   | 105           |                            |
| 500,000            |                                                                                   | 528           |                            |
| 250,000            | Tate & Lyle International Finance 6.75% 25/11/2019                                | 307           |                            |
| 259,676            | *Telereal Securitisation 5.9478%<br>10/12/2031                                    | 322           | 0.20                       |
| 260,000<br>148,966 | Tesco 6.125% 24/02/2022<br>*Tesco Property Finance 3 5.744%                       | 311           | 0.19                       |
| 241,775            | 13/04/2040<br>*Tesco Property Finance 7.6227%                                     | 164           |                            |
| 200,000            | 13/07/2039<br>Unique Pub Finance 6.542%                                           | 318           |                            |
| 300,000            | 30/3/2021<br>Virgin Media Finance 5.125%                                          | 199           |                            |
| 500,000            | 15/02/2022<br>Virgin Media Secured Finance 7%                                     | 302           |                            |
| 355,000            | 15/01/2018<br>Western Power Distribution 5.75%<br>16/04/2032                      | 532<br>413    |                            |
|                    | 10,0.1/2002                                                                       | -113          | 0.20                       |

## **Threadneedle Monthly Extra Income Fund**

### **Portfolio Statement**

|                    |                                              |                | % of<br>let Asset |                      |                                                                |                | % of<br>let Asset |
|--------------------|----------------------------------------------|----------------|-------------------|----------------------|----------------------------------------------------------------|----------------|-------------------|
| Holding            | Investment                                   | £000           | Value             | Holding              | Investment                                                     | £000           | Value             |
| UNITED KINGD       | OM 85.54% (89.38%) (continued                |                |                   |                      | Support services 6.62% (6.77%)                                 |                |                   |
|                    | Engineering & machinery 4.11% (3.            | 99%)           |                   | 365,450              | Compass Group                                                  | 3,041          | 1.87              |
| 218,234            | IMI                                          | 2,900          | 1.79              | 710,619              | Electrocomponents                                              | 1,872          | 1.15              |
| 846,194            | Melrose Industries                           | 2,198          | 1.36              | 273,162              | Filtrona                                                       | 1,792          | 1.10              |
| 524,550            | Morgan Crucible                              | 1,550          | 0.96              | 1,007,700            | Hays<br>Bontokil Initial                                       | 979            | 0.60              |
|                    | Food & drug retailers 3.04% (3.04%           | .)             |                   | 1,519,652<br>189,900 | Rentokil Initial<br>WS Atkins                                  | 1,389<br>1,686 | 0.86<br>1.04      |
| 2,261,993          | Booker Group                                 | 2,601          | 1.60              | 189,900              | W5 Atkins                                                      | 1,000          | 1.04              |
| 900,000            | Morrison (Wm) Supermarkets                   | 2,338          | 1.44              |                      | Telecommunications services 3.49                               | % (3.78%)      |                   |
|                    |                                              |                |                   | 2,136,292            | BT Group                                                       | 5,663          | 3.49              |
| 400.004            | Food producers & processors 3.25%            |                | 0.05              |                      | T-h 5 40% (7 00%)                                              |                |                   |
| 192,881            | Unilever                                     | 5,273          | 3.25              | 99,688               | <b>Tobacco 5.18% (7.29%)</b><br>British American Tobacco       | 2 5 1 5        | 2.17              |
|                    | Forestry & paper 2.08% (2.08%)               |                |                   | 204,536              | Imperial Tobacco Group                                         | 3,515<br>4,880 | 3.01              |
| 1,444,176          | DS Smith                                     | 3,372          | 2.08              | 204,330              |                                                                | 4,000          | 5.01              |
|                    |                                              |                |                   |                      | Transport 1.10% (1.32%)                                        |                |                   |
|                    | Gas distribution 3.23% (3.71%)               |                |                   | 503,248              | Stagecoach Group                                               | 1,511          | 0.93              |
| 696,451            | Centrica                                     | 2,498          | 1.54              | 476,768              | Wincanton                                                      | 273            | 0.17              |
| 372,938            | National Grid                                | 2,736          | 1.69              |                      | $M_{\rm otor} = 2.05\% / (2.40\%)$                             |                |                   |
|                    | General retailers 2.32% (2.00%)              |                |                   | 186,978              | Water 2.05% (2.48%)<br>Pennon Group                            | 1,242          | 0.77              |
| 1,174,740          | Home Retail Group                            | 1,510          | 0.93              | 280,608              | United Utilities Group                                         | 2,076          | 1.28              |
| 619,287            | Marks & Spencer Group                        | 2,262          | 1.39              | 200,000              | · · · · · · · · · · · · · · · · · · ·                          |                |                   |
|                    |                                              |                |                   |                      | Total United Kingdom                                           | 138,735        | 85.54             |
|                    | Government bonds 0.08% (0.00%)               |                |                   |                      |                                                                |                |                   |
| 105,000            | UK Treasury 4% 07/03/2022                    | 124            | 0.08              | UNITED STATE         | S OF AMERICA 1.43% (1.31%)                                     |                |                   |
|                    | Insurance 2.39% (2.11%)                      |                |                   | 200,000              | Corporate bonds 1.43% (1.31%)<br>Ahold Finance 6.5% 14/03/2017 | 250            | 0.00              |
| 3,226,750          | RSA Insurance Group                          | 3,885          | 2.39              | 300,000<br>150,000   | AT&T 5.5% 15/03/2027                                           | 350<br>176     | 0.22<br>0.11      |
|                    |                                              |                |                   | 250,000              |                                                                |                | 0.11              |
|                    | Investment companies 3.50% (0.60             |                |                   | 250,000              |                                                                | 324            | 0.20              |
| 819,160            | 3i Group                                     | 2,636          | 1.63              | 275,000              |                                                                | 187            | 0.11              |
| 1,150,000          | Sherborne Investors                          | 1,299          | 0.80              | 435,000              | Citigroup 5.125% 12/12/2018                                    | 480            | 0.30              |
| 1,633,187          | Sherborne Investors (Guernsey)<br>'B' Shares | 1,731          | 1.07              | 100,000              | Metropolitan Life Global Funding I                             |                |                   |
|                    | D Shares                                     | 1,731          | 1.07              |                      | 3.5% 30/09/2026                                                | 101            | 0.06              |
|                    | Leisure entertainment & hotels 1.5           | 7% (1.42%      | )                 | 225,000              | •                                                              |                |                   |
| 232,384            | J.D. Wetherspoon                             | 1,174          | 0.72              |                      | 18/12/2018                                                     | 306            | 0.19              |
| 847,239            | Rank Group                                   | 1,381          | 0.85              | 100,000              | <b>e</b> 1 1                                                   | 05             | 0.00              |
|                    | Life accurace 4 2E% (4 22%)                  |                |                   |                      | 12/09/2029                                                     | 95             | 0.06              |
| 330,957            | Life assurance 4.25% (4.22%)<br>Aviva        | 1,047          | 0.65              |                      | Total United States of America                                 | 2,317          | 1.43              |
| 750,000            | Chesnara                                     | 1,687          | 1.04              |                      |                                                                |                |                   |
| 2,518,740          | Legal & General                              | 4,146          | 2.56              | DERIVATIVES -        |                                                                |                |                   |
| ,, .               |                                              | ,              |                   |                      | Forward foreign exchange contract                              | ts –0.03% (    | (0.02%)           |
|                    | Media & photography 4.44% (4.51%             |                |                   |                      | Sell USD 115,000                                               | (4)            |                   |
| 2,053,632          | ITV                                          | 2,620          | 1.62              |                      | Buy GBP 75,461 J.P. Morgan                                     | (1)            | -                 |
| 148,531            | Pearson                                      | 1,741          | 1.07              |                      | Sell EUR 1,507,391<br>Buy GBP 1,301,855 UBS                    | (8)            |                   |
| 386,628            | Reed Elsevier                                | 2,838          | 1.75              |                      | Sell USD 3,757,000                                             | (0)            | -                 |
|                    | Oil & gas 4.02% (5.80%)                      |                |                   |                      | Buy GBP 2,460,106 UBS                                          | (47)           | (0.03)            |
| 168,205            | BG Group                                     | 1,960          | 1.21              |                      | Sell EUR 64,000                                                | (,             | ()                |
| 200,653            | Royal Dutch Shell 'B' Shares                 | 4,556          | 2.81              |                      | Buy GBP 55,290 J.P. Morgan                                     | -              | -                 |
|                    | Discussion of the last of the last of the    | 0.000/ 10.00   | 20/ )             |                      | Sell EUR 20,000                                                |                |                   |
| 220 242            | Pharmaceuticals & biotechnology &            |                |                   |                      | Buy GBP 17,307 HSBC                                            | -              | -                 |
| 228,242<br>415,261 | AstraZeneca<br>GlaxoSmithKline               | 6,936<br>6,158 | 4.28<br>3.80      |                      | Total derivatives                                              | (56)           | (0.03)            |
|                    | Software & computer services 0.00            |                |                   | Total value of inv   | restments                                                      | 152,421        | 93.98             |
|                    | Sonware & computer services 0.00             | /0 (0.35 /0)   |                   | Net other assets     |                                                                | 9,770          | 6.02              |
|                    |                                              |                |                   | Net assets           |                                                                | 162,191        | 100.00            |
|                    |                                              |                |                   |                      |                                                                | .02,131        | 100.00            |

### **Threadneedle Monthly Extra Income Fund**

#### **Portfolio Statement**

(continued)

|                                    | Value N<br>£000 | % of<br>et Asset<br>Value |
|------------------------------------|-----------------|---------------------------|
| ANALYSIS OF INVESTMENTS BY ASSET C | LASS            |                           |
| Equity                             | 122,173         | 80.16                     |
| Fixed interest                     | 27,813          | 18.25                     |
| Floating rate notes                | 2,491           | 1.63                      |
| Derivatives                        | (56)            | (0.04)                    |
| Total value of investments         | 152,421         | 100.00                    |

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

March 2012 comparatives in brackets.

\*Variable rate bonds.

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

*††At 7 March 2013, there were investments totalling £891,489 (0.55% 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 UK Corporate Bond Fund**

#### **Portfolio Statement**

as at 7 March 2013

|      |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                | % of         |            |                        |                                                                      |                | % of         |
|------|-----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--------------|------------|------------------------|----------------------------------------------------------------------|----------------|--------------|
|      | Halder a  | lucco da contra da |                | Vet Asset    |            | l la lalta a           |                                                                      |                | Net Asset    |
|      | Holding   | Investment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | £000           | Value        |            | Holding                | Investment                                                           | £000           | Value        |
| FIXE | D INTERES | T 87.68% (83.09%)<br>AAA 3.54% (2.92%)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                |              | GBP        | 3,080,000              | Motability Operations Group 4.375% 08/02/2027                        | 3,273          | 0.44         |
| GBP  | 2,865,000 | Abbey National Treasury Service                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                |              | GBP        | 3,050,000              | Prudential 1.25% 16/11/2015                                          | 3,051          | 0.41         |
|      | , ,       | 5.25% 16/02/2029                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 3,432          | 0.46         | GBP        | 6,100,000              | Siemens Financieringsmaatschappij                                    |                |              |
| GBP  | 3,570,000 | Broadgate Financing 4.821%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                |              |            |                        | 2.75% 10/09/2025                                                     | 5,811          | 0.78         |
|      |           | 05/07/2033                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 3,997          | 0.54         | USD        | 2,585,000              | Sinopec Group Oversea 2.75%                                          |                |              |
| GBP  | 3,025,000 | Fosse Master Issuer 4.635%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                |              | CPP        | 1 215 000              | 17/05/2017<br>Unilever 4.75% 16/06/2017                              | 1,794          | 0.24         |
|      |           | 18/01/2017                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 3,383          | 0.46         | GBP<br>GBP | 1,315,000<br>1,200,000 | Wells Fargo & Company 3.5%                                           | 1,503          | 0.20         |
| GBP  | 2,805,000 | KFW 5.5% 18/06/2025                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 3,656          | 0.49         | GDI        | 1,200,000              | 12/09/2029                                                           | 1,141          | 0.15         |
| GBP  | 4,400,000 | Nationwide Building Society<br>5.625% 28/01/2026                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 5,635          | 0.76         | GBP        | 5,900,000              | Wells Fargo Bank 5.25% 01/08/2023                                    | 6,757          | 0.91         |
| GBP  | 2,880,000 | Silverstone Masters Issuer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 5,055          | 0.70         |            |                        | -                                                                    |                |              |
| GBI  | 2,000,000 | 5.063% 21/10/2016                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 3,260          | 0.44         |            |                        | A 6.83% (4.35%)                                                      |                |              |
| GBP  | 2,500,000 | Temasek Financial (I) 4.625%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                |              | GBP        | 4,680,000              | Anheuser-Busch InBev 9.75%<br>30/07/2024                             | 7 405          | 1.00         |
|      |           | 26/07/2022                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 2,904          | 0.39         | GBP        | 2,932,000              | BG Energy Capital 5.125%                                             | 7,405          | 1.00         |
|      |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                |              | GDI        | 2,332,000              | 07/12/2017                                                           | 3,388          | 0.46         |
| GBP  | 4,625,000 | Aaa 2.20% (5.77%)<br>Barclays Bank 4.25% 12/01/2022                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 5,236          | 0.71         | GBP        | 2,545,000              | DMR Cymru Financing 6.015%                                           | 0,000          | 0110         |
| GBP  | 4,025,000 | Clydesdale Bank 4.625% 08/06/2026                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                | 0.51         |            |                        | 31/03/2028                                                           | 3,156          | 0.43         |
| GBP  | 6,055,000 | Lloyds TSB Bank 5.125% 07/03/2025                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                | 0.98         | GBP        | 2,350,000              | GDF Suez 7% 30/10/2028                                               | 3,174          | 0.43         |
|      | -,        | -,                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | ,              |              | GBP        | 650,000                | Greene King Finance 5.106%                                           |                |              |
|      |           | AA+ 1.59% (1.21%)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                |              |            |                        | 15/03/2034                                                           | 634            | 0.09         |
| GBP  | 5,240,000 | GE Capital UK Funding 5.125%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                |              | EUR        | 2,800,000              | Hannover Finance 5% 30/06/2043                                       | 2,593          | 0.35         |
| GBP  | 1,250,000 | 24/05/2023<br>CE Copital LIK Euroding E 875%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 5,949          | 0.80         | GBP<br>GBP | 3,325,000<br>390,000   | J.P. Morgan Chase 4.25% 25/01/2017<br>Legal & General Finance 5.875% | 3,640          | 0.49         |
| GBF  | 1,250,000 | GE Capital UK Funding 5.875%<br>04/11/2020                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 1,499          | 0.20         | GDI        | 330,000                | 05/04/2033                                                           | 476            | 0.06         |
| GBP  | 2,573,000 | GE Capital UK Funding 5.875%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 1,400          | 0.20         | GBP        | 1,355,000              | Longstone Finance 4.896%                                             |                | 0100         |
|      | _,        | 18/01/2033                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 3,055          | 0.41         |            | ,,                     | 19/04/2036                                                           | 1,354          | 0.18         |
| GBP  | 1,100,000 | UK Treasury Index Linked Gilt 4.5%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                |              | EUR        | 3,500,000              | Münchener Rückversicherungs                                          |                |              |
|      |           | 07/03/2019                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 1,317          | 0.18         |            |                        | 6% 26/05/2041                                                        | 3,546          | 0.48         |
|      |           | A A 2 40% (2 00%)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                |              | EUR        | 3,600,000              | Münchener Rückversicherungs                                          |                |              |
| GBP  | 2,800,000 | <b>AA 2.48% (3.89%)</b><br>IPIC GMTN 6.875% 14/03/2026                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 3,554          | 0.48         | CDD        | 2 005 000              | 6.25% 26/05/2042                                                     | 3,698          | 0.50         |
| GBP  | 3,315,000 | Land Securities Capital Markets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 3,334          | 0.40         | GBP        | 2,885,000              | QBE Insurance Group 6.125%<br>28/09/2015                             | 3,176          | 0.43         |
| 05.  | 0,010,000 | 5.125% 07/02/2036                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 3,841          | 0.52         | GBP        | 6,080,000              | Royal Bank of Scotland 6.625%                                        | 3,170          | 0.43         |
| USD  | 4,750,000 | Qatari Diar Finance 5% 21/07/2020                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 3,647          | 0.49         | 05.        | 0,000,000              | 17/09/2018                                                           | 7,383          | 1.00         |
| GBP  | 5,850,000 | Wal-Mart Stores 5.625% 27/03/2034                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 7,349          | 0.99         | GBP        | 2,350,000              | Standard Chartered Bank 7.75%                                        | ,              |              |
|      |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                |              |            |                        | 03/04/2018                                                           | 2,902          | 0.39         |
| EUR  | 3,760,000 | AA– 2.46% (1.62%)<br>Corporación Andina de Fomento                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                |              | GBP        | 3,280,000              | UBS London 6.625% 11/04/2018                                         | 4,031          | 0.54         |
| LON  | 3,700,000 | 4.625% 29/03/2018                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 3,674          | 0.50         |            |                        | A2 0.24% (0.00%)                                                     |                |              |
| GBP  | 5,175,000 | General Electric 5.5% 15/09/2066                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 5,229          | 0.71         | GBP        | 1,380,000              | Prudential 6.875% 20/01/2023                                         | 1,790          | 0.24         |
| GBP  | 1,350,000 | Metropolitan Life Global Funding I                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                |              | GDI        | 1,000,000              | 1100010101010101012020                                               | 1,700          | 0.2-1        |
|      |           | 2.875% 11/01/2023                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 1,340          | 0.18         |            |                        | A– 18.74% (19.39%)                                                   |                |              |
| GBP  | 1,445,000 | Metropolitan Life Global Funding I                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                |              |            |                        | Aegon 6.625% 16/12/2039                                              | 5,771          | 0.78         |
|      |           | 3.5% 30/09/2026                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 1,461          | 0.20         | GBP        | 3,738,000              | América Móvil 5% 27/10/2026                                          | 4,244          | 0.57         |
| GBP  | 3,050,000 | National Australia Bank 5.125%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 0 5 0 7        | 0.40         | GBP        | 1,335,000              | Anglian Water Services Financing<br>4.5% 05/10/2027                  | 1 415          | 0.10         |
| GBP  | 2,645,000 | 09/12/2021<br>Southern Gas Network 4.875%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 3,537          | 0.48         | GBP        | 2,270,000              | Annington Finance 6.5676%                                            | 1,415          | 0.19         |
| GDI  | 2,045,000 | 21/03/2029                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 2,872          | 0.39         | GDI        | 2,270,000              | 10/01/2023                                                           | 2,466          | 0.33         |
|      |           | 21/03/2023                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 2,072          | 0.00         | GBP        | 3,300,000              | AT&T 5.5% 15/03/2027                                                 | 3,865          | 0.52         |
|      |           | A+ 6.26% (6.02%)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                |              | GBP        | 2,200,000              | Bank of America 6.125% 15/09/2021                                    | 2,621          | 0.35         |
| GBP  | 2,805,000 | Barclays Bank 5.75% 17/08/2021                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 3,352          | 0.45         | GBP        | 4,750,000              | Bank of America 7% 31/07/2028                                        | 6,146          | 0.83         |
| GBP  | 4,465,000 | BHP Billiton Finance 3.25%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                |              | GBP        | 3,895,000              | BAT International Finance 7.25%                                      |                |              |
| USD  | 2,570,000 | 25/09/2024<br>CNPC General Capital 2.75%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 4,409          | 0.60         | 000        | 450.000                | 12/03/2024<br>Citizenser 5 15% 21/05/2020                            | 5,183          | 0.70         |
| 030  | 2,370,000 | 19/04/2017                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 1,779          | 0.24         | GBP        | 450,000                | Citigroup 5.15% 21/05/2026                                           | 503            | 0.07         |
| GBP  | 4,800,000 | Electricite de France 5.5%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | .,,,,,         | 0.24         | GBP<br>GBP | 3,330,000<br>5,225,000 | Citigroup 5.5% 18/11/2015<br>Citigroup 7.375% 01/09/2039             | 3,659<br>7,169 | 0.49<br>0.97 |
|      | ,,        | 17/10/2041                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 5,119          | 0.69         | GBP        | 1,900,000              | CNP Assurances 7.375% 30/09/2041                                     | 1,972          | 0.37         |
| GBP  | 1,800,000 | Electricite de France 6.125%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                |              | GBP        | 2,685,000              | Danske Bank 4% 09/12/2015                                            | 2,856          | 0.39         |
|      |           | 02/06/2034                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 2,124          | 0.29         | GBP        | 2,635,000              | DnB NOR Bank 7.25%                                                   |                |              |
| USD  | 4,230,000 | Hongkong Electric Finance 4.25%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 0.005          | <b>•</b> • • |            |                        | 23/06/2020                                                           | 2,908          | 0.39         |
| GBP  | 2,610,000 | 14/12/2020<br>HSBC Holdings 6.5% 20/05/2024                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 3,063<br>3,306 | 0.41<br>0.45 | GBP        | 2,850,000              | E.On International Finance                                           | 0.04-          | a · -        |
| GDF  | 2,010,000 | HSBC Holdings 6.5% 20/05/2024                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 3,300          | 0.40         |            |                        | 5.875% 30/10/2037                                                    | 3,393          | 0.46         |

## **Threadneedle UK Corporate Bond Fund**

#### **Portfolio Statement**

|                      |           |                                                                 |       | % of      |            |                        |                                                                      |                | % of         |
|----------------------|-----------|-----------------------------------------------------------------|-------|-----------|------------|------------------------|----------------------------------------------------------------------|----------------|--------------|
|                      |           |                                                                 |       | Net Asset |            |                        |                                                                      |                | Net Asset    |
|                      | Holding   | Investment                                                      | £000  | Value     |            | Holding                | Investment                                                           | £000           | Value        |
| <b>FIXE</b> I<br>GBP | D INTERES | <b>T 87.68% (83.09%) (continued)</b><br>Heathrow Funding 5.225% |       |           | GBP        | 2,235,000              | Legal & General Group<br>5.875% 01/10/2049                           | 2,304          | 0.31         |
| GBP                  | 3,485,000 | 15/02/2025<br>Heathrow Funding 6.75%                            | 2,105 | 0.28      | GBP        | 1,780,000              | Legal and General Group 10% 23/07/2041                               | 2,474          | 0.33         |
| GDI                  | 3,403,000 | 03/12/2026                                                      | 4,521 | 0.61      | GBP        | 4,298,000              | Linde Finance 8.125% 14/07/2066                                      | 4,981          | 0.67         |
| GBP                  | 3,164,000 | HSBC Capital Funding LP 5.844%                                  | .,    | 0.01      | GBP        | 4,635,000              | Merrill Lynch & Co 5.5% 22/11/2021                                   | 5,100          | 0.69         |
|                      | -, -,     | 05/11/2049                                                      | 3,051 | 0.41      | EUR        | 4,945,000              | Nationwide Building Society                                          |                |              |
| GBP                  | 4,845,000 | HSBC Holdings 6% 29/03/2040                                     | 5,324 | 0.72      |            |                        | 6.75% 22/07/2020                                                     | 5,018          | 0.68         |
| GBP                  | 2,000,000 | HSBC Holdings 6.375% 18/10/2022                                 | 2,228 | 0.30      | GBP        | 1,870,000              | NIE Finance 6.375% 02/06/2026                                        | 2,288          | 0.31         |
| GBP                  | 2,800,000 | HSBC Holdings 7% 07/04/2038                                     | 3,463 | 0.47      | GBP        | 2,785,000              | Pearson Funding One 6%                                               |                |              |
| GBP                  | 2,665,000 | Hutchison Ports 6.75% 07/12/2015                                | 3,022 | 0.41      |            |                        | 15/12/2015                                                           | 3,120          | 0.42         |
| GBP                  | 3,035,000 | Metlife 5.375% 09/12/2024                                       | 3,490 | 0.47      | GBP        | 1,162,000              | Severn Trent Water utilities 4.875%                                  |                |              |
| GBP                  | 2,380,000 | National Grid Electricity                                       |       |           |            |                        | 24/01/2042                                                           | 1,202          | 0.16         |
|                      |           | Transmission 4% 08/06/2027                                      | 2,394 | 0.32      | GBP        | 2,800,000              | Severn Trent Water utilities 6%                                      |                | o /=         |
| GBP                  | 2,230,000 | National Grid Electricity                                       |       |           |            |                        | 22/01/2018                                                           | 3,296          | 0.45         |
|                      | . ==      | Transmission 7.375% 13/01/2031                                  | 3,087 | 0.42      | GBP        | 3,700,000              | Siemens Financierungsamt 6.125%                                      | 4 0 0 7        | 0.55         |
| GBP                  | 4,750,000 | National Grid Gas 6% 13/05/2038                                 | 5,802 | 0.78      | 000        | 1 007 000              | 14/09/2066                                                           | 4,067          | 0.55         |
| GBP                  | 2,365,000 | Pepsico 2.5% 01/11/2022                                         | 2,328 | 0.31      | GBP        | 1,937,000              | South Eastern Power Networks                                         | 2 400          | 0.00         |
| USD                  | 5,581,000 | Prudential 7.75% 23/03/2049                                     | 3,991 | 0.54      | CDD        | 2 665 000              | 6.375% 12/11/2031                                                    | 2,400          | 0.32         |
| GBP                  | 2,920,000 | Rio Tinto Finance 4% 11/12/2029                                 | 2,943 | 0.40      | GBP        | 3,665,000              | Xstrata Canada Finance 7.375%<br>27/05/2020                          | 4,529          | 0.61         |
| GBP                  | 2,825,000 | RSA Insurance Group 6.701% 12/05/2049                           | 2 000 | 0.20      |            |                        | 27/05/2020                                                           | 4,529          | 0.01         |
| GBP                  | 1 020 000 |                                                                 | 2,889 | 0.39      |            |                        | Baa1 0.00% (0.55%)                                                   |                |              |
| GBP                  | 1,920,000 | RSA Insurance Group 9.375% 20/05/2039                           | 2,475 | 0.33      |            |                        |                                                                      |                |              |
| GBP                  | 4,175,000 | Southern Water Services 5%                                      | 2,475 | 0.55      |            |                        | BBB 16.49% (14.93%)                                                  |                |              |
| GDI                  | 4,175,000 | 31/03/2021                                                      | 4,614 | 0.62      | GBP        | 4,540,000              | Ahold Finance 6.5% 14/03/2017                                        | 5,297          | 0.72         |
| GBP                  | 2,175,000 | SSE 8.375% 20/11/2028                                           | 3,241 | 0.44      | GBP        | 709,000                | Anglian Water Services Financing                                     |                |              |
| GBP                  | 1,431,000 | Standard Chartered Bank                                         | 5,241 | 0.44      |            |                        | 4.5% 22/02/2026                                                      | 724            | 0.10         |
| GDI                  | 1,401,000 | 8.103% 11/05/2049                                               | 1,565 | 0.21      | GBP        | 2,141,000              | APT Pipelines 4.25% 26/11/2024                                       | 2,229          | 0.30         |
| GBP                  | 3,200,000 | Standard Life 6.75% 12/07/2049                                  | 3,382 | 0.46      | GBP        | 3,840,000              | Aviva 6.125% 29/09/2049                                              | 3,690          | 0.50         |
| GBP                  | 5,585,000 | Tesco 6.125% 24/02/2022                                         | 6,687 | 0.90      | GBP        | 1,800,000              | Aviva 6.625% 03/06/2041                                              | 1,911          | 0.26         |
| GBP                  | 5,300,000 | Thames Water utilities Cayman                                   | .,    |           | GBP        | 1,605,000              | AXA 7.125% 15/12/2020                                                | 1,872          | 0.25         |
|                      |           | 7.241% 09/04/2058                                               | 6,426 | 0.87      | GBP        | 3,476,000              | BA Credit Card Trust 6.1%                                            | 0 5 0 1        | 0.47         |
| GBP                  | 2,040,000 | Vattenfall 6.875% 15/04/2039                                    | 2,823 | 0.38      | 000        | 1 1 40 000             | 17/05/2013                                                           | 3,501          | 0.47         |
| GBP                  | 2,145,000 | Verizon Wireless Capital                                        |       |           | GBP<br>GBP | 1,149,000              | Barclays Bank 14% 15/06/2049                                         | 1,546          | 0.21<br>0.19 |
|                      |           | 8.875% 18/12/2018                                               | 2,918 | 0.39      | GBP        | 1,430,000<br>1,995,000 | Barclays Bank 6.875% 27/11/2049<br>British Telecom 6.625% 23/06/2017 | 1,414<br>2,375 | 0.19         |
|                      |           |                                                                 |       |           | GBP        | 3,445,000              | DnB NOR Bank 6.0116% 29/12/2049                                      | 3,562          | 0.32         |
|                      |           | A3 0.50% (0.66%)                                                |       |           | GBP        | 3,127,000              | ENW Finance 6.75% 20/06/2015                                         | 3,445          | 0.40         |
| GBP                  | 3,390,000 | Morrison (Wm) Supermarkets                                      | 0.070 | 0.50      | GBP        | 3,195,000              | Eversholt Funding 5.831%                                             | 0,440          | 0.47         |
|                      |           | 4.625% 08/12/2023                                               | 3,670 | 0.50      | GDI        | 0,100,000              | 02/12/2020                                                           | 3,768          | 0.51         |
|                      |           | BBB+ 12.18% (9.80%)                                             |       |           | GBP        | 4,610,000              | Gaz Capital 6.58% 31/10/2013                                         | 4,727          | 0.64         |
| GBP                  | 2,126,000 | Aspire Defence Finance 4.674%                                   |       |           | GBP        | 4,050,000              | Generali Finance 6.214%                                              | ,              |              |
|                      | _,,       | 31/03/2040                                                      | 2,139 | 0.29      |            |                        | 16/06/2049                                                           | 3,372          | 0.46         |
| GBP                  | 312,000   | BAE Systems 4.125% 08/06/2022                                   | 322   | 0.04      | GBP        | 4,300,000              | Glencore Finance Europe 6.5%                                         |                |              |
| EUR                  | 2,050,000 | Bank of America 4% 28/03/2018                                   | 1,673 | 0.23      |            |                        | 27/02/2019                                                           | 4,972          | 0.67         |
| GBP                  | 5,098,000 | Barclays Bank 10% 21/05/2021                                    | 6,805 | 0.92      | GBP        | 1,840,000              | Heathrow Funding 6.25%                                               |                |              |
| GBP                  | 4,074,000 | BG Energy Capital 6.5% 30/11/2072                               | 4,407 | 0.60      |            |                        | 10/09/2018                                                           | 2,121          | 0.29         |
| GBP                  | 3,630,000 | Citigroup 5.125% 12/12/2018                                     | 4,001 | 0.54      | USD        | 5,250,000              | Hutchison Whampoa International                                      |                |              |
| GBP                  | 1,080,000 | Direct Line Insurance 9.25%                                     |       |           |            |                        | 6% 28/10/2049                                                        | 3,726          | 0.50         |
|                      |           | 27/04/2042                                                      | 1,323 | 0.18      | GBP        | 985,000                | Imperial Tobacco Finance 5.5%                                        |                |              |
| GBP                  | 3,220,000 | DONG Energy 4.875% 12/01/2032                                   | 3,405 | 0.46      |            |                        | 28/09/2026                                                           | 1,140          | 0.15         |
| GBP                  | 2,200,000 | Eastern Power Networks 6.25%                                    |       |           | GBP        | 2,225,000              | Imperial Tobacco Finance 7.75%                                       |                |              |
|                      |           | 12/11/2036                                                      | 2,690 | 0.36      |            |                        | 24/06/2019                                                           | 2,857          | 0.39         |
| GBP                  | 3,800,000 | Electricite de France 6% 29/12/2049                             | 3,852 | 0.52      | GBP        | 2,555,000              | Imperial Tobacco Finance 8.125%                                      |                |              |
| GBP                  | 3,070,000 | Enel Finance International 5.75%                                |       |           |            |                        | 15/03/2024                                                           | 3,483          | 0.47         |
|                      |           | 14/09/2040                                                      | 2,687 | 0.36      | GBP        | 2,600,000              | Imperial Tobacco Finance 9%                                          |                |              |
| GBP                  | 2,060,000 | ENW Finance 6.125% 21/07/2021                                   | 2,449 | 0.33      | 000        | 0 400 000              | 17/02/2022                                                           | 3,675          | 0.50         |
| GBP                  | 1,760,000 | Gatwick Funding 5.25% 23/01/2024                                | 1,953 | 0.26      | GBP        | 2,139,000              | InterContinental Hotels 3.875%                                       | 0.000          | 0.00         |
| USD                  | 1,816,000 | Heineken 2.75% 01/04/2023                                       | 1,180 | 0.16      | 000        | 1 700 000              | 28/11/2022<br>Nationwide Building Society 5 760%                     | 2,203          | 0.30         |
| EUR                  | 4,575,000 | Heineken 3.5% 19/03/2024                                        | 4,349 | 0.59      | GBP        | 1,730,000              | Nationwide Building Society 5.769%                                   |                | 0.01         |
| GBP                  | 2,572,000 | HSBC Capital Funding LP 8.208%                                  | 0.004 | 0.00      |            |                        | 06/08/2049                                                           | 1,564          | 0.21         |
| CDD                  | 2 005 000 | 30/06/2049                                                      | 2,801 | 0.38      |            |                        |                                                                      |                |              |
| GBP                  | 2,985,000 | ING Bank 6.875% 29/05/2023                                      | 3,393 | 0.46      |            |                        |                                                                      |                |              |

GBP 4,000,000 Virgin Media Secured Finance 7% 15/01/2018

EUR 3,750,000 Ziggo Finance 6.125% 15/11/2017

### **Threadneedle UK Corporate Bond Fund**

#### **Portfolio Statement**

(continued)

|            |                      |                                                        | Value          | % of<br>Net Asset |     |              |                                         | Value   | % of<br>Net Asset |
|------------|----------------------|--------------------------------------------------------|----------------|-------------------|-----|--------------|-----------------------------------------|---------|-------------------|
|            | Holding              | Investment                                             | £000           | Value             |     | Holding      | Investment                              | £000    | Value             |
| FIXE       | D INTERES            | ST 87.68% (83.09%) (continued)                         |                |                   |     |              | Baa3 0.89% (0.61%)                      |         |                   |
| GBP        | 3,310,000            | Pemex Project Funding Master Trust                     | t              |                   | GBP | 2,294,000    | <sup>††</sup> Acquedotto Pugliese 6.92% |         |                   |
|            |                      | 7.5% 18/12/2013                                        | 3,452          | 0.47              |     |              | 29/06/2018                              | 2,502   | 0.34              |
| GBP        | 2,350,000            | Petrobras International Finance                        |                |                   | GBP | 3,605,000    | National Express Group 6.25%            |         |                   |
|            |                      | 5.375% 01/10/2029                                      | 2,402          | 0.32              |     |              | 13/01/2017                              | 4,035   | 0.55              |
| USD        | 3,800,000            | Russian Federation 4.5%                                |                |                   |     |              | BB+ 1.24% (0.26%)                       |         |                   |
|            |                      | 04/04/2022                                             | 2,799          | 0.38              | EUR | 2,465,000    | ABN Amro Bank 4.31%                     |         |                   |
| GBP        | 2,226,000            | South East Water Finance                               |                |                   |     | 2,.00,000    | 29/03/2049                              | 1,866   | 0.25              |
| CDD        | 2 120 000            | 5.6577% 30/09/2019                                     | 2,570          | 0.35              | USD | 3,260,000    | Eksportfinans 3% 17/11/2014             | 2,163   |                   |
| GBP        | 2,130,000            | Southern Water Services                                | 2 2 2 2        | 0.20              | GBP | 579,000      | Finmeccanica Finance 8%                 | ,       |                   |
| CPD        | 095 000              | 7.869% 31/03/2014                                      | 2,232<br>1,170 | 0.30              |     |              | 16/12/2019                              | 628     | 0.09              |
| GBP<br>GBP | 985,000<br>3,000,000 | SPD Finance 5.875% 17/07/2026<br>SSE 5.453% 01/10/2049 | 3,101          | 0.16<br>0.42      | GBP | 1,900,000    | GKN Holdings 6.75% 28/10/2019           | 2,179   | 0.29              |
| GBP        | 1,348,000            | Standard Life 5.5% 04/12/2042                          | 1,409          | 0.42              | USD | 3,600,000    | KBC Bank 8% 25/01/2023                  | 2,405   | 0.32              |
| GBP        | 1,605,000            | Talisman Energy 6.625% 05/12/2017                      |                | 0.19              |     |              |                                         |         |                   |
| GBP        | 2,050,000            | Tate & Lyle International Finance                      | 1,505          | 0.20              |     |              | BB 0.89% (1.09%)                        |         |                   |
| GDI        | 2,030,000            | 6.75% 25/11/2019                                       | 2,513          | 0.34              | USD |              | CenturyLink 5.8% 15/03/2022             | 2,235   | 0.30              |
| GBP        | 2,105,000            | TDC 5.625% 23/02/2023                                  | 2,451          | 0.33              | GBP | 400,000      | Daily Mail & General Trust 6.375%       |         |                   |
| GBP        | 2,050,000            | Telecom Italia 5.625% 29/12/2015                       | 2,183          | 0.29              |     | ~ ~ /= ~ ~ ~ | 21/06/2027                              | 407     | 0.06              |
| GBP        | 2,100,000            | Telefonica Emisiones 5.597%                            | 2,.00          | 0.20              | GBP | 3,345,000    | LBG Capital No 1 11.04%                 |         |                   |
| 05.        | 2,,                  | 12/03/2020                                             | 2,201          | 0.30              |     |              | 19/03/2020                              | 3,952   | 0.53              |
| GBP        | 2,200,000            | Telefonica Emisones 5.289%                             | , -            |                   |     |              | Ba2 0.30% (0.00%)                       |         |                   |
|            | ,,                   | 09/12/2022                                             | 2,210          | 0.30              | EUR | 2,170,000    | HeidelbergCement Finance 8%             |         |                   |
| GBP        | 3,360,000            | *Telereal Securitisation 4.0902%                       | ,              |                   | Lon | 2,170,000    | 31/01/2017                              | 2,224   | 0.30              |
|            |                      | 10/12/2033                                             | 3,406          | 0.46              |     |              | 0.00.02017                              | _/ !    | 0.00              |
| GBP        | 850,000              | Thames Water utilities Cayman                          |                |                   |     |              | BB– 1.08% (0.00%)                       |         |                   |
|            |                      | 5.75% 13/09/2030                                       | 967            | 0.13              | GBP | 3,668,000    | Enterprise Inns 6.5% 06/12/2018         | 3,598   | 0.49              |
| GBP        | 2,417,000            | Time Warner Cable 5.25%                                |                |                   | GBP | 1,084,000    | Spirit Issuer 5.86% 28/12/2021          | 1,051   | 0.14              |
|            |                      | 15/07/2042                                             | 2,461          | 0.33              | GBP | 3,275,000    | Virgin Media Finance 5.125%             |         |                   |
| GBP        | 4,568,000            | United Mexican States 6.75%                            |                |                   |     |              | 15/02/2022                              | 3,301   | 0.45              |
|            |                      | 06/02/2024                                             | 5,685          | 0.77              |     |              | $P_{-2} = 0.000 / (0.040 / )$           |         |                   |
| GBP        | 2,175,000            | Western Power Distribution 5.75%                       |                |                   | CDD | 1 770 000    | Ba3 0.26% (0.31%)                       |         |                   |
|            |                      | 16/04/2032                                             | 2,528          | 0.34              | GBP | 1,770,000    | Anglian Water (Osprey) Financing        | 1 001   | 0.00              |
| GBP        | 2,750,000            | Western Power Distribution West                        |                |                   |     |              | 7% 31/01/2018                           | 1,891   | 0.26              |
|            |                      | 6% 09/05/2025                                          | 3,332          | 0.45              |     |              | C 0.00% (0.18%)                         |         |                   |
| GBP        | 1,555,000            | Yorkshire Water 6% 24/04/2025                          | 1,750          | 0.24              |     |              |                                         |         |                   |
|            |                      | Baa2 1.16% (0.50%)                                     |                |                   |     |              | D 0.02% (0.04%)                         |         |                   |
| USD        | 3,160,000            | BBVA Bancomer 6.75% 30/09/2022                         | 2,441          | 0.33              | GBP | 2,811,000    | **Saphir Finance 0% 04/07/2049          | 149     | 0.02              |
| GBP        | 1,300,000            | Bupa Finance 7.5% 04/07/2016                           | 1,508          | 0.33              |     |              |                                         |         |                   |
| EUR        | 5,390,000            | Carlsberg Breweries 2.625%                             | 1,508          | 0.20              | 000 | 4 450 000    | Not rated 3.01% (2.48%)                 |         | 0.04              |
| LON        | 5,550,000            | 15/11/2022                                             | 4,677          | 0.63              | GBP |              | **Cattles 0% 17/01/2014                 | 89      |                   |
|            |                      | 13/11/2022                                             | 4,077          | 0.05              | USD | 5,365,000    | AIA Group 1.75% 13/03/2018              | 3,552   | 0.48              |
|            |                      | BBB– 5.32% (6.51%)                                     |                |                   | USD | 5,466,000    | CGS Guernsey I 7.875%                   | 0.007   | 0.50              |
| GBP        | 3,070,000            | FirstGroup 6.875% 18/09/2024                           | 3,483          | 0.47              |     | 2 624 000    | 24/02/2041                              | 3,897   | 0.53              |
| GBP        | 2,228,000            | G4S 7.75% 13/05/2019                                   | 2,780          | 0.38              | EUR | 3,624,000    | Davide Campari-Milano 4.5%              | 2 2 2 2 | 0.45              |
| GBP        | 1,865,000            | Koninklijke KPN 5% 18/11/2026                          | 1,981          | 0.27              | GBP | 2,940,000    | 25/10/2019<br>First Hydro Finance 9%    | 3,323   | 0.45              |
| GBP        | 1,745,000            | Lloyds TSB Bank 6.9625%                                |                |                   | GDF | 2,940,000    | 31/07/2021                              | 3,611   | 0.49              |
|            |                      | 29/05/2020                                             | 1,803          | 0.24              | GBP | 4,660,000    | Pennon Group 6.75% 08/03/2049           | 4,733   |                   |
| GBP        | 1,905,000            | Lloyds TSB Bank 7.625% 22/04/2025                      | 2,257          | 0.30              | USD | 4,240,000    | Rabobank Nederland 8.375%               | 4,755   | 0.04              |
| GBP        | 1,637,000            | Marks & Spencer 4.75% 12/06/2025                       | 1,657          | 0.22              | 000 | 4,240,000    | 26/07/2049                              | 3,055   | 0.41              |
| USD        | 4,930,000            | Pernod Ricard 4.25% 15/07/2022                         | 3,559          | 0.48              |     |              |                                         |         |                   |
| EUR        | 200,000              | Royal Bank of Scotland 10.5%                           |                |                   |     |              | Total fixed interest                    | 649,321 | 87.68             |
|            |                      | 16/03/2022                                             | 211            | 0.03              |     |              |                                         |         |                   |
| USD        | 3,852,000            | Royal Bank of Scotland 9.5%                            |                |                   |     |              |                                         |         |                   |
| ~ -        |                      | 16/03/2022                                             | 3,042          | 0.41              |     |              |                                         |         |                   |
| GBP        | 2,000,000            | RWE 7% 31/12/2049                                      | 2,172          | 0.29              |     |              |                                         |         |                   |
| GBP        | 1,760,000            | UBM 6.5% 23/11/2016                                    | 2,008          | 0.27              |     |              |                                         |         |                   |
| USD        | 6,975,000            | UBS Jersey 7.25% 22/02/2022                            | 4,969          | 0.67              |     |              |                                         |         |                   |
| GBP        | 1,900,000            | Unique Pub Finance 6.542%                              | 1 00 4         | 0.00              |     |              |                                         |         |                   |
|            |                      | 30/3/2021                                              | 1,894          | 0.26              |     |              |                                         |         |                   |

0.57

0.46

4,252

3,410

### **Threadneedle UK Corporate Bond Fund**

#### **Portfolio Statement**

(continued)

|      | Holding   | Investment                                                         | Value<br>£000 | % of<br>Net Asset<br>Value |       | Hold      | ling   | Investment                                                             | Value I<br>£000 | % of<br>Net Asset<br>Value |
|------|-----------|--------------------------------------------------------------------|---------------|----------------------------|-------|-----------|--------|------------------------------------------------------------------------|-----------------|----------------------------|
| FLOA | TING RA   | TE NOTES 7.19% (7.76%)                                             |               |                            |       |           |        | BB- 0.00% (0.20%)                                                      |                 |                            |
| GBP  | 1,616,004 | AAA 0.26% (0.00%)<br>*Meadowhall Finance 4.986%<br>12/01/2032      | 1,914         | 0.26                       | GBP   | 1,356,    | 832    | <b>B+ 0.15% (0.00%)</b><br>*Punch Taverns Finance 5.883%<br>15/10/2026 | 1,106           | 0.15                       |
| GBP  | 4,605,577 | AA 0.77% (0.00%)<br>*Telereal Securitisation 5.9478%<br>10/12/2031 | 5,718         | 0.77                       | GBP   | 699,      | 000    | CCC+ 0.10% (0.00%)<br>*Annington Finance No5 13%<br>15/01/2023         | 776             | 0.10                       |
|      |           | AA- 0.96% (1.45%)                                                  |               |                            |       |           |        | Total floating rate notes                                              | 53,293          | 7.19                       |
| GBP  | 3,713,682 | *Integrated Accomodation Service                                   |               |                            |       |           |        | _                                                                      |                 |                            |
| 000  | 0.000.057 | 6.48% 31/03/2029                                                   | 4,705         | 0.64                       | DER   |           | ES -   | -0.33% (-0.06%)                                                        |                 |                            |
| GBP  | 2,086,357 | *Octagon Healthcare 5.333%<br>31/12/2035                           | 2,383         | 0.32                       |       | 18,000,   |        | Credit default swaps 0.11% (-0.1                                       | 1%)             |                            |
|      |           | A+ 0.20% (1.09%)                                                   |               |                            |       |           |        | iTraxx 20/12/2017 Spread 500                                           | 444             | 0.06                       |
| GBP  | 1,342,418 | *Mitchells & Butler Finance 5.574%                                 |               |                            | EUR   | 18,000,   | 000    |                                                                        |                 |                            |
|      |           | 15/12/2028                                                         | 1,476         | 0.20                       | FLIR  | 14,000,   | იიი    | iTraxx 20/12/2017 Spread 500<br>J.P. Morgan EUR Markit                 | -               | -                          |
|      |           | A1 0.00% (0.25%)                                                   |               |                            |       | 14,000,   |        | iTraxx 20/12/2017 Spread 500                                           | 350             | 0.05                       |
|      |           | A 0.87% (0.82%)                                                    |               |                            |       |           |        | iTraxx 20/12/2017 Spread 500                                           | _               | -                          |
| GBP  |           | *Canary Wharf Finance II 6.455%<br>22/04/2030                      | 2,894         | 0.39                       |       |           |        | Forward foreign exchange contra                                        | icts            |                            |
| GBP  | 3,133,054 | *Longstone Finance 4.791%<br>19/04/2030                            | 3,583         | 0.48                       |       |           |        | - <b>0.44% (0.05%)</b><br>Sell GBP 2,598,279                           |                 |                            |
| GBP  | 5 000 000 | <b>A- 2.38% (2.03%)</b><br>*J.P. Morgan Chase 1.0525%              |               |                            |       |           |        | Buy EUR 3,000,000 J.P. Morgan<br>Sell GBP 642,863                      | 9               | -                          |
| GDI  | 5,000,000 | 30/05/2017                                                         | 4,711         | 0.64                       |       |           |        | Buy EUR 750,000 RBS                                                    | 9               | -                          |
| GBP  | 4,267,976 | *Juturna 5.0636% 10/08/2033                                        | 4,749         | 0.64                       |       |           |        | Sell EUR 52,267,120<br>Buy GBP 44,798,253 HSBC                         | (610)           | (0.08)                     |
| GBP  | 4,305,104 | *Tesco Property Finance 3 5.744%                                   |               |                            |       |           |        | Sell EUR 815,000                                                       | (010)           | (0.00)                     |
|      |           | 13/04/2040                                                         | 4,723         | 0.64                       |       |           |        | Buy GBP 703,260 HSBC                                                   | (10)            | -                          |
| GBP  | 2,591,824 | *Tesco Property Finance 7.6227%                                    |               |                            |       |           |        | Sell USD 1,300,000                                                     |                 |                            |
|      |           | 13/07/2039                                                         | 3,410         | 0.46                       |       |           |        | Buy GBP 839,432 BNP                                                    | (28)            | -                          |
|      |           | BBB+ 0.22% (0.16%)                                                 |               |                            |       |           |        | Sell USD 86,650,440                                                    |                 |                            |
| USD  | 2,575,000 | *ING Bank 1.006% 03/07/2017                                        | 1,598         | 0.22                       |       |           |        | Buy GBP 55,159,462 HSBC                                                | (2,650)         | (0.36)                     |
|      |           |                                                                    |               |                            |       |           |        | Sell USD 362,000<br>Buy GBP 237,430 RBS                                | (5)             | _                          |
| 000  | 0.050.000 | BBB 0.33% (1.15%)                                                  |               |                            |       |           |        | Sell GBP 539,883                                                       | (3)             | _                          |
| GBP  | 2,350,000 | *Capital One Multi-Asset 6.625%<br>17/06/2014                      | 2,449         | 0.33                       |       |           |        | Buy USD 850,000 RBS                                                    | 27              | -                          |
|      |           | 17/00/2014                                                         | 2,440         | 0.00                       |       |           |        | Total derivatives                                                      | (2,464)         | (0.33)                     |
| USD  | 2,500,000 | Baa2 0.38% (0.31%)<br>*ING Bank 0.9631% 23/05/2016                 | 1,583         | 0.21                       | Tota  | l value o | of inv | vestments                                                              | 700,150         | 94.54                      |
| USD  | 1,882,268 | *Tengizchevroil Finance 6.124%                                     |               |                            | Net o | other as  | sets   | (9.21%)                                                                | 40,439          | 5.46                       |
|      |           | 15/11/2014                                                         | 1,296         | 0.17                       | Net a | assets    |        |                                                                        | 740,589         | 100.00                     |
| GBP  | 1,912,296 | BBB- 0.29% (0.00%)<br>*RMPA Services 5.337%<br>30/09/2038          | 2,167         | 0.29                       |       |           |        | _                                                                      |                 |                            |
|      |           | BB+ 0.00% (0.17%)                                                  |               |                            |       |           |        |                                                                        |                 |                            |
|      |           | PD 0 17% (0 12%)                                                   |               |                            |       |           |        |                                                                        |                 |                            |
| GBP  | 1,942,000 | BB 0.17% (0.13%)<br>*Argon Capital 2.845% 29/10/2049               | 1,244         | 0.17                       |       |           |        |                                                                        |                 |                            |

Ba2 0.11% (0.00%)

### **Threadneedle UK Corporate Bond Fund**

#### **Portfolio Statement**

(continued)

|                                   | Value<br>£000 |
|-----------------------------------|---------------|
| ANALYSIS OF INVESTMENTS BY CREDIT | RATINGS       |
| AAA                               | 28,181        |
| Aaa                               | 16,235        |
| AA+                               | 11,820        |
| AA                                | 24,109        |
| AA-                               | 25,201        |
| A+                                | 47,958        |
| A                                 | 57,033        |
| A2                                | 1,790         |
| A–                                | 156,533       |
| A3                                | 3,670         |
| BBB+                              | 91,806        |
| BBB                               | 124,348       |
| Baa2                              | 11,505        |
| BBB-                              | 41,645        |
| Baa3                              | 6,537         |
| BB+                               | 9,241         |
| BB                                | 7,838         |
| Ba2                               | 3,032         |
| BB-                               | 7,950         |
| Ba3                               | 1,891         |
| B+                                | 1,106         |
| CCC+                              | 776           |
| D                                 | 149           |
| Not rated                         | 22,260        |
| Total bonds                       | 702,614       |
| Derivatives                       | (2,464)       |
| Total value of investments        | 700,150       |

#### ANALYSIS OF COLLATERAL RECEIVED

| Counterparty | Туре | Value<br>£000 |
|--------------|------|---------------|
| Citigroup    | Cash | 570           |
| J.P. Morgan  | Cash | 360           |

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

March 2012 comparatives in brackets.

\*Variable rate bonds.

\*\*These are unlisted securities and are valued at the ACD's best estimate. ††At 7 March 2013, there were investments totalling £3,310,000 (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.

#### **Portfolio Statement**

as at 7 March 2013

|            | Holding                | Investment                                                  | Value<br>£000  | % of<br>Net Asset<br>Value |            | Holding                | Investment                                          | Value<br>£000  | % of<br>Net Asset<br>Value |
|------------|------------------------|-------------------------------------------------------------|----------------|----------------------------|------------|------------------------|-----------------------------------------------------|----------------|----------------------------|
| AUS        | rria 0.52%             | 6 (1.00%)<br>BB 0.52% (1.00%)                               |                |                            | CRO        | ATIA 1.15%             | ́ (0.91%)<br>В 1.15% (0.91%)                        |                |                            |
| EUR        | 2,600,000              | Sappi Papier Holding 6.625% 15/04/2018                      | 2,414          | 0.29                       | EUR<br>EUR | 8,295,000<br>1,900,000 | Agrokor 10% 07/12/2016<br>Agrokor 9.125% 01/02/2020 | 7,811<br>1,795 | 0.93<br>0.22               |
| USD        | 1,060,000              | Sappi Papier Holding 7.75%<br>15/07/2017                    | 785            | 0.10                       |            |                        | Total Croatia                                       | 9,606          | 1.15                       |
| USD        | 1,500,000              | Sappi Papier Holding 8.375%<br>15/06/2019                   | 1,113          | 0.13                       | CZEC       | H REPUBL               | LIC 0.00% (0.09%)                                   |                |                            |
|            |                        | Total Austria                                               | 4,312          | 0.52                       |            |                        | B 0.00% (0.09%)                                     |                |                            |
|            |                        |                                                             |                |                            |            |                        | Total Czech Republic                                |                |                            |
| BELG       | iUM 0.34%              | % (0.00%)                                                   |                |                            | DEN        | MARK 0.54              | 9/ (0 5 2 9/)                                       |                |                            |
|            |                        | BB+ 0.34% (0.00%)                                           |                |                            | DEIN       | WANK 0.94              | B 0.54% (0.53%)                                     |                |                            |
| USD        | 4,200,000              | KBC Bank 8% 25/01/2023                                      | 2,806          | 0.34                       | EUR        | 5,100,000              | ISS Holdings 8.875% 15/05/2016                      | 4,551          | 0.54                       |
|            |                        | Total Belgium                                               | 2,806          | 0.34                       |            |                        | Total Denmark                                       | 4,551          | 0.54                       |
| CAN        | ADA 1.11%              | (1 29%)                                                     |                |                            |            |                        |                                                     |                |                            |
| CAN        |                        | BB+ 0.00% (1.29%)                                           |                |                            | FINL       | AND 0.45%              | 5 (1.06%)<br>BB 0.32% (0.45%)                       |                |                            |
|            |                        | BB 1.11% (0.00%)                                            |                |                            | GBP        | 2,460,000              | UPM-Kymmene 6.625% 23/01/2017                       | 2,664          | 0.32                       |
| EUR<br>EUR | 8,495,000<br>1,570,000 | Bombardier 6.125% 15/05/2021<br>Bombardier 7.25% 15/11/2016 | 7,827<br>1,424 | 0.94<br>0.17               |            |                        | B- 0.00% (0.49%)                                    |                |                            |
|            |                        | Total Canada                                                | 9,251          | 1.11                       |            |                        | Not rated 0.13% (0.12%)                             |                |                            |
|            |                        |                                                             | -,             |                            | USD        | 1,500,000†             | †M-real 9.4% 25/06/2014                             | 1,070          | 0.13                       |
| CAYN       | MAN ISLAN              | NDS 3.47% (3.88%)                                           |                |                            |            |                        | Total Finland                                       | 3,734          | 0.45                       |
|            |                        | BB 0.11% (0.11%)                                            |                |                            |            |                        |                                                     |                |                            |
| USD        | 1,200,000              | Sable International Finance<br>8.75% 01/02/2020             | 907            | 0.11                       | FRAI       | NCE 7.63%              | (6.53%)<br>BBB+ 0.00% (0.82%)                       |                |                            |
|            |                        | B+ 0.00% (2.08%)                                            |                |                            |            |                        | BB+ 3.04% (0.32%)                                   |                |                            |
|            |                        |                                                             |                |                            | GBP        | 1,515,000              | Lafarge 10% 30/05/2017                              | 1,843          | 0.22                       |
| EUR        | 2 975 000              | BB- 1.55% (0.00%)<br>UPCB Finance 6.375% 01/07/2020         | 3,575          | 0.43                       | EUR        | 2,220,000              | Lafarge 4.75% 23/03/2020                            | 2,031          | 0.24                       |
| EUR        | 3,875,000<br>8,540,000 | UPCB Finance 7.625% 15/01/2020                              | 3,575<br>8,078 | 0.43                       | EUR        | 2,200,000              | Lafarge 5.375% 26/06/2017                           | 2,078          | 0.25                       |
|            | 1,710,000              | UPCB Finance VI 6.875%                                      | 0,070          | 0.57                       | EUR        | 1,355,000              | Lafarge 5.875% 09/07/2019                           | 1,301          | 0.16                       |
| 000        | 1,710,000              | 15/01/2022                                                  | 1,236          | 0.15                       | GBP        | 1,350,000              | Lafarge 6.625% 29/11/2017                           | 1,496          | 0.18                       |
|            |                        |                                                             | ,              |                            | EUR        | 3,530,000              | Lafarge 6.625% 29/11/2018                           | 3,484          | 0.42                       |
|            |                        | B 0.21% (0.00%)                                             |                |                            | EUR        | 1,590,000              | Lafarge 6.75% 16/12/2019                            | 1,596          | 0.19                       |
| USD        | 2,420,000              | RDS Ultra-Deepwater 11.875%                                 |                |                            | EUR<br>EUR | 9,860,000<br>2,850,000 | Renault 4.625% 18/09/2017<br>Tereos Europe 6.375%   | 8,954          | 1.07                       |
|            |                        | 15/03/2017                                                  | 1,800          | 0.21                       | LON        | 2,050,000              | 15/04/2014                                          | 2,582          | 0.31                       |
|            |                        | B2 0.60% (0.00%)                                            |                |                            |            |                        |                                                     | 1              |                            |
| EUR        | 700,000                | Dubai Holding 4.75% 30/01/2014                              | 607            | 0.07                       |            |                        | BB 2.25% (2.95%)                                    |                |                            |
| GBP        | 1,250,000              | Dubai Holding Commercial                                    |                |                            | EUR        | 6,775,000              | Crown European Holdings 7.125%                      | 6 206          | 0.76                       |
|            | 2 495 000              | Operations Group 6% 01/02/2017                              | 1,250          | 0.15                       | FLIR       | 1,100,000              | 15/08/2018<br>Nexans 4.25% 19/03/2018               | 6,386<br>960   | 0.76<br>0.12               |
| EUR        | 3,485,000              | Viridian Group 11.125%<br>01/04/2017                        | 2 101          | 0.38                       | EUR        | 1,100,000              | Nexans 5.75% 02/05/2017                             | 1,017          | 0.12                       |
|            |                        | 01/04/2017                                                  | 3,191          | 0.30                       | EUR        | 3,620,000              | Rexel 7% 17/12/2018                                 | 3,446          | 0.12                       |
|            |                        | B- 0.00% (0.22%)                                            |                |                            | EUR        | 2,080,000              | Rexel 8.25% 15/12/2016                              | 1,953          | 0.23                       |
|            |                        |                                                             |                |                            | EUR        |                        | SPCM 5.5% 15/06/2020                                | 5,083          | 0.61                       |
| 000        | 4 700 000              | Not rated 1.00% (1.47%)                                     |                |                            |            |                        |                                                     |                |                            |
| GBP        | 4,788,000              | Countrywide Holdings 10%                                    | 4 00 4         | 0.50                       |            |                        | BB- 0.68% (0.58%)                                   |                |                            |
|            | 1 000 000 **           | 08/05/2018<br>*Petroprod 0% 26/11/2013                      | 4,884          | 0.58                       | EUR        | 6,428,000              | Peugeot 7.375% 06/03/2018                           | 5,658          | 0.68                       |
|            |                        | *PSOS Finance 12% 06/10/2015                                |                | 0.42                       |            |                        | Ba3 0.21% (0.00%)                                   |                |                            |
| 000        |                        | Total Cayman Islands                                        | 29,053         | 3.47                       | EUR        | 1,775,000              | Faurecia 9.375% 15/12/2016                          | 1,756          | 0.21                       |
|            |                        | i otai Gayinan isidilus                                     | 23,033         | 3.47                       |            |                        | Ba3e 0.00% (0.55%)                                  |                |                            |

Ba3e 0.00% (0.55%)

### **Portfolio Statement**

|            | Holding              | Investment                                                          | Value<br>£000 | % of<br>Net Asset<br>Value |            | Holding                | Investment                                                                               | Value N<br>£000 | % of<br>et Asset<br>Value |
|------------|----------------------|---------------------------------------------------------------------|---------------|----------------------------|------------|------------------------|------------------------------------------------------------------------------------------|-----------------|---------------------------|
| FRAM       | NCE 7.63%            | (6.53%) (continued)<br>B+ 1.04% (0.85%)                             |               |                            | EUR        | 1,485,000              | (P)B2 0.15% (0.00%)<br>Cerved Technologies 6.375%                                        |                 |                           |
| EUR        | 3,180,000            | Cerba European Lab 7%<br>01/02/2020                                 | 2,812         | 0.34                       |            |                        | 15/01/2020                                                                               | 1,292           | 0.15                      |
| EUR<br>EUR | 300,000<br>6,080,000 | Labco 8.5% 15/01/2018<br>Labco 8.5% 15/01/2018                      | 276<br>5,587  | 0.03<br>0.67               | EUR        | 1,521,000              | (P)B3 0.16% (0.00%)<br>Cerved Technologies 6.375%<br>15/01/2021                          | 1,298           | 0.16                      |
| EUR        | 1,660,000            | <b>B 0.17% (0.00%)</b><br>LA Financiere Atalian 7.25%<br>15/01/2020 | 1,450         | 0.17                       | EUR        | 3,750,000 *            | <b>D 0.10% (0.28%)</b><br>**Seat Pagine Gialle 0%<br>31/01/2017                          | 879             | 0.10                      |
|            |                      | B- 0.00% (0.03%)                                                    |               |                            |            |                        | Total Italy                                                                              | 8,442           | 1.01                      |
| EUR        | 2,210,000            | <b>B3 0.24% (0.00%)</b><br>Faurecia 8.75% 15/06/2019                | 2,006         | 0.24                       | LUX        | EMBOURG                | 20.74% (14.13%)<br>Baa2 0.33% (0.00%)                                                    |                 |                           |
|            |                      | CCC+ 0.00% (0.43%)                                                  |               |                            | EUR        | 3,000,000 †            | +Prologis International 5.875%<br>23/10/2014                                             | 2,773           | 0.33                      |
|            |                      | Total France                                                        | 63,755        | 7.63                       |            |                        |                                                                                          | 2,113           | 0.33                      |
| GER        | MANY 6.95            |                                                                     |               |                            |            |                        | Baa3 0.00% (0.47%)                                                                       |                 |                           |
| EUR        | 2,400,000            | BBB 0.27% (0.43%)<br>Commerzbank 7.75% 16/03/2021                   | 2,225         | 0.27                       |            | 1,845,000<br>2,000,000 | <b>BB+ 1.98% (1.46%)</b><br>Arcelormittal 5% 25/02/2017<br>Fiat Industrial Finance 5.25% | 1,284           | 0.15                      |
| EUR        | 2,884,000            | <b>BB 1.54% (0.00%)</b><br>Kabel Deutschland 6.5%<br>29/06/2018     | 2,683         | 0.22                       | EUR        | 11,765,000             | 11/03/2015<br>Fiat Industrial Finance 6.25%                                              | 1,825           | 0.22                      |
| EUR        | 11,590,000           | ThyssenKrupp 4% 27/08/2018                                          | 10,178        | 0.32<br>1.22               | EUR        | 2,200,000              | 09/03/2018<br>FMC Finance VIII 6.5% 15/09/2018                                           | 11,277<br>2,202 | 1.35<br>0.26              |
| EUR        | 5,581,323            | <b>BB– 2.15% (1.81%)</b><br>*Unitymedia Hessen 8.125%<br>01/12/2017 | 5,210         | 0.62                       | GBP        | 1,675,000              | <b>BB 0.22% (4.07%)</b><br>Cabot Financial Luxemburg<br>10.375% 01/10/2019               | 1,843           | 0.22                      |
| EUR        | 7,515,000            | Unitymedia Hessen 5.75%<br>15/01/2023                               | 6,621         | 0.79                       |            |                        | Ba2 2.91% (0.00%)                                                                        |                 |                           |
| EUR        | 6,540,000            | Unitymedia Hessen 7.5%<br>15/03/2019                                | 6,182         | 0.74                       |            | 2,350,000              | HeidelbergCement Finance<br>6.5% 03/08/2015                                              | 2,242           | 0.27                      |
|            |                      | B+ 0.34% (0.57%)                                                    |               |                            | EUR        | 860,000                | HeidelbergCement Finance<br>6.75% 15/12/2015                                             | 834             | 0.10                      |
| EUR        | 3,075,000            | Techem 6.125% 01/10/2019<br>B 0.23% (0.00%)                         | 2,859         | 0.34                       | EUR        | 8,980,000              | HeidelbergCement Finance<br>7.5% 03/04/2020                                              | 9,420           | 1.13                      |
| EUR        | 2,050,000            | Kabel Deutsche Holding 6.5%<br>31/07/2017                           | 1,923         | 0.23                       | EUR<br>EUR | 65,000                 | HeidelbergCement Finance<br>7.5% 31/10/2014<br>HeidelbergCement Finance                  | 62              | 0.01                      |
|            |                      | B– 2.42% (1.98%)                                                    |               |                            |            | 8,300,000              | 8.5% 31/10/2019<br>HeidelbergCement Finance                                              | 9,069           | 1.08                      |
| EUR        | 1,660,000            | KM Germany Holding 8.75%<br>15/12/2020                              | 1,540         | 0.19                       | LON        | 2,400,000              | 9.5% 15/12/2018                                                                          | 2,684           | 0.32                      |
| EUR        | 6,520,000            | KP Germany Erste 11.625%<br>15/07/2017                              | 6,378         | 0.76                       | FUR        | 1,170,000              | <b>(P)Ba2 0.13% (0.00%)</b><br>Altice Financing 8% 15/12/2019                            | 1,090           | 0.13                      |
| EUR        | 3,075,000            | Techem Energy Metering Service<br>7.875% 01/10/2020                 | 2,875         | 0.34                       | LON        | 1,170,000              | Ũ                                                                                        | 1,000           | 0.15                      |
| EUR        | 4,395,000            | Unitymedia 9.5% 15/03/2021                                          | 4,356         | 0.52                       | EUR        | 6,637,000              | BB- 5.47% (2.51%)<br>Bormioli Rocco Holdings 10%                                         |                 |                           |
| EUR        | 5,270,000            | Unitymedia 9.625% 01/12/2019                                        | 5,075         | 0.61                       |            |                        | 01/08/2018                                                                               | 5,916           | 0.71                      |
|            |                      | Total Germany                                                       | 58,105        | 6.95                       | EUR        | 405,000                | Fiat Finance & Trade 6.125%<br>08/07/2014                                                | 364             | 0.04                      |
| ITAL       | Y 1.01% (0           | .82%)<br>BB 0.38% (0.54%)                                           |               |                            | EUR        | 1,825,000              | Fiat Finance & Trade 6.375%<br>01/04/2016                                                | 1,629           | 0.19                      |
| EUR        | 3,499,000            | Lottomatica 8.25% 31/03/2066                                        | 3,140         | 0.38                       | EUR        | 1,560,000              | Fiat Finance & Trade 6.875%<br>13/02/2015                                                | 1,424           | 0.17                      |
| EUR        | 2,065,000            | <b>B 0.22% (0.00%)</b><br>Zobele Holding 7.875% 01/02/2018          | 1,833         | 0.22                       | EUR        | 1,900,000              | Fiat Finance & Trade 7.375%<br>09/07/2018                                                | ,<br>1,743      | 0.21                      |
|            | ,                    | <b>,</b>                                                            |               |                            | EUR        | 6,208,000              | Fiat Finance & Trade 7.625%<br>15/09/2014                                                | 5,703           | 0.68                      |

#### **Portfolio Statement**

|      | Holding    | Investment                                           | Value<br>£000 | % of<br>Net Asset<br>Value |            | Holding                | Investment                                                  | Value<br>£000  | % of<br>Net Asset<br>Value |
|------|------------|------------------------------------------------------|---------------|----------------------------|------------|------------------------|-------------------------------------------------------------|----------------|----------------------------|
| LUXE | EMBOURG    | 20.74% (14.13%) (continued)                          |               |                            |            |                        | CCC 0.62% (0.00%)                                           |                |                            |
| EUR  | 3,980,000  | *Mark IV Europe 8.875%                               |               |                            | EUR        | 4,490,000              | Codere Finance Luxembourg 8.25%                             |                |                            |
|      |            | 15/12/2017                                           | 3,753         | 0.45                       |            |                        | 15/06/2015 XS0222158767                                     | 3,085          | 0.37                       |
| CHF  | 1,760,000  | *Matterhorn Mobile Holdings<br>5.399% 15/05/2019     | 1,255         | 0.15                       | EUR        | 3,030,000              | Codere Finance Luxembourg 8.25% 15/06/2015 XS0528926354     | 2,070          | 0.25                       |
| CHF  | 4,430,000  | Matterhorn Mobile Holdings 6.75%                     | 1,200         | 0.15                       | USD        | 1,730,000              | *Orion Engineered Carbons 9.25%                             | 2,070          | 0.20                       |
|      |            | 15/05/2019                                           | 3,336         | 0.40                       |            |                        | 01/08/2019                                                  | 1,148          | 0.14                       |
| CHF  | 2,494,000  | Sunrise Communications 5.625% 31/12/2017             | 1,814         | 0.22                       |            |                        | Not rated 0.46% (0.43%)                                     |                |                            |
| CHF  | 1,750,000  | Sunrise Communications 7%                            | 1,014         | 0.22                       | EUR        | 4,500,000 ††           | *Signum Luxemburg 3.934%                                    |                |                            |
|      |            | 31/12/2017                                           | 1,313         | 0.16                       |            |                        | 30/06/2015                                                  | 3,887          | 0.46                       |
| EUR  | 3,318,000  | Sunrise Communications 7%                            |               |                            |            |                        | Total Luxembourg                                            | 173,427        | 20.74                      |
| EUR  | 4,670,000  | 1/12/2017<br>TMD Friction Finance 10.75%             | 3,083         | 0.37                       |            |                        |                                                             |                |                            |
| LON  | 4,070,000  | 15/05/2017                                           | 4,460         | 0.53                       | NET        | HERLANDS               | 5 13.27% (17.72%)                                           |                |                            |
| EUR  | 11,040,000 | Wind Acquisition Finance 7.375%                      |               |                            |            |                        | BBB– 0.00% (0.42%)                                          |                |                            |
|      |            | 15/02/2018                                           | 9,930         | 1.19                       |            |                        | BB+ 2.32% (1.25%)                                           |                |                            |
|      |            | Ba3 0.00% (0.84%)                                    |               |                            | EUR        | 6,760,000              | ABN Amro Bank 4.31%                                         |                | 0.04                       |
|      |            |                                                      |               |                            | EUR        | 4,750,000              | 29/03/2049<br>EDP Finance 5.75% 21/09/2017                  | 5,117<br>4,392 | 0.61<br>0.53               |
| FUD  | 7 070 000  | B+ 3.73% (1.19%)                                     |               |                            |            | 3,695,000              | OI European Group 6.75%                                     | 4,552          | 0.55                       |
| EUR  | 7,270,000  | Cirsa Funding Luxembourg 8.75%<br>15/05/2018         | 6,209         | 0.74                       |            |                        | 15/09/2020                                                  | 3,614          | 0.43                       |
| EUR  | 2,272,044  | *Oxea Finance & Cy 9.625%                            | 0,203         | 0.74                       | EUR        | 7,085,000              | OI European Group 6.875%                                    |                |                            |
|      |            | 15/07/2017                                           | 2,160         | 0.26                       |            |                        | 31/03/2017                                                  | 6,292          | 0.75                       |
| EUR  | 4,675,000  | Telenet Finance 6.25% 15/08/2022                     | 4,156         | 0.50                       |            |                        | BB 1.55% (5.78%)                                            |                |                            |
| EUR  | 1,225,000  | Telenet Finance 6.75% 15/08/2024                     | 1,111         | 0.13                       | EUR        | 2,905,000              | Portugal Telecom International                              |                |                            |
| EUR  | 3,290,000  | Telenet Finance III Luxembourg                       |               |                            | Lon        | 2,000,000              | Finance 4.375% 24/03/17                                     | 2,556          | 0.31                       |
| FUR  | 0 455 000  | 6.625% 15/02/2021                                    | 2,980         | 0.36                       | EUR        | 2,390,000              | Portugal Telecom International                              |                |                            |
| EUR  | 3,155,000  | Telenet Finance Luxembourg<br>6.375% 15/11/2020      | 2,850         | 0.34                       |            |                        | Finance 5% 04/11/2019                                       | 2,068          | 0.25                       |
| EUR  | 12,710,000 | Wind Acquisition Finance 11.75%                      | 2,000         | 0.04                       | EUR        | 2,300,000              | Portugal Telecom International<br>Finance 5.625% 08/02/2016 | 0 1 0 0        | 0.05                       |
|      |            | 15/07/2017                                           | 11,704        | 1.40                       | FUR        | 6,789,000              | Portugal Telecom International                              | 2,103          | 0.25                       |
|      |            | B 1.49% (2.08%)                                      |               |                            |            | 0,7.00,000             | Finance 5.875% 17/04/2018                                   | 6,150          | 0.74                       |
| CHF  | 1,000,000  | Aguila 3 7.875% 31/01/2018                           |               |                            |            |                        |                                                             |                |                            |
| 0.11 | .,,        | US008635AA20                                         | 751           | 0.09                       | ELID       | 14 155 000             | Ba2 1.74% (0.00%)                                           |                |                            |
| USD  | 3,910,000  | Aguila 3 7.875% 31/01/2018                           |               |                            | EUN        | 14,155,000             | HeidelbergCement Finance 8%<br>31/01/2017                   | 14,508         | 1.74                       |
|      |            | US008635AA20                                         | 2,784         | 0.33                       |            |                        | 51/61/2017                                                  | 14,500         | 1.74                       |
| EUR  | 1,693,000  | Numericable Finance 12.375%                          |               |                            |            |                        | BB– 2.60% (1.07%)                                           |                |                            |
| FUD  | 0 115 000  | 15/02/2019                                           | 1,751         | 0.21                       | EUR        | 2,903,000              | Conti-Gummi Finance 6.5%                                    |                |                            |
| EUR  | 2,115,000  | *Numericable Finance 8.07%<br>15/10/2018             | 1,889         | 0.23                       | EUR        | 9,275,000              | 15/01/2016<br>Conti-Gummi Finance 7.125%                    | 2,664          | 0.32                       |
| EUR  | 5,528,000  | Numericable Finance 8.75%                            | 1,000         | 0.20                       | LON        | 3,275,000              | 15/10/2018                                                  | 8,553          | 1.02                       |
|      |            | 15/02/2019                                           | 5,242         | 0.63                       | EUR        | 2,745,000              | Conti-Gummi Finance 7.5%                                    | -,             |                            |
|      |            | B– 1.04% (0.82%)                                     |               |                            |            |                        | 15/09/2017                                                  | 2,533          | 0.30                       |
| EUR  | 5,707,000  | Matterhorn Mobile Holdings 8.25%                     |               |                            | EUR        | 8,540,000              | Ziggo Bond 8% 15/05/2018                                    | 8,011          | 0.96                       |
|      | -,,        | 15/02/2020                                           | 5,394         | 0.64                       |            |                        | B+ 2.33% (3.86%)                                            |                |                            |
| EUR  | 3,585,000  | Sunrise Communications 8.5%                          |               |                            | EUR        | 6,795,000              | Carlson Wagonlit 7.5%                                       |                |                            |
|      |            | 31/12/2018                                           | 3,393         | 0.40                       |            |                        | 15/06/2019                                                  | 6,269          | 0.75                       |
|      |            | B3 0.00% (0.26%)                                     |               |                            | EUR        | 6,695,000              | GMAC International Finance 7.5%                             | 6 221          | 0.76                       |
|      |            |                                                      |               |                            | EUR        | 2,000,000              | 21/04/2015<br>Refresco Group 7.375%                         | 6,331          | 0.76                       |
| EUR  | 2,390,000  | CCC+ 2.36% (0.00%)<br>Beverage Packaging Holdings 8% |               |                            |            | 2,000,000              | 15/05/2018                                                  | 1,819          | 0.22                       |
| LON  | 2,330,000  | 15/12/2016                                           | 2,085         | 0.25                       | EUR        | 5,030,000              | Schaeffler Finance 7.75%                                    |                |                            |
| EUR  | 2,345,000  | Beverage Packaging Holdings 9.5%                     | _,            | 0.20                       |            |                        | 15/02/2017                                                  | 4,979          | 0.60                       |
|      |            | 15/06/2017                                           | 2,093         | 0.25                       |            |                        | B1 0.00% (0.69%)                                            |                |                            |
| EUR  | 16,430,000 | Ineos Group Holdings 7.875%                          | 14 057        | 4 70                       |            |                        |                                                             |                |                            |
|      |            | 15/02/2016                                           | 14,357        | 1.72                       | ELID       | 1 205 000              | B 0.39% (1.18%)                                             | 1 1 1 0        | 0.10                       |
|      |            |                                                      |               |                            | EUR<br>GBP | 1,385,000<br>2,380,000 | Intergen 8.5% 30/06/2017<br>Intergen 9.5% 30/06/2017        | 1,110<br>2,196 | 0.13<br>0.26               |
|      |            |                                                      |               |                            | 221        | _,_000,000             |                                                             | _,             | 0.20                       |

### **Portfolio Statement**

|            | Holding                | Investment                                                  | Value<br>£000  | % of<br>Net Asset<br>Value |            | Holding              | Investment                                              | Value<br>£000 | % of<br>Net Asset<br>Value |
|------------|------------------------|-------------------------------------------------------------|----------------|----------------------------|------------|----------------------|---------------------------------------------------------|---------------|----------------------------|
| NETH       | IERLANDS               | 13.27% (17.72%) (continued)                                 |                |                            | EUR        | 1,000,000            | Ardagh Packaging Finance USA 5%                         |               |                            |
| EUR        | 1,825,000              | <b>B– 1.27% (1.58%)</b><br>Polish Television Holding 11.25% |                |                            | EUR        | 2,000,000            | 15/11/2022<br>Ardagh Packaging Finance USA              | 865           | 0.10                       |
|            |                        | 15/05/2017                                                  | 1,711          |                            |            | 0 570 000            | 7.375% 15/10/2017                                       | 1,869         | 0.22                       |
| EUR<br>EUR | 2,450,000<br>5,265,000 | UPC Holding 8% 01/11/2016<br>UPC Holding 8.375% 15/08/2020  | 2,184<br>5,001 |                            | EUR        | 2,570,000            | Nara Cable Funding 8.875%<br>01/12/2018 US63080TAA51    | 2,354         | 0.28                       |
|            | 1,940,000              | UPC Holding 9.75% 15/04/2018                                | 1,774          |                            | USD        | 2,810,000            | 0                                                       |               |                            |
|            |                        | Not rated 1.07% (1.89%)                                     |                |                            |            |                      | 01/12/2018 US63080TAA51                                 | 1,970         | 0.24                       |
| EUR        | 11,030,424             | *Boats Investment Netherlands 11%                           |                |                            |            |                      | B 0.18% (0.72%)                                         |               |                            |
| USD        | 5,500,000              | 31/03/2017<br>OSX 3 Leasing 9.25% 20/03/2015                | 5,267<br>3,718 |                            | EUR        | 1,530,000            | Bank of Ireland 10% 19/12/2022                          | 1,472         | 0.18                       |
| 050        | 5,500,000              | Total Netherlands                                           | 110,920        |                            |            | 1 000 000            | B- 0.20% (1.17%)                                        | 1 0 47        | 0.00                       |
|            |                        |                                                             |                |                            | EUR        | 1,800,000            | Ono Finance II 11.125% 15/07/2019                       | 1,647         | 0.20                       |
| NOR        | WAY 0.16%              |                                                             |                |                            | EUR        | 3,771,084            | CCC+ 1.18% (0.18%)<br>ARD Finance 0% 01/06/2018         | 3,565         | 0.43                       |
|            |                        | B– 0.00% (0.26%)                                            |                |                            |            | 7,075,000            | Ardagh Glass Finance 7.125%                             | 3,505         | 0.43                       |
|            |                        | CCC+ 0.16% (0.00%)                                          |                |                            |            |                      | 15/06/2017                                              | 6,259         | 0.75                       |
| EUR        | 965,000                | Norske Skogindustrier 11.75%<br>15/06/2016                  | 710            | 0.09                       |            |                      | Not rated 0.35% (0.00%)                                 |               |                            |
| EUR        | 1,044,000              | Norske Skogindustrier 7%                                    | 710            | 0.00                       | EUR        | 3,205,000            | Bank of Ireland 10% 30/07/2016                          | 2,918         | 0.35                       |
|            |                        | 26/06/2017                                                  | 611            | 0.07                       | EUR        | 2,630                | Smurfit Kappa Acquisitions Warrar<br>0% 30/09/2013      | its _         | _                          |
|            |                        | Not rated 0.00% (0.11%)                                     |                |                            |            |                      | Total Republic of Ireland                               | 62,980        | 7.53                       |
|            |                        | Total Norway                                                | 1,321          | 0.16                       |            |                      |                                                         |               |                            |
|            |                        | (0,00%)                                                     |                |                            | SING       | APORE 0.0            | 00% (0.00%)                                             |               |                            |
| PULA       | ND 0.36%               | (0.00%)<br>B 0.36% (0.00%)                                  |                |                            | USD        | 650,674 *            | Not rated 0.00% (0.00%)<br>**Nexus 1 PTE 0% 09/04/2013  | _             |                            |
| EUR        | 3,217,000              | Ciech Group Financing 9.5%                                  |                |                            |            |                      | Total Singapore                                         | _             |                            |
|            |                        | 30/11/2019                                                  | 3,043          |                            |            |                      |                                                         |               |                            |
|            |                        | Total Poland                                                | 3,043          | 0.36                       | SOU        | TH AFRICA            | A 0.65% (1.21%)<br>BB 0.35% (0.36%)                     |               |                            |
| PORT       | UGAL 1.7               | 1% (0.00%)<br>BB– 1.71% (0.00%)                             |                |                            | USD        | 4,110,000            | Sable International Finance 7.75% 15/02/2017            | 2,904         | 0.35                       |
| EUR        | 2,000,000              | Banco Espirito Santo 4.75%<br>15/01/2018                    | 1,719          | 0.20                       |            |                      | BB- 0.00% (0.27%)                                       |               |                            |
| EUR        | 9,200,000              | Banco Espirito Santo 5.875%                                 | 1,713          | 0.20                       |            |                      |                                                         |               |                            |
| FUD        | 4 000 000              | 09/11/2015                                                  | 8,282          | 0.99                       |            |                      | B+ 0.00% (0.36%)                                        |               |                            |
| EUR        | 4,800,000              | Caixa Geral de Depositos 5.625% 04/12/2015                  | 4,323          | 0.52                       |            | 701 000              | B 0.30% (0.22%)                                         |               |                            |
|            |                        | Total Portugal                                              | 14,324         |                            | EUR        | 701,000              | *Edcon Proprietary 3.433%<br>15/06/2014                 | 606           | 0.07                       |
|            |                        |                                                             |                |                            | EUR        | 2,232,000            | Edcon Proprietary 9.5% 01/03/2018                       | 1,923         | 0.23                       |
| REPU       | IBLIC OF IF            | RELAND 7.53% (7.13%)                                        |                |                            |            |                      | Total South Africa                                      | 5,433         | 0.65                       |
| EUR        | 9,930,000              | BB+ 1.03% (2.59%)<br>Bank of Ireland 4.625% 08/04/2013      | 8,621          | 1.03                       | CDVI       | N 2.17% (1           | 71%)                                                    |               |                            |
|            |                        |                                                             |                |                            | JF AI      | 11 2.17 /0 (1        | BB 0.29% (0.00%)                                        |               |                            |
| EUR        | 10,140,000             | BB 2.54% (1.17%)<br>Allied Irish Banks 5.625%               |                |                            | EUR        | 2,790,000            | Ence Energia y Celulosa 7.25%                           |               |                            |
|            |                        | 12/11/2014                                                  | 8,939          | 1.07                       |            |                      | 15/02/2020                                              | 2,452         | 0.29                       |
| EUR        | 6,265,000              | Smurfit Kappa Acquisition 7.25% 15/11/2017                  | 5,791          | 0.69                       |            |                      | Ba2 1.88% (1.09%)                                       |               | o 40                       |
| EUR        | 6,865,000              | Smurfit Kappa Acquisition 7.75%                             | 0,7 0 1        | 0100                       | EUR<br>EUR | 4,000,000<br>950,000 | Bankia 4.375% 14/02/2017<br>Obrascon Huarte Lain 7.375% | 3,344         | 0.40                       |
|            |                        | 15/11/2019                                                  | 6,537          | 0.78                       |            |                      | 28/04/2015                                              | 893           | 0.11                       |
|            |                        | BB– 0.31% (1.22%)                                           |                |                            | EUR        | 2,560,000            | Obrascon Huarte Lain 7.625%<br>15/03/2020               | 2 2 4 1       | 0.20                       |
| EUR        | 2,910,000              | Rottapharm 6.125% 15/11/2019                                | 2,592          | 0.31                       | EUR        | 9,465,000            | Obrascon Huarte Lain 8.75%                              | 2,341         | 0.28                       |
|            |                        | B+ 1.74% (0.08%)                                            |                |                            |            |                      | 15/03/2018                                              | 9,091         | 1.09                       |
| EUR        | 3,800,000              | Ardagh Glass Finance 9.25%<br>01/07/2016                    | 3,530          | 0.42                       |            |                      | B+ 0.00% (0.62%)                                        |               |                            |
| EUR        | 4,310,000              | Ardagh Packaging Finance 7.375%                             |                | 0.42                       |            |                      | Total Spain                                             | 18,121        | 2.17                       |
|            |                        | 15/10/2017                                                  | 4,051          | 0.48                       |            |                      |                                                         |               |                            |

#### **Portfolio Statement**

| Holding                         | Investment                                                         | Value<br>£000  | % of<br>Net Asset<br>Value |     | Holding     | Investment                                               | Value<br>£000 | % of<br>Net Asset<br>Value |
|---------------------------------|--------------------------------------------------------------------|----------------|----------------------------|-----|-------------|----------------------------------------------------------|---------------|----------------------------|
| SWEDEN 2.969                    | % (3.72%)<br>BB+ 0.00% (0.43%)                                     |                |                            | GBP | 2,710,000   | Jaguar Land Rover 8.25%<br>15/03/2020                    | 3,043         | 0.36                       |
|                                 | BB 0.21% (0.00%)                                                   | 1 770          | 0.01                       | GBP | 4,650,000   | Southern Water Greensand 8.5%<br>15/04/2019              | 4,899         | 0.59                       |
| EUR 1,980,000                   | Stena 5.875% 01/02/2019<br>B+ 1.59% (1.76%)                        | 1,773          | 0.21                       | GBP | 7,625,000   | Taylor Wimpey 10.375%<br>31/12/2015                      | 8,502         | 1.02                       |
| EUR 10,290,000<br>EUR 3,790,000 | TVN Finance 10.75% 15/11/2017<br>TVN Finance III 7.875% 15/11/2018 | 9,777<br>3,484 | 1.17<br>0.42               | GBP | 2,430,000   | Virgin Media Finance 5.125%<br>15/02/2022                | 2,449         | 0.29                       |
| 2011 0,700,000                  | B 0.00% (0.10%)                                                    | 0,101          | 0.12                       | GBP | 5,228,000   | Virgin Media Finance 8.875%<br>15/10/2019                | 5,764         | 0.69                       |
|                                 | B– 0.57% (0.74%)                                                   |                |                            |     |             | Ba3 0.47% (0.45%)                                        |               |                            |
| EUR 4,780,000                   | Eileme 2 11.75% 31/01/2020                                         | 4,740          | 0.57                       | GBP | 3,664,000   | Anglian Water (Osprey) Financing 7% 31/01/2018           | 3,915         | 0.47                       |
| EUR 5,280,000                   | CCC+ 0.59% (0.69%)<br>Norcell Sweden 10.75%                        |                |                            | CDD | F 07F 000   | B+ 4.29% (3.21%)                                         |               |                            |
|                                 | 29/09/2019                                                         | 4,980          | 0.59                       | GBP | 5,975,000   | Aston Martin Capital 9.25%<br>15/07/2018                 | 6,070         | 0.73                       |
|                                 | Total Sweden                                                       | 24,754         | 2.96                       | GBP | 5,200,000   | Boparan Finance 9.875% 30/04/2018                        |               | 0.73                       |
|                                 |                                                                    |                |                            | GBP | 5,500,000   | Elli Finance UK 8.75% 15/06/2019                         | 5,958         | 0.71                       |
| SWITZERLAND                     | 0.17% (0.00%)                                                      |                |                            | GBP | 5,295,000   | Matalan Finance 8.875% 29/04/2016                        |               | 0.63                       |
| •••••                           | BB+ 0.17% (0.00%)                                                  |                |                            | EUR | 5,900,000   | OTE 4.625% 20/05/2016                                    | 4,760         | 0.57                       |
| USD 2,056,000                   | Dufry Finance 5.5% 15/10/2020                                      | 1,433          | 0.17                       | EUR | 2,042,000   | OTE 5% 05/08/2013                                        | 1,771         | 0.21                       |
|                                 | Total Switzerland                                                  |                | 0.17                       | EUR | 1,500,000   | OTE 7.25% 12/02/2015                                     | 1,313         | 0.16                       |
|                                 |                                                                    | 1,433          | 0.17                       | EUR | 4,260,000   | OTE 7.875% 07/02/2018                                    | 3,749         | 0.45                       |
| UNITED KING                     | DOM 22.44% (21.53%)<br>Baa1 0.00% (0.38%)                          |                |                            | GBP | 1,135,000   | Voyage Care BondCo 6.5%<br>01/08/2018                    | 1,166         | 0.14                       |
|                                 |                                                                    |                |                            |     |             | B1 0.70% (0.80%)                                         |               |                            |
| 000 0.000                       | Baa3 0.45% (0.00%)                                                 |                | o 15                       | EUR | 1,750,000   | Investec Tier UK 7.075% 24/06/2049                       | 1,413         | 0.17                       |
| GBP 3,274,000                   | Santander 10.0625% 06/04/2049                                      | 3,635          | 0.45                       | GBP | 4,125,000   | Thames Water Kemble Finance                              |               |                            |
|                                 | BBB– 0.33% (3.34%)                                                 |                |                            |     |             | 7.75% 01/04/2019                                         | 4,466         | 0.53                       |
| EUR 2,614,000                   | Royal Bank of Scotland 10.5%                                       |                |                            |     |             | B 2.09% (2.54%)                                          |               |                            |
|                                 | 16/03/2022                                                         | 2,756          | 0.33                       | EUR | 2 705 000 + | †Avis Budget Finance 6%                                  |               |                            |
|                                 |                                                                    |                |                            | LON | 2,703,0001  | 01/03/2021                                               | 2,362         | 0.28                       |
|                                 | BB+ 1.53% (1.05%)                                                  |                |                            | GBP | 7,440,000   | Care UK 9.75% 01/08/2017                                 | 7,597         | 0.91                       |
| GBP 4,010,000                   | Co-operative 5.625% 08/07/2020                                     | 4,211          | 0.50                       | EUR | 2,440,000   | Eco-Bat Finance 7.75% 15/02/2017                         | 2,199         | 0.26                       |
| GBP 3,000,000                   | Lloyds TSB Bank 13% 21/07/2049                                     | 4,435          | 0.53                       | GBP | 1,650,000   | House of Fraser 8.875% 15/08/2018                        | 1,727         | 0.20                       |
| GBP 3,774,000                   | William Hill 7.125% 11/11/2016                                     | 4,194          | 0.50                       | GBP | 3,470,000   | Odeon & UCI Finco 9% 01/08/2018                          | 3,613         | 0.43                       |
| 000 4 000 000                   | BB 3.90% (3.07%)                                                   |                |                            |     |             | B2e 0.00% (0.28%)                                        |               |                            |
| GBP 1,900,000                   | British Airways 8.75% 23/08/2016                                   | 2,105          | 0.25                       |     |             |                                                          |               |                            |
| GBP 10,164,000                  | Crown Newco 3 7% 15/02/2018                                        | 10,524         | 1.26                       |     |             | B– 0.65% (0.00%)                                         |               |                            |
| GBP 1,090,000                   | Daily Mail & General Trust 10%                                     | 1 407          | 0.17                       | EUR | 6,896,000   | Kerling 10.625% 28/01/2017                               | 5,439         | 0.65                       |
| CDD 4.075.000                   | 09/04/2021                                                         | 1,407          | 0.17                       |     |             | B2 0 24% (0 00%)                                         |               |                            |
| GBP 4,075,000                   | 07/12/2018                                                         | 4,409          | 0.53                       | GBP | 1,967,000   | <b>B3 0.24% (0.00%)</b><br>Arqiva Broadcast Finance 9.5% | 0.000         | 0.04                       |
| GBP 2,000,000                   | LBG Capital No 1 11.04%<br>19/03/2020                              | 2,363          | 0.28                       |     |             | 31/03/2020                                               | 2,028         | 0.24                       |
| GBP 3,190,000                   | Lowell Group Finance 10.75%                                        |                |                            | GBP | 1,125,000   | CCC+ 0.15% (0.00%)<br>*Annington Finance No5 13%         |               |                            |
| EUR 9,115,000                   | 01/04/2019<br>Rexam 6.75% 29/06/2067                               | 3,517<br>8,314 | 0.42<br>0.99               | GDI | 1,120,000   | 15/01/2023                                               | 1,249         | 0.15                       |
| 2011 0,110,000                  | BB- 4.94% (3.22%)                                                  | 0,014          | 0.00                       |     |             | CCC 0.00% (0.46%)                                        |               |                            |
| GBP 1,670,000                   | Arrow Global Finance 7.875%                                        |                |                            |     |             |                                                          |               |                            |
|                                 | 01/03/2020                                                         | 1,667          | 0.20                       | 000 | 7 000 000   | Not rated 2.70% (2.73%)                                  | 0.007         | 4.00                       |
| GBP 1,640,000                   | Enterprise Inns 6.375% 26/09/2031                                  | 1,385          | 0.17                       | GBP | 7,220,000   | First Hydro Finance 9% 31/07/2021                        | 8,867         | 1.06                       |
| GBP 6,727,000                   | Enterprise Inns 6.5% 06/12/2018                                    | 6,600          | 0.79                       | EUR | 7,170,000   | International Personal Finance                           | 7 045         | 0.00                       |
| GBP 200,000                     | Enterprise Inns 6.875% 09/05/2025                                  | 187            | 0.02                       | 000 | 6 000 000   | 11.5% 06/08/2015                                         | 7,215         | 0.86                       |
| GBP 3,710,000                   | Enterprise Inns 6.875% 15/02/2021                                  | 3,492          | 0.42                       | GBP | 6,090,000   | MU Finance 8.75% 01/02/2017                              | 6,513         | 0.78                       |
| GBP 2,970,000                   | Jaguar Land Rover 8.125%                                           |                |                            |     |             | Total United Kingdom                                     | 187,609       | 22.44                      |
|                                 | 15/05/2018                                                         | 3,269          | 0.39                       |     |             |                                                          |               |                            |

#### **Portfolio Statement**

Total value of investments

(continued)

|            |                        |                                                                                                                 |                                           | % of                    |                                                          |
|------------|------------------------|-----------------------------------------------------------------------------------------------------------------|-------------------------------------------|-------------------------|----------------------------------------------------------|
|            | Holding                | Investment                                                                                                      | Value l<br>£000                           | Net Asset<br>Value      |                                                          |
| UNITE      | ED STATE               | S OF AMERICA 2.26% (4.35%)<br>BB+ 0.00% (1.31%)                                                                 |                                           |                         | ANALYSIS OF INVESTM                                      |
|            |                        | BB 0.00% (0.73%)                                                                                                |                                           |                         | Baa2<br>BBB–                                             |
|            | 5,035,000<br>1,770,000 | <b>BB– 0.76% (0.00%)</b><br>Chesapeake Energy 6.25% 15/01/20 <sup>7</sup><br>Rain Cll Carbon LLC 8.5% 15/01/202 |                                           | 0.56<br>0.20            | Baa3<br>BB+<br>BB<br>Ba2                                 |
| EUR<br>GBP | 850,000<br>4,355,000   | <b>B+ 0.61% (0.67%)</b><br>Iron Mountain 6.75% 15/10/2018<br>Iron Mountain 7.25% 15/04/2014                     | 749<br>4,360                              | 0.09<br>0.52            | (P) Ba2<br>BB–<br>Ba3<br>B+                              |
|            |                        | B 0.00% (0.94%)                                                                                                 |                                           |                         | B1<br>B                                                  |
| EUR        | 4,667,000              | <b>B– 0.53% (0.00%)</b><br>Infor US 10% 01/04/19                                                                | 4,467                                     | 0.53                    | B2<br>(P) B2<br>B–                                       |
| USD        | 4,300,000              | CCC+ 0.36% (0.62%)<br>Ocean Rig UDW 9.5% 27/04/2016<br>Not rated 0.00% (0.08%)                                  | 3,011                                     | 0.36                    | B3<br>(P) B3<br>CCC+                                     |
|            |                        | Total United States of America                                                                                  | 18,881                                    | 2.26                    | CCC<br>D                                                 |
|            |                        |                                                                                                                 |                                           |                         | Not rated                                                |
| DERIV      | ATIVES -               | -0.79% (0.38%)<br>Credit default swaps 0.03% (0.00%                                                             | <i>(</i> )                                |                         | Total bonds & equities                                   |
| EUR        | 9,750,000              | Citigroup EUR Markit                                                                                            | 0)                                        |                         | Derivatives<br>Total value of investments                |
| EUR        | 1,110,000              | iTraxx 20/12/2017 Spread 500<br>Merrill Lynch EUR OTE                                                           | 241                                       | 0.03                    |                                                          |
|            |                        | 20/09/2013 Spread 500                                                                                           | 10                                        | -                       | ANALYSIS OF COLLATE                                      |
|            |                        | Forward foreign exchange contract Sell GBP 107,310                                                              | cts -0.82%                                | (0.38%)                 | Counterparty                                             |
|            |                        | Buy CHF 153,000 RBS<br>Sell GBP 2,045,554                                                                       | 1                                         | -                       | Citigroup                                                |
|            |                        | Buy EUR 2,367,000 Barclays<br>Sell GBP 2,539,025                                                                | 10                                        | -                       | The calculation of the % N                               |
|            |                        | Buy EUR 2,900,000 RBS<br>Sell CHF 12,120,000                                                                    | (21)                                      | -                       | rounding.                                                |
|            |                        | Buy GBP 8,482,922 RBS<br>Sell EUR 237,003,000                                                                   | (60)                                      | (0.01)                  | March 2012 comparatives in<br>*Variable rate bonds.      |
|            |                        | Buy GBP 203,909,560 HSBC<br>Sell EUR 235,000,000                                                                | (1,906)                                   | (0.23)                  | **These are unlisted securitie                           |
|            |                        | Buy GBP 202,184,600 J.P. Morgan<br>Sell EUR 235,000,000                                                         | n (1,892)                                 | (0.23)                  | ttAt 7 March 2013, there we of the NAV of the fund) wh   |
|            |                        | Buy GBP 202,153,345 UBS<br>Sell EUR 14,000                                                                      | (1,924)                                   | (0.23)                  | broker. These investments<br>to be immediately liquidate |
|            |                        | Buy GBP 12,060 RBS                                                                                              | -                                         | -                       |                                                          |
|            |                        | Sell EUR 8,200,000<br>Buy GBP 7,068,449 RBC<br>Sell USD 46,342,000                                              | (53)                                      | -                       |                                                          |
|            |                        | Buy GBP 29,895,615 RBS                                                                                          | (1,014)                                   | (0.12)                  |                                                          |
|            |                        | Total derivatives                                                                                               | (6,608)                                   | (0.79)                  |                                                          |
|            | alue of inv            |                                                                                                                 | 809,253                                   | 96.80                   |                                                          |
|            | her assets             | (6.85%)                                                                                                         | 26,734                                    | 3.20                    |                                                          |
| Net as     | Sets                   | —                                                                                                               | 835,987                                   | 100.00                  |                                                          |
| Fixed I    | nterest<br>Ig Rate Not | NVESTMENTS BY ASSET CLA                                                                                         | <b>SS</b><br>785,912<br>29,949<br>(6,608) | 97.12<br>3.70<br>(0.82) |                                                          |

| ANALYSIS OF INVESTMENTS BY CREDIT RA | TINGS   |
|--------------------------------------|---------|
| BBB                                  | 2,225   |
| Baa2                                 | 2,773   |
| BBB-                                 | 2,756   |
| Baa3                                 | 5,391   |
| BB+                                  | 87,068  |
| BB                                   | 130,959 |
| Ba2                                  | 54,488  |
| (P) Ba2                              | 1,090   |
| BB-                                  | 168,511 |
| Ba3                                  | 5,671   |
| B+                                   | 130,990 |
| B1                                   | 5,879   |
| В                                    | 61,428  |
| B2                                   | 5,048   |
| (P) B2                               | 1,292   |
| B-                                   | 55,974  |
| B3                                   | 4,034   |
| (P) B3                               | 1,298   |
| CCC+                                 | 35,088  |
| CCC                                  | 5,155   |
| D                                    | 879     |
| Not rated                            | 47,864  |
| Total bonds & equities               | 815,861 |
| Derivatives                          | (6,608) |
| Total value of investments           | 809,253 |
|                                      |         |

Value £000

#### **ERAL RECEIVED**

| Counterparty | Туре | Value<br>£000 |
|--------------|------|---------------|
| Citigroup    | Cash | 250           |

Net Asset Value may not sum to 100% due to

in brackets.

ies and are valued at the ACD's best estimate.

were investments totalling £13,617,000 (1.62% vhich were valued using a quote from a single s trade in a limited market and may not be able ted at these estimated fair values.

100.00

809,253

#### **Portfolio Statement**

as at 7 March 2013

|       | Holding    | Investment                                                  | Value<br>£000 | % of<br>Net Asset<br>Value |            | Holding              | Investment                                                                            | Value<br>£000 | % of<br>Net Asset<br>Value |
|-------|------------|-------------------------------------------------------------|---------------|----------------------------|------------|----------------------|---------------------------------------------------------------------------------------|---------------|----------------------------|
| ALIC: |            | 8% (0.48%)                                                  |               |                            |            |                      | BBB 1.04% (0.79%)                                                                     |               |                            |
| GBP   | 1,000,000  | AA- 0.30% (0.48%)<br>National Australia Bank 5.125%         |               |                            | USD        | 1,365,000            | Hutchison Whampoa International<br>6% 28/10/2049                                      | 969           | 0.25                       |
| 05.   | .,         | 09/12/2021                                                  | 1,160         | 0.30                       | GBP        | 700,000              | Petrobras International Finance 5.375% 01/10/2029                                     | 715           | 0.18                       |
| GBP   | 1,050,000  | <b>A+ 0.26% (0.00%)</b><br>BHP Billiton Finance 3.25%       |               |                            | GBP        | 716,000              | South East Water Finance<br>5.6577% 30/09/2019                                        | 827           | 0.21                       |
|       |            | 25/09/2024                                                  | 1,037         | 0.26                       | GBP        | 625,000              | Southern Water Services<br>7.869% 31/03/2014                                          | 655           | 0.17                       |
| GBP   | 915,000    | <b>A 0.26% (0.00%)</b><br>QBE Insurance Group 6.125%        |               |                            | GBP        | 300,000              | Thames Water utilities Cayman 5.75% 13/09/2030                                        | 341           | 0.09                       |
|       |            | 28/09/2015                                                  | 1,007         | 0.26                       | GBP        | 475,000              | Yorkshire Water 6% 24/04/2025                                                         | 534           | 0.14                       |
| GBP   | 603,000    | BBB 0.16% (0.00%)<br>APT Pipelines 4.25% 26/11/2024         | 628           | 0.16                       |            |                      | BB 0.00% (0.13%)                                                                      |               |                            |
| 05.   | 000,000    | Total Australia                                             | 3,832         | 0.98                       |            |                      | BB– 0.78% (0.00%)                                                                     |               |                            |
|       |            |                                                             | 0,002         | 0.00                       | EUR        | 500,000              | UPCB Finance 6.375%                                                                   |               |                            |
| AUS   | TRIA 0.27% | 6 (0.41%)<br>BB 0.27% (0.41%)                               |               |                            | EUR        | 2,360,000            | 01/07/2020<br>UPCB Finance 7.625%                                                     | 461           | 0.12                       |
| EUR   | 650,000    | Sappi Papier Holding 6.625%<br>15/04/2018                   | 604           | 0.16                       | USD        | 460,000              | 15/01/2020<br>UPCB Finance VI 6.875%                                                  | 2,232         | 0.57                       |
| USD   | 235,000    | Sappi Papier Holding 7.75%<br>15/07/2017                    | 174           | 0.04                       |            |                      | 15/01/2022                                                                            | 333           | 0.09                       |
| USD   | 350,000    | Sappi Papier Holding 8.375%<br>15/06/2019                   | 260           | 0.04                       |            |                      | B+ 0.00% (0.76%)<br>B 0.10% (0.00%)                                                   |               |                            |
|       |            | Total Austria                                               | 1,038         | 0.07                       | USD        | 500,000              | RDS Ultra-Deepwater                                                                   |               |                            |
|       |            |                                                             | 1,030         | 0.27                       |            |                      | 11.875% 15/03/2017                                                                    | 372           | 0.10                       |
| BELG  | GIUM 0.70% | % (0.54%)                                                   |               |                            |            |                      | B- 0.00% (0.09%)                                                                      |               |                            |
|       | 1 000 000  | A 0.53% (0.00%)                                             |               |                            |            |                      | B2 0 24% (0 00%)                                                                      |               |                            |
| GBP   | 1,300,000  | Anheuser-Busch InBev 9.75%<br>30/07/2024                    | 2,057         | 0.53                       | GBP        | 300,000              | <b>B2 0.24% (0.00%)</b><br>Dubai Holding Commercial<br>Operations Group 6% 01/02/2017 | 300           | 0.08                       |
|       |            | A- 0.00% (0.54%)                                            |               |                            | EUR        | 690,000              | Viridian Group 11.125% 01/02/2017                                                     | 632           | 0.08                       |
| USD   | 1,000,000  | <b>BB+ 0.17% (0.00%)</b><br>KBC Bank 8% 25/01/2023          | 668           | 0.17                       | GBP        | 1,190,000            | Not rated 0.21% (0.79%)<br>Countrywide Holdings                                       |               |                            |
|       |            | Total Belgium                                               | 2,725         | 0.70                       | GDI        | 1,100,000            | 10% 08/05/2018                                                                        | 1,214         | 0.31                       |
|       |            | _                                                           |               |                            | USD        | 1,233,846†           | †*PSOS Finance 12%<br>06/10/2015                                                      | 827           | 0.21                       |
| CAN   | ADA 0.82%  |                                                             |               |                            |            |                      | Total Cayman Islands                                                                  | 15,204        | 3.90                       |
| GBP   | 1,015,000  | BBB+ 0.32% (0.12%)<br>Xstrata Canada Finance 7.375%         |               |                            |            |                      |                                                                                       | 15,204        | 3.50                       |
|       |            | 27/05/2020                                                  | 1,254         | 0.32                       | CRO        | ATIA 0.50%           | 6 (0.45%)<br>B 0.50% (0.45%)                                                          |               |                            |
|       |            | BB+ 0.00% (0.69%)                                           |               |                            | EUR<br>EUR | 400,000<br>2,065,000 | Agrokor 9.125% 01/02/2020<br>Agrokor 10% 07/12/2016                                   | 378<br>1,944  | 0.09<br>0.50               |
| EUR   | 2,115,000  | <b>BB 0.50% (0.00%)</b><br>Bombardier 6.125% 15/05/2021     | 1,949         | 0.50                       | LON        | 2,003,000            | Total Croatia                                                                         | 2,322         | 0.59                       |
|       |            | Total Canada                                                | 3,203         | 0.82                       |            |                      |                                                                                       |               |                            |
| CAYI  | MAN ISLAI  | <br>NDS 3.90% (4.24%)                                       |               |                            | CZEC       | CH REPUBL            | IC 0.00% (0.06%)<br>B 0.00% (0.06%)                                                   |               |                            |
|       |            | AA 0.27% (0.50%)                                            |               |                            |            |                      | Total Czech Republic                                                                  | _             | _                          |
| GBP   | 840,000    | IPIC GMTN 6.875% 14/03/2026                                 | 1,066         | 0.27                       |            |                      |                                                                                       |               |                            |
| GBP   | 897,000    | A 0.28% (0.27%)<br>DMR Cymru Financing<br>6.015% 31/03/2028 | 1,112         | 0.28                       |            |                      |                                                                                       |               |                            |
|       |            | A- 0.67% (0.91%)                                            | ,             |                            |            |                      |                                                                                       |               |                            |
| GBP   | 830,000    | A- 0.67% (0.91%)<br>Southern Water Services                 |               |                            |            |                      |                                                                                       |               |                            |
| o     |            | 5% 31/03/2021                                               | 917           | 0.24                       |            |                      |                                                                                       |               |                            |
| GBP   | 1,400,000  | Thames Water utilities<br>Cayman 7,241% 09/04/2058          | 1,697         | 0.43                       |            |                      |                                                                                       |               |                            |

0.43

1,697

Cayman 7.241% 09/04/2058

### **Portfolio Statement**

|            | Holding              | Investment                                                     | Value<br>£000 | % of<br>Net Asset<br>Value |            | Holding              | Investment                                                   | Value<br>£000 | % of<br>Net Asset<br>Value |
|------------|----------------------|----------------------------------------------------------------|---------------|----------------------------|------------|----------------------|--------------------------------------------------------------|---------------|----------------------------|
| DEN        | MARK 1.29            | % (0.72%)<br>A– 0.21% (0.29%)                                  |               |                            | EUR        | 1,580,000            | <b>BB 1.03% (1.43%)</b><br>Crown European Holdings           |               |                            |
| GBP        | 760,000              | Danske Bank 4% 09/12/2015                                      | 808           | 0.21                       | EUR        | 200,000              | 7.125% 15/08/2018<br>Nexans 4.25% 19/03/2018                 | 1,489<br>175  | 0.38<br>0.05               |
| GBP        | 1,102,000            | BBB+ 0.30% (0.00%)<br>DONG Energy 4.875% 12/01/2032            | 1,165         | 0.30                       | EUR        | 450,000<br>300,000   | Nexans 5.75% 02/05/2017<br>Rexel 7% 17/12/2018               | 416<br>285    | 0.11<br>0.07               |
|            |                      | BBB 0.19% (0.18%)                                              | ·             |                            | EUR        | 440,000<br>1,300,000 | Rexel 8.25% 15/12/2016<br>SPCM 5.5% 15/06/2020               | 413<br>1,201  | 0.11<br>0.31               |
| GBP        | 650,000              | TDC 5.625% 23/02/2023                                          | 757           | 0.19                       |            | .,,                  | BB- 0.34% (0.36%)                                            | .,201         | 0.01                       |
| EUR        | 1,495,000            | Baa2 0.33% (0.00%)<br>Carlsberg Breweries 2.625%<br>15/11/2022 | 1,297         | 0.33                       | EUR        | 1,494,000            | Peugeot 7.375% 06/03/2018                                    | 1,315         | 0.34                       |
|            |                      | B 0.26% (0.25%)                                                | 1,237         | 0.55                       | EUR        | 446,000              | <b>Ba3 0.11% (0.00%)</b><br>Faurecia 9.375% 15/12/2016       | 441           | 0.11                       |
| EUR        | 1,125,000            | ISS Holdings 8.875%<br>15/05/2016                              | 1,004         | 0.26                       |            |                      | Ba3e 0.00% (0.26%)                                           |               |                            |
|            |                      | Total Denmark                                                  | 5,031         | 1.29                       | FUD        | 700.000              | B+ 0.55% (0.40%)                                             |               |                            |
| FINL/      | AND 0.45%            |                                                                |               |                            | EUR<br>EUR | 720,000              | Cerba European Lab 7%<br>01/02/2020<br>Labco 8.5% 15/01/2018 | 637           | 0.16                       |
| GBP        | 623,000              | BB 0.17% (0.34%)<br>UPM-Kymmene 6.625%                         |               |                            | EUR        | 150,000              | XS0577452823<br>Labco 8.5% 15/01/2018                        | 1,374         | 0.35                       |
|            |                      | 23/01/2017                                                     | 675           | 0.17                       | LON        | 150,000              | XS0888415220                                                 | 138           | 0.04                       |
| USD        | 1,500,000 1          | Not rated 0.28% (0.24%)<br>+M-real 9.4% 25/06/2014             | 1,070         | 0.28                       | EUR        | 365,000              | <b>B 0.08% (0.00%)</b><br>LA Financiere Atalian              |               |                            |
|            |                      | Total Finland                                                  | 1,745         | 0.45                       |            |                      | 7.25% 15/01/2020                                             | 319           | 0.08                       |
| FRAN       | ICE 5.35%            | (4.38%)<br>A+ 0.48% (0.24%)                                    |               |                            |            |                      | B– 0.00% (0.01%)<br>B3 0.13% (0.00%)                         |               |                            |
| GBP        | 1,300,000            | Electricite de France<br>5.5% 17/10/2041                       | 1,387         | 0.36                       | EUR        | 555,000              | Faurecia 8.75% 15/06/2019                                    | 504           | 0.13                       |
| GBP        | 400,000              | Electricite de France<br>6.125% 02/06/2034                     | 472           | 0.12                       |            |                      | CCC+ 0.00% (0.25%)                                           | 20.865        | 5.35                       |
|            |                      | A 0.24% (0.00%)                                                |               |                            | GER        |                      |                                                              |               |                            |
| GBP        | 700,000              | GDF Suez 7% 30/10/2028<br>A– 0.16% (0.12%)                     | 946           | 0.24                       |            | 1,555,000            | AAA 0.52% (0.22%)                                            | 2,027         | 0.52                       |
| GBP        | 600,000              | CNP Assurances 7.375% 30/09/2041                               | 623           | 0.16                       | GDI        | 1,555,000            | A 0.52% (0.21%)                                              | 2,027         | 0.52                       |
| GBP        | 1,100,000            | BBB+ 0.29% (0.87%)<br>Electricite de France 6% 29/12/2049      | 1,115         | 0.29                       | EUR        | 1,000,000            | Münchener Rückversicherungs 6% 26/05/2041                    | 1,013         | 0.26                       |
|            |                      | BBB 0.16% (0.00%)                                              |               |                            | EUR        | 1,000,000            | Münchener Rückversicherungs<br>6.25% 26/05/2042              | 1,027         | 0.26                       |
| GBP        | 550,000              | AXA 7.125% 15/12/2020<br>BBB– 0.26% (0.23%)                    | 642           | 0.16                       |            |                      | BBB 0.00% (0.29%)                                            |               |                            |
| USD        | 1,400,000            | Pernod Ricard 4.25% 15/07/2022                                 | 1,011         | 0.26                       | GBP        | 700,000              | BBB– 0.20% (0.00%)<br>RWE 7% 31/12/2049                      | 760           | 0.20                       |
|            |                      | BB+ 1.52% (0.21%)                                              |               |                            | GDI        | ,00,000              |                                                              | 700           | 0.20                       |
| EUR        | 700,000<br>500,000   | Lafarge 4.75% 23/03/2020                                       | 640           | 0.16                       | FUD        | 470.000              | BB 0.72% (0.00%)                                             |               |                            |
| EUR<br>EUR | 345,000              | Lafarge 5.375% 26/06/2017<br>Lafarge 5.875% 09/07/2019         | 472<br>331    | 0.12<br>0.09               | EUR        | 470,000              | Kabel Deutschland 6.5%<br>29/06/2018                         | 437           | 0.11                       |
| GBP        | 330,000              | Lafarge 6.625% 29/11/2017                                      | 366           | 0.09                       | EUR        | 2,715,000            | ThyssenKrupp 4% 27/08/2018                                   | 2,384         | 0.61                       |
| EUR        | 1,170,000            | Lafarge 6.625% 29/11/2018                                      | 1,155         | 0.30                       |            |                      |                                                              |               |                            |
| EUR        | 330,000              | Lafarge 6.75% 16/12/2019                                       | 331           | 0.08                       |            | 1 005 000            | BB- 0.61% (1.13%)                                            |               |                            |
| GBP        | 155,000              | Lafarge 10% 30/05/2017                                         | 189           | 0.05                       | EUR        | 1,835,000            | Unitymedia Hessen 5.75%<br>15/01/2023                        | 1,617         | 0.41                       |
| EUR<br>EUR | 2,370,000<br>360,000 | Renault 4.625% 18/09/2017<br>Tereos Europe 6.375% 15/04/2014   | 2,152<br>326  | 0.55<br>0.08               | EUR        | 830,000              |                                                              | 785           | 0.41                       |
|            |                      |                                                                |               |                            | EUR        | 1,818,611            | *Unitymedia Hessen<br>8.125% 01/12/2017                      | 1,698         | 0.20                       |
|            |                      |                                                                |               |                            |            |                      |                                                              | ,             | -                          |

### **Portfolio Statement**

|      | Holding    | Investment                                                          | Value<br>£000 | % of<br>Net Asset<br>Value |     | Holding                | Investment                                               | Value I<br>£000 | % of<br>Net Asset<br>Value |
|------|------------|---------------------------------------------------------------------|---------------|----------------------------|-----|------------------------|----------------------------------------------------------|-----------------|----------------------------|
| GERN | MANY 4.50  | )% (2.89%) (continued)<br>B+ 0.16% (0.31%)                          |               |                            | KAZ | AKHSTAN                | 0.13% (0.18%)<br>Baa2 0.13% (0.18%)                      |                 |                            |
| EUR  | 675,000    | Techem 6.125% 01/10/2019                                            | 628           | 0.16                       | USD | 717,341                | *Tengizchevroil Finance<br>6.124% 15/11/2014             | 494             | 0.13                       |
| EUR  | 730,000    | <b>B 0.18% (0.00%)</b><br>Kabel Deutsche Holding 6.5%<br>31/07/2017 | COF           | 0.18                       |     |                        | Total Kazakhstan                                         | 494             | 0.13                       |
|      |            |                                                                     | 685           | 0.18                       | LUX | EMBOURG                | i 11.86% (7.66%)                                         |                 |                            |
| EUR  | 675,000    | B- 0.75% (0.73%)<br>Techem Energy Metering Service                  | 004           | 0.40                       | EUR | 970,000                | AA– 0.24% (0.00%)<br>Corporación Andina de               |                 |                            |
| EUR  | 1,370,000  | 7.875% 01/10/2020<br>Unitymedia 9.5% 15/03/2021                     | 631<br>1,358  | 0.16<br>0.35               |     |                        | Fomento 4.625% 29/03/2018                                | 948             | 0.24                       |
| EUR  | 975,000    | Unitymedia 9.625% 01/12/2019                                        | 939           | 0.24                       |     |                        | A+ 0.00% (0.26%)                                         |                 |                            |
| EUR  | 1,600,000  | <b>Not rated 0.40% (0.00%)</b><br>Kp Germany Erste Gmbh             |               |                            | EUR | 800,000                | <b>A 0.19% (0.07%)</b><br>Hannover Finance 5% 30/06/2043 | 741             | 0.19                       |
| LON  | 1,000,000  | 11.625 15/07/2017                                                   | 1,565         | 0.40                       | Lon | 000,000                | BBB 0.75% (0.75%)                                        | 741             | 0.10                       |
|      |            | Total Germany                                                       | 17,554        | 4.50                       | GBP | 1,445,000              | Gaz Capital 6.58% 31/10/2013                             | 1,482           | 0.38                       |
| HON  | G KONG 0   | .24% (0.00%)                                                        |               |                            | GBP | 1,250,000              | Glencore Finance Europe<br>6.5% 27/02/2019               | 1,445           | 0.37                       |
|      |            | Not rated 0.24% (0.00%)                                             |               |                            |     |                        | BBB– 0.00% (0.05%)                                       |                 |                            |
| USD  | 1,425,000  | AIA Group 1.75% 13/03/2018                                          | 943           | 0.24                       |     |                        | Baa2 0.38% (0.00%)                                       |                 |                            |
|      |            | Total Hong Kong                                                     | 943           | 0.24                       | EUR | 1,590,000 <sup>-</sup> | ttPrologis International<br>5.875% 23/10/2014            | 1 470           | 0.20                       |
| ITAL | Y 1.22% (1 |                                                                     |               |                            |     |                        |                                                          | 1,470           | 0.38                       |
| GBP  | 550,000    | BBB 0.15% (0.36%)<br>Telecom Italia 5.625% 29/12/2015               | 586           | 0.15                       |     |                        | Baa3 0.00% (0.34%)                                       |                 |                            |
|      |            | BBB- 0.00% (0.26%)                                                  |               |                            | USD | 445,000                | <b>BB+ 1.00% (0.69%)</b><br>Arcelormittal 5% 25/02/2017  | 310             | 0.08                       |
|      |            | Baa3 0.26% (0.00%)                                                  |               |                            | EUR | 300,000                | Fiat Industrial Finance<br>5.25% 11/03/2015              | 274             | 0.07                       |
| GBP  | 938,000 1  | †Acquedotto Pugliese                                                |               |                            | EUR | 2,660,000              | Fiat Industrial Finance                                  | 274             | 0.07                       |
|      |            | 6.92% 29/06/2018                                                    | 1,023         | 0.26                       | GBP | 195,000                | 6.25% 09/03/2018<br>Finmeccanica Finance                 | 2,550           | 0.65                       |
| EUR  | 820,000    | BB 0.19% (0.29%)<br>Lottomatica 8.25% 31/03/2066                    | 736           | 0.19                       |     |                        | 8% 16/12/2019                                            | 211             | 0.05                       |
| Lon  | 020,000    | Ba2 0.06% (0.00%)                                                   | 700           | 0.10                       | EUR | 600,000                | FMC Finance VIII 6.5% 15/09/2018                         | 601             | 0.15                       |
| EUR  | 270,000+   | t*Romulus Finance                                                   |               |                            | GBP | 310,000                | BB 0.09% (1.93%)<br>Cabot Financial Luxemburg            |                 |                            |
|      |            | 1.084% 20/02/2015                                                   | 225           | 0.06                       |     | ,                      | 10.375% 01/10/2019                                       | 341             | 0.09                       |
| EUR  | 515.000    | B 0.12% (0.00%)<br>Zobele Holding 7.875% 01/02/2018                 | 457           | 0.12                       |     |                        | Ba2 1.63% (0.00%)                                        |                 |                            |
| 2011 | 010,000    | (P)B2 0.08% (0.00%)                                                 |               | 0.1.2                      | EUR | 1,070,000              | HeidelbergCement Finance<br>6.75% 15/12/2015             | 1,038           | 0.27                       |
| EUR  | 375,000    | Cerved Technologies                                                 |               |                            | EUR | 2,440,000              | HeidelbergCement Finance<br>7.5% 03/04/2020              | 2,559           | 0.66                       |
|      |            | 6.375% 15/01/2020                                                   | 326           | 0.08                       | EUR | 600,000                | HeidelbergCement Finance                                 |                 |                            |
| EUR  | 382,000    | (P)B3 0.08% (0.00%)<br>Cerved Technologies                          |               |                            | EUR | 1,120,000              | 7.5% 31/10/2014<br>HeidelbergCement Finance              | 568             | 0.15                       |
| 2011 | 002,000    | 6.375% 15/01/2021                                                   | 326           | 0.08                       | EUR | 850,000                | 8.5% 31/10/2019<br>HeidelbergCement Finance              | 1,224           | 0.31                       |
|      |            | D 0.05% (0.13%)                                                     |               |                            | LUN | 000,000                | 9.5% 15/12/2018                                          | 951             | 0.24                       |
| EUR  | 850,000 *  | *Seat Pagine Gialle 0% 31/01/2017                                   | 199           | 0.05                       |     |                        | (P)Ba2 0.07% (0.00%)                                     |                 |                            |
| EUR  | 954,000    | Not rated 0.23% (0.00%)<br>Davide Campari-Milano                    |               |                            | EUR | 290,000                | Altice Financing 8% 15/12/2019                           | 270             | 0.07                       |
| -    | ,          | 4.5% 25/10/2019                                                     | 875           | 0.23                       |     |                        | Ba3 0.00% (0.41%)                                        |                 |                            |
|      |            | Total Italy                                                         | 4,753         | 1.22                       |     |                        |                                                          |                 |                            |

#### **Portfolio Statement**

|      | Holding   | Investment                                          | Value<br>£000 | % of<br>Net Asset<br>Value |            | Holding              | Investment                                                       | Value<br>£000 | % of<br>Net Asset<br>Value |
|------|-----------|-----------------------------------------------------|---------------|----------------------------|------------|----------------------|------------------------------------------------------------------|---------------|----------------------------|
| LUXI | EMBOURG   | i 11.86% (7.66%) (continued)<br>BB– 2.87% (1.24%)   |               |                            | EUR        | 1,029,000            | CCC+ 1.10% (0.00%)<br>Beverage Packaging Holdings                |               |                            |
| EUR  | 1,479,000 | Bormioli Rocco Holdings 10%<br>01/08/2018           | 1,318         | 0.34                       | EUR        | 3,836,000            | 9.5% 15/06/2017<br>Ineos Group Holdings 7.875%                   | 918           | 0.24                       |
| EUR  | 300,000   | Fiat Finance & Trade 6.125%<br>08/07/2014           | 269           |                            | USD        |                      | 15/02/2016<br>*Orion Engineered Carbons                          | 3,352         | 0.86                       |
| EUR  | 685,000   | Fiat Finance & Trade 6.875%                         | 625           |                            |            | ,                    | 9.25% 01/08/2019                                                 | 295           | 0.08                       |
| EUR  | 700,000   | Fiat Finance & Trade 7.375%<br>09/07/2018           | 642           |                            | EUR        | 1,169,000            | CCC 0.21% (0.00%)<br>Codere Finance Luxembourg                   |               |                            |
| EUR  | 1,340,000 | Fiat Finance & Trade 7.625%                         | 1,231         | 0.32                       |            |                      | 8.25% 15/06/2015                                                 | 803           | 0.21                       |
| EUR  | 1.000.000 | *Mark IV Europe 8.875% 15/12/2017                   | 943           |                            |            |                      | Not rated 0.22% (0.20%)                                          |               |                            |
| CHF  |           | *Matterhorn Mobile Holdings<br>5.399% 15/05/2019    | 292           |                            | EUR        | 1,000,000 1          | +*Signum Luxemburg<br>3.934% 30/06/2015                          | 864           | 0.22                       |
| CHF  | 1,050,000 | Matterhorn Mobile Holdings<br>6.75% 15/05/2019      | 791           | 0.20                       |            |                      | Total Luxembourg                                                 | 46,291        | 11.86                      |
| CHF  | 577,000   | Sunrise Communications                              | 751           | 0.20                       | MFX        | ICO 0.88%            | (0.83%)                                                          |               |                            |
|      |           | 5.625% 31/12/2017                                   | 419           | 0.11                       | IVIE/(     | 100 0.0070           | A- 0.27% (0.26%)                                                 |               |                            |
| EUR  | 1,235,000 | Sunrise Communications 7% 31/12/2017                | 1,148         | 0.29                       | GBP        | 925,000              | América Móvil 5% 27/10/2026                                      | 1,050         | 0.27                       |
| EUR  | 1,180,000 | TMD Friction Finance 10.75% 15/05/2017              | 1,127         | 0.29                       | GBP        | 1,350,000            | BBB 0.43% (0.57%)<br>United Mexican States                       |               |                            |
| EUR  | 2,695,000 | Wind Acquisition Finance                            |               |                            |            |                      | 6.75% 06/02/2024                                                 | 1,680         | 0.43                       |
|      |           | 7.375% 15/02/2018                                   | 2,424         | 0.62                       |            |                      | Baa2 0.18% (0.00%)                                               |               |                            |
|      |           | B+ 1.74% (0.53%)                                    |               |                            | USD        | 925,000              | BBVA Bancomer 6.75%                                              |               |                            |
| EUR  | 1,515,000 | Cirsa Funding Luxembourg                            |               |                            |            |                      | 30/09/2022                                                       | 714           | 0.18                       |
| EUR  | 620 744   | 8.75% 15/05/2018                                    | 1,294         | 0.33                       |            |                      | Total Mexico                                                     | 3,444         | 0.88                       |
| EOR  | 038,744   | *Oxea Finance & Cy 9.625%<br>15/07/2017             | 607           | 0.16                       |            |                      |                                                                  |               |                            |
| EUR  | 430,000   | Telenet Finance 6.25% 15/08/2022                    | 382           |                            | NETH       | HERLANDS             | 5 10.57% (11.21%)                                                |               |                            |
| EUR  | 660,000   | Telenet Finance 6.75% 15/08/2024                    | 599           | 0.15                       | GBP        | 1,800,000            | A+ 0.44% (0.00%)<br>Siemens Financieringsmaatschappi             |               |                            |
| EUR  | 720,000   | Telenet Finance III Luxembourg<br>6.625% 15/02/2021 | 652           | 0.17                       | GDI        | 1,000,000            | 2.75% 10/09/2025                                                 | 1,715         | 0.44                       |
| EUR  | 650,000   | Telenet Finance Luxembourg                          | 507           | 0.45                       |            |                      | A1 0.00% (0.13%)                                                 |               |                            |
| EUR  | 2,895,000 | 6.375% 15/11/2020<br>Wind Acquisition Finance       | 587           | 0.15                       |            |                      | A- 0.62% (1.28%)                                                 |               |                            |
| LON  | 2,000,000 | 11.75% 15/07/2017                                   | 2,666         | 0.68                       | GBP        | 1,220,000            | Aegon 6.625% 16/12/2039                                          | 1,482         | 0.38                       |
|      |           |                                                     | ,             |                            | GBP        | 800,000              | E.On International Finance                                       | .,            | 0.00                       |
| CUE  | 715 000   | B 0.67% (0.76%)                                     |               |                            |            |                      | 5.875% 30/10/2037                                                | 952           | 0.24                       |
| CHF  | 715,000   | Aguila 3 7.875% 31/01/2018<br>XS0585440430          | 537           | 0.14                       |            |                      | BBB+ 1.53% (0.55%)                                               |               |                            |
| USD  | 450,000   | Aguila 3 7.875% 31/01/2018<br>US008635AA20          | 320           | 0.08                       | GBP        | 550,000              | Enel Finance International 5.75% 14/09/2040                      | 481           | 0.12                       |
| EUR  | 660.000   | *Numericable Finance 8.07%                          | 520           | 0.00                       | USD        | 520,000              | Heineken 2.75% 01/04/2023                                        | 338           |                            |
|      | ,         | 15/10/2018                                          | 590           | 0.15                       | EUR        | 1,330,000            | Heineken 3.5% 19/03/2024                                         | 1,264         |                            |
| EUR  | 1,241,000 | Numericable Finance 8.75%                           |               |                            | USD        |                      | *ING Bank 1.006% 03/07/2017                                      | 577           |                            |
|      |           | 15/02/2019                                          | 1,177         | 0.30                       | GBP        | 800,000              | ING Bank 6.875% 29/05/2023                                       | 909           |                            |
| EUR  | 466,000   | Numericable Finance 12.375%<br>15/02/2019           | 482           | 0.12                       | GBP<br>GBP | 1,130,000<br>995,000 | Linde Finance 8.125% 14/07/2066<br>Siemens Financierungsamt      | 1,310         |                            |
|      |           | B– 0.50% (0.31%)                                    |               |                            |            |                      | 6.125% 14/09/2066                                                | 1,094         | 0.28                       |
| EUR  | 1,446,000 | Matterhorn Mobile Holdings                          |               |                            |            |                      | BBB 0.23% (0.53%)                                                |               |                            |
|      |           | 8.25% 15/02/2020                                    | 1,367         | 0.35                       | GBP        | 1,100,000            | Generali Finance 6.214% 16/06/2049                               | 916           | 0.23                       |
| EUR  | 620,000   | Sunrise Communications<br>8.5% 31/12/2018           | 587           | 0.15                       | USD        | 000 000              | <b>Baa2 0.15% (0.00%)</b><br>*ING Bank 0.9631% 23/05/2016        | 570           | 0.15                       |
|      |           | B3 0.00% (0.12%)                                    |               |                            | 030        | 500,000              |                                                                  | 570           | 0.15                       |
|      |           |                                                     |               |                            | <u> </u>   | 100                  | BBB- 0.62% (0.18%)                                               |               |                            |
|      |           |                                                     |               |                            | GBP<br>EUR | 490,000<br>2,100,000 | Koninklijke KPN 5% 18/11/2026<br>Ziggo Finance 6.125% 15/11/2017 | 521<br>1,910  |                            |
|      |           |                                                     |               |                            |            |                      |                                                                  |               |                            |

### **Portfolio Statement**

|            | Holding                | Investment                                                     | Value<br>£000  | % of<br>Net Asset<br>Value |         | Holding    | Investment                                 | Value<br>£000 | % of<br>Net Asset<br>Value |
|------------|------------------------|----------------------------------------------------------------|----------------|----------------------------|---------|------------|--------------------------------------------|---------------|----------------------------|
| NETH       | IERLANDS               | 5 10.57% (11.21%) (continued)                                  |                |                            |         |            | BBB 0.28% (0.25%)                          |               |                            |
|            |                        | BB+ 1.20% (0.62%)                                              |                |                            | GBP     | 1,040,000  | DnB NOR Bank 6.0116%                       | 1 075         | 0.00                       |
| EUR<br>EUR | 1,645,000<br>1,120,000 | ABN Amro Bank 4.31% 29/03/2049<br>EDP Finance 5.75% 21/09/2017 | 1,245<br>1,035 | 0.32<br>0.27               |         |            | 29/12/2049                                 | 1,075         | 0.28                       |
| EUR        | 730,000                | OI European Group 6.75%                                        | .,             | 0127                       |         |            | BB+ 0.16% (0.10%)                          |               |                            |
| FUR        | 4 000 000              | 15/09/2020                                                     | 714            | 0.18                       | USD     | 960,000    | Eksportfinans 3% 17/11/2014                | 637           | 0.16                       |
| EUR        | 1,900,000              | OI European Group 6.875%<br>31/03/2017                         | 1,687          | 0.43                       |         |            | B– 0.00% (0.13%)                           |               |                            |
|            |                        |                                                                | 1,007          | 0110                       |         |            | CCC+ 0.03% (0.00%)                         |               |                            |
| EUR        | 640,000                | BB 0.79% (2.80%) Portugal Telecom International                |                |                            | EUR     | 187,000    | Norske Skogindustrier 7%                   |               |                            |
| LON        | 040,000                | Finance 4.375% 24/03/17                                        | 563            | 0.14                       | EUR     | 220.000    | 26/06/2017<br>Noraka Skagindustriar        | 109           | 0.03                       |
| EUR        | 550,000                | Portugal Telecom International                                 |                |                            | EUR     | 230,000    | Norske Skogindustrier<br>11.75% 15/06/2016 | 169           | 0.04                       |
| EUR        | 590,000                | Finance 5% 04/11/2019<br>Portugal Telecom International        | 476            | 0.12                       |         |            |                                            |               |                            |
| LON        | 550,000                | Finance 5.625% 08/02/2016                                      | 540            | 0.14                       |         |            | Not rated 0.00% (0.02%)                    |               |                            |
| EUR        | 1,664,000              | Portugal Telecom International                                 |                |                            |         |            | Total Norway                               | 2,845         | 0.73                       |
|            |                        | Finance 5.875% 17/04/2018                                      | 1,507          | 0.39                       | POL     | AND 0.12%  | . (0.00%)                                  |               |                            |
|            |                        | Ba2 0.73% (0.00%)                                              |                |                            | 102/    |            | B 0.12% (0.00%)                            |               |                            |
| EUR        | 2,765,000              | HeidelbergCement Finance 8%                                    |                |                            | EUR     | 500,000    | Ciech Group Financing                      |               |                            |
|            |                        | 31/01/2017                                                     | 2,834          | 0.73                       |         |            | 9.5% 30/11/2019                            | 473           |                            |
|            |                        | BB– 1.29% (0.57%)                                              |                |                            |         |            | Total Poland                               | 473           | 0.12                       |
| EUR        | 2,490,000              | Conti-Gummi Finance 7.125%<br>15/10/2018                       | 2,296          | 0.59                       | DUD.    |            | 7% (0.00%)                                 |               |                            |
| EUR        | 865,000                | Conti-Gummi Finance 7.5%                                       | 2,290          | 0.59                       | FUN     | IUGAL 0.0  | BB- 0.87% (0.00%)                          |               |                            |
|            | ,                      | 15/09/2017                                                     | 798            | 0.20                       | EUR     | 500,000    | Banco Espirito Santo                       |               |                            |
| EUR        | 2,100,000              | Ziggo Bond 8% 15/05/2018                                       | 1,970          | 0.50                       |         | 0 000 000  | 4.75% 15/01/2018                           | 430           | 0.11                       |
|            |                        | B+ 1.21% (1.79%)                                               |                |                            | EUR     | 2,200,000  | Banco Espirito Santo 5.875% 09/11/2015     | 1,981         | 0.51                       |
| EUR        | 1,385,000              | Carlson Wagonlit 7.5% 15/06/2019                               | 1,278          | 0.33                       | EUR     | 1,100,000  | Caixa Geral de Depositos                   | 1,001         | 0.01                       |
| EUR        | 1,492,000              | GMAC International Finance<br>7.5% 21/04/2015                  | 1 1 1 1        | 0.26                       |         |            | 5.625% 04/12/2015                          | 991           | 0.25                       |
| EUR        | 800,000                | Refresco Group 7.375% 15/05/2018                               | 1,411<br>728   | 0.36<br>0.19               |         |            | Total Portugal                             | 3,402         | 0.87                       |
| EUR        | 1,300,000              | Schaeffler Finance 7.75%                                       |                |                            |         |            |                                            |               |                            |
|            |                        | 15/02/2017                                                     | 1,287          | 0.33                       | QAT     | AR 0.24% ( | 0.29%)<br>AA 0.24% (0.29%)                 |               |                            |
|            |                        | B1 0.00% (0.35%)                                               |                |                            | USD     | 1,200,000  | Qatari Diar Finance                        |               |                            |
|            |                        | B 0.20% (0.53%)                                                |                |                            |         |            | 5% 21/07/2020                              | 921           | 0.24                       |
| EUR        | 170,000                | Intergen 8.5% 30/06/2017                                       | 136            | 0.03                       |         |            | Total Qatar                                | 921           | 0.24                       |
| GBP        | 710,000                | Intergen 9.5% 30/06/2017                                       | 655            | 0.17                       |         |            |                                            |               |                            |
|            |                        | B– 0.70% (0.91%)                                               |                |                            | REPU    | JBLIC OF I | RELAND 4.68% (4.24%)<br>AA+ 0.73% (0.66%)  |               |                            |
| EUR        | 450,000                |                                                                |                |                            | GBP     | 1,760,000  |                                            |               |                            |
|            |                        | 11.25% 15/05/2017                                              | 422            | 0.11                       |         |            | 5.125% 24/05/2023                          | 1,998         | 0.51                       |
| EUR<br>EUR | 1,225,000<br>685,000   | UPC Holding 8% 01/11/2016<br>UPC Holding 8.375% 15/08/2020     | 1,092<br>651   | 0.28<br>0.17               | GBP     | 700,000    | GE Capital UK Funding                      | 000           | 0.00                       |
| EUR        | 600,000                | UPC Holding 9.75% 15/04/2018                                   | 549            | 0.14                       |         |            | 5.875% 04/11/2020                          | 839           | 0.22                       |
|            |                        | Not rated 0.86% (0.97%)                                        |                |                            |         |            | BB+ 0.52% (1.32%)                          |               |                            |
| EUR        | 2.750.797              | *Boats Investment Netherlands                                  |                |                            | EUR     | 2,345,000  | Bank of Ireland 4.625%<br>08/04/2013       | 2,036         | 0.52                       |
|            | , , .                  | 11% 31/03/2017                                                 | 1,313          | 0.34                       |         |            | 00/04/2013                                 | 2,030         | 0.52                       |
| USD        | 1,500,000              | OSX 3 Leasing 9.25% 20/03/2015                                 | 1,014          | 0.26                       |         | 0 500 000  | BB 1.42% (0.58%)                           |               |                            |
| USD        | 1,410,000              | Rabobank Nederland<br>8.375% 26/07/2049                        | 1,016          | 0.26                       | EUR     | 2,500,000  | Allied Irish Banks 5.625% 12/11/2014       | 2,204         | 0.57                       |
|            |                        | Total Netherlands                                              | 41,256         | 10.57                      | GBP     | 617,000    | *Argon Capital 2.845%                      | _,_ • ·       |                            |
|            |                        |                                                                | ,200           |                            | E. I.B. | 1 570 000  | 29/10/2049                                 | 395           | 0.10                       |
| NOR        | WAY 0.73%              | % (0.67%)                                                      |                |                            | EUR     | 1,570,000  | Smurfit Kappa Acquisition 7.25% 15/11/2017 | 1,451         | 0.37                       |
|            |                        | A 0.00% (0.17%)                                                |                |                            | EUR     | 1,565,000  | Smurfit Kappa Acquisition                  | 1,401         | 0.07                       |
|            |                        | A- 0.22% (0.00%)                                               |                |                            |         |            | 7.75% 15/11/2019                           | 1,490         | 0.38                       |
| GBP        | 775,000                | DnB NOR Bank 7.25% 23/06/2020                                  | 855            | 0.22                       |         |            |                                            |               |                            |
|            |                        |                                                                |                |                            |         |            |                                            |               |                            |

### **Portfolio Statement**

|            | Holding    | Investment                                                                              | Value<br>£000         | % of<br>Net Asset<br>Value |            | Holding              | Investment                                                              | Value<br>£000       | % of<br>Net Asset<br>Value |
|------------|------------|-----------------------------------------------------------------------------------------|-----------------------|----------------------------|------------|----------------------|-------------------------------------------------------------------------|---------------------|----------------------------|
| REP        | UBLIC OF I | RELAND 4.68% (4.24%) (continu<br>BB– 0.16% (0.66%)                                      | ied)                  |                            | EUR        | 193.000              | <b>B 0.15% (0.14%)</b><br>*Edcon Proprietary                            |                     |                            |
| EUR        | 700,000    | Rottapharm 6.125% 15/11/2019                                                            | 623                   | 0.16                       | EUR        | 483,000              | 3.433% 15/06/2014                                                       | 167                 | 0.04                       |
| EUR        | 975,000    | <b>B+ 1.05% (0.07%)</b><br>Ardagh Glass Finance                                         |                       |                            |            | ,                    | 9.5% 01/03/2018                                                         | 416<br><b>1,191</b> | 0.11                       |
| EUR        | 1,550,000  | 9.25% 01/07/2016<br>Ardagh Packaging Finance                                            | 906                   | 0.23                       | 001        |                      |                                                                         | 1,101               | 0.00                       |
| EUR        | 775,000    | 7.375% 15/10/2017<br>Ardagh Packaging Finance                                           | 1,457                 | 0.37                       | 500        | TH KUREA             | A 0.00% (0.13%)<br>A 0.00% (0.13%)                                      |                     |                            |
| EUR        | 860,000    | USA 5% 15/11/2022<br>Nara Cable Funding 8.875%                                          | 671                   | 0.17                       |            |                      | Total South Korea                                                       |                     |                            |
| USD        | 460,000    | 01/12/2018 XS0550774870<br>Nara Cable Funding 8.875%                                    | 788                   | 0.20                       | SPA        | IN 1.31% (1          | .21%)<br>A– 0.00% (0.17%)                                               |                     |                            |
|            |            | 01/12/2018 US63080TAA51<br>B 0.09% (0.36%)                                              | 322                   | 0.08                       |            |                      | BBB+ 0.00% (0.23%)                                                      |                     |                            |
| EUR        | 380,000    | Bank of Ireland 10% 19/12/2022                                                          | 365                   | 0.09                       | GBP        | 950,000              | <b>BBB 0.24% (0.00%)</b><br>Telefonica Emisones 5.289%                  |                     |                            |
| EUR        | 450,000    | B- 0.11% (0.42%)<br>Ono Finance II 11.125% 15/07/2019                                   | 412                   | 0.11                       | GDI        | 350,000              | 09/12/2022                                                              | 954                 | 0.24                       |
| EUR<br>EUR | ,          | <b>CCC+ 0.42% (0.08%)</b><br>ARD Finance 0% 01/06/2018<br>Ardagh Glass Finance          | 759                   | 0.20                       | EUR        | 650,000              | <b>BB 0.15% (0.00%)</b><br>Ence Energia y Celulosa 7.25%<br>15/02/2020  | 571                 | 0.15                       |
| LON        | 303,000    | 7.125% 15/06/2017                                                                       | 854                   | 0.22                       | EUR        | 1,000,000            | <b>Ba2 0.92% (0.53%)</b><br>Bankia 4.375% 14/02/2017                    | 836                 | 0.21                       |
|            |            | C 0.00% (0.09%)                                                                         |                       |                            | EUR        | 200,000              | Obrascon Huarte Lain 7.375%<br>28/04/2015                               | 188                 |                            |
| EUR<br>EUR | ,          | Not rated 0.18% (0.00%)<br>Bank of Ireland 10% 30/07/2016<br>Smurfit Kappa Acquisitions | 699                   | 0.18                       | EUR<br>EUR | 500,000<br>2,200,000 | Obrascon Huarte Lain 7.625%<br>15/03/2020<br>Obrascon Huarte Lain 8.75% | 457                 |                            |
|            |            | Warrants 0% 30/09/2013 Total Republic of Ireland                                        | - 18,269              | 4.68                       | LON        | 2,200,000            | 15/03/2018                                                              | 2,113               | 0.54                       |
| RUS        | SIAN FEDE  |                                                                                         |                       |                            |            |                      | B+ 0.00% (0.28%)<br>Total Spain                                         | 5,119               | 1.31                       |
|            | 1,000,000  | BBB 0.19% (0.00%)<br>Russian Federation 4.5%                                            |                       |                            | CIME       |                      | · -                                                                     | 5,115               | 1.31                       |
|            |            | 04/04/2022<br>Total Russian Federation                                                  | 737<br><b>737</b>     | 0.19<br><b>0.19</b>        | 3000       | DEN 1.46%            | AA- 0.00% (0.28%)                                                       |                     |                            |
| SIN        | GAPORE 0   | 27% (0.26%)                                                                             | 131                   | 0.15                       | GBP        | 555,000              | <b>A– 0.20% (0.13%)</b><br>Vattenfall 6.875% 15/04/2039                 | 768                 | 0.20                       |
| GBP        |            | AAA 0.27% (0.26%)<br>Temasek Financial (I) 4.625%                                       |                       |                            |            |                      | BB+ 0.00% (0.22%)                                                       |                     |                            |
|            |            | 26/07/2022 Total Singapore                                                              | 1,046<br><b>1,046</b> | 0.27                       | EUR        | 135,000              | <b>BB 0.03% (0.00%)</b><br>Stena 6.125% 01/02/2017                      | 122                 | 0.03                       |
|            |            |                                                                                         | 1,040                 | 0.27                       |            | ,                    | B+ 0.75% (0.88%)                                                        |                     |                            |
| SOL        | JTH AFRICA | A 0.30% (0.77%)<br>BBB+ 0.00% (0.07%)                                                   |                       |                            | EUR<br>EUR | 2,765,000<br>340,000 | TVN Finance 10.75% 15/11/2017<br>TVN Finance III 7.875%                 | 2,627               |                            |
| USD        | 860,000    | BB 0.15% (0.19%)<br>Sable International Finance                                         |                       |                            |            |                      | 15/11/2018<br>B 0.00% (0.05%)                                           | 313                 | 0.08                       |
|            |            | 7.75% 15/02/2017                                                                        | 608                   | 0.15                       |            |                      | B- 0.21% (0.37%)                                                        |                     |                            |
|            |            | BB- 0.00% (0.15%)                                                                       |                       |                            | EUR        | 845,000              | Eileme 2 11.75% 31/01/2020                                              | 838                 | 0.21                       |
|            |            | B+ 0.00% (0.22%)                                                                        |                       |                            | EUR        | 1,110,000            | CCC+ 0.27% (0.24%)<br>Norcell Sweden 10.75%<br>29/09/2019               | 1,047               | 0.27                       |
|            |            |                                                                                         |                       |                            |            |                      | Total Sweden                                                            | 5,715               | 1.46                       |

### **Portfolio Statement**

|       |           |                                                   |                | % of         |            |           |                                                                |                | % of         |
|-------|-----------|---------------------------------------------------|----------------|--------------|------------|-----------|----------------------------------------------------------------|----------------|--------------|
|       |           |                                                   | Value N        |              |            |           |                                                                | Value No       |              |
|       | Holding   | Investment                                        | £000           | Value        |            | Holding   | Investment                                                     | £000           | Value        |
| SWIT  | ZERLAND   | 0.77% (0.52%)                                     |                |              |            |           | A 1.87% (1.75%)                                                |                |              |
|       |           | A 0.32% (0.29%)                                   |                |              | GBP        | 956,000   | 0, 1                                                           |                |              |
| GBP   | 1,000,000 | UBS London 6.625% 11/04/2018                      | 1,229          | 0.32         | 000        | 004 570   | 07/12/2017                                                     | 1,105          | 0.28         |
|       |           | BBB– 0.36% (0.23%)                                |                |              | GBP        | 801,572   | *Canary Wharf Finance II 6.455%                                | 1.005          | 0.00         |
| USD   | 1,985,000 | UBS Jersey 7.25% 22/02/2022                       | 1,414          | 0.36         | GBP        | 200,000   | 22/04/2030                                                     | 1,005          | 0.26         |
| 000   | 1,000,000 | 000 001309 7.2370 22/02/2022                      | 1,414          | 0.00         | GDF        | 200,000   | Greene King Finance 5.106%<br>15/03/2034                       | 195            | 0.05         |
|       |           | BB+ 0.09% (0.00%)                                 |                |              | GBP        | 100,000   |                                                                | 199            | 0.05         |
| USD   | 500,000   | Dufry Finance 5.5% 15/10/2020                     | 348            | 0.09         | GDI        | 100,000   | 5.875% 05/04/2033                                              | 122            | 0.03         |
|       |           | Total Switzerland                                 | 2,991          | 0.77         | GBP        | 1.122.711 | *Longstone Finance 4.791%                                      |                | 0.00         |
|       |           |                                                   |                |              |            |           | 19/04/2030                                                     | 1,284          | 0.33         |
| UNIT  |           | OOM 36.44% (40.08%)                               |                |              | GBP        | 540,000   | Longstone Finance 4.896%                                       |                |              |
| ••••• |           | AAA 1.64% (0.89%)                                 |                |              |            |           | 19/04/2036                                                     | 540            | 0.14         |
| GBP   | 1,005,000 | Abbey National Treasury                           |                |              | GBP        | 1,720,000 | Royal Bank of Scotland 6.625%                                  |                |              |
|       |           | Service 5.25% 16/02/2029                          | 1,204          | 0.31         |            |           | 17/09/2018                                                     | 2,089          | 0.54         |
| GBP   | 1,190,000 | Broadgate Financing 4.821%                        |                |              | GBP        | 750,000   | Standard Chartered Bank                                        |                |              |
|       |           | 05/07/2033                                        | 1,332          | 0.34         |            |           | 7.75% 03/04/2018                                               | 926            | 0.24         |
| GBP   | 990,000   | Fosse Master Issuer 4.635%                        |                |              |            |           | A2 0.13% (0.00%)                                               |                |              |
|       |           | 18/01/2017                                        | 1,107          | 0.28         | GBP        | 380,000   | Prudential 6.875% 20/01/2023                                   | 493            | 0.13         |
| GBP   | 1,300,000 | Nationwide Building Society                       |                |              | 05.        | 000,000   |                                                                |                | 0.1.0        |
|       |           | 5.625% 28/01/2026                                 | 1,665          | 0.43         |            |           | A- 6.60% (6.04%)                                               |                |              |
| GBP   | 950,000   | Silverstone Masters Issuer                        | 4.075          | 0.00         | GBP        | 460,000   | Anglian Water Services Financing                               |                |              |
|       |           | 5.063% 21/10/2016                                 | 1,075          | 0.28         |            |           | 4.5% 05/10/2027                                                | 487            | 0.12         |
|       |           | Aaa 1.21% (5.86%)                                 |                |              | GBP        | 650,000   | Annington Finance 6.5676%                                      |                |              |
| GBP   | 1,173,000 | Barclays Bank 4.25% 12/01/2022                    | 1,328          | 0.34         |            |           | 10/01/2023                                                     | 706            | 0.18         |
| GBP   | 995,000   | Clydesdale Bank 4.625%                            |                |              | GBP        | 1,115,000 | BAT International Finance                                      | 4 404          | 0.00         |
|       |           | 08/06/2026                                        | 1,140          | 0.29         | CDD        | 614 000   | 7.25% 12/03/2024                                               | 1,484          | 0.38         |
| GBP   | 1,890,000 | Lloyds TSB Bank 5.125%                            |                |              | GBP        | 614,000   | Heathrow Funding 5.225%<br>15/02/2025                          | 703            | 0.18         |
|       |           | 07/03/2025                                        | 2,262          | 0.58         | GBP        | 870,000   |                                                                | 703            | 0.16         |
|       |           |                                                   |                |              | GDI        | 870,000   | 03/12/2026                                                     | 1,129          | 0.29         |
| CDD   | 400.000   | AA+ 0.12% (0.00%)                                 |                |              | GBP        | 947,000   | HSBC Capital Funding LP                                        | 1,120          | 0.20         |
| GBP   | 400,000   | UK Treasury Index Linked Gilt<br>4.5% 07/03/2019  | 479            | 0.12         | 05.        | 0.7,000   | 5.844% 05/11/2049                                              | 913            | 0.23         |
|       |           | 4.578 07/03/2019                                  | 475            | 0.12         | GBP        | 1,285,000 | HSBC Holdings 6% 29/03/2040                                    | 1,412          | 0.36         |
|       |           | AA 0.27% (0.73%)                                  |                |              | GBP        | 650,000   | HSBC Holdings 6.375% 18/10/2022                                | 724            | 0.19         |
| GBP   | 900,000   | Land Securities Capital Markets                   |                |              | GBP        | 700,000   | HSBC Holdings 7% 07/04/2038                                    | 866            | 0.22         |
|       |           | 5.125% 07/02/2036                                 | 1,043          | 0.27         | GBP        | 795,000   | Hutchison Ports 6.75% 07/12/2015                               | 902            | 0.23         |
| GBP   | 1,235,667 | *Telereal Securitisation 5.9478%                  |                |              | GBP        |           | *Juturna 5.0636% 10/08/2033                                    | 1,846          | 0.47         |
|       |           | 10/12/2031                                        | 1,534          | 0.39         | GBP        | 580,000   | National Grid Electricity                                      |                |              |
|       |           | AA– 0.75% (0.81%)                                 |                |              |            |           | Transmission 4% 08/06/2027                                     | 584            | 0.15         |
| GBP   | 1 186 37/ | *Integrated Accomodation                          |                |              | GBP        | 740,000   | National Grid Electricity                                      | 1 00 4         | 0.00         |
| GDI   | 1,100,374 | Service 6.48% 31/03/2029                          | 1,503          | 0.38         | CDD        | 1,300,000 | Transmission 7.375% 13/01/2031                                 | 1,024          | 0.26         |
| GBP   | 628.200   | *Octagon Healthcare 5.333%                        | 1,000          | 0.00         | GBP<br>USD | 1,600,000 | National Grid Gas 6% 13/05/2038<br>Prudential 7.75% 23/03/2049 | 1,588<br>1,144 | 0.41<br>0.29 |
| 05.   | 020,200   | 31/12/2035                                        | 718            | 0.18         | GBP        | 860,000   | Rio Tinto Finance 4% 11/12/2029                                | 867            | 0.23         |
| GBP   | 690,000   | Southern Gas Network 4.875%                       |                |              | GBP        | 1,397,000 |                                                                | 007            | 0.22         |
|       |           | 21/03/2029                                        | 749            | 0.19         |            | .,,       | 12/05/2049                                                     | 1,429          | 0.37         |
|       |           |                                                   |                |              | GBP        | 570,000   | RSA Insurance Group 9.375%                                     | , -            |              |
|       |           | A+ 1.33% (1.70%)                                  |                |              |            | ,         | 20/05/2039                                                     | 735            | 0.19         |
| GBP   | 774,000   | Barclays Bank 5.75% 17/08/2021                    | 925            | 0.24         | GBP        | 765,000   | SSE 8.375% 20/11/2028                                          | 1,140          | 0.29         |
| USD   | 1,420,000 | Hongkong Electric Finance<br>4.25% 14/12/2020     | 1 0 2 9        | 0.26         | GBP        | 484,000   | Standard Chartered Bank 8.103%                                 |                |              |
| GBP   | 915,000   | 4.25% 14/12/2020<br>HSBC Holdings 6.5% 20/05/2024 | 1,028<br>1,159 | 0.26<br>0.30 |            |           | 11/05/2049                                                     | 530            | 0.14         |
| GBP   | 845,000   | Motability Operations Group                       | 1,100          | 0.50         | GBP        | 905,000   | Standard Life 6.75% 12/07/2049                                 | 956            | 0.24         |
| 301   | 3-3,000   | 4.375% 08/02/2027                                 | 898            | 0.23         | GBP        | 1,695,000 | Tesco 6.125% 24/02/2022                                        | 2,029          | 0.52         |
| GBP   | 830,000   | Prudential 1.25% 16/11/2015                       | 830            | 0.21         | GBP        | /24,966   | *Tesco Property Finance 3 5.744%                               | 705            | 0.00         |
| GBP   | 320,000   | Unilever 4.75% 16/06/2017                         | 366            | 0.09         | CDD        | 1 020 621 | 13/04/2040<br>*Tosso Property Einance 7 6227%                  | 795            | 0.20         |
|       |           |                                                   |                |              | GBP        | 1,039,031 | *Tesco Property Finance 7.6227%<br>13/07/2039                  | 1,368          | 0.35         |
|       |           |                                                   |                |              | GBP        | 388,000   | Wales & West utilities Finance                                 | 1,000          | 0.00         |
|       |           |                                                   |                |              | CDI        | 000,000   | 6.25% 30/11/2021                                               | 478            | 0.12         |
|       |           |                                                   |                |              |            |           |                                                                |                |              |

#### **Portfolio Statement**

|            |           |                                                                   |               | % of               |     |           |                                      |               | % of               |
|------------|-----------|-------------------------------------------------------------------|---------------|--------------------|-----|-----------|--------------------------------------|---------------|--------------------|
|            | Holding   | Investment                                                        | Value<br>£000 | Net Asset<br>Value |     | Holding   | Investment                           | Value<br>£000 | Net Asset<br>Value |
| UNIT       | ED KINGD  | OM 36.44% (40.08%) (continued)                                    |               |                    | GBP | 330,000   | SPD Finance 5.875% 17/07/2026        | 392           | 0.10               |
|            |           | A3 0.25% (0.31%)                                                  |               |                    | GBP | 790,000   | SSE 5.453% 01/10/2049                | 817           | 0.21               |
| GBP        | 910,000   | Morrison (Wm) Supermarkets                                        |               |                    | GBP | 391,000   | Standard Life 5.5% 04/12/2042        | 409           | 0.10               |
|            |           | 4.625% 08/12/2023                                                 | 985           | 0.25               | GBP | 695,000   | Tate & Lyle International Finance    |               |                    |
|            |           |                                                                   |               |                    |     |           | 6.75% 25/11/2019                     | 852           | 0.22               |
|            | 702.000   | BBB+ 3.66% (2.86%)                                                |               |                    | GBP | 975,000   | *Telereal Securitisation             |               |                    |
| GBP        | 703,000   | Aspire Defence Finance 4.674%                                     | 707           | 0.10               |     |           | 4.0902% 10/12/2033                   | 988           | 0.25               |
| CDD        | 100,000   | 31/03/2040                                                        | 707           | 0.18               | GBP | 505,000   | Western Power Distribution           |               |                    |
| GBP<br>GBP | 1,495,000 | BAE Systems 4.125% 08/06/2022                                     | 103<br>1,996  | 0.03<br>0.51       |     |           | 5.75% 16/04/2032                     | 587           | 0.15               |
| GBP        | 1,224,000 | Barclays Bank 10% 21/05/2021<br>BG Energy Capital 6.5% 30/11/2072 | 1,324         | 0.34               | GBP | 960,000   | Western Power Distribution           | 4 4 0 0       | 0.00               |
| GBP        | 325,000   | Direct Line Insurance 9.25%                                       | 1,324         | 0.34               |     |           | West 6% 09/05/2025                   | 1,163         | 0.30               |
| GDI        | 325,000   | 27/04/2042                                                        | 398           | 0.10               |     |           | Baa2 0.13% (0.34%)                   |               |                    |
| GBP        | 570,000   | Eastern Power Networks 6.25%                                      | 550           | 0.10               | GBP | 425,000   | Bupa Finance 7.5% 04/07/2016         | 493           | 0.13               |
| GDI        | 570,000   | 12/11/2036                                                        | 697           | 0.18               | GDI | 420,000   | Bapa 1 manoe 7.078 04/07/2010        | 400           | 0.10               |
| GBP        | 615,000   | ENW Finance 6.125% 21/07/2021                                     | 731           | 0.10               |     |           | BBB– 2.08% (4.15%)                   |               |                    |
| GBP        | 559,000   | Gatwick Funding 5.25% 23/01/2024                                  | 620           | 0.15               | GBP | 880,000   | FirstGroup 6.875% 18/09/2024         | 998           | 0.26               |
| GBP        | 746,000   | HSBC Capital Funding LP                                           | 020           | 0.10               | GBP | 839,000   | G4S 7.75% 13/05/2019                 | 1,047         | 0.27               |
| GDI        | 740,000   | 8.208% 30/06/2049                                                 | 812           | 0.21               | GBP | 595,000   | Lloyds TSB Bank 6.9625%              |               |                    |
| GBP        | 725,000   | Legal & General Group 5.875%                                      | 012           | 0.21               |     |           | 29/05/2020                           | 615           | 0.16               |
| GDI        | 720,000   | 01/10/2049                                                        | 747           | 0.19               | GBP | 550,000   | Lloyds TSB Bank 7.625%               |               |                    |
| GBP        | 600,000   | Legal and General Group 10%                                       | , 4,          | 0.10               |     |           | 22/04/2025                           | 652           | 0.17               |
| 02.        | 000,000   | 23/07/2041                                                        | 834           | 0.21               | GBP | 485,000   | Marks & Spencer 4.75% 12/06/2025     | 491           | 0.13               |
| EUR        | 1,405,000 | Nationwide Building Society                                       |               | 0.2.1              | GBP | 600,352   | *RMPA Services 5.337% 30/09/2038     | 680           | 0.17               |
|            | .,,       | 6.75% 22/07/2020                                                  | 1,426         | 0.37               | USD | 1,332,000 | Royal Bank of Scotland 9.5%          |               |                    |
| GBP        | 750,000   | NIE Finance 6.375% 02/06/2026                                     | 918           | 0.24               |     |           | 16/03/2022                           | 1,052         | 0.27               |
| GBP        | 880,000   | Pearson Funding One 6% 15/12/2015                                 |               | 0.25               | EUR | 34,000    | Royal Bank of Scotland 10.5%         |               |                    |
| GBP        | 403,000   | Severn Trent Water utilities                                      |               |                    |     |           | 16/03/2022                           | 36            | 0.01               |
|            | ,         | 4.875% 24/01/2042                                                 | 417           | 0.11               | GBP | 525,000   | UBM 6.5% 23/11/2016                  | 599           | 0.15               |
| GBP        | 790,000   | Severn Trent Water utilities 6%                                   |               |                    | GBP | 500,000   | Unique Pub Finance 6.542%            |               |                    |
|            |           | 22/01/2018                                                        | 930           | 0.24               |     |           | 30/3/2021                            | 499           | 0.13               |
| GBP        | 470,000   | South Eastern Power Networks                                      |               |                    | GBP | 1,334,000 | Virgin Media Secured Finance 7%      |               |                    |
|            |           | 6.375% 12/11/2031                                                 | 582           | 0.15               |     |           | 15/01/2018                           | 1,418         | 0.36               |
|            |           |                                                                   |               |                    |     |           | Baa3 0.56% (0.30%)                   |               |                    |
|            |           | Baa1 0.00% (0.53%)                                                |               |                    | GBP | 1,070,000 | National Express Group 6.25%         |               |                    |
|            |           | BBB 3.91% (3.72%)                                                 |               |                    | GDI | 1,070,000 | 13/01/2017                           | 1,198         | 0.31               |
| GBP        | 187,000   | Anglian Water Services Financing                                  |               |                    | GBP | 865,000   | Santander 10.0625% 06/04/2049        | 960           | 0.25               |
| GDI        | 107,000   | 4.5% 22/02/2026                                                   | 191           | 0.05               | 05. | 000,000   |                                      | 000           | 0120               |
| GBP        | 990,000   | Aviva 6.125% 29/09/2049                                           | 951           | 0.24               |     |           | BB+ 0.82% (0.46%)                    |               |                    |
| GBP        | 510,000   | Aviva 6.625% 03/06/2041                                           | 542           | 0.14               | GBP | 1,000,000 | Co-operative 5.625% 08/07/2020       | 1,050         | 0.27               |
| GBP        | 321,000   | Barclays Bank 14% 15/06/2049                                      | 432           | 0.11               | GBP | 515,000   | GKN Holdings 6.75% 28/10/2019        | 591           | 0.15               |
| GBP        | 490,000   | Barclays Bank 6.875% 27/11/2049                                   | 484           | 0.12               | GBP | 185,000   | LBG Capital No 2 10.5% 29/09/2023    | 207           | 0.05               |
| GBP        | 430,000   | British Telecom 6.625% 23/06/2017                                 | 512           | 0.13               | GBP | 105,000   | LBG Capital No 2 15% 22/01/2029      | 159           | 0.04               |
| GBP        | 915,000   |                                                                   | 1,008         | 0.26               | GBP | 1,090,000 | William Hill 7.125% 11/11/2016       | 1,211         | 0.31               |
| GBP        | 830,000   |                                                                   | ,             |                    |     |           |                                      |               |                    |
|            |           | 02/12/2020                                                        | 979           | 0.25               | 000 | 400.000   | BB 2.24% (1.93%)                     | 105           | 0.40               |
| GBP        | 555,000   | Heathrow Funding 6.25% 10/09/2018                                 |               | 0.16               | GBP | 420,000   | British Airways 8.75% 23/08/2016     | 465           | 0.12               |
| GBP        | 310,000   | Imperial Tobacco Finance 5.5%                                     |               |                    | GBP | 2,170,000 | Crown Newco 3 7% 15/02/2018          | 2,247         | 0.58               |
|            |           | 28/09/2026                                                        | 359           | 0.09               | GBP | 726,000   | Daily Mail & General Trust 5.75%     | 700           | 0.00               |
| GBP        | 715,000   | Imperial Tobacco Finance 7.75%                                    |               |                    | 000 | 200.000   | 07/12/2018                           | 786           | 0.20               |
|            |           | 24/06/2019                                                        | 918           | 0.24               | GBP | 300,000   | Daily Mail & General Trust 10%       | 207           | 0.10               |
| GBP        | 665,000   | Imperial Tobacco Finance 8.125%                                   |               |                    | CDD | 1 727 000 | 09/04/2021                           | 387           | 0.10               |
|            |           | 15/03/2024                                                        | 907           | 0.23               | GBP | 1,737,000 | LBG Capital No 1 11.04%              | 2 052         | 0.50               |
| GBP        | 750,000   | Imperial Tobacco Finance 9%                                       |               |                    | CDD | 77E 000   | 19/03/2020                           | 2,052         | 0.53               |
|            |           | 17/02/2022                                                        | 1,060         | 0.27               | GBP | 775,000   | Lowell Group Finance 10.75%          | OE /          | 0.00               |
| GBP        | 600,000   | InterContinental Hotels                                           |               |                    | EUR | 2,115,000 | 01/04/2019<br>Rexam 6.75% 29/06/2067 | 854<br>1,929  | 0.22<br>0.49       |
|            |           | 3.875% 28/11/2022                                                 | 618           | 0.16               | LUN | 2,110,000 | HCAAHI 0.75 /0 23/00/2007            | 1,529         | 0.49               |
| GBP        | 580,000   | Nationwide Building Society                                       |               |                    |     |           |                                      |               |                    |
|            |           | 5.769% 06/08/2049                                                 | 524           | 0.13               |     |           |                                      |               |                    |
|            |           |                                                                   |               |                    |     |           |                                      |               |                    |

### **Portfolio Statement**

|            | Holding            | Investment                                            | Value I<br>£000 | % of<br>Net Asset<br>Value |            | Holding   | Investment                                                | Value<br>£000 | % of<br>Net Asset<br>Value |
|------------|--------------------|-------------------------------------------------------|-----------------|----------------------------|------------|-----------|-----------------------------------------------------------|---------------|----------------------------|
| UNIT       | ed Kingd           | OOM 36.44% (40.08%) (continued)<br>BB– 2.34% (1.56%)  |                 |                            |            |           | CCC 0.00% (0.23%)                                         |               |                            |
| GBP        | 370,000            | Arrow Global Finance 7.875%                           |                 |                            |            |           | Not rated 1.56% (2.12%)                                   |               |                            |
|            |                    | 01/03/2020                                            | 369             | 0.09                       | GBP        |           | **Cattles 0% 17/01/2014                                   | 46            | 0.01                       |
| GBP        | 2,832,000          | Enterprise Inns 6.5% 06/12/2018                       | 2,778           | 0.71                       | USD        | 1,469,000 | CGS Guernsey I 7.875%<br>24/02/2041                       | 1,047         | 0.27                       |
| GBP        | 50,000             | Enterprise Inns 6.875% 15/02/2021                     | 47              | 0.01                       | GBP        | 1,460,000 | First Hydro Finance 9%                                    | 1,047         | 0.27                       |
| GBP        | 400,000            | Jaguar Land Rover 8.125%<br>15/05/2018                | 440             | 0.11                       | GDI        | 1,400,000 | 31/07/2021                                                | 1,793         | 0.46                       |
| GBP        | 750,000            | Jaguar Land Rover 8.25%                               | 440             | 0.11                       | EUR        | 1,730,000 | International Personal                                    |               |                            |
| 05.        | , ,                | 15/03/2020                                            | 842             | 0.22                       |            |           | Finance 11.5% 06/08/2015                                  | 1,741         | 0.45                       |
| GBP        | 1,050,000          | Southern Water Greensand                              |                 |                            | GBP        | 1,350,000 | MU Finance 8.75% 01/02/2017                               | 1,444         | 0.37                       |
|            |                    | 8.5% 15/04/2019                                       | 1,106           | 0.28                       |            |           | Total United Kingdom                                      | 142,223       | 36.44                      |
| GBP        | 304,000            | Spirit Issuer 5.86% 28/12/2021                        | 295             | 0.08                       |            |           |                                                           |               |                            |
| GBP        | 1,920,000          | Taylor Wimpey 10.375%<br>31/12/2015                   | 2,141           | 0.55                       | UNIT       | ED STATE  | S OF AMERICA 7.96% (6.69%)                                |               |                            |
| GBP        | 1,019,000          | Virgin Media Finance 8.875%                           | 2,141           | 0.55                       |            |           | AA 0.53% (0.27%)                                          |               |                            |
| 05.        | .,,                | 15/10/2019                                            | 1,124           | 0.29                       | GBP        | 1,640,000 | Wal-Mart Stores 5.625%<br>27/03/2034                      | 2,060         | 0.53                       |
|            |                    | Ba3 0.19% (0.31%)                                     |                 |                            |            |           |                                                           |               |                            |
| GBP        | 680,000            | Anglian Water (Osprey) Financing                      |                 |                            | GBP        | 1,370,000 | AA- 0.56% (0.69%)<br>General Electric 5.5% 15/09/2066     | 1,384         | 0.35                       |
|            |                    | 7% 31/01/2018                                         | 727             | 0.19                       | GBP        | 390,000   | Metropolitan Life Global                                  | 1,504         | 0.35                       |
|            |                    | B+ 2.32% (1.57%)                                      |                 |                            |            | ,         | Funding I 2.875% 11/01/2023                               | 387           | 0.10                       |
| GBP        | 1,465,000          | Aston Martin Capital 9.25%                            |                 |                            | GBP        | 425,000   | Metropolitan Life Global                                  |               |                            |
| GDI        | 1,400,000          | 15/07/2018                                            | 1,488           | 0.38                       |            |           | Funding I 3.5% 30/09/2026                                 | 430           | 0.11                       |
| GBP        | 650,000            | Boparan Finance 9.875% 30/04/2018                     | 723             | 0.19                       |            |           | A+ 0.88% (0.28%)                                          |               |                            |
| GBP        | 1,355,000          | Elli Finance UK 8.75% 15/06/2019                      | 1,468           | 0.38                       | USD        | 800,000   | CNPC General Capital 2.75%                                |               |                            |
| GBP        | 1,219,000          | Matalan Finance 8.875% 29/04/2016                     |                 | 0.31                       |            | ,         | 19/04/2017                                                | 554           | 0.14                       |
| EUR        | 1,500,000          | OTE 4.625% 20/05/2016                                 | 1,210           | 0.31                       | USD        | 805,000   | Sinopec Group Oversea 2.75%                               |               |                            |
| EUR<br>EUR | 725,000<br>700,000 | OTE 5% 05/08/2013                                     | 629             | 0.16                       |            |           | 17/05/2017                                                | 559           | 0.14                       |
| EUR        | 1,080,000          | OTE 7.25% 12/02/2015<br>OTE 7.875% 07/02/2018         | 613<br>950      | 0.16<br>0.24               | GBP        | 360,000   | Wells Fargo & Company 3.5%                                |               |                            |
| GBP        |                    | *Punch Taverns Finance 5.883%                         | 550             | 0.24                       | 000        | 1 750 000 | 12/09/2029                                                | 342           | 0.09                       |
|            | ,                  | 15/10/2026                                            | 439             | 0.11                       | GBP        | 1,750,000 | Wells Fargo Bank 5.25%<br>01/08/2023                      | 2,004         | 0.51                       |
| GBP        | 290,000            | Voyage Care BondCo 6.5%                               |                 |                            |            |           | 01/00/2023                                                | 2,004         | 0.51                       |
|            |                    | 01/08/2018                                            | 298             | 0.08                       |            |           | A 0.26% (0.10%)                                           |               |                            |
|            |                    | B1 0.48% (0.55%)                                      |                 |                            | GBP        | 940,000   | J.P. Morgan Chase 4.25%                                   |               |                            |
| EUR        | 1,275,000          | Investec Tier UK 7.075%                               |                 |                            |            |           | 25/01/2017                                                | 1,029         | 0.26                       |
|            | .,                 | 24/06/2049                                            | 1,029           | 0.26                       |            |           | A– 2.76% (1.38%)                                          |               |                            |
| GBP        | 810,000            | Thames Water Kemble                                   |                 |                            | GBP        | 1,000,000 | AT&T 5.5% 15/03/2027                                      | 1,171         | 0.30                       |
|            |                    | Finance 7.75% 01/04/2019                              | 877             | 0.22                       | GBP        | 650,000   | Bank of America 6.125%                                    |               |                            |
|            |                    | B 1.04% (1.22%)                                       |                 |                            |            |           | 15/09/2021                                                | 774           |                            |
| EUR        | 627 000 1          | ttAvis Budget Finance 6%                              |                 |                            | GBP        | 1,350,000 | Bank of America 7% 31/07/2028                             | 1,747         | 0.45                       |
| LOIT       | 027,000            | 01/03/2021                                            | 547             | 0.14                       | GBP        | 755,000   | Citigroup 5.5% 18/11/2015                                 | 830           | 0.21                       |
| GBP        | 1,755,000          | Care UK 9.75% 01/08/2017                              | 1,792           | 0.46                       | GBP<br>GBP | 1,555,000 | Citigroup 7.375% 01/09/2039<br>*J.P. Morgan Chase 1.0525% | 2,134         | 0.55                       |
| EUR        | 550,000            | Eco-Bat Finance 7.75% 15/02/2017                      | 496             | 0.13                       | GDI        | 1,550,000 | 30/05/2017                                                | 1,461         | 0.37                       |
| GBP        | 365,000            | House of Fraser 8.875% 15/08/2018                     | 382             | 0.10                       | GBP        | 855,000   | Metlife 5.375% 09/12/2024                                 | 983           |                            |
| GBP        | 790,000            | Odeon & UCI Finco 9% 01/08/2018                       | 823             | 0.21                       | GBP        | 685,000   | Pepsico 2.5% 01/11/2022                                   | 674           |                            |
|            |                    | B2e 0.00% (0.14%)                                     |                 |                            | GBP        | 740,000   | Verizon Wireless Capital<br>8.875% 18/12/2018             | 1 007         | 0.26                       |
|            |                    |                                                       |                 |                            |            |           | 0.073/0 10/12/2010                                        | 1,007         | 0.26                       |
| EUR        | 1,740,000          | <b>B- 0.35% (0.00%)</b><br>Kerling 10.625% 28/01/2017 | 1,372           | 0.35                       |            |           | BBB+ 0.77% (0.62%)                                        |               |                            |
| LON        | 1,740,000          | Kenning 10.02070 20/01/2017                           | 1,372           | 0.55                       | EUR        | 700,000   | Bank of America 4% 28/03/2018                             | 571           | 0.15                       |
|            |                    | B3 0.12% (0.00%)                                      |                 |                            | GBP        | 1,082,000 | Citigroup 5.125% 12/12/2018                               | 1,193         | 0.31                       |
| GBP        | 445,000            | Arqiva Broadcast Finance 9.5%                         |                 |                            | GBP        | 1,095,000 | Merrill Lynch & Co 5.5%                                   | 1 005         | 0.04                       |
|            |                    | 31/03/2020                                            | 459             | 0.12                       |            |           | 22/11/2021                                                | 1,205         | 0.31                       |
|            |                    | CCC+ 0.08% (0.00%)                                    |                 |                            |            |           |                                                           |               |                            |
| GBP        | 271,000            | *Annington Finance No5 13%                            |                 |                            |            |           |                                                           |               |                            |
|            |                    | 15/01/2023                                            | 301             | 0.08                       |            |           |                                                           |               |                            |
|            |                    |                                                       |                 |                            |            |           |                                                           |               |                            |

### **Portfolio Statement**

(continued)

|            |                      |                                                               |         | % of      |                                                       |                  | % of      |
|------------|----------------------|---------------------------------------------------------------|---------|-----------|-------------------------------------------------------|------------------|-----------|
|            |                      |                                                               | Value   | Net Asset |                                                       | Value I          | Vet Asset |
|            | Holding              | Investment                                                    | £000    | Value     | Holding Investment                                    | £000             | Value     |
| UNIT       | ED STATE             | S OF AMERICA 7.96% (6.69%) (<br>BBB 1.13% (1.12%)             | continu | ed)       | Forward foreign exchange contract Sell GBP 205,320    | cts –0.58%       | (0.18%)   |
| GBP<br>GBP | 1,170,000<br>747,000 | Ahold Finance 6.5% 14/03/2017                                 | 1,365   | 0.35      | Buy CHF 294,000 J.P. Morgan<br>Sell CHF 3,216,600     | 2                | -         |
| GBP        |                      | 17/05/2013<br>*Capital One Multi-Asset 6.625%                 | 752     | 0.19      | Buy GBP 2,251,334 RBS<br>Sell USD 35,373,000          | (16)             | -         |
| GBP        | 927,000              | 17/06/2014                                                    | 573     | 0.15      | Buy GBP 22,819,421 RBS<br>Sell EUR 90,000,000         | (774)            | (0.20)    |
| GBP        | 741,000              | Master Trust 7.5% 18/12/2013<br>Time Warner Cable 5.25%       | 967     | 0.25      | Buy GBP 77,432,400 J.P. Morgan<br>Sell EUR 90,025,000 | (725)            | (0.19)    |
|            | ,                    | 15/07/2042                                                    | 754     | 0.19      | Buy GBP 77,454,539 HSBC<br>Sell GBP 503,953           | (724)            | (0.19)    |
|            |                      | BB+ 0.00% (0.61%)                                             |         |           | Buy EUR 585,000 RBS<br>Sell GBP 463,210               | 4                | -         |
| USD        | 970,000              | <b>BB 0.17% (0.00%)</b><br>CenturyLink 5.8% 15/03/2022        | 659     | 0.17      | Buy EUR 536,000 Barclays<br>Sell GBP 26,652           | 2                | -         |
|            | 1 070 000            | BB- 0.40% (0.45%)                                             |         |           | Buy CHF 38,000 RBS<br>Sell EUR 808,000                | -                | -         |
| EUR        | 1,270,000            | Chesapeake Energy 6.25%<br>15/01/2017                         | 1,176   | 0.30      | Buy GBP 696,501 RBC<br>Sell GBP 4,079,928             | (5)              | -         |
| EUR        | 440,000              | Rain Cll Carbon LLC 8.5%<br>15/01/2021                        | 406     | 0.10      | Buy EUR 4,700,000 RBS<br>Sell EUR 2,350,000           | 2                | -         |
|            |                      | B+ 0.00% (0.45%)                                              |         |           | Buy GBP 2,034,921 HSBC<br>Sell EUR 2,200,000          | (6)              | -         |
|            |                      | B 0.00% (0.28%)                                               |         |           | Buy GBP 1,922,580 RBS                                 | 12               | -         |
| EUR        | 1,137,000            | <b>B- 0.28% (0.00%)</b><br>Infor US 10% 01/04/19              | 1,088   | 0.28      | Total value of investments                            | (3,390)          | (0.87)    |
|            |                      | CCC+ 0.22% (0.27%)                                            |         |           |                                                       | -                |           |
| USD        | 1,200,000            | Ocean Rig UDW 9.5% 27/04/2016                                 | 840     | 0.22      | Net other assets (6.37%)<br>Net assets                | 6,955<br>390,276 | 1.78      |
|            |                      | CCC 0.00% (0.15%)                                             |         |           | ANALYSIS OF INVESTMENTS BY ASSET CLASS                |                  |           |
|            |                      | Not rated 0.00% (0.02%)                                       |         |           | Fixed interest                                        | 363,347          | 94.79     |
|            |                      | Total United States of America                                | 31,079  | 7.96      | Floating rate notes                                   | 23,364           | 6.10      |
|            |                      |                                                               |         |           | Derivatives                                           | (3,390)          | (0.89)    |
| DERI       | VATIVES -            | -0.87% (0.12%)                                                | 00/ )   |           | Total value of investments                            | 383,321          | 100.00    |
| ELID       | 20 000 000           | Credit Default Swaps -0.29% (-0.0)                            | 6%)     |           |                                                       |                  |           |
| EUR        | 20,000,000           | Barclays EUR Markit<br>iTraxx 20/06/2017 Spread 500           | (898)   | (0.23)    |                                                       |                  |           |
| EUR        | 2,500,000            | HSBC EUR Markit<br>iTraxx 20/12/2017 Spread 100               | (12)    |           |                                                       |                  |           |
| EUR        | 4,000,000            | Credit Suisse EUR Markit<br>iTraxx 20/12/2017 Spread 100      | (18)    |           |                                                       |                  |           |
| EUR        | 390,000              | Merrill Lynch EUR OTE<br>20/09/2013 Spread 500                | 3       | _         |                                                       |                  |           |
| EUR        | 8,500,000            | HSBC EUR Unilever 20/03/2018<br>Spread 100                    | (263)   | (0.07)    |                                                       |                  |           |
| EUR        | 4,000,000            | Credit Suisse Kelda Group 'B'<br>Shares 20/03/2018 Spread 100 | 26      | 0.01      |                                                       |                  |           |
|            |                      |                                                               | _0      |           |                                                       |                  |           |

#### **Portfolio Statement**

(continued)

|                                          | Value<br>£000 |
|------------------------------------------|---------------|
| ANALYSIS OF INVESTMENTS BY CREDIT RATING | S             |
| AAA                                      | 9,456         |
| Aaa                                      | 4,730         |
| AA+                                      | 3,316         |
| AA                                       | 6,624         |
| AA-                                      | 7,279         |
| A+                                       | 13,276        |
| A                                        | 17,427        |
| A2                                       | 493           |
| A–                                       | 45,772        |
| A3                                       | 985           |
| BBB+                                     | 26,704        |
| BBB                                      | 34,687        |
| Baa2                                     | 5,038         |
| BBB-                                     | 13,703        |
| Baa3                                     | 3,181         |
| BB+                                      | 21,496        |
| BB                                       | 30,845        |
| Ba2                                      | 12,993        |
| (P)Ba2                                   | 270           |
| BB-                                      | 39,483        |
| Ba3                                      | 1,168         |
| B+                                       | 30,392        |
| B1                                       | 1,906         |
| В                                        | 14,517        |
| B2                                       | 932           |
| (P)B2                                    | 326           |
| B-                                       | 11,306        |
| B3                                       | 963           |
| (P)B3                                    | 326           |
| CCC+                                     | 8,644         |
| ccc                                      | 803           |
| D<br>Not rated                           | 199           |
|                                          | 17,471        |
| Total bonds                              | 386,711       |
| Derivatives                              | (3,390)       |
| Total value of investments               | 383,321       |

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

March 2012 comparatives in brackets.

\*Variable rate bonds.

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

ttAt 7 March 2013, there were investments totalling £6,026,000 (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 Sterling Bond Fund**

### **Portfolio Statement**

as at 7 March 2013

|      | Holding       | Investment                    | Value<br>£000 | % of<br>Net Asset<br>Value | Holding Investment                               | Value N<br>£000 | % of<br>Net Asset<br>Value |
|------|---------------|-------------------------------|---------------|----------------------------|--------------------------------------------------|-----------------|----------------------------|
|      | noiding       | investment                    | 1000          | value                      | notaling investment                              | 1000            | value                      |
| FIXE | D INTERES     | ST 100.09% (99.67%)           |               |                            | DERIVATIVES -0.02% (0.00%)                       |                 |                            |
|      |               | AAA 0.00% (99.67%)            |               |                            | Forward foreign exchange contra                  | cts -0.02%      | (0.00%)                    |
|      |               |                               |               |                            | Sell EUR 4,445,000                               |                 |                            |
|      |               | AA+ 100.09% (0.00%)           |               |                            | Buy GBP 3,837,093 J.P. Morgan                    | (23)            | (0.01)                     |
| GBP  | 3,000,000     | UK Treasury 0% 03/06/2013     | 2,997         |                            | Sell USD 2,750,000                               |                 |                            |
| GBP  | 1,619,000     | UK Treasury 0.125% 22/03/2029 | 1,832         |                            | Buy GBP 1,817,738 UBS                            | (17)            | (0.01)                     |
| GBP  | 4,915,000     | UK Treasury 1.25% 22/07/2018  | 4,981         |                            | Sell GBP 3,850,490                               |                 |                            |
| GBP  | 1,172,000     | UK Treasury 1.75% 07/09/2022  | 1,152         |                            | Buy EUR 4,445,000 Citigroup                      | 10              | -                          |
| GBP  | 1,285,000     | UK Treasury 1.875% 22/11/2022 | 2,037         |                            | Total derivatives                                | (30)            | (0.02)                     |
| GBP  | 7,089,000     | UK Treasury 2% 22/01/2016     | 7,427         |                            |                                                  |                 | ••••                       |
|      | 11,950,000    | UK Treasury 2.25% 07/03/2014  | 12,196        |                            | Total value of investments                       | 180,762         | 100.07                     |
| GBP  | 2,492,000     | UK Treasury 2.5% 16/08/2013   | 6,962         |                            |                                                  | (404)           | (0.07)                     |
| GBP  | 7,376,000     | UK Treasury 2.75% 22/01/2015  | 7,728         |                            | Net other (liabilities)/assets (0.33%)           | (121)           | (0.07)                     |
| GBP  | 3,147,000     | UK Treasury 3.25% 22/01/2044  | 3,076         |                            | Net assets                                       | 180,641         | 100.00                     |
| GBP  | 6,561,000     | UK Treasury 3.75% 07/09/2019  | 7,597         |                            |                                                  |                 |                            |
| GBP  | 2,434,000     | UK Treasury 3.75% 07/09/2020  | 2,824         |                            | ANALYSIS OF INVESTMENTS BY CREDIT RATINGS        |                 |                            |
| GBP  | 6,188,000     | UK Treasury 3.75% 07/09/2021  | 7,182         |                            | AA+                                              | 180,792         |                            |
| GBP  | 3,899,000     | UK Treasury 3.75% 22/07/2052  | 4,172         |                            | Derivatives                                      | (30)            |                            |
| GBP  | 4,111,000     | UK Treasury 4% 07/09/2016     | 4,625         |                            | Total value of investments                       | 180,762         |                            |
| GBP  | 3,039,000     | UK Treasury 4% 22/01/2060     | 3,472         |                            |                                                  | 100,702         |                            |
| GBP  | 5,554,000     | UK Treasury 4.25% 07/12/2027  | 6,710         |                            | The calculation of the % Net Asset Value may not | sum to 100      | 0% due to                  |
| GBP  | 5,632,000     | UK Treasury 4.25% 07/06/2032  | 6,753         |                            | rounding.                                        |                 |                            |
| GBP  | 4,126,000     | UK Treasury 4.25% 07/03/2036  | 4,900         |                            | March 2012 composativos in brocketo              |                 |                            |
| GBP  | 3,285,000     | UK Treasury 4.25% 07/09/2039  | 3,880         |                            | March 2012 comparatives in brackets.             |                 |                            |
| GBP  | 3,678,000     | UK Treasury 4.25% 07/12/2040  | 4,336         |                            |                                                  |                 |                            |
| GBP  | 3,218,000     | UK Treasury 4.25% 07/12/2046  | 3,793         |                            |                                                  |                 |                            |
| GBP  | 2,622,000     | UK Treasury 4.25% 07/12/2055  | 3,124         |                            |                                                  |                 |                            |
| GBP  | 4,215,000     | UK Treasury 4.5% 07/09/2034   | 5,197         |                            |                                                  |                 |                            |
| GBP  | 1,308,000     | UK Treasury 4.5% 07/12/2042   | 1,609         |                            |                                                  |                 |                            |
| GBP  | 4,705,000     | UK Treasury 4.75% 07/09/2015  | 5,238         |                            |                                                  |                 |                            |
|      | 10,283,000    | UK Treasury 4.75% 07/03/2020  | 12,610        |                            |                                                  |                 |                            |
| GBP  | 7,174,000     | UK Treasury 4.75% 07/12/2030  | 9,134         |                            |                                                  |                 |                            |
| GBP  | 3,977,000     | UK Treasury 4.75% 07/12/2038  | 5,075         |                            |                                                  |                 |                            |
| GBP  | 2,405,000     | UK Treasury 5% 07/09/2014     | 2,578         |                            |                                                  |                 |                            |
| GBP  | 1,679,000     | UK Treasury 5% 07/03/2018     | 2,021         |                            |                                                  |                 |                            |
| GBP  | 1,525,000     | UK Treasury 5% 07/03/2025     | 1,972         |                            |                                                  |                 |                            |
| GBP  | 1,312,000     | UK Treasury 6% 07/12/2028     | 1,895         |                            |                                                  |                 |                            |
| GBP  | 5,157,000     | UK Treasury 8% 07/06/2021     | 7,695         | 4.26                       |                                                  |                 |                            |
| GBP  | 3,054,000     | UK Treasury Index Linked      | c             | ~ ~ ~                      |                                                  |                 |                            |
| 0.05 | = = 4 0 0 0 0 | 4.25% 07/12/2049              | 3,606         | 2.00                       |                                                  |                 |                            |
| GBP  | 5,516,000     | UK Treasury Index Linked      |               | 0.0-                       |                                                  |                 |                            |
|      |               | 4.5% 07/03/2019               | 6,606         | 3.66                       |                                                  |                 |                            |
| USD  | 2,924,000     | US Treasury N/B 2.75%         |               |                            |                                                  |                 |                            |
|      |               | 15/11/2042                    | 1,800         | 1.00                       |                                                  |                 |                            |
|      |               | Total fixed interest          | 180,792       | 100.09                     |                                                  |                 |                            |

### **Threadneedle Sterling Fund**

#### **Portfolio Statement**

as at 7 March 2013

| Holding            | Investment                                                | Value<br>£000 | % of<br>Net Asset<br>Value |
|--------------------|-----------------------------------------------------------|---------------|----------------------------|
| FIXED INTERES      | T 78.53% (72.02%)<br>Certificate of Deposit 43.60% (39.59 | <b>a</b> %)   |                            |
| GBP 11,300,000     | BNP Paribas 0.69%                                         | ,,,,          |                            |
|                    | 23/04/2013 CD                                             | 11,300        | 5.05                       |
| GBP 11,100,000     | J.P. Morgan Chase Bank 0.43%                              |               |                            |
|                    | 15/05/2013 CD                                             | 11,100        | 4.96                       |
| GBP 11,000,000     | Mitsubishi UFJ Trust & Banking                            |               |                            |
|                    | 0.48% 20/05/2013 CD                                       | 11,000        | 4.92                       |
| GBP 11,000,000     | National Australia Bank 0.4%                              |               |                            |
| 000 44 400 000     | 04/06/2013 CD                                             | 11,000        | 4.92                       |
| GBP 11,100,000     | National Bank of Abu Dhabi                                | 11 100        | 4.00                       |
| CDD 11 000 000     | 0.45% 04/06/2013 CD                                       | 11,100        | 4.96                       |
| GBP 11,000,000     | Nordea Bank 0.48%<br>23/04/2013 CD                        | 11,000        | 4.92                       |
| GBP 9,000,000      | Rabobank Nederland 1.45%                                  | 11,000        | 4.92                       |
| GDI 5,000,000      | 17/05/2013 CD                                             | 9,000         | 4.03                       |
| GBP 11,000,000     | Svenska Handelsbanken 0.42%                               | 5,000         | 4.05                       |
|                    | 30/04/13 CD                                               | 11,000        | 4.92                       |
| GBP 11,000,000     | Wells Fargo Bank Intl 0.4%                                | 11,000        | -1.02                      |
| 02                 | 10/04/2013 CD                                             | 11,000        | 4.92                       |
|                    | Euro commercial paper 34.93% (32                          | .43%)         |                            |
| GBP 15,000,000     | Agence Centrale Des Organismes                            |               |                            |
|                    | 0.43334% 25/03/13                                         | 14,978        | 6.70                       |
| GBP 11,000,000     | Banque et Caisse d'Épargne de                             |               |                            |
|                    | l'État 0.38364% 09/04/2013                                | 10,989        | 4.91                       |
| GBP 11,000,000     | Banque Federative du Credit                               |               |                            |
|                    | 0.50935% 18/03/2013                                       | 10,986        | 4.91                       |
| GBP 10,100,000     | Caisse d'Amortissement De La                              |               |                            |
|                    | Dette Sociale 0.45432% 28/06/2013                         | 10,085        | 4.51                       |
| GBP 11,000,000     | Caisse des Dépôts et                                      |               |                            |
|                    | Consignations 0.37964%                                    |               |                            |
|                    | 25/04/2013                                                | 10,990        | 4.91                       |
| GBP 10,000,000     | KFW 0.34491% 11/04/2013                                   | 9,991         | 4.47                       |
| GBP 10,100,000     | Nederlandse Waterschapsbank                               |               |                            |
|                    | 0.42486% 12/03/2013                                       | 10,097        | 4.52                       |
|                    | Total fixed interest                                      | 175,616       | 78.53                      |
| Total value of inv | estments                                                  | 175,616       | 78.53                      |
| Net other assets   | (27.98%)                                                  | 48,012        | 21.47                      |
| Net assets         |                                                           | 223,628       | 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 that would be disclosed as Not rated.

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

March 2012 comparatives in brackets.

## **Threadneedle European Fund**

#### **Portfolio Statement**

as at 7 March 2013

| Holding       | Investment                             | Value<br>£000       | % of<br>Net Asset<br>Value | Holding        | Investment                                     | Value<br>£000              | % of<br>Net Asset<br>Value |
|---------------|----------------------------------------|---------------------|----------------------------|----------------|------------------------------------------------|----------------------------|----------------------------|
| AUSTRIA 0.00% | o (1.14%)                              |                     |                            |                | Telecommunications services 1.26               | % (1.55%                   | 6)                         |
|               | Chemicals 0.00% (1.14%)                |                     |                            | 277,259        | Eutelsat Communications                        | 6,635                      | 1.26                       |
|               | Total Austria                          | _                   | _                          |                | Tobacco 1.61% (1.34%)                          |                            |                            |
|               |                                        |                     |                            | 267,647        | Safran                                         | 8,446                      | 1.61                       |
| BELGIUM 3.88% | % (3.33%)                              |                     |                            |                | Total France                                   | 90,516                     |                            |
|               | Beverages 1.89% (2.33%)                |                     |                            |                |                                                |                            |                            |
| 156,509       | Anheuser-Busch InBev                   | 9,916               | 1.89                       | GERMANY 26.5   | 5% (20.58%)                                    |                            |                            |
|               | Chemicals 1.99% (1.00%)                |                     |                            |                | Automobiles & parts 3.65% (3.69%               | »)                         |                            |
| 314,746       | Umicore                                | 10,447              | 1.99                       | 88,334         | Continental                                    | 7,461                      |                            |
|               | Total Belgium                          | 20,363              | 3.88                       | 78,679         | Volkswagen                                     | 11,694                     | 2.23                       |
|               |                                        |                     |                            |                | Chemicals 6.48% (4.12%)                        |                            |                            |
| DENMARK 3.08  |                                        |                     |                            | 126,560        | BASF                                           | 8,059                      |                            |
|               | Health 1.12% (0.00%)                   |                     |                            | 138,680        | Brenntag                                       | 13,803                     |                            |
| 106,935       | William Demant                         | 5,872               | 1.12                       | 217,817        | Lanxess                                        | 12,125                     | 2.31                       |
|               | Pharmaceuticals & biotechnology        | 1.96% (3            | .79%)                      |                | <b>Construction &amp; building materials</b>   | 2.01% (0                   | .00%)                      |
| 87,527        | Novo Nordisk                           | 10,294              | 1.96                       | 149,565        | Bilfinger                                      | 10,534                     | 2.01                       |
|               | Total Denmark                          | 16,166              | 3.08                       |                | Food producers & processors 0.00               | % (0.67%                   | b)                         |
|               |                                        |                     |                            |                |                                                |                            |                            |
| FINLAND 1.34% | 6 (3.28%)<br>Electricity 0.00% (0.99%) |                     |                            | 241,288        | Health 2.07% (1.62%)<br>Fresenius Medical Care | 10,869                     | 2.07                       |
|               | Engineering & machinery 0.00% (1.      | .11%)               |                            |                | Household goods & textiles 0.00%               | (0.74%)                    |                            |
|               | Insurance 1.34% (1.18%)                |                     |                            |                | Insurance 4.26% (4.76%)                        |                            |                            |
| 276,959       | Sampo                                  | 7,042               | 1.34                       | 148,533        | Allianz                                        | 14,165                     | 2.70                       |
|               | Total Finland                          | 7,042               | 1.34                       | 64,763         | Münchener Rückversicherungs                    | 8,144                      | 1.56                       |
|               |                                        |                     |                            |                | Media & photography 1.70% (2.11                | %)                         |                            |
| FRANCE 17.25% | ۵ (19.18%)                             |                     |                            | 149,155        | Kabel Deutschland Holding                      | 8,929                      | 1.70                       |
|               | Automobiles & parts 0.00% (0.96%       | )                   |                            |                | Phormacouticals & histochnology                | 2 100/ 10                  | 0.00/ )                    |
|               | Banks 1.93% (1.47%)                    |                     |                            | 110,606        | Pharmaceuticals & biotechnology<br>Bayer       | <b>3.46</b> /0 (0<br>7,502 |                            |
| 269,487       | BNP Paribas                            | 10,114              | 1.93                       | 108,843        | Merck                                          | 10,753                     |                            |
|               |                                        |                     |                            |                |                                                |                            | <b>A</b> ( )               |
| 94,105        | Beverages 1.54% (0.00%) Pernod Ricard  | 8,094               | 1.54                       | 274,070        | Software & computer services 2.90<br>SAP       |                            |                            |
| 54,105        | Terriod fileard                        | 0,004               | 1.54                       | 274,070        |                                                | 15,218                     |                            |
|               | Chemicals 0.00% (2.87%)                | icals 0.00% (2.87%) |                            |                | Total Germany                                  | 139,256                    | 26.55                      |
|               | Electronic & electrical equipment 3    | .64% (4.            | 00%)                       | ITALY 2.78% (3 | 40%)                                           |                            |                            |
| 235,385       | LeGrand                                | 7,271               | 1.39                       | -              | Automobiles & parts 2.03% (1.21%               | »)                         |                            |
| 356,803       | Rexel                                  | 5,571               | 1.06                       | 1,334,725      | Fiat Industrial                                | 10,643                     | 2.03                       |
| 120,941       | Schneider Electric                     | 6,273               | 1.19                       |                | Banks 0.00% (0.63%)                            |                            |                            |
|               | Food & drug retailers 0.00% (1.45%     | <b>)</b>            |                            |                | Health 0.75% (0.00%)                           |                            |                            |
|               | General retailers 1.42% (1.75%)        |                     |                            | 123,889        | Luxottica Group                                | 3,936                      | 0.75                       |
| 331,967       | Edenred                                | 7,444               | 1.42                       |                | -                                              |                            |                            |
|               | Household goods & textiles 0.00%       | (1.50%)             |                            |                | Oil & gas 0.00% (1.56%)                        | 14,579                     | 2.78                       |
|               | Media & photography 2.25% (1.52%       | <b>(</b> a)         |                            |                |                                                | ,575                       | 2.70                       |
| 262,766       | Publicis Groupe                        | 11,794              | 2.25                       | LUXEMBOURG     |                                                |                            |                            |
|               | Personal care & household product      | te 1 52%            | (0.00%)                    |                | Oil & gas 0.00% (1.09%)                        |                            |                            |
| 79,158        | L'Oreal                                | 7,985               |                            |                | Total Luxembourg                               |                            |                            |
|               | Software & computer services 2.08      |                     |                            |                |                                                |                            |                            |
| 82,519        | lliad                                  | 10,889              | 2.08                       |                |                                                |                            |                            |

% of

### **Threadneedle European Fund**

#### **Portfolio Statement**

(continued)

| Holding        | Investment                                                  | Value Net<br>£000            | % of<br>Asset<br>Value |
|----------------|-------------------------------------------------------------|------------------------------|------------------------|
| NETHERLANDS    | 7.36% (5.01%)<br>Aerospace & defence 0.00% (0.95%           | %)                           |                        |
| 356,606        | Food producers & processors 1.84<br>Unilever                | 9,636 <b>(0.00%)</b>         | 1.84                   |
| 124,699        | Information technology hardware<br>ASML Holdings            | <b>1.13% (1.27%</b><br>5,949 | )<br>1.13              |
| 1,527,788      | Insurance 1.60% (1.82%)<br>ING Groep                        | 8,405                        | 1.60                   |
| 925,019        | Life assurance 0.73% (0.00%)<br>Aegon                       | 3,815                        | 0.73                   |
| 473,890        | Telecommunications services 2.06<br>Ziggo                   | <b>6% (0.00%)</b><br>10,799  | 2.06                   |
|                | Transport 0.00% (0.97%)                                     |                              |                        |
|                | Total Netherlands                                           | 38,604                       | 7.36                   |
| NORWAY 3.60%   | (3 10%)                                                     |                              |                        |
| 1,415,540      | Banks 2.81% (2.35%)                                         | 14,747                       | 2.81                   |
| 161,492        | <b>Oil &amp; gas 0.79% (0.75%)</b><br>TGS-NOPEC Geophysical | 4,128                        | 0.79                   |
|                | Total Norway                                                | 18,875                       | 3.60                   |
| PORTUGAL 1.84  | 1% (1 29%)                                                  |                              |                        |
|                | Oil & gas 1.84% (1.29%)                                     |                              |                        |
| 919,888        | Galp Energia SGPS                                           | 9,635                        | 1.84                   |
|                | Total Portugal                                              | 9,635                        | 1.84                   |
|                | RELAND 2.69% (4.48%)                                        |                              |                        |
|                | Food producers & processors 1.23                            | 8% (1.76%)                   |                        |
| 172,870        | Kerry Group                                                 | 6,470                        | 1.23                   |
|                | Transport 1.46% (2.72%)                                     |                              |                        |
| 1,504,787      | Ryanair Holdings                                            | 7,630                        | 1.46                   |
|                | Total Republic of Ireland                                   | 14,100                       | 2.69                   |
| SPAIN 3.56% (4 | 15%)                                                        |                              |                        |
| 2,093,617      | Banks 2.58% (1.51%)<br>Banco Bilbao Vizcaya Argentaria      | 13,522                       | 2.58                   |
| _,000,011      | Oil & gas 0.00% (1.13%)                                     |                              |                        |
|                | Software & computer convises 0.0                            | 8% (1 51%)                   |                        |
| 292,301        | Software & computer services 0.9<br>Amadeus IT Group        | 5,137                        | 0.98                   |
|                | Total Spain                                                 | 18,659                       | 3.56                   |
|                |                                                             |                              |                        |

| Holding                          | Investment                                                                       | Value<br>£000                       | % of<br>Net Asset<br>Value |
|----------------------------------|----------------------------------------------------------------------------------|-------------------------------------|----------------------------|
| SWEDEN 9.09%                     |                                                                                  |                                     |                            |
| 307,412                          | Banks 1.70% (2.59%)<br>Svenska Handelsbanken 'A' Sha                             | ares 8,915                          | 1.70                       |
| 517,618<br>370,946               | Engineering & machinery 4.09%<br>Assa Abloy 'B' Shares<br>Atlas Copco 'A' Shares | 5 <b>(3.21%)</b><br>14,150<br>7,261 | 2.70<br>1.39               |
| 1,209,344                        | <b>Health 2.25% (1.53%)</b><br>Elekta                                            | 11,817                              | 2.25                       |
| 250,499                          | Tobacco 1.05% (1.06%)<br>Swedish Match                                           | 5,525                               | 1.05                       |
|                                  | Total Sweden                                                                     | 47,668                              | 9.09                       |
| SWITZERLAND                      | 16.28% (17.26%)<br>Banks 0.00% (1.01%)                                           |                                     |                            |
| 40,270                           | Chemicals 2.20% (2.00%)<br>Syngenta                                              | 11,559                              | 2.20                       |
| 3,249                            | <b>Diversified industrials 1.03% (1</b> .<br>Sika                                | <b>50%)</b><br>5,429                | 1.03                       |
|                                  | o (0.47%)                                                                        |                                     |                            |
| 474,607                          | Food producers & processors 4.<br>Nestle                                         | <b>.27% (5.87%</b><br>22,376        | )<br>4.27                  |
| 26,612                           | Household goods & textiles 1.9<br>Swatch Group                                   | <b>1% (1.87%)</b><br>10,024         | 1.91                       |
| 207,045                          | Pharmaceuticals & biotechnolog<br>Novartis                                       | <b>gy 1.81% (2</b> .<br>9,484       | <b>24%)</b><br>1.81        |
| 1,280,050                        | Speciality & other finance 2.55%<br>UBS                                          | % <b>(0.00%)</b><br>13,369          | 2.55                       |
| 4,664                            | Support services 1.52% (1.44%)<br>SGS                                            | 7,971                               | 1.52                       |
| 70,820                           | Transport 0.99% (0.86%)<br>Kuehne & Nagel International                          | 5,195                               | 0.99                       |
|                                  | Total Switzerland                                                                | 85,407                              | 16.28                      |
| Total value of invo              | 520,870                                                                          | 99.30                               |                            |
| Net other assets (<br>Net assets | 0.53%)                                                                           | 3,674<br>524,544                    | 0.70                       |
|                                  |                                                                                  | 524,544                             |                            |

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

March 2012 comparatives in brackets.

### **Threadneedle European Select Fund**

#### **Portfolio Statement**

as at 7 March 2013

| Holding       | Investment                                           | Value<br>£000 | % of<br>Net Asset<br>Value | Holding        | Investment                                     | Value  <br>£000 | % of<br>Net Asset<br>Value |
|---------------|------------------------------------------------------|---------------|----------------------------|----------------|------------------------------------------------|-----------------|----------------------------|
| BELGIUM 6.03% | (7 28%)                                              |               |                            |                | 149/ (05 009/)                                 |                 |                            |
| BELGIOW 0.03  | Beverages 6.03% (6.01%)                              |               |                            | GERMANY 24.1   | 14% (25.30%)<br>Aerospace & defence 1.00% (1.0 | 00/ )           |                            |
| 1,838,833     | Anheuser-Busch InBev                                 | 116,501       | 6.03                       | 301,852        | -                                              | 19,255          | 1.00                       |
|               | Chemicals 0.00% (1.27%)                              |               |                            |                | Automobiles & parts 1.25% (1.0                 | 1%)             |                            |
|               | Total Belgium                                        | 116,501       | 6.03                       | 388,683        | Bayerische Motoren Werke                       | 24,271          | 1.25                       |
|               | 0/ (D 4E9/)                                          |               |                            |                | Chemicals 7.84% (11.13%)                       |                 |                            |
| DENMARK 2.89  | ™ (∠.45%)<br>Health 1.06% (0.00%)                    |               |                            | 577,043        |                                                | 36,745          | 1.90                       |
| 372,603       | William Demant                                       | 20,462        | 1.06                       | 1,010,163      | •                                              | 100,543         | 5.20                       |
| 072,000       |                                                      | 20,102        |                            | 255,571        | Lanxess                                        | 14,226          | 0.74                       |
|               | Pharmaceuticals & biotechnolog                       | •             |                            |                | Health 4.86% (4.44%)                           |                 |                            |
| 301,087       | Novo Nordisk                                         | 35,412        | 1.83                       | 2,084,185      | Fresenius Medical Care                         | 93,887          | 4.86                       |
|               | Total Denmark                                        | 55,874        | 2.89                       |                | Insurance 1.61% (0.91%)                        |                 |                            |
|               |                                                      |               |                            | 246,883        | Münchener Rückversicherungs                    | 31,045          | 1.61                       |
| FINLAND 5.91% |                                                      |               |                            | 240,000        | Wullenener Huckversienerungs                   | 01,040          | 1.01                       |
|               | Engineering & machinery 0.80%                        |               |                            |                | Media & photography 1.40% (0.8                 | 39%)            |                            |
| 281,051       | Kone                                                 | 15,408        | 0.80                       | 452,776        | Kabel Deutschland Holding                      | 27,106          | 1.40                       |
|               | Insurance 5.11% (4.84%)                              |               |                            |                | Pharmaceuticals & biotechnolog                 | w 4 12% (1 /    | 15%)                       |
| 3,888,108     | Sampo                                                | 98,865        | 5.11                       | 918,721        | Bayer                                          | 62,314          | 3.22                       |
|               | Total Finland                                        | 114,273       | 5.91                       | 177,092        | Merck                                          | 17,496          | 0.90                       |
|               | -                                                    | ,             |                            |                |                                                |                 |                            |
| FRANCE 17.21% | % (19.47%)                                           |               |                            | 715 767        | Software & computer services 2                 |                 |                            |
|               | Chemicals 3.21% (5.18%)                              |               |                            | 715,767        | SAP                                            | 39,743          | 2.06                       |
| 750,992       | Air Liquide                                          | 62,080        | 3.21                       |                | Total Germany                                  | 466,631         | 24.14                      |
|               | Diversified industrials 0.90% (0.0                   | 00/ )         |                            |                | 229/1                                          |                 |                            |
| 201,893       | Diversified industrials 0.90% (0.0<br>Bureau Veritas | 0%)<br>17,474 | 0.90                       | ITALY 1.10% (1 | -                                              |                 |                            |
| 201,000       | Duleau Ventas                                        | 17,474        | 0.50                       | 671,185        | Health 1.10% (0.00%)<br>Luxottica Group        | 21,326          | 1.10                       |
|               | Electronic & electrical equipmen                     | t 4.51% (6.8  | 34%)                       | 071,100        |                                                | 21,020          | 1.10                       |
| 1,246,213     | LeGrand                                              | 38,493        | 1.99                       |                | Oil & gas 0.00% (1.30%)                        |                 |                            |
| 324,515       | Rexel                                                | 5,067         | 0.26                       |                | Total Italy                                    | 21,326          | 1.10                       |
| 840,892       | Schneider Electric                                   | 43,618        | 2.26                       |                | -                                              |                 |                            |
|               | Food & drug retailers 0.00% (0.9                     | 6%)           |                            | LUXEMBOURG     |                                                |                 |                            |
|               |                                                      |               |                            |                | Oil & gas 0.99% (1.44%)                        |                 |                            |
| 962 602       | General retailers 1.00% (1.04%)<br>Edenred           | 19.365        | 1.00                       | 1,173,761      | Subsea 7                                       | 19,224          | 0.99                       |
| 863,592       | Edemed                                               | 19,305        | 1.00                       |                | Total Luxembourg                               | 19,224          | 0.99                       |
|               | Household goods & textiles 1.47                      | % (1.48%)     |                            |                | -                                              |                 |                            |
| 241,154       | LVMH Moet Hennessy Louis                             |               |                            | NETHERLANDS    | S 7.60% (5.06%)                                |                 |                            |
|               | Vuitton                                              | 28,325        | 1.47                       |                | Chemicals 0.00% (1.11%)                        |                 |                            |
|               | Media & photography 1.96% (2.0                       | 8%)           |                            |                | Food producers & processors 6.                 | 00% (2 05%)     |                            |
| 842,590       | Publicis Groupe                                      | 37,817        | 1.96                       | 4,344,767      | Unilever                                       | 117,398         | 6.08                       |
|               |                                                      |               |                            | .,             |                                                | ,               | 0.00                       |
|               | Personal care & household prode                      |               |                            |                | Telecommunications services 1.                 |                 |                            |
| 454,841       | L'Oreal                                              | 45,883        | 2.37                       | 1,290,683      | Ziggo                                          | 29,413          | 1.52                       |
|               | Software & computer services 1                       | .79% (0.00%   | 6)                         |                | Total Netherlands                              | 146,811         | 7.60                       |
| 261,630       | lliad                                                | 34,524        | 1.79                       |                |                                                |                 |                            |
|               | Tolocommunications comiters 0.4                      | 00/ /4 000/   | <b>۱</b>                   | NORWAY 2.39%   |                                                |                 |                            |
|               | Telecommunications services 0.0                      |               |                            | c              | Banks 1.72% (1.14%)                            | 00.00-          |                            |
|               | Total France _                                       | 332,646       | 17.21                      | 3,199,862      | DnB NOR Bank                                   | 33,335          | 1.72                       |
|               |                                                      |               |                            |                | Oil & gas 0.67% (0.67%)                        |                 |                            |
|               |                                                      |               |                            | 506,156        | TGS-NOPEC Geophysical                          | 12,938          | 0.67                       |
|               |                                                      |               |                            |                | Total Norway                                   | 46,273          | 2.39                       |
|               |                                                      |               |                            |                |                                                |                 |                            |

### **Threadneedle European Select Fund**

### **Portfolio Statement**

(continued)

| Holding                | Investment                                                 | Value<br>£000                  | % of<br>Net Asset<br>Value |
|------------------------|------------------------------------------------------------|--------------------------------|----------------------------|
| REPUBLIC OF I          | RELAND 3.76% (3.49%)                                       |                                |                            |
| 724,501                | Food producers & processors 1<br>Kerry Group               | . <b>40% (2.03%</b><br>27,118  | )<br>1.40                  |
| 8,989,789              | <b>Transport 2.36% (1.46%)</b><br>Ryanair Holdings         | 45,585                         | 2.36                       |
|                        | Total Republic of Ireland                                  | 72,703                         | 3.76                       |
| SWEDEN 9.38%           | (11 49%)                                                   |                                |                            |
| 2,826,617              | Banks 4.24% (4.96%)<br>Svenska Handelsbanken<br>'A' Shares | 81,975                         | 4.24                       |
|                        |                                                            |                                | 4.24                       |
| 1,288,600              | Engineering & machinery 3.21%<br>Assa Abloy 'B' Shares     | 6 <b>(3.17%)</b><br>35,227     | 1.82                       |
| 1,372,412              | Atlas Copco 'A' Shares                                     | 26,864                         | 1.39                       |
|                        | Health 1 02% (0 20%)                                       |                                |                            |
| 2,435,662              | Health 1.93% (0.38%)<br>Elekta                             | 23,800                         | 1.23                       |
| 664,919                | Getinge                                                    | 13,489                         | 0.70                       |
|                        | Tobacco 0.00% (2.98%)                                      |                                |                            |
|                        | Total Sweden                                               | 181,355                        | 9.38                       |
| SWITZERLAND<br>339,780 | 17.67% (14.94%)<br>Chemicals 5.05% (1.45%)<br>Syngenta     | 97,528                         | 5.05                       |
| 333,700                | , .                                                        |                                | 5.05                       |
| 11,296                 | <b>Diversified industrials 0.98% (0.</b><br>Sika           | <b>94%)</b><br>18,874          | 0.98                       |
|                        | Engineering & machinery 0.00%                              | ő (2.01%)                      |                            |
| 2,193,648              | Food producers & processors 5<br>Nestle                    | . <b>35% (7.05%</b><br>103,422 | )<br>5.35                  |
| 114,730                | Household goods & textiles 2.2<br>Swatch Group             | <b>4% (0.60%)</b><br>43,216    | 2.24                       |
| 3,043,634              | Speciality & other finance 1.649<br>UBS                    | % <b>(0.00%)</b><br>31,788     | 1.64                       |
| 18,346                 | Support services 1.62% (1.95%)<br>SGS                      | 31,352                         | 1.62                       |
| 208,652                | Transport 0.79% (0.94%)<br>Kuehne & Nagel International    | 15,307                         | 0.79                       |
|                        | Total Switzerland                                          | 341,487                        | 17.67                      |
| Total value of inv     | 1,915,104                                                  | 99.07                          |                            |
| Net other assets/      | (liabilities) (–0.29%)                                     | 17,931                         | 0.93                       |
| Net assets             |                                                            | 1,933,035                      | 100.00                     |
|                        |                                                            |                                |                            |

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

March 2012 comparatives in brackets.

## **Threadneedle European Smaller Companies Fund**

#### **Portfolio Statement**

as at 7 March 2013

| Holding                          | Investment                                                               | Value Net<br>£000                | % of<br>Asset<br>Value |
|----------------------------------|--------------------------------------------------------------------------|----------------------------------|------------------------|
| AUSTRIA 5.47%                    | <b>(5.03%)</b>                                                           |                                  |                        |
| 379,694                          | Chemicals 1.61% (2.00%)<br>Lenzing                                       | 23,436                           | 1.61                   |
| 614,440                          | Engineering & machinery 2.00%<br>Andritz                                 | <b>(2.00%)</b><br>29,007         | 2.00                   |
| 395,442                          | Oil & gas 1.86% (1.03%)<br>Schoeller Bleckmann Oilfield<br>Total Austria | 26,949<br><b>79,392</b>          | 1.86<br><b>5.47</b>    |
| BELGIUM 4.00%                    | % (4.86%)                                                                |                                  |                        |
| 678,455                          | Chemicals 1.55% (1.97%)<br>Umicore                                       | 22,520                           | 1.55                   |
| 139,555                          | Household goods & textiles 0.7<br>Kinepolis                              | <b>7% (0.90%)</b><br>11,178      | 0.77                   |
| 727,627                          | <b>Telecommunications services 1</b><br>Telenet Group Holding            | . <b>68% (1.99%)</b><br>24,383   | 1.68                   |
|                                  | Total Belgium                                                            | 58,081                           | 4.00                   |
| <b>DENMARK 7.71</b><br>1,139,033 | Food producers & processors 1                                            | <b>91% (2.02%)</b><br>27,695     | 1.91                   |
| 546,627                          | Health 2.07% (0.20%)<br>William Demant                                   | 30,019                           | 2.07                   |
| 489,757                          | <b>Insurance 1.85% (2.05%)</b><br>Tryg                                   | 26,833                           | 1.85                   |
| 1,644,395                        | Transport 1.88% (2.02%)<br>DSV                                           | 27,248                           | 1.88                   |
|                                  | Total Denmark                                                            | 111,795                          | 7.71                   |
| FINLAND 4.00%                    | Electronic & electrical equipment                                        | <b>nt 2.33% (2.48%)</b><br>4,419 | 0.30                   |
| 666,429                          | Vacon                                                                    | 29,448                           | 2.03                   |
| 1,028,603                        | Engineering & machinery 1.67%<br>Konecranes                              | 5 <b>(2.20%)</b><br>24,190       | 1.67                   |
|                                  | Total Finland                                                            | 58,057                           | 4.00                   |
| FRANCE 18.57%                    | % (20.35%)<br>Beverages 1.70% (0.00%)                                    |                                  |                        |
| 304,292                          | Remy Cointreau                                                           | 24,649                           | 1.70                   |
| 303,603                          | <b>Diversified industrials 1.81% (2.</b><br>Bureau Veritas               | <b>01%)</b><br>26,278            | 1.81                   |
| 313,139                          | Electronic & electrical equipments                                       | nt 1.88% (2.02%)<br>12,683       | 0.87                   |
| 934,574                          | Rexel                                                                    | 14,592                           | 1.01                   |

| Holding            | Investment                                                      | Value Ne<br>£000               | % of<br>et Asset<br>Value |
|--------------------|-----------------------------------------------------------------|--------------------------------|---------------------------|
|                    | Engineering & machinery 0.00% (0                                | 0.31%)                         |                           |
| 97,705             | Food producers & processors 0.35<br>Naturex                     | % <b>(0.30%)</b><br>5,106      | 0.35                      |
| 606,961            | Gas distribution 1.83% (2.01%)<br>Rubis                         | 26,578                         | 1.83                      |
| 1,207,683          | General retailers 1.87% (2.04%)<br>Edenred                      | 27,081                         | 1.87                      |
| 968,474            | <b>Health 1.87% (1.98%)</b><br>Orpea                            | 27,068                         | 1.87                      |
| 242,522            | Insurance 0.98% (0.00%)<br>Euler Hermes                         | 14,271                         | 0.98                      |
|                    | Media & photography 1.09% (1.95                                 | %)                             |                           |
| 630,067            | lpsos                                                           | 15,865                         | 1.09                      |
| 180,547            | Pharmaceuticals & biotechnology<br>Virbac                       | 1.68% (1.47<br>24,373          | %)<br>1.68                |
| 224,954            | Software & computer services 2.0<br>Iliad                       | <b>5% (2.02%)</b><br>29,684    | 2.05                      |
|                    | Support services 0.00% (2.20%)                                  |                                |                           |
| 884,161            | Telecommunications services 1.46<br>Eutelsat Communications     | % <b>(2.04%)</b><br>21,158     | 1.46                      |
|                    | Total France                                                    | 269,386                        | 18.57                     |
| GERMANY 18.5       | 64% (20.34%)                                                    |                                |                           |
| 417,587            | Aerospace & defence 1.84% (1.99%<br>MTU Aero Engines Holding    | 6)<br>26,638                   | 1.84                      |
| 295,432<br>555,932 | <b>Chemicals 3.03% (4.34%)</b><br>Brenntag<br>Symrise           | 29,405<br>14,503               | 2.03<br>1.00              |
| 349,741            | <b>Construction &amp; building materials</b><br>Bilfinger       | <b>1.70% (0.00</b><br>24,633   | %)<br>1.70                |
| 121,778            | Electronic & electrical equipment of Pfeiffer Vacuum Technology | 0. <b>64% (1.00</b> %<br>9,266 | % <b>)</b><br>0.64        |
| 369,693            | Engineering & machinery 0.62% (1<br>ElringKlinger               | . <b>23%)</b><br>9,070         | 0.62                      |
| 92,431             | General retailers 0.21% (0.00%)<br>Delticom                     | 3,061                          | 0.21                      |
|                    | Health 0.00% (0.10%)                                            |                                |                           |
| 294,149            | Information technology hardware<br>Stratec Biomedical Systems   | <b>0.67% (0.94</b><br>9,711    | <b>%)</b><br>0.67         |
| 2,566,644          | Media & photography 0.71% (0.00<br>Sky Deutschland              | %)<br>10,301                   | 0.71                      |

### **Threadneedle European Smaller Companies Fund**

### **Portfolio Statement**

| Holding         | Investment                                          | Value N<br>£000         | % of<br>let Asset<br>Value | Holding        | Investment                                          | Value N<br>£000              | % of<br>et Asset<br>Value |
|-----------------|-----------------------------------------------------|-------------------------|----------------------------|----------------|-----------------------------------------------------|------------------------------|---------------------------|
| GERMANY 18.5    | 4% (20.34%) (continued)                             |                         |                            | NORWAY 2.72%   |                                                     |                              |                           |
| 504,928         | Oil & gas 1.80% (1.98%)<br>Fuchs Petrolub           | 26,169                  | 1.80                       |                | Engineering & machinery 0.0                         | 00% (0.33%)                  |                           |
| 00 1,020        |                                                     | 20,100                  |                            |                | Health 0.98% (0.40%)                                |                              |                           |
| 789,107         | Packaging 2.09% (1.98%)<br>Gerresheimer             | 20.244                  | 2.09                       | 632,635        | Algeta                                              | 14,128                       | 0.98                      |
| 769,107         | Genesnenner                                         | 30,344                  | 2.09                       |                | Oil & gas 0.99% (0.00%)                             |                              |                           |
|                 | Real estate 1.02% (1.84%)                           |                         |                            | 563,240        | TGS-NOPEC Geophysical                               | 14,397                       | 0.99                      |
| 1,950,803       | TAG Immobilien                                      | 14,776                  | 1.02                       |                | Transport 0.75% (0.00%)                             |                              |                           |
|                 | Software & computer services 0                      | 0.26% (0.39%)           | )                          | 1,865,519      | Wilhelmsen                                          | 10,912                       | 0.75                      |
| 272,381         | PSI                                                 | 3,736                   | 0.26                       |                | Total Norway                                        | 39,437                       | 2.72                      |
|                 | Speciality & other finance 1.95%                    | 6 <b>(2.47%</b> )       |                            |                |                                                     |                              |                           |
| 566,160         | Grenkeleasing                                       | 28,355                  | 1.95                       | PORTUGAL 0.0   |                                                     |                              |                           |
|                 | Steel & other metals 2.00% (2.0                     | 8%)                     |                            |                | Media & photography 0.00%                           | o (0.20%) –                  | _                         |
| 1,241,970       | Norma Group                                         | 29,084                  | 2.00                       |                | Total Portugal                                      |                              | _                         |
|                 | Total Germany                                       | 269,052                 | 18.54                      |                |                                                     |                              |                           |
|                 |                                                     |                         |                            | REPUBLIC OF II | RELAND 2.70% (5.58%)<br>Construction & building mat | erials 1.04% (0.0            | 0%)                       |
| ISRAEL 0.30% (  | 0.59%)                                              |                         |                            | 1,816,429      | Kingspan Group                                      | 15,056                       | 1.04                      |
|                 | Health 0.00% (0.13%)                                |                         |                            |                |                                                     |                              |                           |
|                 | Software & computer services (                      | 0.30% (0.46%)           |                            | 393,358        | Food producers & processor<br>Kerry Group           | s 1.01% (2.02%)<br>14,723    | 1.01                      |
| 1,951,359       | Vizrt                                               | 4,429                   | 0.30                       | 333,330        | Kerry Gloup                                         | 14,725                       | 1.01                      |
|                 | Total Israel                                        | 4,429                   | 0.30                       |                | Insurance 0.00% (0.22%)                             |                              |                           |
|                 | <b>500</b> ()                                       |                         |                            |                | Leisure entertainment & hot                         | els 0.00% (1.30%             | )                         |
| ITALY 5.84% (3. | 58%)<br>Banks 0.47% (0.27%)                         |                         |                            |                | Transport 0.65% (2.04%)                             |                              |                           |
| 575,615         | Banca Generali                                      | 6,786                   | 0.47                       | 526,301        | Irish Continental Group                             | 9,369                        | 0.65                      |
|                 |                                                     |                         |                            |                | Total Republic of Ireland                           | 39,148                       | 2.70                      |
| 2,519,783       | Beverages 0.89% (0.00%)<br>Davide Campari-Milano    | 12,983                  | 0.89                       |                |                                                     |                              |                           |
| 2,010,700       |                                                     |                         |                            | SPAIN 1.94% (1 |                                                     |                              |                           |
|                 | Electronic & electrical equipmer                    | nt 0.00% (1.27          | /%)                        | 450,200        | Construction & building mat<br>Tecnicas Reunidas    | erials 1.02% (0.0)<br>14,744 | <b>0%)</b><br>1.02        |
|                 | General retailers 2.01% (0.00%)                     |                         |                            | 450,200        | Techicas neutiluas                                  | 14,744                       | 1.02                      |
| 1,531,236       | Salvatore Ferragamo                                 | 29,165                  | 2.01                       |                | Food producers & processor                          |                              |                           |
|                 | Health 2.47% (2.04%)                                |                         |                            | 391,565        | Viscofan                                            | 13,373                       | 0.92                      |
| 1,173,832       | DiaSorin                                            | 29,532                  | 2.04                       |                | Total Spain                                         | 28,117                       | 1.94                      |
| 3,804,601       | Sorin                                               | 6,252                   | 0.43                       |                | ( 0 210/ )                                          |                              |                           |
|                 | Total Italy                                         | 84,718                  | 5.84                       | SWEDEN 7.40%   | Automobiles & parts 1.60%                           | (2.01%)                      |                           |
|                 |                                                     |                         |                            | 1,010,709      | Mekonomen                                           | 23,210                       | 1.60                      |
| LUXEMBOURG      |                                                     |                         |                            |                | Construction & building mat                         | aniala 0 44% (0 0            | nº/ \                     |
| 1,589,790       | Oil & gas 1.80% (1.97%)<br>Subsea 7                 | 26,038                  | 1.80                       | 546,485        | Nibe Industrier                                     | 6,392                        | 0.44                      |
| .,,             |                                                     |                         |                            |                |                                                     |                              |                           |
| 010 640         | Support services 1.95% (0.00%)                      | 20 200                  | 1 05                       | 1,636,111      | Engineering & machinery 1.9<br>Alfa Laval           | 91% (1.84%)<br>25,624        | 1.76                      |
| 212,648         | Eurofins Scientific                                 | 28,309                  | 1.95                       | 308,218        | Concentric                                          | 25,624 2,185                 | 0.15                      |
|                 | Total Luxembourg                                    | 54,347                  | 3.75                       |                |                                                     |                              |                           |
| NETHERLANDS     | 4.97% (4.41%)                                       |                         |                            | 2,880,649      | Health 1.94% (2.01%)<br>Elekta                      | 28,149                       | 1.94                      |
|                 | Construction & building materia                     | als 0.00% (0.7          | 8%)                        | 2,000,040      |                                                     |                              | 1.54                      |
|                 | Food producers & messes 4                           | 000/ /1 = 70/ \         |                            | 047.400        | Steel & other metals 1.51%                          |                              |                           |
| 730,561         | Food producers & processors 1.<br>Sligro Food Group | 15,859                  | 1.09                       | 647,189        | Höganäs 'B' Shares                                  | 21,870                       | 1.51                      |
|                 |                                                     |                         |                            |                | Tobacco 0.00% (1.58%)                               |                              |                           |
| 1 207 220       | Telecommunications services 2.                      |                         | 2.04                       |                | Total Sweden                                        | 107,430                      | 7.40                      |
| 1,297,230       | Ziggo                                               | 29,562                  | 2.04                       |                |                                                     |                              |                           |
|                 | Transport 1.84% (2.06%)                             |                         |                            |                |                                                     |                              |                           |
|                 |                                                     | 00.000                  | 4 0 4                      |                |                                                     |                              |                           |
| 617,053         | Koninklijke Vopak<br>Total Netherlands              | 26,666<br><b>72,087</b> | 1.84<br><b>4.97</b>        |                |                                                     |                              |                           |

### **Threadneedle European Smaller Companies Fund**

#### **Portfolio Statement**

(continued)

| Holding      | Investment                                                     | Value N<br>£000 | % of<br>et Asset<br>Value |
|--------------|----------------------------------------------------------------|-----------------|---------------------------|
| SWITZERLAND  | 9.36% (10.38%)<br>Chemicals 0.00% (0.49%)                      |                 |                           |
| 11,579       | <b>Distributors 1.07% (1.31%)</b><br>Vetropack Holding         | 15,455          | 1.07                      |
|              | Diversified industrials 3.63% (3.87%                           | %)              |                           |
| 16,104       | Sika                                                           | 26,908          | 1.85                      |
| 219,307      | Sulzer                                                         | 25,764          | 1.78                      |
|              | Electronic & electrical equipment                              | 1.02% (1.52     | %)                        |
| 38,216       | LEM Holding                                                    | 14,866          | 1.02                      |
|              | Engineering & machinery 3.64% (3                               | .19%)           |                           |
| 19,292       | Belimo Holdings                                                | 27,041          | 1.86                      |
| 107,501      | Burckhardt Compression Holding                                 | 25,777          | 1.78                      |
|              | Total Switzerland                                              | 135,811         | 9.36                      |
| UNITED STATE | S OF AMERICA 1.05% (0.00%)<br>Automobiles & parts 1.05% (0.00% | 5)              |                           |
| 333,603      | Autoliv                                                        | 15,221          | 1.05                      |
|              |                                                                |                 |                           |

| Total United States of America | 15,221    | 1.05   |
|--------------------------------|-----------|--------|
| Total value of investments     | 1,426,508 | 98.32  |
| Net other assets (1.59%)       | 24,357    | 1.68   |
| Net assets                     | 1,450,865 | 100.00 |

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

March 2012 comparatives in brackets.

% of

## **Threadneedle Pan European Smaller Companies Fund**

#### **Portfolio Statement**

as at 7 March 2013

| Holding       | Investment                                                               | Value Ne<br>£000               | % of<br>t Asset<br>Value | н      |
|---------------|--------------------------------------------------------------------------|--------------------------------|--------------------------|--------|
| AUSTRIA 3.63% |                                                                          |                                |                          | FRANCE |
| 239,811       | Chemicals 1.27% (1.90%)<br>Lenzing                                       | 14,802                         | 1.27                     | 1      |
| 505,159       | Engineering & machinery 2.05%<br>Andritz                                 | % <b>(1.86%)</b><br>23,848     | 2.05                     | 1      |
| 53,116        | Oil & gas 0.31% (0.53%)<br>Schoeller Bleckmann Oilfield<br>Total Austria | 3,620<br><b>42,270</b>         | 0.31<br><b>3.63</b>      | 3      |
|               | Total Austria                                                            | 42,270                         | 3.03                     |        |
| BELGIUM 3.00% | Chemicals 1.12% (2.03%)                                                  |                                |                          |        |
| 394,022       | Umicore                                                                  | 13,079                         | 1.12                     |        |
| 49,993        | Household goods & textiles 0.3<br>Kinepolis                              | <b>4% (0.47%)</b><br>4,004     | 0.34                     | 6      |
| 534,238       | <b>Telecommunications services 1</b><br>Telenet Group Holding            | . <b>54% (1.58%)</b><br>17,902 | 1.54                     | 6      |
|               | Total Belgium                                                            | 34,985                         | 3.00                     | 4      |
| CYPRUS 0.97%  | (0.97%)<br>Oil & gas 0.97% (0.97%)                                       |                                |                          |        |
| 1,671,911     | Prosafe                                                                  | 11,266                         | 0.97                     | 1      |
|               | Total Cyprus                                                             | 11,266                         | 0.97                     |        |
| DENMARK 5.38  | 8% (4.75%)                                                               |                                |                          | 2      |
| 413,159       | Food producers & processors 0<br>Christian Hansen Holding                | <b>.86% (0.54%)</b><br>10,046  | 0.86                     | 4      |
| 429,490       | Health 2.03% (1.18%)<br>William Demant                                   | 23,586                         | 2.03                     |        |
| 206,541       | <b>Insurance 0.97% (0.90%)</b><br>Tryg                                   | 11,316                         | 0.97                     | 1      |
| 1,065,080     | <b>Transport 1.52% (2.13%)</b><br>DSV                                    | 17,649                         | 1.52                     |        |
|               | Total Denmark                                                            | 62,597                         | 5.38                     | 5      |
| FINLAND 1.39% |                                                                          | ( 12 46%)                      |                          |        |
| 689,370       | Engineering & machinery 1.39%<br>Konecranes                              | 6 ( <b>2.46%)</b><br>16,212    | 1.39                     |        |
|               | Total Finland                                                            | 16,212                         | 1.39                     |        |
|               |                                                                          |                                |                          |        |

| Holding            | Investment                                                | Value Ne<br>£000                   | t Asset<br>Value   |
|--------------------|-----------------------------------------------------------|------------------------------------|--------------------|
| ICE 14.32%         | . ,                                                       |                                    |                    |
| 127,483            | Beverages 0.89% (0.00%)<br>Remy Cointreau                 | 10,327                             | 0.89               |
| 190,068            | Diversified industrials 1.41% (2.4<br>Bureau Veritas      | <b>05%)</b><br>16,451              | 1.41               |
| 342,921<br>372,900 | Electronic & electrical equipmen<br>Ingenico<br>Rexel     | nt 1.69% (1.81%<br>13,889<br>5,822 | 5)<br>1.19<br>0.50 |
|                    | Gas distribution 0.00% (1.70%)                            |                                    |                    |
| 46,644             | Food producers & processors 0.<br>Naturex                 | <b>.21% (0.00%)</b><br>2,438       | 0.21               |
| 659,884            | General retailers 1.27% (1.69%)<br>Edenred                | 14,797                             | 1.27               |
| 677,392<br>411,799 | <b>Health 1.70% (2.51%)</b><br>Medica<br>Orpea            | 8,251<br>11,510                    | 0.71<br>0.99       |
|                    | Household goods & textiles 0.0                            | 0% (0.64%)                         |                    |
| 193,535            | Insurance 0.98% (0.00%)<br>Euler Hermes                   | 11,388                             | 0.98               |
| 278,425            | Media & photography 0.60% (1.<br>Ipsos                    | <b>24%)</b><br>7,011               | 0.60               |
| 404,367            | <b>Oil &amp; gas 1.52% (0.00%)</b><br>Rubis               | 17,707                             | 1.52               |
| 73,418             | Pharmaceuticals & biotechnolog<br>Virbac                  | <b>gy 0.85% (1.08</b> %<br>9,911   | 6)<br>0.85         |
| 175,953            | Software & computer services 2<br>Iliad                   | <b>2.00% (1.44%)</b><br>23,218     | 2.00               |
|                    | Support services 0.00% (0.79%)                            |                                    |                    |
| 585,095            | Telecommunications services 1.<br>Eutelsat Communications | . <b>20% (1.52%)</b><br>14,001     | 1.20               |
|                    | Total France                                              | 166,721                            | 14.32              |
|                    |                                                           |                                    |                    |

## **Threadneedle Pan European Smaller Companies Fund**

#### **Portfolio Statement**

(continued)

|              |                                             | Value        | % of<br>Net Asset |                |                                   | Value            | % of<br>Net Asset |
|--------------|---------------------------------------------|--------------|-------------------|----------------|-----------------------------------|------------------|-------------------|
| Holding      | Investment                                  | £000         | Value             | Holding        | Investment                        | £000             | Value             |
| GERMANY 16.8 | . ,                                         |              |                   | ITALY 4.39% (3 |                                   |                  |                   |
|              | Aerospace & defence 1.78% (1.98             | 3%)          |                   |                | Banks 0.68% (0.25%)               |                  |                   |
| 324,057      | MTU Aero Engines Holding                    | 20,672       | 1.78              | 674,987        | Banca Generali                    | 7,958            | 0.68              |
|              | Chemicals 3.00% (3.88%)                     |              |                   |                | Electronic & electrical equipment | 0.00% (1.9       | 8%)               |
| 227,019      | Brenntag                                    | 22,595       | 1.94              |                | General retailers 1.50% (0.00%)   |                  |                   |
| 474,724      | Symrise                                     | 12,384       | 1.06              | 917,346        | Salvatore Ferragamo               | 17,473           | 1.50              |
|              | <b>Construction &amp; building material</b> | ls 1.44% (0. | 00%)              |                |                                   |                  |                   |
| 238,625      | Bilfinger                                   | 16,807       | 1.44              |                | Health 1.25% (1.24%)              |                  |                   |
|              | 0                                           |              |                   | 485,393        | DiaSorin                          | 12,212           | 1.05              |
|              | Electronic & electrical equipment           | t 0.39% (0.4 | 1%)               | 1,384,819      | Sorin                             | 2,276            | 0.20              |
| 59,638       | Pfeiffer Vacuum Technology                  | 4,538        | 0.39              |                |                                   |                  |                   |
|              |                                             |              |                   |                | Household goods & textiles 0.96%  | <b>% (0.43%)</b> |                   |
|              | Engineering & machinery 0.99%               |              |                   | 1,029,016      | De'Longhi                         | 11,158           | 0.96              |
| 468,764      | ElringKlinger                               | 11,500       | 0.99              |                | Total Italy                       | 51,077           | 4.39              |
|              | General retailers 0.41% (0.00%)             |              |                   |                |                                   |                  |                   |
| 142,207      | Delticom                                    | 4,710        | 0.41              | LUXEMBOURG     | 2.54% (0.96%)                     |                  |                   |
| ,,           | 201100111                                   | .,,          | ••••              |                | Automobiles & parts 0.28% (0.00   | %)               |                   |
|              | Information technology hardwar              | e 0.44% (0.  | 65%)              | 608,199        | SAF Holland                       | 3,243            | 0.28              |
| 153,842      | Stratec Biomedical Systems                  | 5,079        | 0.44              | ,              |                                   | -,               |                   |
|              |                                             |              |                   |                | Electronic & electrical equipment | 0.50% (0.0       | 0%)               |
|              | Leisure entertainment & hotels (            | 0.43% (0.79  | %)                | 1,529,403      | AZ Electronic Materials           | 5,801            | 0.50              |
| 220,588      | CTS Eventim                                 | 5,000        | 0.43              |                |                                   |                  |                   |
|              |                                             |              |                   |                | Oil & gas 0.80% (0.96%)           |                  |                   |
|              | Media & photography 1.02% (0.9              | 4%)          |                   | 567,897        | Subsea 7                          | 9,301            | 0.80              |
| 199,089      | Kabel Deutschland Holding                   | 11,919       | 1.02              |                |                                   |                  |                   |
|              |                                             |              |                   |                | Support services 0.96% (0.00%)    |                  |                   |
|              | Oil & gas 1.69% (1.91%)                     |              |                   | 84,377         | Eurofins Scientific               | 11,233           | 0.96              |
| 380,449      | Fuchs Petrolub                              | 19,718       | 1.69              |                | Total Luxembourg                  | 29,578           | 2.54              |
|              | Packaging 2.06% (1.67%)                     |              |                   |                |                                   |                  |                   |
| 622,853      | Gerresheimer                                | 23,951       | 2.06              | NETHERI ANDS   | S 4.21% (3.33%)                   |                  |                   |
| 022,000      | Geneenter                                   | 20,001       | 2.00              |                | Food producers & processors 1.0   | 9% (1 65%)       |                   |
|              | Real estate 1.24% (0.53%)                   |              |                   | 201,883        | Nutreco                           | 12,733           | 1.09              |
| 380,176      | GSW Immobilien                              | 10,299       | 0.88              | 201,003        | Nutreco                           | 12,755           | 1.05              |
| 559,547      | TAG Immobilien                              | 4,238        | 0.36              |                | Telecommunications services 2.02  | 2% (0.00%)       | )                 |
| ,            |                                             | .,           |                   | 1,033,849      | Ziggo                             | 23,560           | 2.02              |
|              | Speciality & other finance 0.86%            | (0.99%)      |                   | 1,000,010      |                                   | 20,000           | 2.02              |
| 198,970      | Grenkeleasing                               | 9,965        | 0.86              |                | Transport 1.10% (1.68%)           |                  |                   |
|              | Ū.                                          |              |                   | 294,889        | Koninklijke Vopak                 | 12,744           | 1.10              |
| 500.074      | Steel & other metals 1.06% (0.87            | •            |                   |                | Total Netherlands                 | 49,037           | 4.21              |
| 526,274      | Norma Group                                 | 12,324       | 1.06              |                |                                   |                  |                   |
|              | Total Germany                               | 195,699      | 16.81             |                |                                   |                  |                   |
|              |                                             |              |                   | NORWAY 2.28%   | . ,                               | 0.470/1          |                   |
|              |                                             |              |                   |                | Engineering & machinery 0.00% (   | 0.41%)           |                   |
|              |                                             |              |                   |                | Insurance 0.38% (1.07%)           |                  |                   |
|              |                                             |              |                   | 1,432,342      | Storebrand                        | 4,447            | 0.38              |
|              |                                             |              |                   | 1,432,342      | Grotebrand                        | 4,447            | 0.50              |
|              |                                             |              |                   |                | Oil & gas 1.27% (1.51%)           |                  |                   |
|              |                                             |              |                   | 579,741        |                                   | 14,819           | 1.27              |
|              |                                             |              |                   | 0,0,,41        |                                   | ,010             |                   |

|           | Total Norway                          | 26,542 | 2.28 |
|-----------|---------------------------------------|--------|------|
| 1,243,979 | Transport 0.63% (0.00%)<br>Wilhelmsen | 7,276  | 0.63 |
| 579,741   | TGS-NOPEC Geophysical                 | 14,819 | 1.27 |

### **Threadneedle Pan European Smaller Companies Fund**

% of

### **Portfolio Statement**

(continued)

| Holding              | Investment                                                   | Value I<br>£000               | Wet Asset<br>Value  |
|----------------------|--------------------------------------------------------------|-------------------------------|---------------------|
| REPUBLIC OF II       | RELAND 2.86% (3.32%)                                         |                               |                     |
| 1,341,009            | <b>Construction &amp; building materi</b><br>Kingspan Group  | als 0.95% (0.0<br>11,116      | <b>00%)</b><br>0.95 |
| 154,979              | Food producers & processors 0.<br>Kerry Group                | . <b>50% (1.98%)</b><br>5,801 | 0.50                |
|                      | Leisure entertainment & hotels                               | 0.00% (0.64%                  | %)                  |
|                      | Transport 1.41% (0.70%)                                      |                               |                     |
| 286,410<br>2,230,000 | Irish Continental Group<br>Ryanair Holdings                  | 5,098<br>11,308               | 0.44<br>0.97        |
|                      | Total Republic of Ireland                                    | 33,323                        | 2.86                |
| SPAIN 1.62% (1       | 09%)                                                         |                               |                     |
|                      | Construction & building materia                              | als 0.71% (0.0                | 00%)                |
| 250,463              | Tecnicas Reunidas                                            | 8,203                         | 0.71                |
|                      | Food producers & processors 0                                | .91% (1.09%)                  |                     |
| 311,119              | Viscofan                                                     | 10,625                        | 0.91                |
|                      | Total Spain                                                  | 18,828                        | 1.62                |
| SWEDEN 4.07%         | (1 82%)                                                      |                               |                     |
| 3WEDEN 4.07/         | Automobiles & parts 0.94% (0.8                               | 37%)                          |                     |
| 473,911              | Mekonomen                                                    | 10,883                        | 0.94                |
|                      | Diversified industrials 0.53% (0.                            | 00%)                          |                     |
| 491,461              | Loomis                                                       | 6,196                         | 0.53                |
|                      | Health 1.92% (1.92%)                                         |                               |                     |
| 2,291,256            | Elekta                                                       | 22,389                        | 1.92                |
|                      | Steel & other metals 0.68% (1.0                              |                               |                     |
| 235,721              | Höganäs 'B' Shares                                           | 7,966                         | 0.68                |
|                      | Tobacco 0.00% (1.02%)                                        |                               |                     |
|                      | Total Sweden                                                 | 47,434                        | 4.07                |
| SWITZERLAND          | 2.97% (4.21%)                                                |                               |                     |
|                      | Diversified industrials 2.34% (2.                            | 61%)                          |                     |
| 12,731<br>51,106     | Sika<br>Sulzer                                               | 21,272<br>6,004               | 1.83<br>0.51        |
| 51,100               |                                                              |                               |                     |
|                      | Electronic & electrical equipme                              |                               | 4%)                 |
| 5,224                | Engineering & machinery 0.63%<br>Belimo Holdings             | 5 <b>(1.06%)</b><br>7,322     | 0.63                |
| 5,224                | Total Switzerland                                            | 34,598                        | 2.97                |
|                      |                                                              |                               |                     |
| UNITED KINGD         | OM 26.91% (25.44%)                                           |                               |                     |
| 605,320              | Aerospace & defence 0.89% (0.0<br>Ultra Electronics Holdings | <b>)0%)</b><br>10,393         | 0.89                |
| 003,320              | _                                                            | 10,555                        | 0.00                |
| 527,719              | Chemicals 3.59% (1.35%)<br>Croda International               | 14,206                        | 1.22                |
| 6,488,347            | Elementis                                                    | 16,493                        | 1.42                |
| 668,528              | Victrex                                                      | 11,118                        | 0.95                |
|                      |                                                              |                               |                     |

| 255,810       Oxford Instruments       4,372       0.38         547,597       Renishaw       10,300       0.88         600,588       Spectris       14,228       1.22         Engineering & machinery 6.71% (6.33%)       3,324,933       Fenner       13,892       1.19         2,141,608       Halma       10,667       0.92         1,671,124       IMI       22,209       1.91         186,445       Rotork       5,496       0.47         389,547       Spirax-Sarco Engineering       10,307       0.88         646,120       Weir Group       15,591       1.34         General retailers 0.60% (0.75%)       528,513       Dignity       7,008       0.60         1.622,6276       Dialog Semiconductor       2,615       0.22         1.633,476       Amlin       11,029       0.95         2,633,476       Amlin       11,029       0.95         3,191,063       St. James's Place       16,992       1.46         Media & photography 1.17% (1.04%)       1.17       0.18       gas 1.77% (1.37%)         1,683,929       Hunting       15,240       1.31         025,061       Wood Group       5,372       0.46         2,0                                                                                                                                                  | Holding   | Investment                       | Value<br>£000 | % of<br>Net Asset<br>Value |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|----------------------------------|---------------|----------------------------|
| 1,566,635       Domino Printing       10,990       0.94         255,810       Oxford Instruments       4,372       0.38         547,597       Renishaw       10,300       0.88         600,588       Spectris       14,228       1.22         Engineering & machinery 6.71% (6.33%)         3,324,933       Fenner       13,892       1.19         2,141,608       Halma       10,667       0.92         1,671,124       IMI       22,209       1.91         186,445       Rotork       5,496       0.47         389,547       Spirax-Sarco Engineering       10,307       0.88         646,120       Weir Group       15,591       1.34         General retailers 0.60% (0.75%)         528,513       Dignity       7,008       0.60         1,633,476       Amlin       11,029       0.95         2,633,476       Amlin       11,029       0.95         1,683,929       Life assurance 1.46% (0.95%)       3,191,063       1.17         0il & gas 1.77% (1.37%)       1.63       1.46         1,683,929       Hunting       15,240       1.31         625,061       Wood Group       5,771       0.50                                                                                                                                                                                   |           | Electronic & electrical equipme  | nt 3.42% (3.: | 38%)                       |
| 547,597       Renishaw       10,300       0.88         600,588       Spectris       14,228       1.22         Engineering & machinery 6.71% (6.33%)       3,324,933       Fenner       13,892       1.19         2,141,608       Halma       10,667       0.92         1,671,124       IMI       22,209       1.91         186,445       Rotork       5,496       0.47         389,547       Spirax-Sarco Engineering       10,307       0.88         646,120       Weir Group       15,591       1.34         General retailers 0.60% (0.75%)       528,513       Dignity       7,008       0.60         229,276       Dialog Semiconductor       2,615       0.22         1.663,476       Amlin       11,029       0.95         2,633,476       Amlin       11,029       0.95         3,191,063       St. James's Place       16,992       1.46         Media & photography 1.17% (1.04%)       1.17       1.683,929       1.46         1,683,929       Hunting       15,240       1.31         018 & gas 1.77% (1.37%)       1.6992       1.46         1,683,929       Enerent London       5,771       0.50         3,400,636                                                                                                                                                         | 1,566,635 |                                  |               | 0.94                       |
| 600,588         Spectris         14,228         1.22           Engineering & machinery 6.71% (6.33%)         3,324,933         Fenner         13,892         1.19           2,141,608         Halma         10,667         0.92         1.91           1,671,124         IMI         22,209         1.91           186,445         Rotork         5,496         0.47           389,547         Spirax-Sarco Engineering         10,307         0.88           646,120         Weir Group         15,591         1.34           General retailers 0.60% (0.75%)         528,513         Dignity         7,008         0.60           229,276         Dialog Semiconductor         2,615         0.22         0.22           1,633,476         Amlin         11,029         0.95           2,633,476         Amlin         11,029         0.95           3,191,063         St. James's Place         16,992         1.46           Media & photography 1.17% (1.04%)         1.17         0il & gas 1.77% (1.37%)         1.46           1,683,929         Hunting         15,240         1.31           625,061         Wood Group         5,372         0.46           Real estate 2.23% (2.24%)         20,098 <t< td=""><td></td><td>Oxford Instruments</td><td></td><td>0.38</td></t<> |           | Oxford Instruments               |               | 0.38                       |
| Engineering & machinery 6.71% (6.33%)           3,324,933         Fenner         13,892         1.19           2,141,608         Halma         10,667         0.92           1,671,124         IMI         22,209         1.91           186,445         Rotork         5,496         0.47           389,547         Spirax-Sarco Engineering         10,307         0.88           646,120         Weir Group         15,591         1.34           General retailers 0.60% (0.75%)           528,513         Dignity         7,008         0.60           1nformation technology hardware 0.22% (2.14%)         0.22         0.23           229,276         Dialog Semiconductor         2,615         0.22           1.633,476         Amlin         11,029         0.95           2,633,476         Amlin         11,029         0.95           3,191,063         St. James's Place         16,992         1.46           Media & photography 1.17% (1.04%)         1.17         0il & gas 1.77% (1.37%)           1,683,929         Hunting         15,240         1.31           625,061         Wood Group         5,372         0.46            Speciality & other finance 0.92%                                                                                                  | 547,597   | Renishaw                         | 10,300        | 0.88                       |
| 3,324,933       Fenner       13,892       1.19         2,141,608       Halma       10,667       0.92         1,671,124       IMI       22,209       1.91         186,445       Rotork       5,496       0.47         389,547       Spirax-Sarco Engineering       10,307       0.88         646,120       Weir Group       15,591       1.34         General retailers 0.60% (0.75%)       Dignity       7,008       0.60         1nformation technology hardware 0.22% (2.14%)       229,276       0.22         Insurance 0.95% (0.89%)       2,615       0.22         2,633,476       Amlin       11,029       0.95         Life assurance 1.46% (0.95%)       St. James's Place       16,992       1.46         Media & photography 1.17% (1.04%)       Informa       13,608       1.17         0il & gas 1.77% (1.37%)       Informa       13,608       1.17         0il & gas 1.77% (1.37%)       Informa       15,240       1.31         625,061       Wood Group       5,372       0.46         Real estate 2.23% (2.24%)       Derwent London       5,771       0.50         3,400,636       Shaftesbury       20,098       1.73         2,096,534       IG                                                                                                                       | 600,588   | Spectris                         | 14,228        | 1.22                       |
| 2,141,608       Halma       10,667       0.92         1,671,124       IMI       22,209       1.91         186,445       Rotork       5,496       0.47         389,547       Spirax-Sarco Engineering       10,307       0.88         646,120       Weir Group       15,591       1.34         General retailers 0.60% (0.75%)         528,513       Dignity       7,008       0.60         Information technology hardware 0.22% (2.14%)         229,276       Dialog Semiconductor       2,615       0.22         Insurance 0.95% (0.89%)         2,633,476       Amlin       11,029       0.95         3,191,063       St. James's Place       16,992       1.46         Media & photography 1.17% (1.04%)       1.17         2,676,162       Informa       13,608       1.17         0il & gas 1.77% (1.37%)       1.46         1,683,929       Hunting       15,240       1.31         625,061       Wood Group       5,372       0.46         Real estate 2.23% (2.24%)         258,093       Derwent London       5,771       0.50         3,400,636       Shaftesbury       20,098       1.73                                                                                                                                                                                      |           | Engineering & machinery 6.71%    | 6.33%)        |                            |
| 1,671,124       IMI       22,209       1.91         186,445       Rotork       5,496       0.47         389,547       Spirax-Sarco Engineering       10,307       0.88         646,120       Weir Group       15,591       1.34         General retailers 0.60% (0.75%)       Dignity       7,008       0.60         1nformation technology hardware 0.22% (2.14%)       229,276       0.22         Dialog Semiconductor       2,615       0.22         1.8urance 0.95% (0.89%)       2,633,476       Amlin       11,029       0.95         2,633,476       Amlin       11,029       0.95         3,191,063       St. James's Place       16,992       1.46         Media & photography 1.17% (1.04%)       1.17       0.18 gas 1.77% (1.37%)         1,683,929       Hunting       15,240       1.31         01 & gas 1.77% (1.37%)       1.46       1.22         258,093       Derwent London       5,771       0.50         3,400,636       Shaftesbury       20,098       1.73         2,096,534       IG Group Holdings       10,766       0.92         2,096,534       IG Group Holdings       10,766       0.92         1,851,156       RPC Group       8,38                                                                                                                       | 3,324,933 | Fenner                           | 13,892        | 1.19                       |
| 186,445         Rotork         5,496         0.47           389,547         Spirax-Sarco Engineering         10,307         0.88           646,120         Weir Group         15,591         1.34           General retailers 0.60% (0.75%)         Dignity         7,008         0.60           1spirature         Information technology hardware 0.22% (2.14%)         0.22           229,276         Dialog Semiconductor         2,615         0.22           2,633,476         Amlin         11,029         0.95           3,191,063         St. James's Place         16,992         1.46           Media & photography 1.17% (1.04%)         1.17         0.18 gas 1.77% (1.37%)           1,683,929         Hunting         15,240         1.31           025,061         Wood Group         5,372         0.46           Real estate 2.23% (2.24%)         20,098         1.73           2,58,093         Derwent London         5,771         0.50           3,400,636         Shaftesbury         20,098         1.73           2,096,534         IG Group Holdings         10,766         0.92           2,096,534         IG Group Holdings         10,766         0.92           1,851,156         RPC Group                                                               | 2,141,608 | Halma                            | 10,667        | 0.92                       |
| 389,547         Spirax-Sarco Engineering         10,307         0.88           646,120         Weir Group         15,591         1.34           General retailers 0.60% (0.75%)         7,008         0.60           528,513         Dignity         7,008         0.60           229,276         Dialog Semiconductor         2,615         0.22           2,633,476         Amlin         11,029         0.95           3,191,063         St. James's Place         16,992         1.46           Media & photography 1.17% (1.04%)         1.17         1.683,929         1.46           Media & photography 1.17% (1.04%)         1.17         0.18 gas 1.77% (1.37%)         1.31           1,683,929         Hunting         15,240         1.31           0258,093         Derwent London         5,771         0.50           3,400,636         Shaftesbury         20,098         1.73           2,096,534         IG Group Holdings         10,766         0.92           2,096,534         IG Group Holdings         10,766         0.92           1,851,156         RPC Group         8,382         0.72           1,819,193         Pennon Group         12,079         1.04                                                                                                 | 1,671,124 | IMI                              | 22,209        | 1.91                       |
| 646,120         Weir Group         15,591         1.34           General retailers 0.60% (0.75%)         Dignity         7,008         0.60           528,513         Dignity         7,008         0.60           229,276         Dialog Semiconductor         2,615         0.22           1,683,476         Amlin         11,029         0.95           3,191,063         St. James's Place         16,992         1.46           Media & photography 1.17% (1.04%)         1,683,929         1.46           2,676,162         Informa         13,608         1.17           Oil & gas 1.77% (1.37%)         1,5,240         1.31           1,683,929         Hunting         15,240         1.31           Wood Group         5,372         0.46           Real estate 2.23% (2.24%)         20,098         1.73           2,096,534         Derwent London         5,771         0.50           3,400,636         Shaftesbury         20,098         1.73           2,096,534         IG Group Holdings         10,766         0.92           2,096,534         IG Group Holdings         10,766         0.92           1,851,156         RPC Group         8,382         0.72           1,819,19                                                                                    | 186,445   | Rotork                           | 5,496         | 0.47                       |
| General retailers 0.60% (0.75%)           528,513         Dignity         7,008         0.60           Information technology hardware 0.22% (2.14%)         229,276         Dialog Semiconductor         2,615         0.22           Insurance 0.95% (0.89%)         11,029         0.95         0.53         0.53           2,633,476         Amlin         11,029         0.95           2,633,476         Amlin         11,029         0.95           3,191,063         St. James's Place         16,992         1.46           Media & photography 1.17% (1.04%)         1.17         0.18 gas 1.77% (1.37%)         1.17           1,683,929         Hunting         15,240         1.31           0255,061         Wood Group         5,372         0.46           258,093         Derwent London         5,771         0.50           3,400,636         Shaftesbury         20,098         1.73           2,096,534         IG Group Holdings         10,766         0.92           2,096,534         Intertek Group         14,166         1.22           1,851,156         RPC Group         8,382         0.72           1,819,193         Pennon Group         12,079         1.04                                                                                           | 389,547   | Spirax-Sarco Engineering         | 10,307        | 0.88                       |
| 528,513       Dignity       7,008       0.60         229,276       Information technology hardware 0.22% (2.14%)       0.22         229,276       Dialog Semiconductor       2,615       0.22         Insurance 0.95% (0.89%)       2,633,476       Amlin       11,029       0.95         2,633,476       Amlin       11,029       0.95         3,191,063       St. James's Place       16,992       1.46         Media & photography 1.17% (1.04%)       1.17         2,676,162       Informa       13,608       1.17         0il & gas 1.77% (1.37%)       1.46       1.46         1,683,929       Hunting       15,240       1.31         625,061       Wood Group       5,372       0.46         Real estate 2.23% (2.24%)       20,098       1.73         2,096,534       Derwent London       5,771       0.50         3,400,636       Shaftesbury       20,098       1.73         2,096,534       IG Group Holdings       10,766       0.92         412,775       Intertek Group       14,166       1.22         1,851,156       RPC Group       8,382       0.72         1,819,193       Pennon Group       12,079       1.04 <td>646,120</td> <td>Weir Group</td> <td>15,591</td> <td>1.34</td>                                                                                  | 646,120   | Weir Group                       | 15,591        | 1.34                       |
| Information technology hardware 0.22% (2.14%)           229,276         Dialog Semiconductor         2,615         0.22           Insurance 0.95% (0.89%)         2,633,476         Amlin         11,029         0.95           3,191,063         St. James's Place         16,992         1.46           Media & photography 1.17% (1.04%)         1.683,929         1.17           0il & gas 1.77% (1.37%)         1.5,240         1.31           1,683,929         Hunting         15,240         1.31           625,061         Wood Group         5,372         0.46           Real estate 2.23% (2.24%)         258,093         Derwent London         5,771         0.50           3,400,636         Shaftesbury         20,098         1.73           2,096,534         IG Group Holdings         10,766         0.92           2,096,534         IG Group Holdings         10,766         0.92           1,851,156         RPC Group         8,382                                                                       |           | General retailers 0.60% (0.75%)  |               |                            |
| 229,276       Dialog Semiconductor       2,615       0.22         Insurance 0.95% (0.89%)       Amlin       11,029       0.95         2,633,476       Amlin       11,029       0.95         3,191,063       St. James's Place       16,992       1.46         Media & photography 1.17% (1.04%)       1,683,929       1.46         2,676,162       Informa       13,608       1.17         Oil & gas 1.77% (1.37%)       1,5240       1.31         1,683,929       Hunting       15,240       1.31         625,061       Wood Group       5,372       0.46         Real estate 2.23% (2.24%)       Derwent London       5,771       0.50         3,400,636       Shaftesbury       20,098       1.73         2,096,534       IG Group Holdings       10,766       0.92         2,096,534       Intertek Group       14,166       1.22         1,851,156       RPC Group       8,382       0.72         Water 1.04% (1.14%)       12,079       1.04                                                                                                                                                                                                                                                                                                                                        | 528,513   | Dignity                          | 7,008         | 0.60                       |
| Insurance 0.95% (0.89%)           2,633,476         Amlin         11,029         0.95           Life assurance 1.46% (0.95%)         3,191,063         St. James's Place         16,992         1.46           Media & photography 1.17% (1.04%)         13,608         1.17           2,676,162         Informa         13,608         1.17           0il & gas 1.77% (1.37%)         15,240         1.31           1,683,929         Hunting         15,240         1.31           625,061         Wood Group         5,372         0.46           Real estate 2.23% (2.24%)         20,098         1.73           2,58,093         Derwent London         5,771         0.50           3,400,636         Shaftesbury         20,098         1.73           2,096,534         IG Group Holdings         10,766         0.92           2,096,534         IG Group Holdings         10,766         0.92           412,775         Intertek Group         14,166         1.22           1,851,156         RPC Group         8,382         0.72           Water 1.04% (1.14%)         12,079         1.04                                                                                                                                                                                   |           | Information technology hardwa    | are 0.22% (2  | 14%)                       |
| 2,633,476       Amlin       11,029       0.95         Life assurance 1.46% (0.95%)       3,191,063       St. James's Place       16,992       1.46         Media & photography 1.17% (1.04%)       13,608       1.17         2,676,162       Informa       13,608       1.17         Oil & gas 1.77% (1.37%)       15,240       1.31         1,683,929       Hunting       15,240       1.31         625,061       Wood Group       5,372       0.46         Real estate 2.23% (2.24%)         258,093       Derwent London       5,771       0.50         3,400,636       Shaftesbury       20,098       1.73         2,096,534       IG Group Holdings       10,766       0.92         412,775       Intertek Group       14,166       1.22         1,851,156       RPC Group       8,382       0.72         1,819,193       Pennon Group       12,079       1.04                                                                                                                                                                                                                                                                                                                                                                                                                       | 229,276   | Dialog Semiconductor             | 2,615         | 0.22                       |
| Life assurance 1.46% (0.95%)<br>3,191,063 St. James's Place 16,992 1.46<br>Media & photography 1.17% (1.04%)<br>2,676,162 Informa 13,608 1.17<br>Oil & gas 1.77% (1.37%)<br>1,683,929 Hunting 15,240 1.31<br>625,061 Wood Group 5,372 0.46<br>Real estate 2.23% (2.24%)<br>258,093 Derwent London 5,771 0.50<br>3,400,636 Shaftesbury 20,098 1.73<br>Speciality & other finance 0.92% (1.92%)<br>2,096,534 IG Group Holdings 10,766 0.92<br>Support services 1.94% (1.94%)<br>412,775 Intertek Group 14,166 1.22<br>1,851,156 RPC Group 8,382 0.72<br>Water 1.04% (1.14%)<br>1,819,193 Pennon Group 12,079 1.04                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |           | Insurance 0.95% (0.89%)          |               |                            |
| 3,191,063       St. James's Place       16,992       1.46         Media & photography 1.17% (1.04%)       1.17         2,676,162       Informa       13,608       1.17         Oil & gas 1.77% (1.37%)       1.31         1,683,929       Hunting       15,240       1.31         625,061       Wood Group       5,372       0.46         258,093       Derwent London       5,771       0.50         3,400,636       Shaftesbury       20,098       1.73         2,096,534       IG Group Holdings       10,766       0.92         2,096,534       Intertek Group       14,166       1.22         1,851,156       RPC Group       8,382       0.72         Water 1.04% (1.14%)       12,079       1.04                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 2,633,476 | Amlin                            | 11,029        | 0.95                       |
| Media & photography 1.17% (1.04%)           2,676,162         Informa         13,608         1.17           Oil & gas 1.77% (1.37%)         1.683,929         Hunting         15,240         1.31           625,061         Wood Group         5,372         0.46           Real estate 2.23% (2.24%)           258,093         Derwent London         5,771         0.50           3,400,636         Shaftesbury         20,098         1.73           2,096,534         IG Group Holdings         10,766         0.92           2,096,534         IG Group Holdings         10,766         0.92           412,775         Intertek Group         14,166         1.22           1,851,156         RPC Group         8,382         0.72           Water 1.04% (1.14%)         12,079         1.04                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 3 191 063 |                                  | 16 992        | 1 46                       |
| 2,676,162       Informa       13,608       1.17         Oil & gas 1.77% (1.37%)         1,683,929       Hunting       15,240       1.31         625,061       Wood Group       5,372       0.46         Real estate 2.23% (2.24%)         258,093       Derwent London       5,771       0.50         3,400,636       Shaftesbury       20,098       1.73         Speciality & other finance 0.92% (1.92%)       1.04       0.92         2,096,534       IG Group Holdings       10,766       0.92         Support services 1.94% (1.94%)       14,166       1.22         1,851,156       RPC Group       8,382       0.72         Water 1.04% (1.14%)       12,079       1.04                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 0,101,000 |                                  |               | 1.40                       |
| Oil & gas 1.77% (1.37%)           1,683,929         Hunting         15,240         1.31           625,061         Wood Group         5,372         0.46           Real estate 2.23% (2.24%)           258,093         Derwent London         5,771         0.50           3,400,636         Shaftesbury         20,098         1.73           Speciality & other finance 0.92% (1.92%)           2,096,534         IG Group Holdings         10,766         0.92           Support services 1.94% (1.94%)           412,775         Intertek Group         14,166         1.22           1,851,156         RPC Group         8,382         0.72           Water 1.04% (1.14%)         12,079         1.04                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |           |                                  |               |                            |
| 1,683,929       Hunting       15,240       1.31         625,061       Wood Group       5,372       0.46         Real estate 2.23% (2.24%)         258,093       Derwent London       5,771       0.50         3,400,636       Shaftesbury       20,098       1.73         Speciality & other finance 0.92% (1.92%)         2,096,534       IG Group Holdings       10,766       0.92         Support services 1.94% (1.94%)         412,775       Intertek Group       14,166       1.22         1,851,156       RPC Group       8,382       0.72         Water 1.04% (1.14%)       12,079       1.04                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 2,676,162 | Informa                          | 13,608        | 1.17                       |
| 625,061         Wood Group         5,372         0.46           Real estate 2.23% (2.24%)         258,093         Derwent London         5,771         0.50           3,400,636         Shaftesbury         20,098         1.73           Speciality & other finance 0.92% (1.92%)         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1 <th1< th="">         1<td></td><td>Oil &amp; gas 1.77% (1.37%)</td><td></td><td></td></th1<>                                                                 |           | Oil & gas 1.77% (1.37%)          |               |                            |
| Real estate 2.23% (2.24%)           258,093         Derwent London         5,771         0.50           3,400,636         Shaftesbury         20,098         1.73           Speciality & other finance 0.92% (1.92%)         10,766         0.92           2,096,534         IG Group Holdings         10,766         0.92           412,775         Intertek Group         14,166         1.22           1,851,156         RPC Group         8,382         0.72           Water 1.04% (1.14%)         12,079         1.04                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 1,683,929 | Hunting                          | 15,240        | 1.31                       |
| 258,093         Derwent London         5,771         0.50           3,400,636         Shaftesbury         20,098         1.73           Speciality & other finance 0.92% (1.92%)         0.92           2,096,534         IG Group Holdings         10,766         0.92           Support services 1.94% (1.94%)         14,166         1.22           1,851,156         RPC Group         8,382         0.72           Water 1.04% (1.14%)         12,079         1.04                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 625,061   | Wood Group                       | 5,372         | 0.46                       |
| 3,400,636         Shaftesbury         20,098         1.73           Speciality & other finance 0.92% (1.92%)         10,766         0.92           2,096,534         IG Group Holdings         10,766         0.92           Support services 1.94% (1.94%)         14,166         1.22           1,851,156         RPC Group         8,382         0.72           Water 1.04% (1.14%)         12,079         1.04                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |           | Real estate 2.23% (2.24%)        |               |                            |
| Speciality & other finance 0.92% (1.92%)           2,096,534         IG Group Holdings         10,766         0.92           Support services 1.94% (1.94%)           412,775         Intertek Group         14,166         1.22           1,851,156         RPC Group         8,382         0.72           Water 1.04% (1.14%)         12,079         1.04                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 258,093   | Derwent London                   | 5,771         | 0.50                       |
| 2,096,534         IG Group Holdings         10,766         0.92           Support services 1.94% (1.94%)         14,166         1.22           412,775         Intertek Group         14,166         1.22           1,851,156         RPC Group         8,382         0.72           Water 1.04% (1.14%)         12,079         1.04                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 3,400,636 | Shaftesbury                      | 20,098        | 1.73                       |
| Support services 1.94% (1.94%)           412,775         Intertek Group         14,166         1.22           1,851,156         RPC Group         8,382         0.72           Water 1.04% (1.14%)         12,079         1.04                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |           | Speciality & other finance 0.92% | % (1.92%)     |                            |
| 412,775         Intertek Group         14,166         1.22           1,851,156         RPC Group         8,382         0.72           Water 1.04% (1.14%)           1,819,193         Pennon Group         12,079         1.04                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 2,096,534 | IG Group Holdings                | 10,766        | 0.92                       |
| 1,851,156         RPC Group         8,382         0.72           Water 1.04% (1.14%)         1,819,193         Pennon Group         12,079         1.04                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |           | Support services 1.94% (1.94%)   |               |                            |
| Water 1.04% (1.14%)           1,819,193         Pennon Group         12,079         1.04                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 412,775   | Intertek Group                   | 14,166        | 1.22                       |
| 1,819,193 Pennon Group 12,079 1.04                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |           | RPC Group                        |               | 0.72                       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |           | Water 1.04% (1.14%)              |               |                            |
| Total United Kingdom 313,388 26.91                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 1,819,193 | Pennon Group                     | 12,079        | 1.04                       |
| -                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |           | Total United Kingdom             | 313,388       | 26.91                      |

#### UNITED STATES OF AMERICA 0.97% (0.00%)

| Automobiles & parts 0.97% (0.00 | 0%)                                                   |                                                                                                                     |
|---------------------------------|-------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|
| Autoliv                         | 11,318                                                | 0.97                                                                                                                |
| Total United States of America  | 11,318                                                | 0.97                                                                                                                |
| estments                        | 1,144,873                                             | 98.32                                                                                                               |
| (1.25%)                         | 19,539                                                | 1.68                                                                                                                |
| -                               | 1,164,412                                             | 100.00                                                                                                              |
|                                 | Autoliv<br>Total United States of America<br>estments | Total United States of America         11,318           estments         1,144,873           (1.25%)         19,539 |

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

March 2012 comparatives in brackets.

## **Threadneedle Pan European Fund**

### **Portfolio Statement**

as at 7 March 2013

|               |                                   |                            | % of              |                 |                                                                |                 | % of               |
|---------------|-----------------------------------|----------------------------|-------------------|-----------------|----------------------------------------------------------------|-----------------|--------------------|
| Holding       | Investment                        | Value No<br>£000           | et Asset<br>Value | Holding         | Investment                                                     | Value N<br>£000 | let Asset<br>Value |
| BELGIUM 2.40% | <b>% (0.00%)</b>                  |                            |                   | GERMANY 22.5    | 54% (19.06%)                                                   |                 |                    |
|               | Beverages 2.40% (0.00%)           |                            |                   |                 | Automobiles & parts 3.00% (3.25                                | %)              |                    |
| 91,420        | Anheuser-Busch InBev              | 5,792                      | 2.40              | 38,677          | Continental                                                    | 3,267           | 1.35               |
|               | Total Belgium                     | 5,792                      | 2.40              | 26,857          | Volkswagen                                                     | 3,992           | 1.65               |
| CANADA 0.55%  | (0.00%)                           |                            |                   |                 | Banks 0.00% (0.98%)                                            |                 |                    |
| CANADA 0.33 / | Mining 0.55% (0.00%)              |                            |                   |                 | Chemicals 5.46% (5.05%)                                        |                 |                    |
| 111,012       | •                                 | 1,325                      | 0.55              | 60,481          | BASF                                                           | 3,851           | 1.59               |
| 111,012       |                                   |                            |                   | 62,145          | Brenntag                                                       | 6,185           | 2.56               |
|               | Total Canada                      | 1,325                      | 0.55              | 57,061          | Lanxess                                                        | 3,176           | 1.31               |
| DENMARK 1.93  | % (2,21%)                         |                            |                   |                 | Health 1.86% (2.23%)                                           |                 |                    |
|               | Pharmaceuticals & biotechnolog    | v 1.93% (2.21              | %)                | 99,954          | Fresenius Medical Care                                         | 4,503           | 1.86               |
| 39,597        | Novo Nordisk                      | 4,657                      | 1.93              | 00,001          |                                                                | .,              |                    |
|               | Total Denmark                     | 4,657                      | 1.93              |                 | Household goods & textiles 0.00                                | % (0.87%)       |                    |
|               | _                                 |                            |                   |                 | Insurance 3.10% (2.17%)                                        |                 |                    |
| FINLAND 0.00% |                                   | (0.00%)                    |                   | 78,608          | Allianz                                                        | 7,496           | 3.10               |
|               | Engineering & machinery 0.00%     | (0.96%)                    |                   |                 | Media & photography 1.94% (1.7                                 | 3%)             |                    |
|               | Total Finland                     | _                          | _                 | 78,259          | Kabel Deutschland Holding                                      | 4,685           | 1.94               |
| FRANCE 12.69% |                                   |                            |                   |                 | Personal care & household produ                                | ıcts 0.00% ((   | ).96%)             |
| 151 704       | Banks 3.12% (2.14%)               | F 000                      | 0.00              |                 | Pharmaceuticals & biotechnology                                | y 4.19% (0.0    | 0%)                |
| 151,764       | BNP Paribas                       | 5,696                      | 2.36              | 93,645          | Bayer                                                          | 6,352           | 2.63               |
| 72,282        | Societe Generale                  | 1,841                      | 0.76              | 38,236          | Merck                                                          | 3,777           | 1.56               |
|               | Chemicals 0.70% (1.48%)           |                            |                   |                 | Software & computer services 2.                                | 99% (1 82%)     |                    |
| 20,602        | Air Liquide                       | 1,703                      | 0.70              | 129,948         | SAP                                                            | 7,215           | 2.99               |
|               | Electronic & electrical equipment | t 2.39% (2.41 <sup>°</sup> | %)                |                 | Total Germany                                                  | 54,499          | 22.54              |
| 85,940        | Rexel                             | 1,342                      | 0.56              |                 |                                                                | 01,100          | LL.01              |
| 85,182        | Schneider Electric                | 4,418                      | 1.83              | ITALV 0 400/ /1 | 0.29/ )                                                        |                 |                    |
|               |                                   |                            |                   | ITALY 0.48% (1  | .03%)<br>Oil & gas 0.00% (1.03%)                               |                 |                    |
|               | General retailers 0.94% (1.44%)   |                            |                   |                 | On & gas 0.00 /8 (1.03 /8)                                     |                 |                    |
| 100,999       | Edenred                           | 2,265                      | 0.94              |                 | Speciality & other finance 0.48%                               | (0.00%)         |                    |
|               | Media & photography 1.84% (1.6    | 20/_ )                     |                   | 294,171         | Mediobanca                                                     | 1,162           | 0.48               |
| 99,285        | Publicis Groupe                   | 4,456                      | 1.84              |                 | Total Italy                                                    | 1,162           | 0.48               |
| ,             | ·                                 |                            |                   |                 |                                                                | .,              |                    |
| 00 700        | Personal care & household produ   |                            |                   | LUXEMBOURG      | i 0.58% (0.78%)                                                |                 |                    |
| 23,792        | L'Oreal                           | 2,400                      | 0.99              |                 | Oil & gas 0.58% (0.78%)                                        |                 |                    |
|               | Software & computer services 2.   | 71% (0.70%)                |                   | 85,798          | Subsea 7                                                       | 1,405           | 0.58               |
| 48,949        | Atos                              | 2,460                      | 1.02              |                 | Total Luxembourg                                               | 1,405           | 0.58               |
| 31,040        |                                   | 4,096                      | 1.69              |                 |                                                                | 1,100           | 0.00               |
|               | Telecommunications services 0.0   | 0% (0.80%)                 |                   | NETHERLANDS     | . ,                                                            |                 |                    |
|               | Tobacco 0.00% (0.77%)             |                            |                   | 142,466         | Aerospace & defence 2.04% (1.00<br>European Aeronautic Defence | 1%)             |                    |
|               | Total France                      | 30,677                     | 12.69             | 142,400         | and Space Company                                              | 4,926           | 2.04               |
|               | -                                 | 00,077                     | 12.00             |                 | Chemicals 0.00% (1.02%)                                        |                 |                    |
|               |                                   |                            |                   |                 | Information technology hardward                                | a 1 20% /1 3    | በ%)                |
|               |                                   |                            |                   | 65,691          | ASML Holdings                                                  | 3,134           | 1.29               |
|               |                                   |                            |                   |                 | Insurance 1.86% (1.98%)                                        |                 |                    |
|               |                                   |                            |                   | 816,842         | ING Groep                                                      | 4,494           | 1.86               |
|               |                                   |                            |                   |                 | Life assurance 1.46% (0.00%)                                   |                 |                    |
|               |                                   |                            |                   | 856,642         | Aegon                                                          | 3,533           | 1.46               |
|               |                                   |                            |                   |                 |                                                                |                 |                    |

Transport 0.00% (0.73%) Total Netherlands

16,087

6.65

## Threadneedle Pan European Fund

### **Portfolio Statement**

|                |                                                        | Value                     | % of<br>Net Asset |          |
|----------------|--------------------------------------------------------|---------------------------|-------------------|----------|
| Holding        | Investment                                             | £000                      | Value             | Но       |
| NORWAY 0.00%   | % (0.72%)<br>Oil & gas 0.00% (0.72%)                   |                           |                   | UNITED K |
|                | Total Norway                                           |                           |                   | 1,042    |
|                |                                                        |                           |                   |          |
| PORTUGAL 0.7   | 2% (1.01%)<br>Oil & gas 0.72% (1.01%)                  |                           |                   | 1,308    |
| 166,400        | Galp Energia SGPS                                      | 1,743                     | 0.72              |          |
|                | Total Portugal                                         | 1,743                     | 0.72              | 33       |
| REPUBLIC OF I  | RELAND 1.36% (0.87%)                                   |                           |                   | 90       |
| 646,760        | Transport 1.36% (0.87%)<br>Ryanair Holdings            | 3,280                     | 1.36              |          |
| 040,700        | Total Republic of Ireland                              | 3,280                     |                   | 522      |
|                |                                                        | 0,200                     | 1.50              |          |
| SPAIN 4.78% (2 |                                                        |                           |                   | 7        |
| 480,787        | Banks 1.28% (1.41%)<br>Banco Bilbao Vizcaya Argentaria | a 3,105                   | 1.28              |          |
| ,              |                                                        |                           | 1120              | 7!       |
| 39,508         | General retailers 1.52% (0.48%)<br>Inditex             | 3,665                     | 1.52              |          |
|                | Oil & gas 0.70% (0.00%)                                |                           |                   | 250      |
| 127,311        | Gas Natural                                            | 1,693                     | 0.70              |          |
|                | Software & computer services 1                         | .28% (1.02 <sup>°</sup>   | %)                | 31       |
| 176,253        | Amadeus IT Group                                       | 3,098                     | •                 | 303      |
|                | Total Spain                                            | 11,561                    | 4.78              | 30.      |
| SWEDEN 1.90%   | (4 78%)                                                |                           |                   |          |
|                | Banks 0.65% (0.00%)                                    |                           |                   | 154      |
| 53,951         | Svenska Handelsbanken 'A' Sha                          | ares 1,565                | 0.65              | 104      |
|                | Engineering & machinery 0.00%                          | (2.39%)                   |                   | 2,69     |
|                | Health 1.25% (0.83%)                                   |                           |                   | 387      |
| 310,833        | Elekta                                                 | 3,037                     | 1.25              | 19       |
|                | Tobacco 0.00% (1.56%)                                  |                           |                   |          |
|                | Total Sweden                                           | 4,602                     | 1.90              |          |
|                |                                                        |                           |                   | 242      |
| SWITZERLAND    | 15.46% (9.92%)<br>Chemicals 2.30% (0.00%)              |                           |                   | 92       |
| 19,383         | Syngenta                                               | 5,564                     | 2.30              | 0,       |
|                | Diversified industrials 1.04% (0.8                     | 30%)                      |                   | 83       |
| 1,510          | Sika                                                   | 2,523                     | 1.04              |          |
|                | Food producers & processors 3.                         | 45% (4.29%                | 5)                |          |
| 176,597        | Nestle                                                 | 8,326                     | 3.45              | 64       |
|                | Household goods & textiles 2.6                         |                           |                   |          |
| 96,426         | Swatch Group                                           | 6,415                     | 2.65              |          |
| 125.065        | Pharmaceuticals & biotechnolog                         |                           |                   |          |
| 135,065        | Novartis                                               | 6,187                     | 2.56              |          |
| 570,959        | Speciality & other finance 2.47%<br>UBS                | 6 <b>(0.93%)</b><br>5,963 | 2.47              |          |
| 575,555        |                                                        | 5,505                     | 2.77              |          |
| 1,405          | Support services 0.99% (1.12%)<br>SGS                  | 2,401                     | 0.99              |          |
| .,             | Total Switzerland                                      | 37,379                    |                   |          |
|                | -                                                      |                           |                   |          |

| Holding                         | Investment                                                                                | Value<br>£000            | % of<br>Net Asset<br>Value |
|---------------------------------|-------------------------------------------------------------------------------------------|--------------------------|----------------------------|
| D KINGD                         | OM 27.01% (36.74%)                                                                        |                          |                            |
| 1,042,569                       | Automobiles & parts 1.21% (0.00%)<br>GKN                                                  | 2,958                    | 1.22                       |
| 1,308,178                       | <b>Banks 1.67% (3.89%)</b><br>Barclays                                                    | 4,036                    | 1.67                       |
| 331,518                         | <b>Beverages 2.77% (2.39%)</b><br>Diageo                                                  | 6,688                    | 2.77                       |
| 90,936                          | Chemicals 0.86% (1.21%)<br>Johnson Matthey                                                | 2,087                    | 0.86                       |
| 522,550                         | <b>Construction &amp; building materials 2</b><br>Persimmon                               | . <b>05% (2</b><br>4,956 |                            |
| 77,063                          | Distributors 1.03% (0.00%)<br>Wolseley                                                    | 2,494                    | 1.03                       |
| 75,382                          | Electronic & electrical equipment 0.<br>Spectris                                          | <b>74% (0</b> .<br>1,786 |                            |
| 250,073                         | Engineering & machinery 1.37% (2.6<br>IMI                                                 | <b>35%)</b><br>3,323     | 1.37                       |
| 311,084                         | Food producers & processors 3.52%<br>Unilever                                             | 6 <b>(1.92%</b><br>8,505 |                            |
| 303,981                         | <b>Health 0.91% (0.99%)</b><br>Smith & Nephew                                             | 2,193                    | 0.91                       |
|                                 | Information technology hardware 0                                                         | .00% (0                  | .97%)                      |
| 154,081                         | Leisure entertainment & hotels 1.24<br>InterContinental Hotels Group                      | <b>% (0.00</b><br>3,011  | •                          |
| 2,697,093<br>387,758<br>195,015 | <b>Life assurance 3.89% (2.50%)</b><br>Legal & General<br>Prudential<br>St. James's Place | 4,439<br>3,943<br>1,038  | 1.63                       |
|                                 | Mining 0.00% (2.63%)                                                                      |                          |                            |
| 242,399<br>92,725               | <b>Oil &amp; gas 1.65% (5.54%)</b><br>BG Group<br>Tullow Oil                              | 2,824<br>1,151           |                            |
| 83,962                          | Personal care & household products<br>Reckitt Benckiser                                   | <b>5 1.61%</b><br>3,886  |                            |
|                                 | Pharmaceuticals & biotechnology 0                                                         | .00% (4                  | .02%)                      |
| 64,999                          | Speciality & other finance 0.56% (0.<br>Schroders                                         | <b>00%)</b><br>1,346     | 0.56                       |

## **Threadneedle Pan European Fund**

### **Portfolio Statement**

(continued)

| Holding            | Investment                                                     | Value No<br>£000 | % of<br>et Asset<br>Value |
|--------------------|----------------------------------------------------------------|------------------|---------------------------|
| UNITED KINGD       | OM 27.01% (36.74%) (continue<br>Support services 1.92% (2.63%) | ed)              |                           |
| 372,875            | Ashtead Group                                                  | 2,204            | 0.91                      |
| 211,677            | Experian Group                                                 | 2,449            | 1.01                      |
|                    | Telecommunications services 0.0                                | 0% (1.01%)       |                           |
|                    | Tobacco 0.00% (1.42%)                                          |                  |                           |
|                    | Total United Kingdom                                           | 65,317           | 27.01                     |
| Total value of inv | estments                                                       | 239,486          | 99.05                     |
| Net other assets ( | (1.72%)                                                        | 2,300            | 0.95                      |
| Net assets         |                                                                | 241,786          | 100.00                    |

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

March 2012 comparatives in brackets.

### **Portfolio Statement**

|      | Holding     | Investment                                         | Value I<br>£000 | % of<br>Net Asset<br>Value |            | Holding            | Investment                                             | Value<br>£000 | % of<br>Net Asset<br>Value |
|------|-------------|----------------------------------------------------|-----------------|----------------------------|------------|--------------------|--------------------------------------------------------|---------------|----------------------------|
| AUS  | TRALIA 0.3  | 3% (0.00%)<br>A+ 0.33% (0.00%)                     |                 |                            | CZEC       | CH REPUBL          | IC 0.00% (2.60%)<br>AA– 0.00% (1.64%)                  |               |                            |
| EUR  | 635,000     | BHP Billiton Finance 2.125%<br>29/11/2018          | 570             | 0.33                       |            |                    | A1e 0.00% (0.96%)                                      |               |                            |
|      |             | Total Australia                                    | 570             | 0.33                       |            |                    | Total Czech Republic                                   | -             | _                          |
|      |             |                                                    |                 |                            | DEN        | MARK 0.37          | % (0.24%)                                              |               |                            |
| AUS  | TRIA 4.10%  | o (3.24%)<br>Aaa 0.75% (0.00%)                     |                 |                            | DEN        | WIANK 0.37         | A- 0.25% (0.00%)                                       |               |                            |
| EUR  | 1,500,000   | Hypo Alpe-Adria International                      |                 |                            | EUR        | 500,000 *          | *Jyske Bank 1.323% 20/05/2015                          | 437           | 0.25                       |
|      |             | 2.375% 13/12/2022                                  | 1,317           | 0.75                       |            |                    | BBB- 0.00% (0.09%)                                     |               |                            |
| EUR  | 650,000     | AA+ 3.35% (3.24%)<br>Republic of Austria 3.15%     |                 |                            |            |                    | BB+ 0.12% (0.15%)                                      |               |                            |
| LON  | 030,000     | 20/06/2044                                         | 618             | 0.36                       | GBP        | 220,000            | Danske Bank 5.6838% 15/02/2049                         | 209           | 0.12                       |
| EUR  | 5,250,000   | Republic of Austria 3.4%                           |                 |                            |            |                    | Total Denmark                                          | 646           | 0.37                       |
|      |             | 22/11/2022                                         | 5,227           | 2.99                       | EINI       | AND 1.63%          | (4 60%)                                                |               |                            |
|      |             | Total Austria                                      | 7,162           | 4.10                       | FINE       | AND 1.03/0         | AAA 1.16% (3.53%)                                      |               |                            |
| BELG | GIUM 3.95%  | ر<br>(2،67%)                                       |                 |                            | GBP        | 2,000,000          | Municipality Finance 1.5%                              |               |                            |
| 0110 |             | Aa3 3.49% (1.83%)                                  |                 |                            |            |                    | 15/12/2014                                             | 2,030         | 1.16                       |
| EUR  | 3,000,000   | Belgium Kingdom 1.25%                              |                 | 4 50                       |            |                    | Aaa 0.47% (0.74%)                                      |               |                            |
| EUR  | 1,750,000   | 22/06/2018<br>Belgium Kingdom 3% 28/09/2019        | 2,630<br>1,672  | 1.50<br>0.96               | EUR        | 900,000            | Nordea Bank Finland 2.375%                             |               | o 17                       |
| EUR  | 1,550,000   | Belgium Kingdom 5.5% 28/03/2028                    |                 | 1.03                       |            |                    | 02/09/2016                                             | 827           | 0.47                       |
|      |             | Aa3e 0.00% (0.46%)                                 |                 |                            |            |                    | Baa2 0.00% (0.23%)                                     |               |                            |
|      |             |                                                    |                 |                            |            |                    | Total Finland                                          | 2,857         | 1.63                       |
| GBP  | 460,000     | A 0.32% (0.00%)<br>Anheuser-Busch InBev 6.5%       |                 |                            |            |                    | (0.00%)                                                |               |                            |
| GDI  | 400,000     | 23/06/2017                                         | 555             | 0.32                       | FRAI       | NCE 6.73%          | (8.06%)<br>AAA 0.00% (1.93%)                           |               |                            |
|      |             | A- 0.00% (0.38%)                                   |                 |                            |            |                    | Aaa 0.89% (4.41%)                                      |               |                            |
|      |             |                                                    |                 |                            | EUR        | 1,600,000          | AXA Bank Europe 3.5% 05/11/2020                        | 1,555         | 0.89                       |
| EUR  | 275,000     | <b>BB+ 0.14% (0.00%)</b><br>KBC Bank 8% 14/05/2049 | 242             | 0.14                       |            |                    | AA . 2 COV (0 00%)                                     |               |                            |
| Lon  | 270,000     | Total Belgium                                      | 6,901           | 3.95                       | EUR        | 1,550,000          | AA+ 2.69% (0.00%)<br>Government of France 3%           |               |                            |
|      |             |                                                    | 0,001           |                            |            |                    | 25/04/2022                                             | 1,460         | 0.83                       |
| BRAZ | ZIL 0.71% ( | 0.51%)                                             |                 |                            | EUR        | 3,000,000          | Government of France 4.5% 25/04/2041                   | 3,250         | 1.86                       |
| FUR  | 4 005 000   | BBB 0.71% (0.51%)                                  |                 |                            |            |                    | 25/04/2041                                             | 3,250         | 1.00                       |
| EOR  | 1,335,000   | Banco Nacional de<br>Desenvolvimento Econômico e   |                 |                            |            | 500.000            | A+ 0.26% (0.00%)                                       | 450           | 0.00                       |
|      |             | Social 4.125% 15/09/2017                           | 1,245           | 0.71                       | EUR        | 500,000            | ADP 2.375% 11/06/2019                                  | 453           | 0.26                       |
|      |             | Total Brazil                                       | 1,245           | 0.71                       |            |                    | A1 0.00% (0.28%)                                       |               |                            |
|      |             |                                                    |                 |                            |            |                    | A 0.79% (0.12%)                                        |               |                            |
| CAY  | MAN ISLAI   | NDS 0.97% (0.53%)<br>AA 0.44% (0.00%)              |                 |                            | EUR        | 400,000            | Air Liquide Finance 2.125%                             |               |                            |
| EUR  | 800,000     | IPIC GMTN 4.875% 14/05/2016                        | 763             | 0.44                       | GBP        | 250,000            | 15/10/2021<br>Credit Agricole 5.5% 17/12/2021          | 351<br>292    | 0.20<br>0.17               |
|      |             |                                                    |                 |                            | EUR        | 525,000            | GDF Suez 2.25% 01/06/2018                              | 474           |                            |
| EUR  | 550,000     | <b>A– 0.28% (0.50%)</b><br>Hutchison Whampoa 2.5%  |                 |                            | EUR        | 300,000            | Groupe Auchan 2.375% 12/12/2022                        | 263           | 0.15                       |
|      | ,           | 06/06/2017                                         | 498             | 0.28                       |            |                    | BBB+ 0.42% (0.82%)                                     |               |                            |
|      |             | BBB 0.25% (0.00%)                                  |                 |                            | EUR        | 300,000            | Electricite de France 5.375                            |               |                            |
| EUR  | 450,000     | Petrobras International Finance                    |                 |                            | EUR        | 500,000            | 29/01/2049<br>Vallourec 4.25% 14/02/2017               | 267<br>474    |                            |
|      |             | 4.875% 07/03/2018                                  | 429             | 0.25                       | LON        | 500,000            |                                                        | 474           | 0.27                       |
|      |             | BB 0.00% (0.03%)                                   |                 |                            |            | 100 000            | BBB 0.79% (0.00%)                                      | 400           | 0.40                       |
|      |             | Total Cayman Islands                               | 1,690           | 0.97                       | EUR<br>EUR | 190,000<br>200,000 | AXA 5.125% 04/07/2043<br>BNP Paribas 5.019% 13/04/2049 | 168<br>162    |                            |
|      |             | -                                                  |                 |                            | EUR        | 250,000            | Carrefour 4.375% 02/11/2016                            | 240           | 0.14                       |
|      |             |                                                    |                 |                            | EUR        | 500,000            | Eutelsat 3.125% 10/10/2022                             | 444           | 0.25                       |
|      |             |                                                    |                 |                            | EUR        | 400,000            | Vivendi 3.875% 30/11/2015                              | 369           | 0.21                       |

### **Portfolio Statement**

|      | Holding    | Investment                                                        | Value<br>£000 | % of<br>Net Asset<br>Value |            | Holding            | Investment                                                  | Value<br>£000 | % of<br>Net Asset<br>Value |
|------|------------|-------------------------------------------------------------------|---------------|----------------------------|------------|--------------------|-------------------------------------------------------------|---------------|----------------------------|
| FRAN | ICE 6.73%  | (8.06%) (continued)                                               |               |                            |            |                    | BBB 0.42% (0.00%)                                           |               |                            |
|      | 205 000    | Baa2 0.15% (0.00%)                                                |               |                            | EUR<br>EUR | 450,000<br>400,000 | Telecom Italia 4% 21/01/2020<br>UBI Banca 4.125% 21/10/2013 | 379<br>352    | 0.22<br>0.20               |
| EUR  | 295,000    | Caisse Central du Crédit Immobilier<br>de France 3.75% 10/03/2014 | 260           | 0.15                       | EUN        | 400,000            |                                                             | 352           | 0.20                       |
|      |            | PPP 0 61% (0 24%)                                                 |               |                            | EUR        | 4,300,000          | Baa2 8.82% (0.00%)<br>Buoni Poliennali Del Tes 4.5%         |               |                            |
| EUR  | 500,000    | BBB– 0.61% (0.34%)<br>Casino Guichard-Perrachon                   |               |                            | LON        | 4,300,000          | 01/02/2018                                                  | 3,917         | 2.24                       |
|      |            | 4.726% 26/05/2021                                                 | 495           | 0.28                       | EUR        | 12,375,000         | Buoni Poliennali Del Tes 5.5%                               | 44 505        | 0.50                       |
| EUR  | 600,000    | Pernod-Ricard 4.875% 18/03/2016                                   | 574           | 0.33                       |            |                    | 01/11/2022                                                  | 11,505        | 6.58                       |
| EUD  | 050.000    | BB+ 0.13% (0.16%)                                                 |               |                            |            |                    | BBB- 0.00% (0.31%)                                          |               |                            |
| EUR  | 250,000    | Banque PSA Finance 3.625%<br>29/04/2014                           | 219           | 0.13                       |            |                    | Ba2 0.05% (0.00%)                                           |               |                            |
|      |            | Total France                                                      | 11,770        | 6.73                       | EUR        | 100,000 †          | **Romulus Finance 1.084%<br>20/02/2015                      | 83            | 0.05                       |
|      |            |                                                                   |               |                            |            |                    |                                                             | 03            | 0.05                       |
| GERM | MANY 8.65  | % (12.91%)                                                        |               |                            | EUR        | 685,000            | Not rated 0.36% (0.00%)<br>Davide Campari-Milano 4.5%       |               |                            |
| EUR  | 2,250,000  | AAA 1.22% (5.64%)<br>L-Bank Foerderbank 3.5%                      |               |                            | EUN        | 065,000            | 25/10/2019                                                  | 628           | 0.36                       |
| Lon  | 2,200,000  | 04/07/2016                                                        | 2,143         | 1.22                       |            |                    | Total Italy                                                 | 18,348        | 10.50                      |
|      |            | Aaa 5.65% (5.84%)                                                 |               |                            |            |                    |                                                             |               |                            |
| EUR  | 3,500,000  | Bundesrepublic Deutschland                                        |               |                            | LUX        | EMBOURG            | 1.32% (1.32%)                                               |               |                            |
| FUD  | 4 500 000  | 1.75% 04/07/2022                                                  | 3,147         | 1.80                       | EUR        | 200,000            | A 0.11% (0.06%)<br>Hannover Finance 5% 30/06/2043           | 185           | 0.11                       |
| EUR  | 4,500,000  | Bundesrepublik Deutschland 1.5% 15/02/2023                        | 3,926         | 2.25                       | 2011       | 200,000            |                                                             | 100           |                            |
| EUR  | 3,100,000  | Bundesrepublik Deutschland                                        |               |                            | EUR        | 590,000            | BBB 0.81% (0.93%)<br>Gaz Capital 3.755% 15/03/2017          | 536           | 0.31                       |
|      |            | 2.5% 04/07/2044                                                   | 2,800         | 1.60                       | EUR        | 915,000            | Glencore Finance Europe 4.125%                              |               | 0.01                       |
|      |            | AA– 1.03% (0.91%)                                                 |               |                            |            |                    | 03/04/2018                                                  | 870           | 0.50                       |
| EUR  | 1,800,000  | NRW Bank 4.5% 29/05/2017                                          | 1,801         | 1.03                       |            |                    | Baa2 0.18% (0.00%)                                          |               |                            |
|      |            | A 0.17% (0.20%)                                                   |               |                            | EUR        | 340,000†           | Prologis International 5.875%<br>23/10/2014                 | 314           | 0.18                       |
| EUR  | 300,000    | Münchener Rückversicherungs 6% 26/05/2041                         | 304           | 0.17                       |            |                    | 23/10/2014                                                  | 314           | 0.16                       |
|      |            |                                                                   | 504           | 0.17                       |            |                    | Baa3 0.00% (0.23%)                                          |               |                            |
| EUR  | 500,000    | <b>A- 0.26% (0.00%)</b><br>Talanx 3.125% 13/02/2023               | 450           | 0.26                       |            |                    | BB+ 0.09% (0.00%)                                           |               |                            |
| 2011 | 000,000    |                                                                   |               | 0120                       | GBP        | 150,000            | Finmeccanica Finance 8%<br>16/12/2019                       | 163           | 0.09                       |
|      |            | Baa1 0.00% (0.21%)                                                |               |                            |            |                    |                                                             | 100           | 0.00                       |
|      |            | BBB 0.00% (0.11%)                                                 |               |                            |            |                    | BB 0.00% (0.10%)                                            |               |                            |
|      |            | BBB- 0.19% (0.00%)                                                |               |                            | EUR        | 260.000            | BB- 0.13% (0.00%)                                           |               |                            |
| GBP  | 300,000    | RWE 7% 31/12/2049                                                 | 326           | 0.19                       | EUN        | 260,000            | Wind Acquisition Finance<br>7.375% 15/02/2018               | 234           | 0.13                       |
|      |            | BB- 0.13% (0.00%)                                                 |               |                            |            |                    | Total Luxembourg                                            | 2,302         | 1.32                       |
| EUR  | 235,000    | Unitymedia Hessen 7.5%<br>15/03/2019                              | 222           | 0.13                       |            |                    |                                                             |               |                            |
|      |            | Total Germany                                                     | 15,119        | 8.65                       | MEX        | ICO 1.68%          | (0.95%)<br>A– 0.24% (0.00%)                                 |               |                            |
|      |            |                                                                   |               |                            | EUR        | 425,000            | América Móvil 4.125% 25/10/2019                             | 416           | 0.24                       |
| ITAL | Y 10.50% ( |                                                                   |               |                            |            |                    | BBB 1.44% (0.95%)                                           |               |                            |
|      |            | Aa3 0.00% (0.29%)                                                 |               |                            | EUR        | 2,626,000          | United Mexican States 4.25%                                 |               |                            |
|      |            | A 0.36% (0.23%)                                                   |               |                            |            |                    | 14/07/2017                                                  | 2,515         | 1.44                       |
| EUR  | 650,000    | Eni 4.25% 03/02/2020                                              | 626           | 0.36                       |            |                    | Total Mexico                                                | 2,931         | 1.68                       |
|      | 620.000    | A-0.33% (0.00%)                                                   | FOF           | 0.00                       | NFT        | HFRI ANDS          | 7.50% (12.02%)                                              |               |                            |
| EUR  | 630,000    | SNAM 4.375% 11/07/2016                                            | 585           | 0.33                       |            |                    | AAA 1.45% (5.48%)                                           |               |                            |
|      |            | A3 0.00% (5.68%)                                                  |               |                            | GBP        | 1,500,000          | Bank Nederlandse Gemeenten                                  | 1 500         | 0.07                       |
|      |            | BBB+ 0.16% (0.16%)                                                |               |                            | GBP        | 1,000,000          | 2.625% 10/12/2013<br>Nederlandse Waterschapsbank            | 1,523         | 0.87                       |
| EUR  | 300,000    | Assicuraziono Generali 7.75%                                      | 070           | 0.10                       |            | ,,                 | 2.375% 10/12/2013                                           | 1,013         | 0.58                       |
|      |            | 12/12/2042                                                        | 273           | 0.16                       |            |                    |                                                             |               |                            |

### **Portfolio Statement**

(continued)

|      | Holding   | Investment                                                           | Value<br>£000 | % of<br>Net Asset<br>Value |      | Holding    | Investment                                                            | Value N<br>£000 | % of<br>et Asset<br>Value |
|------|-----------|----------------------------------------------------------------------|---------------|----------------------------|------|------------|-----------------------------------------------------------------------|-----------------|---------------------------|
| NETH | IERLANDS  | 5 7.50% (12.02%) (continued)<br>Aaa 0.00% (1.77%)                    |               |                            | NOR  | WAY 1.58%  | % (1.78%)<br>AAA 0.58% (0.46%)                                        |                 |                           |
|      |           | Aaae 0.00% (0.80%)                                                   |               |                            | EUR  | 1,100,000  | DnB NOR Boligkreditt 2.625%<br>11/01/2016                             | 1,009           | 0.58                      |
| EUR  | 1,030,000 | AA 0.53% (0.22%)<br>Roche Finance Europe 2%<br>25/06/2018            | 934           | 0.53                       | EUR  | 1,000,000  | <b>Aaa 0.58% (0.55%)</b><br>SpareBank 1 Boligkreditt 4%<br>03/02/2021 | 1,012           | 0.58                      |
| EUR  | 400,000   | <b>AA– 0.23% (0.18%)</b><br>Nederlandse Gasunie 5.125%<br>31/03/2017 | 404           | 0.23                       | EUR  | 500,000    | <b>A2 0.26% (0.00%)</b><br>Sparebank 1 SR Bank 3.5%<br>21/04/2016     | 463             | 0.26                      |
| EUR  | 615,000   | <b>A+ 0.69% (0.64%)</b><br>Enexis Holding 1.875% 13/11/2020          | 534           | 0.30                       |      |            | A1 0.00% (0.20%)                                                      |                 |                           |
| EUR  | 675,000   | ING Bank 4.5% 21/02/2022                                             | 677           | 0.39                       |      |            | A 0.00% (0.30%)                                                       |                 |                           |
| EUR  | 440,000   | A 0.23% (0.00%)<br>BMW Finance 3.25% 28/01/2016                      | 409           | 0.23                       | GBP  | 250,000    | <b>A– 0.16% (0.27%)</b><br>DnB NOR Bank 7.25%<br>23/06/2020           | 276             | 0.16                      |
| EUR  | 600.000   | <b>A- 0.92% (1.57%)</b><br>Aegon 3% 18/07/2017                       | 553           | 0.32                       |      |            | Total Norway                                                          | 2,760           | 1.58                      |
| GBP  | 505,000   | BAT Holdings 5.5% 15/09/2016                                         | 572           |                            |      |            |                                                                       |                 |                           |
| EUR  | 525,000   | KBC IFIMA 3.875% 31/03/2015                                          | 481           | 0.27                       | POL  | AND 4.17%  | (0.00%)                                                               |                 |                           |
|      |           |                                                                      |               |                            |      |            | A 2.69% (0.00%)                                                       |                 |                           |
| EUR  | 600,000   | BBB+ 1.64% (0.51%)<br>CRH 5% 25/01/2019                              | 604           | 0.35                       | PLN  | 12,500,000 | Republic of Poland 5.25%                                              | 0.000           | 1.00                      |
| EUR  | 150,000   | Deutsche Telekom International                                       | 004           | 0.55                       | PLN  | 8,000,000  | 25/10/2017<br>Republic of Poland 5 75%                                | 2,802           | 1.60                      |
| LON  | 100,000   | Finance 7.5% 24/01/2033                                              | 198           | 0.11                       | FLIN | 8,000,000  | Republic of Poland 5.75%<br>25/10/2021                                | 1,899           | 1.09                      |
| EUR  | 1,050,000 | F. van Lanschot Bankiers 4.625%                                      |               |                            |      |            | 20, 10, 2021                                                          | .,              |                           |
|      |           | 22/04/2014                                                           | 938           | 0.54                       |      |            | A- 1.48% (0.00%)                                                      |                 |                           |
| EUR  | 500,000   | ING Bank 6.125% 29/05/2023                                           | 471           | 0.27                       | EUR  | 800,000    | Republic of Poland 3.375%                                             | 747             | 0.44                      |
| EUR  | 640,000   | Linde Finance 7.375% 14/07/2066                                      | 641           | 0.37                       | EUR  | 2,000,000  | 09/07/2024<br>Republic of Poland 3.625%                               | 717             | 0.41                      |
|      |           | BBB 0.62% (0.58%)                                                    |               |                            | LON  | 2,000,000  | 01/02/2016                                                            | 1,864           | 1.07                      |
| EUR  | 900,000   | Iberdrola International 4.25%                                        |               |                            |      |            | Total Poland                                                          | 7,282           | 4.17                      |
|      |           | 11/10/2018                                                           | 837           | 0.48                       |      |            |                                                                       | 1,202           | 4.17                      |
| EUR  | 250,000   | Tennet 6.655% 28/02/2049                                             | 237           | 0.14                       | DEDI |            | RELAND 4.89% (0.00%)                                                  |                 |                           |
|      |           | BBB– 0.49% (0.19%)                                                   |               |                            | NEF  |            | AA+ 0.12% (0.00%)                                                     |                 |                           |
| EUR  | 475,000   | Repsol International Finance 4.625%                                  | ,<br>D        |                            | EUR  | 175,000    | GE Capital European Funding                                           |                 |                           |
|      |           | 08/10/2014                                                           | 433           | 0.25                       |      |            | 6.025% 01/03/2038                                                     | 203             | 0.12                      |
| EUR  | 465,000   | Ziggo Finance 6.125% 15/11/2017                                      | 423           | 0.24                       |      |            |                                                                       |                 |                           |
|      |           | Baa3 0.33% (0.00%)                                                   |               |                            | EUR  | 130,000    | A 0.08% (0.00%)<br>Cloverie 6.625% 01/09/2042                         | 136             | 0.08                      |
| EUR  | 600,000   | HIT Finance 5.75% 09/03/2018                                         | 585           | 0.33                       | LON  | 130,000    | Cloverie 0.025 /8 01/03/2042                                          | 150             | 0.08                      |
| 2011 | 000,000   |                                                                      |               | 0.00                       |      |            | BBB+ 4.63% (0.00%)                                                    |                 |                           |
|      |           | BB+ 0.27% (0.00%)                                                    |               |                            | EUR  | 900,000    | Bank of Ireland 5.875%                                                |                 |                           |
| EUR  | 615,000   | ABN Amro Bank 4.31% 29/03/2049                                       | 465           | 0.27                       | FUD  | 070.000    | 03/05/2013                                                            | 786             | 0.45                      |
|      |           | BB 0.00% (0.08%)                                                     |               |                            | EUR  | 273,000    | Bord Gais Eireann 3.625%<br>04/12/2017                                | 249             | 0.14                      |
|      |           |                                                                      |               |                            | EUR  | 365,000    | ESB Finance 4.375% 21/11/2019                                         | 343             | 0.14                      |
| FUD  | 470.000   | Ba2 0.10% (0.00%)                                                    |               |                            | EUR  | 6,950,000  | Irish Treasury 5.5% 18/10/2017                                        | 6,718           | 3.84                      |
| EUR  | 170,000   | HeidelbergCement Finance 8% 31/01/2017                               | 174           | 0.10                       |      |            |                                                                       |                 |                           |
|      |           |                                                                      |               |                            | ELIP | 125 000    | Not rated 0.06% (0.00%)                                               | 111             | 0.00                      |
|      |           | Total Netherlands                                                    | 13,106        | 7.50                       | EUR  | 125,000    | Bank of Ireland 10% 30/07/2016                                        | 114             | 0.06                      |
|      |           |                                                                      |               |                            |      |            | Total Republic of Ireland                                             | 8,549           | 4.89                      |
|      |           |                                                                      |               |                            |      |            |                                                                       |                 |                           |

#### SLOVAKIA 1.10% (0.00%)

|    |             | Total Slovakia                         | 1,925 | 1.10 |
|----|-------------|----------------------------------------|-------|------|
| EU | R 2,240,000 | Slovakia Government Bond 3% 28/02/2023 | 1.925 | 1.10 |
|    | D 0.040.000 | A 1.10% (0.00%)                        |       |      |

### **Portfolio Statement**

|      | Holding    | Investment                                                    | Value<br>£000                           | % of<br>Net Asset<br>Value |            | Holding            | Investment                                                           | Value<br>£000  | % of<br>Net Asset<br>Value |
|------|------------|---------------------------------------------------------------|-----------------------------------------|----------------------------|------------|--------------------|----------------------------------------------------------------------|----------------|----------------------------|
| SLO\ | /ENIA 0.91 |                                                               |                                         |                            | SWI        | TZERLAND           | 0.51% (1.11%)                                                        |                |                            |
| EUR  | 1,800,000  | A 0.91% (0.00%)<br>Republic of Slovenija 4.375%<br>02/04/2014 | 1,599                                   | 0.91                       | EUR        | 500,000            | <b>A+ 0.27% (0.21%)</b><br>Credit Suisse London 3.875%<br>25/01/2017 | 477            | 0.27                       |
|      |            | Total Slovenia                                                | 1,599                                   | 0.91                       |            |                    | A 0.00% (0.41%)                                                      |                |                            |
| SPAI | N 4.36% (0 |                                                               |                                         |                            |            |                    | BBB 0.00% (0.32%)                                                    |                |                            |
| EUR  | 400,000    | <b>AA- 0.20% (0.00%)</b><br>Kutxabank 3% 01/02/2017           | 352                                     | 0.20                       | EUR        | 450.000            | BBB- 0.24% (0.17%)                                                   | 424            | 0.24                       |
|      |            | A3 0.63% (0.00%)                                              |                                         |                            | EUN        | 450,000            | UBS Jersey 7.152% 12/06/2049<br>Total Switzerland                    | 901            | 0.24                       |
| EUR  | 700,000    | Banco Bilbao Vizcaya Argentar                                 |                                         |                            |            |                    |                                                                      | 501            | 0.51                       |
| EUR  | 500,000    | 3.5% 05/12/2017<br>Banco Santander 4.625% 20/01               | 622<br>/2016 461                        | 0.36<br>0.27               | UNI        | ed Kingd           | OM 20.83% (18.91%)<br>AAA 5.69% (3.58%)                              |                |                            |
|      |            | BBB+ 0.00% (0.27%)                                            |                                         |                            | GBP        | 975,000            | *Abbey National Treasury Service<br>2.11% 16/02/2015                 | 995            | 0.57                       |
| GBP  | 495,000    | BBB 0.30% (0.22%)<br>Telefonica Emisiones 5.375%              |                                         |                            | EUR        | 1,400,000          | Abbey National Treasury Service<br>4.375% 24/01/2018                 | 1,397          | 0.80                       |
|      |            | 02/02/2018                                                    | 527                                     | 0.30                       | GBP        | 1,000,000          | Bank of Scotland 4.875%<br>20/12/2024                                | 1,169          | 0.67                       |
| EUR  | 4,250,000  | BBB- 3.23% (0.00%)<br>Bonos y Obligaciones del Estad          | 40                                      |                            | EUR        | 925,000            | Barclays Bank 2.25% 22/02/2017                                       | 847            | 0.48                       |
| EUR  | 1,750,000  | 4.5% 31/08/2018<br>Bonos y Obligaciones del Estad             | 3,833                                   | 2.19                       | GBP        | 3,000,000          | Network Rail Infrastructure<br>Finance 4.875% 27/11/2015             | 3,350          | 1.92                       |
| EUR  | 285,000    | 5.4% 31/01/2023<br>Ferrovial Emisiones 3.375%                 | 1,572                                   | 0.90                       | EUR        | 2,250,000          | Northern Rock Asset Management<br>4.125% 27/03/2017                  | 2,185          | 1.25                       |
| LON  | 285,000    | 30/01/2018                                                    | 251                                     | 0.14                       |            |                    | Aaa 2.09% (8.94%)                                                    |                |                            |
|      |            | Total Spain                                                   | 7,618                                   | 4.36                       | GBP        | 475,000            | *Clydesdale Bank 2.21875%<br>08/06/2015                              | 487            | 0.28                       |
| SWE  | DEN 8.42%  | 6 95%)                                                        |                                         |                            | GBP        | 2,000,000          | *Coventry Building Society 2.11%                                     |                |                            |
| OWL  |            |                                                               |                                         |                            | EUR        | 1,100,000          | 10/02/2015<br>Lloyds TSB Bank 4% 29/09/2020                          | 2,042<br>1,112 | 1.17<br>0.64               |
| EUR  | 2,000,000  | AAA 5.49% (4.40%)<br>Swedish Covered Bond 3.25%               |                                         |                            |            | .,,                |                                                                      | .,             |                            |
|      |            | 30/03/2017                                                    | 1,904                                   | 1.09                       | GBP        | 1,200,000          | <b>AA+ 6.49% (0.00%)</b><br>UK Treasury 4% 22/01/2060                | 1,371          | 0.78                       |
| SEK  | 65,000,000 | Swedish Government 3.5% 01/06/2022                            | 7,688                                   | 4.40                       | GBP        | 2,500,000          | UK Treasury 4.25% 07/12/2027                                         | 3,020          | 1.73                       |
|      |            |                                                               | ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, | 4.40                       | GBP        | 5,905,000          | UK Treasury 4.25% 07/12/2040                                         | 6,961          | 3.98                       |
| EUR  | 4,000,000  | AA+ 2.07% (1.68%)<br>Swedish Export Credit 3.625%             |                                         |                            |            |                    | A+ 0.00% (0.15%)                                                     |                |                            |
|      |            | 27/05/2014                                                    | 3,610                                   | 2.07                       |            |                    | A 0.48% (1.13%)                                                      |                |                            |
|      |            | AA– 0.27% (0.11%)                                             |                                         |                            | EUR        | 825,000            | Lloyds TSB Bank 6.375%<br>17/06/2016                                 | 836            | 0.48                       |
| EUR  | 500,000    | Nordea Bank 3.75% 24/02/2017                                  | 476                                     | 0.27                       |            |                    |                                                                      | 000            | 0.40                       |
|      |            | A+ 0.44% (0.43%)                                              |                                         |                            | EUR        | 590,000            | A– 1.13% (1.85%)<br>Anglian Water Services Financing                 |                |                            |
| EUR  | 275,000    | Skaninaviska Enskilda 3.875%                                  | 0.00                                    | 0.15                       | LOII       | 000,000            | 6.25% 27/06/2016                                                     | 599            | 0.34                       |
| EUR  | 550,000    | 12/04/2017<br>Swedbank 3.375% 09/02/2017                      | 263<br>515                              | 0.15<br>0.29               | EUR<br>EUR | 491,000<br>600,000 | Experian Finance 4.75% 04/02/2020<br>HSBC Holdings 6.25% 19/03/2018  | 501<br>620     | 0.29<br>0.35               |
|      |            | A– 0.00% (0.21%)                                              |                                         |                            | GBP        | 225,000            | Tesco 5.5% 13/12/2019                                                | 262            | 0.35                       |
|      |            | BBB– 0.15% (0.12%)                                            |                                         |                            |            |                    | BBB+ 1.31% (0.69%)                                                   |                |                            |
| EUR  | 280,000    | Skandinaviska Enskilda 9.25%                                  |                                         |                            | EUR        | 275,000            | Barclays Bank 6% 23/01/2018                                          | 272            | 0.16                       |
|      |            | 29/10/2049                                                    | 265                                     | 0.15                       | EUR<br>EUR | 560,000<br>425,000 | BG Energy Capital 6.5% 30/11/2072<br>Legal & General Group 4%        | 542            | 0.31                       |
|      |            | Total Sweden                                                  | 14,721                                  | 8.42                       |            |                    | 08/06/2025                                                           | 367            | 0.21                       |
|      |            |                                                               |                                         |                            | GBP        | 435,000            | London Power Networks 5.375%<br>11/11/2016                           | 488            | 0.28                       |
|      |            |                                                               |                                         |                            | EUR        | 605,000            | Nationwide Building Society 6.75%                                    | •              |                            |
|      |            |                                                               |                                         |                            |            |                    | 22/07/2020                                                           | 614            | 0.35                       |

#### **Portfolio Statement**

(continued)

| UNITED KINGD W20.83% (18.91%) (continued)           BB 1.12% (0.66%)           EUR         80,000         Aviva 5.25% 02/10/2023         69         0.04           GBP         430,000         British Telecom 8.5% 07/12/2016         608         0.32           EUR         690,000         ENW Finance 6.75% 20/06/2015         551         0.32           EUR         690,000         ENW Finance 6.75% 20/09/2019         580         0.33           BBD         B82 - 0.33% (0.00%)         Hammerson 2.75% 26/09/2019         580         0.33           GBP         530,000         FirstGroup 6.875% 15/04/2013         532         0.30           EUR         635,000         G45 2.625% 06/12/2018         556         0.32           EUR         752,000         Royal Bank of Scotland 10.5%         16/03/2022         793         0.45           GBP         210,000         UBM 6.5% 23/11/2016         240         0.14           GBP         570,000         Virgin Media Secured Finance 7%         15/01/2018         606         0.35           GBP         215,000         GKN Holdings 6.75% 28/10/2019         247         0.14           GBP         295,000**Cattles 0% 05/07/2017         6         -         -                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |      | Holding   | Investment                        | Value<br>£000 | % of<br>Net Asset<br>Value |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|-----------|-----------------------------------|---------------|----------------------------|
| GBP         490,000         British Telecom 8.5% 07/12/2016         608         0.35           GBP         500,000         ENW Finance 6.75% 20/06/2015         551         0.32           EUR         690,000         Imperial Tobacco Finance 8.375%         719         0.41           EUR         650,000         Harmerson 2.75% 26/09/2019         580         0.33           GBP         530,000         FirstGroup 6.875% 15/04/2013         532         0.30           EUR         635,000         G4S 2.625% 06/12/2018         556         0.32           EUR         635,000         G4S 2.625% 06/12/2018         556         0.32           EUR         752,000         Rotokil Initial 3.375% 24/09/2019         423         0.24           EUR         752,000         Royal Bank of Scotland 10.5%         16/03/2022         793         0.45           GBP         210,000         UBM 6.5% 23/11/2016         240         0.14           GBP         215,000         GKN Holdings 6.75% 28/10/2019         247         0.14           GBP         295,000***Cattles 0% 05/07/2017         6         -         -           GBP         295,000         **Cattles 0% 05/07/2017         6         -         -           GBP </th <th>UNIT</th> <th>ed kingd</th> <th></th> <th></th> <th></th>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | UNIT | ed kingd  |                                   |               |                            |
| GBP         500,000         ENW Finance 6.75% 20/06/2015         551         0.32           EUR         690,000         Imperial Tobacco Finance 8.375%<br>17/02/2016         719         0.41           EUR         650,000         Hammerson 2.75% 26/09/2019         580         0.33           BBP         530,000         FirstGroup 6.875% 15/04/2013         532         0.30           CBP         530,000         FirstGroup 6.875% 15/04/2013         532         0.30           EUR         635,000         G4S 2.625% 06/12/2018         556         0.32           EUR         475,000         Rentokil Initial 3.375% 24/09/2019         423         0.24           EUR         752,000         Royal Bank of Scotland 10.5%<br>16/03/2022         793         0.45           GBP         210,000         UB 6.5% 23/11/2016         240         0.14           GBP         570,000         Virgin Media Secured Finance 7%<br>15/01/2018         606         0.35           GBP         215,000         GKN Holdings 6.75% 28/10/2019         247         0.14           GBP         295,000**Cattles 0% 05/07/2017         6         -         -           GBP         295,000**Cattles 0% 05/07/2017         6         -         -           GBP                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |      | ,         |                                   |               |                            |
| EUR       690,000       Imperial Tobacco Finance 8.375%<br>17/02/2016       719       0.41         EUR       650,000       Hammerson 2.75% 26/09/2019       580       0.33         BBB-1.80% (1.46%)       550       0.33         GBP       530,000       FirstGroup 6.875% 15/04/2013       532       0.30         EUR       635,000       G4S 2.625% 06/12/2018       556       0.32         EUR       475,000       Royal Bank of Scotland 10.5%       16/03/2022       793       0.45         GBP       210,000       UBM 6.5% 23/11/2016       240       0.14         GBP       570,000       Virgin Media Secured Finance 7%<br>15/01/2018       606       0.35         GBP       215,000       GKN Holdings 6.75% 28/10/2019       247       0.14         BB- 0.00% (0.09%)       Ba3 0.00% (0.11%)       0.04       0.25         GBP       295,000*** Cattles 0% 05/07/2017       6       -       -         GBP       295,000       First Hydro Finance 9% 31/07/2021       442       0.25         Total United Kingdom       36,409       20.83       20.83         UNITED STATES OF AMERICA 2.26% (1.01%)       AA- 0.37% (0.41%)       644       0.37         EUR       1,050,000       Metropol                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |      |           |                                   |               |                            |
| 17/02/2016       719       0.41         EUR       650,000       Hammerson 2.75% 26/09/2019       580       0.33         GBP       530,000       FirstGroup 6.875% 15/04/2013       532       0.30         EUR       635,000       G4S 2.625% 06/12/2018       556       0.32         EUR       635,000       G4S 2.625% 06/12/2018       556       0.32         EUR       752,000       Rentokil Initial 3.375% 24/09/2019       423       0.24         EUR       752,000       Rentokil Initial 3.375% 24/09/2019       423       0.24         GBP       210,000       UBM 6.5% 23/11/2016       240       0.14         GBP       570,000       Virgin Media Secured Finance 7%       15/01/2018       606       0.35         GBP       215,000       GKN Holdings 6.75% 28/10/2019       247       0.14         BB- 0.00% (0.09%)       Ba3 0.00% (0.11%)         20.25         GBP       360,000       First Hydro Finance 9% 31/07/2021       442       0.25         Total United Kingdom       36,409       20.83         UNITED STATES OF AMERICA 2.26% (1.01%)       AA- 0.37% (0.41%)          EUR       1,050,000       Wetropolitan Life Global Funding I       2.375% 11/01/2023                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |      | ,         |                                   | 551           | 0.32                       |
| EUR         650,000         Hammerson 2.75% 26/09/2019         580         0.33           GBP         530,000         FirstGroup 6.875% 15/04/2013         532         0.30           EUR         635,000         G4S 2.625% 06/12/2018         556         0.32           EUR         475,000         Rentokil Initial 3.375% 24/09/2019         423         0.24           EUR         752,000         Royal Bank of Scotland 10.5%         16/03/2022         793         0.45           GBP         210,000         UBM 6.5% 23/11/2016         240         0.14           GBP         570,000         Virgin Media Secured Finance 7%         15/01/2018         606         0.35           GBP         215,000         GKN Holdings 6.75% 28/10/2019         247         0.14           BB- 0.00% (0.09%)         BBa 0.00% (0.11%)         Vortated 0.25% (0.21%)         64         0.25           GBP         295,000***Cattles 0% 05/07/2017         6         -         -         -           GBP         295,000         First Hydro Finance 9% 31/07/2021         442         0.25         -           Total United Kingdom         36,409         20.83         -         -         -           UNITED STATES OF AMERICA 2.26% (1.01%)         AA- 0.37% (0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | EUR  | 690,000   | •                                 | 719           | 0.41                       |
| BBB-1.80% (1.46%)           GBP         530,000         FirstGroup 6.875% 15/04/2013         532         0.30           EUR         635,000         GAS 2.625% 06/12/2018         556         0.32           EUR         475,000         Rentokil Initial 3.375% 24/09/2019         423         0.24           EUR         752,000         Royal Bank of Scotland 10.5%         16/03/2022         793         0.45           GBP         210,000         UBM 6.5% 23/11/2016         240         0.14           GBP         570,000         Virgin Media Secured Finance 7%         15/01/2018         606         0.35           GBP         215,000         GKN Holdings 6.75% 28/10/2019         247         0.14           BB- 0.00% (0.09%)         Ba3 0.00% (0.11%)           20.25           DR         295,000**Cattles 0% 05/07/2017         6         -         -           GBP         360,000         First Hydro Finance 9% 31/07/2021         442         0.25           Total United Kingdom         36,409         20.83            UNITED STATES OF AMERICA 2.26% (1.01%)         AA- 0.37% (0.41%)          2.375% 11/01/2023         644         0.37           EUR         1,050,000         Wetropolitan L                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |      |           |                                   |               |                            |
| GBP         530,000         FirstGroup 6.875% 15/04/2013         532         0.30           EUR         635,000         G4S 2.625% 06/12/2018         556         0.32           EUR         475,000         Rentokil Initial 3.375% 24/09/2019         423         0.24           EUR         752,000         Royal Bank of Scotland 10.5%         16/03/2022         793         0.45           GBP         210,000         UBM 6.5% 23/11/2016         240         0.14           GBP         570,000         Virgin Media Secured Finance 7%         15/01/2018         606         0.35           GBP         215,000         GKN Holdings 6.75% 28/10/2019         247         0.14           BB- 0.00% (0.09%)         Ba3 0.00% (0.11%)         Vort rated 0.25% (0.21%)         664         0.25           GBP         295,000**Cattles 0% 05/07/2017         6         -         -         -           GBP         360,000         First Hydro Finance 9% 31/07/2021         442         0.25         -           Total United Kingdom         36,409         20.83         -         -         -           UNITED STATES OF AMERICA 2.26% (1.01%)         AA- 0.37% (0.41%)         -         -         -           EUR         1,050,000         Met                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | EUR  | 650,000   |                                   | 580           | 0.33                       |
| EUR       635,000       G4S 2.625% 06/12/2018       556       0.32         EUR       475,000       Rentokil Initial 3.375% 24/09/2019       423       0.24         EUR       752,000       Royal Bank of Scotland 10.5%       793       0.45         GBP       210,000       UBM 6.5% 23/11/2016       240       0.14         GBP       570,000       Virgin Media Secured Finance 7%       15/01/2018       606       0.35         GBP       215,000       GKN Holdings 6.75% 28/10/2019       247       0.14         BB+ 0.00% (0.09%)       Ba3 0.00% (0.11%)       Virgin Media Secured Finance 7%       0.14         GBP       295,000**Cattles 0% 05/07/2017       6       -       -         GBP       360,000       First Hydro Finance 9% 31/07/2021       442       0.25         Total United Kingdom       36,409       20.83         UNITED STATES OF AMERICA 2.26% (1.01%)       AA- 0.37% (0.41%)         EUR       1,050,000       Metropolitan Life Global Funding I<br>2.375% 11/01/2023       644       0.37         EUR       1,050,000       Metropolitan Life Global Funding I<br>2.375% 11/01/2023       644       0.37         EUR       900,000       Bank of America 4.625% 07/08/2017       879       0.50                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | GBP  | 530.000   |                                   | 532           | 0.30                       |
| EUR       752,000       Royal Bank of Scotland 10.5%       793       0.45         GBP       210,000       UBM 6.5% 23/11/2016       240       0.14         GBP       570,000       Virgin Media Secured Finance 7%       606       0.35         GBP       215,000 <b>BB+ 0.14% (0.04%)</b> 606       0.35         GBP       215,000 <b>BB+ 0.14% (0.04%)</b> 247       0.14         GBP       215,000 <b>BB+ 0.14% (0.04%)</b> 247       0.14         GBP       295,000**       GKN Holdings 6.75% 28/10/2019       247       0.14 <b>BB- 0.00% (0.09%) Ba3 0.00% (0.11%)</b> -       -       -         GBP       295,000*** Cattles 0% 05/07/2017       6       -       -         GBP       360,000       First Hydro Finance 9% 31/07/2021       442       0.25         Total United Kingdom       36,409       20.83       20.83         UNITED STATES OF AMERICA 2.26% (1.01%)       AA- 0.37% (0.41%)       -       -         EUR       750,000       Metropolitan Life Global Funding I       2.375% 11/01/2023       644       0.37         EUR       1,050,000       A+ 0.53% (0.00%)       Wells Fargo & Company 2.625%       930       0.53                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |      |           |                                   |               |                            |
| GBP       210,000       UBM 6.5% 23/11/2016       240       0.14         GBP       570,000       UBM 6.5% 23/11/2016       240       0.14         GBP       570,000       GKN Holdia Secured Finance 7%       606       0.35         GBP       215,000       GKN Holdings 6.75% 28/10/2019       247       0.14         BB- 0.00% (0.09%)       Ba3 0.00% (0.11%)            GBP       295,000**Cattles 0% 05/07/2017       6       -          GBP       360,000       First Hydro Finance 9% 31/07/2021       442       0.25         Total United Kingdom       36,409       20.83         UNITED STATES OF AMERICA 2.26% (1.01%)         AA- 0.37% (0.41%)       AA- 0.37% (0.41%)         EUR       1,050,000       Metropolitan Life Global Funding I         2.375% 11/01/2023       644       0.37         A + 0.53% (0.00%)       Wells Fargo & Company 2.625%         I6/08/2022       930       0.53         A 0.00% (0.14%)       A- 0.91% (0.36%)         EUR       900,000       Bank of America 4.625% 07/08/2017       879       0.50         EUR       900,000       Bank of America 4.625% 07/08/2017       879       0.50         EUR <td></td> <td>,</td> <td></td> <td></td> <td></td>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |      | ,         |                                   |               |                            |
| GBP       210,000       UBM 6.5% 23/11/2016       240       0.14         GBP       570,000       Virgin Media Secured Finance 7%       606       0.35         GBP       215,000       GKN Holdings 6.75% 28/10/2019       247       0.14         BB- 0.00% (0.09%)       BB- 0.00% (0.09%)       BB- 0.00% (0.09%)       BB- 0.00% (0.11%)         GBP       295,000**Cattles 0% 05/07/2017       6       -         GBP       360,000       First Hydro Finance 9% 31/07/2021       442       0.25         Total United Kingdom       36,409       20.83         UNITED STATES OF AMERICA 2.26% (1.01%)         AA- 0.37% (0.41%)       EUR       750,000       Metropolitan Life Global Funding I       2.375% 11/01/2023       644       0.37         EUR       1,050,000       Wells Fargo & Company 2.625%       930       0.53         EUR       900,000       Bank of America 4.625% 07/08/2017       879       0.50         EUR       900,000       Bank of America 4.625% 07/08/2017       879       0.50         EUR       900,000       Bank of America 4.625% 07/08/2017       879       0.50         GBP       750,000       Bank of America 4.625% 07/08/2017       879       0.50         GBP       750,000 <td>EUR</td> <td>752,000</td> <td>Royal Bank of Scotland 10.5%</td> <td></td> <td></td>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | EUR  | 752,000   | Royal Bank of Scotland 10.5%      |               |                            |
| GBP       570,000       Virgin Media Secured Finance 7%<br>15/01/2018       606       0.35         GBP       215,000       GKN Holdings 6.75% 28/10/2019       247       0.14         BB- 0.00% (0.09%)       Ba3 0.00% (0.11%)       BB- 0.00% (0.09%)       Ba3 0.00% (0.11%)         GBP       295,000**Cattles 0% 05/07/2017       6       -         GBP       360,000       First Hydro Finance 9% 31/07/2021       442       0.25         Total United Kingdom       36,409       20.83         UNITED STATES OF AMERICA 2.26% (1.01%)<br>AA- 0.37% (0.41%)         EUR       750,000       Metropolitan Life Global Funding I<br>2.375% 11/01/2023       644       0.37         EUR       1,050,000       Wells Fargo & Company 2.625%<br>16/08/2022       930       0.53         EUR       1,050,000       A+ 0.53% (0.00%)<br>Wells Fargo & Company 2.625%<br>16/08/2022       930       0.53         EUR       900,000       Bank of America 4.625% 07/08/2017<br>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |      |           |                                   |               |                            |
| 15/01/2018       606       0.35         GBP       215,000       GKN Holdings 6.75% 28/10/2019       247       0.14         BB- 0.00% (0.09%)       Ba3 0.00% (0.11%)       36,409       247       0.14         GBP       295,000**Cattles 0% 05/07/2017       6       -       -         GBP       360,000       First Hydro Finance 9% 31/07/2021       442       0.25         Total United Kingdom       36,409       20.83         UNITED STATES OF AMERICA 2.26% (1.01%)         AA- 0.37% (0.41%)       AA- 0.37% (0.41%)         EUR       750,000       Metropolitan Life Global Funding I         2.375% 11/01/2023       644       0.37         A+ 0.53% (0.00%)       Wells Fargo & Company 2.625%       16/08/2022       930       0.53         EUR       1,050,000       Wells Fargo & Company 2.625%       16/08/2022       930       0.53         A 0.00% (0.14%)       A-       0.91% (0.36%)       4.00% (0.16%)       4.00% (0.14%)       4.00% (0.16%)         EUR       900,000       Bank of America 4.625% 07/08/2017       879       0.50       0.50       0.41         GBP       750,000       BBB 0.45% (0.10%)       Pemex Project Funding Master       782       0.45                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |      | ,         |                                   | 240           | 0.14                       |
| GBP       215,000       BB+ 0.14% (0.04%)<br>GKN Holdings 6.75% 28/10/2019       247       0.14         BB- 0.00% (0.09%)       Ba3 0.00% (0.11%)       Ba3 0.00% (0.11%)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | GBP  | 570,000   | 5                                 | 606           | 0.25                       |
| GBP       215,000       GKN Holdings 6.75% 28/10/2019       247       0.14         BB- 0.00% (0.09%)       Ba3 0.00% (0.11%)       Ba3 0.00% (0.11%)       Ba3 0.00% (0.11%)         GBP       295,000**Cattles 0% 05/07/2017       6       -         GBP       360,000       First Hydro Finance 9% 31/07/2021       442       0.25         Total United Kingdom       36,409       20.83         UNITED STATES OF AMERICA 2.26% (1.01%)       AA- 0.37% (0.41%)       AA- 0.37% (0.41%)         EUR       750,000       Metropolitan Life Global Funding I       2.375% 11/01/2023       644       0.37         EUR       1,050,000       A+ 0.53% (0.00%)       Wells Fargo & Company 2.625%       930       0.53         EUR       1,050,000       Bank of America 4.625% 07/08/2017       879       0.50         EUR       900,000       Bank of America 4.625% 07/08/2017       879       0.50         EUR       900,000       Bank of America 4.625% 07/08/2017       879       0.50         GBP       750,000       BBB 0.45% (0.10%)       88B 0.45% (0.10%)       924       0.41                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |      |           | 15/01/2018                        | 606           | 0.35                       |
| BB- 0.00% (0.09%)           Ba3 0.00% (0.11%)           Not rated 0.25% (0.21%)           GBP         295,000**Cattles 0% 05/07/2017         6         -           GBP         360,000         First Hydro Finance 9% 31/07/2021         442         0.25           Total United Kingdom         36,409         20.83           UNITED STATES OF AMERICA 2.26% (1.01%)           AA- 0.37% (0.41%)         Metropolitan Life Global Funding I         2.375% 11/01/2023         644         0.37           EUR         750,000         Metropolitan Life Global Funding I         2.375% 11/01/2023         644         0.37           EUR         1,050,000         Metropolitan Life Global Funding I         2.375% 11/01/2023         644         0.37           EUR         1,050,000         Metropolitan Life Global Funding I         2.375% 11/01/2023         644         0.37           EUR         0,050,000         Bank of America 4.625% 07/08/2017         879         0.50           EUR         900,000         Bank of America 4.625% 07/08/2017         879         0.50           EUR         900,000         Bank of America 4.625% 07/08/2017         879         0.50           BBB 0.45% (0.10%)         Pemex Project Funding Master<br>Trust 7.5% 18/12/2013 </td <td></td> <td></td> <td>BB+ 0.14% (0.04%)</td> <td></td> <td></td>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |      |           | BB+ 0.14% (0.04%)                 |               |                            |
| Ba3 0.00% (0.11%)           Not rated 0.25% (0.21%)           GBP         295,000**Cattles 0% 05/07/2017         6         -           GBP         295,000         First Hydro Finance 9% 31/07/2021         442         0.25           Total United Kingdom         36,409         20.83           UNITED STATES OF AMERICA 2.26% (1.01%)           AA- 0.37% (0.41%)         Metropolitan Life Global Funding I         2.375% 11/01/2023         644         0.37           EUR         750,000         Metropolitan Life Global Funding I         2.375% 11/01/2023         644         0.37           EUR         1,050,000         Wells Fargo & Company 2.625%         930         0.53           IEUR         900,000         Bank of America 4.625% 07/08/2017         879         0.50           EUR         900,000         Bank of America 4.625% 07/08/2017         879         0.50           EUR         900,000         Bank of America 4.625% 07/08/2017         879         0.50           EUR         900,000         Bank of America 4.625% 07/08/2017         879         0.50           GBP         750,000         BBB 0.45% (0.10%)         Pemex Project Funding Master<br>Trust 7.5% 18/12/2013         782         0.45                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | GBP  | 215,000   | GKN Holdings 6.75% 28/10/2019     | 247           | 0.14                       |
| Not rated 0.25% (0.21%)           GBP         295,000**Cattles 0% 05/07/2017         6         -           GBP         360,000         First Hydro Finance 9% 31/07/2021         442         0.25           Total United Kingdom         36,409         20.83           UNITED STATES OF AMERICA 2.26% (1.01%)           AA= 0.37% (0.41%)         Metropolitan Life Global Funding I         2.375% 11/01/2023         644         0.37           EUR         750,000         A+ 0.53% (0.00%)         Wells Fargo & Company 2.625%         930         0.53           EUR         1,050,000         A+ 0.31% (0.36%)         930         0.53           EUR         900,000         Bank of America 4.625% 07/08/2017         879         0.50           EUR         900,000         Bank of America 4.625% 07/08/2017         879         0.50           EUR         900,000         Bank of America 4.625% 07/08/2017         879         0.50           EUR         900,000         Bank of America 4.625% 07/08/2017         879         0.50           EUR         900,000         Bank of America 4.625% 07/08/2017         879         0.50           GBP         750,000         BBB 0.45% (0.10%)         Pemex Project Funding Master<br>Trust 7.5% 18/12/2013         782                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |      |           | BB- 0.00% (0.09%)                 |               |                            |
| GBP         295,000***Cattles 0% 05/07/2017         6         -           GBP         360,000         First Hydro Finance 9% 31/07/2021         442         0.25           Total United Kingdom         36,409         20.83           UNITED STATES OF AMERICA 2.26% (1.01%)         AA- 0.37% (0.41%)           EUR         750,000         Metropolitan Life Global Funding I         2.375% 11/01/2023         644         0.37           EUR         1,050,000         Metropolitan Life Global Funding I         2.375% 11/01/2023         644         0.37           EUR         1,050,000         Metropolitan Life Global Funding I         2.375% 11/01/2023         644         0.37           EUR         1,050,000         Metropolitan Life Global Funding I         2.375% 11/01/2023         644         0.37           EUR         1,050,000         Metropolitan Life Global Funding I         2.375% 11/01/2023         930         0.53           EUR         900,000         Bank of America 4.625% 07/08/2017         879         0.50           EUR         900,000         Bank of America 4.625% 07/08/2017         879         0.50           GBP         750,000         BBB 0.45% (0.10%)         Pemex Project Funding Master         782         0.45                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |      |           | Ba3 0.00% (0.11%)                 |               |                            |
| GBP       360,000       First Hydro Finance 9% 31/07/2021       442       0.25         Total United Kingdom       36,409       20.83         UNITED STATES OF AMERICA 2.26% (1.01%)       AA- 0.37% (0.41%)       EUR       750,000       Metropolitan Life Global Funding I       2.375% 11/01/2023       644       0.37         EUR       1,050,000       A+ 0.53% (0.00%)       Wells Fargo & Company 2.625%       930       0.53         EUR       1,050,000       Metropolitan Life Global Funding I       2.375% 11/01/2023       930       0.53         EUR       1,050,000       A+ 0.53% (0.00%)       Wells Fargo & Company 2.625%       930       0.53         EUR       900,000       Bank of America 4.625% 07/08/2017       879       0.50         EUR       900,000       Bank of America 4.625% 07/08/2017       879       0.50         GBP       750,000       BBB 0.45% (0.10%)       Pemex Project Funding Master Trust 7.5% 18/12/2013       782       0.45                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |      |           | Not rated 0.25% (0.21%)           |               |                            |
| Total United Kingdom         36,409         20.83           UNITED STATES OF AMERICA 2.26% (1.01%)<br>AA- 0.37% (0.41%)         AA- 0.37% (0.41%)           EUR         750,000         Metropolitan Life Global Funding I<br>2.375% 11/01/2023         644         0.37           EUR         1,050,000         Wells Fargo & Company 2.625%<br>16/08/2022         930         0.53           EUR         900,000         Bank of America 4.625% 07/08/2017<br>Citigroup 7.375% 04/09/2019         879<br>724         0.50           GBP         750,000         BBB 0.45% (0.10%)<br>Pemex Project Funding Master<br>Trust 7.5% 18/12/2013         782         0.45                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | GBP  | 295,000*  | *Cattles 0% 05/07/2017            | 6             | -                          |
| UNITED STATES OF AMERICA 2.26% (1.01%)           AA- 0.37% (0.41%)         AA- 0.37% (0.41%)           EUR         750,000         Metropolitan Life Global Funding I           2.375% 11/01/2023         644         0.37           EUR         1,050,000         Wells Fargo & Company 2.625%         644         0.37           EUR         1,050,000         Wells Fargo & Company 2.625%         930         0.53           A 0.00% (0.14%)         A- 0.91% (0.36%)         A000% (0.14%)         A- 0.91% (0.36%)           EUR         900,000         Bank of America 4.625% 07/08/2017         879         0.50           Citigroup 7.375% 04/09/2019         724         0.41         BBB 0.45% (0.10%)           GBP         750,000         Pemex Project Funding Master<br>Trust 7.5% 18/12/2013         782         0.45                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | GBP  | 360,000   | First Hydro Finance 9% 31/07/2021 | 442           | 0.25                       |
| EUR       750,000       AA- 0.37% (0.41%)<br>Metropolitan Life Global Funding I<br>2.375% 11/01/2023       644       0.37         EUR       1,050,000       A+ 0.53% (0.00%)<br>Wells Fargo & Company 2.625%<br>16/08/2022       930       0.53         A 0.00% (0.14%)       A- 0.91% (0.36%)<br>Bank of America 4.625% 07/08/2017       879       0.50         EUR       900,000       Bank of America 4.625% 07/08/2017       879       0.50         EUR       900,000       Bank of America 4.625% 07/08/2017       879       0.41         GBP       750,000       BBB 0.45% (0.10%)<br>Pemex Project Funding Master<br>Trust 7.5% 18/12/2013       782       0.45                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |      |           | Total United Kingdom              | 36,409        | 20.83                      |
| EUR       750,000       Metropolitan Life Global Funding I       2.375% 11/01/2023       644       0.37         EUR       1,050,000       A+ 0.53% (0.00%)       Wells Fargo & Company 2.625%       930       0.53         EUR       1,050,000       Wells Fargo & Company 2.625%       930       0.53         A 0.00% (0.14%)       A- 0.91% (0.36%)       930       0.53         EUR       900,000       Bank of America 4.625% 07/08/2017       879       0.50         Citigroup 7.375% 04/09/2019       724       0.41         GBP       750,000       BBB 0.45% (0.10%)       Pemex Project Funding Master<br>Trust 7.5% 18/12/2013       782       0.45                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | UNIT | ED STATE  | S OF AMERICA 2.26% (1.01%)        |               |                            |
| EUR       1,050,000       A+ 0.53% (0.00%)       644       0.37         EUR       1,050,000       Wells Fargo & Company 2.625%       930       0.53         A 0.00% (0.14%)       A- 0.91% (0.36%)       930       0.53         EUR       900,000       Bank of America 4.625% 07/08/2017       879       0.50         EUR       900,000       Bank of America 4.625% 07/08/2017       879       0.41         GBP       750,000       Pemex Project Funding Master Trust 7.5% 18/12/2013       782       0.45                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |      |           |                                   |               |                            |
| EUR       1,050,000       Wells Fargo & Company 2.625%<br>16/08/2022       930       0.53         A 0.00% (0.14%)       A 0.00% (0.14%)       A- 0.91% (0.36%)<br>Bank of America 4.625% 07/08/2017       879       0.50         EUR       900,000       Bank of America 4.625% 07/08/2017       879       0.50         GBP       750,000       BBB 0.45% (0.10%)<br>Pemex Project Funding Master<br>Trust 7.5% 18/12/2013       782       0.45                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | EUR  | 750,000   |                                   | ~ · · ·       |                            |
| EUR       1,050,000       Wells Fargo & Company 2.625%       930       0.53         16/08/2022       930       0.53         A 0.00% (0.14%)       A       0.00% (0.14%)         EUR       900,000       Bank of America 4.625% 07/08/2017       879       0.50         EUR       900,000       Citigroup 7.375% 04/09/2019       724       0.41         GBP       750,000       Pemex Project Funding Master Trust 7.5% 18/12/2013       782       0.45                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |      |           | 2.375% 11/01/2023                 | 644           | 0.37                       |
| 16/08/2022       930       0.53         A 0.00% (0.14%)       A- 0.91% (0.36%)       Second |      |           | A+ 0.53% (0.00%)                  |               |                            |
| A 0.00% (0.14%)           A- 0.91% (0.36%)           EUR         900,000           Bank of America 4.625% 07/08/2017         879           Citigroup 7.375% 04/09/2019         724           GBP         750,000           Pemex Project Funding Master<br>Trust 7.5% 18/12/2013         782                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | EUR  | 1,050,000 | Wells Fargo & Company 2.625%      |               |                            |
| A- 0.91% (0.36%)           EUR         900,000         Bank of America 4.625% 07/08/2017         879         0.50           EUR         640,000         Citigroup 7.375% 04/09/2019         724         0.41           BBB 0.45% (0.10%)         Pemex Project Funding Master         782         0.45                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |      |           | 16/08/2022                        | 930           | 0.53                       |
| EUR         900,000         Bank of America 4.625% 07/08/2017         879         0.50           EUR         640,000         Citigroup 7.375% 04/09/2019         724         0.41           BBB 0.45% (0.10%)         Pemex Project Funding Master         782         0.45                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |      |           | A 0.00% (0.14%)                   |               |                            |
| EUR         640,000         Citigroup 7.375% 04/09/2019         724         0.41           BBB 0.45% (0.10%)         BBB 0.45% (0.10%)         Pemex Project Funding Master Trust 7.5% 18/12/2013         782         0.45                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |      |           | A– 0.91% (0.36%)                  |               |                            |
| BBB 0.45% (0.10%)           GBP         750,000         Pemex Project Funding Master           Trust 7.5% 18/12/2013         782         0.45                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | EUR  | 900,000   | Bank of America 4.625% 07/08/2017 | 879           | 0.50                       |
| GBP         750,000         Pemex Project Funding Master           Trust 7.5% 18/12/2013         782         0.45                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | EUR  | 640,000   | Citigroup 7.375% 04/09/2019       | 724           | 0.41                       |
| GBP         750,000         Pemex Project Funding Master           Trust 7.5% 18/12/2013         782         0.45                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |      |           | BBB 0.45% (0.10%)                 |               |                            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | GBP  | 750,000   |                                   |               |                            |
| Total United States of America 3,959 2.26                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |      |           | Trust 7.5% 18/12/2013             | 782           | 0.45                       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |      |           | Total United States of America    | 3,959         | 2.26                       |

|                    |                                |                | % of     |
|--------------------|--------------------------------|----------------|----------|
|                    |                                | Value N        | et Asset |
| Holding            | Investment                     | £000           | Value    |
| DERIVATIVES        | -0.01% (0.00%)                 |                |          |
|                    | Forward foreign exchange contr | racts -0.01% ( | 0.00%)   |
|                    | Sell SEK 64,000,000            |                |          |
|                    | Buy EUR 7,675,463 Citigroup    | (24)           | (0.01)   |
|                    | Total derivatives              | (24)           | (0.01)   |
| Total value of inv | vestments                      | 170,346        | 97.46    |
| Net other assets   | (13.53%)                       | 4,444          | 2.54     |
| Net assets         |                                | 174,790        | 100.00   |
|                    | INVESTMENTS BY CREDIT R        | ATINCO         |          |
|                    | INVESTIVIEINTS BY CREDIT RA    |                |          |
| AAA                |                                | 27,253         |          |
| A a a              |                                | 10 225         |          |

| ANALYSIS OF INVESTMENTS BY CRED | IT RATINGS |
|---------------------------------|------------|
| AAA                             | 27,253     |
| Aaa                             | 18,225     |
| AA+                             | 25,720     |
| AA                              | 1,697      |
| AA-                             | 3,677      |
| Aa3                             | 6,104      |
| A+                              | 4,419      |
| A                               | 11,057     |
| A2                              | 463        |
| A–                              | 12,033     |
| A3                              | 1,083      |
| BBB+                            | 14,245     |
| BBB                             | 12,039     |
| Baa2                            | 16,576     |
| BBB-                            | 11,746     |
| Baa3                            | 585        |
| BB+                             | 1,545      |
| Ba2                             | 257        |
| BB-                             | 456        |
| Not rated                       | 1,190      |
| Total bonds                     | 170,370    |
| Derivatives                     | (24)       |
| Total value of investments      | 170,346    |

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

March 2012 comparatives in brackets. \*Variable rate bonds. \*These are unlisted securities and are valued at the ACD's best estimate. †TAT7 March 2013 there were investments totalling £397,000 (0.23% 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 estimates of fair values.

### **Portfolio Statement**

|       | Holding   | Investment                                             | Value N<br>£000 | % of<br>et Asset<br>Value |            | Holding            | Investment                                                        | Value N<br>£000 | % of<br>let Asset<br>Value |
|-------|-----------|--------------------------------------------------------|-----------------|---------------------------|------------|--------------------|-------------------------------------------------------------------|-----------------|----------------------------|
| AUST  | RALIA 1.2 | 0% (0.00%)<br>A+ 1.20% (0.00%)                         |                 |                           | FRAI       | NCE 12.84%         | % (7.97%)<br>AAA 0.00% (1.73%)                                    |                 |                            |
| EUR   | 900,000   | BHP Billiton Finance 2.125% 29/11/2018                 | 809             | 1.20                      |            |                    | A+ 1.15% (0.25%)                                                  |                 |                            |
|       |           | Total Australia                                        | 809             | 1.20                      | EUR<br>EUR | 700,000<br>125,000 | ADP 2.375% 11/06/2019<br>Electricite de France 5.625%             | 635             | 0.94                       |
| BELGI | UM 1.45%  | % (1.16%)                                              |                 |                           |            |                    | 21/02/2033                                                        | 139             | 0.21                       |
| GBP   | 590.000   | A 1.06% (0.00%)<br>Anheuser-Busch InBev 6.5%           |                 |                           |            |                    | A1 0.00% (0.95%)                                                  |                 |                            |
| GDI   | 550,000   | 23/06/2017                                             | 712             | 1.06                      | EUR        | 500,000            | <b>A 3.31% (0.51%)</b><br>Air Liquide Finance 2.125%              |                 |                            |
|       |           | A- 0.00% (1.16%)                                       |                 |                           |            |                    | 15/10/2021                                                        | 438             | 0.65                       |
|       |           | BB+ 0.39% (0.00%)                                      |                 |                           | GBP<br>EUR | 650,000<br>750,000 | Credit Agricole 5.5% 17/12/2021<br>GDF Suez 2.25% 01/06/2018      | 761<br>678      | 1.13<br>1.01               |
| EUR   | 300,000   | KBC Bank 8% 14/05/2049                                 | 264             | 0.39                      | EUR        | 400,000            | Groupe Auchan 2.375%                                              | 070             | 1.01                       |
|       |           | Total Belgium                                          | 976             | 1.45                      |            | ,                  | 12/12/2022                                                        | 350             | 0.52                       |
| BRAZI | L 0.00% ( |                                                        |                 |                           | EUR        | 300,000            | <b>BBB+ 1.53% (3.38%)</b><br>Electricite de France 5.375          |                 |                            |
|       |           | BBB 0.00% (0.42%)                                      |                 |                           |            |                    | 29/01/2049                                                        | 267             | 0.40                       |
|       |           | Total Brazil                                           | _               |                           | EUR        | 800,000            | Vallourec 4.25% 14/02/2017                                        | 758             | 1.13                       |
| CANA  | DA 0.00%  | (1.30%)                                                |                 |                           |            |                    | BBB 3.57% (0.00%)                                                 |                 | ~                          |
| •     |           | AAA 0.00% (0.87%)                                      |                 |                           | EUR<br>EUR | 310,000<br>300,000 | AXA 5.125% 04/07/2043<br>BNP Paribas 5.019% 13/04/2049            | 273<br>243      | 0.41<br>0.36               |
|       |           |                                                        |                 |                           | EUR        | 450,000            | Carrefour 4.375% 02/11/2016                                       | 243<br>431      | 0.36                       |
|       |           | BBB+ 0.00% (0.43%)                                     |                 |                           | EUR        | 800,000            | Eutelsat 3.125% 10/10/2022                                        | 710             | 1.06                       |
|       |           | Total Canada                                           | _               | _                         | EUR        | 800,000            | Vivendi 3.875% 30/11/2015                                         | 739             | 1.10                       |
| CAYM  | AN ISLAI  | NDS 3.33% (3.64%)                                      |                 |                           |            |                    | Baa2 0.52% (0.00%)                                                |                 |                            |
| EUR   | 700,000   | <b>AA 0.99% (0.99%)</b><br>IPIC GMTN 4.875% 14/05/2016 | 668             | 0.99                      | EUR        | 400,000            | Caisse Central du Crédit Immobilier<br>de France 3.75% 10/03/2014 | r<br>353        | 0.52                       |
|       |           | A– 1.18% (1.63%)                                       |                 |                           |            |                    | BBB– 2.18% (0.72%)                                                |                 |                            |
| EUR   | 875,000   | Hutchison Whampoa 2.5%                                 |                 |                           | EUR        | 800,000            | Casino Guichard-Perrachon                                         |                 |                            |
|       |           | 06/06/2017                                             | 793             | 1.18                      |            |                    | 4.726% 26/05/2021                                                 | 792             | 1.18                       |
|       |           | BBB 1.16% (0.91%)                                      |                 |                           | EUR        | 700,000            | Pernod-Ricard 4.875% 18/03/2016                                   | 670             | 1.00                       |
| EUR   | 815,000   | Petrobras International                                |                 |                           |            |                    | BB+ 0.58% (0.43%)                                                 |                 |                            |
| 2011  | 0.0,000   | Finance 4.875% 07/03/2018                              | 777             | 1.16                      | EUR        | 450,000            | Banque PSA Finance 3.625%<br>29/04/2014                           | 202             | 0.50                       |
|       |           | BB 0.00% (0.11%)                                       |                 |                           |            |                    | Total France                                                      | 393<br>8,630    | 0.58<br>12.84              |
|       |           | Total Cayman Islands                                   | 2,238           | 3.33                      |            |                    |                                                                   |                 |                            |
|       |           |                                                        |                 |                           | GER        | MANY 6.96          | <b>5% (4.76%)</b>                                                 |                 |                            |
| DENM  | ARK 1.26  | % (1.00%)                                              |                 |                           | FUR        | 0 400 000          | Aaa 3.20% (2.32%)                                                 | 0.450           | 0.00                       |
| EUR   | 825,000   | A- 1.07% (0.00%)<br>*Jyske Bank 1.323% 20/05/2015      | 721             | 1.07                      | EUR        | 2,460,000          | Bundesobligation 0.5% 13/10/2017                                  | 2,150           | 3.20                       |
|       |           | BBB- 0.00% (0.22%)                                     |                 |                           | EUR        | 1,100,000          | AAA 1.48% (0.91%)<br>FMS Wertmanagement 1.625%<br>22/02/2017      | 992             | 1.48                       |
| GBP   | 130,000   | <b>BB+ 0.19% (0.78%)</b><br>Danske Bank 5.6838%        | 100             |                           | FUR        | 200.000            | A 0.45% (0.35%)                                                   | 552             | 1.40                       |
|       |           | 15/02/2049                                             | 123             | 0.19                      | EUR        | 300,000            | Münchener Rückversicherungs 6% 26/05/2041                         | 304             | 0.45                       |
|       |           | Total Denmark                                          | 844             | 1.26                      |            |                    |                                                                   | 504             | 0.40                       |
| FINLA | ND 0.00%  | o (1.00%)<br>Baa2 0.00% (1.00%)                        |                 |                           | EUR        | 800,000            | <b>A- 1.07% (0.00%)</b><br>Talanx 3.125% 13/02/2023               | 719             | 1.07                       |
|       |           | Total Finland                                          | _               | _                         |            |                    | Baa1 0.00% (0.88%)                                                |                 |                            |
|       |           | -                                                      |                 |                           |            |                    | BBB 0.00% (0.30%)                                                 |                 |                            |

### **Portfolio Statement**

|            | Holding            | Investment                                                        | Value<br>£000  | % of<br>Net Asset<br>Value |            | Holding            | Investment                                                                | Value I<br>£000 | % of<br>Net Asset<br>Value |
|------------|--------------------|-------------------------------------------------------------------|----------------|----------------------------|------------|--------------------|---------------------------------------------------------------------------|-----------------|----------------------------|
| GERI       | MANY 6.96          | % (4.76%) (continued)                                             |                |                            |            |                    | BB 0.00% (0.28%)                                                          |                 |                            |
| GBP        | 200,000            | BBB– 0.32% (0.00%)<br>RWE 7% 31/12/2049<br>BB– 0.44% (0.00%)      | 217            | 0.32                       | EUR        | 175,000            | <b>BB– 0.23% (0.00%)</b><br>Wind Acquisition Finance<br>7.375% 15/02/2018 | 157             | 0.23                       |
| EUR        | 315,000            | Unitymedia Hessen 7.5%<br>15/03/2019                              | 298            | 0.44                       |            |                    | Total Luxembourg                                                          | 4,071           | 6.06                       |
|            |                    | Total Germany                                                     | 4,680          | 6.96                       | MEX        | ICO 1.82%          | (1.78%)                                                                   |                 |                            |
|            |                    |                                                                   |                |                            |            |                    | A- 0.95% (1.28%)                                                          |                 |                            |
| ITAL       | Y 5.50% (4         | .48%)<br>Aa3 0.00% (1.55%)                                        |                |                            | EUR        | 650,000            | América Móvil 4.125% 25/10/2019                                           | 637             | 0.95                       |
|            |                    |                                                                   |                |                            |            |                    | BBB 0.87% (0.50%)                                                         |                 |                            |
| EUR        | 850,000            | <b>A 1.22% (0.99%)</b><br>Eni 4.25% 03/02/2020                    | 819            | 1.22                       | EUR        | 335,000            | United Mexican States<br>4.25% 14/07/2017                                 | 321             | 0.47                       |
|            |                    | A– 1.38% (0.73%)                                                  |                |                            | GBP        | 215,000            | United Mexican States<br>6.75% 06/02/2024                                 | 268             | 0.40                       |
| EUR        | 405,000            | Assicurazioni Generali 5.125%                                     |                |                            |            |                    | Total Mexico                                                              | 1,226           | 1.82                       |
| EUR        | 600,000            | 16/09/2024<br>SNAM 4.375% 11/07/2016                              | 371<br>557     | 0.55<br>0.83               |            |                    |                                                                           | -,              |                            |
|            | ·                  | BBB+ 0.54% (0.43%)                                                | 557            | 0.85                       | NET        | HERLANDS           | 5 17.60% (17.52%)<br>AAA 0.00% (2.66%)                                    |                 |                            |
| EUR        | 400,000            | Assicuraziono Generali 7.75%<br>12/12/2042                        | 364            | 0.54                       |            |                    | AA 1.35% (1.55%)                                                          |                 |                            |
|            |                    |                                                                   | 304            | 0.54                       | EUR        | 1,000,000          | Roche Finance Europe 2%                                                   |                 |                            |
| FUD        | 450.000            | BBB 0.89% (0.00%)                                                 | 070            | 0.50                       |            |                    | 25/06/2018                                                                | 907             | 1.35                       |
| EUR<br>EUR | 450,000<br>250,000 | Telecom Italia 4% 21/01/2020<br>UBI Banca 4.125% 21/10/2013       | 379<br>220     | 0.56<br>0.33               |            |                    | AA- 0.69% (0.80%)                                                         |                 |                            |
|            |                    | BBB– 0.00% (0.78%)                                                |                |                            | EUR        | 460,000            | Nederlandse Gasunie 5.125%<br>31/03/2017                                  | 465             | 0.69                       |
|            |                    | Ba2 0.20% (0.00%)                                                 |                |                            |            |                    | A+ 2.02% (2.32%)                                                          |                 |                            |
| EUR        | 158,000 †          | t*Romulus Finance 1.084%                                          |                |                            | EUR        | 785,000            | Enexis Holding 1.875% 13/11/2020                                          | 681             | 1.01                       |
|            |                    | 20/02/2015                                                        | 132            | 0.20                       | EUR        | 675,000            | ING Bank 4.5% 21/02/2022                                                  | 677             | 1.01                       |
|            |                    | Not rated 1.27% (0.00%)                                           |                |                            |            |                    | A 0.84% (0.00%)                                                           |                 |                            |
| EUR        | 935,000            | Davide Campari-Milano 4.5%<br>25/10/2019                          | 857            | 1.27                       | EUR        | 610,000            | BMW Finance 3.25% 28/01/2016                                              | 567             | 0.84                       |
|            |                    | Total Italy                                                       | 3,699          | 5.50                       |            |                    | A- 1.89% (5.30%)                                                          |                 |                            |
|            |                    |                                                                   | 3,033          | 5.50                       | GBP        | 650,000            | BAT Holdings 5.5% 15/09/2016                                              | 736             | 1.09                       |
| LUXE       | MBOURG             | 6.06% (4.95%)                                                     |                |                            | EUR        | 590,000            | KBC IFIMA 3.875% 31/03/2015                                               | 540             | 0.80                       |
|            |                    | AA- 0.96% (0.00%)                                                 |                |                            |            |                    | BBB+ 4.34% (1.97%)                                                        |                 |                            |
| EUR        | 660,000            | Corporación Andina de<br>Fomento 4.625% 29/03/2018                | 645            | 0.96                       | EUR<br>EUR | 800,000<br>150,000 | CRH 5% 25/01/2019<br>Deutsche Telekom International                       | 805             | 1.20                       |
|            |                    | 1 0111e1110 4.025 /8 29/03/2018                                   | 045            | 0.50                       | Lon        | 100,000            | Finance 7.5% 24/01/2033                                                   | 198             | 0.29                       |
|            |                    | A+ 0.00% (0.87%)                                                  |                |                            | EUR        | 750,000            | F. van Lanschot Bankiers 4.625%                                           |                 |                            |
|            |                    | A 0.55% (0.26%)                                                   |                |                            | EUR        | 525,000            | 22/04/2014<br>ING Bank 6.125% 29/05/2023                                  | 670<br>495      | 1.00<br>0.74               |
| EUR        | 400,000            | Hannover Finance 5% 30/06/2043                                    | 370            | 0.55                       | EUR        | 745,000            | Linde Finance 7.375% 14/07/2066                                           | 746             | 1.11                       |
|            |                    | BBB 2.70% (2.43%)                                                 |                |                            |            |                    | BBB 2.51% (1.83%)                                                         |                 |                            |
| EUR        | 860,000            | Gaz Capital 3.755% 15/03/2017                                     | 781            | 1.16                       | EUR        | 1,400,000          | Iberdrola International 4.25%                                             |                 |                            |
| EUR        | 1,085,000          | Glencore Finance Europe<br>4.125% 03/04/2018                      | 1,032          | 1.54                       |            |                    | 11/10/2018                                                                | 1,302           | 1.94                       |
|            |                    | 4.125 /8 03/04/2018                                               | 1,032          | 1.54                       | EUR        | 400,000            | Tennet 6.655% 28/02/2049                                                  | 380             | 0.57                       |
|            | 410 000 +          | Baa2 0.57% (0.00%)                                                |                |                            |            |                    | BBB– 2.18% (0.35%)                                                        |                 |                            |
| EUR        | 410,000 1          | <sup>+</sup> Prologis International 5.875%<br>23/10/2014          | 379            | 0.57                       | EUR        | 740,000            | Repsol International Finance 4.6259                                       |                 | 1.00                       |
|            |                    |                                                                   |                |                            | EUR        | 870,000            | 08/10/2014<br>Ziggo Finance 6.125% 15/11/2017                             | 675<br>791      | 1.00<br>1.18               |
|            |                    | Baa3 0.00% (0.79%)                                                |                |                            |            | ,                  |                                                                           |                 |                            |
|            |                    | BB+ 1.05% (0.32%)                                                 |                |                            | EUR        | 800,000            | Baa3 1.16% (0.00%)<br>HIT Finance 5.75% 09/03/2018                        | 779             | 1.16                       |
| EUR<br>GBP | 425,000<br>150,000 | ArcelorMittal 8.25% 03/06/2013<br>Finmeccanica Finance 8% 16/12/2 | 374<br>019 163 | 0.56<br>0.24               | 2011       | 200,000            |                                                                           |                 |                            |
| EUR        | 170,000            | FMC Finance VIII 6.5% 15/09/2018                                  |                | 0.25                       |            |                    |                                                                           |                 |                            |
|            |                    |                                                                   |                |                            |            |                    |                                                                           |                 |                            |

### **Portfolio Statement**

|       | Holding    | Investment                                                     | Value<br>£000 | % of<br>Net Asset<br>Value |       | Holding   | Investment                                                       | Value<br>£000 | % of<br>Net Asset<br>Value |
|-------|------------|----------------------------------------------------------------|---------------|----------------------------|-------|-----------|------------------------------------------------------------------|---------------|----------------------------|
| NETH  | ERLANDS    | 17.60% (17.52%) (continued)                                    |               |                            |       |           | BBB+ 0.00% (1.01%)                                               |               |                            |
| EUR   | 345,000    | BB+ 0.39% (0.37%)<br>ABN Amro Bank 4.31% 29/03/2049            | 261           | 0.39                       |       |           | Baa1 0.00% (0.34%)                                               |               |                            |
|       |            | BB 0.00% (0.19%)                                               |               |                            | GBP   | 600,000   | BBB 0.95% (0.92%)<br>Telefonica Emisiones 5.375%<br>02/02/2018   | 639           | 0.95                       |
| EUR   | 150,000    | Ba2 0.23% (0.00%)<br>HeidelbergCement Finance 8%<br>31/01/2017 | 154           | 0.23                       | EUR   | 365,000   | BBB- 0.48% (0.00%)<br>Ferrovial Emisiones 3.375%                 | 039           | 0.95                       |
|       |            | B+ 0.00% (0.18%)                                               |               |                            |       | ,         | 30/01/2018                                                       | 322           | 0.48                       |
|       |            | Total Netherlands                                              | 11,829        | 17.60                      |       |           | Ba1 0.26% (0.00%)                                                |               |                            |
| NORV  | VAY 1.38%  | <b>6 (2.66%)</b>                                               |               |                            | EUR   | 200,000   | Bilbao Bizkaia Kutxa 4.38%<br>28/09/2015                         | 173           | 0.26                       |
|       |            | A1 0.00% (1.00%)                                               |               |                            |       |           | Total Spain                                                      | 3,106         | 4.62                       |
|       |            | A2 0.86% (0.00%)                                               |               |                            |       |           |                                                                  |               |                            |
| EUR   | 625,000    | Sparebank 1 SR Bank 3.5%                                       |               |                            | SWED  | DEN 2.05% | o (4.34%)<br>AA– 0.85% (1.47%)                                   |               |                            |
|       |            | 21/04/2016                                                     | 578           | 0.86                       | EUR   | 600,000   | Nordea Bank 3.75% 24/02/2017                                     | 571           | 0.85                       |
|       |            | A 0.00% (0.80%)                                                |               |                            |       |           | A+ 0.90% (1.71%)                                                 |               |                            |
|       |            | A- 0.52% (0.86%)                                               |               |                            | EUR   | 650,000   | Swedbank 3.375% 09/02/2017                                       | 608           | 0.90                       |
| GBP   | 315,000    | DnB NOR Bank 7.25% 23/06/2020                                  | 348           | 0.52                       |       |           | A– 0.00% (0.91%)                                                 |               |                            |
|       |            | Total Norway                                                   | 926           | 1.38                       |       |           |                                                                  |               |                            |
| REPUI | BLIC OF IF | RELAND 3.12% (1.36%)<br>AA+ 1.38% (0.92%)                      |               |                            | EUR   | 210,000   | BBB– 0.30% (0.25%)<br>Skandinaviska Enskilda 9.25%<br>29/10/2049 | 199           | 0.30                       |
| EUR   | 650,000    | GE Capital European Funding                                    |               |                            |       |           | Total Sweden                                                     | 1,378         |                            |
|       |            | 5.375% 16/01/2018                                              | 666           | 0.99                       |       |           |                                                                  |               |                            |
| EUR   | 225,000    | GE Capital European Funding<br>6.025% 01/03/2038               | 262           | 0.39                       | SWITZ | ZERLAND   | 0.28% (2.85%)<br>A+ 0.00% (0.87%)                                |               |                            |
| EUR   | 220,000    | A 0.34% (0.00%)<br>Cloverie 6.625% 01/09/2042                  | 230           | 0.34                       |       |           | A 0.00% (0.84%)                                                  |               |                            |
|       |            | BBB+ 1.12% (0.00%)                                             |               |                            |       |           | BBB+ 0.00% (0.81%)                                               |               |                            |
| EUR   | 477,000    | Bord Gais Eireann 3.625%                                       |               |                            |       |           | BBB– 0.28% (0.33%)                                               |               |                            |
| FUD   | 005 000    | 04/12/2017                                                     | 434           |                            | EUR   | 200,000   | UBS Jersey 7.152% 12/06/2049                                     | 188           | 0.28                       |
| EUR   | 335,000    | ESB Finance 4.375% 21/11/2019                                  | 315           | 0.47                       |       |           | Total Switzerland                                                | 188           | 0.28                       |
|       |            | Baa3 0.00% (0.44%)                                             |               |                            |       |           |                                                                  |               |                            |
|       |            | Not rated 0.28% (0.00%)                                        |               |                            | UNITE | D KINGD   | OM 19.65% (23.91%)<br>AAA 0.95% (1.02%)                          |               |                            |
| EUR   | 207,000    | Bank of Ireland 10% 30/07/2016                                 | 188           | 0.28                       | GBP   | 625,000   | *Abbey National Treasury                                         |               |                            |
|       |            | Total Republic of Ireland                                      | 2,095         | 3.12                       |       |           | Service 2.11% 16/02/2015                                         | 638           | 0.95                       |
| SPAIN | l 4.62% (3 | .16%)<br>Aa2 0.00% (0.89%)                                     |               |                            | GBP   | 400,000   | <b>Aaa 0.61% (0.00%)</b><br>*Clydesdale Bank 2.21875% 08/06/201  | 5 410         | 0.61                       |
|       |            | AA– 0.91% (0.00%)                                              |               |                            |       |           | A+ 0.00% (1.34%)                                                 |               |                            |
| EUR   | 700,000    | Kutxabank 3% 01/02/2017                                        | 616           | 0.91                       |       |           | A 1.40% (2.87%)                                                  |               |                            |
| EUR   | 800,000    | <b>A3 2.02% (0.00%)</b><br>Banco Bilbao Vizcaya                |               |                            | EUR   | 910,000   | Royal Bank of Scotland 5.375%<br>30/09/2019                      | 941           | 1.40                       |
| 2011  | 000,000    | Argentaria 3.5% 05/12/2017                                     | 711           | 1.06                       |       |           |                                                                  |               |                            |
| EUR   | 700,000    | Banco Santander 4.625% 20/01/2016                              | 645           | 0.96                       |       |           |                                                                  |               |                            |

### **Portfolio Statement**

|            | Holding            | Investment                                                | Value<br>£000 | % of<br>Net Asset<br>Value |      | Holding   | Investment                                             | Value<br>£000 | % of<br>Net Asset<br>Value |
|------------|--------------------|-----------------------------------------------------------|---------------|----------------------------|------|-----------|--------------------------------------------------------|---------------|----------------------------|
| UNITI      | ed kingd           | OM 19.65% (23.91%) (continued)<br>A– 2.86% (6.35%)        |               |                            | UNIT | ED STATE  | ES OF AMERICA 8.58% (8.38%)<br>AA– 1.86% (1.60%)       |               |                            |
| EUR        | 535,000            | Anglian Water Services<br>Financing 6.25% 27/06/2016      | 544           | 0.81                       | EUR  | 200,000   | General Electric Capital 5.5%<br>15/09/2067            | 174           | 0.26                       |
| EUR        | 525,000            | Experian Finance 4.75% 04/02/2020                         | 535           |                            | EUR  | 1,250,000 | Metropolitan Life Global                               |               |                            |
| EUR        | 450,000            | HSBC Holdings 6.25% 19/03/2018                            | 465           |                            |      |           | Funding I 2.375% 11/01/2023                            | 1,074         | 1.60                       |
| GBP        | 325,000            | Tesco 5.5% 13/12/2019                                     | 379           | 0.56                       |      |           | A+ 1.12% (0.00%)                                       |               |                            |
|            |                    | BBB+ 3.09% (3.00%)                                        |               |                            | EUR  | 850,000   | Wells Fargo & Company                                  |               |                            |
| EUR        | 375,000            | Barclays Bank 6% 23/01/2018                               | 371           | 0.55                       |      |           | 2.625% 16/08/2022                                      | 753           | 1.12                       |
| EUR        | 315,000            | BG Energy Capital 6.5% 30/11/2072                         | 305           | 0.45                       |      |           |                                                        |               |                            |
| EUR        | 300,000            | Legal & General Group 4%                                  |               |                            | EUR  | 350,000   | <b>A 0.50% (0.85%)</b><br>Wachovia 4.375% 27/11/2018   | 339           | 0.50                       |
| CDD        | FE0 000            | 08/06/2025<br>London Power Networks                       | 259           | 0.39                       | LON  | 350,000   | Wachovia 4.375% 27/11/2016                             | 335           | 0.50                       |
| GBP        | 550,000            | 5.375% 11/11/2016                                         | 617           | 0.92                       |      |           | A- 2.92% (3.98%)                                       |               |                            |
| EUR        | 515,000            | Nationwide Building Society                               | 017           | 0.02                       | EUR  | 1,100,000 | Bank of America 4.625%                                 |               |                            |
|            | ,                  | 6.75% 22/07/2020                                          | 523           | 0.78                       | FUR  | 705 000   | 07/08/2017                                             | 1,074         | 1.60                       |
|            |                    |                                                           |               |                            | EUR  | 785,000   | Citigroup 7.375% 04/09/2019                            | 888           | 1.32                       |
| FUD        | 1 40 000           | BBB 3.59% (3.42%)                                         | 101           | 0.10                       |      |           | BBB+ 1.17% (0.94%)                                     |               |                            |
| EUR<br>GBP | 140,000<br>585,000 | Aviva 5.25% 02/10/2023<br>British Telecom 8.5% 07/12/2016 | 121<br>725    |                            | EUR  | 325,000   | Bank of America 4.75%                                  |               |                            |
| GBP        | 675,000            | ENW Finance 6.75% 20/06/2015                              | 744           |                            |      |           | 06/05/2019                                             | 280           | 0.41                       |
| EUR        | 785,000            | Imperial Tobacco Finance 8.375%                           | 7             |                            | EUR  |           | *Citigroup 0.857% 31/05/2017                           | 267           | 0.40                       |
|            | ,                  | 17/02/2016                                                | 817           | 1.22                       | EUR  | 300,000   | Citigroup 4.25% 25/02/2030                             | 243           | 0.36                       |
|            |                    |                                                           |               |                            |      |           | BBB 1.01% (1.01%)                                      |               |                            |
| EUR        | 715 000            | <b>Baa2 0.95% (0.00%)</b><br>Hammerson 2.75% 26/09/2019   | 620           | 0.95                       | GBP  | 650,000   | Pemex Project Funding                                  |               |                            |
| EUR        | 715,000            | Hammerson 2.75% 26/09/2019                                | 638           | 0.95                       |      |           | Master Trust 7.5% 18/12/2013                           | 678           | 1.01                       |
|            |                    | BBB– 4.71% (4.14%)                                        |               |                            |      |           | <b>Total United States of America</b>                  | 5,770         | 8.58                       |
| GBP        | 705,000            | FirstGroup 6.875% 15/04/2013                              | 708           |                            |      |           |                                                        |               |                            |
| EUR        | 510,000            | G4S 2.625% 06/12/2018                                     | 447           |                            | DERI | VATIVES ( | 0.53% (0.02%)                                          |               |                            |
| EUR<br>EUR | 525,000            | Rentokil Initial 3.375% 24/09/2019                        | 468           | 0.70                       |      |           | Credit default swaps -0.23% (0.00%                     | 6)            |                            |
| EUN        | 535,000            | Royal Bank of Scotland 10.5%<br>16/03/2022                | 564           | 0.84                       | EUR  | 1,000,000 | Credit Suisse EUR Aegon                                |               |                            |
| GBP        | 225,000            | UBM 6.5% 23/11/2016                                       | 257           |                            |      |           | 20/06/2017 Spread 100                                  | (18)          | (0.03)                     |
| GBP        | 685,000            | Virgin Media Secured Finance 7%                           | 207           | 0.00                       | EUR  | 500,000   | •                                                      | 5             | 0.01                       |
|            |                    | 15/01/2018                                                | 728           | 1.08                       | EUR  | 2,250,000 | Auchan 20/12/2017 Spread 100<br>HSBC EUR Markit iTraxx | 5             | 0.01                       |
|            |                    |                                                           |               |                            | LOII | 2,230,000 | SUB FIN 20/12/2017 Spread 500                          | (217)         | (0.32)                     |
| GBP        | 170.000            | BB+ 0.29% (0.07%)                                         | 195           | 0.29                       | EUR  | 1,200,000 | Morgan Stanley Lloyds                                  | (=,           | (0102)                     |
| GDF        | 170,000            | GKN Holdings 6.75% 28/10/2019                             | 195           | 0.29                       |      |           | TSB Bank 3.375% 20/12/2017                             | 77            | 0.11                       |
|            |                    | Ba1 0.29% (0.00%)                                         |               |                            |      |           |                                                        |               | (0.00%)                    |
| EUR        | 225,000            | Prosecure Funding 4.668%                                  |               |                            |      |           | Forward foreign exchange contrac<br>Sell GBP 455,000   | ts 0.76%      | (0.02%)                    |
|            |                    | 30/06/2016                                                | 194           | 0.29                       |      |           | Buy EUR 548,523 RBS                                    | 22            | 0.03                       |
|            |                    | BB 0.35% (0.56%)                                          |               |                            |      |           | Sell GBP 11,506,910                                    |               | 0100                       |
| GBP        | 200,000            | LBG Capital No 1 11.04% 19/03/2020                        | 236           | 0.35                       |      |           | Buy EUR 13,825,685 Citigroup                           | 504           | 0.75                       |
|            |                    |                                                           |               |                            |      |           | Sell EUR 357,463                                       |               |                            |
|            |                    | BB- 0.00% (0.32%)                                         |               |                            |      |           | Buy GBP 300,000 HSBC                                   | (11)          | (0.02)                     |
|            |                    | Ba3 0.00% (0.30%)                                         |               |                            |      |           | Sell EUR 260,710                                       | (7)           | (0.01)                     |
|            |                    |                                                           |               |                            |      |           | Buy GBP 220,000 RBS<br>Sell EUR 291,335                | (7)           | (0.01)                     |
|            |                    | CCC+ 0.17% (0.00%)                                        |               |                            |      |           | Buy GBP 250,000 Goldman Sachs                          | (3)           | _                          |
| GBP        | 100,000            | *Annington Finance No5 13%                                |               |                            |      |           | Sell GBP 200,000                                       | (3)           | _                          |
|            |                    | 15/01/2023                                                | 111           | 0.17                       |      |           | Buy EUR 234,494 BNP                                    | 4             | 0.01                       |
|            |                    | Not rated 0.39% (0.52%)                                   |               |                            |      |           | Sell EUR 746,095                                       |               |                            |
| GBP        | 300,000 *          | **Cattles 0% 05/07/2017                                   | 6             | 0.01                       |      |           | Buy GBP 645,000 SEB                                    | (3)           | -                          |
| GBP        | 210,000            |                                                           | 258           |                            |      |           | Sell GBP 150,000                                       |               |                            |
| EUR        | 350,000 *          | **Lehman Bros Capital Fund                                |               |                            |      |           | Buy EUR 173,406 J.P. Morgan                            | 1             |                            |
|            |                    | 0% 22/02/2049                                             | -             |                            |      |           | Total derivatives                                      | 354           | 0.53                       |
|            |                    | Total United Kingdom                                      | 13,204        | 19.65                      |      |           |                                                        |               |                            |

### **Portfolio Statement**

(continued)

|                                          | Value I<br>£000 | % of<br>Net Asset<br>Value |
|------------------------------------------|-----------------|----------------------------|
| Total value of investments               | 66,023          | 98.23                      |
| Net other assets (3.34%)                 | 1,189           | 1.77                       |
| Net assets                               | 67,212          | 100.00                     |
| ANALYSIS OF INVESTMENTS BY CREDIT RATING | 6               |                            |
| AAA                                      | 1,630           |                            |
| Ааа                                      | 2,560           |                            |
| AA+                                      | 928             |                            |
| AA                                       | 1,575           |                            |
| AA-                                      | 3,545           |                            |
| A+                                       | 4,302           |                            |
| A                                        | 6,509           |                            |
| A2                                       | 578             |                            |
| A-                                       | 9,307           |                            |
| A3                                       | 1,356           |                            |
| BBB+                                     | 7,917           |                            |
| BBB                                      | 11,580          |                            |
| Baa2                                     | 1,370           |                            |
| BBB-                                     | 7,026           |                            |
| Baa3                                     | 779             |                            |
| BB+                                      | 1,943           |                            |
| Ba1                                      | 367             |                            |
| BB                                       | 236             |                            |
| Ba2                                      | 286             |                            |
| BB-                                      | 455             |                            |
| CCC+                                     | 111             |                            |
| Not rated                                | 1,309           | -                          |
| Total bonds                              | 65,669          |                            |
| Derivatives                              | 354             | _                          |
| Total value of investments               | 66,023          |                            |

#### ANALYSIS OF COLLATERAL RECEIVED

| Counterparty | Туре | Value<br>£000 |
|--------------|------|---------------|
| Citibank     | Cash | 450           |

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

March 2012 comparatives in brackets.

\*Variable rate bonds.

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

*††At 7 March 2013, there were investments totalling £510,648 (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.* 

### **Portfolio Statement**

|               | Holding    | Investment                                              | Value<br>£000 | % of<br>Net Asset<br>Value |      | Holding    | Investment                                               | Value<br>£000 | % of<br>Net Asset<br>Value |
|---------------|------------|---------------------------------------------------------|---------------|----------------------------|------|------------|----------------------------------------------------------|---------------|----------------------------|
| AUS           | TRIA 0.37% | 6 (0.69%)<br>BB 0.37% (0.69%)                           |               |                            | CZE  | CH REPUBI  | LIC 0.00% (0.12%)<br>B 0.00% (0.12%)                     |               |                            |
| EUR           | 1,250,000  | Sappi Papier Holding 6.625%<br>15/04/2018               | 1,161         | 0.14                       |      |            | Total Czech Republic                                     | -             | _                          |
| USD           | 1,245,000  | Sappi Papier Holding 7.75%<br>15/07/2017                | 922           | 0.12                       | DEN  | MARK 0.46  |                                                          |               |                            |
| USD           | 1,205,000  | Sappi Papier Holding 8.375%<br>15/06/2019               | 894           | 0.11                       | EUR  | 4,124,000  | <b>B 0.46% (0.64%)</b><br>ISS Holdings 8.875% 15/05/2016 | 3,680         | 0.46                       |
|               |            | Total Austria                                           | 2,977         | 0.37                       |      |            | Total Denmark                                            | 3,680         | 0.46                       |
| BELG          | GIUM 0.41% | % (0.00%)                                               |               |                            | FINL | AND 0.50%  |                                                          |               |                            |
|               |            | BB+ 0.41% (0.00%)                                       |               |                            | CPP  | 2 262 000  | BB 0.32% (0.35%)                                         | 2 5 5 6       | 0.22                       |
| EUR           | 700,000    | KBC Bank 8% 14/05/2049                                  | 616           |                            | GBP  | 2,362,000  | UPM-Kymmene 6.625% 23/01/2017                            | 2,558         | 0.32                       |
| USD           | 4,000,000  | KBC Bank 8% 25/01/2023                                  | 2,673         | 0.33                       |      |            | B- 0.00% (0.49%)                                         |               |                            |
|               |            | Total Belgium                                           | 3,289         | 0.41                       |      |            |                                                          |               |                            |
|               |            |                                                         |               |                            | USD  | 2 000 000+ | Not rated 0.18% (0.18%)<br>TM-real 9.4% 25/06/2014       | 1,427         | 0.18                       |
| CAN           | ADA 0.91%  |                                                         |               |                            | 030  | 2,000,0001 |                                                          |               |                            |
|               |            | BB+ 0.00% (1.06%)                                       |               |                            |      |            | Total Finland                                            | 3,985         | 0.50                       |
| EUR           | 7,973,000  | <b>BB 0.91% (0.00%)</b><br>Bombardier 6.125% 15/05/2021 | 7,346         | 0.91                       | FRA  | NCE 7.08%  |                                                          |               |                            |
|               | .,         | Total Canada                                            | 7,346         |                            |      |            | BBB+ 0.00% (0.53%)                                       |               |                            |
|               |            |                                                         | 7,340         | 0.51                       |      |            | BB+ 2.83% (0.67%)                                        |               |                            |
| CAVE          |            | NDS 3.35% (3.67%)                                       |               |                            | EUR  | 3,525,000  | Lafarge 4.75% 23/03/2020                                 | 3,225         | 0.40                       |
| CAT           | VIAN ISLA  | BB 0.21% (0.14%)                                        |               |                            | EUR  | 1,900,000  | Lafarge 5.375% 26/06/2017                                | 1,794         | 0.22                       |
| USD           | 665,000    | Sable International Finance 7.75%                       | <u>/</u>      |                            | EUR  | 1,150,000  | Lafarge 5.875% 09/07/2019                                | 1,104         | 0.14                       |
| 000           | 000,000    | 15/02/2017                                              | 470           | 0.06                       | GBP  | 850,000    | Lafarge 6.625% 29/11/2017                                | 942           | 0.12                       |
| USD           | 1,600,000  | Sable International Finance 8.75%                       |               |                            | EUR  | 2,859,000  | Lafarge 6.625% 29/11/2018                                | 2,821         | 0.35                       |
|               | ,,         | 01/02/2020                                              | 1,210         | 0.15                       | EUR  | 1,370,000  | Lafarge 6.75% 16/12/2019                                 | 1,375         | 0.17                       |
|               |            |                                                         |               |                            | GBP  | 1,371,000  | Lafarge 10% 30/05/2017                                   | 1,668         | 0.21                       |
|               |            | BB- 1.23% (0.00%)                                       |               |                            | EUR  | 8,193,000  | Renault 4.625% 18/09/2017                                | 7,440         | 0.93                       |
| EUR           | 1,205,000  | UPCB Finance 6.375% 01/07/2020                          |               |                            | EUR  | 2,524,000  | Tereos Europe 6.375% 15/04/2014                          | 2,287         | 0.29                       |
| EUR           | 8,161,000  | UPCB Finance 7.625% 15/01/2020                          |               |                            |      |            | BB 1.60% (2.74%)                                         |               |                            |
| USD           | 1,400,000  | UPCB Finance VI 6.875% 15/01/20                         | 22 1,012      | 0.13                       | EUR  | 4,100,000  | Crown European Holdings 7.125%                           |               |                            |
|               |            | B+ 0.00% (1.56%)                                        |               |                            |      |            | 15/08/2018                                               | 3,865         | 0.48                       |
|               |            |                                                         |               |                            | EUR  | 800,000    | Nexans 4.25% 19/03/2018                                  | 698           | 0.09                       |
|               |            | B 0.12% (0.00%)                                         |               |                            | EUR  | 1,650,000  | Nexans 5.75% 02/05/2017                                  | 1,525         | 0.19                       |
| USD           | 1,250,000  | RDS Ultra-Deepwater 11.875%                             |               |                            | EUR  | 2,376,000  | Rexel 7% 17/12/2018                                      | 2,261         | 0.28                       |
|               |            | 15/03/2017                                              | 930           | 0.12                       | EUR  | 481,000    | Rexel 8.25% 15/12/2016                                   | 452           | 0.06                       |
|               |            | B2 0.82% (0.23%)                                        |               |                            | EUR  | 4,381,000  | SPCM 5.5% 15/06/2020                                     | 4,049         | 0.50                       |
| EUR           | 600,000    | Dubai Holding 4.75% 30/01/2014                          | 520           | 0.06                       |      |            | BB- 0.67% (0.58%)                                        |               |                            |
| GBP           | 3,750,000  | Dubai Holding Commercial                                |               |                            | EUR  | 6,073,000  | Peugeot 7.375% 06/03/2018                                | 5,345         | 0.67                       |
|               |            | Operations Group 6% 01/02/2017                          | 3,750         | 0.47                       |      |            |                                                          |               |                            |
| EUR           | 2,576,000  | Viridian Group 11.125% 01/04/201                        | 2,359         | 0.29                       | FUD  | 0.440.000  | Ba3 0.30% (0.00%)                                        | 0 400         | 0.00                       |
|               |            | B– 0.00% (0.11%)                                        |               |                            | EUR  | 2,446,000  | Faurecia 9.375% 15/12/2016                               | 2,420         | 0.30                       |
|               |            | Not rated 0.97% (1.63%)                                 |               |                            |      |            | Ba3e 0.00% (0.51%)                                       |               |                            |
| GBP           | 4,182,643  | Countrywide Holdings 10%                                |               |                            |      |            | B+ 1.08% (0.91%)                                         |               |                            |
| GDI           | 4,102,040  | 08/05/2018                                              | 4,266         | 0.53                       | EUR  | 3,095,000  | Cerba European Lab 7%                                    |               |                            |
| NOK           | 6,000,000  | **Petroprod 0% 26/11/2013                               | -1,200        | -                          |      |            | 01/02/2020                                               | 2,737         | 0.34                       |
|               |            | **PSOS Finance 12% 06/10/2015                           | 3,565         | 0.44                       | EUR  | 5,609,000  | Labco 8.5% 15/01/2018                                    |               |                            |
|               |            | Total Cayman Islands                                    | 26,914        | 3.35                       | FUR  | 005 000    | XS0577452823                                             | 5,154         | 0.64                       |
|               |            |                                                         | -,            |                            | EUR  | 895,000    | Labco 8.5% 15/01/2018<br>XS0888415220                    | 823           | 0.10                       |
| CRO           | ATIA 1.01% |                                                         |               |                            |      |            |                                                          | -20           | 50                         |
| <b>F</b> 1.15 | 4 400 000  | B 1.01% (0.80%)                                         |               |                            | ELIP | 1 665 000  | B 0.17% (0.00%)                                          |               |                            |
| EUR           | 1,490,000  | Agrokor 9.125% 01/02/2020                               | 1,407         |                            | EOR  | 1,565,000  | LA Financiere Atalian 7.25%<br>15/01/2020                | 1,367         | 0.17                       |
| EUR           | 7,154,000  | Agrokor 10% 07/12/2016                                  | 6,737         |                            |      |            | 15/01/2020                                               | 1,307         | 0.17                       |
|               |            | Total Croatia                                           | 8,144         | 1.01                       |      |            |                                                          |               |                            |

### **Portfolio Statement**

|      | Holding    | Investment                                           | Value<br>£000  | % of<br>Net Asset<br>Value |       | Holding                 | Investment                                                      | Value<br>£000  | % of<br>Net Asset<br>Value |
|------|------------|------------------------------------------------------|----------------|----------------------------|-------|-------------------------|-----------------------------------------------------------------|----------------|----------------------------|
| FRAN | ICE 7.08%  | (6.62%) (continued)<br>B– 0.00% (0.03%)              |                |                            | EUR   | 1,783,000               | (P)B3 0.19% (0.00%)<br>Cerved Technologies 6.375%<br>15/01/2021 | 1,521          | 0.19                       |
| EUR  | 2,293,000  | <b>B3 0.26% (0.00%)</b><br>Faurecia 8.75% 15/06/2019 | 2,081          | 0.26                       | EUR   | 3,300,000               | <b>D 0.09% (0.25%)</b><br>**Seat Pagine Gialle 0% 31/01/2017    | 1,521          | 0.15                       |
|      |            | CCC+ 0.17% (0.65%)                                   |                |                            |       |                         | XS0482702395                                                    | 774            | 0.09                       |
| EUR  | 1,777,000  | Europcar Groupe 9.375%<br>15/04/2018                 | 1,402          | 0.17                       |       |                         | Total Italy                                                     | 8,459          | 1.05                       |
|      |            | Total France                                         | 56,835         | 7.08                       |       |                         |                                                                 |                |                            |
|      |            |                                                      | ,              |                            | LUX   | EMBOURG                 | i 19.19% (14.00%)<br>Baa2 0.14% (0.00%)                         |                |                            |
| GERM | MANY 7.28  | 8% (4.88%)                                           |                |                            | EUR   | 1,218,000               | <sup>1</sup> †Prologis International 5.875%<br>23/10/2014       | 1,126          | 0.14                       |
| EUR  | 2,700,000  | BBB 0.31% (0.46%)<br>Commerzbank 7.75% 16/03/2021    | 2,503          | 0.31                       |       |                         | Baa3 0.00% (0.42%)                                              |                |                            |
|      | _,,        |                                                      | _,             |                            |       |                         |                                                                 |                |                            |
| FLIR | 2,133,000  | BB 1.44% (0.00%)<br>Kabel Deutschland 6.5% 29/06/201 | 8 1,985        | 0.25                       |       | 1 570 000               | BB+ 1.84% (1.57%)                                               | 1 000          | 0.14                       |
|      | 10,900,000 | ThyssenKrupp 4% 27/08/2018                           | 9,572          | 1.19                       |       | 1,570,000<br>11,866,000 | Arcelormittal 5% 25/02/2017<br>Fiat Industrial Finance 6.25%    | 1,092          | 0.14                       |
|      |            |                                                      | -,             |                            | LON   | 11,000,000              | 09/03/2018                                                      | 11,374         | 1.42                       |
|      | 2 750 000  | BB- 2.44% (1.70%)                                    |                |                            | EUR   | 2,238,000               | FMC Finance VIII 6.5% 15/09/2018                                | 2,240          | 0.28                       |
| EUR  | 2,750,000  | Unitymedia Hessen 5.125%<br>21/01/2023               | 2,334          | 0.29                       |       |                         | BB 0.19% (3.74%)                                                |                |                            |
| EUR  | 3,850,000  | Unitymedia Hessen 5.5%                               | 2,001          | 0.20                       | GBP   | 1,395,000               | Cabot Financial Luxemburg 10.375%                               | /<br>0         |                            |
|      |            | 15/09/2022                                           | 3,345          | 0.42                       |       | .,,                     | 01/10/2019                                                      | 1,535          | 0.19                       |
| EUR  | 6,255,000  | Unitymedia Hessen 5.75%                              | F F 40         | 0.00                       |       |                         | Ba2 2.38% (0.00%)                                               |                |                            |
| EUR  | 4,380,000  | 15/01/2023<br>Unitymedia Hessen 7.5%                 | 5,510          | 0.69                       | EUR   | 2,243,000               | HeidelbergCement Finance 6.75%                                  |                |                            |
| 2011 | .,,        | 15/03/2019                                           | 4,140          | 0.52                       |       | , ,,,,,,,               | 15/12/2015                                                      | 2,176          | 0.27                       |
| EUR  | 4,482,433  | *Unitymedia Hessen 8.125%                            |                |                            | EUR   | 9,109,000               | HeidelbergCement Finance 7.5%                                   |                |                            |
|      |            | 01/12/2017                                           | 4,185          | 0.52                       | EUR   | 1,409,000               | 03/04/2020<br>HeidelbergCement Finance 7.5%                     | 9,555          | 1.19                       |
|      |            | B+ 0.28% (0.73%)                                     |                |                            | LON   | 1,403,000               | 31/10/2014                                                      | 1,333          | 0.17                       |
| EUR  | 2,452,000  | Techem 6.125% 01/10/2019                             | 2,280          | 0.28                       | EUR   | 5,247,000               | HeidelbergCement Finance 8.5%                                   |                |                            |
|      |            | B 0.28% (0.00%)                                      |                |                            |       |                         | 31/10/2019                                                      | 5,733          | 0.71                       |
| EUR  | 2,424,000  | Kabel Deutsche Holding 6.5%                          |                |                            | EUR   | 300,000                 | HeidelbergCement Finance 9.5%<br>15/12/2018                     | 336            | 0.04                       |
|      |            | 31/07/2017                                           | 2,274          | 0.28                       |       |                         | 13/12/2010                                                      | 000            | 0.04                       |
|      |            | B– 1.42% (1.99%)                                     |                |                            |       |                         | (P)Ba2 0.11% (0.00%)                                            |                |                            |
| EUR  | 1,480,000  | KM Germany Holding 8.75%                             |                |                            | EUR   | 990,000                 | Altice Financing 8% 15/12/2019                                  | 922            | 0.11                       |
|      |            | 15/12/2020                                           | 1,373          | 0.17                       |       |                         | BB– 5.12% (2.69%)                                               |                |                            |
| EUR  | 2,452,000  | Techem Energy Metering Service                       | 2 202          | 0.20                       | EUR   | 5,865,000               | Bormioli Rocco Holdings 10%                                     |                |                            |
| FUR  | 4,328,000  | 7.875% 01/10/2020<br>Unitymedia 9.5% 15/03/2021      | 2,292<br>4,290 | 0.29<br>0.53               | EUR   | 200,000                 | 01/08/2018<br>Fiat Finance & Trade 6.125%                       | 5,228          | 0.65                       |
|      |            | Unitymedia 9.625% 01/12/2019                         | 3,453          | 0.43                       | LON   | 200,000                 | 08/07/2014                                                      | 180            | 0.02                       |
|      |            | B3 0.26% (0.00%)                                     |                |                            | EUR   | 1,920,000               | Fiat Finance & Trade 6.375%                                     |                |                            |
| EUR  | 2.248.000  | *Grohe Holding 8.75% 15/12/2017                      | 2,043          | 0.26                       | EL ID | 0 7 40 000              | 01/04/2016                                                      | 1,714          | 0.21                       |
|      | _, ,       | -                                                    | _,             |                            | EUR   | 3,743,000               | Fiat Finance & Trade 6.875%<br>13/02/2015                       | 3,417          | 0.43                       |
| ELID | 7,009,000  | CCC 0.85% (0.00%)<br>KP Germany Erste 11.625%        |                |                            | EUR   | 4,643,000               | Fiat Finance & Trade 7.625%                                     | 5,417          | 0.40                       |
| EUR  | 7,009,000  | 15/07/2017                                           | 6,856          | 0.85                       |       |                         | 15/09/2014                                                      | 4,266          | 0.53                       |
|      |            | Total Germany                                        | 58,435         | 7.28                       | EUR   | 1,900,000               | Fiat Finance & Trade 7.75%                                      | 4 7 47         | 0.00                       |
|      |            |                                                      | 00,100         |                            | EUR   | 3.512.000               | 17/10/2016<br>*Mark IV Europe 8.875% 15/12/2017                 | 1,747<br>3,312 | 0.22<br>0.41               |
| ITAL | Y 1.05% (1 | .04%)<br>BB 0.37% (0.79%)                            |                |                            | CHF   |                         | *Matterhorn Mobile Holdings 5.399%<br>15/05/2019                |                | 0.14                       |
| EUR  | 3,312,000  | Lottomatica 8.25% 31/03/2066                         | 2,972          | 0.37                       | CHF   | 3,186,000               | Matterhorn Mobile Holdings 6.75%                                | 1,105          | 0.14                       |
|      |            |                                                      |                |                            |       |                         | 15/05/2019                                                      | 2,399          | 0.30                       |
| EUR  | 1,905,000  | B 0.21% (0.00%)<br>Zobele Holding 7.875% 01/02/2018  | 1,691          | 0.21                       | CHF   | 2,620,000               | Sunrise Communications 5.625%                                   | 1 000          | 0.04                       |
| 2011 | .,,        | -                                                    | .,001          | 0.21                       | CHF   | 250,000                 | 31/12/2017<br>Sunrise Communications 7%                         | 1,906          | 0.24                       |
| EU D | 1 705 000  | (P)B2 0.19% (0.00%)                                  |                |                            |       | ,000                    | 31/12/2017 XS0548100246                                         | 188            | 0.02                       |
| EUK  | 1,725,000  | Cerved Technologies<br>6.375% 15/01/2020             | 1,501          | 0.19                       | EUR   | 4,843,000               | Sunrise Communications 7%                                       |                |                            |
|      |            |                                                      | .,501          | 0.10                       |       |                         | 31/12/2017 XS0548101723                                         | 4,500          | 0.56                       |

### **Portfolio Statement**

|            | Holding                | Investment                                                         | Value<br>£000 | % of<br>Net Asset<br>Value |            | Holding                | Investment                                                             | Value<br>£000  | % of<br>Net Asset<br>Value |
|------------|------------------------|--------------------------------------------------------------------|---------------|----------------------------|------------|------------------------|------------------------------------------------------------------------|----------------|----------------------------|
|            |                        | 19.19% (14.00%) (continued)                                        |               |                            |            |                        | Not rated 0.46% (0.17%)                                                |                |                            |
| EUR        | 3,857,000              | TMD Friction Finance 10.75% 15/05/2017                             | 3,683         | 0.46                       | EUR        | 4,250,000 †            | *Signum Luxemburg 3.934%<br>30/06/2015                                 | 3,671          | 0.46                       |
| EUR        | 8,328,000              | Wind Acquisition Finance 7.375%                                    |               |                            |            |                        |                                                                        | 154,093        | 19.19                      |
|            |                        | 15/02/2018                                                         | 7,490         | 0.93                       |            |                        |                                                                        |                |                            |
|            |                        | Ba3 0.00% (1.06%)                                                  |               |                            | NET        | HERLANDS               | 5 13.05% (17.56%)<br>BBB– 0.51% (0.46%)                                |                |                            |
|            |                        | B+ 3.66% (1.31%)                                                   |               |                            | EUR        | 4,509,000              | Ziggo Finance 6.125% 15/11/2017                                        | 4,100          | 0.51                       |
| EUR        | 1,165,000              | Albea Beauty Holdings 8.75%<br>01/11/2019                          | 1,074         | 0.13                       |            |                        | BB+ 2.14% (1.05%)                                                      |                |                            |
| EUR        | 6,739,000              | Cirsa Funding Luxembourg 8.75%                                     | 1,074         | 0.10                       | EUR        | 7,157,000              | ABN Amro Bank 4.31% 29/03/2049                                         | 5,418          | 0.67                       |
| EUR        | 1 002 451              | 15/05/2018                                                         | 5,756         | 0.72                       | EUR<br>EUR | 4,312,000<br>4,196,000 | EDP Finance 5.75% 21/09/2017<br>OI European Group 6.75%                | 3,987          | 0.50                       |
| EUR        | 1,083,451              | *Oxea Finance & Cy 9.625%<br>15/07/2017                            | 1,030         | 0.13                       | LON        | 4,150,000              | 15/09/2020                                                             | 4,104          | 0.51                       |
| EUR        | 4,031,000              | Telenet Finance 6.25% 15/08/2022                                   | 3,583         | 0.45                       | EUR        | 4,122,000              | OI European Group 6.875%                                               | 0.001          | 0.40                       |
| EUR<br>EUR | 2,171,000<br>2,764,000 | Telenet Finance 6.75% 15/08/2024<br>Telenet Finance III Luxembourg | 1,969         | 0.25                       |            |                        | 31/03/2017                                                             | 3,661          | 0.46                       |
| LOII       | 2,704,000              | 6.625% 15/02/2021                                                  | 2,504         | 0.31                       | FUD        | 0.014.000              | BB 1.29% (5.37%)                                                       |                |                            |
| EUR        | 2,308,000              | Telenet Finance Luxembourg 6.3759                                  |               | 0.00                       | EUR        | 2,314,000              | Portugal Telecom International<br>Finance 4.375% 24/03/17              | 2,036          | 0.25                       |
| EUR        | 12,323,000             | 15/11/2020<br>Wind Acquisition Finance 11.75%                      | 2,085         | 0.26                       | EUR        | 1,881,000              | Portugal Telecom International                                         | 2,000          | 0120                       |
|            |                        | 15/07/2017                                                         | 11,348        | 1.41                       | EUR        | 1,800,000              | Finance 5% 04/11/2019<br>Portugal Telecom International                | 1,628          | 0.20                       |
|            |                        | B 1.53% (1.89%)                                                    |               |                            | EUN        | 1,000,000              | Finance 5.625% 08/02/2016                                              | 1,646          | 0.20                       |
| USD        | 890,000                | Aguila 3 7.875% 31/01/2018                                         |               |                            | EUR        | 5,637,000              | Portugal Telecom International                                         |                |                            |
| CHF        | 4 242 000              | US008635AA20<br>Aguila 3 7.875% 31/01/2018                         | 634           | 0.08                       |            |                        | Finance 5.875% 17/04/2018                                              | 5,106          | 0.64                       |
| CIII       | 4,242,000              | XS0585440430                                                       | 3,185         | 0.40                       |            |                        | Ba2 1.85% (0.00%)                                                      |                |                            |
| EUR        | 2,057,000              | *Numericable Finance 8.07%                                         |               |                            | EUR        | 14,488,000             | HeidelbergCement Finance 8% 31/01/2017                                 | 14,849         | 1.85                       |
| EUR        | 5,201,000              | 15/10/2018<br>Numericable Finance 8.75%                            | 1,837         | 0.23                       |            |                        |                                                                        | 14,040         | 1.00                       |
|            | -,,                    | 15/02/2019                                                         | 4,932         | 0.61                       | EUR        | 3,912,000              | <b>BB– 2.56% (1.08%)</b><br>Conti-Gummi Finance 6.5%                   |                |                            |
| EUR        | 1,645,000              | Numericable Finance 12.375%<br>15/02/2019                          | 1,702         | 0.21                       |            | 0,012,000              | 15/01/2016                                                             | 3,591          | 0.45                       |
|            |                        |                                                                    | 1,702         | 0.21                       | EUR        | 7,342,000              | Conti-Gummi Finance 7.125%<br>15/10/2018                               | 6,771          | 0.84                       |
| USD        | 850,000                | B2 0.08% (0.00%)<br>Altice Finco 9.875% 15/12/2020                 | 629           | 0.08                       | EUR        | 3,876,000              | Conti-Gummi Finance 7.5%                                               | 0,771          | 0.04                       |
| 030        | 850,000                |                                                                    | 029           | 0.08                       |            |                        | 15/09/2017                                                             | 3,577          |                            |
| EUR        | 4,885,000              | B- 0.77% (0.80%)<br>Matterhorn Mobile Holdings 8.25%               |               |                            | EUR        | 7,064,000              | Ziggo Bond 8% 15/05/2018                                               | 6,626          | 0.82                       |
| LON        | 4,003,000              | 15/02/2020                                                         | 4,617         | 0.57                       |            | =                      | B+ 2.13% (3.68%)                                                       |                |                            |
| EUR        | 1,655,000              | Sunrise Communications 8.5%                                        | 4 500         | 0.00                       | EUR<br>EUR | 5,604,000<br>6,028,000 | Carlson Wagonlit 7.5% 15/06/2019<br>GMAC International Finance 7.5%    | 5,170          | 0.64                       |
|            |                        | 31/12/2018                                                         | 1,566         | 0.20                       |            | -,,                    | 21/04/2015                                                             | 5,700          | 0.71                       |
|            |                        | B3 0.00% (0.35%)                                                   |               |                            |            | 2,190,000              | Refresco Group 7.375% 15/05/2018<br>Schaeffler Finance 7.75% 15/02/201 |                | 0.25<br>0.53               |
|            |                        | CCC+ 2.28% (0.00%)                                                 |               |                            | LON        | 4,343,000              |                                                                        | 7 4,235        | 0.55                       |
| EUR        | 2,219,000              | Beverage Packaging Holdings 8%                                     | 1 0 2 6       | 0.04                       |            |                        | B1 0.00% (0.63%)                                                       |                |                            |
| EUR        | 1,787,000              | 15/12/2016<br>Beverage Packaging Holdings 9.5%                     | 1,936         | 0.24                       |            |                        | B 0.36% (1.31%)                                                        |                |                            |
|            |                        | 15/06/2017                                                         | 1,595         | 0.20                       | EUR<br>GBP | 2,576,000<br>900,000   | Intergen 8.5% 30/06/2017<br>Intergen 9.5% 30/06/2017                   | 2,065<br>830   | 0.26<br>0.10               |
| EUR        | 15,756,000             | Ineos Group Holdings 7.875%<br>15/02/2016                          | 13,768        | 1.71                       | GDI        | 500,000                |                                                                        | 000            | 0.10                       |
| USD        | 1,620,000              | *Orion Engineered Carbons 9.25%                                    | 10,700        |                            | EUR        | 1,548,000              | <b>B– 1.15% (1.88%)</b><br>Polish Television Holding 11.25%            |                |                            |
|            |                        | 01/08/2019                                                         | 1,075         | 0.13                       | 2011       | 1,0-10,000             | 15/05/2017                                                             | 1,451          | 0.18                       |
|            |                        | CCC 0.63% (0.00%)                                                  |               |                            | EUR        | 3,000,000              | UPC Holding 8% 01/11/2016                                              | 2,675          |                            |
| EUR        | 2,600,000              | Codere Finance Luxembourg 8.25%                                    | 1 700         | 0.00                       | EUR<br>EUR | 3,266,000<br>2,167,000 | UPC Holding 8.375% 15/08/2020<br>UPC Holding 9.75% 15/04/2018          | 3,102<br>1,981 | 0.39<br>0.25               |
| EUR        | 4,762,000              | 15/06/2015 XS0222158767<br>Codere Finance Luxembourg 8.25%         | 1,786         | 0.22                       |            |                        | <b>y</b>                                                               |                |                            |
|            |                        | 15/06/2015 XS0528926354                                            | 3,254         | 0.41                       |            |                        |                                                                        |                |                            |

### **Portfolio Statement**

(continued)

| NETHERLANDS         33.05% (17.56%) (continued)<br>Matrietal 1048.120%)         B - 15% (0.72%)<br>Bank of Ireland 105% 191720222         1.256         0.15           EUR         10.194.304         "Bost Investment Netherlands 11%<br>3003/2017         4.863         0.61         B-0.15% (1.24%)         Bost S(0.72%)         B-0.15% (1.24%)         B-0.15% (1.24%)         B-0.15% (1.24%)         B-0.15% (1.24%)         D-0.15% (0.24%)         B-0.05% (1.24%)         B-0.05% (1.24%)         B-0.05% (1.24%)         D-0.15% (0.05%)         B-0.05% (1.24%)         D-0.15% (0.05%)         B-0.05% (1.24%)         D-0.15% (0.05%)         B-0.05% (0.24%)         D-0.15% (0.05%)         B-0.05% (0.24%)         D-0.15% (0.05%)         <                                                                                                       |      | Holding     | Investment                        | Value<br>£000 | % of<br>Net Asset<br>Value |      | Holding     | Investment                    | Value<br>£000 | % of<br>Net Asset<br>Value |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|-------------|-----------------------------------|---------------|----------------------------|------|-------------|-------------------------------|---------------|----------------------------|
| EUR         10,18,302         *Borts freestment Netherlands 11%<br>3103/2017         4,863         0.61<br>6,463         EUR         1,885,00         De-0.19% (134%)<br>CC2+ 103% (139%)         1.450         0.18           NORWAY 0.16% (0.46%)<br>B- 0.00% (0.27%)<br>B- 0.00% (0.27%)         13.08         13.06         CC2+ 103% (0.09%)         3.104         0.39           EUR         2.166,00         CC2+ 103% (0.18%)<br>B- 0.00% (0.27%)         3.104         0.39           EUR         2.166,00         CC2+ 103% (0.18%)<br>CC2+ 103% (0.00%)         3.104         0.39           FOLAND 0.37% (0.00%)<br>EUR         CC2+ 103% (0.00%)<br>B0 0.37% (0.00%)         1.268         0.16         Nort reted 0.00% (0.10%)<br>S011/2019         3.265         0.41           FUL         3.104 0.00% (0.00%)<br>B0 0.37% (0.00%)         1.268         0.16         Nort reted 0.00% (0.00%)<br>S011/2019         3.265         0.41           FUL         3.104 0.00% (0.00%)<br>B0 0.00% (0.00%)         Smurft Kappa Acquisitions<br>Warrats 0% 3008/2013         -         -         -         -           FUL         3.00.00% (0.00%)<br>B0 0.00% (0.00%)         Smurft Kappa Acquisitions<br>Warrats 0% 3008/2013         -         -         -         -           FUL         3.00.00% (0.00%)<br>B0 0.00% (0.00%)         Smurft Kappa Acquisitions<br>Warrats 0% 3008/2013         -         -         -         -                                                                                                                                                                                            | NETH | IERLANDS    |                                   |               |                            | EUR  | 1.285.000   |                               | 1.236         | 0.15                       |
| USD         5.333.060         Oors         EUR         1.3656         Oors         CC-1.03%         Other         One         Finance III 11.25%         15007/2019         1.450         0.18           NORWAY 0.15%         COSX 21 Lessing 9.25% 2003/2015         3.065         0.44         0.44         0.45%         0.44         0.44         0.45%         0.44         0.39           NORWAY 0.15%         CC-0.05% (0.45%)         CC-0.16% (0.05%)         CC-0.16% (0.05%)         0.52         0.52         0.52         0.52         0.52         0.52         0.52         0.52         0.52         0.52         0.52         0.52         0.52         0.52         0.52         0.52         0.52         0.52         0.52         0.52         0.52         0.52         0.52         0.52         0.52         0.52         0.52         0.52         0.52         0.52         0.53         0.57         0.537         0.537         0.537         0.537         0.537         0.537         0.537         0.537         0.537         0.537         0.537         0.537         0.537         0.537         0.537         0.537         0.537         0.537         0.537         0.537         0.537         0.537         0.537         0.537         0                                                                                                                                                                                                                                                                                                                                                            | EUR  | 10,184,304  | *Boats Investment Netherlands 119 |               |                            |      | .,          |                               | 1,200         | 0110                       |
| Total Netherlands         104,833         13.05         CCC-1.03% (0.1%)<br>Ardigh Glass Finance 97.105% (0.00%)<br>B-0.09% (0.2%)         3,104         0.39           EUR         2,366.00         ACC2 + 0.45% (0.00%)<br>Norts Storgindustrier 7%<br>20062017         1,268         0.16         EUR         4,740,00         Ardigh Glass Finance 97.10%<br>01/02/020         9.0.12         0.52           POLAND 0.37% (0.00%)<br>BUR 3,133.00         Nort rated 0.0% (0.19%)<br>Total Norway         1,268         0.16         C.0.00% (0.12%)         0.17         0.020/020         3.255         0.41           POLAND 0.37% (0.00%)<br>BUR 3,133.00         B0.37% (0.00%)<br>Cick Group Financing 9.5%<br>30112019         2.963         0.37         Not rated 0.00% (0.00%)<br>USD         -         -         -         -           PORTUCAL 1.80% (0.00%)<br>S0112015         2.963         0.37         Not rated 0.00% (0.00%)<br>USD         Not rated 0.00% (0.00%)<br>USD         -         -         -         -         -           PORTUCAL 1.80% (0.00%)<br>S0112015         1.891         0.23         0.37         Not rated 0.00% (0.00%)<br>USD         -         -         -         -         -         -         -         -         -         -         -         -                                                                                                                                                                          | USD  | 5.333.060   |                                   |               |                            | EUR  | 1,585,000   |                               | 1,450         | 0.18                       |
| NORWAY 0.16% (0.46%)<br>B-0.00% (0.2%)<br>EUR 3.282,800 AAD Finance %1.05216         3,104         0.39           EUR 3.282,800 AAD Finance %1.05216         3,104         0.39           EUR 3.2166,000 Works (58,00%)<br>EUR 3.2652017         12.68         0.16         EUR 3.282,800 AAD Finance %1.052%<br>15082017         4.266         0.52           POLAND 0.37% (0.00%)<br>EUR 3.133,000         Not rated 0.0% (0.19%)<br>Total Norway         1.268         0.16         Not rated 0.0% (0.0%)<br>Warrants 0% 30092013         -         -           POLAND 0.37% (0.00%)<br>EUR 3.133,000         Cech Group Financing 9.5%<br>30112015         2.963         0.37         Not rated 0.0% (0.00%)<br>Warrants 0% 30092013         -         -         -           PORTUGAL 1.80% (0.00%)<br>EUR 3.03200         Banc Finance %1.00% (0.00%)<br>Marrants 0% 30092013         -         -         -         -           PORTUGAL 1.80% (0.00%)<br>EUR 3.02000         EUR 3.03200         SINGAPORE 0.0% (0.00%)<br>Marrants 0% 30092013         -         -         -           EUR 3.00000         EUR 7.900.000         Banc 5.87%, 15012018         -         -         -         -           EUR 6.100,000 Caka Group Financing 9.5%<br>30112018         1,881         0.28         -         -         -         -           EUR 7.900.000 Gaka Group Financing 9.5%<br>15012018         1,881         0.28         0.65%         -                                                                                                                                                                                       |      |             |                                   |               | 13.05                      |      |             | CCC+ 1.03% (0.18%)            |               |                            |
| B-0.00% (0.27%)         1506/2017         1506/2017         4.266         0.52           CCC-0.16% (0.00%)         CC-0.01% (0.00%)         1268         0.16         C.00% (0.12%)         959         0.12           Total Norway         1.268         0.16         C.00% (0.12%)         Sance 51% (0.00%)         Sance 51% (0.00%) <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>ARD Finance 0% 01/06/2018</td> <td>3,104</td> <td>0.39</td> |      |             |                                   |               |                            |      |             | ARD Finance 0% 01/06/2018     | 3,104         | 0.39                       |
| EUR         2.166,000         Ardaph Glass Finance 8.75%, 01/02/2020         959         0.12           EUR         2.166,000         Norske Skogindustrier 7%, 2303/2017         1,268         0.16         Not rated 0.01% (0.19%)         Not rated 0.00% (0.12%)         Ban 27% (0.00%)         C.0.00% (0.12%)         SINGAPORE 0.00%)         SIN                                                                                                                   | NOR  | WAY 0.16%   |                                   |               |                            | EUR  | 4,754,000   | 0                             | 4 206         | 0.52                       |
| EUR         2,166,00         Norske Skogindustrier 7%<br>2806/2017         1,268         0.16         C 0.00% (0.12%)           POLAND 0.37% (0.00%)         1268         0.16         Not rated 0.00% (0.15%)         Saz55         0.41           POLAND 0.37% (0.00%)         80.375 (0.00%)         Saz55         0.41         Saz55         0.41           EUR         3,133.00         Ciech Group Financing 9.5%<br>3011/2018         2.963         0.37         Not rated 0.00% (0.00%)         SiNCAPORE 0.00%)         Not rated 0.00% (0.00%)         -         -           EUR         3,033.00         Genc Expirito Santo 4.7%<br>160/12018         1.891         0.23         0.37         Not rated 0.00% (0.00%)         Not rated 0.00% (0.00%)         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -                                                                                                                                                                                                                                                                                                                                                                            |      |             | B- 0.00% (0.27%)                  |               |                            | EUR  | 1,048,000   |                               | -1,200        | 0.02                       |
| 2606/2017         1,268         0.16         C 0.00% (0.2%)           Not rated 0.00% (0.0%)         0.16         C 0.00% (0.0%)         3.255         0.41           POLAND 0.37% (0.00%)         80.37% (0.00%)         80.37% (0.00%)         -         -           EUR         3.133,00         C c d forup Financing 9.5% 30/12/019         2.963         0.37         SINGAPORE 0.00% (0.00%)         -         -           PORTUGAL 1.80% (0.00%)         C c d forup Financing 9.5% 30/12/019         2.963         0.37         SINGAPORE 0.00% (0.00%)         -         -         -           PORTUGAL 1.80% (0.00%)         EUR         3.286         0.37         SINGAPORE 0.00% (0.00%)         -         -         -         -           EUR         2.200,00         BB- 1.80% (0.00%)         EUR         1.891         0.23         USD         2.423,000         Sale 1.817% (0.00%)         -         -         -           EUR         7.900,000         Banc 5.875% (0.00%)         EUR         2.200,00         Sale 1.817% (0.03%)         EUR         8.03% (0.23%)         EUR         8.03% (0.23%) <t< td=""><td></td><td>2 166 000</td><td></td><td></td><td></td><td></td><td></td><td>01/02/2020</td><td>959</td><td>0.12</td></t<>                                                                                                                                                                                                |      | 2 166 000   |                                   |               |                            |      |             | 01/02/2020                    | 959           | 0.12                       |
| Interface Decomposition         1.268         0.16           POLAND 0.37% (0.00%)<br>B 0.37% (0.00%)         1.268         0.16           POLAND 0.37% (0.00%)<br>B 0.37% (0.00%)         -         -           EUR 3.133.000         Cleck Group Financing 9.5%<br>30/11/2019         2.963         0.37           Total Rows (0.00%)         2.963         0.37         SINCAPORE 0.00% (0.00%)         -           PORTUGAL 1.80% (0.00%)         2.963         0.37         SINCAPORE 0.00% (0.00%)         -           PURTUGAL 1.80% (0.00%)         BB-1.80% (0.00%)         -         -         -           EUR 7.300,000         Banc E spirito Santo 4.75%<br>1501/2018         1.891         0.23         SUUTH AFRICA 0.51% (0.95%)         -         -           EUR 7.300,000         Banc of relational Finance<br>5.625% 0.91/22015         5.493         0.68         BB-0.00% (0.16%)         -         -           EUR 8.204,000         Bank of relational 4.625% 0.90/42013         7,112         0.89         B 0.30% (0.27%)         B 0.30% (0.27%)         -         -           EUR 8.204,000         Bank of relation 4.625% 0.90/42013         7,122         0.89         B 0.30% (0.27%)         EUR 3.300.00         B 0.30% (0.27%)         EUR 3.430 0.00         B 0.30% (0.27%)         EUR 3.200.00         B 0.30% (0.27%)                                                                                                                                                                                                                                                                               | LON  | 2,100,000   | 0                                 | 1,268         | 0.16                       |      |             | C 0.00% (0.12%)               |               |                            |
| Total Norway         1.268         0.16         EUR         3.671,000         Bank of Freidand 10% 3007/2016         3.255         0.41           POLAND 0.37% (0.00%)<br>B 0.37% (0.00%)         EUR         1.338         Simufit Kappa Acquisitions<br>Warrants 0% 3009/2013         -         -         -         -         -         -         59,424         7.40           EUR         3.33.300         Ciech Group Financing 9.5%<br>30/11/2019         2,963         0.37         SINGAPORE 0.00% (0.00%)         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         - </td <td></td> <td></td> <td>Not rated 0.00% (0.19%)</td> <td></td> <td></td> <td></td> <td></td> <td>Not rated 0.41% (0.00%)</td> <td></td> <td></td>                                                                                                                                                                                                                                                                      |      |             | Not rated 0.00% (0.19%)           |               |                            |      |             | Not rated 0.41% (0.00%)       |               |                            |
| POLAND 0.37% (0.00%)<br>B 0.37% (0.00%)         EUR         1.338         Smurth Styps Acquisitions<br>Warrants 0% 3002/013         -           FUR         3.132,000         Cich Group Financing 9.5%<br>3011/2019         2,963         0.37         SINGAPORE 0.00% (0.00%)<br>Not rated 0.00% (0.00%)         -         -         -         -           PORTUGAL 1.80% (0.00%)         Banco Espirito Santo 4.75%<br>1501/2018         2,963         0.37         Not rated 0.00% (0.00%)         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -                                                                                                                                                                                                                                                                                                                                                                                                         |      |             |                                   | 1.268         | 0.16                       |      |             |                               | 3,255         | 0.41                       |
| Total Republic of Ireland         59,424         7,42           EUR         3,133,000         Ciech Group Financing 9.5%,<br>30'11/2019         2,963         0.37         Not rated 0.00% (0.00%)         Not rated 0.00% (0.00%)         -         -           PORTUGAL 1.80% (0.00%)         EUR         2,963         0.37         Not rated 0.00% (0.00%)         -         -         -           Bance Espirito Santo 5.875% (0.00%)         EUR         7,900,000         Bance Espirito Santo 5.875% (0.00%)         USD         2,423,000         Sable International Finance 7.75% (5.625% (0.21%))         BB 0.27% (0.16%)         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         - <td></td> <td></td> <td></td> <td></td> <td></td> <td>EUR</td> <td>1,338</td> <td></td> <td>_</td> <td>_</td>                                                                                                                                                                                                                                                                                     |      |             |                                   |               |                            | EUR  | 1,338       |                               | _             | _                          |
| B 03/% (0.00%)<br>30/11/2019         2.963<br>2.963         0.37<br>0.37         SINGAPORE 0.00% (0.00%)<br>USD                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | POLA | ND 0.37%    | . ,                               |               |                            |      |             |                               | 59,424        | 7.40                       |
| 30/11/2019         2,963         0.37         SINGAPORE 0.05% (0.00%)<br>Not rated 0.00% (0.00%)           PORTUGAL 1.80% (0.00%)         2,963         0.37         Not rated 0.00% (0.00%)           EUR         1.80% (0.00%)         SUS         433,783 ** Nexus 1 PTE 0% 09/04/2013         -         -           EUR         2,0000         Bance Espirito Santo 4.75% (0.00%)         SUS         SUSTH AFRICA 0.51% (0.95%)         BB 0.21% (0.02%)           EUR         7,000,000         Bance Espirito Santo 5.875% (0.911/2015         7,112         0.89         BB 0.21% (0.02%)         Sable International Finance 7.75% (1.90%)         BB 0.21% (0.02%)         Sable International Finance 7.75% (1.90%)         BB 0.40% (0.16%)         Sable International Finance 7.37% (1.90%)         BB 0.20% (0.23%)         EUR         B 0.30% (0.23%)         EUR         B 0.30% (0.23%)         EUR         Sable International Finance 7.37% (1.90%)         BB 0.23% (0.23%)         EUR         Sable International Finance 7.37% (1.90%)         B 0.30% (0.23%)         EUR         Sable 0.00% (0.35%)         B 0.30% (0.23%)         EUR         Sable 0.00% (0.35%)         B 0.30% (0.23%)         EUR         Sable 0.00% (0.35%)         EUR         Sable 0.00% (0.35%)         EUR         Sable 0.00% (0.35%)         EUR         Sable 0.00% (0.35%)         EUR         Sable 0.23% (0.00%)         EUR         Sable 0.23% (0.00%)                                                                                                                                                                      | FUR  | 3 133 000   |                                   |               |                            |      |             |                               |               |                            |
| Total Poland         2,963         0.37         USD         433,783 ** Nexus 1 PTE 0% 0.00/4/2013         -         -           PORTUCAL 1.80% (0.00%)<br>EUR         2,200,000         Banco Espirito Santo 4.75%<br>15/01/2018         1,891         0.23         Call Singapore         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         <                                                                                                                                                                                                                                                                                                                                                                                                                                                               |      | 0,.00,000   |                                   | 2,963         | 0.37                       | SING | GAPORE 0.   |                               |               |                            |
| Total Singapore         -         -         -           BB-180% (0.00%)           EUR         2,200,000         Banco Espirito Santo 4.75%<br>150/12018         0.23<br>150/12018         SOUTH AFRICA 0.51% (0.21%)<br>USD 2,423,000         BB 0.21% (0.21%)<br>Bab c1% (0.21%)         -         -         -         -           EUR         7,900,000         Banco Espirito Santo 4.75%<br>150/12015         1,891         0.23<br>0.68         USD 2,423,000         Sable International Finance<br>7.75% 150/02017         1,712         0.21           EUR         6,100,000         Caixa Geral de Depositos<br>5.625% 04/122015         5,493         0.68<br>0.68         BB- 0.00% (0.16%)         EUR         80.30% (0.23%)           EUR         8,204,000         Bank of Ireland 4.625% 08/04/2013         7,123         0.89         EUR         2,131,000         Africon Capital 2.245% 29/10/2049         885         0.11         EUR         2,131,000         Africon Capital 2.245% 29/10/2049         885         0.11         EUR         2,131,000         African Capital 2.245% 29/10/2049         885         0.51           EUR         1,381,000         African Capital 2.245% 29/10/2049         885         0.51         EUR         2,13000         Bd 2.39% (0.03%)         EUR         15/0/2/2017         5/0         2,15 <td></td> <td></td> <td>Total Poland</td> <td>2,963</td> <td>0.37</td> <td>USD</td> <td>433.783 *</td> <td></td> <td>_</td> <td>_</td>                                                                                                                                    |      |             | Total Poland                      | 2,963         | 0.37                       | USD  | 433.783 *   |                               | _             | _                          |
| BB-1.80% (0.00%)         SOUTH AFRICA 0.51% (0.95%)           EUR         2,200,000         Banco Espirito Santo 4.75%         0.23           EUR         7,900,000         Banco Espirito Santo 4.75%         0.23           EUR         7,900,000         Banco Espirito Santo 5.875%         0.89           09111/2015         7,112         0.89           5.625% 04/12/2015         5,493         0.68           5.625% 04/12/2015         5,493         0.68           BB+ 0.89% (0.75%)         EUR         8.204% (0.6%)           EUR         8,204,000         Bank of Ireland 4.625% 08/04/2013         7,123         0.89           BB 2.88% (1.54%)         BB 2.48% (1.54%)         548         0.07           EUR         1,381,000         *Argon Capital 2.845% 29/10/2049         885         0.11           EUR         1,381,000         *Argon Capital 2.845% 29/10/2049         885         0.11           EUR         1,820,000         Smurfit Kappa Acquisition 7.25%         15/01/2017         4.463         0.56           EUR         1,828,000         Smurfit Kappa Acquisition 7.25%         15/02/2020         2,329         0.29           BB - 0.27% (1.18%)         EUR         2,459,000         Foree Energia V Celulosa 7.25%         15/02/2                                                                                                                                                                                                                                                                                                                                                         | DODT |             |                                   |               |                            |      | ,           |                               |               |                            |
| EUR         EUR         EUR         EUR         EUR         EUR         EUR         Figure 2010         EUR                                                                                                                                                                                                                                                                                                                                                                                              | PURI | UGAL 1.80   | . ,                               |               |                            |      |             |                               |               |                            |
| EUR         7,900,000         Banco Espirito Santo 5,875%<br>09(11/2015         7,112         0.80         Sable International Finance<br>7.75% 15/02/2017         1,712         0.21           EUR         6,100,00         Caixa Geral de Depositos<br>5.625% 04/12/2015         5,493         0.68         BB - 0.0% (0.16%)         BB - 0.0% (0.16%)         BB - 0.0% (0.05%)         BB - 0.0% (0.05%)         BB - 0.0% (0.23%)         EUR         8.000         Filder Depositos<br>5.625% 04/12/2013         7,123         0.89         EUR         634,000         Fider Depositos<br>5.626% 04/12/2013         7,123         0.89         B - 0.0% (0.05%)         B - 0.0% (0.23%)         EUR         8.030% (0.23%)         EUR         2,131,000         Fider Depositos - 100/07/018         1,836         0.23         1,836         0.23           GBP         1,381,000         *Argon Capital 2,845% 29/10/2049         885         0.11         Total South Africa         4,096         0.51           EUR         1,828,000         Smurfit Kappa Acquisition 7.25%<br>15/11/2014         9,944         1.24         SPAIN 1.96% (1.93%)         EUR         2,650,000         EuR 2,260,000%         EuR 2,462,000         EuR 2,462,000         Finance 9.25%<br>15/10/2020         2,239         0.29         2,329         0.29           EUR 4,828,000         Smutrit Kappa Acquisition 7.25%<br>15/11/2019 <td< td=""><td>EUR</td><td>2,200,000</td><td></td><td></td><td></td><td>SOU</td><td>TH AFRICA</td><td></td><td></td><td></td></td<>                                                               | EUR  | 2,200,000   |                                   |               |                            | SOU  | TH AFRICA   |                               |               |                            |
| EUR         6,100,000         Caixa Geral de Depositos<br>5.6.25% 04/12/2015         7,112         0.89         7.75% 15/02/2017         1,712         0.21           EUR         6,100,000         Caixa Geral de Depositos<br>5.6.25% 04/12/2015         5,493         0.68         BB-0.00% (0.16%)         BB-0.00% (0.16%)         BB-0.00% (0.23%)         BB-0.00% (0.23%)         BB-0.00% (0.23%)         EUR         8,000         Bask of Ireland 4.625% 08/04/2013         7,112         0.89         EUR         634,000         Fedoon Proprietary 3.433%<br>15/06/2014         548         0.07           BB 2.48% (1.54%)         BB 2.48% (1.54%)         0.89         0.11         EUR         634,000         Fedoon Proprietary 3.433%<br>15/06/2014         548         0.07           EUR         1.31,000         ^Argon Capital 2.845% 29/10/2049         885         0.11         EUR         5ALN         1.836         0.23           EUR         1.248         Smurfit Kappa Acquisition 7.75%<br>12/11/2014         9,944         1.24         SPAIN 1.96% (1.93%)         EUR         2,650,000         Ence Energia y Celulosa 7.25%<br>15/02/2020         2,329         0.29           EUR         4,828,000         Smurfit Kappa Acquisition 7.75%<br>12/11/2019         2,157         0.57         EUR         3,300,000<br>20/04/2015         658         0.08                                                                                                                                                                                                                                           | FUR  | 7.900.000   |                                   | 1,891         | 0.23                       | USD  | 2,423,000   |                               |               |                            |
| 5.625%         04/12/2015         5.493         0.68         BB- 0.00% (0.16%)           Total Portugal         14.496         1.80         B - 0.00% (0.16%)           BE+ 0.89% (2.75%)         BB+ 0.89% (2.75%)         B - 0.80% (2.75%)         B - 0.20% (0.16%)           EUR         8,204,000         Back of Ireland 4.625% 08/04/2013         7,123         0.89         EUR         6 0.30% (0.23%)           EUR         8,204,000         Adde of Ireland 4.625% 08/04/2013         7,123         0.89         EUR         8 0.30% (0.23%)           EUR         8,204,000         Adde of Ireland 4.625% 08/04/2013         7,123         0.89         0.11         EUR         8 0.30% (0.23%)           EUR         1,381.00         Argen Capital 2.845% 29/10/2049         885         0.11         EUR         2,11/2014         9.944         1.24           EUR         1,280,000         Altied Irish Banks 5.625%         9.944         1.24         SPAIN 1.96% (1.93%)         BB 0.29% (0.00%)         EUR         2,650,00         BB 0.29% (0.00%)         EUR         2,650,00         BB 0.29% (0.00%)         EUR         2,2650,00         BB 0.29% (0.00%)         EUR         2,2329         0.23           EUR         2,447,000         Ardaph Glass Finance 9.25% (15/11/2019         2,179                                                                                                                                                                                                                                                                                                           |      |             | 09/11/2015                        | 7,112         | 0.89                       |      |             | 7.75% 15/02/2017              | 1,712         | 0.21                       |
| Total Portugal         14,496         1.80         B+ 0.00% (0.25%)           REPUBLIC OF IRELAND 7.40% (7.90%)<br>BB+ 0.89% (2.75%)         B 0.30% (0.23%)         5.03% (0.23%)           EUR         8,204,000         Bank of Ireland 4.625% 08/04/2013         7,123         0.89           BB 2.48% (1.54%)         BB 2.48% (1.54%)         5.025%         15//06/2014         548         0.07           GBP         1,331,000         *Argon Capital 2.845% 29/10/2049         885         0.11         EUR         2,131,000         Edoen Proprietary 9.5%         01/03/2018         1.836         0.23           EUR         1,2828,000         Smurfit Kappa Acquisition 7.25%         4.463         0.56         EUR         2,650,000         Ence Energia y Celulosa 7.25%         2,329         0.29           EUR         4,828,000         Smurfit Kappa Acquisition 7.75%         4,463         0.56         EUR         2,650,000         Ence Energia y Celulosa 7.25%         2,329         0.29           EUR         2,447,000         BB - 0.27% (1.18%)         2,179         0.27         EUR         3,000,000         Bankia 4.375% 14/0/2017         2,759         0.35           EUR         2,169,000         Ardagh Packaging Finance 9.25%         EUR         7,00,000         Obrascon Huarte Lain 7.625%                                                                                                                                                                                                                                                                                             | EUR  | 6,100,000   | •                                 | 5 493         | 0.68                       |      |             | BB– 0.00% (0.16%)             |               |                            |
| BF 1.95 (L1 OF INFLAND 7.40% (7.90%)         EUR         634,000         *Edcon Proprietary 3.433%<br>15/06/2014         548         0.07           EUR         8,204,000         Bank of Ireland 4.625% 08/04/2013         7,123         0.89         EUR         2,131,000         *Edcon Proprietary 3.433%<br>15/06/2014         548         0.07           GBP         1,381,000         *Argon Capital 2.845% 29/10/2049         885         0.11         EUR         2,131,000         Edcon Proprietary 9.5%<br>01/03/2018         1,836         0.23           GBP         1,381,000         *Argon Capital 2.845% 29/10/2049         885         0.11         Total South Africa         4.096         0.51           EUR         4,828,000         Smurfit Kappa Acquisition 7.25%<br>15/11/2017         4,463         0.56         EUR         2,650,000         Euce Energia y Celulosa 7.25%<br>15/02/2020         2,329         0.29           EUR         2,447,000         Smurfit Kappa Acquisition 7.75%<br>15/11/2019         2,179         0.27         EUR         3,300,000         Baki 4.375% 14/02/2017         2,759         0.35           EUR         2,447,000         Rotapharm 6.125% 15/11/2019         2,179         0.27         EUR         2,820,000         Obrascon Huarte Lain 7.35%<br>15/03/2012         2,579         0.32           EUR                                                                                                                                                                                                                                                          |      |             |                                   |               |                            |      |             | B+ 0.00% (0.35%)              |               |                            |
| BB+ 0.89% (2.75%)         Bank of Ireland 4.625% 08/04/2013         7,123         0.89         1506/2014         548.000         548         0.07           BB         2.89% (1.54%)         Bank of Ireland 4.625% 08/04/2013         7,123         0.89         1.836         0.23           GBP         1.381,000         *Argon Capital 2.845% 29/10/2049         885         0.11         EUR         2,131,000         EUR         1.836         0.23           GBP         1.381,000         *Airgon Capital 2.845% 29/10/2049         885         0.11         EUR         1.240,000         Allied Irish Banks 5.625%         12/11/2014         9,944         1.24         SPAIN 1.96% (1.93%)         BB 0.29% (0.00%)         EUR         1.5/02/2020         2,329         0.29           EUR         4,828,000         Smurfit Kappa Acquisition 7.75%         4,463         0.56         EUR         2,650,000         Ence Energia y Celulos 7.25%         15/02/2020         2,329         0.29           EUR         2,447,000         Rottapharm 6.125% 15/11/2019         2,179         0.27         EUR         3,300,000         Bankia 4.375% 14/02/2017         2,759         0.35           EUR         2,169,000         Ardagh Glass Finance 9.25%         0.07         EUR         7,690,000         Obrascon Huarte Lai                                                                                                                                                                                                                                                                                         |      |             |                                   |               |                            |      |             | B 0.30% (0.23%)               |               |                            |
| EUR       8,204,000       Bank of Ireland 4.625% 08/04/2013       7,123       0.89       EUR       15/06/2014       548       0.77         BB 2.48% (1.54%)       BB 2.48% (1.54%)       EUR       2,131,000       *Argon Capital 2.845% 29/10/2049       885       0.11       EUR       2,131,000       *Argon Capital 2.845% 29/10/2049       885       0.11       Total South Africa       4,096       0.51         EUR       11,280,000       Smurfit Kappa Acquisition 7.25%       9,944       1.24       SPAIN 1.96% (1.93%)       EUR       2,650,000       EUR       2,015       658       0.08         EUR       2,447,000       Rottapharm 6.125% 15/11/2019       2,015       0.25       EUR       2,820,000       Obrascon Huarte Lain 7.625%       15/03/2020       2,579                                                                                                                                                                                                                                                                                                                                                                   | REPU | IBLIC OF IF |                                   |               |                            | EUR  | 634,000     |                               |               |                            |
| BB 2.48% (1.54%)         01/03/2018         1,836         0.23           GBP         1,381,000         *Argon Capital 2.845% 29/10/2049         885         0.11         Total South Africa         4,096         0.51           EUR         11,280,000         Smurfit Kappa Acquisition 7.25%<br>15/11/2017         9,944         1.24         SPAIN 1.96% (1.93%)         BB 0.29% (0.00%)         EUR         2,650,000         BB 0.29% (0.00%)         EUR         2,650,000         EUR         2,300,000         EUR         2,650,000         EUR         2,650,000         EUR </td <td>EUR</td> <td>8,204,000</td> <td></td> <td>7,123</td> <td>0.89</td> <td>FUR</td> <td>2,131,000</td> <td></td> <td>548</td> <td>0.07</td>                                                                                                                                                    | EUR  | 8,204,000   |                                   | 7,123         | 0.89                       | FUR  | 2,131,000   |                               | 548           | 0.07                       |
| GBP       1,381,000       *Argon Capital 2.845% 29/10/2049       885       0.11       Total South Africa       4,096       0.51         EUR       11/20104       9,944       1.24       SPAIN 1.96% (1.93%)       B8 0.29% (0.00%)       Ence Energia y Celulosa 7.25%       5000%)       5000%)       5000%)       5000%)       5000%)       5000%)       5000%)       5000%)       5000%)       5000%)       5000%)       5000%)       5000%)       5000%)       5000%)       5000%)       5000%)       5000%)       5000%)       5000%)       5000%)       5000%)       5000%)       5000%)       5000%)       5000%)       5000%       5000%       5000%       5000%       5000%       5000%       5000%       5000%       5000%       5000%       5000%       5000%       5000%       5000%       5000%       5000%       5000%       5000%       5000%       5000%       5000%       5000%       5000%       5000%       5000%       5000%       5000%       5000%       5000%       5000%       5000%       5000%       5000%       5000%       5000%       5000% <t< td=""><td></td><td></td><td>BB 2.48% (1.54%)</td><td></td><td></td><td></td><td>2,.0.,000</td><td></td><td>1,836</td><td>0.23</td></t<>                                                                                                                                                                                                                     |      |             | BB 2.48% (1.54%)                  |               |                            |      | 2,.0.,000   |                               | 1,836         | 0.23                       |
| 12/11/2014       9,944       1.24       SPAIN       1.96% (1.93%)         EUR       4,828,000       Smurfit Kappa Acquisition 7.25%       4,463       0.56       EUR       2,650,000       Ene Energia y Celulosa 7.25%       5.72       2,329       0.29         EUR       4,828,000       Smurfit Kappa Acquisition 7.75%       4,597       0.57       EUR       2,650,000       Energia y Celulosa 7.25%       15/02/202       2,329       0.29         EUR       2,447,000       BB - 0.27% (1.18%)       Rottapharm 6.125% 15/11/2019       2,179       0.27       EUR       3,300,000       Bakia 4.375% 14/02/2017       2,759       0.35         EUR       2,169,000       Ardagh Glass Finance 9.25%       0.107/2016       2,015       0.25       EUR       2,820,000       Obrascon Huarte Lain 7.625%       15/03/2020       2,579       0.32         EUR       3,535,000       Ardagh Packaging Finance 7.375%       15/10/2017       4,413       0.55       EUR       7,690,000       Obrascon Huarte Lain 8.75%       15/03/2018       7,386       0.92         EUR       3,535,000       Ardagh Packaging Finance USA 5%       15/11/2022       3,059       0.38       H + 0.00% (0.54%)       Total Spain       15,711       1.96         IUSD       2,120,000                                                                                                                                                                                                                                                                                                                                                              |      |             | *Argon Capital 2.845% 29/10/2049  | 885           | 0.11                       |      |             | Total South Africa            | 4,096         | 0.51                       |
| EUR       4,828,000       Smurfit Kappa Acquisition 7.25%<br>15/11/2017       4,463       0.56       EUR       2,650,000       BB 0.29% (0.00%)         EUR       4,828,000       Smurfit Kappa Acquisition 7.75%<br>15/11/2019       4,597       0.57       EUR       2,650,000       Bace Energia y Celulosa 7.25%<br>15/02/2020       2,329       0.29         EUR       2,447,000       BB-0.27% (1.18%)<br>Rottapharm 6.125% 15/11/2019       2,179       0.27       EUR       3,300,000<br>28/04/2015       Back 1.375% 14/02/2017       2,759       0.35         EUR       2,169,000       Ardagh Glass Finance 9.25%<br>01/07/2016       2,015       0.25       EUR       2,820,000       Obrascon Huarte Lain 7.625%<br>15/03/2020       2,579       0.32         EUR       4,695,000       Ardagh Packaging Finance 7.375%<br>15/10/2017       4,413       0.55       EUR       7,690,000       Obrascon Huarte Lain 8.75%<br>15/03/2018       7,386       0.92         EUR       3,535,000       Ardagh Packaging Finance USA 5%<br>15/11/2022       3,059       0.38       EUR       15/03/2018       7,386       0.92         EUR       1,475,000       Ardagh Packaging Finance USA 5%<br>15/11/2017       1,378       0.17       15/03/2018       Total Spain       15,711       1.96         EUR       1,408,000       Nara Cable Funding 8.875%                                                                                                                                                                                                                                                                             | EUR  | 11,280,000  |                                   | 9.944         | 1.24                       | CDA  |             | 0.009/ )                      |               |                            |
| 15/11/2017       4,463       0.56       EUR       2,650,000       Ence Energia y Celulosa 7.25%       5////////////////////////////////////                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | EUR  | 4,828,000   |                                   |               |                            | SPAI | IN 1.96% (1 |                               |               |                            |
| 15/11/2019       4,597       0.57       15/02/200       2,523       0.23         EUR       2,447,000       Rottapharm 6.125% 15/11/2019       2,179       0.27       EUR       3,300,000       Bakia 4.375% 14/02/2017       2,759       0.35         EUR       2,169,000       Ardagh Glass Finance 9.25%       0.107/2016       2,015       0.25       EUR       2,820,000       Obrascon Huarte Lain 7.625%       25/00       0.57         EUR       4,695,000       Ardagh Packaging Finance 7.375%       15/01/2017       4,413       0.55       EUR       7,690,000       Obrascon Huarte Lain 8.75%       15/03/2018       7,386       0.92         EUR       3,535,000       Ardagh Packaging Finance USA 5%       3,059       0.38       EUR       15/03/2018       7,386       0.92         EUR       1,475,000       Ardagh Packaging Finance USA 5%       3,059       0.38       EUR       7,690,000       B+ 0.00% (0.54%)       Total Spain       15,711       1.96         USD       2,120,000       Nara Cable Funding 8.875%       1,486       0.18       0.18       EUR       4,008,000       Nara Cable Funding 8.875%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | FUR  | 4 828 000   |                                   | 4,463         | 0.56                       | EUR  | 2,650,000   | Ence Energia y Celulosa 7.25% |               |                            |
| BB- 0.27% (1.18%)         EUR         3,300,000         Bankia 4.375% 14/02/2017         2,759         0.35           EUR         2,447,000         Rottapharm 6.125% 15/11/2019         2,179         0.27         EUR         3,300,000         Bankia 4.375% 14/02/2017         2,759         0.35           B+ 1.99% (0.07%)         B+ 1.99% (0.07%)         2,015         0.25         EUR         2,820,000         Obrascon Huarte Lain 7.375%         0.07         0.32           EUR         4,695,000         Ardagh Glass Finance 9.25%         2,015         0.25         EUR         7,690,000         Obrascon Huarte Lain 7.625%         0.32           EUR         4,695,000         Ardagh Packaging Finance 7.375%         4,413         0.55         EUR         7,690,000         Obrascon Huarte Lain 7.625%         0.32           EUR         3,535,000         Ardagh Packaging Finance USA 5%         4,413         0.55         EUR         7,690,000         Obrascon Huarte Lain 8.75%         0.32           EUR         1,475,000         Ardagh Packaging Finance USA 5%         3,059         0.38         E         B+ 0.00% (0.54%)         Total Spain         15,711         1.96           EUR         1,475,000         Nara Cable Funding 8.875%         1,486         0.18         EUR         4,00                                                                                                                                                                                                                                                                                                 | LON  | 4,020,000   |                                   | 4,597         | 0.57                       |      |             | 15/02/2020                    | 2,329         | 0.29                       |
| EUR       2,447,000       Rottapharm 6.125% 15/11/2019       2,179       0.27       EUR       3,500,000       Bartina 4.375% 14/02/2017       2,739       0.33         B+ 1.99% (0.07%)       B+ 1.99% (0.07%)       EUR       700,000       Obrascon Huarte Lain 7.375%       28/04/2015       658       0.08         EUR       2,169,000       Ardagh Glass Finance 9.25%       2,015       0.25       EUR       2,820,000       Obrascon Huarte Lain 7.625%       15/03/2020       2,579       0.32         EUR       4,695,000       Ardagh Packaging Finance 7.375%       15/10/2017       4,413       0.55       EUR       7,690,000       Obrascon Huarte Lain 8.75%       15/03/2018       7,386       0.92         EUR       3,535,000       Ardagh Packaging Finance USA 5%       15/11/2022       3,059       0.38       B+ 0.00% (0.54%)       Total Spain       15,711       1.96         EUR       1,475,000       Nara Cable Funding 8.875%       0.17       1,378       0.17       15/03/2017       1,378       0.17         USD       2,120,000       Nara Cable Funding 8.875%       1,486       0.18       15/11/2028       15/03/2017       1.96         EUR       4,008,000       Nara Cable Funding 8.875%       0.18       0.18       15/03/2018                                                                                                                                                                                                                                                                                                                                                                      |      |             | BB- 0.27% (1.18%)                 |               |                            |      |             |                               |               |                            |
| B+ 1.99% (0.07%)         EUR         2,169,000         Ardagh Glass Finance 9.25%<br>01/07/2016         2,015         0.25         EUR         2,820,000         Obrascon Huarte Lain 7.625%<br>15/03/2020         2,579         0.32           EUR         4,695,000         Ardagh Packaging Finance 7.375%<br>15/10/2017         4,413         0.55         EUR         7,690,000         Obrascon Huarte Lain 8.75%<br>15/03/2018         7,386         0.92           EUR         3,535,000         Ardagh Packaging Finance USA 5%<br>15/11/2022         3,059         0.38         EUR         H - 0.00% (0.54%)         7,386         0.92           EUR         1,475,000         Ardagh Packaging Finance USA<br>15/11/20217         1,378         0.17         Total Spain         15,711         1.96           USD         2,120,000         Nara Cable Funding 8.875%<br>01/12/2018 US63080TAA51         1,486         0.18         EUR         V. VII 2008                                                                                                                                                                                                            | EUR  | 2,447,000   |                                   | 2,179         | 0.27                       |      |             |                               | 2,759         | 0.35                       |
| EUR       2,169,000       Ardagh Glass Finance 9.25%<br>01/07/2016       2,015       0.25       EUR       2,820,000       Obrascon Huarte Lain 7.625%<br>15/03/2020       2,579       0.32         EUR       4,695,000       Ardagh Packaging Finance 7.375%<br>15/10/2017       4,413       0.55       EUR       7,690,000       Obrascon Huarte Lain 7.625%<br>15/03/2020       2,579       0.32         EUR       3,535,000       Ardagh Packaging Finance USA 5%<br>15/11/2022       3,059       0.38       B+ 0.00% (0.54%)       7,386       0.92         EUR       1,475,000       Ardagh Packaging Finance USA 5%<br>15/10/2017       1,378       0.17       Total Spain       15,711       1.96         USD       2,120,000       Nara Cable Funding 8.875%<br>01/12/2018 US63080TAA51       1,486       0.18       1.8       1.8       1.8       1.8       1.8       1.96         EUR       4,008,000       Nara Cable Funding 8.875%       1.486       0.18       1.8       1.8       1.8       1.8       1.8       1.8       1.8       1.8       1.8       1.8       1.8       1.8       1.8       1.8       1.8       1.8       1.8       1.8       1.8       1.8       1.8       1.8       1.8       1.8       1.8       1.8       1.8       1.8       1.8                                                                                                                                                                                                                                                                                                                                                                     |      |             | B+ 1.99% (0.07%)                  |               |                            |      |             | 28/04/2015                    | 658           | 0.08                       |
| EUR       4,695,000       Ardagh Packaging Finance 7.375%       2,015       0.25       EUR       7,690,000       Obrascon Huarte Lain 8.75%       15/0/2018       7,386       0.92         EUR       3,535,000       Ardagh Packaging Finance USA 5%       15/11/2022       3,059       0.38       B+ 0.00% (0.54%)       15,711       1.96         EUR       1,475,000       Ardagh Packaging Finance USA 5%       0.17       1,378       0.17       15,711       1.96         USD       2,120,000       Nara Cable Funding 8.875%       0.18       0.18       15       1486       0.18         EUR       4,008,000       Nara Cable Funding 8.875%       0.18       1486       0.18       1486       1486       1486       1486       1486       1486       1486       1486       1486       1486       1486       1486       1486       1486       1486       1486       1486       1486       1486       1486       1486       1486       1486       1486       1486       1486       1486       1486       1486       1486       1486       1486       1486       1486       1486       1486       1486       1486       1486       1486       1486       1486       1486       1486       1486       1                                                                                                                                                                                                                                                                                                                                                                                                                                 | EUR  | 2,169,000   | Ardagh Glass Finance 9.25%        |               |                            | EUR  | 2,820,000   |                               | 2 579         | 0.32                       |
| 15/10/2017       4,413       0.55       15/03/2018       7,386       0.92         EUR       3,535,000       Ardagh Packaging Finance USA 5%       B+ 0.00% (0.54%)       15/11/2022       3,059       0.38       B+ 0.00% (0.54%)       15,711       1.96         EUR       1,475,000       Ardagh Packaging Finance USA 5%       0.17       13,78       0.17       15/03/2018       15,711       1.96         USD       2,120,000       Nara Cable Funding 8.875%       0.18       0.18       15/03/2018       1486       0.18         EUR       4,008,000       Nara Cable Funding 8.875%       0.18       0.18       0.18       0.18                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | FUR  | 4 695 000   |                                   |               | 0.25                       | EUR  | 7,690,000   |                               | 2,070         | 0.02                       |
| 15/11/2022     3,059     0.38     D4 0.00/a (0.54%)       EUR     1,475,000     Ardagh Packaging Finance USA     Total Spain     15,711     1.96       7.375%     15/10/2017     1,378     0.17       USD     2,120,000     Nara Cable Funding 8.875%     01/12/2018 US63080TAA51     1,486     0.18       EUR     4,008,000     Nara Cable Funding 8.875%     0.18                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Lon  | 4,000,000   |                                   |               | 0.55                       |      |             | 15/03/2018                    | 7,386         | 0.92                       |
| EUR         1,475,000         Ardagh Packaging Finance USA<br>7.375% 15/10/2017         Total Spain         15,711         1.96           USD         2,120,000         Nara Cable Funding 8.875%<br>01/12/2018 US63080TAA51         1,486         0.18           EUR         4,008,000         Nara Cable Funding 8.875%         0.18                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | EUR  | 3,535,000   | 0 0                               |               | 0.20                       |      |             | B+ 0.00% (0.54%)              |               |                            |
| 7.375% 15/10/2017     1,378     0.17       USD 2,120,000     Nara Cable Funding 8.875%     01/12/2018 US63080TAA51     1,486     0.18       EUR 4,008,000     Nara Cable Funding 8.875%     0.18                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | EUR  | 1,475,000   |                                   | 3,059         | 0.30                       |      |             | Total Spain                   | 15,711        | 1.96                       |
| 01/12/2018 US63080TAA51 1,486 0.18<br>EUR 4,008,000 Nara Cable Funding 8.875%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |      | 0 100 000   | 7.375% 15/10/2017                 | 1,378         | 0.17                       |      |             |                               |               |                            |
| EUR 4,008,000 Nara Cable Funding 8.875%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 050  | 2,120,000   | Ū.                                | 1,486         | 0.18                       |      |             |                               |               |                            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | EUR  | 4,008,000   | -                                 |               |                            |      |             |                               |               |                            |

0.46

3,672

01/12/2018 XS0550774870

### **Portfolio Statement**

|            | Holding                | Investment                                                          | Value<br>£000  | % of<br>Net Asset<br>Value |            | Holding                | Investment                                                          | Value M<br>£000                         | % of<br>Net Asset<br>Value |
|------------|------------------------|---------------------------------------------------------------------|----------------|----------------------------|------------|------------------------|---------------------------------------------------------------------|-----------------------------------------|----------------------------|
| SWE        | DEN 3.24%              |                                                                     |                |                            | GBP        | 2,350,000              | Jaguar Land Rover 8.125%                                            | 0 5 0 7                                 | 0.00                       |
|            |                        | BB+ 0.00% (0.48%)<br>BB 0.34% (0.00%)                               |                |                            | GBP        | 2,657,000              | 15/05/2018<br>Jaguar Land Rover 8.25%<br>15/03/2020                 | 2,587<br>2,984                          | 0.32<br>0.37               |
| EUR<br>EUR | 1,514,000<br>320,000   | Stena 5.875% 01/02/2019<br>Stena 6.125% 01/02/2017                  | 1,355<br>290   | 0.17<br>0.04               | GBP        | 3,666,000              | Southern Water Greensand 8.5% 15/04/2019                            | 3,862                                   | 0.48                       |
| EUR        | 1,100,000              | Stena 7.875% 15/03/2020                                             | 1,050          | 0.13                       | GBP<br>GBP | 6,876,000<br>2,457,000 | Taylor Wimpey 10.375% 31/12/2015<br>Virgin Media Finance 5.125%     | 7,667                                   | 0.95                       |
|            | 10,985,000             | <b>B+ 1.61% (1.64%)</b><br>TVN Finance 10.75% 15/11/2017            | 10,437         | 1.30                       | GBP        | 3,892,000              | 15/02/2022<br>Virgin Media Finance 8.875%                           | 2,476                                   | 0.31                       |
| EUR        | 2,732,000              | TVN Finance III 7.875% 15/11/2018                                   | 2,511          | 0.31                       |            | -,,                    | 15/10/2019                                                          | 4,291                                   | 0.53                       |
|            |                        | B 0.00% (0.15%)                                                     |                |                            | GBP        | 2,634,000              | Ba3 0.35% (0.68%)<br>Anglian Water (Osprey) Financing               |                                         |                            |
| EUR        | 5,334,000              | <b>B– 0.66% (0.79%)</b><br>Eileme 2 11.75% 31/01/2020               | 5,290          | 0.66                       |            | ,,                     | 7% 31/01/2018                                                       | 2,815                                   | 0.35                       |
| EUR        | 5,414,000              | CCC+ 0.63% (0.58%)<br>Norcell Sweden 10.75% 29/09/2019              | 5,106          | 0.63                       | GBP        | 5,610,000              | <b>B+ 4.26% (3.58%)</b><br>Aston Martin Capital 9.25%               |                                         |                            |
| LON        | 5,414,000              |                                                                     |                |                            |            |                        | 15/07/2018                                                          | 5,699                                   | 0.71                       |
|            |                        | Total Sweden                                                        | 26,039         | 3.24                       | EUR        | 2,905,000              | Boparan Finance 9.75% 30/04/2018                                    | 2,806                                   | 0.35                       |
|            |                        |                                                                     |                |                            | GBP        | 1,900,000              | Boparan Finance 9.875% 30/04/2018                                   |                                         | 0.26                       |
| SWIT       | ZERLAND                | 0.16% (0.00%)                                                       |                |                            | GBP        | 5,904,000              | Elli Finance UK 8.75% 15/06/2019                                    | 6,396                                   | 0.80                       |
|            | 1 916 000              | BB+ 0.16% (0.00%)<br>Dufry Finance 5.5% 15/10/2020                  | 1,266          | 0.16                       | GBP        | 5,007,000              | Matalan Finance 8.875% 29/04/2016                                   | 5,017                                   | 0.62                       |
| 030        | 1,816,000              |                                                                     |                |                            | EUR<br>EUR | 6,250,000<br>265,000   | OTE 4.625% 20/05/2016<br>OTE 7.25% 08/04/2014                       | 5,042<br>234                            | 0.63<br>0.03               |
|            |                        | Total Switzerland                                                   | 1,266          | 0.16                       | EUR        | 2,476,000              | OTE 7.25% 12/02/2015                                                | 2,167                                   | 0.00                       |
|            |                        |                                                                     |                |                            | EUR        | 4,200,000              | OTE 7.875% 07/02/2018                                               | 3,696                                   | 0.46                       |
| UNIT       | ED KINGD               | OM 20.70% (22.07%)                                                  |                |                            | GBP        | 1,020,000              | Voyage Care BondCo 6.5%                                             |                                         |                            |
|            |                        | Baa1 0.00% (0.44%)                                                  |                |                            |            |                        | 01/08/2018                                                          | 1,048                                   | 0.13                       |
|            |                        | BBB 0.32% (0.00%)                                                   |                |                            |            |                        |                                                                     |                                         |                            |
| GBP        | 1,905,000              | Barclays Bank 14% 15/06/2049                                        | 2,563          | 0.32                       | EUR        | 1,120,000              | B1 0.68% (0.68%)<br>Investec Tier UK 7.075% 24/06/2049              | 904                                     | 0.11                       |
| EUR        | 1,678,000              | BBB– 0.22% (3.05%)<br>Royal Bank of Scotland 10.5%                  |                |                            | GBP        | 4,224,000              | Thames Water Kemble Finance<br>7.75% 01/04/2019                     | 4,573                                   | 0.57                       |
|            |                        | 16/03/2022                                                          | 1,769          | 0.22                       |            |                        | B 1.96% (2.60%)                                                     |                                         |                            |
|            |                        | $B_{2} = 2.0.40\% (0.00\%)$                                         |                |                            | EUR        | 2,555,000 1            | TAvis Budget Finance 6%                                             |                                         |                            |
| GBP        | 2,876,000              | Baa3 0.40% (0.00%)<br>Santander 10.0625% 06/04/2049                 | 3,193          | 0.40                       |            |                        | 01/03/2021                                                          | 2,231                                   | 0.28                       |
| GDI        | 2,070,000              | Cantander 10.002370 00/04/2043                                      | 0,100          | 0.40                       | GBP        | 6,252,000              | Care UK 9.75% 01/08/2017                                            | 6,384                                   | 0.80                       |
|            |                        | BB+ 1.37% (1.16%)                                                   |                |                            | GBP        | 1,940,000              | House of Fraser 8.875% 15/08/2018                                   | 2,031                                   | 0.25                       |
| GBP        | 3,400,000              | Co-operative 5.625% 08/07/2020                                      | 3,570          | 0.44                       | GBP        | 4,828,000              | Odeon & UCI Finco 9% 01/08/2018                                     | 5,027                                   | 0.63                       |
| GBP<br>GBP | 1,433,000<br>3,971,000 | LBG Capital No 2 10.5% 29/09/2023<br>Lloyds TSB Bank 13% 21/07/2049 | 1,606<br>5,871 | 0.20<br>0.73               |            |                        | B2e 0.00% (0.28%)                                                   |                                         |                            |
|            |                        | BB 3.40% (3.66%)                                                    |                |                            |            |                        | B- 0.60% (0.00%)                                                    |                                         |                            |
| GBP        | 1,495,000              | British Airways 8.75% 23/08/2016                                    | 1,657          | 0.21                       | EUR        | 6,113,000              | Kerling 10.625% 28/01/2017                                          | 4,822                                   | 0.60                       |
| GBP        | 8,671,000              | Crown Newco 3 7% 15/02/2018                                         | 8,978          | 1.12                       |            |                        |                                                                     |                                         |                            |
| GBP        | 3,693,000              | Daily Mail & General Trust 5.75%                                    | -,             |                            | CPD        | 1 920 000              | B3 0.23% (0.00%)                                                    |                                         |                            |
|            |                        | 07/12/2018                                                          | 3,996          | 0.50                       | GBP        | 1,829,000              | Arqiva Broadcast Finance 9.5%<br>31/03/2020                         | 1,886                                   | 0.23                       |
| GBP        | 1,170,000              | Daily Mail & General Trust 10%                                      |                |                            |            |                        |                                                                     | 1,000                                   | 0.23                       |
| GBP        | 1,333,000              | 09/04/2021<br>LBG Capital No 1 11.04%                               | 1,511          | 0.19                       | GBP        | 997,000                | CCC+ 0.14% (0.00%)<br>*Annington Finance No5 13%                    |                                         |                            |
| GBP        | 2,461,000              | 19/03/2020<br>Lowell Group Finance 10.75%                           | 1,575          | 0.20                       |            |                        | 15/01/2023                                                          | 1,107                                   | 0.14                       |
| EU D       | 7 400 000              | 01/04/2019<br>Bayara 6 75% 20/06/2067                               | 2,713          | 0.34                       |            |                        | CCC 0.00% (0.41%)                                                   |                                         |                            |
| EUR        | 7,422,000              | Rexam 6.75% 29/06/2067<br>BB- 4.56% (3.05%)                         | 6,769          | 0.84                       | GBP        | 5,830,000              | <b>Not rated 2.21% (2.48%)</b><br>First Hydro Finance 9% 31/07/2021 | 7,160                                   | 0.89                       |
| GBP        | 1,590,000              | Arrow Global Finance 7.875%                                         |                |                            | EUR        | 5,575,000              | International Personal Finance                                      | ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, | 0.00                       |
| GDI        | .,000,000              | 01/03/2020                                                          | 1,587          | 0.20                       |            | ,. ,,                  | 11.5% 06/08/2015                                                    | 5,610                                   | 0.70                       |
| GBP        | 2,119,000              | Enterprise Inns 6.375% 26/09/2031                                   | 1,789          | 0.22                       | GBP        | 4,685,000              | MU Finance 8.75% 01/02/2017                                         | 5,010                                   | 0.62                       |
| GBP        | 6,251,000              | Enterprise Inns 6.5% 06/12/2018                                     | 6,133          | 0.76                       |            |                        | Total United Kingdom 1                                              | 66,228                                  | 20.70                      |
| GBP        | 3,290,000              | Enterprise Inns 6.875% 15/02/2021                                   | 3,096          | 0.39                       |            |                        |                                                                     |                                         |                            |
| GBP        | 220,000                | Enterprise Inns 6.875% 09/05/2025                                   | 206            | 0.03                       |            |                        |                                                                     |                                         |                            |

#### **Portfolio Statement**

(continued)

|       | Holding      | Investment                                                  | Value N<br>£000 | % of<br>et Asset<br>Value |                                      |                         | Value<br>£000                 |
|-------|--------------|-------------------------------------------------------------|-----------------|---------------------------|--------------------------------------|-------------------------|-------------------------------|
| UNIT  | ED STATE     | S OF AMERICA 2.01% (3.47%)                                  |                 |                           |                                      | ESTMENTS BY CR          |                               |
|       |              | BBB– 0.00% (0.03%)                                          |                 |                           | BBB                                  |                         | 5,066                         |
|       |              | BB = 0.00% (1.00%)                                          |                 |                           | Baa2                                 |                         | 1,126                         |
|       |              | BB+ 0.00% (1.06%)                                           |                 |                           | BBB-                                 |                         | 5,869                         |
|       |              | BB– 0.72% (0.83%)                                           |                 |                           | Baa3                                 |                         | 3,193                         |
| EUR   | 4,823,000    | Chesapeake Energy 6.25%                                     |                 |                           | BB+                                  |                         | 77,257                        |
|       |              | 15/01/2017                                                  | 4,465           | 0.55                      | BB                                   |                         | 107,715                       |
| EUR   | 1,490,000    | Rain CII Carbon LLC 8.5%                                    |                 |                           | Ba2                                  |                         | 47,364                        |
|       |              | 15/01/2021                                                  | 1,374           | 0.17                      | (P) Ba2<br>BB–                       |                         | 922<br>155,595                |
|       |              |                                                             |                 |                           | Ba3                                  |                         | 5,235                         |
|       | 0 504 000    | B+ 0.29% (0.34%)                                            | 0.000           | 0.00                      | Bas<br>B+                            |                         | 123,027                       |
| EUR   | 2,524,000    | Iron Mountain 6.75% 15/10/2018                              | 2,223           | 0.28                      | B1                                   |                         | 5,477                         |
| GBP   | 110,000      | Iron Mountain 7.25% 15/04/2014                              | 110             | 0.01                      | В                                    |                         | 56,471                        |
|       |              | B 0.12% (0.29%)                                             |                 |                           | B2                                   |                         | 7,258                         |
| USD   | 1,295,000    | Fage Dairy Industry USA 9.875%                              |                 |                           | (P) B2                               |                         | 1,501                         |
|       | , ,          | 01/02/2020                                                  | 944             | 0.12                      | В-                                   |                         | 42,437                        |
|       |              |                                                             |                 |                           | B3                                   |                         | 6,010                         |
|       |              | B– 0.51% (0.00%)                                            |                 |                           | (P) B3                               |                         | 1,521                         |
| EUR   | 4,257,000    | Infor US 10% 01/04/19                                       | 4,075           | 0.51                      | CCC+                                 |                         | 38,467                        |
|       |              | CCC+ 0.27% (0.61%)                                          |                 |                           | CCC                                  |                         | 11,896                        |
| USD   | 4,200,000    | CCC+ 0.37% (0.61%)                                          | 2 9/1           | 0.37                      | D                                    |                         | 774                           |
| 030   | 4,200,000    | Ocean Rig UDW 9.5% 27/04/2016                               | 2,941           | 0.37                      | Not rated                            |                         | 42,432                        |
|       |              | CCC 0.00% (0.27%)                                           |                 |                           | Total bonds & equitie<br>Derivatives | es                      | 746,613<br>1,259              |
|       |              | Not rated 0.00% (0.04%)                                     |                 |                           | Total value of invest                | monte                   | 747,872                       |
|       |              | Total United States of America                              | 16,132          | 2.01                      | Total value of Investi               | ments                   |                               |
| חבטו  |              | 169/ / 0 139/ )                                             |                 |                           | ANALYSIS OF COI                      | LLATERAL RECEIVE        | D                             |
| DERI  | VAIIVES (    | ).16% (–0.13%)                                              | 2/ )            |                           | Counterparty                         | Туре                    | Value                         |
| EUR   | 9,000,000    | Credit default swaps 0.06% (0.009<br>J.P. Morgan EUR Markit | /0)             |                           | oounterparty                         | Type                    | £000                          |
| EUN   | 9,000,000    | iTraxx 20/12/2017 Spread 500                                | 225             | 0.03                      |                                      |                         | 2000                          |
| EUR   | 9,000,000    | J.P. Morgan EUR Markit                                      | 225             | 0.05                      | J.P. Morgan                          | Cash                    | 490                           |
| 2011  | 0,000,000    | iTraxx 20/12/2017 Spread 500                                | 225             | 0.03                      |                                      |                         |                               |
| EUR   | 1,500,000    | Citigroup EUR OTE                                           | 220             | 0.00                      | The calculation of th                | e % Net Asset Value     | may not sum to 100% due to    |
|       | , ,          | 20/06/2013 Spread 500                                       | 10              | -                         | rounding.                            |                         | ,                             |
| EUR   | 1,900,000    | Merrill Lynch EUR OTE                                       |                 |                           | -                                    |                         |                               |
|       |              | 20/09/2013 Spread 500                                       | 16              | -                         | March 2012 compara                   | atives in brackets.     |                               |
|       |              |                                                             |                 |                           | *Variable rate bonds.                |                         |                               |
|       |              | Forward foreign exchange contra                             | cts 0.10% (-    | 0.13%)                    | ***                                  |                         |                               |
|       |              | Sell CHF 12,368,000                                         | 4.4             |                           | nn i nese are unlisted se            | ecurities and are value | d at the ACD's best estimate. |
|       |              | Buy EUR 10,054,402 RBS                                      | 14              | -                         | ††At 7 March 2013, th                | ere were investments    | totalling £12,020,024 (1.50%  |
|       |              | Sell USD 40,407,000<br>Buy EUR 30,288,879 Citigroup         | (648)           | (0.08)                    |                                      |                         | d using a quote from a single |
|       |              | Sell GBP 73,687,000                                         | (040)           | (0.08)                    |                                      |                         | d market and may not be able  |
|       |              | Buy EUR 85,673,493 Citigroup                                | 713             | 0.09                      | to be immediately liq                | quidated at these estin | nated fair values.            |
|       |              | Sell GBP 73,000,000                                         | 710             | 0.00                      |                                      |                         |                               |
|       |              | Buy EUR 84,874,740 Citigroup<br>Sell USD 600,000            | 706             | 0.09                      |                                      |                         |                               |
|       |              | Buy EUR 447,787 RBS                                         | (11)            | -                         |                                      |                         |                               |
|       |              | Sell EUR 2,927,355                                          |                 |                           |                                      |                         |                               |
|       |              | Buy CHF 3,589,461 J.P. Morgan<br>Sell GBP 2,400,000         | (12)            | -                         |                                      |                         |                               |
|       |              | Buy EUR 2,783,593 J.P. Morgan<br>Sell GBP 525,000           | 17              | -                         |                                      |                         |                               |
|       |              | Buy EUR 609,222 RBS                                         | 4               | -                         |                                      |                         |                               |
|       |              | Total derivatives                                           | 1,259           | 0.16                      |                                      |                         |                               |
| Total | value of inv | estments                                                    | 747,872         | 93.13                     |                                      |                         |                               |
| Net o | ther assets  | (7.61%)                                                     | 55,129          | 6.87                      |                                      |                         |                               |
|       |              |                                                             | 000 001         | 100.00                    |                                      |                         |                               |

Net assets

100.00

803,001

### **Threadneedle American Fund**

### **Portfolio Statement**

as at 7 March 2013

| Holding      | Investment                        | Value<br>£000 | % of<br>Net Asset<br>Value | Holding                                 | Investment                                    | Value N<br>£000 | % of<br>let Asset<br>Value |
|--------------|-----------------------------------|---------------|----------------------------|-----------------------------------------|-----------------------------------------------|-----------------|----------------------------|
| BASIC INDUST | RIES 5.03% (4.34%)                |               |                            | FINANCIALS 19                           | 9.73% (16.74%)                                |                 |                            |
|              | Chemicals 2.09% (4.34%)           |               |                            |                                         | Banks 10.45% (8.01%)                          |                 |                            |
| 247,051      | Airgas                            | 16,722        | 0.75                       | 9,142,387                               | Bank of America                               | 72,681          | 3.27                       |
| 63,516       | CF Industries Holdings            | 8,556         | 0.38                       | 675,205                                 | Citigroup                                     | 20,075          | 0.90                       |
| 511,292      | LyondellBasell                    | 21,319        | 0.96                       | 1,648,425                               | J.P. Morgan Chase                             | 54,981          | 2.48                       |
|              |                                   |               |                            | 1,072,191                               | SunTrust Banks                                | 20,137          | 0.91                       |
|              | Construction & building materials | 6             |                            | 1,595,108                               | Wells Fargo                                   | 38,341          | 1.73                       |
|              | 1.07% (0.00%)                     |               |                            | 1,541,547                               | Zions Bancorporation                          | 25,785          | 1.16                       |
| 707,482      | Jacobs Engineering Group          | 23,705        | 1.07                       |                                         |                                               |                 |                            |
|              | Forestry & paper 1.87% (0.00%)    |               |                            |                                         | Insurance 3.13% (1.44%)                       |                 |                            |
| 1 2/0 027    |                                   | 11 117        | 1.87                       | 786,558                                 | ACE                                           | 45,455          | 2.05                       |
| 1,348,827    | International Paper               | 41,417        |                            | 762,115                                 | Allstate                                      | 24,052          | 1.08                       |
|              | Total basic industries            | 111,719       | 5.03                       |                                         | Life assurance 0.00% (1.51%)                  |                 |                            |
| CYCLICAL CON | SUMER GOODS 1.04% (3.67%          | )             |                            |                                         | Speciality & other finance 6.15               | % (5.78%)       |                            |
|              | Automobiles & parts 1.04% (1.45%  | %)            |                            | 518,795                                 | American Express                              | 22,373          | 1.01                       |
| 1,063,914    | Johnson Controls                  | 23,139        | 1.04                       | 1,723,139                               | Blackstone Group                              | 21,743          | 0.98                       |
|              |                                   |               |                            | 596,152                                 | Capital One Financial                         | 21,589          | 0.97                       |
|              | Household goods & textiles        |               |                            | 1,043,907                               | Discover Financial Services                   | 28,740          | 1.30                       |
|              | 0.00% (2.22%)                     |               |                            | 390,124                                 | Visa 'A' Shares                               | 41,901          | 1.89                       |
|              | Total cyclical consumer goods     | 23,139        | 1.04                       |                                         | Total financials                              | 437,853         | 19.73                      |
| CYCLICAL SER | VICES 23.20% (16.15%)             |               |                            | GENERAL INDI                            | JSTRIALS 7.98% (8.96%)                        |                 |                            |
|              | Distributors 1.06% (1.01%)        |               |                            |                                         | Aerospace & defence 2.24% (1                  | 14%)            |                            |
| 471,247      | Wesco International               | 23,632        | 1.06                       | 398,876                                 | Boeing                                        | 21,037          | 0.95                       |
|              |                                   |               |                            | 470,583                                 | United Technologies                           | 28,576          | 1.29                       |
|              | General retailers 4.36% (10.51%)  |               |                            | ., ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, | ennoù reennolegiee                            | 20,070          |                            |
| 505,621      | Autonation                        | 15,215        | 0.69                       |                                         | Diversified industrials 1.00% (2              | 43%)            |                            |
| 1,364,726    | Home Depot                        | 64,141        | 2.89                       | 361,779                                 | Philip Morris International                   | 22,102          | 1.00                       |
| 801,069      | Tyco International                | 17,219        | 0.78                       |                                         |                                               |                 |                            |
|              | Leisure entertainment & hotels    |               |                            |                                         | Electronic & electrical equipme               | ent             |                            |
|              | 1.32% (0.00%)                     |               |                            | =                                       | 1.14% (0.98%)                                 |                 |                            |
| 466,022      | Las Vegas Sands                   | 16,162        | 0.73                       | 522,336                                 | Amphenol 'A' Shares                           | 25,357          | 1.14                       |
| 344,211      | Starbucks                         | 13,108        | 0.59                       |                                         | Engineering & machinery 3.60                  | % (1 11%)       |                            |
| 0,2          |                                   | .0,.00        | 0100                       | 464,900                                 | Pentair                                       | 16,098          | 0.72                       |
|              | Media & photography 7.93% (1.72   | 2%)           |                            | 175,089                                 | Precision Castparts                           | 22,106          | 1.00                       |
| 1,634,188    | CBS Class B                       | 48,827        | 2.20                       | 817,933                                 | Thermo Fisher Scientific                      | 41,813          | 1.88                       |
| 2,102,794    | Comcast Class A                   | 57,261        | 2.58                       | 017,000                                 |                                               |                 |                            |
| 467,387      | Discovery Communications          |               |                            |                                         | Total general industrials                     | 177,089         | 7.98                       |
|              | 'A' Shares                        | 23,485        | 1.06                       |                                         |                                               |                 |                            |
| 1,620,244    | News                              | 32,277        | 1.45                       | INFORMATION                             | TECHNOLOGY 15.21% (20.0                       | 64%)            |                            |
| 614,166      | Nielsen Holdings                  | 14,172        | 0.64                       |                                         | Information technology hardw<br>7.14% (9.59%) | are             |                            |
|              | Support services 4.71% (2.91%)    |               |                            | 223,183                                 |                                               | 63,338          | 2.85                       |
| 919,578      | Accenture                         | 47,469        | 2.14                       | 2,501,044                               | Applied Materials                             | 22,785          | 1.03                       |
| 509,004      | ADT                               | 16,410        | 0.74                       | 985,305                                 | Lam Research                                  | 28,322          | 1.28                       |
| 382,083      | Alliance Data Systems             | 40,662        | 1.83                       | 684,848                                 | NetApp                                        | 15,776          | 0.71                       |
|              | -                                 |               |                            | 632,191                                 | Qualcomm                                      | 28,106          | 1.27                       |
| 000.000      | Transport 3.82% (0.00%)           | 45 00 5       | 0.00                       |                                         |                                               |                 |                            |
| 909,038      | Norfolk Southern                  | 45,094        | 2.03                       |                                         | Software & computer services                  |                 |                            |
| 428,524      | Union Pacific                     | 39,712        | 1.79                       |                                         | 8.07% (11.05%)                                |                 |                            |
|              | Total cyclical services           | 514,846       | 23.20                      | 119,982                                 | Amazon                                        | 21,901          | 0.99                       |
|              |                                   |               |                            | 1,618,282                               | EMC                                           | 26,216          | 1.18                       |
|              |                                   |               |                            | 1,024,699                               | Facebook                                      | 18,760          | 0.84                       |
|              |                                   |               |                            | 91,323                                  | Google                                        | 50,614          | 2.28                       |
|              |                                   |               |                            | 153,936                                 | IBM                                           | 21,384          | 0.96                       |
|              |                                   |               |                            | 206.521                                 | IHS Class A                                   | 15 <i>.</i> 355 | 0.69                       |

206,521 IHS Class A 15,355 0.69 52,322 priceline.com 25,084 1.13 337,641 15.21 Total information technology

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## **Threadneedle American Fund**

### **Portfolio Statement**

(continued)

|                                                                                                  |                                                                                                                                                                                                                                                        | Value I                                                                                               | % of<br>Net Asset                                            |                                                             | Value        | % of<br>Vet Asset  |
|--------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|-------------------------------------------------------------|--------------|--------------------|
| Holding                                                                                          | Investment                                                                                                                                                                                                                                             | £000                                                                                                  | Value                                                        | Holding Investment                                          | £000         | Vet Asset<br>Value |
| NON-CYCLICAL                                                                                     | CONSUMER GOODS 16.59%                                                                                                                                                                                                                                  | 6 (12.15%)                                                                                            |                                                              | DERIVATIVES -0.06% (-0.01%)                                 |              |                    |
|                                                                                                  | Beverages 0.53% (1.92%)                                                                                                                                                                                                                                |                                                                                                       |                                                              | Forward foreign exchange co                                 | ntracts      |                    |
| 408,664                                                                                          | Constellation Brands 'A' Shares                                                                                                                                                                                                                        | 11,782                                                                                                | 0.53                                                         | -0.06% (-0.01%)                                             |              |                    |
|                                                                                                  |                                                                                                                                                                                                                                                        |                                                                                                       |                                                              | Sell USD 149,676,300                                        |              |                    |
| 000 454                                                                                          | Health 3.69% (5.47%)                                                                                                                                                                                                                                   | 40.404                                                                                                | 1.05                                                         | Buy EUR 113,521,945 J.P. Mo                                 | rgan (1,245) | (0.06)             |
| 998,451                                                                                          | Covidien                                                                                                                                                                                                                                               | 43,184                                                                                                | 1.95                                                         | Sell USD 759,296                                            |              |                    |
| 216,604                                                                                          | Davita Healthcare Partners                                                                                                                                                                                                                             | 17,617                                                                                                | 0.79                                                         | Buy EUR 576,369 J.P. Morgan                                 | ı (6)        | -                  |
| 590,779                                                                                          | UnitedHealth Group                                                                                                                                                                                                                                     | 21,115                                                                                                | 0.95                                                         | Sell USD 35,983                                             |              |                    |
|                                                                                                  | Personal care & household prod                                                                                                                                                                                                                         | lucts                                                                                                 |                                                              | Buy EUR 27,116 J.P. Morgan                                  | -            | -                  |
|                                                                                                  | 2.08% (1.33%)                                                                                                                                                                                                                                          | uoto                                                                                                  |                                                              | Sell EUR 197,119                                            |              |                    |
| 599,519                                                                                          |                                                                                                                                                                                                                                                        | 46,113                                                                                                | 2.08                                                         | Buy USD 257,887 J.P. Morgar                                 | ו 1          | -                  |
| 000,010                                                                                          | oolgato i amonvo                                                                                                                                                                                                                                       | 40,110                                                                                                | 2.00                                                         | Sell EUR 2,807                                              |              |                    |
|                                                                                                  | Pharmaceuticals & biotechnolog                                                                                                                                                                                                                         | av                                                                                                    |                                                              | Buy USD 3,679 J.P. Morgan                                   | -            | -                  |
|                                                                                                  | 10.29% (3.43%)                                                                                                                                                                                                                                         |                                                                                                       |                                                              | Sell USD 134,801                                            |              |                    |
| 537,969                                                                                          | Amgen                                                                                                                                                                                                                                                  | 33,461                                                                                                | 1.51                                                         | Buy EUR 102,772 J.P. Morgan                                 | ı (1)        | -                  |
| 620,555                                                                                          | Eli Lilly & Co                                                                                                                                                                                                                                         | 22,800                                                                                                | 1.03                                                         | Sell USD 12,610                                             |              |                    |
| 911,569                                                                                          | Johnson & Johnson                                                                                                                                                                                                                                      | 47,062                                                                                                | 2.12                                                         | Buy EUR 9,675 J.P. Morgan                                   | -            | -                  |
| 283,079                                                                                          | Mead Johnson Nutrition                                                                                                                                                                                                                                 | 14,267                                                                                                | 0.64                                                         | Sell USD 687,669                                            |              |                    |
| 1,390,637                                                                                        | Merck & Co                                                                                                                                                                                                                                             | 40,512                                                                                                | 1.83                                                         | Buy EUR 527,118 J.P. Morga                                  | n(1)         | -                  |
| 3,744,849                                                                                        | Pfizer                                                                                                                                                                                                                                                 | 70,232                                                                                                | 3.16                                                         | Total derivatives                                           | (1,252)      | (0.06)             |
|                                                                                                  | Total non-cyclical consumer                                                                                                                                                                                                                            |                                                                                                       |                                                              | Total value of investments                                  | 2,199,851    | 99.11              |
|                                                                                                  | goods -                                                                                                                                                                                                                                                | 368,145                                                                                               | 16.59                                                        | Net other assets (4.21%)                                    | 19,680       | 0.89               |
| NON-CYCLICAL                                                                                     | . SERVICES 2.03% (1.55%)                                                                                                                                                                                                                               |                                                                                                       |                                                              | Net Assets                                                  | 2,219,531    | 100.00             |
|                                                                                                  |                                                                                                                                                                                                                                                        |                                                                                                       |                                                              |                                                             | _/ /         | 100.00             |
|                                                                                                  | Food & drug retailers 1.01% (0.0                                                                                                                                                                                                                       | 0%)                                                                                                   |                                                              |                                                             |              |                    |
| 639,551                                                                                          | Food & drug retailers 1.01% (0.0<br>CVS Caremark                                                                                                                                                                                                       | <b>)0%)</b><br>22,282                                                                                 | 1.01                                                         | The calculation of the % Net Asset Value may r<br>rounding. |              |                    |
| 639,551                                                                                          | CVS Caremark                                                                                                                                                                                                                                           | 22,282                                                                                                |                                                              | rounding.                                                   |              |                    |
| ·                                                                                                |                                                                                                                                                                                                                                                        | 22,282                                                                                                |                                                              |                                                             |              |                    |
| ·                                                                                                | CVS Caremark Telecommunications services 1.                                                                                                                                                                                                            | 22,282<br>.02% (1.55%)                                                                                |                                                              | rounding.                                                   |              |                    |
| 472,175                                                                                          | CVS Caremark<br>Telecommunications services 1.<br>Crown Castle International<br>Total non-cyclical services                                                                                                                                            | 22,282<br>02% (1.55%)<br>22,708                                                                       | 1.02                                                         | rounding.                                                   |              |                    |
| ·                                                                                                | CVS Caremark<br>Telecommunications services 1.<br>Crown Castle International<br>Total non-cyclical services<br>36% (11.60%)                                                                                                                            | 22,282<br>02% (1.55%)<br>22,708                                                                       | 1.02                                                         | rounding.                                                   |              |                    |
| 472,175<br>RESOURCES 8.                                                                          | CVS Caremark<br>Telecommunications services 1.<br>Crown Castle International<br>Total non-cyclical services<br>36% (11.60%)<br>Oil & gas 8.36% (11.60%)                                                                                                | 22,282<br>02% (1.55%)<br>22,708<br>44,990                                                             | 1.02<br><b>2.03</b>                                          | rounding.                                                   |              |                    |
| 472,175<br>RESOURCES 8.<br>443,844                                                               | CVS Caremark<br>Telecommunications services 1.<br>Crown Castle International<br>Total non-cyclical services<br>36% (11.60%)<br>Oil & gas 8.36% (11.60%)<br>Anadarko Petroleum                                                                          | 22,282<br>02% (1.55%)<br>22,708<br>44,990<br>24,193                                                   | 1.02<br><b>2.03</b><br>1.09                                  | rounding.                                                   |              |                    |
| 472,175<br><b>RESOURCES 8</b> .<br>443,844<br>430,075                                            | CVS Caremark<br>Telecommunications services 1.<br>Crown Castle International<br>Total non-cyclical services<br>36% (11.60%)<br>Oil & gas 8.36% (11.60%)<br>Anadarko Petroleum<br>Chevron                                                               | 22,282<br>02% (1.55%)<br>22,708<br>44,990<br>24,193<br>33,981                                         | 1.02<br>2.03<br>1.09<br>1.53                                 | rounding.                                                   |              |                    |
| 472,175<br><b>RESOURCES 8</b> .<br>443,844<br>430,075<br>435,521                                 | CVS Caremark<br>Telecommunications services 1.<br>Crown Castle International<br>Total non-cyclical services<br>36% (11.60%)<br>Oil & gas 8.36% (11.60%)<br>Anadarko Petroleum<br>Chevron<br>HollyFrontier                                              | 22,282<br>02% (1.55%)<br>22,708<br>44,990<br>24,193<br>33,981<br>16,893                               | 1.02<br>2.03<br>1.09<br>1.53<br>0.76                         | rounding.                                                   |              |                    |
| 472,175<br><b>RESOURCES 8.</b><br>443,844<br>430,075<br>435,521<br>322,492                       | CVS Caremark<br>Telecommunications services 1.<br>Crown Castle International<br>Total non-cyclical services<br>36% (11.60%)<br>Oil & gas 8.36% (11.60%)<br>Anadarko Petroleum<br>Chevron<br>HollyFrontier<br>Noble Energy                              | 22,282<br>02% (1.55%)<br>22,708<br>44,990<br>24,193<br>33,981<br>16,893<br>23,637                     | 1.02<br>2.03<br>1.09<br>1.53<br>0.76<br>1.06                 | rounding.                                                   |              |                    |
| 472,175<br><b>RESOURCES 8.</b><br>443,844<br>430,075<br>435,521<br>322,492<br>682,596            | CVS Caremark<br>Telecommunications services 1.<br>Crown Castle International<br>Total non-cyclical services<br>36% (11.60%)<br>Oil & gas 8.36% (11.60%)<br>Anadarko Petroleum<br>Chevron<br>HollyFrontier<br>Noble Energy<br>Phillips 66               | 22,282<br>02% (1.55%)<br>22,708<br>44,990<br>24,193<br>33,981<br>16,893<br>23,637<br>30,064           | 1.02<br>2.03<br>1.09<br>1.53<br>0.76<br>1.06<br>1.35         | rounding.                                                   |              |                    |
| 472,175<br><b>RESOURCES 8.</b><br>443,844<br>430,075<br>435,521<br>322,492<br>682,596<br>507,554 | CVS Caremark<br>Telecommunications services 1.<br>Crown Castle International<br>Total non-cyclical services<br>36% (11.60%)<br>Oil & gas 8.36% (11.60%)<br>Anadarko Petroleum<br>Chevron<br>HollyFrontier<br>Noble Energy<br>Phillips 66<br>Transocean | 22,282<br>02% (1.55%)<br>22,708<br>44,990<br>24,193<br>33,981<br>16,893<br>23,637<br>30,064<br>18,093 | 1.02<br>2.03<br>1.09<br>1.53<br>0.76<br>1.06<br>1.35<br>0.82 | rounding.                                                   |              |                    |
| 472,175<br><b>RESOURCES 8.</b><br>443,844<br>430,075<br>435,521<br>322,492<br>682,596<br>507,554 | CVS Caremark<br>Telecommunications services 1.<br>Crown Castle International<br>Total non-cyclical services<br>36% (11.60%)<br>Oil & gas 8.36% (11.60%)<br>Anadarko Petroleum<br>Chevron<br>HollyFrontier<br>Noble Energy<br>Phillips 66               | 22,282<br>02% (1.55%)<br>22,708<br>44,990<br>24,193<br>33,981<br>16,893<br>23,637<br>30,064           | 1.02<br>2.03<br>1.09<br>1.53<br>0.76<br>1.06<br>1.35         | rounding.                                                   |              |                    |

## **Threadneedle American Select Fund**

### **Portfolio Statement**

| Holding            | Investment                                     | Value<br>£000    | % of<br>Net Asset<br>Value | Holding      | Investment                                        | Value I<br>£000 | % of<br>Net Asset<br>Value |
|--------------------|------------------------------------------------|------------------|----------------------------|--------------|---------------------------------------------------|-----------------|----------------------------|
| BASIC INDUST       | RIES 7.38% (6.18%)                             |                  |                            | GENERAL INDU | JSTRIALS 6.19% (5.22%)                            |                 |                            |
|                    | Chemicals 6.27% (6.18%)                        |                  |                            |              | Diversified industrials 0.00% (2.6                | 64%)            |                            |
| 936,023            | Airgas                                         | 63,357           | 3.11                       |              |                                                   |                 |                            |
| 554,903            | Axiall                                         | 21,002           | 1.03                       |              | Electronic & electrical equipmer<br>0.83% (0.00%) | π               |                            |
| 1,038,634          | LyondellBasell                                 | 43,308           | 2.13                       | 738,249      | Universal Display                                 | 17,001          | 0.83                       |
|                    | Construction & building materia                | ls               |                            | 730,243      |                                                   | 17,001          | 0.05                       |
|                    | 1.11% (0.00%)                                  |                  |                            |              | Engineering & machinery 5.36%                     | (2.58%)         |                            |
| 487,292            | Eagle Materials                                | 22,584           | 1.11                       | 873,872      | Pentair                                           | 30,260          | 1.49                       |
|                    | Total basic industries                         | 150,251          | 7.38                       | 1,034,529    | Terex                                             | 22,927          | 1.13                       |
|                    |                                                | 100,201          | 7.00                       | 1,092,989    | Thermo Fisher Scientific                          | 55,874          | 2.74                       |
|                    | ISUMER GOODS 0.00% (4.419                      | 2                |                            |              | Total general industrials                         | 126,062         | 6.19                       |
| CICLICAL CON       | Household goods & textiles                     | /0)              |                            |              | _                                                 |                 |                            |
|                    | 0.00% (4.41%)                                  |                  |                            | INFORMATION  | TECHNOLOGY 16.72% (19.24                          | <b>!%)</b>      |                            |
|                    |                                                |                  |                            |              | Information technology hardwa                     | re              |                            |
|                    | Total cyclical consumer goods                  |                  | _                          |              | 7.20% (11.22%)                                    |                 |                            |
|                    |                                                |                  |                            | 206,190      | Apple                                             | 58,515          | 2.87                       |
| CYCLICAL SER       | VICES 25.08% (21.60%)                          |                  |                            | 4,452,286    | Applied Materials                                 | 40,562          | 1.99                       |
| 971.584            | General retailers 3.15% (11.80%)<br>Autonation |                  | 1.44                       | 1,153,425    | Lam Research                                      | 33,155          | 1.63                       |
| 1,623,471          | Tyco International                             | 29,237<br>34,897 | 1.44                       | 627,406      | NetApp                                            | 14,453          | 0.71                       |
| 1,023,471          | ryco mematonai                                 | 54,057           | 1.7 1                      |              | Software & computer services 9                    | .52% (8.02%     | )                          |
|                    | Leisure entertainment & hotels                 |                  |                            | 1,527,573    | Facebook                                          | 27,966          | ,<br>1.37                  |
|                    | 1.00% (0.00%)                                  |                  |                            | 109,487      | Google                                            | 60,681          | 2.98                       |
| 584,189            | Las Vegas Sands                                | 20,260           | 1.00                       | 234,681      | IHS Class A                                       | 17,448          | 0.85                       |
|                    |                                                | 000/1            |                            | 816,655      | Informatica                                       | 19,716          | 0.97                       |
| 005 544            | Media & photography 12.03% (4                  |                  | 1.01                       | 78,951       | priceline.com                                     | 37,851          | 1.86                       |
| 825,541<br>686,909 | CBS Class B<br>Charter Communications          | 24,666<br>41,213 | 1.21<br>2.02               | 2,958,559    | Riverbed Technology                               | 30,308          | 1.49                       |
| 2,429,106          | Comcast Class A                                | 66,147           | 3.25                       |              | Total information technology                      | 340,655         | 16.72                      |
| 716,400            | Discovery Communications                       | 00,147           | 5.25                       |              |                                                   |                 |                            |
| 710,400            | 'A' Shares                                     | 35,997           | 1.77                       | NON-CYCLICAI | L CONSUMER GOODS 14.48%                           | 6 (9.46%)       |                            |
| 2,151,293          | News Corp Class A                              | 42,857           | 2.10                       |              | Health 2.90% (4.43%)                              |                 |                            |
| 1,486,595          | Nielsen Holdings                               | 34,304           | 1.68                       | 723,527      | Covidien                                          | 31,293          | 1.54                       |
|                    |                                                |                  |                            | 339,290      | Davita Healthcare Partners                        | 27,595          | 1.36                       |
|                    | Support services 5.29% (3.95%)                 | ~~~~~            |                            |              |                                                   |                 |                            |
| 1,949,121          | ADT                                            | 62,839           | 3.09                       |              | Personal care & household prod                    | ucts            |                            |
| 421,586            | Alliance Data Systems                          | 44,866           | 2.20                       | 268,969      | 1.02% (0.00%)<br>Colgate-Palmolive                | 20,688          | 1.02                       |
|                    | Transport 3.61% (1.57%)                        |                  |                            | 208,909      | Colgate-i annonve                                 | 20,088          | 1.02                       |
| 511,385            | Con-Way Inc                                    | 12,230           | 0.60                       |              | Pharmaceuticals & biotechnolog                    | IY              |                            |
| 660,729            | Union Pacific                                  | 61,230           | 3.01                       |              | 10.56% (5.03%)                                    | -               |                            |
|                    | Total cyclical services                        | 510,743          | 25.08                      | 830,037      | Amgen                                             | 51,627          | 2.53                       |
|                    |                                                |                  |                            | 590,023      | Eli Lilly & Co                                    | 21,678          | 1.06                       |
| FINANCIALS 21      | 1 53% (15 32%)                                 |                  |                            | 1,309,127    |                                                   | 38,137          | 1.87                       |
|                    | Banks 10.97% (6.87%)                           |                  |                            | 5,541,690    | Pfizer _                                          | 103,930         | 5.10                       |
| 11,817,122         | Bank of America                                | 93,944           | 4.61                       |              | Total non-cyclical consumer                       |                 |                            |
| 1,409,802          | Citigroup                                      | 41,916           | 2.06                       |              | goods                                             | 294,948         | 14.48                      |
| 2,627,642          | J.P. Morgan Chase                              | 87,641           | 4.30                       |              |                                                   |                 |                            |
|                    |                                                |                  |                            | NON-CYCLICAI | L SERVICES 2.63% (2.93%)                          |                 |                            |
|                    | Insurance 3.83% (1.80%)                        |                  |                            |              | Telecommunications services 2.                    | 63% (2.93%)     |                            |
| 774,458            | ACE                                            | 44,756           | 2.20                       | 447,992      | Crown Castle International                        | 21,545          | 1.06                       |
| 1,050,917          | Allstate                                       | 33,166           | 1.63                       | 657,797      | SBA Communications                                | 32,017          | 1.57                       |
|                    | Real estate 0.53% (0.00%)                      |                  |                            |              | Total non-cyclical services                       | 53,562          | 2.63                       |
| 345,550            | Realogy Holdings                               | 10,887           | 0.53                       |              | -                                                 |                 |                            |
|                    |                                                |                  |                            | RESOURCES 6. | .74% (9.56%)                                      |                 |                            |
|                    | Speciality & other finance                     |                  |                            |              | Oil & gas 6.74% (9.56%)                           |                 |                            |
| 001 007            | 6.20% (6.65%)                                  | 00 -00           |                            | 591,171      | Anadarko Petroleum                                | 32,224          | 1.58                       |
| 621,366            | Capital One Financial                          | 22,502           | 1.11                       | 1,645,673    |                                                   | 63,834          | 3.13                       |
| 1,450,718          | Discover Financial Services<br>Visa 'A' Shares | 39,940           | 1.96                       | 473,950      |                                                   | 20,875          | 1.03                       |
| 593,333            | -                                              | 63,726           | 3.13                       | 643,037      | Valero Energy                                     | 20,422          | 1.00                       |
|                    | Total financials                               | 438,478          | 21.53                      |              | Total resources                                   | 137,355         | 6.74                       |
|                    |                                                |                  |                            |              |                                                   |                 |                            |

### **Threadneedle American Select Fund**

### **Portfolio Statement**

(continued)

| Holding             | Investment                                     | Value<br>£000 | % of<br>Net Asset<br>Value |
|---------------------|------------------------------------------------|---------------|----------------------------|
|                     | -0.04% (–0.13%)                                |               |                            |
| DEMIVATIVES         | Forward foreign exchange contr                 | acts -0.04%   | (-0.13%)                   |
|                     | Sell USD 23,568,685                            |               |                            |
|                     | Buy EUR 17,875,662 J.P. Morgar                 | n (196)       | (0.01)                     |
|                     | Sell USD 63,803,333                            |               |                            |
|                     | Buy EUR 48,391,619 J.P. Morgar                 | n (531)       | (0.03)                     |
|                     | Sell USD 345,485                               | (-)           |                            |
|                     | Buy EUR 262,252 J.P. Morgan                    | (3)           | -                          |
|                     | Sell USD 94,712                                | (1)           |                            |
|                     | Buy EUR 71,894 J.P. Morgan<br>Sell EUR 129,337 | (1)           | _                          |
|                     | Buy USD 171,629 J.P. Morgan                    | 2             | _                          |
|                     | Sell USD 159,525                               | 2             |                            |
|                     | Buy EUR 121,935 J.P. Morgan                    | _             | _                          |
|                     | Sell EUR 19,559                                |               |                            |
|                     | Buy USD 25,589 J.P. Morgan                     | -             | -                          |
|                     | Sell USD 73,887                                |               |                            |
|                     | Buy EUR 56,359 J.P. Morgan                     | -             | -                          |
|                     | Sell USD 6,898                                 |               |                            |
|                     | Buy EUR 5,262 J.P. Morgan                      | -             | -                          |
|                     | Sell EUR 3,658                                 |               |                            |
|                     | Buy USD 4,798 J.P. Morgan                      | -             | -                          |
|                     | Sell USD 12,416                                |               |                            |
|                     | Buy EUR 9,537 J.P. Morgan                      | -             | -                          |
|                     | Sell USD 5,169                                 |               |                            |
|                     | Buy EUR 3,970 J.P. Morgan<br>Sell EUR 1,000    | -             | _                          |
|                     | Buy USD 1,300 J.P. Morgan                      | _             | _                          |
|                     | Sell USD 35,916                                |               |                            |
|                     | Buy EUR 27,621 J.P. Morgan                     | _             | _                          |
|                     | Sell USD 326,021                               |               |                            |
|                     | Buy EUR 250,134 J.P. Morgan                    | -             | -                          |
|                     | Sell EUR 4,145                                 |               |                            |
|                     | Buy USD 5,402 J.P. Morgan                      | -             | -                          |
|                     | Sell EUR 4,066                                 |               |                            |
|                     | Buy USD 5,304 J.P. Morgan                      | -             | -                          |
|                     | Sell EUR 565,977                               |               |                            |
|                     | Buy USD 738,365 J.P. Morgan                    | 1             | -                          |
|                     | Total derivatives                              | (728)         | (0.04)                     |
| Total value of inv  | restments                                      | 2,051,326     | 100.71                     |
| Net other (liabilit | ies)/assets (6.21%)                            | (14,528)      | (0.71)                     |
| Net Assets          | -                                              | 2,036,798     | 100.00                     |

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

March 2012 comparatives in brackets.

# **Threadneedle American Smaller Companies Fund (US)**

### **Portfolio Statement**

|                |                                    |            | % of      |               |                                   |              | % of      |
|----------------|------------------------------------|------------|-----------|---------------|-----------------------------------|--------------|-----------|
|                |                                    | Value I    | Vet Asset |               |                                   | Value        | Net Asset |
| Holding        | Investment                         | £000       | Value     | Holding       | Investment                        | £000         | Value     |
| BASIC INDUST   | RIES 8.17% (7.57%)                 |            |           | FINANCIALS 19 | 9.36% (14.76%)                    |              |           |
|                | Chemicals 3.28% (2.25%)            |            |           |               | Banks 7.26% (4.57%)               |              |           |
| 136,426        | Axiall                             | 5,164      | 1.30      | 1,033,621     | First Horizon National            | 7,493        | 1.88      |
| 156,705        | Methanex                           | 4,044      | 1.02      | 230,899       | First Republic Bank               | 5,753        | 1.45      |
| 62,695         | Westlake Chemical                  | 3,808      | 0.96      | 817,955       | TCF Financial                     | 7,665        | 1.93      |
|                |                                    |            |           | 475,697       | Zions Bancorporation              | 7,957        | 2.00      |
|                | Construction & building materials  |            |           |               |                                   |              |           |
| 134,184        | Chicago Bridge & Iron              | 4,944      | 1.24      |               | Insurance 4.98% (3.46%)           |              |           |
| 201,391        | Owens Corning                      | 5,330      | 1.34      | 247,487       | Brown & Brown                     | 4,983        | 1.25      |
| 107,909        | Tri Pointe Homes                   | 1,334      | 0.33      | 510,423       | Fidelity National                 | 8,565        | 2.15      |
| 315,099        | USG                                | 5,813      | 1.46      | 104,517       | Partnerre                         | 6,267        | 1.58      |
|                | Forestry & paper 0.52% (2.11%)     |            |           |               | Real estate 5.28% (1.46%)         |              |           |
| 106,698        | Boise Cascade                      | 2,060      | 0.52      | 248,758       | Colonial Properties Trust         | 3,633        | 0.91      |
|                | Total basic industries             | 32,497     | 8.17      | 116,277       | Mid-America Apartment Commu       | inity 5,331  | 1.34      |
|                |                                    | 32,497     | 0.17      | 156,230       | Rayonier                          | 5,980        | 1.50      |
|                |                                    |            |           | 232,035       | Weingarten Realty Investors       | 4,752        | 1.19      |
| CYCLICAL CON   | ISUMER GOODS 1.51% (5.54%)         |            |           | 135,083       | Whitestone Reit                   | 1,350        | 0.34      |
|                | Automobiles & parts 1.51% (2.96%)  | )          |           | ,             |                                   | .,           |           |
| 710,583        | American Axle & Manufacturing      |            |           |               | Speciality & other finance 1.84%  | (5.27%)      |           |
|                | Holdings                           | 6,023      | 1.51      | 73,139        | Affiliated Managers Group         | 7,312        | 1.84      |
|                | Household goods & textiles 0.00%   | (2.58%)    |           |               | Total financials                  | 77,041       | 19.36     |
|                | Total cyclical consumer goods      | 6,023      | 1.51      |               |                                   |              |           |
|                |                                    | -,         |           | GENERAL INDU  | <b>JSTRIALS 8.74% (9.74%)</b>     |              |           |
| CYCLICAL SER   | VICES 20.88% (29.80%)              |            |           |               | Aerospace & defence 0.96% (3.60   | •            |           |
| 010210/12 0211 | General retailers 4.60% (8.13%)    |            |           | 104,666       | B/E Aerospace                     | 3,818        | 0.96      |
| 186,306        | Autonation                         | 5,606      | 1.41      |               | Electronic & electrical equipment | t 3.37% (1.5 | 57%)      |
| 136,421        | Coinstar                           | 4,672      | 1.17      | 46,216        | Energizer Holdings                | 2,871        | 0.72      |
| 22,522         | Panera Bread Company 'A' Shares    |            | 0.62      | 78,593        |                                   | 4,245        | 1.07      |
| 182,688        | Williams-Sonoma                    | 5,549      | 1.40      | 367,256       |                                   | 4,345        | 1.09      |
|                |                                    |            |           | 84,062        | Ū.                                | 1,936        | 0.49      |
|                | Leisure entertainment & hotels 2.4 | 6% (1.74%  | 6)        | 0.,002        |                                   | .,           | 01.10     |
| 377,315        | AVIS Budget Group                  | 6,407      | 1.61      |               | Engineering & machinery 4.41%     | (4.57%)      |           |
| 182,494        | Cinemark Holdings                  | 3,390      | 0.85      | 136,941       | Crane                             | 4,936        | 1.24      |
|                |                                    | <i>.</i> . |           | 334,645       | LKQ                               | 4,499        | 1.13      |
|                | Media & photography 1.56% (3.22%   |            |           | 202,048       | MasTec                            | 4,080        | 1.03      |
| 251,367        | Lions Gate Entertainment           | 3,718      | 0.93      | 182,113       | Terex                             | 4,036        | 1.01      |
| 107,054        | VistaPrint                         | 2,488      | 0.63      |               | Total general industrials         | 34,766       | 8.74      |
|                | Support services 8.16% (8.71%)     |            |           |               |                                   |              |           |
| 35,796         | Alliance Data Systems              | 3,810      | 0.96      | INFORMATION   | TECHNOLOGY 11.44% (11.96          | %)           |           |
| 235,041        | Monro Muffler Brake                | 5,958      | 1.50      |               | Information technology hardwar    |              | 23%)      |
| 241,402        | Robert Half International          | 5,777      | 1.45      | 244 522       | Lam Research                      | 7,029        | 1.77      |
| 151,049        | Towers Watson 'A' Shares           | 6,738      | 1.69      | 2,120,932     |                                   | 1,726        | 0.43      |
| 240,041        | UTI Worldwide                      | 2,485      | 0.62      | 847,350       | Spansion                          | 6,849        | 1.72      |
| 195,187        | Verisk Analytics Class A           | 7,725      | 1.94      | 047,000       | opunoion                          | 0,040        | 1.72      |
|                | -                                  |            |           |               | Software & computer services 7    | .52% (7.73%  | 6)        |
|                | Transport 4.10% (8.00%)            |            |           | 231,111       | Cornerstone OnDemand              | 5,413        | 1.36      |
| 166,564        | Con-Way                            | 3,984      | 1.00      | 125,447       | Cyrusone                          | 1,922        | 0.48      |
| 97,340         | Ryder System                       | 3,761      | 0.95      | 51,054        | IHS Class A                       | 3,796        | 0.96      |
| 560,450        | Spirit Airlines                    | 8,567      | 2.15      | 307,111       | Informatica                       | 7,415        | 1.86      |
|                | Total cyclical services            | 83,099     | 20.88     | 721,234       | Riverbed Technology               | 7,388        | 1.86      |
|                |                                    |            |           | 59,399        | Ultimate Software Group           | 3,988        | 1.00      |
|                |                                    |            |           |               |                                   |              |           |

## **Threadneedle American Smaller Companies Fund (US)**

### **Portfolio Statement**

(continued)

| Holding                       | Investment                                                                | Value<br>£000                  | % of<br>Net Asset<br>Value |
|-------------------------------|---------------------------------------------------------------------------|--------------------------------|----------------------------|
| NON-CYCLICAL                  | CONSUMER GOODS 12.26%                                                     | % (7.95%)                      |                            |
| 144,284                       | Beverages 1.05% (0.00%)<br>Constellation Brands 'A' Shares                | 4,160                          | 1.05                       |
| 200,543                       | Food producers & processors 1.<br>Treehouse Foods                         | . <b>95% (1.48%)</b><br>7,756  | 1.95                       |
| 330,130<br>189,736<br>103,143 | Health 7.43% (4.17%)<br>Align Technology<br>Centene<br>IDEXX Laboratories | 7,142<br>5,826<br>6,336        | 1.79<br>1.46<br>1.59       |
| 254,716                       | Omnicare<br>Universal Health Services                                     | 6,420                          | 1.61                       |
| 99,933                        | Universal Health Services                                                 | 3,894                          | 0.98                       |
|                               | Pharmaceuticals & biotechnolog                                            |                                |                            |
| 104,128<br>489,716            | Charles River Laboratories<br>Warner Chilcott 'A' Shares                  | 2,910<br>4,357                 | 0.73<br>1.10               |
| 403,710                       | Total non-cyclical consumer                                               | 4,007                          | 1.10                       |
|                               | goods                                                                     | 48,801                         | 12.26                      |
| NON-CYCLICAL<br>66,591        | SERVICES 2.86% (2.19%)<br>Packaging 0.99% (0.00%)<br>Rock Tenn            | 3,940                          | 0.99                       |
| 152,376                       | Telecommunications services 1.<br>SBA Communications                      | . <b>87% (2.19%</b> )<br>7,417 | 1.87                       |
|                               | Total non-cyclical services                                               | 11,357                         | 2.86                       |
| RESOURCES 9.                  | . ,                                                                       |                                |                            |
| 502,582                       | Mining 2.10% (0.00%)<br>Alpha Natural resources                           | 2,829                          | 0.71                       |
| 767,350                       | Cypress Semiconductor                                                     | 5,522                          | 1.39                       |
| ,                             | Oil & gas 7.68% (10.84%)                                                  | -,                             |                            |
| 186,677                       | Diamondback Energy                                                        | 2,926                          | 0.74                       |
| 93,127                        | Dresser-Rand Group                                                        | 3,478                          | 0.87                       |
| 114,198                       | Forum Energy Technologies                                                 | 1,976                          | 0.50                       |
| 149,560<br>36,776             | PBF Energy<br>PDC Energy                                                  | 3,995                          | 1.00<br>0.29               |
| 286,545                       | SemGroup 'A' Shares                                                       | 1,155<br>9,039                 | 2.27                       |
| 214,530                       | Superior Energy Services                                                  | 3,721                          | 0.93                       |
| 166,851                       | Western Refining                                                          | 4,292                          | 1.08                       |
|                               | Total resources                                                           | 38,933                         | 9.78                       |
| Total value of invo           | estments                                                                  | 378,043                        | 95.00                      |
| Net other assets/             | (liabilities) (-0.35%)                                                    | 19,891                         | 5.00                       |
| Net Assets                    |                                                                           | 397,934                        | 100.00                     |

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

March 2012 comparatives in brackets.

## **Threadneedle Dollar Bond Fund**

### **Portfolio Statement**

|      |           |                                                                        |               | % of               |     |                      |                                                    |               | % of               |
|------|-----------|------------------------------------------------------------------------|---------------|--------------------|-----|----------------------|----------------------------------------------------|---------------|--------------------|
|      | Holding   | Investment                                                             | Value<br>£000 | Net Asset<br>Value |     | Holding              | Investment                                         | Value<br>£000 | Net Asset<br>Value |
| FIXE | D INTERES | T 91.51% (85.99%)                                                      |               |                    | USD | 460,000              | CLP Power Hong Kong Financing                      |               |                    |
|      |           | AAA 5.79% (3.47%)                                                      |               |                    |     |                      | 4.75% 12/07/2021                                   | 343           | 0.46               |
| USD  | 3,400,000 | KFW 2% 04/10/2022                                                      | 2,228         | 2.99               | USD | 290,000              | GDF Suez 1.625% 10/10/2017                         | 193           | 0.26               |
| USD  | 1,000,000 | KFW 2.75% 21/10/2014                                                   | 693           | 0.93               | USD | 670,000              | J.P. Morgan Chase 4.35% 15/08/2021                 | 492           | 0.66               |
| USD  | 2,000,000 | British Columbia 2.65% 22/09/2021                                      | 1,391         | 1.87               | USD | 985,000              | Philip Morris International 5.65%<br>16/05/2018    | 789           | 1.06               |
|      |           | Aaa 2.69% (2.67%)                                                      |               |                    |     |                      | A 0.070/ (0.440/)                                  |               |                    |
| USD  | 1,585,000 | Inter-American Development Bank                                        | 1 000         | 1.00               | USD | 460.000              | <b>A- 9.97% (9.11%)</b><br>Aegon 4.625% 01/12/2015 | 334           | 0.45               |
|      | 1 100 000 | 4.25% 10/09/2018                                                       | 1,236         | 1.66               |     | 460,000<br>1,240,000 | Aegon 4.625% 01/12/2015<br>Aetna 2.75% 15/11/2022  | 334<br>804    | 1.08               |
| USD  | 1,120,000 | Kommunalbanken 1.75% 05/10/2015                                        | 770           | 1.03               | USD | 1,035,000            | AmÈrica MÛvil 5% 16/10/2019                        | 804<br>795    | 1.08               |
|      |           | AA+ 28.36% (0.96%)                                                     |               |                    | USD | 1,000,000            | Bank of America 5% 13/05/2021                      | 752           | 1.07               |
| USD  | 1,040,000 | General Electric 2.7% 09/10/2022                                       | 690           | 0.93               | USD | 1,200,000            | BAT International Finance 3.25%                    | 752           | 1.01               |
|      | 1,060,000 | General Electric 4.65% 17/10/2021                                      | 795           | 1.07               | 050 | 1,200,000            | 07/06/2022                                         | 823           | 1.10               |
|      | 2,500,000 | US Treasury N/B 0.25% 15/05/2015                                       | 1,666         | 2.23               | USD | 1,160,000            | Citigroup 3.953% 15/06/2016                        | 830           | 1.10               |
|      | 4,600,000 | US Treasury N/B 0.25% 15/12/2014                                       | 3,069         | 4.12               | USD | 465,000              | Experian Finance 2.375% 15/06/2017                 | 316           | 0.42               |
|      | 7,725,000 | US Treasury N/B 1.125% 31/05/2019                                      |               | 6.92               |     | 1,130,000            | Heathrow Funding 2.5% 25/06/2015                   | 777           | 1.04               |
|      | 7,500,000 | US Treasury N/B 1.25% 31/10/2015                                       | 5,122         | 6.87               |     | 1,100,000            | Prudential 7.75% 23/03/2049                        | 787           | 1.04               |
| USD  | 2,080,000 | US Treasury N/B 1.375% 15/05/2013                                      |               | 1.87               | USD | 610,000              | Standard Chartered Bank 4%                         | ,0,           | 1.00               |
| USD  | 574,500   | US Treasury N/B 1.625% 15/11/2022                                      | 374           | 0.50               | 000 | 010,000              | 12/07/2022                                         | 419           | 0.56               |
|      | 1,625,600 | US Treasury N/B 2% 15/11/2021                                          | 1,112         | 1.49               | USD | 1,025,000            | Tesco 5.5% 15/11/2017                              | 798           | 1.07               |
| USD  |           | US Treasury N/B 4.25% 15/05/2039                                       | ,<br>1,762    | 2.36               | 000 | 1,023,000            | 10300 3.370 13/11/2017                             | /50           | 1.07               |
|      | , ,       | ····, · ····                                                           | , -           |                    |     |                      | BBB+ 6.35% (3.21%)                                 |               |                    |
|      |           | AA 2.95% (37.39%)                                                      |               |                    | USD | 548,000              | BG Energy Capital 6.5% 30/11/2072                  | 398           | 0.53               |
| USD  | 545,000   | IPIC GMTN 3.75% 01/03/2017                                             | 389           | 0.52               | USD | 1,185,000            | British Sky Broadcasting 3.125%                    |               |                    |
| USD  | 440,000   | Qatari Diar Finance 5% 21/07/2020                                      | 338           | 0.45               |     |                      | 26/11/2022                                         | 777           | 1.04               |
| USD  | 1,112,000 | Roche Holdings 5% 01/03/2014                                           | 772           | 1.04               | USD | 1,150,000            | Electricite de France 5.25%                        |               |                    |
| USD  | 390,000   | State of Qatar 6.55% 09/04/2019                                        | 323           | 0.43               |     |                      | 29/07/2049                                         | 756           | 1.01               |
| USD  | 505,000   | Wal-Mart Stores 4.125% 01/02/2019                                      | 382           | 0.51               | USD | 1,175,000            | Heineken 3.4% 01/04/2022                           | 806           | 1.08               |
|      |           |                                                                        |               |                    | USD | 775,000              | Intesa Sanpaolo 3.875% 16/01/2018                  | 510           | 0.68               |
|      |           | Aa2 1.10% (0.00%)                                                      |               |                    | USD | 1,100,000            | Sabmiller Holdings 3.75% 15/01/2022                | 2 780         | 1.05               |
| USD  | 1,225,000 | Nestle Holdings 1.375% 21/06/2017                                      | 820           | 1.10               | USD | 1,000,000            | Xstrata Canada Finance 4.95%                       |               |                    |
|      |           | AA- 2.46% (4.84%)                                                      |               |                    |     |                      | 15/11/2021                                         | 716           | 0.96               |
| USD  | 450,000   | CNOOC Finance (2011) 4.25%                                             |               |                    |     |                      |                                                    |               |                    |
| 000  | 430,000   | 26/01/2021                                                             | 324           | 0.43               |     |                      | Baa1 0.53% (0.00%)                                 |               |                    |
| USD  | 1,140,000 | Novartis Capital Corp 2.4%                                             | 024           | 0.40               | USD | 600,000              | Petroleos Mexicanos 3.5% 30/01/202                 | 3 393         | 0.53               |
| 000  | 1,140,000 | 21/09/2022                                                             | 750           | 1.01               |     |                      | BBB 4.45% (3.05%)                                  |               |                    |
| USD  | 1,000,000 | UniCredito Bank Austria 7.25%                                          | 750           | 1.01               | USD | 587,000              | British Telecom 9.625% 15/12/2030                  | 606           | 0.81               |
| 000  | 1,000,000 | 15/02/2017                                                             | 760           | 1.02               | USD | 1,030,000            | Hutchison Whampoa International                    | 000           | 0.01               |
|      |           | 13/02/2017                                                             | 700           | 1.02               | 030 | 1,030,000            | 6% 28/10/2049                                      | 731           | 0.98               |
|      |           | A+ 4.13% (2.58%)                                                       |               |                    | USD | 1,140,000            | Imperial Tobacco Finance 3.5%                      | /31           | 0.96               |
| USD  | 540,000   | CNPC General Capital 2.75%                                             |               |                    | 030 | 1,140,000            | 11/02/2023                                         | 767           | 1.03               |
|      |           | 19/04/2017                                                             | 374           | 0.50               | USD | 470,000              | Petrobras International Finance                    | /0/           | 1.03               |
| USD  | 990,000   | Export-Import Bank Korea 5.125%                                        |               |                    | 050 | 470,000              | 3.875% 27/01/2016                                  | 328           | 0.44               |
|      |           | 29/06/2020                                                             | 759           | 1.02               |     | 1,200,000            | Russian Federation 4.5% 04/04/2022                 | 328<br>884    | 1.19               |
| USD  | 555,000   | Hongkong Electric Finance 4.25%                                        |               |                    | 050 | 1,200,000            |                                                    | 004           | 1.15               |
|      |           | 14/12/2020                                                             | 402           | 0.54               |     |                      | Baa2 0.61% (0.00%)                                 |               |                    |
| USD  | 460,000   | HSBC Holdings 5.1% 05/04/2021                                          | 356           | 0.48               | USD | 585,000              | BBVA Bancomer 6.75% 30/09/2022                     | 452           | 0.61               |
| USD  | 545,000   | Sinopec Group Oversea 2.75%                                            |               |                    |     | ,                    |                                                    |               |                    |
|      |           | 17/05/2017                                                             | 378           | 0.51               |     |                      | BBB– 6.80% (5.31%)                                 |               |                    |
| USD  | 1,175,000 | Wells Fargo & Company 2.1%                                             |               |                    | USD | 630,000              | AXA 6.463% 14/06/2049                              | 418           | 0.56               |
|      |           | 08/05/2017                                                             | 808           | 1.08               | USD | 1,125,000            | Conagra Foods 3.2% 25/01/2023                      | 744           | 1.00               |
|      |           |                                                                        |               |                    | USD | 1,100,000            | El Paso Pipeline Partners 5%                       |               |                    |
|      |           | A1 0.00% (0.79%)                                                       |               |                    |     |                      | 01/10/2021                                         | 812           | 1.09               |
|      |           | A C C40/ /E 740/ )                                                     |               |                    | USD | 1,190,000            | Pernod Ricard 4.25% 15/07/2022                     | 859           | 1.15               |
|      | 1 000 000 | A 6.64% (5.74%)                                                        | 000           |                    | USD | 494,000              | Rosneft International Finance 4.199%               | ,<br>D        |                    |
|      | 1,230,000 | Abbvie 1.75% 06/11/2017                                                | 828           | 1.11               |     |                      | 06/03/2022                                         | 331           | 0.44               |
| USD  | 515,000   | ADCB Islamic Finance Cayman                                            | 200           | 0.40               | USD | 550,000              | RWE 7% 12/10/2072                                  | 399           | 0.53               |
|      | 1 000 000 | 4.071% 22/11/2016                                                      | 366           | 0.49               | USD | 570,000              | UBS Jersey 7.25% 22/02/2022                        | 406           | 0.54               |
| USD  | 1,000,000 | Anheuser-Busch InBev Worldwide                                         | 000           | 1 07               | USD | 545,000              | UBS Preferred Funding Trust V                      |               |                    |
|      | 450.000   | 5.375% 15/01/2020                                                      | 800           | 1.07               |     |                      | 6.243% 15/11/2049                                  | 375           | 0.50               |
| USD  | 450,000   | BG Energy Capital 4% 15/10/2021<br>BP Capital Markets 1 275% 06/11/201 | 325           | 0.44               | USD | 1,040,000            | Virgin Media Secured Finance 6.5%                  |               |                    |
| USD  | 1,220,000 | BP Captial Markets 1.375% 06/11/201                                    | 1 013         | 1.09               |     |                      | 15/01/2018                                         | 738           | 0.99               |
|      |           |                                                                        |               |                    |     |                      |                                                    |               |                    |

### **Threadneedle Dollar Bond Fund**

### **Portfolio Statement**

Net other assets (11.74%)

Net Assets

(continued)

|                          | Holding                                      | Investment                                                                                                                                                             | Value<br>£000            | % of<br>Net Asset<br>Value |
|--------------------------|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|----------------------------|
| FIXE                     | D INTERES                                    | ST 91.51% (85.99%) (continued)                                                                                                                                         |                          |                            |
| USD                      | 525,000                                      | Baa3 0.58% (0.48%)<br>Dubai Electricity & Water 7.375%<br>21/10/2020                                                                                                   | 432                      | 0.58                       |
| USD<br>USD<br>USD<br>USD | 725,000<br>335,000<br>1,200,000<br>1,179,000 | <b>BB+ 3.16% (1.34%)</b><br>ArcelorMittal 5.375% 01/06/2013<br>CMS Energy 5.05% 15/03/2022<br>KBC Bank 8% 25/01/2023<br>Royal Bk Scotland Grp Plc 6.125%<br>15/12/2022 | 488<br>250<br>802<br>823 | 0.33<br>1.08               |
|                          |                                              | Ba1 0.00% (0.81%)                                                                                                                                                      |                          |                            |
| USD<br>USD               | 1,084,000<br>500,000                         | BB 1.48% (2.04%)<br>CenturyLink 5.8% 15/03/2022<br>LBG Capital No 1 7.875% 01/11/2020                                                                                  | 736<br>0 368             |                            |
|                          |                                              | B+ 0.00% (0.51%)                                                                                                                                                       |                          |                            |
|                          |                                              | B 0.00% (0.42%)                                                                                                                                                        |                          |                            |
| USD                      | 475,000                                      | <b>Ba2 0.47% (0.00%)</b><br>Hanson 6.125% 15/08/2016                                                                                                                   | 348                      | 0.47                       |
| USD<br>USD<br>USD        | 1,625,000<br>645,000<br>1,050,000            | Not rated 2.99% (1.27%)<br>AIA Group 1.75% 13/03/2018<br>CGS Guernsey I 7.875% 24/02/2041<br>Port Authority of New York &<br>New Jersey 4.458% 01/10/2062              | 1,076<br>460<br>691      |                            |
|                          |                                              | Total fixed interest                                                                                                                                                   | 68,237                   |                            |
| FLO <i>F</i>             |                                              | TE NOTES 2.27% (2.27%)<br>A1 0.00% (0.40%)<br>A 0.59% (0.62%)                                                                                                          |                          |                            |
| USD                      | 590,150                                      | *Ras Laffan Liquefied Natural Gas<br>5.298% 30/09/2020                                                                                                                 | 439                      | 0.59                       |
|                          |                                              | A- 0.00% (0.40%)                                                                                                                                                       |                          |                            |
| USD                      | 500,000                                      | BBB+ 0.42% (0.37%)<br>*ING Bank 1.006% 03/07/2017                                                                                                                      | 310                      | 0.42                       |
| USD<br>USD               |                                              | Baa2 1.26% (0.48%)<br>*ING Bank 0.9631% 23/05/2016<br>*Tengizchevroil Finance 6.124%                                                                                   | 317                      | 0.42                       |
|                          |                                              | 15/11/2014                                                                                                                                                             | 625                      | 0.84                       |
|                          |                                              | Total floating rate notes                                                                                                                                              | 1,691                    | 2.27                       |
| DERI                     | VATIVES (                                    | 0.02% (0.00%)                                                                                                                                                          |                          |                            |
| USD                      | (70)*                                        | Futures and options 0.02% (0.00%)<br>*Barclays US 10 Year Note Future                                                                                                  |                          |                            |
|                          |                                              | Expiring June 2013                                                                                                                                                     | 13                       |                            |
| Total                    | value of inv                                 | Total derivatives                                                                                                                                                      | 13<br>69,941             | 93.80                      |
| No.                      |                                              |                                                                                                                                                                        | 4.004                    | 0.00                       |

|                            | 2000           |
|----------------------------|----------------|
| ANALYSIS OF INVESTMENTS BY | CREDIT RATINGS |
| AAA                        | 4,312          |
| Ааа                        | 2,006          |
| AA+                        | 21,140         |
| AA                         | 2,204          |
| Aa2                        | 820            |
| AA-                        | 1,834          |
| A+                         | 3,077          |
| A                          | 5,388          |
| A–                         | 7,435          |
| BBB+                       | 5,053          |
| Baa1                       | 393            |
| BBB                        | 3,316          |
| Baa2                       | 1,394          |
| BBB-                       | 5,082          |
| Baa3                       | 432            |
| BB+                        | 2,363          |
| BB                         | 1,104          |
| Ba2                        | 348            |
| Not rated                  | 2,227          |
| Total bonds                | 69,928         |
| Derivatives                | 13             |
| Total value of investments | 69,941         |
|                            |                |

Value £000

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

March 2012 comparatives in brackets.

\*Variable rate bonds.

\*\*The underlying exposure of holding this future is -£6,127,291.

6.20

100.00

4,624

74,565

# Threadneedle Japan Fund

### **Portfolio Statement**

|               |                                      |                   | % of      |              |                                     |        | % of      |
|---------------|--------------------------------------|-------------------|-----------|--------------|-------------------------------------|--------|-----------|
|               |                                      | Value             | Net Asset |              |                                     | Value  | Net Asset |
| Holding       | Investment                           | £000              | Value     | Holding      | Investment                          | £000   | Value     |
| BASIC INDUST  | RIES 10.61% (13.82%)                 |                   |           |              | Real estate 4.00% (2.68%)           |        |           |
|               | Chemicals 3.92% (6.66%)              |                   |           | 145          | Daiwa House REIT Investment         | 678    | 0.46      |
| 240,400       | JSR                                  | 3,252             | 2.21      | 765          | Japan Prime Realty Investment       | 1,616  | 1.10      |
| 62,400        | Shin-Etsu Chemical                   | 2,519             |           | 95,000       | Mitsubishi Estate                   | 1,696  | 1.15      |
|               |                                      |                   |           | 109,000      | Mitsui Fudosan                      | 1,898  | 1.29      |
|               | Construction & building materials    |                   |           |              |                                     |        |           |
|               | 4.87% (3.93%)                        |                   |           |              | Speciality & other finance 6.14%    |        |           |
| 159,000       | Asahi Glass                          | 693               |           | 81,600       | Century Tokyo Leasing System        | 1,348  |           |
| 569,000       | Sekisui Chemical                     | 3,724             |           | 506,000      | Daiwa Securities Group              | 2,244  |           |
| 270,000       | Sekisui House                        | 2,069             |           | 22,500       | Japan Exchange Group                | 1,135  |           |
| 419,000       | Taiheiyo Cement                      | 697               | 0.47      | 750,700      | Nomura Holdings                     | 2,956  |           |
|               | Forestry & paper 0.00% (0.65%)       |                   |           | 17,500       | Orix                                | 1,377  | 0.93      |
|               | Steel & other metals 1.82% (2.58%)   | N                 |           |              | Total financials                    | 36,782 | 24.97     |
| 90,200        | Maruichi Steel Tube                  | ,<br>1,443        | 0.98      |              | JSTRIALS 16.42% (23.73%)            |        |           |
| 710,485       | Nippon Steel                         | 1,233             |           | GENERAL INDO | Diversified industrials 4.80% (5.44 | L%)    |           |
| 710,400       |                                      |                   |           | 63,500       | Nabtesco                            | 791    | 0.54      |
|               | Total basic industries               | 15,630            | 10.61     | 417,400      | OSG                                 | 3,737  |           |
|               |                                      |                   |           | 143,500      | Sumitomo                            | 1,183  |           |
| CYCLICAL CON  | ISUMER GOODS 17.16% (12.75%          | 6)                |           | 89,700       | Tamron                              | 1,354  |           |
|               | Automobiles & parts 14.83% (11.64    | l%)               |           | ,            |                                     | .,     |           |
| 230,900       | Akebono Brake Industry               | 661               | 0.45      |              | Electronic & electrical equipment   |        |           |
| 58,600        | Honda Motor                          | 1,476             |           |              | 10.73% (13.66%)                     |        |           |
| 415,000       | КҮВ                                  | 1,226             |           | 186,700      | Azbil                               | 2,559  | 1.74      |
| 894,000       | Mazda Motor                          | 1,849             |           | 80,100       | Daikin Industries                   | 2,017  | 1.37      |
| 719,400       | Nissan Motor                         | 4,754             |           | 55,500       | Horiba                              | 1,122  | 0.76      |
| 659,000       | Sanden                               | 1,783             |           | 88,600       | Makita                              | 2,648  |           |
| 295,600       | Toyota Motor                         | 10,103            | 6.86      | 15,000       | Nidec                               | 574    |           |
|               | Household goods & textiles           |                   |           | 56,900       | Sato                                | 671    | 0.45      |
|               | 2.33% (1.11%)                        |                   |           | 61,200       | Ushio                               | 434    |           |
| 333,700       | Sony                                 | 3,427             | 2.33      | 1,234        | WACOM                               | 3,112  |           |
| 555,700       |                                      |                   |           | 258,000      | Yaskawa Electric                    | 1,652  |           |
|               | Total cyclical consumer goods        | 25,279            | 17.16     | 156,700      | Yokogawa Electric                   | 1,031  | 0.70      |
|               |                                      |                   |           |              | Engineering & machinery 0.89% (     | 4.63%) |           |
| CICLICAL SER  | VICES 5.89% (5.17%)                  |                   |           | 55,400       | Sho-Bond Holdings                   | 1,309  | 0.89      |
| 267,400       | Distributors 1.47% (0.00%)<br>Itochu | 2,161             | 1.47      |              | Total general industrials           | 24,194 | 16.42     |
| 207,400       | liochu                               | 2,101             | 1.47      |              |                                     | ,      |           |
|               | General retailers 1.25% (2.37%)      |                   |           | INFORMATION  | <b>TECHNOLOGY 10.42% (8.87%</b>     | )      |           |
| 139,400       | Aeon                                 | 1,017             | 0.69      |              | Information technology hardware     | -      |           |
| 47,600        | K's Holdings                         | 830               | 0.56      |              | 1.58% (4.61%)                       | •      |           |
|               |                                      | <i>(</i> <b>)</b> |           | 169,900      | Advantest                           | 1,610  | 1.09      |
| 50 500        | Media & photography 0.47% (0.00%     |                   | 0.47      | 129,000      | Mitsubishi Electric                 | 726    |           |
| 53,500        | Fujifilm Holdings                    | 686               | 0.47      |              |                                     |        |           |
|               | Transport 2.70% (2.80%)              |                   |           |              | Software & computer services        |        |           |
| 907,000       | Tokyu                                | 3,983             | 2.70      |              | 8.84% (4.26%)                       |        |           |
| 007,000       |                                      |                   |           | 83,900       | Internet Initiative Japan           | 1,830  | 1.24      |
|               | Total cyclical services              | 8,677             | 5.89      | 41,300       | Itochu Techno-Solutions             | 1,265  | 0.86      |
|               |                                      |                   |           | 172,700      | Konami                              | 2,280  | 1.55      |
| FINANCIALS 24 |                                      |                   |           | 22,500       | Nintendo                            | 1,528  |           |
|               | Banks 14.36% (9.51%)                 |                   |           | 394          | NTT Data                            | 837    |           |
| 212,000       | Bank of Yokohama                     | 727               |           | 218,000      | SCSK                                | 2,806  |           |
| 315,000       | Gunma Bank                           | 1,167             |           | 95,100       | Softbank                            | 2,462  | 1.67      |
| 2,093,700     | Mitsubishi UFJ Financial Group       | 7,815             |           |              | Total information technology        | 15,344 | 10.42     |
| 2,578,300     | Mizuho Financial Group               | 3,707             |           |              |                                     |        |           |
| 171,900       | Sumitomo Mitsui Financial Group      | 4,566             |           |              |                                     |        |           |
| 1,123,000     | Sumitomo Mitsui Trust Holdings       | 3,166             | 2.15      |              |                                     |        |           |
|               | Insurance 0.47% (1.63%)              |                   |           |              |                                     |        |           |
| 779           | Dai-ichi Life Insurance              | 686               | 0.47      |              |                                     |        |           |
| ,,,,          |                                      | 000               | 0.77      |              |                                     |        |           |

# Threadneedle Japan Fund

### **Portfolio Statement**

(continued)

| Holding                   | Investment                                                                  | Value M<br>£000             | % of<br>let Asset<br>Value |
|---------------------------|-----------------------------------------------------------------------------|-----------------------------|----------------------------|
| NON-CYCLICAL              | CONSUMER GOODS 9.40%<br>Beverages 3.02% (2.14%)                             | (6.70%)                     |                            |
| 126,600<br>240,000        | Asahi Group Holdings<br>Kirin Holdings                                      | 2,054<br>2,397              | 1.39<br>1.63               |
| 82,000                    | Food producers & processors 0<br>Ajinomoto                                  | . <b>51% (0.00%)</b><br>756 | 0.51                       |
|                           | Pharmaceuticals & biotechnolo 5.87% (4.56%)                                 | ду                          |                            |
| 67,000                    | Otsuka Holdings                                                             | 1,502                       | 1.02                       |
| 100,400                   | Santen Pharmaceutical                                                       | 3,286                       | 2.23                       |
| 108,900                   | Takeda Chemical Industries                                                  | 3,853                       | 2.62                       |
|                           | Total non-cyclical consumer                                                 |                             |                            |
|                           | goods                                                                       | 13,848                      | 9.40                       |
| NON-CYCLICAL              | SERVICES 3.85% (6.29%)<br>Food & drug retailers 3.25% (2.4                  | 41%)                        |                            |
| 49,900                    | AIN Pharmaciez                                                              | 1,702                       | 1.16                       |
| 20,600                    | Lawson                                                                      | 1,017                       | 0.69                       |
| 100,000                   | Seven & I Holdings                                                          | 2,064                       | 1.40                       |
| 19,200                    | <b>Packaging 0.60% (0.48%)</b><br>FP                                        | 880                         | 0.60                       |
|                           | Telecommunications services 0                                               | .00% (3.40%)                |                            |
|                           | Total non-cyclical services                                                 | 5,663                       | 3.85                       |
| RESOURCES 0.0             | 00% (1.48%)<br>Oil & gas 0.00% (1.48%)                                      |                             |                            |
|                           | Total resources                                                             | _                           | _                          |
| UTILITIES 1.10%<br>95,900 | 6 <b>(3.34%)</b><br>Electricity 1.10% (2.20%)<br>Electric Power Development | 1,627                       | 1.10                       |
|                           | Gas distribution 0.00% (1.14%)                                              |                             |                            |
|                           | Total utilities                                                             | 1,627                       | 1.10                       |
| Total value of inve       | estments                                                                    | 147,044                     | 99.82                      |
| Net other assets (        | 1.95%)                                                                      | 260                         | 0.18                       |
| Net assets                |                                                                             | 147,304                     | 100.00                     |
|                           |                                                                             |                             |                            |

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

March 2012 comparatives in brackets

# **Threadneedle Japan Smaller Companies Fund**

### **Portfolio Statement**

| Holding      | Investment                                                     | Value N<br>£000 | % of<br>let Asset<br>Value | Holding       | Investment                                                       | Value N<br>£000 | % of<br>Net Asset<br>Value |
|--------------|----------------------------------------------------------------|-----------------|----------------------------|---------------|------------------------------------------------------------------|-----------------|----------------------------|
| BASIC INDUST | RIES 19.25% (18.13%)                                           |                 |                            | FINANCIALS 22 | 2.48% (12.62%)                                                   |                 |                            |
|              | Chemicals 5.82% (7.05%)                                        |                 |                            |               | Banks 5.58% (4.55%)                                              |                 |                            |
| 85,000       | DIC                                                            | 118             | 1.04                       | 73,000        | Gunma Bank                                                       | 270             | 2.38                       |
| 28,300       | Nissan Chemical Industries                                     | 234             | 2.07                       | 101,000       | Ogaki Kyoritsu Bank                                              | 222             | 1.96                       |
| 88,000       | Sakai Chemical Industry                                        | 195             | 1.72                       | 68,000        | Toho Bank                                                        | 140             | 1.24                       |
| 5,900        | Taiyo Holdings                                                 | 112             | 0.99                       |               | Investment companies 3.12% (1.32                                 | ٥٥/ ١           |                            |
|              | Construction & building materials<br>9.16% (8.32%)             |                 |                            | 52,400        | Ichiyoshi Securities                                             | 354             | 3.12                       |
| 14,900       | Nihon Eslead                                                   | 112             | 0.99                       |               | Real estate 6.74% (2.97%)                                        |                 |                            |
| 63,000       | Sanwa Shutter                                                  | 203             | 1.79                       | 28            | Activia Properties                                               | 143             | 1.26                       |
| 38,500       | Sumitomo Forestry                                              | 246             | 2.17                       | 40            | Industrial & Infrastructure Fund                                 |                 |                            |
| 150,000      | Taiheiyo Cement                                                | 250             | 2.21                       |               | Investment                                                       | 249             | 2.20                       |
| 75,000       | Toyo Engineering                                               | 226             | 2.00                       | 59            | Japan Prime Realty Investment                                    | 125             | 1.10                       |
| , 0,000      | ,                                                              | 220             | 2.00                       | 4,500         | Sumitomo Real estate Sales                                       | 143             | 1.26                       |
|              | Packaging 1.30% (0.71%)                                        |                 |                            | 11,700        | Touei Housing                                                    | 104             | 0.92                       |
| 3,200        | FP                                                             | 147             | 1.30                       |               |                                                                  |                 |                            |
|              |                                                                |                 |                            |               | Speciality & other finance 7.04% (                               |                 |                            |
|              | Steel & other metals 2.97% (2.05%                              | 6)              |                            | 18,500        | Century Tokyo Leasing System                                     | 306             | 2.70                       |
| 16,900       | Maruichi Steel Tube                                            | 270             | 2.38                       | 9,900         | IBJ Leasing                                                      | 183             | 1.62                       |
| 11,400       | Onoken                                                         | 67              | 0.59                       | 75,000        | Tokai Tokyo Securities                                           | 308             | 2.72                       |
|              | Total basic industries                                         | 2,180           | 19.25                      |               | Total financials                                                 | 2,547           | 22.48                      |
| CYCLICAL CON | ISUMER GOODS 8.31% (8.49%)<br>Automobiles & parts 6.13% (6.66% |                 |                            | GENERAL INDU  | JSTRIALS 18.72% (24.56%)<br>Diversified industrials 5.76% (7.10' | %)              |                            |
| 68,700       | Akebono Brake Industry                                         | 197             | 1.74                       | 14,100        | Nabtesco                                                         | 176             | 1.55                       |
| 57,000       | KYB                                                            | 168             | 1.48                       | 31,400        | OSG                                                              | 281             | 2.48                       |
| 17,000       | Mitsuba                                                        | 97              | 0.86                       | 13,000        | Tamron                                                           | 196             | 1.73                       |
| 51,000       | Sanden                                                         | 138             | 1.22                       | ,             |                                                                  |                 |                            |
| 6,500        | Unipres                                                        | 94              | 0.83                       |               | Electronic & electrical equipment 6.48% (8.46%)                  |                 |                            |
|              | Household goods & textiles 2.18%                               | o (1.83%)       |                            | 60,000        | Daishinku                                                        | 122             | 1.08                       |
| 9,000        | Sanrio                                                         | 247             | 2.18                       | 11,200        | Horiba                                                           | 226             | 1.99                       |
|              | Total cyclical consumer goods                                  | 941             | 8.31                       | 143           | WACOM                                                            | 361             | 3.19                       |
|              |                                                                | 011             | 0.01                       | 7,800         | Yokowo                                                           | 25              | 0.22                       |
| CYCLICAL SER | VICES 11.89% (15.61%)                                          |                 |                            |               | Engineering & machinery 6.48% (9                                 | 0.00%)          |                            |
| =            | General retailers 2.91% (6.97%)                                |                 |                            | 10,200        | Misumi Group                                                     | 175             | 1.54                       |
| 5,300        | Chiyoda                                                        | 78              | 0.69                       | 10,400        | Sho-Bond Holdings                                                | 246             | 2.17                       |
| 10,300       | K's Holdings                                                   | 180             | 1.59                       | 59,000        | Tsubakimoto Chain                                                | 198             | 1.75                       |
| 6,300        | Valor                                                          | 71              | 0.63                       | 9,600         | Yushin Precision Equipment                                       | 115             | 1.02                       |
|              | Leisure entertainment & hotels<br>0.63% (1.04%)                |                 |                            |               | Total general industrials                                        | 2,121           | 18.72                      |
| 9,900        | Dunlop Sports                                                  | 71              | 0.63                       | INFORMATION   | TECHNOLOGY 10.03% (7.33%)<br>Information technology hardware     |                 |                            |
|              | Media & photography 2.17% (1.70                                | %)              |                            |               | 3.40% (3.74%)                                                    |                 |                            |
| 752          | SKY Perfect JSAT                                               | 246             | 2.17                       | 15,600        | DTS<br>Mitavi Kasuda das la dustra                               | 147             | 1.30                       |
|              | Support services 4.49% (4.34%)                                 |                 |                            | 934           | Mitsui Knowledge Industry                                        | 104             | 0.92                       |
| 11,100       | Advan                                                          | 78              | 0.69                       | 20,700        | Star Micronics                                                   | 134             | 1.18                       |
| 12,500       | Fuji Seal International                                        | 189             | 1.67                       |               | Software & computer services                                     |                 |                            |
| 9,200        | H.I.S.                                                         | 242             | 2.13                       | 10 000        | 6.63% (3.59%)                                                    | 100             | 1.00                       |
|              | Transport 1.69% (1.56%)                                        |                 |                            | 13,600        | Capcom                                                           | 139             | 1.23                       |
| 56,000       | Mitsui-Soko                                                    | 192             | 1.69                       | 10,600        | Internet Initiative Japan                                        | 231             | 2.04                       |
|              | Total cyclical services                                        | 1,347           | 11.89                      | 5,200         | Itochu Techno-Solutions                                          | 159             | 1.40                       |
|              |                                                                | 1,347           | 11.03                      | 16,800        | Konami                                                           | 222             | 1.96                       |
|              |                                                                |                 |                            |               | Total information technology                                     | 1,136           | 10.03                      |

## **Threadneedle Japan Smaller Companies Fund**

### **Portfolio Statement**

(continued)

| Holding                                   | Investment                                                                              | Value<br>£000            | % of<br>Net Asset<br>Value |  |  |  |  |  |
|-------------------------------------------|-----------------------------------------------------------------------------------------|--------------------------|----------------------------|--|--|--|--|--|
| NON-CYCLICAL CONSUMER GOODS 4.98% (7.47%) |                                                                                         |                          |                            |  |  |  |  |  |
| 00.000                                    | Food producers & processors 4.                                                          |                          |                            |  |  |  |  |  |
| 22,200<br>8,600                           | Fuji Oil<br>Hokuto                                                                      | 219<br>110               | 1.94<br>0.97               |  |  |  |  |  |
| 24,800                                    | Yokohama Reito Company                                                                  | 143                      | 1.26                       |  |  |  |  |  |
|                                           | Personal care & household proc<br>0.00% (1.99%)                                         | lucts                    |                            |  |  |  |  |  |
|                                           | Pharmaceuticals & biotechnolog<br>0.81% (1.68%)                                         | gγ                       |                            |  |  |  |  |  |
| 6,800                                     | Kissei Pharmaceutical                                                                   | 92                       | 0.81                       |  |  |  |  |  |
|                                           | Total non-cyclical consumer                                                             |                          |                            |  |  |  |  |  |
|                                           | goods                                                                                   | 564                      | 4.98                       |  |  |  |  |  |
|                                           | SERVICES 2.90% (2.36%)<br>Food & drug retailers 2.32% (1.0<br>AIN Pharmaciez<br>Cawachi | <b>)4%)</b><br>171<br>92 | 1.51<br>0.81               |  |  |  |  |  |
| 4.300                                     | Telecommunications services 0.<br>Okinawa Cellular                                      |                          |                            |  |  |  |  |  |
| 4,300                                     | Total non-cyclical services                                                             | 66<br><b>329</b>         | 0.58                       |  |  |  |  |  |
|                                           | Total non-cyclical services                                                             | 323                      | 2.90                       |  |  |  |  |  |
| RESOURCES 0.                              | 72% (0.76%)<br>Oil & gas 0.72% (0.76%)                                                  |                          |                            |  |  |  |  |  |
| 18,500                                    | Shizuoka Gas                                                                            | 82                       | 0.72                       |  |  |  |  |  |
|                                           | Total resources                                                                         | 82                       | 0.72                       |  |  |  |  |  |
| UTILITIES 0.00%                           | 6 (0.75%)<br>Electricity 0.00% (0.75%)<br>Total utilities                               |                          |                            |  |  |  |  |  |
| Total value of inv                        | •<br>estments                                                                           | 11,247                   | 99.28                      |  |  |  |  |  |
| Net other assets (                        | 81                                                                                      | 0.72                     |                            |  |  |  |  |  |
| Net assets                                | 1.52 /0]                                                                                | 11,328                   | 100.00                     |  |  |  |  |  |
| INCL 033613                               |                                                                                         | 11,320                   | 100.00                     |  |  |  |  |  |

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

March 2012 comparatives in brackets.

### **Threadneedle Asia Fund**

### **Portfolio Statement**

| Holding            | Investment                               | Value No<br>£000 | % of<br>et Asset<br>Value | Holding                | Investment                                    | Value Ne<br>£000      | % of<br>et Asset<br>Value |
|--------------------|------------------------------------------|------------------|---------------------------|------------------------|-----------------------------------------------|-----------------------|---------------------------|
| norung             | investment                               | 2000             | Value                     | riolaling              | investment                                    | 2000                  | Value                     |
| AUSTRALIA 18.      |                                          |                  |                           | CHINA 7.83% (1         | -                                             | 00/)                  |                           |
| 706 641            | Banks 8.02% (5.61%)                      |                  |                           | 5.094.000              | Automobiles & parts 1.26% (0.8                |                       | 0.61                      |
| 706,641            | Australia & New Zealand<br>Banking Group | 14,034           | 1.79                      | 5,094,000              | Dongfeng Motor Group<br>Great Wall Motor      | 4,810<br>5,113        | 0.61<br>0.65              |
| 425,839            | Commonwealth Bank of Austral             |                  | 2.59                      | 1,527,500              | Great Wall Motor                              | 5,115                 | 0.05                      |
| 620,224            | National Australia Bank                  | 13,188           | 1.68                      |                        | Banks 3.86% (4.15%)                           |                       |                           |
| 717,846            | Westpac Banking                          | 15,372           | 1.96                      | 11,352,000             | Agricultural Bank of China                    | 3,836                 | 0.49                      |
|                    |                                          |                  |                           | 27,153,040             | China Construction Bank                       | 14,687                | 1.87                      |
| 070 445            | Diversified industrials 2.07% (0.8       |                  | 0 5 1                     | 25,091,000             | Industrial & Commercial                       |                       |                           |
| 370,445<br>423,255 | Ansell<br>Wesfarmers                     | 4,020<br>12,263  | 0.51<br>1.56              |                        | Bank of China                                 | 11,781                | 1.50                      |
| 423,200            | vvestattiers                             | 12,203           | 1.50                      |                        | Construction & building materia               | als 0.43% (1.52       | %)                        |
|                    | Engineering & machinery 0.48%            |                  |                           | 1,399,000              | China Shenhua Energy                          | 3,417                 | 0.43                      |
| 214,540            | WorleyParsons                            | 3,775            | 0.48                      |                        |                                               |                       |                           |
|                    | Mining 3.98% (6.39%)                     |                  |                           |                        | Electronic & electrical equipme               | nt 0.56% (1.04%       | 6)                        |
| 720,645            | BHP Billiton                             | 17,672           | 2.25                      | 2,010,000              | Zhuzhou CSR Times                             | 4 070                 | 0.50                      |
| 330,881            | Iluka Resources                          | 2,265            | 0.29                      |                        | Electric Company                              | 4,373                 | 0.56                      |
| 261,448            | Rio Tinto                                | 11,317           | 1.44                      |                        | Insurance 1.16% (0.85%)                       |                       |                           |
|                    | Oil & gas 0.71% (0.66%)                  |                  |                           | 1,635,500              | Ping An Insurance Group                       | 9,071                 | 1.16                      |
| 612,542            |                                          | 5,540            | 0.71                      |                        |                                               |                       |                           |
| 012,042            |                                          | 0,040            | 0.71                      |                        | Mining 0.00% (0.84%)                          |                       |                           |
| 0 450 050          | Real estate 1.07% (0.00%)                | 0.400            |                           |                        | Oil & gas 0.56% (1.43%)                       |                       |                           |
| 3,158,358          | Mirvac Group<br>Westfield Retail Trust   | 3,492            | 0.44<br>0.63              | 5,672,000              | China Petroleum & Chemical                    | 4,370                 | 0.56                      |
| 2,333,674          | Westheid Retail Trust                    | 4,969            | 0.63                      |                        | Total China                                   | 61,458                | 7.83                      |
|                    | Speciality & other finance 0.98%         |                  |                           |                        |                                               |                       |                           |
| 300,272            | Macquarie Group                          | 7,735            | 0.98                      | HONG KONG 1            | 3.37% (13.05%)                                |                       |                           |
|                    | Telecommunications services 1.           | 54% (1.38%)      |                           |                        | Banks 0.00% (0.75%)                           |                       |                           |
| 3,894,916          | Telstra                                  | 12,079           | 1.54                      |                        |                                               |                       |                           |
|                    | Total Australia                          | 148,026          | 18.85                     | 1 100 000              | Diversified industrials 2.93% (3.             |                       | 1.01                      |
|                    | -                                        |                  |                           | 1,102,000<br>2,630,300 | Hutchison Whampoa<br>Wharf Holdings           | 7,937<br>15,064       | 1.01<br>1.92              |
| BERMUDA 1.60       | % (1.21%)                                |                  |                           | 2,030,300              | What Holdings                                 | 13,004                | 1.52                      |
|                    | Diversified industrials                  |                  |                           |                        | Information technology hardwa                 | are 0.55% (1.03       | %)                        |
|                    | 1.03% (0.00%)                            |                  |                           | 5,862,000              | Lenovo Group                                  | 4,310                 | 0.55                      |
| 314,500            | Jardine Strategic                        | 8,075            | 1.03                      |                        | Insurance 2.46% (1.82%)                       |                       |                           |
|                    | Household goods & textiles 0.57          | 7% (1 21%)       |                           | 6,728,400              | AIA Group                                     | 19,354                | 2.46                      |
| 4,820,800          | Li & Fung                                | 4,486            | 0.57                      | 0,720,400              |                                               | 10,004                | 2.40                      |
| .,,                | Total Bermuda                            | 12,561           | 1.60                      |                        | Oil & gas 1.41% (2.41%)                       |                       |                           |
|                    |                                          | 12,501           | 1.00                      | 8,795,000              | CNOOC                                         | 11,088                | 1.41                      |
|                    | NDS 4.83% (5.14%)                        |                  |                           |                        | Real estate 5.02% (2.56%)                     |                       |                           |
| GATIMAN ISLAI      | General retailers 0.30% (0.97%)          |                  |                           | 1,906,000              | Cheung Kong Holdings                          | 19,275                | 2.45                      |
| 1,800,000          | Belle International Holdings             | 2,313            | 0.30                      | 4,778,000              | China Overseas Land                           | 9,039                 | 1.15                      |
| .,,                |                                          |                  |                           | 836,799                | Sun Hung Kai Properties                       | 8,362                 | 1.07                      |
|                    | Leisure entertainment & hotels           |                  |                           | 1,086,800              | Swire Properties                              | 2,715                 | 0.35                      |
| 3,402,400          | Sands China                              | 10,504           | 1.34                      |                        | Tolocommunications convises 1                 | 0.09/ /1.219/ )       |                           |
|                    | Oil & gas 1.52% (1.06%)                  |                  |                           | 528,000                | Telecommunications services 1<br>China Mobile | .00% (1.31%)<br>3,787 | 0.48                      |
| 2,484,000          | ENN Energy Holdings                      | 8,502            | 1.08                      | 4,336,000              | China Unicom (Hong Kong)                      | 4,094                 | 0.52                      |
| 5,720,000          | Towngas China                            | 3,487            | 0.44                      | .,,                    | Total Hong Kong                               | 105,025               | 13.37                     |
|                    | Real estate 0.25% (0.65%)                |                  |                           |                        | . etal nong nong                              | 100,020               | .0.07                     |
| 2,382,850          | Agile Property Holdings                  | 1,979            | 0.25                      |                        |                                               |                       |                           |
|                    | Software & computer services 1           | 42% (0 70%)      |                           |                        |                                               |                       |                           |
| 48,349             | Baidu (ADS)                              | 2,899            | 0.37                      |                        |                                               |                       |                           |
| 342,000            | Tencent Holdings                         | 8,211            | 1.05                      |                        |                                               |                       |                           |
|                    | Total Cayman Islands                     | 37,895           | 4.83                      |                        |                                               |                       |                           |
|                    |                                          | • • • •          |                           |                        |                                               |                       |                           |

## **Threadneedle Asia Fund**

### **Portfolio Statement**

(continued)

| Holding                                                      | Investment                                                        | Value N<br>£000                | % of<br>et Asset<br>Value |  |  |  |  |
|--------------------------------------------------------------|-------------------------------------------------------------------|--------------------------------|---------------------------|--|--|--|--|
| INDIA 8.26% (6                                               | 29%)                                                              |                                |                           |  |  |  |  |
| 782,976                                                      | Automobiles & parts 1.09% (0.00<br>Mahindra & Mahindra            | %)<br>8,525                    | 1.09                      |  |  |  |  |
| 1,155,170<br>395,945<br>761,143                              | <b>Banks 3.17% (2.03%)</b><br>HDFC Bank<br>ICICI Bank<br>Yes Bank | 9,052<br>11,347<br>4,515       | 1.15<br>1.45<br>0.57      |  |  |  |  |
| 238,516                                                      | Engineering & machinery 0.54%<br>Larsen & Toubro                  | <b>(0.72%)</b><br>4,274        | 0.54                      |  |  |  |  |
| 258,311                                                      | <b>Leisure entertainment &amp; hotels 0</b><br>Bajaj Auto         | . <b>80% (0.72%</b> )<br>6,291 | )<br>0.80                 |  |  |  |  |
| 151,612                                                      | Software & computer services 0.<br>Infosys Technologies           | <b>71% (1.93%)</b><br>5,567    | 0.71                      |  |  |  |  |
| 551,593                                                      | Speciality & other finance 0.62%<br>Shriram Transport Finance     | <b>(0.00%)</b><br>4,837        | 0.62                      |  |  |  |  |
| 2,904,667                                                    | Tobacco 1.33% (0.89%)<br>ITC                                      | 10,421                         | 1.33                      |  |  |  |  |
|                                                              | Total India                                                       | 64,829                         | 8.26                      |  |  |  |  |
| INDONESIA 3.27% (3.15%)<br>Automobiles & parts 0.00% (0.77%) |                                                                   |                                |                           |  |  |  |  |
| 12,294,033                                                   | <b>Banks 1.06% (1.75%)</b><br>Bank Mandiri (Persero)              | 8,287                          | 1.06                      |  |  |  |  |
| 6,620,000                                                    | Construction & building material<br>Semen Indonesia (Persero)     | <b>s 1.03% (0.6</b> 3<br>8,127 | <b>3%)</b><br>1.03        |  |  |  |  |
| 23,192,500                                                   | Media & photography 0.25% (0.0<br>Indosiar Karya Media            | <b>0%)</b><br>1,930            | 0.25                      |  |  |  |  |
| 8,195,000                                                    | <b>Transport 0.41% (0.00%)</b><br>Jasa Marga                      | 3,241                          | 0.41                      |  |  |  |  |
| 10,973,500                                                   | <b>Gas distribution 0.52% (0.00%)</b><br>Perusahaan Gas Negara    | 4,076                          | 0.52                      |  |  |  |  |
|                                                              | Total Indonesia                                                   | 25,661                         | 3.27                      |  |  |  |  |
|                                                              |                                                                   |                                |                           |  |  |  |  |
| LUXEMBOURG                                                   | 0.45% (0.00%)<br>Personal care & household produ                  | ıcts 0.45% (0                  | .00%)                     |  |  |  |  |
| 2,222,700                                                    | Samsonite International                                           | 3,505                          | 0.45                      |  |  |  |  |
|                                                              | Total Luxembourg                                                  | 3,505                          | 0.45                      |  |  |  |  |
| MALAYSIA 0.46                                                | 5% (1.89%)<br>Banks 0.46% (0.00%)                                 |                                |                           |  |  |  |  |
| 1,834,800                                                    | Malayan Banking                                                   | 3,593                          | 0.46                      |  |  |  |  |
|                                                              | Leisure entertainment & hotels 0.00% (1.02%)                      |                                |                           |  |  |  |  |
|                                                              | Telecommunications services 0.0                                   | 0% (0.87%)                     |                           |  |  |  |  |
|                                                              | Total Malaysia                                                    | 3,593                          | 0.46                      |  |  |  |  |

| Holding                                                                    | Investment                                                                                                                                                                                                                                                                                                                                                                                                                                     | Value<br>£000                                                                                                         | Net Asset<br>Value                                                                      |  |  |  |  |
|----------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|--|--|--|--|
| PHILIPPINES 2.75% (0.97%)                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                       |                                                                                         |  |  |  |  |
| 3,524,090                                                                  | Banks 0.84% (0.00%)<br>Metroplitan Bank & Trust                                                                                                                                                                                                                                                                                                                                                                                                | 6,613                                                                                                                 | 0.84                                                                                    |  |  |  |  |
| 744,384                                                                    | <b>Diversified industrials 0.87% (0.</b><br>Ayala                                                                                                                                                                                                                                                                                                                                                                                              | <b>97%)</b><br>6,814                                                                                                  | 0.87                                                                                    |  |  |  |  |
| 13,077,100                                                                 | Food producers &<br>processors 0.58% (0.00%)<br>Alliance Global Group                                                                                                                                                                                                                                                                                                                                                                          | 4,524                                                                                                                 | 0.58                                                                                    |  |  |  |  |
| 11,968,800                                                                 | Real estate 0.46% (0.00%)<br>SM Prime Holdings                                                                                                                                                                                                                                                                                                                                                                                                 | 3,652                                                                                                                 | 0.46                                                                                    |  |  |  |  |
|                                                                            | Total Philippines                                                                                                                                                                                                                                                                                                                                                                                                                              | 21,603                                                                                                                | 2.75                                                                                    |  |  |  |  |
| SINGAPORE 5.4                                                              | 10% (4.94%)<br>Banks 1.79% (1.67%)                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                       |                                                                                         |  |  |  |  |
| 1,013,000<br>1,045,001                                                     | DBS Group Holdings<br>Oversea-Chinese Banking                                                                                                                                                                                                                                                                                                                                                                                                  | 8,365<br>5,701                                                                                                        | 1.06<br>0.73                                                                            |  |  |  |  |
| 2,002,000<br>1,607,000                                                     | Engineering &<br>machinery 2.17% (2.66%)<br>Keppel<br>SembCorp Industries                                                                                                                                                                                                                                                                                                                                                                      | 12,602<br>4,461                                                                                                       | 1.60<br>0.57                                                                            |  |  |  |  |
| 3,331,000                                                                  | Real estate 0.85% (0.00%)<br>CapitaLand                                                                                                                                                                                                                                                                                                                                                                                                        | 6,645                                                                                                                 | 0.85                                                                                    |  |  |  |  |
|                                                                            | Telesensumisetiene comvises 0                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                       |                                                                                         |  |  |  |  |
| 2,501,000                                                                  | Telecommunications services 0<br>Singapore Telecommunications                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                       | )<br>0.59                                                                               |  |  |  |  |
| 2,501,000                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                       |                                                                                         |  |  |  |  |
| SOUTH KOREA                                                                | Singapore Telecommunications<br>Total Singapore<br>14.30% (16.31%)<br>Automobiles & parts 1.80% (3.0                                                                                                                                                                                                                                                                                                                                           | s 4,641<br>42,415                                                                                                     | 0.59<br><b>5.40</b>                                                                     |  |  |  |  |
|                                                                            | Singapore Telecommunications<br>Total Singapore<br>14.30% (16.31%)<br>Automobiles & parts 1.80% (3.0<br>Hyundai Motor                                                                                                                                                                                                                                                                                                                          | s 4,641<br><b>42,415</b>                                                                                              | 0.59                                                                                    |  |  |  |  |
| SOUTH KOREA                                                                | Singapore Telecommunications<br>Total Singapore<br>14.30% (16.31%)<br>Automobiles & parts 1.80% (3.0                                                                                                                                                                                                                                                                                                                                           | s 4,641<br>42,415                                                                                                     | 0.59<br><b>5.40</b>                                                                     |  |  |  |  |
| SOUTH KOREA<br>106,908                                                     | Singapore Telecommunications<br>Total Singapore<br>14.30% (16.31%)<br>Automobiles & parts 1.80% (3.0<br>Hyundai Motor<br>Banks 1.03% (0.62%)                                                                                                                                                                                                                                                                                                   | s 4,641<br>42,415<br>01%)<br>14,113                                                                                   | 0.59<br><b>5.40</b><br>1.80                                                             |  |  |  |  |
| SOUTH KOREA<br>106,908<br>327,173                                          | Singapore Telecommunications<br>Total Singapore<br>14.30% (16.31%)<br>Automobiles & parts 1.80% (3.0<br>Hyundai Motor<br>Banks 1.03% (0.62%)<br>Hana Financial Holdings<br>Chemicals 0.53% (1.15%)                                                                                                                                                                                                                                             | s 4,641<br>42,415<br>14,113<br>8,127<br>4,142                                                                         | 0.59<br><b>5.40</b><br>1.80<br>1.03<br>0.53                                             |  |  |  |  |
| SOUTH KOREA<br>106,908<br>327,173                                          | Singapore Telecommunications<br>Total Singapore<br>14.30% (16.31%)<br>Automobiles & parts 1.80% (3.0<br>Hyundai Motor<br>Banks 1.03% (0.62%)<br>Hana Financial Holdings<br>Chemicals 0.53% (1.15%)<br>LG Chem                                                                                                                                                                                                                                  | s 4,641<br>42,415<br>14,113<br>8,127<br>4,142                                                                         | 0.59<br><b>5.40</b><br>1.80<br>1.03<br>0.53                                             |  |  |  |  |
| SOUTH KOREA<br>106,908<br>327,173<br>23,641                                | Singapore Telecommunications<br>Total Singapore<br>14.30% (16.31%)<br>Automobiles & parts 1.80% (3.0<br>Hyundai Motor<br>Banks 1.03% (0.62%)<br>Hana Financial Holdings<br>Chemicals 0.53% (1.15%)<br>LG Chem<br>Construction & building materi<br>Electricity 1.12% (0.00%)                                                                                                                                                                   | s 4,641<br>42,415<br>14,113<br>8,127<br>4,142<br>als 0.00% (1.<br>8,793                                               | 0.59<br>5.40<br>1.80<br>1.03<br>0.53<br>46%)                                            |  |  |  |  |
| SOUTH KOREA<br>106,908<br>327,173<br>23,641<br>443,720                     | Singapore Telecommunications<br>Total Singapore<br>14.30% (16.31%)<br>Automobiles & parts 1.80% (3.0<br>Hyundai Motor<br>Banks 1.03% (0.62%)<br>Hana Financial Holdings<br>Chemicals 0.53% (1.15%)<br>LG Chem<br>Construction & building materi<br>Electricity 1.12% (0.00%)<br>Korea Electric Power<br>Engineering & machinery 0.62%                                                                                                          | s 4,641<br>42,415<br>14,113<br>8,127<br>4,142<br>als 0.00% (1.<br>8,793<br>6 (1.01%)<br>4,856                         | 0.59<br><b>5.40</b><br>1.80<br>1.03<br>0.53<br><b>46%)</b><br>1.12<br>0.62              |  |  |  |  |
| SOUTH KOREA<br>106,908<br>327,173<br>23,641<br>443,720<br>210,840          | Singapore Telecommunications<br>Total Singapore<br>14.30% (16.31%)<br>Automobiles & parts 1.80% (3.0<br>Hyundai Motor<br>Banks 1.03% (0.62%)<br>Hana Financial Holdings<br>Chemicals 0.53% (1.15%)<br>LG Chem<br>Construction & building materi<br>Electricity 1.12% (0.00%)<br>Korea Electric Power<br>Engineering & machinery 0.62%<br>Samsung Heavy Industries<br>Food producers & processors 0                                             | s 4,641<br>42,415<br>14,113<br>8,127<br>4,142<br>als 0.00% (1.<br>8,793<br>6 (1.01%)<br>4,856<br>.46% (0.00%<br>3,651 | 0.59<br><b>5.40</b><br>1.80<br>1.03<br>0.53<br><b>46%)</b><br>1.12<br>0.62<br>)         |  |  |  |  |
| SOUTH KOREA<br>106,908<br>327,173<br>23,641<br>443,720<br>210,840<br>5,565 | Singapore Telecommunications<br>Total Singapore<br>14.30% (16.31%)<br>Automobiles & parts 1.80% (3.0<br>Hyundai Motor<br>Banks 1.03% (0.62%)<br>Hana Financial Holdings<br>Chemicals 0.53% (1.15%)<br>LG Chem<br>Construction & building materi<br>Electricity 1.12% (0.00%)<br>Korea Electric Power<br>Engineering & machinery 0.62%<br>Samsung Heavy Industries<br>Food producers & processors 0<br>Orion<br>General retailers 0.47% (0.93%) | s 4,641<br>42,415<br>14,113<br>8,127<br>4,142<br>als 0.00% (1.<br>8,793<br>6 (1.01%)<br>4,856<br>.46% (0.00%<br>3,651 | 0.59<br><b>5.40</b><br>1.80<br>1.03<br>0.53<br><b>46%)</b><br>1.12<br>0.62<br>)<br>0.46 |  |  |  |  |

% of

### **Threadneedle Asia Fund**

### **Portfolio Statement**

(continued)

| Holding                                 | Investment                                               | Value<br>£000    | % of<br>Net Asset<br>Value |  |  |  |  |
|-----------------------------------------|----------------------------------------------------------|------------------|----------------------------|--|--|--|--|
| SOUTH KOREA 14.30% (16.31%) (continued) |                                                          |                  |                            |  |  |  |  |
| 50 500                                  | Information technology hardwa                            |                  |                            |  |  |  |  |
| 50,509<br>266,670                       | 8                                                        | 47,000<br>4,590  | 5.99<br>0.58               |  |  |  |  |
| 200,070                                 |                                                          | 4,000            | 0.50                       |  |  |  |  |
|                                         | Speciality & other finance 0.51%                         |                  |                            |  |  |  |  |
| 157,298                                 | Shinhan Financial Group                                  | 4,028            | 0.51                       |  |  |  |  |
|                                         | Steel & other metals 0.26% (0.4                          | 9%)              |                            |  |  |  |  |
| 40,477                                  | Hyundai Steel                                            | 2,058            | 0.26                       |  |  |  |  |
|                                         | Total South Korea                                        | 112,294          | 14.30                      |  |  |  |  |
| <b>TAIWAN 8.27%</b>                     | (10.61%)                                                 |                  |                            |  |  |  |  |
| TAIWAN 0.27 /0                          | Electronic & electrical equipment                        | nt 1.45% (2.9    | 99%)                       |  |  |  |  |
| 2,380,000                               |                                                          | 5,993            | 0.76                       |  |  |  |  |
| 2,991,928                               | Hon Hai Precision Industry                               | 5,401            | 0.69                       |  |  |  |  |
|                                         |                                                          |                  |                            |  |  |  |  |
| 750.000                                 | General retailers 0.35% (0.90%)<br>President Chain Store | 2,740            | 0.35                       |  |  |  |  |
| 750,000                                 |                                                          | 2,740            | 0.00                       |  |  |  |  |
| 14 101 400                              | Information technology hardwa                            |                  |                            |  |  |  |  |
| 14,191,408                              | Taiwan Semiconductor                                     | 32,861           | 4.18                       |  |  |  |  |
|                                         | Speciality & other finance 1.48%                         | <b>% (1.20%)</b> |                            |  |  |  |  |
| 12,956,474                              | China Trust Financial Holding                            | 5,258            | 0.67                       |  |  |  |  |
| 1,113,062                               | China Trust Financial Holding                            | 70               | 0.01                       |  |  |  |  |
| 15,778,000                              | Offer Entitlement<br>E.Sun Financial Holding             | 76<br>6,243      |                            |  |  |  |  |
| 13,770,000                              | 0,240                                                    | 0.00             |                            |  |  |  |  |
|                                         | Telecommunications services 0                            | .81% (0.92%      | )                          |  |  |  |  |
| 4,072,000                               | Far EasTone<br>Telecommunications                        | 6 225            | 0.81                       |  |  |  |  |
|                                         | Total Taiwan                                             | 6,335            |                            |  |  |  |  |
|                                         | Total Talwan                                             | 64,907           | 8.27                       |  |  |  |  |
| THAILAND 4.68                           | % (4,29%)                                                |                  |                            |  |  |  |  |
|                                         | Banks 1.28% (3.13%)                                      |                  |                            |  |  |  |  |
| 2,534,928                               | SIAM Commercial Bank                                     | 10,092           | 1.28                       |  |  |  |  |
|                                         |                                                          |                  |                            |  |  |  |  |
| 6,786,200                               | General retailers 0.92% (0.00%)<br>CP ALL PCL            | 7,192            | 0.92                       |  |  |  |  |
| 0,700,200                               | 0,780,200 CI ALLICL                                      |                  | 0.02                       |  |  |  |  |
|                                         | Mining 0.00% (0.36%)                                     |                  |                            |  |  |  |  |
|                                         | Oil & gas 0.93% (0.80%)                                  |                  |                            |  |  |  |  |
| 4,281,700                               | PTT Global Chemical                                      | 7,346            | 0.93                       |  |  |  |  |
|                                         | Telecommunications services 1                            | 55% (0.00%       | .)                         |  |  |  |  |
| 1,620,600                               | Advanced Info Service                                    | 7,851            | 1.00                       |  |  |  |  |
| 827,550                                 | Total Access Communication                               | 1,568            | 0.20                       |  |  |  |  |
| 1,436,750                               | Total Access Communication                               |                  |                            |  |  |  |  |
|                                         | Non-voting Shares                                        | 2,723            | 0.35                       |  |  |  |  |
|                                         | Total Thailand                                           | 36,772           | 4.68                       |  |  |  |  |
|                                         | OM 2 00% (A 270/)                                        |                  |                            |  |  |  |  |
|                                         | OM 3.90% (4.27%)<br>Collective investment schemes        | 3 90% // 27      | %)                         |  |  |  |  |
| 15,813,506                              | *Threadneedle China                                      | 0.00/0 (4.27     | /0]                        |  |  |  |  |
|                                         | Opportunities Fund                                       | 30,637           | 3.90                       |  |  |  |  |
|                                         | - · · · · · · · · · · · · · · · · · · ·                  |                  |                            |  |  |  |  |

**Total United Kingdom** 

|                    |                                                    | Value N | % of<br>et Asset |
|--------------------|----------------------------------------------------|---------|------------------|
| Holding            | Investment                                         | £000    | Value            |
| UNITED STATE       | S OF AMERICA 0.28% (0.00%)<br>Health 0.28% (0.00%) |         |                  |
| 754,240            | ResMed                                             | 2,241   | 0.28             |
|                    | Total United States of America                     | 2,241   | 0.28             |
| Total value of inv | 773,422                                            | 98.50   |                  |
| Net other assets   | (1.71%)                                            | 11,771  | 1.50             |
| Net assets         |                                                    | 785,193 | 100.00           |

\*Related party.

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

March 2012 comparatives in brackets.

3.90

30,637

## **Threadneedle Latin America Fund**

### **Portfolio Statement**

as at 7 March 2013

|                      |                                                                  |                          | % of         |                 |                                     |              | % of      |
|----------------------|------------------------------------------------------------------|--------------------------|--------------|-----------------|-------------------------------------|--------------|-----------|
|                      |                                                                  | Value Ne                 | et Asset     |                 |                                     | Value        | Net Asset |
| Holding              | Investment                                                       | £000                     | Value        | Holding         | Investment                          | £000         | Value     |
| BERMUDA 4.38         | . ,                                                              |                          |              | CANADA 2.08%    | . ,                                 |              |           |
|                      | Banks 2.61% (2.08%)                                              |                          |              |                 | Oil & gas 2.08% (2.19%)             |              |           |
| 225,000              | Credicorp                                                        | 23,860                   | 2.61         | 1,150,000       | Pacific Rubiales Energy             | 19,020       | 2.08      |
|                      | Food producers & processors 1.77                                 | 7% (0 53%)               |              |                 | Total Canada                        | 19,020       | 2.08      |
| 1,150,000            | Cosan                                                            | 16,191                   | 1.77         |                 |                                     |              |           |
| 1,100,000            |                                                                  |                          | 4.38         | CHILE 3.35% (2. | .73%)                               |              |           |
|                      | Total Bermuda                                                    | 40,051                   | 4.38         | -               | Chemicals 0.00% (0.59%)             |              |           |
| <b>BRAZIL 55.62%</b> | (67.63%)                                                         |                          |              |                 | General retailers 2.48% (2.14%)     |              |           |
|                      | Automobiles & parts 2.43% (2.39%                                 | %)                       |              | 2,900,000       | SACI Falabella                      | 22,709       | 2.48      |
| 1,330,700            | Autometal                                                        | 9,250                    | 1.01         |                 |                                     |              |           |
| 1,400,002            | lochpe-Maxion                                                    | 12,993                   | 1.42         |                 | Software & computer services 0.8    |              |           |
|                      |                                                                  |                          |              | 3,350,544       | Sonda                               | 7,947        | 0.87      |
|                      | Banks 10.74% (12.68%)                                            |                          |              |                 | Total Chile                         | 30,656       | 3.35      |
| 675,432              | Banco Bradesco                                                   | 8,281                    | 0.91         |                 |                                     |              |           |
| 3,150,000            | Banco Bradesco                                                   | 38,761                   | 4.24         | COLOMBIA 0.00   | <b>1% (1 04%)</b>                   |              |           |
| 4,250,000            | ltaú Unibanco Banco Multiplo                                     | 51,134                   | 5.59         | OCCOMBIA 0.00   | Banks 0.00% (1.04%)                 |              |           |
|                      | Beverages 6.01% (5.12%)                                          |                          |              |                 | Total Colombia                      | _            |           |
| 1,800,000            | Companhia de Bebidas das                                         |                          |              |                 |                                     | _            | _         |
| .,,                  | Americas                                                         | 55,006                   | 6.01         |                 |                                     |              |           |
|                      |                                                                  |                          |              | LUXEMBOURG      |                                     |              |           |
|                      | Construction & building materials                                | s 0.00% (1.84            | .%)          | 050.000         | Oil & gas 1.04% (0.00%)             | 0 470        |           |
|                      | Diversified industrials 2 70% (2 02                              | 0/ )                     |              | 350,000         | Tenaris                             | 9,472        | 1.04      |
| 7,000,003            | Diversified industrials 2.70% (2.93<br>Itausa-Investimentos Itau | 24,708                   | 2.70         |                 | Total Luxembourg                    | 9,472        | 1.04      |
| 7,000,003            | llausa-investimentos itau                                        | 24,700                   | 2.70         |                 |                                     |              |           |
|                      | Food producers & processors 1.34                                 | 4% (1.61%)               |              | MEXICO 23.70%   | <b>% (18.20%)</b>                   |              |           |
| 462,900              | M Dias Branco                                                    | 12,305                   | 1.34         |                 | Banks 1.89% (2.40%)                 |              |           |
|                      |                                                                  |                          |              | 3,500,000       | Grupo Financiero Banorte            | 17,275       | 1.89      |
| 4 500 000            | General retailers 7.56% (9.44%)                                  | 00.050                   | 0.04         |                 | Beverages 6.30% (4.13%)             |              |           |
| 1,500,000            | Cia Hering                                                       | 20,253                   | 2.21         | 2,750,000       | ARCA Continental                    | 13,545       | 1.48      |
| 1,425,000            | Localiza Rent A Car                                              | 17,912                   | 1.96         | 600,000         | Fomento Economico Mexicano          | 44,114       |           |
| 700,010              | Lojas Renner                                                     | 18,037                   | 1.97<br>1.42 | 000,000         |                                     | 44,114       | 4.02      |
| 1,700,000            | Raia Drogasil                                                    | 12,970                   | 1.42         |                 | Chemicals 1.90% (1.46%)             |              |           |
|                      | Household goods & textiles 1.08%                                 | <b>% (0.53%)</b>         |              | 3,500,000       | Alpek SAB de CV                     | 5,443        | 0.60      |
| 2,150,000            | Alpargatas                                                       | 9,900                    | 1.08         | 3,556,368       | Mexichem                            | 11,902       | 1.30      |
|                      |                                                                  |                          |              |                 |                                     |              |           |
|                      | Mining 8.21% (7.66%)                                             |                          |              |                 | Construction & building materials   |              |           |
| 6,250,000            | Vale                                                             | 75,113                   | 8.21         | 3,750,000       | Cemex                               | 28,536       | 3.12      |
|                      | Oil & gas 5.35% (9.75%)                                          |                          |              |                 | Diversified industrials 1.54% (0.00 | (%)          |           |
| 4,000,000            | Petroleo Brasileiro                                              | 48,953                   | 5.35         | 5,000,000       | Alfa                                | 8,271        | 0.90      |
| 4,000,000            | l ettoleo Brasileiro                                             | 40,000                   | 0.00         | 3,500,000       | Grupo Kuo                           | 5,872        |           |
|                      | Real estate 3.24% (4.25%)                                        |                          |              |                 |                                     |              |           |
| 2,000,000            | BR Malls Participacoes                                           | 17,944                   | 1.96         |                 | General retailers 2.86% (3.00%)     |              |           |
| 1,400,000            | BR Properties                                                    | 11,697                   | 1.28         | 3,000,000       | Alsea                               | 5,022        |           |
|                      |                                                                  | (0.40%)                  |              | 10,500,894      | Wal-Mart de Mexico                  | 21,141       | 2.31      |
| 2 250 200            | Speciality & other finance 1.69%                                 | . ,                      | 1.00         |                 | Media & photography 1.93% (0.00     | <u>م</u> ر / |           |
| 3,250,000            | BM&F Bovespa                                                     | 15,428                   | 1.69         | 1,000,000       | Grupo Televisa                      | , 17,620     | 1.93      |
|                      | Steel & other metals 2.36% (1.54%                                | %)                       |              | 1,000,000       |                                     | 17,020       | 1.55      |
| 4,000,000            | Gerdau                                                           | 21,555                   | 2.36         |                 | Mining 2.17% (1.43%)                |              |           |
| ,,                   |                                                                  |                          |              | 7,500,921       | Grupo Mexico                        | 19,863       | 2.17      |
|                      | Support services 2.82% (1.70%)                                   |                          |              |                 |                                     |              |           |
| 3,002,152            | CCR                                                              | 19,952                   | 2.18         |                 |                                     |              |           |
| 425,000              | Valid Solucoes                                                   | 5,857                    | 0.64         |                 |                                     |              |           |
|                      | Telecommunications services 0.09                                 | 00/ 12 710/1             |              |                 |                                     |              |           |
| 77,600               | LINX                                                             | <b>9% (3.71%)</b><br>829 | 0.09         |                 |                                     |              |           |
| 77,000               |                                                                  | 023                      | 0.09         |                 |                                     |              |           |

55.62

508,838

Total Brazil

## **Threadneedle Latin America Fund**

### **Portfolio Statement**

(continued)

|                                                                                                       |                                                                | Value                         | % of<br>Net Asset   |  |  |  |  |  |
|-------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|-------------------------------|---------------------|--|--|--|--|--|
| Holding                                                                                               | Investment                                                     | £000                          | Value               |  |  |  |  |  |
| MEXICO 23.70% (18.20%) (continued)<br>Pharmaceuticals & biotechnology 1.07% (1.20%)                   |                                                                |                               |                     |  |  |  |  |  |
| 6,000,000                                                                                             | Genomma Lab Internacional                                      | 9,785                         | 1.07                |  |  |  |  |  |
| 5,587,100                                                                                             | Real estate 0.92% (0.00%)<br>Macquarie Mexico Real Estate      | 8,380                         | 0.92                |  |  |  |  |  |
|                                                                                                       | Telecommunications services 0.0                                | 00% (4.58%                    |                     |  |  |  |  |  |
|                                                                                                       | Total Mexico                                                   | 216,769                       | 23.70               |  |  |  |  |  |
| PANAMA 2.67%                                                                                          | Aerospace & defence 2.67% (1.63                                |                               |                     |  |  |  |  |  |
| 340,000                                                                                               | Copa Holdings Class A                                          | 24,417                        | 2.67                |  |  |  |  |  |
|                                                                                                       | Total Panama                                                   | 24,417                        | 2.67                |  |  |  |  |  |
| <b>PERU 0.71% (0</b> . 695,021                                                                        | Construction & building material                               | l <b>s 0.71% (0.</b><br>6,489 | <b>57%)</b><br>0.71 |  |  |  |  |  |
|                                                                                                       | Total Peru                                                     | 6,489                         | 0.71                |  |  |  |  |  |
| UNITED KINGD<br>1,250,000                                                                             | <b>OM 1.47% (2.12%)</b><br>Mining 1.47% (2.12%)<br>Antofagasta | 13,463                        | 1.47                |  |  |  |  |  |
|                                                                                                       | Total United Kingdom                                           | 13,463                        | 1.47                |  |  |  |  |  |
| UNITED STATES OF AMERICA 1.11% (0.68%)<br>Mining 1.11% (0.68%)<br>404,691 Southern Copper 10,192 1.11 |                                                                |                               |                     |  |  |  |  |  |
|                                                                                                       | Total United States of America                                 | 10,192                        | 1.11                |  |  |  |  |  |
| Total value of inv                                                                                    | estments                                                       | 879,367                       | 96.13               |  |  |  |  |  |
| Net other assets                                                                                      | (0.60%)                                                        | 35,415                        | 3.87                |  |  |  |  |  |
| Net assets                                                                                            |                                                                | 914,782                       | 100.00              |  |  |  |  |  |
|                                                                                                       |                                                                |                               |                     |  |  |  |  |  |

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

March 2012 comparatives in brackets.

#### **Portfolio Statement**

as at 7 March 2013

| ARGENTINA 2.71% (3.29%)<br>B 0.05% (1.07%)         COLOMEIA 3.01% (4.95%)<br>BB 0.20% (1.97%)         BB 0.20% (1.95%)<br>BB 0.20% (1.95%)         BB 1.20% (1.95%)<br>BB 0.20% (1.95%)         BB 1.20% (1.95%)<br>BB 1.20% (1.95%)         BB 1.20% (1.95%)<br>BB 1. | Holding         | Investment                 | Value I<br>£000 | % of<br>Net Asset<br>Value |      | Holding    | Investment                | Value<br>£000 | % of<br>Net Asset<br>Value |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|----------------------------|-----------------|----------------------------|------|------------|---------------------------|---------------|----------------------------|
| B 0.00% (1.01%)         BBB-3.01% (4.95%)         BBB-3.01% (4.95%)         BBB-3.01% (4.95%)           Not reid 27% (2.04%)         USD 15,92,000         Republic of Colombia 0.05 (3:25% 1800/2041         4,895         0.48           0/SD 36,896,33         Republic of Argentina 0.05 (3:26% 1800/2041         4,895         0.48         5,584,000         Republic of Colombia 0.05 (3:25% 1800/2041         4,895         0.48           0/SD 36,896,33         Republic of Argentina 0.05 (7:24%)         3,238         0.32         USD 6,584,000         Republic of Colombia 7,24% 27/10/2017         5,399         0.53           1/SD 31,322,00         Republic of Argentina 2.5% (3,24%)         USD 6,236,000         Republic of Colombia 7,24% (3,24%)         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | ARGENTINA 2.7   | 71% (3.29%)                |                 |                            | COL  | OMBIA 3.0  | 1% (4.95%)                |               |                            |
| B3 0.00% (0.1%)         4.375% 1207/2021         8.94         0.08           USD 36,88,334         Not rated 271% (2.1%)<br>(0.10210*********************************                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                 |                            |                 |                            |      |            |                           |               |                            |
| Not rated 2.71% (2.1%)         Call 2015         Control 1000         Call 2011         Call 2011 <thcall 2011<="" th="">         Call 2011         <thcall 2011<="" <="" td=""><td></td><td>B3 0.00% (0.14%)</td><td></td><td></td><td>USD</td><td>11,992,000</td><td></td><td>8,994</td><td>0.89</td></thcall></thcall>                                                                                                                                                                                                                                                                                  |                 | B3 0.00% (0.14%)           |                 |                            | USD  | 11,992,000 |                           | 8,994         | 0.89                       |
| USD 36,886,39         Republic of Argentina 0%<br>03/10/2017         20.766         2.08         USD 6,564,000         Republic of Colombia<br>7.375%, 270/12017         5.369         0.53           USD 6,209,697         Republic of Argentina 0%<br>17/04/2017         3.238         0.32         USD 6,564,000         Republic of Colombia<br>7.375%, 120/32019         7.344         0.71           USD 15,337,967         Republic of Argentina 2.5%<br>31/12/203         3.406         0.44         USD 4,154,000         Republic of Colombia<br>7.375%, 120/32019         7.244         0.71           USD 3,182,000         Federal Republic of Brazil<br>2.265%, 050/12023         2.050         0.20         USD 8,238,000         Croatis 6,25%, 2042017         5.971         0.59           USD 13,361,000         Federal Republic of Brazil<br>2.265%, 050/12201         16,131         1.59         10,780         1.07         1.07         0.74         5.410         0.41         0.41         0.41         0.41         0.41         0.41         0.41         0.41         0.41         0.41         0.41         0.41         0.41         0.41         0.41         0.41         0.41         0.41         0.41         0.41         0.41         0.41         0.41         0.41         0.41         0.41         0.41         0.41         0.43         0.41                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                 | Not rated 2 71% (2 14%)    |                 |                            | USD  | 5,664,000  |                           |               |                            |
| D3         D30         D30 <thd30< th=""> <thd30< th=""> <thd30< th=""></thd30<></thd30<></thd30<>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | USD 36,886,394  |                            |                 |                            |      | 0 504 000  |                           | 4,855         | 0.48                       |
| USD         6,209,697         Republic of Argentina 0%<br>17/42/017         3,238         0.32         USD         8,38,000         Republic of Colombia<br>7,244         0.71           USD         15,337,967         Republic of Argentina<br>31/12/2038         3,406         0.34         1/04         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.405         0.445         0.405         0.445         0.405         0.445         0.405         0.445         0.425         0.405         0.445         0.435         0.445         0.435         0.435         0.435         0.435         0.435         0.435         0.435         0.435         0.435         0.435         0.435                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                 |                            | 20,766          | 2.05                       | USD  | 6,564,000  |                           | 5 260         | 0.52                       |
| USD         15.337,97         7,378%         10.02017         7,378%         10.0202037         7,378%         10.0202037         7,378%         10.0202037         7,378%         10.0202037         7,378%         10.0202037         7,378%         10.0202037         7,378%         10.0202037         7,378%         10.0202037         7,378%         10.0202037         7,378%         10.0202037         7,378%         10.0202037         7,378%         10.0202037         7,378%         10.0202037         7,378%         10.0202037         7,378%         10.0202037         7,378%         10.0202037         7,378%         10.0202037         7,378%         10.0202037         7,044         0.43         3.01           USD         3,182,000         Fedoral Republic of Brazil         2,050         0.20         USD         5,380,000         Creatis 6,375%         10.07         0.32         0.32         0.32         0.32         0.32         0.32         0.32         0.32         0.32         0.32         0.32         0.32         0.32         0.32         0.32         0.32         0.32         0.32         0.32         0.32         0.32         0.32         0.32         0.32         0.32         0.32         0.32         0.32         0.32         0.32         0.3                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | USD 6,209,697   | Republic of Argentina 0%   |                 |                            | USD  | 8 396 000  |                           | 5,505         | 0.55                       |
| USD         15.337,897         Hepublic of Argentina         3.406         0.34           Total Argentina         27,410         2.71         7.75%         160,00%         30,507         3.01           BRAZIL 6.95%         (7,45%)         BBB 5.33% (3.42%)         CROATIA 1.88% (0.00%)         BBH 1.88% (0.00%)         BBH 1.88% (0.00%)           USD 2.0,671,000         Federal Republic of Brazil<br>2.62% (0.001/2022)         2,050         0.20         USD 5,44,000         Creatia 6.25% (7.002/2017)         5,571         0.59           USD 13,361,000         Federal Republic of Brazil<br>2.62% (0.01/2020         16,131         1.59         USD 5,44,000         Creatia 6.25% (0.00%)         1.44         1.48         1.48         1.570,000         Creatia 6.25% (0.00%)         1.88         1.88         1.88         1.88         1.570,000         Creatia 6.25% (0.00%)         1.80         1.88         1.88         1.88         1.88         1.88         1.88         1.88         1.83         1.83         1.83         1.86         1.85         1.86         1.86         1.85         1.86         1.86         1.86         1.86         1.86         1.86         1.86         1.86         1.86         1.86         1.86         1.86         1.86         1.86         1.86         1.86 </td <td></td> <td></td> <td>3,238</td> <td>0.32</td> <td>002</td> <td>0,000,000</td> <td>1</td> <td>7,244</td> <td>0.71</td>                                                                                                                                                                                                                                                                                                                                                                                      |                 |                            | 3,238           | 0.32                       | 002  | 0,000,000  | 1                         | 7,244         | 0.71                       |
| Total Argentina         27,410         2.71         7.375% (300/2023)         4,045         0.40           BRAZIL 6.95% (7.46%)<br>BBB 5.93% (3.42%)<br>USD 3.182.000         BBE 1.93% (3.42%)<br>BBB 5.93% (3.42%)         CROATIA 1.88% (0.00%)<br>BBE 1.82% (0.00%)         BBE 1.88% (0.00%)<br>BBE 1.82% (0.00%)         BBE 1.83% (0.00%)           USD 0.670.00         Federal Republic of Brazil<br>2.655% (501/2023         2.050         0.20         USD 8,238.000         Croatia 6.25% (200/2017<br>Croatia 6.25% (200/2020)         1,184         0.43           USD 0.270.00         Federal Republic of Brazil<br>5.625% (701/2041         10,780         1,07         Total Croatia         19.084         1.88           USD 0.270.00         Federal Republic of Brazil<br>5.875% (501/2023         1.6334         1.61         EGYPT 0.25% (0.22%)         7.126% (0.00%)         1.88         0.040         1.88           USD 0.376.00         Federal Republic of Brazil<br>5.875% (2001/2034         1.63         1.67         B-0.25% (0.00%)         2.501         0.25           USD 3.88.00         Federal Republic of Brazil<br>8.875% (2001/2034         1.682         0.16         B-0.25% (0.00%)         2.501         0.25           USD 3.88.00 0% (1.63%)         BB 1.02% (0.00%)         USD 1.780.00 0.00%         USD 1.780.00 0.00%         2.501         0.25         0.026           USD 3.88.00 0% (1.53%)         <                                                                                                                                                                                                                                                                                                                                                                                              | USD 15,337,967  |                            | 2 406           | 0.24                       | USD  | 4,154,000  |                           | ,             |                            |
| BRAZIL 6.96% (7.46%)<br>BB5 533% (3.42%)         Ibit I continue         30,507         301           USD 3,182.000         Federal Republic of Brazil<br>2.025% (0.017023         2.050         0.20         USD 5,343.000         Creatia 6.25% (2.704/2017         5.971         0.59           USD 20,671.000         Federal Republic of Brazil<br>2.025% (0.017023         2.050         0.20         USD 5,343.000         Creatia 6.25% (2.704/2017         5.971         0.59           USD 13,361,000         Federal Republic of Brazil<br>5.625% (7.0172041         10,780         1.07         Total Creatia         0.780         0.72           USD 5,438,000         Federal Republic of Brazil<br>5.875% 1501/2019         16.334         1.61         EGYPT 0.25% (0.22%)         8 0.00% (0.22%)         8 0.00% (0.22%)           USD 3,765,000         Federal Republic of Brazil<br>8.25% 2001/2034         3.922         0.39         USD 4,339.000         7.064 (0.00%)         8 0.00% (0.22%)           USD 1,606,000         Federal Republic of Brazil<br>8.275% 1001/2034         3.922         0.39         USD 4,339.000         7.064 (0.22%)         2.501         0.25           USD 1,606,000         Federal Republic of Brazil<br>8.75% 1004/20202         1.652         0.16         5.875% 3001/20205         1.255         0.025           USD 1,760,000         Federal Republic of Brazil<br>8.75% 1004/20202<                                                                                                                                                                                                                                                                                                                                                                                                        |                 | —                          |                 |                            |      |            | 7.375% 18/09/2037         | 4,045         | 0.40                       |
| BBB         5.87% (12.42%)         ECHOM 174 1.68% (10.00%)           USD         3.182,000         Federal Republic of Brazil         1.058 (10.00%)         1.007 Croatile 6.25% 27/04/2017         5.971         0.59           USD         2.026% 05/01/2023         2.050         0.20         USD         5.949(0.00%)         Croatile 6.25% 27/04/2017         5.971         0.59           USD         1.6778,000         Croatile 6.25% 27/04/2017         5.971         0.74           USD         1.578,000         Croatile 6.25% 27/04/2017         1.441 9         0.12           USD         2.0276,000         Federal Republic of Brazil         10,780         1.07         Total Croatile         75.80 (0.07%)           USD         5.438,000         Federal Republic of Fazil         5.166         0.51         B.00% (0.22%)         B.00% (0.22%)           USD         3.756,000         Federal Republic of Fazil         3.922         0.39         USD 4.339,000         Arab Republic of Egypt         2.501         0.25           USD         3.888,000         Federal Republic of Brazil         3.922         0.30         Foderal Republic of Brazil         2.501         0.25           USD         1.606,000         Federal Republic of Brazil         3.922         0.36         Foderal R                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                 | Total Argentina            | 27,410          | 2.71                       |      |            | Total Colombia            | 30,507        | 3.01                       |
| Bits 5.35% (3.4.2%)                                                                                                                                                                                                                                                                      | BRAZIL 6.96% (  | 7.46%)                     |                 |                            | CRO  | ATIA 1 000 | / (0.00%)                 |               |                            |
| USD         3,182,200         Federal Republic of Frazil<br>4,875%         2,055%         6000/10203<br>4,415%         2,056         0,200         Creatile 6,25%         270,42017         5,971         0,59           USD         2,050         0,2671,000         Federal Republic of Brazil<br>5,25%         16,131         1,59         USD         5,4000         Creatile 6,25%         44,019         0,43           USD         1,3,361,000         Federal Republic of Brazil<br>5,25%         10,780         1,0780         1,07         Total Creatile 6,25%         1,184         0,12           USD         2,070,000         Federal Republic of Brazil<br>5,27%         10,780         1,07         Total Creatil         7,510         0,74           USD         5,436,000         Federal Republic of Brazil<br>8,275%         16,334         1,61         EGYPT 0.25%         (0,22%)         2,501         0,25           USD         3,756,000         Federal Republic of Brazil<br>8,275%         3,922         0,39         USD         4,39,000         Arabit Republic of Egypt<br>6,875%         5,070(2041         2,501         0,25           USD         1,660,000         Federal Republic of Brazil<br>8,375%         3,922         0,39         USD         4,39,000         Call Standor<br>7,65%         1,20%         0,00%         2,501 </td <td></td> <td>BBB 5.93% (3.42%)</td> <td></td> <td></td> <td>ChU</td> <td>ATTA 1.00/</td> <td></td> <td></td> <td></td>                                                                                                                                                                                                                                                                                                                                                    |                 | BBB 5.93% (3.42%)          |                 |                            | ChU  | ATTA 1.00/ |                           |               |                            |
| LSD 20,671,000         Federal Republic of Brazil<br>4,875% 22(01/2021         16,131         1.59         USD 1,578,000         Croatia 6.375% 26(03/2021)         1,419         0.43           USD 20,671,000         Federal Republic of Brazil<br>5625% 07(01/2041)         10,780         1,07         Total Croatia         6.75% 05(11/2019)         7,510         0.74           USD 20,276,000         Federal Republic of Brazil<br>5875% 15(01/2019)         16,334         1.61         EGYPT 0.25% (0.22%)         900% (0.22%)         18.8           USD 3,366,000         Federal Republic of Brazil<br>5875% 0001/2034         3,922         0.39         USD 4,339,000         Arab Republic of Egypt<br>6875% 30(04/2040)         2,501         0.25           USD 1,606,000         Federal Republic of Brazil<br>8.75% 040/2024         1,652         0.16         EL SALVADOR 1.20% (0.00%)         2,501         0.25           USD 1,606,000         Federal Republic of Brazil<br>8.75% 040/2024         1,652         0.16         EL SALVADOR 1.20% (0.00%)         2,501         0.25           USD 1,606,000         Federal Republic of Brazil<br>8.75% 040/2024         1,652         0.16         EL SALVADOR 1.20% (0.00%)         0.25         0.25         0.13           USD 1,606,000         Federal Republic of Brazil<br>8.75% 040/2024         1,643         1.03         0.25         0.25% 010/20201                                                                                                                                                                                                                                                                                                                                                                                                                  | USD 3,182,000   | •                          |                 |                            | USD  | 8.238.000  |                           | 5.971         | 0.59                       |
| USD 20,671,000         Hegbrai Republic of Brazil<br>4875% 220170201         16,131         1.59         USD 1,578,000         Croatia 6,255% 140772020         1,184         0.12           USD 13,361,000         Federal Republic of Brazil<br>5,255% (0712/2041         10,780         1.07         Total Croatia         19,084         1.88           USD 20,276,000         Federal Republic of Brazil<br>8,25% 2001/2034         5,166         0.51         B 0.00% (0.22%)         1.82         1.88         1.88           USD 3,368,000         Federal Republic of Brazil<br>8,25% 2001/2034         3,922         0.39         USD 4,339,000         Arab Republic of Egypt<br>6,375% 3004/2040         2,501         0.25           USD 1,666,000         Federal Republic of Brazil<br>8,25% 2001/2034         3,922         0.39         USD 4,339,000         Arab Republic of Egypt<br>6,375% 3004/2040         2,501         0.25           USD 1,666,000         Federal Republic of Brazil<br>8,375% 15(04/2024         1,652         0.16         EL SALVADOR 1.20% (0.00%)         2,501         0.25           USD 1,666,000         Federal Republic of Brazil<br>8,375% 15(04/2024         1,652         0.16         EL SALVADOR 1.20% (0.00%)         1,255         0.13           USD 1,666,000         Federal Republic of Brazil<br>8,375% 15(04/2024         1,064         1.062         1,768,000         Republic of El Salvador </td <td></td> <td></td> <td>2,050</td> <td>0.20</td> <td></td> <td></td> <td></td> <td></td> <td></td>                                                                                                                                                                                                                                                                                       |                 |                            | 2,050           | 0.20                       |      |            |                           |               |                            |
| USD 13.361.000     Federal Republic of Brazil<br>5.625% 07/01/2041     10,780     1.07     Total Creatia 6.79% 05/11/2019     7.510     0.74       USD 20,276,000     Federal Republic of Brazil<br>5.875% 150/12019     16,334     1.61     EGYPT 0.25% (0.22%)     19,084     1.88       USD 5,436,000     Federal Republic of Brazil<br>7.125% 20/01/2037     5,166     0.51     B - 0.25% (0.00%)     B - 0.25% (0.00%)       USD 3,888,000     Federal Republic of Brazil<br>8.25% 20/01/2034     3,922     0.39     USD 4,339,000     Arab Republic of Egypt<br>6.875% 30/04/2040     2,501     0.25       USD 1,606,007     Federal Republic of Brazil<br>8.875% 15/04/2024     1,652     0.16     EL SALVADOR 1.20% (0.00%)<br>BB-1.20% (0.00%)     BB-1.20% (0.00%)<br>BB-1.20% (0.00%)     2,501     0.25       USD 1,606,007     Federal Republic of Brazil<br>8.875% 51/04/2024     1,652     0.16     EL SALVADOR 1.20% (0.00%)<br>BB-1.20% (0.00%)     2,501     0.25       BRL     29,990     Nota do Tesouro Nacional<br>0% 01/01/2015     10,443     1.03     USD 1,768,000     Republic of El Salvador<br>7.65% 10/02/2041     2,056     0.20       CAYMAN ISLANDS 0.00% (1.53%)<br>BB8 0.00% (1.53%)<br>A 0.00% (1.47%)<br>Total Chile     -     -     HUNGARY 2.33% (0.00%)     12,114     1.20       USD 1,332,000     Development Bank of Mongolia<br>5.75% 21/03/2017     -     -     -     -     12,214     1.20 <td>USD 20,671,000</td> <td>•</td> <td>10 101</td> <td>1 50</td> <td>USD</td> <td>1,578,000</td> <td>Croatia 6.625% 14/07/2020</td> <td></td> <td>0.12</td>                                                                                                                                                                                                                                                             | USD 20,671,000  | •                          | 10 101          | 1 50                       | USD  | 1,578,000  | Croatia 6.625% 14/07/2020 |               | 0.12                       |
| 56.25% 07/01/2041         10,780         1.07         Total Croatia         19,084         1.88           USD 20,276,00         Federal Republic of Brazil         16,334         1.61         EGYPT 0.25% (0.22%)         8 0.00% (0.22%)           USD 3,756,000         Federal Republic of Brazil         5,176         0.51         B 0.00% (0.22%)         5.000% (0.22%)           USD 3,756,000         Federal Republic of Brazil         3,322         0.39         USD 4,339,000         Arab Republic of Egypt 6.875% 30/04/2040         2,501         0.25           USD 1,606,000         Federal Republic of Brazil 8.75% 15/04/2024         1,662         0.16         EL SALVADOR 1.20% (0.00%)         8B - 1.20% (0.00%)           BRL 23,990         Not rated 0.00% (1.47%)         Total Brazil         10,443         1.03         USD 1,768,000         Republic of El Salvador 7.65% 15/04/2025         1,255         0.13           CAYMAN ISLANDS 0.00% (1.53%)         BB 0.00% (1.53%)         USD 2,613,000         Republic of El Salvador 7.65% 15/06/2035         3,734         0.37           CHILE 0.00% (1.46%)         A + 0.00% (0.39%)         ISD 2,012,000         Republic of Hungary 7.65% 10/02/2041         2,056         0.50           USD 1,332,000         Development Bank of Mongolia 5.75% 21/03/2017         925         0.09         S376% 20/02/203         5,                                                                                                                                                                                                                                                                                                                                                                                                                                            | LISD 13 361 000 |                            | 16,131          | 1.59                       | USD  | 9,999,000  | Croatia 6.75% 05/11/2019  | 7,510         | 0.74                       |
| USD         20.276,000         Federal Republic of Brazil<br>7.125% 2001/2037         16,334         1.61         EGYPT 0.25% (0.02%)<br>B 0.00% (0.22%)           USD         5,436,000         Federal Republic of Brazil<br>8.25% 2001/2037         5,166         0.51         B - 0.25% (0.00%)           USD         3,756.000         Federal Republic of Brazil<br>8.25% 2001/2034         3,922         0.39         USD         4,339.000         Arab Republic of Egypt<br>6.375% 3004/2040         2,501         0.25           USD         1,606.00         Federal Republic of Brazil<br>8.75% 15/04/2024         1,652         0.16         EL SALVADOR 1.20% (0.00%)<br>BB-1.20% (0.00%)         2,501         0.25           BRL         29,90         Nota do Tesouro Nacional<br>0% 010/2015         10,443         1.03         USD         1,768,000         Republic of El Salvador<br>7.65% 10/02/2041         2,056         0.20           CAYMAN ISLANDS 0.00% (1.47%)<br>Total Brazil         70,497         6.96         USD         5,961,000         Republic of El Salvador<br>7.65% 10/04/2032         3,734         0.37           CHILE 0.00% (1.47%)<br>Total Cayman Islands         _         _         _         _         _         _         _         _         .5         .5         0.50         _         _         _         .5         .5         .5         .5                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 03D 13,301,000  |                            | 10 780          | 1 07                       |      |            | Total Croatia             | 19,084        | 1.88                       |
| Sa75%         15/01/2019         16.334         1.61         EGYPT 0.25% (0.22%)           USD         5,436,000         Federal Republic of Brazil<br>8.25% (201/2037         5,166         0.51         B - 0.25% (0.00%)         2.501         0.25           USD         3,756,000         Federal Republic of Brazil<br>8.25% (201/2037         3,922         0.39         USD         4,339,000         Arab Republic of Egypt<br>6.875% 30/04/2040         2.501         0.25           USD         1,606,000         Federal Republic of Brazil<br>8.875% 15/04/2024         4,019         0.40         Total Egypt         2.501         0.25           USD         1,606,000         Federal Republic of Brazil<br>8.875% 15/04/2024         1,652         0.16         EL SL/VADOR 1.20% (0.00%)         BB-1.20% (0.00%)           BRL         29,90         Nota do Tesouro Nacional<br>0% 01/01/2015         USD         1,768,000         Republic of El Salvador<br>7.65% 50/002/20241         2,656         0.20           VSD         1,781 Brazil         70,497         6.36         USD         4,752,000         Republic of El Salvador<br>7.65% 50/002/2035         3,734         0.37           CAYMAN ISLANDS 0.00% (1.53%)<br>BBB 0.00% (1.53%)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | USD 20,276,000  |                            | ,               |                            |      |            |                           |               |                            |
| 1.25% 20/01/2037       5,166       0.51       B- 0.25% (0.00%)         USD 3,756,000       Federal Republic of Brazil       3,922       0.39       USD 4,339,000       Arab Republic of Egypt 6,875% 30/04/2040       2,501       0.25         USD 1,606,000       Federal Republic of Brazil       8,75% 64/02/2025       4,019       0.40       Total Egypt       2,501       0.25         USD 1,606,000       Federal Republic of Brazil       8,75% 51/04/2024       1,652       0.16       BE       2,501       0.25         BRL 29,90       Not ato Tesouro Nacional 0% 01/01/2015       10,443       1.03       USD 1,768,000       Republic of El Salvador 5,875% 30/01/2025       1,255       0.13         VSD 2,613,000       Republic of El Salvador 7,765% 01/02/2041       2,056       0.20         VSD 4,752,000       Republic of El Salvador 7,765% 15/06/2035       3,734       0.37         CAYMAN ISLANDS 0,00% (1.53%)       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                 | 5.875% 15/01/2019          | 16,334          | 1.61                       | EGY  | PT 0.25% ( | 0.22%)                    |               |                            |
| USD         3,756,000         Federal Republic of Brazil<br>8,25% 20/01/2034         3,922         0.39         USD         4,339,000         Arab Republic of Egypt         2,501         0.25           USD         3,888,000         Federal Republic of Brazil<br>8,875% 04/02/2025         4,019         0.40         Arab Republic of Egypt         2,501         0.25           USD         1,606,000         Federal Republic of Brazil<br>8,875% 15/04/2024         1,652         0.16         EL SALVADOR 1.20% (0.00%)         8B-1.20% (0.00%)           BRL         29,990         Nota do Tesouro Nacional<br>0% 01/01/2015         10,443         1.03         USD         1,768,000         Republic of El Salvador<br>7.65% 15/06/2025         1,255         0.13           VSD         2,990         Not rated 0.00% (1.47%)<br>Total Brazil         70,497         6.96         USD         4,752,000         Republic of El Salvador<br>7.65% 15/06/2025         3,734         0.37           CHILE 0.00% (1.86%)<br>A + 0.00% (0.39%)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | USD 5,436,000   | Federal Republic of Brazil |                 |                            |      | -          | B 0.00% (0.22%)           |               |                            |
| NB         8.25% 20/01/2034         3.922         0.39         USD         4.339,000         Arab Republic of Egypt<br>6.875% 30/04/2040         2.501         0.25           USD         3,888,000         Federal Republic of Brazil<br>8.875% 15/04/2024         4.019         0.40         Total Egypt         2.501         0.25           USD         1,606,000         Federal Republic of Brazil<br>8.875% 15/04/2024         1,652         0.16         EL SALVADOR         1.20% (0.00%)         8B-1.20% (0.00%)           BRL         29,990         Not rated 0.00% (1.47%)<br>Total Brazil         10,443         1.03         USD         1,768,000         Republic of El Salvador<br>7.625% 01/02/2041         2,056         0.20           CAYMAN ISLANDS 0.00% (1.53%)<br>BBB 0.00% (1.53%)<br>A + 0.00% (0.39%)         -         -         -         USD         4,752,000         Republic of El Salvador<br>7.625% 01/02/2041         2,056         0.20           CHILE 0.00% (1.86%)<br>BBB 0.00% (1.53%)<br>BBB 0.00% (1.47%)         -         -         HUNGARY 2.33% (1.93%)         BB 2.33% (0.00%)         -         -         12,114         1.20           USD         1,322,000         Republic of Hungary<br>5.375% 21/03/2018         -         -         -         -         -         -         -         -         -         -         -         -                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                 |                            | 5,166           | 0.51                       |      |            |                           |               |                            |
| USD       3,888,000       Federal Republic of Brazil       Anno       6.875% 30/04/2040       2,501       0.25         USD       1,606,000       Federal Republic of Brazil       4,019       0.40       Total Egypt       2,501       0.25         USD       1,606,000       Federal Rebublic of Brazil       4,019       0.40       Total Egypt       2,501       0.25         BRL       29,990       Nota do Tesouro Nacional<br>0% 01/01/2015       0,443       1.03       USD       1,768,000       Republic of El Salvador<br>7.65% 01/02/205       1,255       0.13         Mot rated 0.00% (1.47%)<br>Total Brazil       70,497       6.96       USD       4,752,000       Republic of El Salvador<br>7.65% 01/02/2041       2,056       0.20         CAYMAN ISLANDS 0.00% (1.53%)<br>BBB 0.00% (1.53%)<br>A + 0.00% (0.39%)       -       -       Total Egypt       2.39       0.50       3,734       0.37         CHILE 0.00% (1.86%)<br>A + 0.00% (0.00%)       A 0.00% (0.39%)<br>A + 0.00% (0.00%)       -       -       -       BB 2.33% (0.00%)       BB 2.33% (0.00%)       BB 2.32% (0.00%)         USD       1,322,000       BB- 0.09% (0.00%)       USD       2,218,000       Republic of Hungary<br>6.25% 21/02/2023       5,292       0.52         BB- 0.09% (0.00%)       USD       2,218,000       Republic of Hungary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | USD 3,756,000   | •                          | 0.000           | 0.00                       |      | 1 220 000  |                           |               |                            |
| Bit State         State         4,019         0.40         Total Egypt         2,501         0.25           USD         1,606,000         Federal Rebublic of Brazil<br>8.875% 15/04/2024         1,652         0.16         EL SALVADOR 1.20% (0.00%)         BB-1.20% (0.00%)         BB-1.20% (0.00%)         BB-1.20% (0.00%)         SB-1.20% (0.00%)         SB-2.50% (0.00%)         SB-2.50% (0.00%)         SB-2.30% (0.00%)         SB-2.30% (0.00%)         SB-2.30% (0.00%)         SB-2.30% (0.00%)         SB-2.30% (0.00%)         SB-2.30% (0.00%)         SB-2.                                                                                                                                                                                                                                                                                                                                             |                 |                            | 3,922           | 0.39                       | 050  | 4,555,000  |                           | 2,501         | 0.25                       |
| USD       1,606,000       Federal Rebublic of Brazil<br>8.875% 15/04/2024       1,652       0.16       EL SALVADOR       2.0% (0.00%)         BRL       29,990       Nota do Tesouro Nacional<br>0% 01/01/2015       10,443       1.03       USD       1,768,000       Republic of El Salvador<br>5.875% 01/02/2024       1,255       0.13         Not rated 0.00% (1.47%)       Total Brazil       70,497       6.96       USD       2,613,000       Republic of El Salvador<br>7.65% 01/02/2014       2,056       0.20         CAYMAN ISLANDS 0.00% (1.53%)<br>BBB 0.00% (1.53%)       —       —       —       —       Total Cayman Islands       _       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —       —        #                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 0.000 3,000,000 | •                          | 4.019           | 0.40                       |      |            |                           |               |                            |
| BRL         29,90         Baa2 1.03% (2.57%)<br>Nota do Tesouro Nacional<br>0% 01/01/2015         10,443         1.03         USD         1,768,000         Republic of El Salvador<br>5.875% 30/01/2025         1,255         0.13           Not rated 0.00% (1.47%)<br>Total Brazil         10,443         1.03         USD         2,613,000         Republic of El Salvador<br>7.65% 01/02/2041         2,056         0.20           CAYMAN ISLANDS 0.00% (1.53%)<br>BBB 0.00% (1.53%)<br>A + 0.00% (0.33%)         70,497         6.96         USD         4,752,000         Republic of El Salvador<br>7.65% 15/06/2035         3,734         0.37           CHILE 0.00% (1.86%)<br>A + 0.00% (0.33%)         -         -         -         Total El Salvador         5,961,000         Republic of El Salvador<br>7.65% 10/04/2032         5,069         0.50           CHILE 0.00% (1.86%)<br>A + 0.00% (1.47%)<br>Total Chile         -         -         -         HUNGARY 2.33% (1.93%)         BB 2.33% (0.00%)         -         -           CHINA 0.09% (0.00%)<br>USD 1,332,000         BB-0.09% (0.00%)<br>EB-0.09% (0.00%)<br>USD 1,332,000         USD 2,218,000         Republic of Hungary<br>6.25% 29/01/2020         1,607         0.16           USD 1,326,000         BB-0.09% (0.00%)<br>USD 1,322,000         USD 17,806,000         Republic of Hungary<br>6.25% 29/01/2020         1,607         0.16           USD 1,326,000         Republic of Hungary<br>6.25% 29/01/2020                                                                                                                                                                                                                                                                                                                                                        | USD 1,606,000   | Federal Rebublic of Brazil |                 |                            |      |            | Total Egypt               | 2,501         | 0.25                       |
| BRL         29,990         Baa2 1.03% (2.57%)<br>Nota do Tesouro Nacional<br>0% 01/01/2015         10,443         1.03         USD         1,768,000         Republic of El Salvador<br>5.87% 30/01/2025         1,255         0.13           Not rated 0.00% (1.47%)<br>Total Brazil         10,443         1.03         USD         2,613,000         Republic of El Salvador<br>7.625% 01/02/2041         2,056         0.20           CAYMAN ISLANDS 0.00% (1.53%)<br>BBB 0.00% (1.53%)<br>BBB 0.00% (1.53%)         -         -         USD         4,752,000         Republic of El Salvador<br>7.65% 15/06/2035         3,734         0.37           CHILE 0.00% (1.86%)<br>A + 0.00% (0.39%)         -         -         -         Total El Salvador         5,069         0.50           CHILE 0.00% (1.47%)<br>Fotal Chile         -         -         USD         2,012,000         BB2.33% (0.00%)         1,327         0.13           USD         1,332,000         Development Bank of Mongolia<br>5.75% 21/03/2017         -         USD         2,218,000         Republic of Hungary<br>5.375% 21/03/2017         5,292         0.52           USD         1,332,000         Development Bank of Mongolia<br>5.75% 21/03/2017         925         0.09         USD         3,278,000         Republic of Hungary<br>6.25% 29/03/2021         1,2926         1.28           USD         1,332,000         Development Bank                                                                                                                                                                                                                                                                                                                                                                                                                      |                 | 8.875% 15/04/2024          | 1,652           | 0.16                       | FL S |            | 1 20% (0 00%)             |               |                            |
| BRL       29,990       Nota do Tesouro Nacional<br>0% 01/01/2015       10,443       1.03       USD       1,768,000       Republic of El Salvador<br>5.875% 30/01/2025       1,255       0.13         Not rated 0.00% (1.47%)<br>Total Brazil       70,497       6.96       USD       2,613,000       Republic of El Salvador<br>7.65% 15/06/2035       3,734       0.37         CAYMAN ISLANDS 0.00% (1.53%)<br>BBB 0.00% (1.53%)<br>BBB 0.00% (1.53%)<br>A 0.00% (1.47%)<br>A 0.00% (1.47%)<br>A 4 0.00% (0.39%)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                 | Baa2 1 02% (2 57%)         |                 |                            |      |            |                           |               |                            |
| 0% 01/01/2015       10,443       1.03       5.875% 30/01/2025       1,255       0.13         Not rated 0.00% (1.47%)       -       70,497       6.96       USD       2,613,000       Republic of El Salvador       2,056       0.20         CAYMAN ISLANDS 0.00% (1.53%)       -       -       USD       4,752,000       Republic of El Salvador       3,734       0.37         CAYMAN ISLANDS 0.00% (1.53%)       -       -       -       Total Cayman Islands       -       -       Total El Salvador       12,114       1.20         CHILE 0.00% (1.86%)       A 0.00% (1.47%)       -       -       HUNGARY 2.33% (1.93%)       BB+ 0.00% (1.93%)       1,327       0.13         CHILA 0.09% (0.00%)       EB= 0.09% (0.00%)       USD       2,012,000       Republic of Hungary       4.125% 19/02/2018       1,327       0.13         USD 1,332,000       Development Bank of Mongolia       925       0.09       USD       1,806,00       Republic of Hungary       6.25% 29/01/2020       1,607       0.16         USD 1,332,000       Development Bank of Mongolia       925       0.09       USD       1,806,000       Republic of Hungary       6.375% 29/03/2021       12,926       1.28         USD 1,332,000       Development Bank of Mongolia       925       0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | BRI 29,990      |                            |                 |                            | USD  | 1,768,000  |                           |               |                            |
| Not rated 0.00% (1.47%)         70,497         6.96         USD         7.625% 01/02/2041         2,056         0.20           CAYMAN ISLANDS 0.00% (1.53%)<br>BBB 0.00% (1.53%)<br>BBB 0.00% (1.53%)         -         -         -         USD         5,961,000         Republic of El Salvador<br>7.65% 15/06/2035         3,734         0.37           CHILE 0.00% (1.86%)<br>A + 0.00% (0.39%)         -         -         -         Total El Salvador         5,069         0.50           CHILE 0.00% (1.47%)<br>A + 0.00% (0.03%)         -         -         -         HUNGARY 2.33% (1.93%)         BB+ 0.00% (1.93%)         1,327         0.13           CHINA 0.09% (0.00%)<br>USD 1,332,000         BB- 0.09% (0.00%)<br>EB- 0.09% (0.00%)         USD 2,218,000         Republic of Hungary<br>5.75% 21/03/2017         1,327         0.13           USD 1,332,000         Development Bank of Mongolia<br>5.75% 21/03/2017         925         0.09         USD 1,7806,000         Republic of Hungary<br>6.375% 21/03/2021         1,607         0.16           USD 1,332,000         Development Bank of Mongolia<br>5.75% 21/03/2017         925         0.09         USD 1,7806,000         Republic of Hungary<br>6.375% 29/03/2021         12,926         1.28           USD 2,278,000         Republic of Hungary<br>6.375% 29/03/2021         12,926         1.28                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                 |                            | 10,443          | 1.03                       |      |            | 5.875% 30/01/2025         | 1,255         | 0.13                       |
| Total Brazil         70,497         6.96         USD         4,752,000         Republic of El Slavador<br>7.65% 15/06/2035         3,734         0.37           CAYMAN ISLANDS 0.00% (1.53%)<br>BBB 0.00% (1.53%)<br>BBB 0.00% (1.53%)<br>A total Cayman Islands         -         -         -         Total El Salvador<br>8.25% 10/04/2032         5,069         0.50           CHILE 0.00% (1.86%)<br>A + 0.00% (0.39%)         -         -         -         HUNGARY 2.33% (1.93%)<br>BB+ 0.00% (1.93%)         1.2114         1.20           CHILE 0.00% (1.86%)<br>A + 0.00% (0.39%)         -         -         -         BB 2.33% (0.00%)         1.327         0.13           CHINA 0.09% (0.00%)         -         -         -         USD 7,968,000         Republic of Hungary<br>5.375% 21/03/2017         5,292         0.52           USD 1,332,000         Development Bank of Mongolia<br>5.75% 21/03/2017         925         0.09         USD 17,860,000         Republic of Hungary<br>6.375% 29/03/2021         1,607         0.16           USD 1,332,000         Development Bank of Mongolia<br>5.75% 21/03/2017         925         0.09         USD 17,860,000         Republic of Hungary<br>6.375% 29/03/2021         12,926         1.28           USD 3,278,000         Republic of Hungary<br>7.625% 29/03/2041         2,475         0.24                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                 |                            |                 |                            | USD  | 2,613,000  |                           |               |                            |
| Indial Brazil       70,497       6.56       7.55%       15/06/2035       3,734       0.37         CAYMAN ISLANDS 0.00% (1.53%)<br>BBB 0.00% (1.53%)<br>Total Cayman Islands       -       -       -       -       -       -       -       -       5,961,000       Republic of El Salvador<br>8.25% 10/04/2032       5,069       0.50         CHILE 0.00% (1.86%)<br>A + 0.00% (0.39%)       -       -       -       HUNGARY 2.33% (1.93%)       BB + 0.00% (1.93%)       BB 2.33% (0.00%)       BB 2.33% (0.00%)       BB 2.33% (0.00%)       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       - <th< td=""><td></td><td>Not rated 0.00% (1.47%)</td><td></td><td></td><td></td><td>4 750 000</td><td></td><td>2,056</td><td>0.20</td></th<>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                 | Not rated 0.00% (1.47%)    |                 |                            |      | 4 750 000  |                           | 2,056         | 0.20                       |
| CAYMAN ISLANDS 0.00% (1.53%)<br>BBB 0.00% (1.53%)<br>BBB 0.00% (1.53%)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                 | Total Brazil               | 70,497          | 6.96                       | 050  | 4,752,000  |                           | 3 734         | 0 37                       |
| CAYMAN ISLANDS 0.00% (1.53%)<br>BBB 0.00% (1.53%)<br>Total Cayman Islands       -       -       8.25% 10/04/2032       5,069       0.50         CHILE 0.00% (1.86%)<br>A+ 0.00% (0.39%)       -       -       -       HUNGARY 2.33% (1.93%)<br>BB+ 0.00% (1.93%)       12,114       1.20         CHILE 0.00% (1.86%)<br>A+ 0.00% (0.39%)       -       -       -       BB 2.33% (0.00%)<br>Republic of Hungary<br>4.125% 19/02/2018       1,327       0.13         CHINA 0.09% (0.00%)       BB- 0.09% (0.00%)<br>USD 1,332,000       USD 2,218,000       Republic of Hungary<br>5.75% 21/03/2017       5,292       0.52         USD 1,332,000       Development Bank of Mongolia<br>5.75% 21/03/2017       925       0.09       USD 17,806,000       Republic of Hungary<br>6.375% 29/03/2021       1,607       0.16         USD 17,806,000       Republic of Hungary<br>6.375% 29/03/2021       12,926       1.28         USD 3,278,000       Republic of Hungary<br>6.375% 29/03/2021       12,926       1.28                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                 |                            |                 |                            | USD  | 5.961.000  |                           | 5,754         | 0.07                       |
| Total Cayman Islands       -       -       Total El Salvador       12,114       1.20         CHILE 0.00% (1.86%)<br>A+ 0.00% (0.39%)       A+ 0.00% (0.39%)       HUNGARY 2.33% (1.93%)<br>BB+ 0.00% (1.93%)       BB+ 0.00% (1.93%)         Total Chile       -       -       BB 2.33% (0.00%)       Republic of Hungary<br>4.125% 19/02/2018       1,327       0.13         CHINA 0.09% (0.00%)       BB- 0.09% (0.00%)       USD       2,012,000       Republic of Hungary<br>5.375% 21/02/2023       5,292       0.52         USD       1,332,000       Development Bank of Mongolia<br>5.75% 21/03/2017       925       0.09       USD       17,806,000       Republic of Hungary<br>6.25% 29/01/2020       1,607       0.16         USD       1,332,000       Development Bank of Mongolia<br>5.75% 21/03/2017       925       0.09       USD       17,806,000       Republic of Hungary<br>6.375% 29/03/2021       12,926       1.28         Total China       925       0.09       USD       3,278,000       Republic of Hungary<br>7.625% 29/03/2041       2,475       0.24                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | CAYMAN ISLAI    |                            |                 |                            |      | -,,        |                           | 5,069         | 0.50                       |
| CHILE 0.00% (1.86%)       A+ 0.00% (0.39%)       HUNGARY 2.33% (1.93%)       BB+ 0.00% (1.93%)         A 0.00% (1.47%)       BB - 0.00% (1.47%)       BB - 2.33% (0.00%)         Total Chile       -       -         CHINA 0.09% (0.00%)       USD 2,012,000       Republic of Hungary 4.125% 19/02/2018       1,327       0.13         USD 1,332,000       Development Bank of Mongolia 5.75% 21/03/2017       925       0.09       USD 17,806,000       Republic of Hungary 6.375% 29/03/2021       12,926       1.28         Total China       925       0.09       USD 3,278,000       Republic of Hungary 6.375% 29/03/2021       12,926       1.28                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                 |                            |                 |                            |      |            | Total El Salvador         | 12,114        | 1.20                       |
| CHILE 0.00% (1.86%)<br>A + 0.00% (0.39%)       BB + 0.00% (1.93%)         A + 0.00% (0.39%)       BB - 0.00% (1.47%)       BB - 2.33% (0.00%)       BB - 2.33% (0.00%)         Total Chile       -       -       USD       2,012,000       Republic of Hungary       1,327       0.13         CHINA 0.09% (0.00%)       BB - 0.09% (0.00%)       USD       7,968,000       Republic of Hungary       5.375% 21/02/2023       5,292       0.52         BB - 0.09% (0.00%)       USD       2,218,000       Republic of Hungary       6.25% 29/01/2020       1,607       0.16         USD       1,332,000       Development Bank of Mongolia       USD       17,806,000       Republic of Hungary       6.375% 29/03/2021       12,926       1.28         Total China       925       0.09       USD       3,278,000       Republic of Hungary       2,475       0.24                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                 | lotal Cayman Islands       | -               | _                          |      |            |                           |               |                            |
| A+ 0.00% (0.39%)       BB 2.33% (0.00%)         A 0.00% (1.47%)       BB 2.33% (0.00%)         Total Chile       -       -       4.125% 19/02/2018       1,327       0.13         CHINA 0.09% (0.00%)       BB-0.09% (0.00%)       USD 7,968,000       Republic of Hungary       5.375% 21/02/2023       5,292       0.52         BB-0.09% (0.00%)       USD 1,332,000       Development Bank of Mongolia       USD 2,218,000       Republic of Hungary       6.25% 29/01/2020       1,607       0.16         USD 1,332,000       Development Bank of Mongolia       925       0.09       USD 17,806,000       Republic of Hungary       6.375% 29/03/2021       12,926       1.28         Total China       925       0.09       USD 3,278,000       Republic of Hungary       2.475       0.24                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                 | 969/ )                     |                 |                            | HUN  | GARY 2.33  | 3% (1.93%)                |               |                            |
| A 0.00% (1.47%)       BB 2.33% (0.00%)         Total Chile       –         USD 2,012,000       Republic of Hungary<br>4.125% 19/02/2018       1,327       0.13         BB-0.09% (0.00%)       USD 7,968,000       Republic of Hungary<br>5.375% 21/02/2023       5,292       0.52         BB-0.09% (0.00%)       USD 2,218,000       Republic of Hungary<br>6.25% 29/01/2020       1,607       0.16         USD 1,332,000       Development Bank of Mongolia<br>5.75% 21/03/2017       925       0.09       USD 17,806,000       Republic of Hungary<br>6.375% 29/03/2021       12,926       1.28         Total China       925       0.09       USD 3,278,000       Republic of Hungary<br>6.375% 29/03/2021       2,475       0.24                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                 | -                          |                 |                            |      |            | BB+ 0.00% (1.93%)         |               |                            |
| A 0.00% (1.47%)       USD 2,012,000       Republic of Hungary         Total Chile       -       -       4.125% 19/02/2018       1,327       0.13         CHINA 0.09% (0.00%)       BB- 0.09% (0.00%)       USD 7,968,000       Republic of Hungary       5.375% 21/02/2023       5,292       0.52         USD 1,332,000       Development Bank of Mongolia       USD 7925       0.09       USD 17,806,000       Republic of Hungary       1,607       0.16         Total China       925       0.09       USD 3,278,000       Republic of Hungary       2,475       0.24                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                 |                            |                 |                            |      |            | BB 2.33% (0.00%)          |               |                            |
| CHINA 0.09% (0.00%)       USD 7,968,000       Republic of Hungary<br>5.375% 21/02/2023       5,292       0.52         USD 1,332,000       Development Bank of Mongolia<br>5.75% 21/03/2017       USD 7,968,000       Republic of Hungary<br>6.25% 29/01/2020       1,607       0.16         USD 1,332,000       Total China       925       0.09       USD 3,278,000       Republic of Hungary<br>6.375% 29/03/2021       12,926       1.28         VSD 1,332,000       Total China       925       0.09       USD 3,278,000       Republic of Hungary<br>6.375% 29/03/2021       2,475       0.24                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                 | A 0.00% (1.47%)            |                 |                            | USD  | 2,012,000  |                           |               |                            |
| CHINA 0.09% (0.00%)         5.375% 21/02/2023         5,292         0.52           USD 1,332,000         Development Bank of Mongolia         USD 2,218,000         Republic of Hungary         6.25% 29/01/2020         1,607         0.16           USD 1,332,000         Development Bank of Mongolia         925         0.09         USD 17,806,000         Republic of Hungary         6.375% 29/03/2021         12,926         1.28           Total China         925         0.09         USD 3,278,000         Republic of Hungary         7.625% 29/03/2041         2,475         0.24                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                 | Total Chile                | -               | -                          |      |            |                           | 1,327         | 0.13                       |
| BB- 0.0% (0.00%)       USD 2,218,000       Republic of Hungary       1,607       0.16         USD 1,332,000       Development Bank of Mongolia       5.75% 21/03/2017       925       0.09       USD 17,806,000       Republic of Hungary       12,926       1.28         Total China       925       0.09       USD 3,278,000       Republic of Hungary       2,475       0.24                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                 |                            |                 |                            | USD  | 7,968,000  |                           | E 000         | 0.50                       |
| USD         1,332,000         Development Bank of Mongolia         6.25% 29/01/2020         1,607         0.16           USD         1,332,000         Development Bank of Mongolia         USD         17,806,000         Republic of Hungary         6.375% 29/03/2021         12,926         1.28           Total China         925         0.09         USD         3,278,000         Republic of Hungary         2,475         0.24                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | CHINA 0.09% (0  |                            |                 |                            |      | 2 219 000  |                           | 5,292         | 0.52                       |
| USD         1,332,000         Development bank of Wongona           5.75%         21/03/2017         925         0.09           Total China         925         0.09         USD         17,806,000         Republic of Hungary           0.375%         29/03/2021         12,926         1.28           0.09         0.09         USD         3,278,000         Republic of Hungary           7.625%         29/03/2041         2,475         0.24                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                 |                            |                 |                            | 020  | 2,218,000  |                           | 1 607         | 0.16                       |
| Original China         Oldon         Oldon         6.375%         29/03/2021         12,926         1.28           Total China         925         0.09         USD         3,278,000         Republic of Hungary         2,475         0.24                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 05D 1,332,000   |                            | 025             | 0.00                       | USD  | 17,806,000 |                           | 1,007         | 0.10                       |
| 7.625% 29/03/2041 2,475 0.24                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                 | —                          |                 |                            |      |            |                           | 12,926        | 1.28                       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                 | i otal Unina               | 925             | 0.09                       | USD  | 3,278,000  | , s,                      |               |                            |
| Total Hungary 23,627 2.33                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                 |                            |                 |                            |      |            | 7.625% 29/03/2041         | 2,475         | 0.24                       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                 |                            |                 |                            |      |            | Total Hungary             | 23,627        | 2.33                       |

#### **Portfolio Statement**

| Holding          | Investment                                 | Value<br>£000 | % of<br>Net Asset<br>Value |      | Holding    | Investment                               | Value  <br>£000 | % of<br>Net Asset<br>Value |
|------------------|--------------------------------------------|---------------|----------------------------|------|------------|------------------------------------------|-----------------|----------------------------|
| INDONESIA 6.8    | 3% (7.41%)                                 |               |                            |      |            | Baa1 0.29% (0.63%)                       |                 |                            |
|                  | BB+ 6.70% (7.41%)                          |               |                            | USD  | 4,430,000  | Petroleos Mexicanos 3.5%                 |                 |                            |
| USD 400,000      | Pertamina 4.875% 03/05/2022                | 281           | 0.03                       |      |            | 30/01/2023                               | 2,905           | 0.29                       |
| USD 10,960,000   | Pertamina 5.25% 23/05/2021                 | 7,894         | 0.78                       |      |            | BBB 9.18% (9.61%)                        |                 |                            |
| USD 6,694,000    | Perusahaan Penerbit SBSN                   |               |                            | USD  | 2,708,000  | Comisión Federal de Electricidad         |                 |                            |
|                  | 4% 21/11/2018                              | 4,659         | 0.46                       | 050  | 2,700,000  | 4.875% 26/05/2021                        | 2,000           | 0.20                       |
| USD 11,731,000   | Republic of Indonesia                      | 0.070         | 0.00                       | USD  | 4,072,000  | Petroleos Mexicanos                      | 2,000           | 0.20                       |
| USD 26,038,000   | 3.75% 25/04/2022<br>Republic of Indonesia  | 8,076         | 0.80                       | 000  | .,072,000  | 4.875% 24/01/2022                        | 2,987           | 0.29                       |
| 03D 20,030,000   | 4.875% 05/05/2021                          | 19,298        | 1.90                       | USD  | 12,374,000 | Petroleos Mexicanos                      |                 |                            |
| USD 7,753,000    | Republic of Indonesia                      | 13,230        | 1.50                       |      |            | 5.5% 21/01/2021                          | 9,446           | 0.93                       |
| 000 1,100,000    | 5.25% 17/01/2042                           | 5,596         | 0.55                       | USD  | 4,726,000  | Petroleos Mexicanos                      |                 |                            |
| USD 13,501,000   | Republic of Indonesia                      | 0,000         | 0.000                      |      |            | 5.5% 27/06/2044                          | 3,245           | 0.32                       |
|                  | 5.875% 13/03/2020                          | 10,537        | 1.04                       | USD  | 1,214,000  | Petroleos Mexicanos                      |                 |                            |
| USD 4,952,000    | Republic of Indonesia                      |               |                            |      |            | 6% 05/03/2020                            | 952             | 0.09                       |
|                  | 6.625% 17/02/2037                          | 4,127         | 0.41                       | USD  | 4,640,000  | Petroleos Mexicanos                      |                 |                            |
| USD 1,921,000    | Republic of Indonesia                      |               |                            |      | 14 220 000 | 6.5%02/06/2041<br>United Mexican States  | 3,646           | 0.36                       |
|                  | 6.875% 09/03/2017                          | 1,499         | 0.15                       | 050  | 14,330,000 | 3.625% 15/03/2022                        | 10,195          | 1.01                       |
| USD 2,161,000    | Republic of Indonesia                      |               |                            | ספוו | 12,107,000 | United Mexican States                    | 10,195          | 1.01                       |
|                  | 7.75% 17/01/2038                           | 2,030         | 0.20                       | 050  | 12,107,000 | 4.75% 08/03/2044                         | 8,524           | 0.84                       |
| USD 3,831,000    | Republic of Indonesia                      | 2 000         | 0.00                       | USD  | 15,514,000 | United Mexican States                    | 0,024           | 0.04                       |
|                  | 8.5% 12/10/2035                            | 3,809         | 0.38                       |      | ,,         | 5.125% 15/01/2020                        | 12,139          | 1.20                       |
|                  | BB 0.13% (0.00%)                           |               |                            | USD  | 4,898,000  | United Mexican States                    | ,               |                            |
| USD 2,060,000    | Perusahaan Listrik Negar                   |               |                            |      |            | 5.625% 15/01/2017                        | 3,776           | 0.37                       |
|                  | 5.25% 24/10/2042                           | 1,335         | 0.13                       | USD  | 11,454,000 | United Mexican States                    |                 |                            |
|                  | Total Indonesia                            | 69,141        | 6.83                       |      |            | 6.05% 11/01/2040                         | 9,621           | 0.95                       |
|                  |                                            |               | 0.000                      | USD  | 16,805,000 | United Mexican States                    |                 |                            |
| IRAQ 0.50% (1.3  | 78%)                                       |               |                            |      |            | 6.75% 27/09/2034                         | 15,165          | 1.50                       |
| IIIAQ 0.3070 (1. | Not rated 0.50% (1.78%)                    |               |                            | USD  | 6,405,000  | United Mexican States                    | 0.4.00          | 0.04                       |
| USD 8,238,000    | Republic of Irag 5.8%                      |               |                            |      | 4 070 000  | 7.5% 08/04/2033                          | 6,162           | 0.61                       |
| 002 0,200,000    | 15/01/2028                                 | 5,036         | 0.50                       | USD  | 4,978,000  | United Mexican States<br>8.3% 15/08/2031 | 5,124           | 0.51                       |
|                  | Total Iraq                                 | 5,036         | 0.50                       |      |            | Total Mexico                             | 111,293         | 10.99                      |
|                  |                                            |               |                            |      |            |                                          | ,               |                            |
| KAZAKHSTAN       | 0.62% (2.57%)                              |               |                            | NET  |            | S 2.42% (0.00%)                          |                 |                            |
|                  | BBB+ 0.58% (0.00%)                         |               |                            |      |            | BBB- 1.42% (0.00%)                       |                 |                            |
| USD 8,811,000    | Development Bank of Kazakhstan             |               |                            | USD  | 5,289,000  | JSC National Company                     |                 |                            |
|                  | 4.125% 10/12/2022                          | 5,853         | 0.58                       |      | .,,        | KazMunayGas                              |                 |                            |
|                  |                                            |               |                            |      |            | 6.375% 09/04/2021                        | 4,179           | 0.41                       |
| USD 503,000      | BBB– 0.04% (2.57%)<br>JSC National Company |               |                            | USD  | 12,721,000 | Kazakhstan Temir Zholy                   |                 |                            |
| 03D 503,000      | KazMunayGas 9.125%                         |               |                            |      |            | Finance 6.95% 10/07/2042                 | 10,222          | 1.01                       |
|                  | 02/07/2018                                 | 429           | 0.04                       |      |            | BB . 0.02% (0.00%)                       |                 |                            |
|                  |                                            |               |                            | USD  | 200,000    | BB+ 0.02% (0.00%)<br>Intergas Finance    |                 |                            |
|                  | Total Kazakhstan                           | 6,282         | 0.62                       | 030  | 200,000    | 6.375% 14/05/2017                        | 151             | 0.02                       |
|                  | 0 719/ (0 729/)                            |               |                            |      |            |                                          |                 | 0.02                       |
| LUXEMBOURG       | 0.71% (0.73%)<br>A3 0.71% (0.73%)          |               |                            |      |            | BB 0.25% (0.00%)                         |                 |                            |
| USD 10,011,000   | Sberbank 4.95% 07/02/2017                  | 7,139         | 0.71                       | USD  | 1,256,000  | Majapahit Holding                        |                 |                            |
| 030 10,011,000   |                                            |               |                            |      |            | 7.25% 28/06/2017                         | 979             | 0.10                       |
|                  | Total Luxembourg                           | 7,139         | 0.71                       | USD  | 759,000    | Majapahit Holding                        |                 |                            |
|                  |                                            |               |                            |      | 1 155 000  | 7.75% 20/01/2020                         | 625             | 0.06                       |
| MALAYSIA 0.00    |                                            |               |                            | 050  | 1,155,000  | Majapahit Holding<br>8% 07/08/2019       | 958             | 0.09                       |
|                  | A– 0.00% (1.55%)                           |               |                            |      |            | 8% 07/08/2019                            | 900             | 0.09                       |
|                  | Total Malaysia                             | -             | _                          |      |            | BB– 0.73% (0.00%)                        |                 |                            |
|                  |                                            |               |                            | USD  | 10,040,000 | Republic of Angola via                   |                 |                            |
| MEXICO 10.99%    | 6 (11.14%)                                 |               |                            |      |            | Northern Lights III 7% 16/08/2019        | 7,406           | 0.73                       |
|                  | A– 1.52% (0.90%)                           |               |                            |      |            | Total Netherlands                        | 24,520          | 2.42                       |
| MXN133,000,000   | Mexican Bonos Desarrollo                   |               |                            |      |            |                                          |                 |                            |
|                  | Fixed Rate 6.5% 09/06/2022                 | 7,728         | 0.76                       |      |            |                                          |                 |                            |
| MXN134,500,000   | Mexican Bonos Desarrollo                   | 7 070         | 0.70                       |      |            |                                          |                 |                            |
|                  | Fixed Rate 8% 17/12/2015                   | 7,678         | 0.76                       |      |            |                                          |                 |                            |

#### **Portfolio Statement**

|          | Holding   | Investment                                                                 | Value I<br>£000 | % of<br>Net Asset<br>Value |      | Holding     | Investment                                              | Value 1<br>£000        | % of<br>Net Asset<br>Value |
|----------|-----------|----------------------------------------------------------------------------|-----------------|----------------------------|------|-------------|---------------------------------------------------------|------------------------|----------------------------|
| NIGERIA  | A 0.22%   | (0.00%)<br>BB- 0.22% (0.00%)                                               |                 |                            | POL  | AND 0.30%   | o (2.55%)<br>A- 0.30% (2.55%)                           |                        |                            |
| USD 2,8  | 800,000   | Republic of Nigeria<br>6.75% 28/01/2021                                    | 2,190           | 0.22                       | USD  | 1,096,000   | A- 0.30% (2.55%)<br>Republic of Poland<br>3% 17/03/2023 | 715                    | 0.07                       |
|          |           | Total Nigeria                                                              | 2,190           | 0.22                       | USD  | 927,000     | Republic of Poland<br>5% 23/03/2022                     | 710                    | 0.07                       |
| PANAM    | IA 1.65%  | o (2.03%)                                                                  |                 |                            | USD  | 926,000     | Republic of Poland<br>5.125% 21/04/2021                 | 715                    | 0.07                       |
| USD 4,9  | 935,000   | BBB 1.31% (0.00%)<br>Republic of Panama                                    |                 |                            | USD  | 1,101,000   | Republic of Poland<br>6.375% 15/07/2019                 | 905                    | 0.09                       |
| USD 3,4  | 496,000   | 6.7% 26/01/2036<br>Republic of Panama                                      | 4,411           | 0.44                       |      |             | Total Poland                                            | 3,045                  | 0.30                       |
|          |           | 8.875% 30/09/2027                                                          | 3,598           | 0.35                       |      |             |                                                         |                        |                            |
| USD 4,8  | 840,000   | Republic of Panama<br>9.375% 01/04/2029                                    | 5,227           | 0.52                       | REPU | UBLIC OF I  | RELAND 1.17% (0.00%)<br>BBB 0.16% (0.00%)               |                        |                            |
|          |           | $D_{-} = 0.0.049/(0.009/)$                                                 |                 |                            | USD  | 2,165,000   | RZD Capital 5.7% 05/04/2022                             | 1,615                  | 0.16                       |
| USD 4,6  | 611,000+  | <b>Baa2 0.34% (0.00%)</b><br>†Panama Bonos del Tesoro<br>5.625% 25/07/2022 | 3,475           | 0.34                       | USD  | 8,370,000   | <b>BBB– 1.01% (0.00%)</b><br>GPB Eurobond Finance       |                        |                            |
|          |           | BBB- 0.00% (2.03%)                                                         |                 |                            | USD  | 3,243,000   | 5.625% 17/05/2017<br>Rosneft International Finance      | 5,958                  | 0.59                       |
|          |           | Total Panama                                                               | 16,711          | 1.65                       | חפון | 3,165,000   | 3.149% 06/03/2017<br>Rosneft International Finance      | 2,187                  | 0.21                       |
| PERU 2.  | .07% (2.: | 33%)                                                                       |                 |                            | 000  | 3,103,000   | 4.199% 06/03/2022                                       | 2,118                  | 0.21                       |
|          |           | BBB 2.07% (2.33%)                                                          |                 |                            |      |             | Total Republic of Ireland                               | 11,878                 | 1.17                       |
|          | 825,000   | El Fondo Mivivienda<br>3.5% 31/01/2023                                     | 1,848           | 0.18                       | RUS  | SIAN FEDE   | ERATION 7.72% (10.43%)                                  |                        |                            |
| USD (    | 625,000   | Republic of Peru<br>6.375% 03/05/2016                                      | 506             | 0.05                       |      |             | Baa1 0.00% (1.05%)                                      |                        |                            |
|          | 291,000   | Republic of Peru<br>6.55% 14/03/2037                                       | 1,179           | 0.12                       | RUB4 | 152,707,000 | <b>BBB+ 3.00% (0.00%)</b><br>Russia Government Bond     |                        |                            |
| USD 2,0  | 048,000   | Republic of Peru<br>7.125% 30/03/2019                                      | 1,757           | 0.17                       | RUB2 | 220,000,000 | 6.9% 03/08/2016<br>Russia Government Bond               | 10,084                 | 1.00                       |
| USD 11,6 | 682,000   | Republic of Peru<br>7.35% 21/07/2025                                       | 11,037          | 1.09                       |      | 142,228,000 | 7.4% 14/06/2017<br>Russia Government Bond               | 4,994                  | 0.49                       |
| USD 4,2  | 212,000   | Republic of Peru<br>8.75% 21/11/2033                                       | 4,675           | 0.46                       |      | 218,000,000 | 7.6% 14/04/2021<br>Russia Government Bond               | 10,181                 | 1.01                       |
|          |           | Total Peru                                                                 | 21,002          | 2.07                       | NUD2 | 218,000,000 | 7.6% 20/07/2022                                         | 5,013                  | 0.50                       |
|          |           |                                                                            |                 |                            |      |             | BBB 4.72% (9.38%)                                       |                        |                            |
| PHILIPP  | INES 4.7  | 72% (6.01%)<br>BB 0.00% (6.01%)                                            |                 |                            | USD  | 29,500,000  | Russia Foreign Bond<br>5% 29/04/2020                    | 22,457                 | 2.22                       |
|          |           | BB+ 4.72% (0.00%)                                                          |                 |                            | USD  | 2,400,000   | Russian Federation                                      |                        |                            |
| USD 8,9  | 980,000   | Republic of Philippines<br>4% 15/01/2021                                   | 6,659           | 0.66                       | USD  | 6,600,000   | 4.5% 04/04/2022<br>Russian Federation                   | 1,768                  | 0.17                       |
| USD 2,4  | 445,000   | Republic of Philippines                                                    |                 |                            | USD  | 20,351,819  | 5.625% 04/04/2042<br>*Russian Federation                | 5,100                  | 0.50                       |
| USD 13,9 | 560,000   | 5% 13/01/2037<br>Republic of Philippines<br>5.5% 30/03/2026                | 1,875<br>11,110 | 0.18<br>1.10               | USD  | 2,206,000   | 7.5% 31/03/2030<br>Vnesheconombank Via VEB              | 16,846                 | 1.66                       |
| USD 2,0  | 096,000   | Republic of Philippines                                                    | ,               |                            |      |             | Finance 6.902% 09/07/2020<br>Total Russian Federation   | 1,758<br><b>78,201</b> | 0.17<br>7.72               |
| USD 5,4  | 439,000   | 6.375% 15/01/2032<br>Republic of Philippines                               | 1,808           | 0.18                       |      |             |                                                         | 70,201                 | 1.12                       |
| USD 1,2  | 200,000   | 6.375% 23/10/2034<br>Republic of Philippines                               | 4,769           | 0.47                       | SOU  | TH AFRICA   | A 0.28% (2.41%)<br>BBB+ 0.00% (2.41%)                   |                        |                            |
| USD 5,7  | 799,000   | 6.5% 20/01/2020<br>Republic of Philippines                                 | 1,009           | 0.10                       | 1.05 | 0.000.000   | BBB 0.28% (0.00%)                                       |                        |                            |
| USD 15,2 | 282,000   | 7.75% 14/01/2031<br>Republic of Philippines                                | 5,638           | 0.55                       | USD  | 3,893,000   | Republic of South Africa<br>4.665% 17/01/2024           | 2,805                  | 0.28                       |
|          | 378,000   | 8.375% 17/06/2019<br>Republic of Philippines                               | 13,788          | 1.36                       |      |             | Total South Africa                                      | 2,805                  | 0.28                       |
| 000 1,   |           | 9.375% 18/01/2017                                                          | 1,192           | 0.12                       |      |             |                                                         |                        |                            |
|          |           | Total Philippines                                                          | 47,848          | 4.72                       |      |             |                                                         |                        |                            |

#### **Portfolio Statement**

|                  | Holding                                 | Investment                                             | Value<br>£000 | % of<br>Net Asset<br>Value |      | Holding    | Investment                                                          | Value I<br>£000 | % of<br>Net Asset<br>Value |
|------------------|-----------------------------------------|--------------------------------------------------------|---------------|----------------------------|------|------------|---------------------------------------------------------------------|-----------------|----------------------------|
| SRI L            | ANKA 0.91                               | I% (0.66%)<br>B+ 0.67% (0.66%)                         |               |                            | USD  | 350,000    | Republic of Latvia<br>5.25% 22/02/2017                              | 259             | 0.03                       |
| USD              | 4,010,000                               | Republic of Sri Lanka<br>5.875% 25/07/2022             | 2,798         | 0.28                       | EUR  | 5,810,000  | Republic of Lithuania<br>4.85% 07/02/2018                           | 5,567           | 0.55                       |
| USD              | 5,625,000                               | Republic of Sri Lanka<br>6.25% 04/10/2020              | 4,005         | 0.39                       |      | 5,833,000  | Republic of Lithuania<br>5.125% 14/09/2017                          | 4,330           | 0.43                       |
| USD              | 3,470,000                               | <b>B1 0.24% (0.00%)</b><br>Bank of Ceylon              |               |                            |      | 8,144,000  | Republic of Lithuania<br>6.625% 01/02/2022<br>Republic of Lithuania | 6,738           | 0.66                       |
|                  |                                         | 6.875% 03/05/2017                                      | 2,450         | 0.24                       | 002  | .,,        | 7.375% 11/02/2020                                                   | 1,049           | 0.10                       |
|                  |                                         | Total Sri Lanka                                        | 9,253         | 0.91                       |      |            | BBB- 0.31% (0.00%)                                                  |                 |                            |
| TURK             | KEY 8.59%                               | (7.23%)                                                |               |                            | USD  | 4,645,000  | Kingdom of Morocco<br>4.25% 11/12/2022                              | 3,173           | 0.31                       |
|                  | E 424 000                               | Ba1 7.01% (0.00%)                                      |               |                            |      |            |                                                                     |                 |                            |
| USD              | 5,434,000                               | Republic of Turkey<br>5.125% 25/03/2022                | 4,082         | 0.40                       | USD  | 3,715,000  | BB+ 1.46% (0.31%)<br>Republic of Costa Rica                         |                 |                            |
| USD              | 5,019,000                               | Republic of Turkey                                     | 4,002         | 0.40                       | 000  | 5,715,000  | 4.25% 26/01/2023                                                    | 2,516           | 0.25                       |
|                  | -,                                      | 5.625% 30/03/2021                                      | 3,890         | 0.38                       | USD  | 3,724,000  | Romania 4.375% 22/08/2023                                           | 2,486           | 0.25                       |
| USD <sup>·</sup> | 11,906,000                              | Republic of Turkey                                     |               |                            | EUR  | 1,144,000  | Romania 6.5% 18/06/2018                                             | 1,125           | 0.11                       |
|                  |                                         | 6% 14/01/2041                                          | 9,226         | 0.91                       | USD  | 10,746,000 | Romania 6.75% 07/02/2022                                            | 8,578           | 0.85                       |
| USD <sup>2</sup> | 11,393,000                              | Republic of Turkey                                     |               |                            |      |            |                                                                     |                 |                            |
|                  | 40 477 000                              | 6.25% 26/09/2022                                       | 9,220         | 0.91                       | חפוו | 4,820,000  | BB 0.46% (0.00%)<br>Republic of Guatemala                           |                 |                            |
| USD              | 16,477,000                              | Republic of Turkey<br>6.75% 03/04/2018                 | 12 150        | 1.30                       | 050  | 4,020,000  | 4.875% 13/02/2028                                                   | 3,186           | 0.31                       |
| USD              | 4,285,000                               | Republic of Turkey                                     | 13,150        | 1.30                       | USD  | 1,985,000  | Republic of Guatemala                                               | 0,100           | 0.01                       |
| 000              | 4,203,000                               | 6.75% 30/05/2040                                       | 3,642         | 0.36                       |      |            | 5.75% 06/06/2022                                                    | 1,479           | 0.15                       |
| USD              | 7,296,000                               | Republic of Turkey                                     | -,            |                            |      |            |                                                                     |                 |                            |
|                  |                                         | 6.88% 17/03/2036                                       | 6,186         | 0.61                       |      | 1,223,000  | <b>BB– 1.44% (0.00%)</b><br>Bolivia Government                      |                 |                            |
| USD              | 1,635,000                               | Republic of Turkey                                     |               |                            | 030  | 1,223,000  | 4.875% 29/10/2022                                                   | 807             | 0.08                       |
|                  |                                         | 7.25% 05/03/2038                                       | 1,457         | 0.14                       | USD  | 1,564,000  | Mongolia 4.125% 05/01/2018                                          | 1,015           | 0.00                       |
| USD '            | 14,557,000                              | Republic of Turkey                                     |               |                            |      | 2,705,000  | Mongolia 5.125% 05/12/2022                                          | 1,704           | 0.10                       |
| USD              | 4 752 000                               | 7.375% 05/02/2025                                      | 12,743        | 1.26                       |      | 2,220,000  | Republic of Paraguay                                                | , -             |                            |
| 030              | 4,753,000                               | Republic of Turkey<br>7.5% 07/11/2019                  | 4,028         | 0.40                       |      |            | 4.625% 25/01/2023                                                   | 1,481           | 0.15                       |
| USD              | 3,599,000                               | Republic of Turkey                                     | 4,020         | 0.40                       | USD  | 8,609,000  | Republic of Serbia                                                  |                 |                            |
| 000              | 0,000,000                               | 8% 14/02/2034                                          | 3,400         | 0.34                       |      |            | 4.875% 25/02/2020                                                   | 5,690           | 0.56                       |
|                  |                                         |                                                        | -,            |                            | USD  | 3,875,000  | Republic of Serbia                                                  |                 |                            |
|                  |                                         | BB 0.10% (7.23%)                                       |               |                            |      | 1 600 000  | 5.25% 21/11/2017                                                    | 2,670           | 0.26                       |
| USD              | 1,360,000                               | Export Credit Bank of Turkey                           |               |                            | USD  | 1,600,000  | Republic of Serbia<br>7.25% 28/09/2021                              | 1,207           | 0.12                       |
|                  |                                         | 5.875% 24/04/2019                                      | 1,019         | 0.10                       |      |            | 7.23 /6 20/03/2021                                                  | 1,207           | 0.12                       |
|                  |                                         | Not rated 1.48% (0.00%)                                |               |                            |      |            | B+ 2.11% (1.95%)                                                    |                 |                            |
| TRY '            | 13,500,000                              | Republic of Turkey                                     |               |                            | USD  | 23,492,000 | Dominican Republic                                                  | 47 744          | 4 75                       |
|                  |                                         | 6.5% 07/01/2015                                        | 5,075         | 0.50                       |      | 0.005.000  | 7.5% 06/05/2021                                                     | 17,711          | 1.75                       |
| TRY '            | 13,000,000                              | Republic of Turkey                                     | 4 0 5 0       | 0.40                       | 050  | 2,995,000  | Republic of Senegal<br>8.75% 13/05/2021                             | 2,367           | 0.23                       |
| TDV              | 10 100 000                              | 7.5% 24/09/2014                                        | 4,953         | 0.49                       | USD  | 1,975,000  | Republic of Zambia                                                  | 2,307           | 0.23                       |
| INT              | 12,100,000                              | Republic of Turkey<br>9% 08/03/2017                    | 4,958         | 0.49                       | 000  | 1,070,000  | 5.375% 20/09/2022                                                   | 1,317           | 0.13                       |
|                  |                                         | Total Turkey                                           | 87,029        | 8.59                       |      |            | B1 0.00% (0.45%)                                                    |                 |                            |
|                  |                                         |                                                        |               |                            |      |            |                                                                     |                 |                            |
| UNIT             | ED STATE                                | S OF AMERICA 17.01% (4.67%                             | )             |                            | חפוו | 2,971,000  | <b>B 5.25% (0.56%)</b><br>Lebanese Republic                         |                 |                            |
|                  | 7 000 000                               | BBB 3.56% (1.40%)                                      |               |                            | 000  | 2,371,000  | 5% 12/10/2017                                                       | 1,979           | 0.20                       |
| 050              | 7,938,000                               | Pemex Project Funding Master<br>Trust 5.75% 01/03/2018 | 6,082         | 0.60                       | USD  | 6,218,000  | Lebanese Republic                                                   | .,570           | 0.20                       |
| USD              | 7,008,000                               | Pemex Project Funding Master                           | 0,082         | 0.00                       |      |            | 5.45% 28/11/2019                                                    | 4,145           | 0.41                       |
| 500              | ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, | Trust 6.625% 15/06/2035                                | 5,601         | 0.55                       | USD  | 1,050,000  | Lebanese Republic                                                   |                 |                            |
| USD              | 1,605,000                               | Pemex Project Funding Master                           | .,            |                            |      |            | 6% 20/05/2019                                                       | 723             | 0.07                       |
|                  |                                         | Trust 6.625% 15/06/2038                                | 1,284         | 0.13                       | USD  | 1,971,000  | Lebanese Republic                                                   |                 |                            |
| USD              | 7,920,000                               | Republic of Latvia                                     |               |                            |      | 10 22/ 000 | 6.6% 27/11/2026                                                     | 1,354           | 0.13                       |
|                  |                                         | 2.75% 12/01/2020                                       | 5,186         | 0.51                       | 020  | 18,324,000 | Lebanese Republic<br>8.25% 12/04/2021                               | 14,093          | 1.39                       |
|                  |                                         |                                                        |               |                            |      |            | 3.20/0 12/04/2021                                                   | 14,000          | 1.55                       |

#### **Portfolio Statement**

|      | Holding    | Investment                                            | Value No<br>£000 | % of<br>et Asset<br>Value |       | Holding      | Investment                                                     | Value I<br>£000 | % of<br>Net Asset<br>Value |
|------|------------|-------------------------------------------------------|------------------|---------------------------|-------|--------------|----------------------------------------------------------------|-----------------|----------------------------|
|      |            | S OF AMERICA 17.01% (4.67%<br>Lebanese Republic       | ) (continue      | ed)                       | USD   | 7,641,400    | Petroleos de Venezuela<br>5.375% 12/04/2027                    | 3,581           | 0.35                       |
| USD  | 3,720,000  | 9% 20/03/2017<br>Ukraine Government                   | 2,027            | 0.20                      | USD   | 3,934,500    | Petroleos de Venezuela<br>5.5% 12/04/2037                      | 1,791           | 0.18                       |
| USD  | 5,032,000  | 6.25% 17/06/2016<br>Ukraine Government                | 2,497            | 0.25                      | USD   | 20,805,000   | Petroleos de Venezuela<br>8.5% 02/11/2017                      | 13,476          | 1.33                       |
| USD  | 5,294,000  | 6.75% 14/11/2017<br>Ukraine Government                | 3,439            | 0.34                      | USD   | 11,310,470   | Petroleos de Venezuela<br>9% 17/11/2021                        | 7,163           | 0.71                       |
| USD  | 4,000,000  | 7.8% 28/11/2022<br>Ukraine Government                 | 3,732            | 0.37                      | USD   | 4,091,000    | Republic of Venezuela<br>6% 09/12/2020                         | 2,292           | 0.23                       |
|      | 21,802,000 | 7.95% 23/02/2021<br>Ukraine Government                | 2,894            | 0.29                      | USD   | 2,840,000    | Republic of Venezuela<br>8.5% 08/10/2014                       | 1,933           | 0.19                       |
| 000  | 21,002,000 | 9.25% 24/07/2017                                      | 16,221           | 1.60                      | USD   | 5,635,000    | Republic of Venezuela<br>9.375% 13/01/2034                     | 3,713           | 0.37                       |
| USD  | 6,322,000  | <b>B3 0.43% (0.00%)</b><br>Ukreximbank 8.375%         |                  |                           | USD   | 11,429,400   | Republic of Venezuela<br>11.95% 05/08/2031                     | 8,696           | 0.86                       |
|      |            | 27/04/2015                                            | 4,322            | 0.43                      |       |              | B2 0.31% (0.00%)                                               | ·               |                            |
| USD  | 15,021,000 | Not rated 1.99% (0.00%)<br>*Ivory Coast 7.09955%      |                  |                           | USD   | 4,984,551    | Petroleos de Venezuela<br>9.75% 17/05/2035                     | 3,176           | 0.31                       |
| USD  | 9,612,000  | 31/12/2032<br>Naftogaz of Ukraine 9.5%                | 9,330            | 0.92                      |       |              | Not rated 0.56% (0.00%)                                        |                 |                            |
| USD  | 6,293,000  | 30/09/2014<br>State Oil Co of The Azer 4.75           | 6,681            | 0.66                      | USD   | 7,535,700    | Petroleos de Venezuela<br>12.75% 17/02/2022                    | 5,706           | 0.56                       |
|      |            | 13/03/2023                                            | 4,204            | 0.41                      |       |              | Total Venezuela                                                | 97,879          | 9.67                       |
|      |            | Total United States of America                        | 172,249          | 17.01                     | DER   |              | 0.00% (0.04%)                                                  |                 |                            |
| URU  | GUAY 0.94  |                                                       |                  |                           |       |              | Forward foreign exchange contra                                | acts (–0.01%    | b) (0.04%)                 |
| USD  | 2,309,573  | BBB– 0.94% (2.13%)<br>Oriental Republic of Uruguay    |                  |                           |       |              | Sell RUB 1,420,491,131<br>Buy USD 46,504,866 HSBC              | 371             | 0.04                       |
|      | 8,050,845  | 6.875% 28/09/2025<br>Oriental Republic of Uruguay     | 2,033            | 0.20                      |       |              | Sell USD 46,634,640<br>Buy RUB 1,420,491,131 HSBC              | (458)           | (0.05)                     |
|      | -,,        | 8% 18/11/2022                                         | 7,471            | 0.74                      |       |              | Sell PLN 98,316,187<br>Buy USD 31,211,319 Citigroup            | 295             | 0.03                       |
|      |            | Total Uruguay                                         | 9,504            | 0.94                      |       |              | Sell USD 31,477,296<br>Buy PLN 98,316,187 HSBC                 | (472)           | (0.05)                     |
| VENE | EZUELA 9.6 | 67% (10.21%)                                          |                  |                           |       |              | Sell USD 22,994,743                                            | (472)           | (0.05)                     |
| USD  | 2,177,500  | B+ 8.80% (10.21%)<br>Bolivarian Republic of Venezuela |                  |                           |       |              | Buy MXN 292,904,306 Citigroup<br>Sell TRY 41,132,532           | (117)           | (0.01)                     |
| USD  | 2,725,000  | 5.75% 26/02/2016<br>Bolivarian Republic of Venezuela  | 1,377            | 0.13                      |       |              | Buy USD 22,795,621 RBS<br>Sell MXN 292,904,372                 | 37              | -                          |
| USD  | 3,398,500  | 7% 01/12/2018<br>Bolivarian Republic of Venezuela     | 1,699            | 0.17                      |       |              | Buy USD 22,784,263 RBS<br>Sell USD 22,197,016                  | (23)            | -                          |
| USD  | 4,346,000  | 7% 31/03/2038<br>Bolivarian Republic of Venezuela     | 1,819            | 0.18                      |       |              | Buy TRY 40,092,251 HSBC<br>Sell EUR 7,735,000                  | (21)            | -                          |
| USD  | 7,554,900  | 7.65% 21/04/2025<br>Bolivarian Republic of Venezuela  | 2,582            | 0.25                      |       |              | Buy USD 10,405,215 RBS<br>Sell GBP 2,950,000                   | 221             | 0.02                       |
| USD  | 6,604,400  | 7.75% 13/10/2019<br>Bolivarian Republic of Venezuela  | 4,740            | 0.47                      |       |              | Buy USD 4,602,549 Goldman Sa<br>Sell USD 1,780,910             |                 | 0.01                       |
| USD  | 5,302,000  | 8.25% 13/10/2024<br>Bolivarian Republic of Venezuela  | 4,054            | 0.40                      |       |              | Buy GBP 1,150,000 J.P. Morgan<br>Sell GBP 950,000              | (38)            | -                          |
| USD  | 10,759,000 | 9% 07/05/2023<br>Bolivarian Republic of Venezuela     | 3,435            | 0.34                      |       |              | Buy USD 1,476,005 J.P. Morgan<br>Sell USD 151,320              | 35              | -                          |
| USD  | 5,691,300  | 9.25% 15/09/2027<br>Bolivarian Republic of Venezuela  | 7,150            | 0.71                      |       |              | Buy GBP 100,000 Citigroup                                      | (1)             | -                          |
| USD  | 8,125,000  | 9.25% 07/05/2028<br>Bolivarian Republic of Venezuela  | 3,733            | 0.37                      | USD   | (294)*       | Futures and Options 0.01% (0.00<br>*UBS US 10 Year Note Future |                 | 0.04                       |
| USD  | 6,296,300  | 11.75% 21/10/2026<br>Bolivarian Republic of Venezuela | 6,102            | 0.60                      |       |              | Expiring June 2013                                             | 77<br>26        | 0.01                       |
| USD  | 8,193,500  | 12.75% 23/08/2022<br>Petroleos de Venezuela           | 4,941            | 0.49                      | Total | value of inv | estments -                                                     | 969,696         | 95.75                      |
|      | ,,         | 5.25% 12/04/2017                                      | 4,720            | 0.47                      |       | other assets |                                                                | 43,022          | 4.25                       |
|      |            |                                                       |                  |                           | Net a | assets       | _                                                              | 1,012,718       | 100.00                     |

#### **Portfolio Statement**

(continued)

|                                          | Value<br>£000 |
|------------------------------------------|---------------|
| ANALYSIS OF INVESTMENTS BY CREDIT RATING | s             |
| A–                                       | 18,451        |
| A3                                       | 7,139         |
| BBB+                                     | 36,125        |
| Baa1                                     | 2,905         |
| BBB                                      | 275,719       |
| Baa2                                     | 13,918        |
| BBB-                                     | 68,277        |
| BB+                                      | 149,594       |
| Ba1                                      | 71,024        |
| BB                                       | 33,208        |
| BB-                                      | 37,209        |
| B+                                       | 117,195       |
| B1                                       | 2,450         |
| В                                        | 53,104        |
| B2                                       | 3,176         |
| B-                                       | 2,501         |
| B3                                       | 4,322         |
| Not rated                                | 73,353        |
| Total bonds                              | 969,670       |
| Derivatives                              | 26            |
| Total value of investments               | 969,696       |

#### ANALYSIS OF COLLATERAL RECEIVED

| Counterparty | Туре | Value<br>£000 |
|--------------|------|---------------|
| Citibank     | Cash | 130           |
| RBS          | Cash | 140           |

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

March 2012 comparatives in brackets.

\*Variable rate bonds.

\*\*The underlying exposure of holding this future is –£25,734,620.

*††At 7 March 2013, there were investments totalling £3,475,000 (0.34% of the NAV of the fund) which were valued using a quote from a single broker. These investments trade in a limited market and may not be able to be immediately liquidated at these estimated fair values.* 

## **Threadneedle Global Select Fund**

#### **Portfolio Statement**

as at 7 March 2013

| Holding             | Investment                                        | Value N<br>£000 | % of<br>let Asset<br>Value | Holding         | Investment                                                   | Value<br>£000 | % of<br>Net Asset<br>Value |
|---------------------|---------------------------------------------------|-----------------|----------------------------|-----------------|--------------------------------------------------------------|---------------|----------------------------|
| AUSTRALIA 0.0       | 00% (1.71%)                                       |                 |                            | GERMANY 3.96    | % (4.41%)                                                    |               |                            |
|                     | Mining 0.00% (1.23%)                              |                 |                            | 113,841         | Aerospace & defence 0.97% (0.76%<br>MTU Aero Engines Holding | )<br>7,262    | 0.97                       |
|                     | Steel & other metals 0.00% (0.48                  | 3%)             |                            | 115,641         |                                                              |               | 0.57                       |
|                     | Total Australia                                   | -               | -                          |                 | Automobiles & parts 0.00% (0.97%)                            |               |                            |
| BELGIUM 1.80        | % (0.00%)                                         |                 |                            | 78,275          | Chemicals 1.83% (1.26%)<br>Brenntag                          | 7,791         | 1.04                       |
|                     | Beverages 1.80% (0.00%)                           |                 |                            | 48,415          | Linde                                                        | 5,884         | 0.79                       |
| 211,978             | Anheuser-Busch InBev                              | 13,430          | 1.80                       |                 | Media & photography 1.16% (1.42%                             | 6)            |                            |
|                     | Total Belgium _                                   | 13,430          | 1.80                       | 144,602         | Kabel Deutschland Holding                                    | 8,657         | 1.16                       |
| BERMUDA 0.77        | 7% (0.64%)                                        |                 |                            |                 | Total Germany                                                | 29,594        | 3.96                       |
| 2 137 364           | Real estate 0.77% (0.64%)<br>Great Eagle Holdings | 5,771           | 0.77                       | HONG KONG 1     | .40% (1.73%)                                                 |               |                            |
| 2,137,304           | Total Bermuda                                     | 5,771           | 0.77                       |                 | Leisure entertainment & hotels 0.0                           | 0% (0.44      | %)                         |
|                     | -                                                 | •,,,,,          |                            |                 | Real estate 1.40% (1.29%)                                    |               |                            |
| BRAZIL 0.00%        | . ,                                               |                 |                            | 1,049,000       | Sun Hung Kai Properties                                      | 10,482        | 1.40                       |
|                     | Banks 0.00% (1.50%)                               |                 |                            |                 | Total Hong Kong                                              | 10,482        | 1.40                       |
|                     | Construction & building material                  | ls 0.00% (1.4   | 7%)                        | INDONESIA 1.2   | 8% (0 70%)                                                   |               |                            |
|                     | Electricity 0.00% (0.65%)                         |                 |                            |                 | Banks 1.28% (0.70%)                                          |               |                            |
|                     | Total Brazil                                      | -               | -                          | 15,933,775      | Bank Rakyat Indonesia                                        | 9,534         | 1.28                       |
|                     | ( (3 470/)                                        |                 |                            |                 | Total Indonesia                                              | 9,534         | 1.28                       |
| CANADA 2.02%        | 6 (1.47%)<br>Chemicals 0.87% (0.50%)              |                 |                            | ITALY 0.00% (0. | .79%)                                                        |               |                            |
| 252,300             | Methanex                                          | 6,514           | 0.87                       |                 | Electronic & electrical equipment 0                          | .00% (0.      | 79%)                       |
|                     | Information technology hardwar                    | e 0.00% (0.5    | 0%)                        |                 | Total Italy                                                  | -             | -                          |
|                     | Media & photography 0.46% (0.0                    | 0%)             |                            | JAPAN 6.44% (   | 8 39%)                                                       |               |                            |
| 342,700             | Aimia                                             | 3,459           | 0.46                       |                 | Automobiles & parts 2.36% (1.19%)                            | )             |                            |
|                     | Mining 0.69% (0.47%)                              |                 |                            | 515,000         | Toyota Motor                                                 | 17,601        | 2.36                       |
| 426,100             | First Quantum Minerals                            | 5,150           | 0.69                       |                 | Beverages 1.66% (1.68%)                                      |               |                            |
|                     | Total Canada –                                    | 15,123          | 2.02                       | 762,600         | Asahi Group Holdings                                         | 12,375        | 1.66                       |
| <b>CYPRUS 0.86%</b> | o (0.80%)                                         |                 |                            | 267 621         | Electronic & electrical equipment 1<br>Makita                |               | <b>73%)</b><br>1.47        |
|                     | Oil & gas 0.86% (0.80%)                           |                 |                            | 367,621         |                                                              | 10,989        | 1.47                       |
| 953,512             | Prosafe                                           | 6,425           | 0.86                       |                 | Engineering & machinery 0.00% (0.                            | 68%)          |                            |
|                     | Total Cyprus _                                    | 6,425           | 0.86                       |                 | Information technology hardware (                            | 0.00% (1.     | 11%)                       |
| DENMARK 0.00        | 0% (0.62%)                                        |                 |                            |                 | Software & computer services 0.95                            | % (0.00%      | 6)                         |
|                     | Engineering & machinery 0.00%                     | (0.62%)         |                            | 540,524         | Konami                                                       | 7,137         | 0.95                       |
|                     | Total Denmark                                     | -               | _                          |                 | Total Japan                                                  | 48,102        | 6.44                       |
| FRANCE 1.35%        | (2.47%)                                           |                 |                            | NETHERLANDS     | 5 1.23% (2.12%)                                              |               |                            |
|                     | Automobiles & parts 1.35% (1.05                   |                 |                            |                 | Chemicals 1.23% (0.00%)                                      |               |                            |
| 224,934             | Renault                                           | 10,086          | 1.35                       | 219,725         | LyondellBasell                                               | 9,162         | 1.23                       |
|                     | General retailers 0.00% (0.68%)                   |                 |                            |                 | Insurance 0.00% (0.79%)                                      |               |                            |
|                     | Insurance 0.00% (0.74%)                           |                 |                            |                 | Oil & gas 0.00% (1.33%)                                      |               |                            |
|                     | Total France                                      | 10,086          | 1.35                       |                 | Total Netherlands                                            | 9,162         | 1.23                       |
|                     |                                                   |                 |                            |                 | ( (0.94%)                                                    |               |                            |
|                     |                                                   |                 |                            | PANAMA 1.37%    | ₀ (0.84%)<br>Aerospace & defence 1.37% (0.84%                | )             |                            |
|                     |                                                   |                 |                            | 142,794         |                                                              | 10,255        | 1.37                       |
|                     |                                                   |                 |                            |                 |                                                              |               |                            |

Total Panama

10,255

1.37

## **Threadneedle Global Select Fund**

#### **Portfolio Statement**

| Holding       | Investment                                         | Value N<br>£000             | % of<br>et Asset<br>Value | Holding      | Investment                                                               | Value N<br>£000               | % of<br>et Asset<br>Value |
|---------------|----------------------------------------------------|-----------------------------|---------------------------|--------------|--------------------------------------------------------------------------|-------------------------------|---------------------------|
| REPUBLIC OF I | RELAND 1.77% (0.74%)                               |                             |                           | UNITED KINGD | OM 11.64% (8.13%)                                                        |                               |                           |
| 305,598       | Health 1.77% (0.00%)<br>Covidien                   | 13,217                      | 1.77                      | 1,777,380    | Banks 1.71% (0.00%)<br>HSBC Holdings                                     | 12,820                        | 1.71                      |
|               | Support services 0.00% (0.74%)                     |                             |                           |              | Engineering & machinery 0.94%                                            | (0.97%)                       |                           |
|               | Total Republic of Ireland                          | 13,217                      | 1.77                      | 290,537      | Weir Group                                                               | 7,011                         | 0.94                      |
| RUSSIAN FEDE  | RATION 0.89% (0.61%)<br>Banks 0.89% (0.61%)        |                             |                           | 539,569      | Food producers & processors 1.9<br>Unilever                              | 9 <b>7% (0.00%)</b><br>14,752 | 1.97                      |
| 721,446       | Sberbank                                           | 6,649                       | 0.89                      |              | Insurance 1.63% (0.00%)                                                  |                               |                           |
|               | Total Russian Federation                           | 6,649                       | 0.89                      | 302,166      | Aon                                                                      | 12,158                        | 1.63                      |
|               |                                                    |                             |                           |              | Investment companies 0.00% (0.                                           | 46%)                          |                           |
| SINGAPORE 0.0 | 00% (0.38%)<br>Real estate 0.00% (0.38%)           |                             |                           |              | Leisure entertainment & hotels                                           | 0.00% (0.59%                  | )                         |
|               | Total Singapore                                    | -                           | -                         |              | Mining 0.94% (0.75%)                                                     |                               |                           |
|               |                                                    |                             |                           | 204,201      | Rio Tinto                                                                | 7,043                         | 0.94                      |
| SOUTH AFRICA  | 0.00% (0.49%)<br>Telecommunications services 0     | .00% (0.49%)                |                           | 863,147      | <b>Oil &amp; gas 2.12% (3.23%)</b><br>BG Group                           | 10.056                        | 1.35                      |
|               | Total South Africa                                 |                             |                           | 465,198      | Tullow Oil                                                               | 5,773                         | 0.77                      |
| SOUTH KOREA   | 3.02% (3.68%)<br>General retailers 0.00% (0.98%)   |                             |                           | 593,587      | Pharmaceuticals & biotechnolog<br>GlaxoSmithKline                        | <b>y 1.18% (0.00</b><br>8,803 | <b>)%)</b><br>1.18        |
|               | Information technology hardwa                      |                             | 5%)                       |              | Support services 0.00% (0.58%)                                           |                               |                           |
| 18,360        | Samsung Electronics Leisure entertainment & hotels | 17,084                      | 2.28                      | 4,831,202    | <b>Telecommunications services 1</b> .<br>Vodafone Group                 | 1 <b>5% (1.55%)</b><br>8,597  | 1.15                      |
| 274,428       | Kangwon Land                                       | 5,506                       | ,<br>0.74                 |              | Total United Kingdom                                                     | 87,013                        | 11.64                     |
|               | Speciality & other finance 0.00%                   | % (0.43%)                   |                           |              |                                                                          |                               |                           |
|               | Total South Korea                                  | 22,590                      | 3.02                      | UNITED STATE | S OF AMERICA 49.47% (48.03<br>Banks 2.04% (4.17%)                        | 8%)                           |                           |
|               |                                                    |                             |                           | 456,690      | J.P. Morgan Chase                                                        | 15,232                        | 2.04                      |
| SWITZERLAND   | 8.30% (6.90%)<br>Electronic & electrical equipment | nt 1.07% (1.00              | %)                        |              | Beverages 0.00% (1.91%)                                                  |                               |                           |
| 288,394       | TE Connectivity                                    | 7,969                       | 1.07                      |              | Chemicals 2.30% (1.54%)                                                  |                               |                           |
|               | Food producers & processors 2                      | .21% (1.38%)                |                           | 162,024      | Airgas                                                                   | 10,967                        | 1.47                      |
| 351,323       | Nestle                                             | 16,563                      | 2.21                      | 46,279       | CF Industries Holdings                                                   | 6,234                         | 0.83                      |
|               | General retailers 1.11% (0.83%)                    |                             |                           |              | Distributors 1.39% (1.24%)                                               |                               |                           |
| 385,653       | Tyco International                                 | 8,290                       | 1.11                      | 206,899      | Wesco International                                                      | 10,375                        | 1.39                      |
| 38,688        | Household goods & textiles 1.9<br>Swatch Group     | <b>5% (1.49%)</b><br>14,573 | 1.95                      | 126,424      | <b>Diversified industrials 1.03% (0.6</b><br>Philip Morris International | <b>4%)</b><br>7,723           | 1.03                      |
|               | Pharmaceuticals & biotechnolo                      | av 1 96% (2 20              | )%)                       |              | Engineering & machinery 1.09%                                            | (0.00%)                       |                           |
| 319,299       | Novartis                                           | 14,626 14                   | 1.96                      | 104,298      | Cummins                                                                  | 8,129                         | 1.09                      |
|               | Total Switzerland                                  | 62,021                      | 8.30                      |              | Food producers & processors 0.0                                          | 00% (1.76%)                   |                           |
|               |                                                    |                             |                           |              | General retailers 3.81% (6.01%)                                          |                               |                           |
|               |                                                    |                             |                           |              | General retailers 5.01/0 (0.01/0)                                        |                               |                           |

| 175,488 | McDonald's            | 11,328 | 1.52 |
|---------|-----------------------|--------|------|
| 225,846 | World Fuel Services   | 5,772  | 0.77 |
|         |                       |        |      |
|         | Health 3.52% (6.63%)  |        |      |
| 157,559 | Henry Schein          | 9,427  | 1.26 |
| 184,912 | Sirona Dental Systems | 8,894  | 1.19 |
| 159,141 | Zimmer Holdings       | 7,991  | 1.07 |
|         |                       |        |      |

### **Threadneedle Global Select Fund**

#### **Portfolio Statement**

(continued)

| Holding            | Investment                                           | Value N<br>£000 | % of<br>et Asset<br>Value |
|--------------------|------------------------------------------------------|-----------------|---------------------------|
| UNITED STATE       | S OF AMERICA 49.47% (48.03                           |                 |                           |
| 22.101             | Information technology hardwar                       |                 |                           |
| 32,191<br>317,776  |                                                      | 9,136<br>9,134  | 1.22<br>1.22              |
| 286,731            |                                                      | 12,747          | 1.22                      |
| 200,701            |                                                      | 12,747          | 1.7 1                     |
|                    | Insurance 2.58% (0.96%)                              |                 |                           |
| 411,323            | •                                                    | 10,545          | 1.41                      |
| 521,041            | Fidelity National                                    | 8,743           | 1.17                      |
|                    | Leisure entertainment & hotels                       | 1.35% (0.00%)   |                           |
| 291,604            | Las Vegas Sands                                      | 10,113          | 1.35                      |
|                    | -                                                    |                 |                           |
|                    | Media & photography 3.25% (1.6                       |                 |                           |
| 372,368            | Comcast Class A                                      | 10,140          | 1.36                      |
| 375,828            | Walt Disney                                          | 14,127          | 1.89                      |
|                    | Oil & gas 4.30% (2.51%)                              |                 |                           |
| 163,930            | Dresser-Rand Group                                   | 6,122           | 0.82                      |
| 235,351            |                                                      | 8,933           | 1.19                      |
| 178,532            | •                                                    | 10,541          | 1.41                      |
| 145,702            | National-Oilwell Varco                               | 6,567           | 0.88                      |
|                    |                                                      |                 |                           |
|                    | Pharmaceuticals & biotechnolog                       |                 |                           |
| 214,883            | Mead Johnson Nutrition                               | 10,830          | 1.45                      |
| 816,895            | Pfizer                                               | 15,320          | 2.05                      |
|                    | Real estate 0.00% (0.44%)                            |                 |                           |
|                    | Software & computer services 7                       | .80% (7.36%)    |                           |
| 496,502            | EMC                                                  | 8,043           | 1.08                      |
| 246,277            | Facebook                                             | 4,509           | 0.60                      |
| 26,523             | Google                                               | 14,700          | 1.97                      |
| 427,151            | Microsoft                                            | 8,002           | 1.07                      |
| 24,312             | •                                                    | 11,656          | 1.56                      |
| 556,394            | 0,                                                   | 5,700           | 0.76                      |
| 148,945            | Solera Holdings                                      | 5,698           | 0.76                      |
|                    | Speciality & other finance 5.08%                     | (1.56%)         |                           |
| 38,493             | Affiliated Managers Group                            | 3,849           | 0.51                      |
| 333,668            | <b>e</b> .                                           | 14,389          | 1.93                      |
| 458,621            | Blackstone Group                                     | 5,787           | 0.77                      |
| 167,508            | Discover Financial Services                          | 4,612           | 0.62                      |
| 258,895            | United Rentals                                       | 9,364           | 1.25                      |
|                    | $\Omega_{\rm contract a constant a 0.000/(0.000/))}$ |                 |                           |
| 169,144            | Support services 0.86% (0.00%)<br>Equifax            | 6 407           | 0.96                      |
| 109,144            | Equilax                                              | 6,407           | 0.86                      |
|                    | Telecommunications services 0.0                      | 00% (0.74%)     |                           |
|                    | Transport 1.42% (2.69%)                              |                 |                           |
| 114,142            | Union Pacific                                        | 10,578          | 1.42                      |
|                    | Total United States of America                       | 369,722         | 49.47                     |
| Total value of inv | estments                                             | 729,176         | 97.57                     |
| Net other assets   | (0.73%)                                              | 18,194          | 2.43                      |
| Net assets         | -                                                    | 747,370         | 100.00                    |
|                    | -                                                    | ,               |                           |

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

March 2012 comparatives in brackets.

#### **Portfolio Statement**

as at 7 March 2013

| AUS TRALIA 1.33% (4.01%)<br>AAA 0.00% (2.95%)<br>USD 3.480,000       CHILE 0.22% (1.16%)<br>AAA 0.30% (1.16%)<br>Australian Government 3.25%<br>2.104/2023       CHILE 0.22% (1.16%)<br>Australian Government 3.25%<br>2.104/2023       South 1.16% (1.16%)<br>ADD 1.250,000       A 2.22% (0.00%)<br>Australian Government 3.25%<br>2.104/2023       South 1.16% (1.16%)<br>ADD 1.250,000       A 2.22% (0.00%)<br>Australian Government 3.25%<br>2.104/2023       South 1.16% (1.16%)<br>ADD 1.157,000       A 2.22% (0.00%)<br>ADD 1.157,000       South 1.16% (0.12%)<br>ADD 1.157,000       A 2.22% (0.00%)<br>ADD 1.157,000       South 1.16% (0.16%)<br>ADD 1.157,000       A 2.23% (0.00%)<br>ADD 1.157,000       A 2.23% (0.00%)<br>ADD 2.750,000       CHILE 0.22% (1.16%)<br>ADD 2.75%, 21/07/2015       South 1.157,<br>ADD 1.157,000       A 2.03% (0.00%)<br>ADD 2.750,000       CHILE 0.22% (1.16%)<br>ADD 2.75%, 21/07/2015       A 2.03% (0.00%)<br>ADD 2.75%, 21/07/2015       A 2.03% (0.00%)<br>ADD 2.75%, 21/07/2015       A 2.03% (0.00%)<br>ADD 2.550,000       CECH REPUBLIC 0.00% (1.57%)<br>ADD 0.07% (0.00%)       CECH REPUBLIC 0.00% (0.00%)       CECH REPU                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Holding        | Investment                | Value Ne<br>£000 | % of<br>t Asset<br>Value |      | Holding     | Investment                    | Value I<br>£000 | % of<br>Net Asset<br>Value |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|---------------------------|------------------|--------------------------|------|-------------|-------------------------------|-----------------|----------------------------|
| AUD         1,780,000         Australian Government 3.25%, 2104/2029         570         0.22           USD         3,480,000         Westpase Banking 1.25%         1.083         0.43         Total Chile         570         0.22           USD         3,480,000         Westpase Banking 1.25%         2.283         0.90         A.1.23% (2.06%)         A.2.12% (2.06%)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | AUSTRALIA 1.3  |                           |                  |                          | CHIL | E 0.22% (1  |                               |                 |                            |
| USD         3,480,000         Westpace Banking 1.25%<br>[51/22017         Class Chile         570         D.22           AUSTRIA 1.95%         (1.65%)<br>Aa. 0.75% (0.00%)         2.293         0.90         AA-1.33% (2.06%)         AA-1.33% (2.06%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | AUD 1,750,000  | . ,                       |                  |                          | USD  | 815,000     |                               | 570             | 0.22                       |
| Total Australia         3,386         1.33         CHINA 1.33% (2.06%)         AA           AUSTRIA 1.95% (1.65%)         Aa. 0.75% (0.00%)         USD 1.4650,00         Export-import Bark of China 4.275% (2.07%)           EUR 2.02.000         App. 3.7% (1.65%)         1.932         0.76         Total Austria         1.932         0.47           EUR 2.02.000         AA+ 0.37% (1.65%)         1.932         0.76         Total China         2.185         0.66           EUR 975,000         Rapublic of Austria 3.15%, 2009(2014         2.288         0.37         AA = 0.00% (0.62%)         -         -         -           USD 2.750,000         Unicredito Bank Austria 7.25% 150/22017         2.091         0.82         Total Caceh Republic         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | USD 3,450,000  | Westpac Banking 1.25%     |                  |                          |      |             | Total Chile                   | 570             | 0.22                       |
| Total Australia         3.386         1.33         AA         1.33%         AA         1.33%         AA           AUSTRIA 1.95%         (1.65%)         Aus 0.76%         (0.00%)         USD         1.660,000         Export-Import Bank of China         4.875% 2107015         1.197         0.47           EUR         2.000.00         Phyto Alpe-Adria International         2.185         0.380         2.185         0.382         1.33           EUR         975,000         AA+ 0.37% (1.65%)         2.091         0.82         0.37         AI-0.00% (0.57%)         2.3200         2.183         3.382         1.33           C2ECH REPUBLIC 0.00% (1.57%)         2.091         0.82         0.37         AI-0.00% (0.57%)         2.91         0.82           USD         2.750,000         Unicreditiz Bank Austria 7.25%         2.091         0.82         EGYPT 0.71% (0.00%)         BBIGUIM 0.66% (0.00%)         USD         2.800,000         African Export-Import 5.75%         2.707/016         1.801         0.71           20032025         1.685         0.66         FINLAND 1.33% (4.25%)         1.801         0.71           20042041         1.895         0.66         FINLAND 1.33% (4.25%)         1.801         0.71           20032025         1.685                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                | 15/12/2017                | 2,293            | 0.90                     | CHIN | IA 1.33% (2 | 2.06%)                        |                 |                            |
| AUSTRIA 195% (165%)         4875% 21072015         1.97         0.47           EUR         2.200.000         Hypo Alpe-Adria International 2.185         0.86         2.185         0.86           2.375% 1312/2022         1.932         0.76         Total China         2.185         0.86           2.375% 1312/2022         1.932         0.76         Total China         2.185         0.86           2.006204         92.8         0.37         A-0.00% (0.95%)         1.33         0.87           USD         2.750,000         An-0.82% (0.00%)         92.8         0.37         A-10.00% (0.55%)         -         -           BELGIUM 0.66% (0.00%)         Aa3 0.68% (0.00%)         Aa3 0.68% (0.00%)         Aa3 0.68% (0.00%)         -         -         -           BELGIUM 0.66% (0.00%)         Aa3 0.68% (0.00%)         Aa3 0.68% (0.00%)         -         -         -         -           20032025         1.685         0.66         FINLAND 1.33% (4.25%)         -         -         -         -           CAD 12.500,000         Canada A.99% (2.27%)         1.685         0.66         FINLAND 1.33% (4.25%)         -         -         -           CAD 12.500,000         Canada A.99% (2.27%)         -         -         -                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                | Total Australia           | 3,386            | 1.33                     |      |             |                               |                 |                            |
| EUR         2,200,000         Hype Alpa-Adria International<br>2,375% 13(7)2002         2,185         0.48         2,185         0.48         3,382         1.33           EUR         975,000         Rapublic of Austria 3,15%<br>20062044         528         0.37         AA-0.00% (0.65%)         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         - <td>AUSTRIA 1.95%</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>4.875% 21/07/2015</td> <td>1,197</td> <td>0.47</td>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | AUSTRIA 1.95%  |                           |                  |                          |      |             | 4.875% 21/07/2015             | 1,197           | 0.47                       |
| Link         2.375% 13/12/2022         1,932         0.76         Total China         3,382         1.33           EUR         975,00         AA 0.37% (1.65%)<br>20/06/2044         528         0.37         AL 0.00% (0.55%)         -         -           USD         2.750,00         UniCredit Bank Austria 7.25%<br>150/20217         2.091         0.82         CZECH REPUBLIC 0.00% (0.65%)         -         -         -           BELGIUM 0.66% (0.00%)         A.30 0.6% (0.00%)         BBB-0.71% (0.00%)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | ELIB 2 200 000 | . ,                       |                  |                          | USD  | 3,200,000   |                               | 2 1 8 5         | 0.86                       |
| A.H. 0.37% (1.65%)<br>Republic of Austria 3.15%<br>2008/2044         CZECH REPUBLIC 0.00% (1.57%)<br>A.A. 0.02% (0.05%)           USD 2,750.00<br>USD 2,500.00<br>SELGIUM 0.66% (0.00%)<br>SELGIUM 0.60% (0.55%)<br>A.A. 0.00% (0.55%)<br>A.A. 0.00% (0.55%)<br>SELGIUM 0.60% (0.55%)<br>SELGIUM 0.77% SELGIUM 0.60% (0.55%)<br>SELGIUM 0.60% (0.55%)<br>SELGIUM 0.60% (0.55%)<br>SELGIUM 0.60% (0.55%)<br>SELGIUM 0.77% SELGIUM 0.60% (0.55%)<br>SELGIUM 0.77% SELGIUM 0.60% (0.55%)<br>SELGIUM 0.77% SELGIUM 0.60% SELGIUM 0.60% SELGIUM 0.60% SELGIUM 0.60% SELGIUM 0.77% SELGIUM 0.60% SELGIUM 0.60% SELGIUM 0.77% SELGIUM 0.77% SELGIUM 0.77% SELGIUM 0.60% SELGIUM 0.77% | 2,200,000      |                           | 1,932            | 0.76                     |      |             |                               |                 |                            |
| EUR         975,000         Republic of Austria 3.15%, 2006/2044         928         0.37         AA = 0.0%, (1.57%)           USD         2,750,000         Unificatito Bank Austria 7.25%, 150/2/2017         .091         0.82                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                | AA. 0.27% (1.6E%)         |                  |                          |      |             |                               | 0,002           | 1.00                       |
| USD         2,750,00         Unifcredito Bank Austria 7.25%<br>15/02/2017         2,091         0.82         Total Czech Republic         -         -           Total Austria         4,951         1.95         EGYPT 0.71% (0.00%)<br>BBELGIUM 0.66% (0.00%)         BELGIUM 0.66% (0.00%)<br>Aa3 0.66% (0.00%)         USD         2,500,000         African Export-Import 5.75%<br>27/07/2016         1,801         0.71           EUR         1,450,000         Belgium Kingdom 5.5%<br>2803/2028         1,685         0.66         FINLAND 1.33% (4.25%)         3,390         1.33           CANADA 8.46% (8.50%)<br>AAA 4.99% (2.72%)         6,815         3.20         FRANCE 2.47% (4.77%)<br>AAA 4.99% (2.72%)         3,390         1.33           CAD         7,000,000         Canada Housing Trust 1.7%<br>15/12/2017         8,135         3.20         FRANCE 2.47% (4.77%)<br>AAA 0.00% (0.55%)         Total Finland         3,390         1.33           USD         4,325,000         Province of Ontario 1.1%<br>25/04/2017         2,682         1.14         Aae 0.00% (0.55%)         Aa - 0.00% (0.55%)         LEN R         1,930,000         Government of France 4.5%<br>25/04/2014         2,091         0.82           USD         4,500,00%         Restrick Goid 2.3% 3005/2016         1,049         0.41         2,682         1.14         Aa- 0.00% (0.93%)         Lastrick Goid 2.3% 3005/2016         1.1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | EUR 975,000    | Republic of Austria 3.15% | 928              | 0.37                     | CZEC | CH REPUBI   |                               |                 |                            |
| USD       2,750,00       Uniferention Bank Austria 7.25%<br>Isr02/2017       2,091       0.82       Total Czech Republic       -       -         Fordal Austria       2,091       0.82       2007       0.80%       BBB-0.71% (0.00%)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                | AA- 0.82% (0.00%)         |                  |                          |      |             | A1e 0.00% (0.62%)             |                 |                            |
| Isolo22017         2.091         0.82           Total Austria         4,951         1.95         EGYPT 0.71% (0.00%)<br>BBB- 0.71% (0.00%)           BELGIUM 0.66% (0.00%)<br>Aa3 0.66% (0.00%)<br>Belgium Kingdom 5.5%<br>2800/2028         1.685         0.66           Total Belgium         1.685         0.66           Total Belgium         1.685         0.66           Total Belgium Kingdom 5.5%<br>2800/2028         1.685         0.66           CANADA 8.46% (8.50%)<br>AAA 4.99% (2.72%)         1.685         0.66           CANADA 8.46% (8.20%)<br>AAA 4.99% (2.72%)         1.835         3.20           CAD         7.000,000         Canada Housing Trust 1.7%<br>15/12/2017         8.135         3.20           CAD         7.000,000         Canada Housing Trust 2.4%<br>15/12/2017         8.135         3.20           CAD         A.325/10/2017         2.882         1.14                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | USD 2,750,000  |                           |                  |                          |      |             | Total Czech Republic          | _               |                            |
| BELGIUM 0.66% (0.00%)<br>A3 0.66% (0.00%)         BBB- 0.71% (0.00%)<br>28/03/2028         BBB- 0.71% (0.00%)<br>27/07/2016         BBB- 0.71% (0.00%)<br>27/07/2016           EUR 1.450,000         Belgium Kingdom 5.5%<br>28/03/2028         1.685         0.66         Total Egypt         1.801         0.71           EUR 1.450,000         Belgium Kingdom 5.5%<br>28/03/2028         1.685         0.66         FINLAND 1.33% (4.25%)<br>AAA 1.33% (4.25%)         1.801         0.71           CAD 12,500,000         Canada Housing Trust 1.7%<br>15/12/2017         8,135         3.20         Total Finland         3.390         1.33           CAD 7,000,000         Canada Housing Trust 2.4%<br>15/12/2017         4,548         1.79         FRANCE 2.47% (4.77%)<br>AAA 0.00% (0.50%)         3.390         1.33           CAD 7,000,000         Canada Housing Trust 2.4%<br>15/12/2017         2.882         1.14         AAa 0.00% (0.50%)         Aaa 0.00% (2.94%)         Aaa 0.00% (0.50%)         Aaa 0.00% (0.50%)         Aaa 0.00% (0.93%)         2.091         0.82           USD 4,325,000         Province of Ontario 1.1%<br>25/04/2017         2.882         1.14         AA - 0.00% (0.93%)         2.991         0.82           USD 4,300,000         Royal Bank of Canada 1.5%<br>16/01/2018         2.682         1.06         USD 4,355,000         Gouvernment of France 4.5%<br>25/04/2011         2.932         1.16                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                | 15/02/2017                | 2,091            | 0.82                     |      |             | ·                             |                 |                            |
| BELGIUM 0.66% (0.00%)<br>Al 30.06% (0.00%)<br>EUR         Al 30.66% (0.00%)<br>Al 30.06% (0.00%)<br>Edgium Kingdom 5.5%<br>28/03/2028         USD         2,500,000         African Export-Import 5.75%<br>27/07/2016         1.801         0.71           CANADA 8.46% (8.50%)<br>AAA 4.99% (2.72%)<br>CAN         1.685         0.66         FINL AND 1.33% (4.25%)<br>Municipality Finance 1.625%<br>25/04/2017         1.801         0.71           CAD         12,500,000         Canada Housing Trust 1.7%<br>15/12/2017         8,135         3.20         FRANCE 2.47% (4.77%)<br>AAA 0.00% (0.55%)         3.390         1.33           CAD         7,000,000         Canada Housing Trust 2.4%<br>15/12/2017         8,135         3.20         FRANCE 2.47% (4.77%)<br>AAA 0.00% (0.55%)         3.390         1.33           USD         4,325,000         Province of Ontario 1.1%<br>25/0/2017         2,882         1.14         AA+ 0.82% (0.00%)<br>Government of France 4.5%<br>25/0/2041         2,091         0.82           USD         4,300,000         Royal Bank of Canada 1.5%<br>16/01/2018         2,682         1.06         USD         4,345,000%         Government of France 4.5%<br>25/0/2041         2,932         1.16           USD         1,500,000         Royal Bank of Canada 1.5%<br>16/01/2018         2,682         1.06         4.49% (0.40%)<br>Groupe BPCE 2.375% 04/10/2013         1,250         0.49           USD         1,500,000         Barrick Gold                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                | Total Austria             | 4,951            | 1.95                     | EGY  | PT 0.71% (  |                               |                 |                            |
| EUR         1,450,000         Berginum Kingdom 5.5%<br>28/03/2028         1,685         0.66         Total Egypt         1,801         0.71           CANADA 8.46%         (8.50%)         1,685         0.66         FINLAND 1.33% (4.25%)         AAA 4.33% (4.25%)         Municipality Finance 1.625% 25/04/2017         3,390         1.33           CAD         15/12/2017         8,135         3.20         FRANCE 2.47% (4.77%)         AAA 0.00% (0.50%)         AAA 0.00% (0.294%)         AAA 0.00% (0.30%)         Covernment of France 4.5% 25/04/2041         2,091         0.82           USD         4,300,000         Province of Ontario 1.1% 2.682         1.16         1,000%)         Government of France 4.5% 25/04/2041         2,091         0.82           USD         4,000,000         Royal Bank of Canada 1.5% 16/01/2018         2,682         1.06         USD 1,865,000         FINE Paribas 1.205% 10/01/2014         2,932         1.16           USD         1,500,000         Barick                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | BELGIUM 0.66   |                           |                  |                          | USD  | 2,500,000   | African Export-Import 5.75%   | 1.801           | 0.71                       |
| 28/03/2028         1,685         0.66         Fr         Can            Total Belgium         1,685         0.66         FINLAND 1.33% (4.25%)         Aa           AAA 4.39% (2.25%)          AAA 4.39% (2.25%)          AAA 4.39% (2.25%)         Municipality Finance 1.625%         25/04/2017         3,390         1.33           CAD         12,500,00         Canada Housing Trust 2.4%         4,548         1.79         FRANCE 2.47% (4.77%)         AAA 0.00% (0.50%)         AAa 0.00% (1.55%)         AAa 0.00% (1.55%)         AAa 0.00% (1.55%)         AAa 0.00% (2.24%)         AAa 0.00% (0.50%)         AAa 0.00% (0.00%)         AAa 0.00% (0.50%)         AAa 0.00% (0.00%)         AAa                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | EUR 1,450,000  |                           |                  |                          |      |             |                               |                 |                            |
| CANADA 8.46% (8.50%)       AAA 4.39% (2.72%)       AAA 4.39% (2.72%)         CAD 12,500,000       Canada Housing Trust 1.7%<br>15/12/2017       8,135       3.20         CAD 7,000,000       Canada Housing Trust 2.4%<br>15/12/2022       8,135       3.20         Aaa 0.00% (1.46%)       Aaae 0.00% (1.46%)       Aaae 0.00% (1.55%)         Aaa 0.00% (1.55%)       Aaae 0.00% (1.55%)       Aaae 0.00% (2.94%)         AAA - 3.06% (2.42%)       Province of Ontario 1.1%<br>25/10/2017       2,882       1.14         CAD 3,000,000       Province of Ontario 4.2%<br>15/0/12/017       2,882       1.14         VSD 4,000,000       Royal Bank of Canada 1.5%<br>15/0/12/018       2,682       1.06         A - 0.00% (0.35%)       USD 1,500,000       BBB+ 0.41% (0.00%)       USD 1,855,000       A0.49% (0.40%)         USD 1,500,000       Barrick Gold 2.9% 30/05/2016<br>1,049       1.049       0.411       2.4375,000       *BINP Paribas 1.205% 10/01/2014       2,932       1.16         CAYMAN ISLANDS 0.00% (0.51%)<br>A + 0.00% (0.51%)       Intel Cayman Islands       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                | 28/03/2028                | 1,685            | 0.66                     |      |             |                               | .,              |                            |
| CAN ADA 8.46% (8:50%)       USD       4,950,000       Municipality Finance 1.625%       3,390       1.33         CAD       12,500,000       Canada Housing Trust 1.7%       8,135       3.20       Total Finland       3,390       1.33         CAD       7,000,000       Canada Housing Trust 2.4%       8,135       3.20       FRANCE 2.47% (4.77%)       AAA 0.00% (0.50%)       Aae       3,390       1.33         CAD       7,000,000       Canada Housing Trust 2.4%       4,548       1.79       FRANCE 2.47% (4.77%)       AAA 0.00% (0.50%)       Aae       0.00% (1.56%)       Aae       0.00% (1.55%)       Aae 0.00% (2.94%)       Aae 0.00% (2.94%)       Aae 0.00% (2.94%)       Aae 0.00% (0.20%)       Covernment of France 4.5%       2,091       0.82         USD       4,300,000       Province of Ontario 1.1%       2,682       1.14       Aae 0.00% (0.93%)       Aa+ 0.82% (0.00%)       Aa+ 0.82% (0.00%)       2,091       0.82         USD       4,000,000       Province of Ontario 4.2%       2,682       1.06       USD       4,375,000       FBNP Paribas 1.205% 10/01/2014       2,932       1.16         USD       1,500,000       BBB+ 0.41% (0.00%)       2,682       1.06       USD       1,855,000       Forupe BPCE 2.375% 0/4/10/2014       2,932       0.49                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                | Total Belgium             | 1,685            | 0.66                     | FINL | AND 1.33%   | á (4.25%)                     |                 |                            |
| CAD       12,500,000       Canada Housing Trust 1.7%<br>15/12/2017       8,135       3.20       Total Finland       3,390       1.33         CAD       7,000,000       Canada Housing Trust 2.4%<br>15/12/2022       4,548       1.79       FRANCE 2.47% (4.77%)<br>AAA 0.00% (0.50%)       3,390       1.33         Aaa 0.00% (1.46%)       Aaae 0.00% (1.46%)       Aaae 0.00% (1.55%)       AAA 0.00% (0.50%)       AAA 0.00% (0.50%)         AA=       3,300,000       Province of Ontario 1.1%<br>25/10/2017       2,882       1.14       AA- 0.00% (0.93%)       2,091       0.82         VSD       4,300,000       Province of Ontario 4.2%<br>02/06/2020       2,179       0.86       AA- 0.00% (0.93%)       AA- 0.00% (0.93%)       2,932       1.16         USD       4,000,000       Royal Bank of Canada 1.5%<br>16/01/2018       2,682       1.06       USD       4,375,000       BNP Paribas 1.205% 10/01/2014       2,932       1.16         USD       1,500,000       BBB+ 0.41% (0.00%)       21,475       8.46       GER/MANY 7.96% (9.84%)       AA 4.20% (5.73%)       AA 4.20% (5.73%)       AA 4.20% (5.73%)       2.477         USD       1,500,000       Barrick Gold 2.9% 30/05/2016       1.049       0.41       0.40% (0.40%)       3.144       1.24         USD       1,500,000       Barrick Gold 2.9%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | CANADA 8.46%   | . ,                       |                  |                          | USD  | 4,950,000   | Municipality Finance 1.625%   | 3 390           | 1 33                       |
| CAD       7,000,000       15/12/2017<br>Canada Housing Trust 2.4%<br>15/12/2022       8,135       3.20         FRANCE 2.47%       (4.77%)<br>AAA 0.00% (0.50%)       FRANCE 2.47%       (4.77%)<br>AAA 0.00% (0.50%)         Aaa 0.00% (1.46%)       Aaa 0.00% (1.46%)       Aaa 0.00% (1.55%)       Aaa 0.00% (1.55%)         AA- 3.06% (2.42%)       Frovince of Ontario 1.1%<br>25/10/2017       2,882       1.14       AA- 0.00% (0.93%)         CAD       3,000,000       Province of Ontario 4.2%<br>02/06/2020       2,179       0.86       AA- 0.00% (0.93%)       AA- 0.00% (0.93%)         USD       4,000,000       Royal Bank of Canada 1.5%<br>16/01/2018       2,682       1.06       USD       4,375,000       *BNP Paribas 1.205% 01/01/2014       2,932       1.16         USD       1,500,000       BBB+ 0.41% (0.00%)<br>Barrick Gold 2.9% 30/05/2016       1,049       0.41       21,475       8.46         CAYMAN ISLANDS 0.00% (0.51%)<br>A+ 0.00% (0.51%)       Index       <                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | CAD 12,500,000 |                           |                  |                          |      |             |                               |                 |                            |
| 15/12/2022       4,548       1.79       FRANCE 2.47% (4.77%)       AAA 0.00% (0.50%)         Aaa 0.00% (1.46%)       Aaae 0.00% (1.46%)       AAa 0.00% (0.50%)       AAA 0.00% (0.50%)         Aaae 0.00% (1.55%)       Aaae 0.00% (1.55%)       AAa 3.06% (2.42%)       EUR       1,930,000         AAA 0.00% (0.00%)       Province of Ontario 1.1%       2,882       1.14       AAA 0.00% (0.93%)         CAD       3,000,000       Province of Ontario 4.2%       2,179       0.86       AAA 0.00% (0.00%)         USD       4,000,000       Royal Bank of Canada 1.5%       2,682       1.06       A+ 1.16% (0.00%)       *BNP Paribas 1.205% 10/01/2014       2,932       1.16         USD       1,500,000       BBB+ 0.41% (0.00%)       USD       1,855,000       France       6,273       2.47         USD       1,500,000       BBB+ 0.41% (0.00%)       USD       1,855,000       France       6,273       2.47         USD       1,500,000       Barrick Gold 2.9% 30/05/2016       1,049       0.41       124       124       124         USD       1,500,000       Barrick Gold 2.9% 30/05/2016       1,049       0.41       21,475       8.46       GERMANY 7.96% (9.84%)       23/10/2013       3,144       1.24         USD       1,500,000 </td <td></td> <td></td> <td>8,135</td> <td>3.20</td> <td></td> <td></td> <td></td> <td>0,000</td> <td></td>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                |                           | 8,135            | 3.20                     |      |             |                               | 0,000           |                            |
| Aaae 0.00% (1.55%)       Aaae 0.00% (1.55%)         AA= 3.06% (2.42%)       AAaae 0.00% (1.55%)         AA= 3.06% (2.42%)       Province of Ontario 1.1%<br>25/04/2017       AA+ 0.82% (0.00%)         CAD       3,000,000       Province of Ontario 1.1%<br>25/04/2017       2,882       1.14       AA= 0.00% (0.93%)       AA= 0.00% (0.93%)         USD       4,000,000       Royal Bank of Canada 1.5%<br>16/01/2018       2,682       1.06       USD       4,375,000       *BNP Paribas 1.205% 10/01/2014       2,932       1.16         USD       4,000% (0.35%)       2,682       1.06       USD       4,355,000       *BNP Paribas 1.205% 10/01/2014       2,932       1.16         USD       1,500,000       BBB+ 0.41% (0.00%)       0.41       0.41       0.43       A 0.49% (0.40%)       A 0.42% (5.73%)       A 1.26       A 0.42% (5.73%)       A 1.24       A 1.24       A 1.24       A 1.24 <t< td=""><td>CAD 7,000,000</td><td>0</td><td>4,548</td><td>1.79</td><td>FRAI</td><td>NCE 2.47%</td><td></td><td></td><td></td></t<>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | CAD 7,000,000  | 0                         | 4,548            | 1.79                     | FRAI | NCE 2.47%   |                               |                 |                            |
| Aaae 0.00% (1.55%)       AA- 3.06% (2.42%)       EUR       1,930,000       AA+ 0.82% (0.00%)       Aa- 0.00%         USD       4,325,000       Province of Ontario 1.1%<br>25/10/2017       2,882       1.14       -       AA- 0.00% (0.93%)       0.82         USD       4,000,000       Province of Ontario 4.2%<br>02/06/2020       2,179       0.86       -       AA- 0.00% (0.93%)       -       -       -       AA- 0.00% (0.93%)       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       - <t< td=""><td></td><td>Aaa 0.00% (1.46%)</td><td></td><td></td><td></td><td></td><td>Aaa 0.00% (2.94%)</td><td></td><td></td></t<>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                | Aaa 0.00% (1.46%)         |                  |                          |      |             | Aaa 0.00% (2.94%)             |                 |                            |
| USD       4,325,000       Province of Ontario 1.1%       2,882       1.14       AA- 0.00% (0.93%)       0.82         CAD       3,000,000       Province of Ontario 4.2%       2,179       0.86       AA- 0.00% (0.93%)       AA- 0.00%)       0.93%)         USD       4,000,000       Royal Bank of Canada 1.5%       2,682       1.06       A + 1.16% (0.00%)       *BNP Paribas 1.205% 10/01/2014       2,932       1.16         USD       4,000,000       Royal Bank of Canada 1.5%       2,682       1.06       USD       4,375,000       *BNP Paribas 1.205% 10/01/2014       2,932       1.16         USD       1,500,000       BBB+ 0.41% (0.00%)       2,682       1.06       USD       1,855,000       Groupe BPCE 2.375% 04/10/2013       1,250       0.49         USD       1,500,000       Barrick Gold 2.9% 30/05/2016       1,049       0.41       0.41       21,475       8.46       GERMANY 7.96% (9.84%)       AAA 4.20% (5.73%)       AAA 4.20% (5.73%)       XAA 4.20% (2.987       1.18         CAYMAN ISLANDS 0.00% (0.51%)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                | Aaae 0.00% (1.55%)        |                  |                          |      |             |                               |                 |                            |
| 25/10/2017       2,882       1.14         CAD       3,000,000       Province of Ontario 4.2%       2,179       0.86       A+ 0.00% (0.93%)         USD       4,000,000       Royal Bank of Canada 1.5%       2,682       1.06       USD       4,375,000       *BNP Paribas 1.205% 10/01/2014       2,932       1.16         USD       4,000,000       Royal Bank of Canada 1.5%       2,682       1.06       USD       4,375,000       *BNP Paribas 1.205% 10/01/2014       2,932       1.16         USD       1,500,000       BBB+ 0.41% (0.00%)       2,682       1.06       USD       1,855,000       Groupe BPCE 2.375% 04/10/2013       1,250       0.49         USD       1,500,000       Barrick Gold 2.9% 30/05/2016       1,049       0.41       0.41       GERMANY 7.96% (9.84%)       AAA 4.20% (5.73%)       EV       EV         CAYMAN ISLANDS 0.00% (0.51%)       Image: Carpoint islands                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | USD 4,325,000  | . ,                       |                  |                          | EUR  | 1,930,000   |                               | 2,091           | 0.82                       |
| CAD       3,000,000       Province of Ontario 4.2%<br>02/06/2020       2,179       0.86       A+ 1.16% (0.00%)         USD       4,000,000       Royal Bank of Canada 1.5%<br>16/01/2018       2,682       1.06       A+ 1.16% (0.00%)       *BNP Paribas 1.205% 10/01/2014       2,932       1.16         A - 0.00% (0.35%)       USD       4,375,000       *BNP Paribas 1.205% 04/10/2013       1,250       0.49         USD       1,500,000       Barrick Gold 2.9% 30/05/2016       1,049       0.41       CAJ       GermAny 7.96% (9.84%)       AA 4.20% (5.73%)         CAYMAN ISLANDS 0.00% (0.51%)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                |                           | 2,882            | 1.14                     |      |             | AA- 0.00% (0.93%)             |                 |                            |
| USD       4,000,000       Royal Bank of Canada 1.5%<br>16/01/2018       2,682       1.06         A - 0.00% (0.35%)       USD       4,375,000       *BNP Paribas 1.205% 10/01/2014       2,932       1.16         USD       1,500,000       BBB+ 0.41% (0.00%)       USD       1,049       0.41       USD       1,855,000       Groupe BPCE 2.375% 04/10/2013       1,250       0.49         USD       1,500,000       Barrick Gold 2.9% 30/05/2016       1,049       0.41       Total Canada       21,475       8.46       GERMANY 7.96% (9.84%)       AA 4.20% (5.73%)       AAA 4.20% (5.73%)       CAD       4,600,000       KFW 4.95% 14/10/2014       3,144       1.24         USD       A+ 0.00% (0.51%)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | CAD 3,000,000  |                           | 2 170            | 0.96                     |      |             |                               |                 |                            |
| 16/01/2018       2,682       1.06         A- 0.00% (0.35%)       USD       1,600 / (0.40%)         USD       1,500,000       BBB+ 0.41% (0.00%)       USD       1,049       0.41         Total Canada       21,475       8.46       GERMANY 7.96% (9.84%)       AA 4.20% (5.73%)       6.273       2.477         CAYMAN ISLANDS 0.00% (0.51%)       A+ 0.00% (0.51%)       A- 0.00% (0.51%) <td>USD 4,000,000</td> <td></td> <td>2,175</td> <td>0.00</td> <td>חפוו</td> <td>4 275 000</td> <td></td> <td>2 022</td> <td>1 16</td>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | USD 4,000,000  |                           | 2,175            | 0.00                     | חפוו | 4 275 000   |                               | 2 022           | 1 16                       |
| A- 0.00% (0.35%)       USD 1,855,000       Groupe BPCE 2.375% 04/10/2013       1,250       0.49         USD 1,500,000       BBB+ 0.41% (0.00%)       1,049       0.41       6,273       2.47         USD 1,500,000       Barrick Gold 2.9% 30/05/2016       1,049       0.41       6,273       2.47         Total Canada       21,475       8.46       GERMANY 7.96% (9.84%)       4.20% (5.73%)       1.24         CAYMAN ISLANDS 0.00% (0.51%)       -       -       -       -       A400       21/0/2014       3,144       1.24         Marcoline       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                |                           | 2,682            | 1.06                     | 030  | 4,375,000   | BNI 1 andas 1.205% 10/01/2014 | 2,552           | 1.10                       |
| USD 1,500,000 Barrick Gold 2.9% 30/05/2016 1,049 0.41<br>Total Canada 21,475 8.46 CAYMAN ISLANDS 0.00% (0.51%)<br>A+ 0.00% (0.51%)<br>Total Cayman Islands AUD 2,100,000 Landwirtsch Rentenbank 1.375%<br>23/10/2019 2,987 1.18<br>AUD 2,100,000 Landwirtschaft Rentenbank 6.5%<br>12/04/2017 1,583 0.62<br>USD 4,300,000 L-Bank BW Foerderbank 1.625%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                | A- 0.00% (0.35%)          |                  |                          | USD  | 1,855,000   |                               | 1,250           | 0.49                       |
| Total Canada         21,475         8.46         GERMANY 7.96% (9.84%)            CAYMAN ISLANDS 0.00% (0.51%)         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         AUD         2,100,000         Landwirtsch Rentenbank 1.375%         -         -         1.18           Total Cayman Islands         -         -         -         AUD         2,100,000         Landwirtschaft Rentenbank 6.5%         -         -         1.24           USD         4,300,000         LBank BW Foerderbank 1.625%         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                |                           |                  |                          |      |             | Total France                  | 6,273           | 2.47                       |
| CAYMAN ISLANDS 0.00% (0.51%)       CAD       4,600,000       KFW 4.95% 14/10/2014       3,144       1.24         Max       Max <td>USD 1,500,000</td> <td></td> <td></td> <td></td> <td>050</td> <td></td> <td></td> <td></td> <td></td>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | USD 1,500,000  |                           |                  |                          | 050  |             |                               |                 |                            |
| CAYMAN ISLANDS 0.00% (0.51%)       CAD       4,600,000       KFW 4.95% 14/10/2014       3,144       1.24         Mathematical Cayman Islands       -       -       -       AUD       2,100,000       Landwirtsch Rentenbank 1.375%       2,987       1.18         MUD       2,100,000       Landwirtschaft Rentenbank 6.5%       1/2/04/2017       1,583       0.62         USD       4,300,000       L-Bank BW Foerderbank 1.625%       1.583       0.62                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                | Total Canada              | 21,475           | 8.46                     | GER  | VIANY 7.96  |                               |                 |                            |
| Total Cayman Islands         -         -         AUD 2,100,000         Landwirtschaft Rentenbank 6.5%         1,583         0.62           USD 4,300,000         L-Bank BW Foerderbank 1.625%         USD 4,300,000         L-Bank BW Foerderbank 1.625%         0.62                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | CAYMAN ISLA    | . ,                       |                  |                          |      |             | KFW 4.95% 14/10/2014          | 3,144           | 1.24                       |
| USD 4,300,000 L-Bank BW Foerderbank 1.625%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                |                           |                  |                          |      |             |                               | 2,987           | 1.18                       |
| USD 4,300,000 L-Bank BW Foerderbank 1.625%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                | iotal Cayman Islands      | -                | _                        | AUD  | 2,100,000   |                               | 1 583           | 0.62                       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                |                           |                  |                          | USD  | 4,300,000   | L-Bank BW Foerderbank 1.625%  |                 |                            |

#### **Portfolio Statement**

|        | Holding    | Investment                                                                                                          | Value<br>£000 | % of<br>Net Asset<br>Value |      | Holding                | Investment                                                                                         | Value<br>£000  | % of<br>Net Asset<br>Value |
|--------|------------|---------------------------------------------------------------------------------------------------------------------|---------------|----------------------------|------|------------------------|----------------------------------------------------------------------------------------------------|----------------|----------------------------|
| GERN   | /IANY 7.96 | 6% (9.84%) (continued)<br>Aaa 3.76% (3.64%)                                                                         |               |                            | LUX  | EMBOURG                | 4.74% (0.96%)<br>AAA 2.76% (0.00%)                                                                 |                |                            |
| EUR    | 3,550,000  | Bundesrepublic Deutschland 1.75% 04/07/2022                                                                         | 3,192         | 1.26                       | AUD  | 5,400,000              | European Investment Bank 5% 22/08/2022                                                             | 3,731          | 1.47                       |
| EUR    | 6,000,000  | Bundesrepublik Deutschland<br>1.5% 15/02/2023                                                                       | 5,235         | 2.06                       | CAD  | 5,000,000              | International Bank for Reconstruct<br>and Development 1.7% 30/04/2015                              |                | 3 1.29                     |
| EUR    | 1,250,000  | Bundesrepublik Deutschland<br>2.5% 04/07/2044                                                                       | 1,129         | 0.44                       | AUD  | 4,600,000              | <b>AA+ 1.29% (0.00%)</b><br>IFFIM 5.75% 08/12/2015                                                 | 3,284          | 1.29                       |
|        |            | A+ 0.00% (0.47%)                                                                                                    |               |                            |      |                        | BBB 0.00% (0.96%)                                                                                  |                |                            |
|        |            | Total Germany                                                                                                       | 20,204        | 7.96                       |      |                        | BB 0.69% (0.00%)                                                                                   |                |                            |
| HON    | G KONG 0   | .51% (0.00%)<br>Not rated 0.51% (0.00%)                                                                             |               |                            | USD  | 2,500,000              | Yapi (Unicredit Luxembourg)<br>5.1875% 13/10/2015                                                  | 1,754          | 0.69                       |
| USD    | 1,950,000  | AIA Group 1.75% 13/03/2018                                                                                          | 1,291         | 0.51                       |      |                        | Total Luxembourg                                                                                   | 12,037         | 4.74                       |
|        |            | Total Hong Kong                                                                                                     | 1,291         | 0.51                       | MEV  | ICO 4.24%              | (1 440/)                                                                                           |                |                            |
| INDO   | NESIA 0.5  | 5% (0.00%)<br>BB+ 0.55% (0.00%)                                                                                     |               |                            |      | 5,000,000              | BBB 4.24% (1.44%)<br>Petroleos Mexicanos 6.125%                                                    |                |                            |
| USD    | 2,000,000  | . ,                                                                                                                 | 1,392         | 0.55                       | EUR  | 4,828,000              | 26/04/2017<br>United Mexican States 4.25%                                                          | 3,535          | 5 1.39                     |
|        |            | Total Indonesia                                                                                                     | 1,392         | 0.55                       | USD  | 3,100,000              | 14/07/2017<br>United Mexican States 6.05%                                                          | 4,624          | 1.82                       |
| ΙΤΛΙ Ν | ( 6.07% (5 | 81%)                                                                                                                |               |                            | 002  | 0,.00,000              | 11/01/2040                                                                                         | 2,604          | 1.03                       |
| IIALI  | 0.07 /0 (5 | A3 0.00% (4.81%)                                                                                                    |               |                            |      |                        | Total Mexico                                                                                       | 10,763         | 4.24                       |
|        | 2,000,000  | BBB+ 0.52% (1.00%)<br>*Intesa Sanpaolo 2.6881%<br>24/02/2014<br>Baa2 5.55% (0.00%)<br>Buoni Poliennali Del Tes 5.5% | 1,337         | 0.52                       |      | 4,000,000              | <b>5 1.05% (10.54%)</b><br><b>AAA 1.05% (4.55%)</b><br>Neder Financierings-Maat 1.5%<br>12/02/2018 | 2,666          | 5 1.05                     |
| LON    | 15,150,000 | 01/11/2022                                                                                                          | 14,085        | 5.55                       |      |                        | Aaa 0.00% (3.32%)                                                                                  |                |                            |
|        |            | Total Italy                                                                                                         | 15,422        | 6.07                       |      |                        | Aaae 0.00% (0.59%)                                                                                 |                |                            |
| JAPA   | N 9.80% (  | 0.00%)                                                                                                              |               |                            |      |                        | AA 0.00% (2.08%)                                                                                   |                | 4.05                       |
|        | -          | Aa3 9.80% (0.00%)                                                                                                   |               |                            |      |                        | Total Netherlands                                                                                  | 2,666          | 5 1.05                     |
|        | 30,000,000 | Japan Government 0.8%<br>20/12/2022<br>Japan Government 1.5%                                                        | 5,239         | 2.06                       | NOR  | WAY 3.53%              | ℅ (3.09%)<br>Aaa 0.00% (0.49%)                                                                     |                |                            |
|        |            | 20/12/2017                                                                                                          | 1,058         | 0.42                       |      |                        | BB+ 3.53% (2.60%)                                                                                  |                |                            |
|        | 75,000,000 | Japan Government 1.9%<br>20/03/2025<br>Japan Government 2%                                                          | 6,929         | 2.73                       | USD  | 1,500,000<br>4,800,000 | Eksportfinans 2% 15/09/2015                                                                        | 999<br>3,076   | 6 1.21                     |
|        | 40,000,000 | 20/03/2042<br>Japan Government 2.1%                                                                                 | 3,258         | 1.28                       |      | 4,850,000<br>2,400,000 | Eksportfinans 3% 17/11/2014<br>Eksportfinans 5.5% 26/06/2017                                       | 3,218<br>1,668 |                            |
|        |            | 20/03/2027                                                                                                          | 5,119         | 2.02                       |      |                        | Total Norway                                                                                       | 8,961          | 3.53                       |
| JPY 40 | 00,000,000 | Japan Government 2.5%<br>20/09/2037                                                                                 | 3,277         | 1.29                       | PERI | J 0.14% (0.            | 00%)                                                                                               |                |                            |
|        |            | Total Japan                                                                                                         | 24,880        | 9.80                       | USD  | 550,000                | BBB 0.14% (0.00%)<br>BBVA Banco Continental 2.25%                                                  |                |                            |
| ΙΔΤ\/  | 'IA 0.50%  | (0.00%)                                                                                                             |               |                            | 000  | 555,000                | 29/07/2016                                                                                         | 359            | 0.14                       |
|        | 1,950,000  | BBB 0.50% (0.00%)                                                                                                   |               |                            |      |                        | Total Peru                                                                                         | 359            | 0.14                       |
|        |            | 12/01/2020                                                                                                          | 1,277         | 0.50                       | POL  | AND 0.47%              |                                                                                                    |                |                            |
|        |            | Total Latvia                                                                                                        | 1,277         | 0.50                       | EUR  | 1,320,000              | A– 0.47% (0.00%)<br>Republic of Poland 3.375%                                                      |                |                            |
|        |            |                                                                                                                     |               |                            |      |                        | 09/07/2024<br>Total Poland                                                                         | 1,182          |                            |
|        |            |                                                                                                                     |               |                            |      |                        |                                                                                                    | 1,182          | 2 0.47                     |

#### **Portfolio Statement**

|       | Holding    | Investment                                           | Value<br>£000 | % of<br>Net Asset<br>Value |            | Holding                | Investment                                                                | Value<br>£000  | % of<br>Net Asset<br>Value |
|-------|------------|------------------------------------------------------|---------------|----------------------------|------------|------------------------|---------------------------------------------------------------------------|----------------|----------------------------|
| QATA  | AR 0.00% ( | 0.50%)<br>A 0.00% (0.50%)                            |               |                            | SWI        | ZERLAND                | 0.00% (0.45%)<br>Aaa 0.00% (0.45%)                                        |                |                            |
|       |            | Total Qatar                                          | _             | _                          |            |                        | Total Switzerland                                                         | _              |                            |
| REPU  | BLIC OF I  | RELAND 2.44% (0.00%)                                 |               |                            | TURI       | KEY 0.75%              | (0.00%)                                                                   |                |                            |
| EUR   | 6,400,000  | BBB+ 2.44% (0.00%)<br>Irish Treasury 5.5% 18/10/2017 | 6,186         | 2.44                       | USD        | 2,700,000              | <b>Baa2 0.75% (0.00%)</b><br>Akbank 5.125% 22/07/2015                     | 1,896          | 0.75                       |
|       |            | Not rated 0.00% (0.00%)                              |               |                            |            |                        | Total Turkey                                                              | 1,896          | 0.75                       |
| EUR   | 175        | Smurfit Kappa Acquisitions<br>Warrants 0% 30/09/2013 | _             | _                          | UNIT       | ED ARAB                | EMIRATES 1.20% (0.00%)                                                    |                |                            |
|       |            | Total Republic of Ireland                            | 6,186         | 2.44                       |            |                        | A2 1.20% (0.00%)                                                          | 0.040          | 4.00                       |
|       |            | -                                                    |               |                            | 050        | 4,500,000              | First Gulf Bank 2.862% 09/10/2017                                         | 3,040          |                            |
| SING  | APORE 2.4  | 41% (2.43%)<br>AAA 2.20% (1.82%)                     |               |                            |            |                        | Total United Arab Emirates                                                | 3,040          | 1.20                       |
| USD   | 4,200,000  | Temasek Financial I 4.3%<br>25/10/2019               | 3,190         | 1.25                       | UNIT       | ed Kingd               | OM 6.42% (8.48%)<br>AAA 0.00% (0.23%)                                     |                |                            |
| USD   | 3,750,000  | Temasek Financial I 2.375%<br>23/01/2023             | 2,406         | 0.95                       |            |                        | Aaa 0.00% (5.64%)                                                         |                |                            |
|       |            | AA 0.00% (0.61%)                                     |               |                            | GBP        | 5,775,000              | <b>AA+ 4.21% (0.00%)</b><br>UK Treasury 1.75% 07/09/2022                  | 5,678          |                            |
| USD   | 800,000    | BBB- 0.21% (0.00%)<br>BOC Aviation 2.875% 10/10/2012 | 7 532         | 0.21                       | GBP<br>GBP | 1,375,000<br>2,900,000 | UK Treasury 4% 22/01/2060<br>UK Treasury 4.25% 07/12/2040                 | 1,571<br>3,419 |                            |
| 000   | 000,000    | Total Singapore                                      | 6,128         | 2.41                       |            | ,,.                    | Aa3 0.00% (0.65%)                                                         | -, -           |                            |
| SI OV | /AKIA 0 74 | -<br>% (0.00%)                                       |               |                            |            |                        | A+ 0.00% (0.46%)                                                          |                |                            |
| OLOV  |            | A 0.74% (0.00%)                                      |               |                            |            |                        |                                                                           |                |                            |
| EUR   | 2,200,000  | Slovakia Government Bond 3% 28/02/2023               | 1,891         | 0.74                       | USD        | 3,600,000              | A 1.20% (1.50%)<br>*Abbey National Treasury Service<br>1.8805% 25/04/2014 | 2,421          | 0.95                       |
|       |            | Total Slovakia                                       | 1,891         | 0.74                       | USD        | 950,000                | BP Capital Markets 1.625%                                                 | _,             | 0100                       |
| SOUT  | TH KOREA   | 2.28% (1.19%)                                        |               |                            |            |                        | 17/08/2017                                                                | 636            | 0.25                       |
|       |            | A+ 0.56% (0.00%)                                     |               |                            | USD        | 3,750,000              | A– 1.01% (0.00%)<br>Royal Bank of Scotland 2.55%                          |                |                            |
| USD   | 2,125,000  | Export-Import Bank Korea 1.25% 20/11/2015            | 1,421         | 0.56                       | 000        | 0,700,000              | 18/09/2015                                                                | 2,571          | 1.01                       |
|       |            | A 1.72% (1.19%)                                      | .,            |                            |            |                        | Total United Kingdom                                                      | 16,296         | 6.42                       |
| USD   | 1,775,000  | Korea Development Bank<br>1.5% 22/01/2018            | 1,173         | 0.46                       | UNIT       | ED STATE               | S OF AMERICA 14.10% (19.81%)                                              | )              |                            |
| USD   | 1,200,000  | Korea Development Bank                               |               |                            | USD        | 4,175,000              | AA+ 10.36% (2.05%)<br>General Electric 2.95% 09/05/2016                   | 2,943          | 1.16                       |
| USD   | 3 250 000  | 3.25% 09/03/2016<br>Korea Development Bank           | 847           | 0.33                       |            | 7,000,000              | US Treasury N/B 0.25% 15/10/2015                                          | 4,659          | 1.83                       |
| 000   | 0,200,000  | 3.875% 04/05/2017                                    | 2,362         | 0.93                       |            | 14,750,000             | US Treasury N/B 0.25% 31/01/2015                                          | 9,839          |                            |
|       |            | Total South Korea                                    | 5,803         | 2.28                       |            | 5,475,000<br>2,000,000 | US Treasury N/B 2% 15/02/2022<br>US Treasury N/B 2.75% 15/08/2042         | 3,731<br>1,233 |                            |
|       |            | -                                                    |               |                            |            | 6,350,000              | US Treasury N/B 2.75% 15/11/2042                                          | 3,909          |                            |
| SWEI  | DEN 5.27%  | 5 (5.05%)<br>AAA 4.19% (3.20%)                       |               |                            |            |                        | AA 0.00% (16.14%)                                                         |                |                            |
| SEK 9 | 90,000,000 | Swedish Government 3.5%<br>01/06/2022                | 10,644        | 4.19                       | USD        | 2,125,000              | <b>A– 1.15% (1.62%)</b><br>Citigroup 6.375% 12/08/2014                    | 1,521          | 0.60                       |
| 1100  | 0.000.000  | Aaa 1.08% (0.87%)                                    |               |                            | USD        | 2,000,000              | Goldman Sachs Group 3.7%<br>01/08/2015                                    | 1,408          | 0.55                       |
| USD   | 3,800,000  | Kommuninvest I Sverige<br>2.875% 31/05/2018          | 2,736         | 1.08                       |            |                        | BBB+ 0.45% (0.00%)                                                        | .,400          | 0.00                       |
|       |            | AA- 0.00% (0.48%)                                    |               |                            | USD        | 1,675,000              | Kellogg 1.75% 17/05/2017                                                  | 1,133          | 0.45                       |
|       |            | A+ 0.00% (0.50%)                                     |               |                            | וופח       | 3 800 000              | BBB 1.15% (0.00%)<br>Pemex Project Funding Master                         |                |                            |
|       |            | Total Sweden                                         | 13,380        | 5.27                       | 030        | 3,800,000              | Trust 5.75% 01/03/2018                                                    | 2,912          | 1.15                       |

#### **Portfolio Statement**

(continued)

| Holding            | Investment                                                               | Value Ne<br>£000 | % of<br>et Asset<br>Value |
|--------------------|--------------------------------------------------------------------------|------------------|---------------------------|
| UNITED STATE       | S OF AMERICA 14.10% (19.8                                                | 1%) (continu     | ed)                       |
|                    | Not rated 0.99% (0.00%)                                                  |                  |                           |
| USD 3,825,000      | Port Authority of New York &                                             | 0.540            | 0.00                      |
|                    | New Jersey 4.458% 01/10/2062                                             | 2,518            | 0.99                      |
|                    | Total United States of America                                           | 35,806           | 14.10                     |
| VENEZUELA 1.0      | 08% (0.00%)<br>B+ 1.08% (0.00%)                                          |                  |                           |
| USD 4,000,000      | Republic of Venezuela 10.75% 19/09/2013                                  | 0 700            | 1.00                      |
|                    |                                                                          | 2,732            | 1.08                      |
|                    | Total Venezuela                                                          | 2,732            | 1.08                      |
| DERIVATIVES (      | -0.22%) (0.04%)<br>Forward foreign exchange contr<br>Sell SEK 94,000,000 | racts (–0.22%)   | (0.04%)                   |
|                    | Buy EUR 11,273,337 Citigroup<br>Sell CAD 26,500,000                      | (36)             | (0.01)                    |
|                    | Buy JPY 2,401,657,900 RBS<br>Sell AUD 19,650,000                         | (121)            | (0.05)                    |
|                    | Buy JPY 1,865,411,835 RBS<br>Sell USD 20,700,000                         | (201)            | (0.08)                    |
|                    | Buy JPY 1,927,993,860 RBS<br>Sell USD 5,750,000                          | (148)            | (0.06)                    |
|                    | Buy EUR 4,411,194 Citigroup<br>Sell USD 7,500,000                        | (4)              | -                         |
|                    | Buy GBP 4,951,113 RBC                                                    | (52)             | (0.02)                    |
|                    | Total derivatives                                                        | (562)            | (0.22)                    |
| Total value of inv | estments                                                                 | 239,943          | 94.49                     |
| Net other assets   | 1.89%)                                                                   | 14,000           | 5.51                      |
| Net assets         |                                                                          | 253,943          | 100.00                    |
|                    | NVESTMENTS BY CREDIT R                                                   | ATINGS           |                           |
| AAA                | WESTWEINTS BT CREDIT R                                                   | 52,626           |                           |
| Aaa                |                                                                          | 17,610           |                           |
| AA+                |                                                                          | 43,285           |                           |
| AA-                |                                                                          | 13,216           |                           |
| Aa3                |                                                                          | 26,565           |                           |
| A+                 |                                                                          | 4,353            |                           |
| A                  |                                                                          | 11,150           |                           |
| A2                 |                                                                          | 3,040            |                           |
| A–                 |                                                                          | 6,682            |                           |
| BBB+               |                                                                          | 9,705            |                           |
| BBB                |                                                                          | 15,311           |                           |
| Baa2               |                                                                          | 15,981           |                           |
| BBB-               |                                                                          | 2,333            |                           |
| BB+                |                                                                          | 10,353           |                           |
| BB                 |                                                                          | 1,754            |                           |
| B+<br>Not rated    |                                                                          | 2,732<br>3,809   |                           |
| Total bonds        |                                                                          |                  |                           |
| Derivatives        |                                                                          | 240,505<br>(562) |                           |
| Total value of inv | estments                                                                 | 239,943          |                           |
| ANALYSIS OF C      | COLLATERAL RECEIVED                                                      |                  |                           |
| Counterparty       | Туре                                                                     | Value<br>£000    |                           |

| J.P. Morgan | Cash | 890 |
|-------------|------|-----|
|             |      |     |

The calculation of the % Net Asset Value may not sum to 100% due to rounding. March 2012 comparatives in brackets.

\*Variable rate bonds.

14.22

159,143

\_

Total financials

### **Threadneedle UK Institutional Fund**

#### **Portfolio Statement**

as at 7 March 2013

|              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                | % of       |                   |                                                              |                | % of         |
|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|------------|-------------------|--------------------------------------------------------------|----------------|--------------|
|              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                |            |                   |                                                              |                | Net Asset    |
| Holding      | Investment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | £000           | Value      | Holding           | Investment                                                   | £000           | Value        |
| BASIC INDUST | RIES 4.22% (6.65%)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                |            |                   | Support services 6.25% (5.71%)                               |                |              |
|              | Value         Value <th< td=""><td>0.41</td></th<> |                |            | 0.41              |                                                              |                |              |
| 1,464,724    | Elementis                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 3,723          | 0.33       | 754,788           | Ashtead Group                                                | 4,461          | 0.40         |
| 821,751      | Johnson Matthey                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 18,859         | 1.68       | 192,267           | Berendsen                                                    | 1,368          | 0.12         |
| 179,971      | Victrex                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 2,993          | 0.27       | 1,900,586         | Compass Group                                                | 15,813         | 1.41         |
|              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                |            | 436,677           | •                                                            | 2,707          | 0.24         |
|              | •                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                |            | 1,165,011         |                                                              | 13,479         | 1.20         |
|              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                |            |                   |                                                              |                | 0.21         |
|              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                |            | ,                 | •                                                            |                | 0.10         |
|              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                |            |                   | -                                                            |                | 0.11         |
|              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                |            |                   |                                                              |                | 0.17         |
| 1,128,063    | Persimmon                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 10,700         | 0.96       |                   |                                                              |                | 0.82         |
|              | Forestry & paper 0.00% (0.03%)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                |            |                   |                                                              |                | 0.58         |
|              | · · · · · · · · · · · · · · · · · · ·                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 47.000         | 1.00       |                   | •                                                            |                | 0.12         |
|              | lotal basic industries                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 47,262         | 4.22       |                   | •                                                            |                | 0.15         |
|              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                |            | 263,827           | WS Atkins                                                    | 2,343          | 0.21         |
|              | -                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | -              | 4.00       |                   | Transport 1.99% (1.89%)                                      |                |              |
| 9,000,000    | *Inreadneedle UK Mid 250 Fund                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 15,495         | 1.38       | 1,195,806         | EasyJet                                                      | 12,520         | 1.12         |
|              | Total collective investment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                |            | 44,539            | Go Ahead Group                                               | 644            | 0.06         |
|              | schemes                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 15,495         | 1.38       | 397,753           | National Express Group                                       | 813            | 0.07         |
|              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                |            | 2,745,696         | Stagecoach Group                                             | 8,245          | 0.74         |
| CYCLICAL CON |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                |            |                   | Total cyclical services                                      | 195,212        | 17.44        |
| 7,574,141    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                | 1.92       |                   | 1 2 2 9/ (1 2 7 9 9/ )                                       |                |              |
|              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | ( <b>- /</b> ) |            | FINANCIALS 14     |                                                              |                |              |
|              | Household goods & textiles 0.00%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | (0.05%)        |            | 5 472 595         |                                                              | 16 883         | 1.51         |
|              | Total cyclical consumer goods                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 21,488         | 1.92       |                   |                                                              |                | 3.03         |
|              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                |            |                   | •                                                            |                | 2.15         |
| CYCLICAL SER | VICES 17.44% (14.39%)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                |            | 1,007,720         |                                                              | 2 ./0 .0       | 20           |
|              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                |            |                   | Insurance 0.84% (0.83%)                                      |                |              |
| 637,160      | Wolseley                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 20,619         | 1.84       | 1,139,571         | Beazley                                                      | 2,391          | 0.21         |
|              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                |            | 5,809,177         | RSA Insurance Group                                          | 6,994          | 0.63         |
|              | General retailers 0.75% (1.36%)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                |            |                   |                                                              |                |              |
|              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                |            |                   | •                                                            |                |              |
|              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                |            |                   |                                                              |                | -            |
|              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                |            | 503,455           | SVG Capital                                                  | 1,963          | 0.18         |
|              | •                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                |            |                   | l ife assurance 3 47% (2 38%)                                |                |              |
| 132,658      | Ted Baker                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 1,622          | 0.15       | 2,938,992         |                                                              | 9,299          | 0.83         |
|              | Laisura antartainmant & botals 21                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 0% /1 76%      | <b>(</b> ) |                   |                                                              |                | 2.10         |
| 199 333      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                |            |                   |                                                              |                | 0.54         |
|              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                |            | , ,               |                                                              | -,             |              |
|              | 0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                |            |                   | Real estate 1.98% (1.89%)                                    |                |              |
|              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                |            | 571,208           | Derwent London                                               | 12,772         | 1.14         |
|              | ·                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                |            | 898,397           | Development Securities                                       | 1,408          | 0.13         |
|              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                |            | 2,539,823         | 0                                                            | 2,126          | 0.19         |
| 1,001,100    | opinit ab company                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | .,             | 0110       | 978,591           | LondonMetric Property                                        | 1,052          | 0.09         |
|              | Media & photography 4.42% (3.67                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | %)             |            | 421,278           | LSL Property Services                                        | 1,217          | 0.11         |
| 398,150      | Daily Mail & General Trust                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 2,885          | 0.26       |                   | 5                                                            |                | 0.15         |
| 261,098      | Euromoney Institutional Investor                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 2,398          |            | 328,722           | Shaftesbury                                                  | 1,943          | 0.17         |
| 1,079,833    | ITE Group                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 2,973          | 0.27       |                   | Chaniality & other finance ( 000/                            | (1 000/)       |              |
| 6,507,002    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 8,303          | 0.74       | 00E 044           |                                                              |                | 0.00         |
| 1,308,779    | Pearson                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 15,339         | 1.37       |                   |                                                              |                | 0.20         |
| 2,389,273    | Reed Elsevier                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 17,537         | 1.57       |                   | 5                                                            |                | 0.14         |
|              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                |            | 377,068           | Intermediate Capital Group<br>International Personal Finance | 1,519<br>1 591 | 0.14         |
|              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                |            | 339,477           | Rathbone Brothers                                            | 1,591          | 0.14         |
|              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                |            | 113,720<br>92,523 | Schroders                                                    | 1,613<br>1,916 | 0.14<br>0.17 |
|              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                |            | 92,523<br>87,038  | Schroders Non-voting Shares                                  | 1,910          | 0.17         |
|              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                |            | 07,000            | Total financials                                             | 159,143        | 14.22        |
|              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                |            |                   |                                                              | 103.143        | 14.//        |

## **Threadneedle UK Institutional Fund**

#### **Portfolio Statement**

(continued)

| Holding                                                                                                                                                            | Investment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Value<br>£000                                                                                                                                                                         | % of<br>Net Asset<br>Value                                                                                                                        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| GENERAL INDU                                                                                                                                                       | STRIALS 11.77% (10.41%)                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                       |                                                                                                                                                   |
|                                                                                                                                                                    | Aerospace & defence 4.84% (5.18                                                                                                                                                                                                                                                                                                                                                                                                                                                             | %)                                                                                                                                                                                    |                                                                                                                                                   |
| 1,972,502                                                                                                                                                          | Meggitt                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 9,614                                                                                                                                                                                 | 0.86                                                                                                                                              |
| 2,318,771                                                                                                                                                          | Rolls-Royce Holdings                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 24,347                                                                                                                                                                                | 2.18                                                                                                                                              |
| 1,367,649                                                                                                                                                          | ·                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 17,807                                                                                                                                                                                | 1.59                                                                                                                                              |
| 137,908                                                                                                                                                            | Ultra Electronics Holdings                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 2,368                                                                                                                                                                                 | 0.21                                                                                                                                              |
|                                                                                                                                                                    | Diversified industrials 0.25% (0.18                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 8%)                                                                                                                                                                                   |                                                                                                                                                   |
| 268,974                                                                                                                                                            | New Britain Palm Oil                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 1,318                                                                                                                                                                                 | 0.12                                                                                                                                              |
| 690,076                                                                                                                                                            | QinetiQ Group                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 1,413                                                                                                                                                                                 | 0.13                                                                                                                                              |
|                                                                                                                                                                    | Electronic & electrical equipment                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                       | 26%)                                                                                                                                              |
| 2,307,105                                                                                                                                                          | AZ Electronic Materials                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 8,751                                                                                                                                                                                 | 0.78                                                                                                                                              |
| 178,091                                                                                                                                                            | Domino Printing                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 1,249                                                                                                                                                                                 | 0.11                                                                                                                                              |
| 228,346                                                                                                                                                            | Oxford Instruments                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 3,902                                                                                                                                                                                 | 0.35                                                                                                                                              |
| 139,194                                                                                                                                                            | Renishaw                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 2,618                                                                                                                                                                                 | 0.23                                                                                                                                              |
| 77,513                                                                                                                                                             | Spectris                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 1,836                                                                                                                                                                                 | 0.16                                                                                                                                              |
|                                                                                                                                                                    | Engineering & machinery 5.05% (                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                       |                                                                                                                                                   |
| 1,065,213                                                                                                                                                          | Amec                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 11,132                                                                                                                                                                                | 0.99                                                                                                                                              |
| 550,502                                                                                                                                                            | Fenner                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 2,300                                                                                                                                                                                 | 0.21                                                                                                                                              |
| 287,273                                                                                                                                                            | Halma                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 1,431                                                                                                                                                                                 | 0.13                                                                                                                                              |
| 967,414                                                                                                                                                            | IMI                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 12,857                                                                                                                                                                                | 1.15                                                                                                                                              |
| 6,323,631                                                                                                                                                          | Melrose Industries                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 16,423                                                                                                                                                                                | 1.47                                                                                                                                              |
| 1,039,207                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 2,588                                                                                                                                                                                 | 0.23                                                                                                                                              |
| 403,286                                                                                                                                                            | Weir Group                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 9,731                                                                                                                                                                                 | 0.87                                                                                                                                              |
|                                                                                                                                                                    | Total general industrials                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 131,685                                                                                                                                                                               | 11.77                                                                                                                                             |
|                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                       |                                                                                                                                                   |
| INFORMATION                                                                                                                                                        | TECHNOLOGY 2.81% (2.81%)                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                       |                                                                                                                                                   |
| INFORMATION                                                                                                                                                        | TECHNOLOGY 2.81% (2.81%)                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | e 0.26% (0.                                                                                                                                                                           | 29%)                                                                                                                                              |
|                                                                                                                                                                    | TECHNOLOGY 2.81% (2.81%)<br>Information technology hardware<br>CSR                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                       |                                                                                                                                                   |
| INFORMATION<br>383,913<br>483,330                                                                                                                                  | Information technology hardware<br>CSR                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>9.26% (0</b> .<br>1,842<br>952                                                                                                                                                     | <b>29%)</b><br>0.17<br>0.09                                                                                                                       |
| 383,913                                                                                                                                                            | Information technology hardware<br>CSR<br>Wolfson Microelectronics                                                                                                                                                                                                                                                                                                                                                                                                                          | 1,842<br>952                                                                                                                                                                          | 0.17<br>0.09                                                                                                                                      |
| 383,913<br>483,330                                                                                                                                                 | Information technology hardware<br>CSR<br>Wolfson Microelectronics<br>Software & computer services 2.5                                                                                                                                                                                                                                                                                                                                                                                      | 1,842<br>952<br>5 <b>5% (2.52</b> %                                                                                                                                                   | 0.17<br>0.09                                                                                                                                      |
| 383,913<br>483,330<br>412,041                                                                                                                                      | Information technology hardware<br>CSR<br>Wolfson Microelectronics<br>Software & computer services 2.5<br>Aveva Group                                                                                                                                                                                                                                                                                                                                                                       | 1,842<br>952<br>5 <b>5% (2.52</b> %<br>9,559                                                                                                                                          | 0.17<br>0.09<br>6)<br>0.85                                                                                                                        |
| 383,913<br>483,330                                                                                                                                                 | Information technology hardware<br>CSR<br>Wolfson Microelectronics<br>Software & computer services 2.5                                                                                                                                                                                                                                                                                                                                                                                      | 1,842<br>952<br>5 <b>5% (2.52</b> %                                                                                                                                                   | 0.17<br>0.09                                                                                                                                      |
| 383,913<br>483,330<br>412,041<br>141,012                                                                                                                           | Information technology hardware<br>CSR<br>Wolfson Microelectronics<br>Software & computer services 2.5<br>Aveva Group<br>Fidessa Group                                                                                                                                                                                                                                                                                                                                                      | 1,842<br>952<br>5 <b>5% (2.52</b> %<br>9,559<br>2,765                                                                                                                                 | 0.17<br>0.09<br>6)<br>0.85<br>0.25                                                                                                                |
| 383,913<br>483,330<br>412,041<br>141,012<br>4,679,696                                                                                                              | Information technology hardware<br>CSR<br>Wolfson Microelectronics<br>Software & computer services 2.8<br>Aveva Group<br>Fidessa Group<br>Sage Group<br>Total information technology                                                                                                                                                                                                                                                                                                        | 1,842<br>952<br>55% (2.52%<br>9,559<br>2,765<br>16,276<br>31,394                                                                                                                      | 0.17<br>0.09<br>6)<br>0.85<br>0.25<br>1.45<br><b>2.81</b>                                                                                         |
| 383,913<br>483,330<br>412,041<br>141,012<br>4,679,696                                                                                                              | Information technology hardware<br>CSR<br>Wolfson Microelectronics<br>Software & computer services 2.8<br>Aveva Group<br>Fidessa Group<br>Sage Group<br>Total information technology<br>CONSUMER GOODS 19.88%                                                                                                                                                                                                                                                                               | 1,842<br>952<br>55% (2.52%<br>9,559<br>2,765<br>16,276<br>31,394                                                                                                                      | 0.17<br>0.09<br>6)<br>0.85<br>0.25<br>1.45<br><b>2.81</b>                                                                                         |
| 383,913<br>483,330<br>412,041<br>141,012<br>4,679,696                                                                                                              | Information technology hardware<br>CSR<br>Wolfson Microelectronics<br>Software & computer services 2.8<br>Aveva Group<br>Fidessa Group<br>Sage Group<br>Total information technology                                                                                                                                                                                                                                                                                                        | 1,842<br>952<br>55% (2.52%<br>9,559<br>2,765<br>16,276<br>31,394                                                                                                                      | 0.17<br>0.09<br>6)<br>0.85<br>0.25<br>1.45<br><b>2.81</b>                                                                                         |
| 383,913<br>483,330<br>412,041<br>141,012<br>4,679,696<br>NON-CYCLICAL                                                                                              | Information technology hardware<br>CSR<br>Wolfson Microelectronics<br>Software & computer services 2.5<br>Aveva Group<br>Fidessa Group<br>Total information technology<br>CONSUMER GOODS 19.88%<br>Beverages 2.08% (0.52%)<br>Diageo                                                                                                                                                                                                                                                        | 1,842<br>952<br>55% (2.52%<br>9,559<br>2,765<br>16,276<br>31,394<br>(15.30%)<br>23,257                                                                                                | 0.17<br>0.09<br>0.85<br>0.25<br>1.45<br><b>2.81</b><br>2.08                                                                                       |
| 383,913<br>483,330<br>412,041<br>141,012<br>4,679,696<br>NON-CYCLICAL<br>1,152,742                                                                                 | Information technology hardware<br>CSR<br>Wolfson Microelectronics<br>Software & computer services 2.<br>Aveva Group<br>Fidessa Group<br>Total information technology<br>CONSUMER GOODS 19.88%<br>Beverages 2.08% (0.52%)<br>Diageo<br>Food producers & processors 2.90                                                                                                                                                                                                                     | 1,842<br>952<br>55% (2.52%<br>9,559<br>2,765<br>16,276<br>31,394<br>(15.30%)<br>23,257<br>0% (2.04%                                                                                   | 0.17<br>0.09<br>0.85<br>0.25<br>1.45<br><b>2.81</b><br>2.08                                                                                       |
| 383,913<br>483,330<br>412,041<br>141,012<br>4,679,696<br>NON-CYCLICAL                                                                                              | Information technology hardware<br>CSR<br>Wolfson Microelectronics<br>Software & computer services 2.5<br>Aveva Group<br>Fidessa Group<br>Total information technology<br>CONSUMER GOODS 19.88%<br>Beverages 2.08% (0.52%)<br>Diageo                                                                                                                                                                                                                                                        | 1,842<br>952<br>55% (2.52%<br>9,559<br>2,765<br>16,276<br>31,394<br>(15.30%)<br>23,257                                                                                                | 0.17<br>0.09<br>0.85<br>0.25<br>1.45<br><b>2.81</b><br>2.08                                                                                       |
| 383,913<br>483,330<br>412,041<br>141,012<br>4,679,696<br>NON-CYCLICAL<br>1,152,742<br>98,255                                                                       | Information technology hardware<br>CSR<br>Wolfson Microelectronics<br>Software & computer services 2.5<br>Aveva Group<br>Fidessa Group<br>Sage Group<br>Total information technology<br>CONSUMER GOODS 19.88%<br>Beverages 2.08% (0.52%)<br>Diageo<br>Food producers & processors 2.90<br>Genus<br>Unilever                                                                                                                                                                                 | 1,842<br>952<br>55% (2.52%<br>9,559<br>2,765<br>16,276<br>31,394<br>(15.30%)<br>23,257<br>0% (2.04%<br>1,430                                                                          | 0.17<br>0.09<br>6)<br>0.85<br>0.25<br>1.45<br><b>2.81</b><br>2.08<br>)<br>0.13                                                                    |
| 383,913<br>483,330<br>412,041<br>141,012<br>4,679,696<br>NON-CYCLICAL<br>1,152,742<br>98,255<br>1,134,197                                                          | Information technology hardware<br>CSR<br>Wolfson Microelectronics<br>Software & computer services 2.5<br>Aveva Group<br>Fidessa Group<br>Total information technology<br>CONSUMER GOODS 19.88%<br>Beverages 2.08% (0.52%)<br>Diageo<br>Food producers & processors 2.99<br>Genus<br>Unilever<br>Health 1.81% (1.61%)                                                                                                                                                                       | 1,842<br>952<br>55% (2.52%<br>9,559<br>2,765<br>16,276<br>31,394<br>(15.30%)<br>23,257<br>0% (2.04%<br>1,430<br>31,009                                                                | 0.17<br>0.09<br>6)<br>0.85<br>0.25<br>1.45<br><b>2.81</b><br>2.08<br>)<br>0.13<br>2.77                                                            |
| 383,913<br>483,330<br>412,041<br>141,012<br>4,679,696<br>NON-CYCLICAL<br>1,152,742<br>98,255<br>1,134,197<br>374,460                                               | Information technology hardware<br>CSR<br>Wolfson Microelectronics<br>Software & computer services 2.5<br>Aveva Group<br>Fidessa Group<br>Total information technology<br>CONSUMER GOODS 19.88%<br>Beverages 2.08% (0.52%)<br>Diageo<br>Food producers & processors 2.99<br>Genus<br>Unilever<br>Health 1.81% (1.61%)<br>Dechra Pharmaceuticals                                                                                                                                             | 1,842<br>952<br>55% (2.52%<br>9,559<br>2,765<br>16,276<br>31,394<br>(15.30%)<br>23,257<br>0% (2.04%<br>1,430<br>31,009<br>2,734                                                       | 0.17<br>0.09<br>0.85<br>0.25<br>1.45<br><b>2.81</b><br>2.08<br>0.13<br>2.77<br>0.24                                                               |
| 383,913<br>483,330<br>412,041<br>141,012<br>4,679,696<br>NON-CYCLICAL<br>1,152,742<br>98,255<br>1,134,197<br>374,460<br>462,956                                    | Information technology hardware<br>CSR<br>Wolfson Microelectronics<br>Software & computer services 2.5<br>Aveva Group<br>Fidessa Group<br>Total information technology<br>CONSUMER GOODS 19.88%<br>Beverages 2.08% (0.52%)<br>Diageo<br>Food producers & processors 2.90<br>Genus<br>Unilever<br>Health 1.81% (1.61%)<br>Dechra Pharmaceuticals<br>Optos                                                                                                                                    | 1,842<br>952<br>9,559<br>2,765<br>16,276<br><b>31,394</b><br>(15.30%)<br>23,257<br>0% (2.04%<br>1,430<br>31,009<br>2,734<br>889                                                       | 0.17<br>0.09<br>0.85<br>0.25<br>1.45<br><b>2.81</b><br>2.08<br>0.13<br>2.77<br>0.24<br>0.08                                                       |
| 383,913<br>483,330<br>412,041<br>141,012<br>4,679,696<br>NON-CYCLICAL<br>1,152,742<br>98,255<br>1,134,197<br>374,460                                               | Information technology hardware<br>CSR<br>Wolfson Microelectronics<br>Software & computer services 2.5<br>Aveva Group<br>Fidessa Group<br>Total information technology<br>CONSUMER GOODS 19.88%<br>Beverages 2.08% (0.52%)<br>Diageo<br>Food producers & processors 2.99<br>Genus<br>Unilever<br>Health 1.81% (1.61%)<br>Dechra Pharmaceuticals                                                                                                                                             | 1,842<br>952<br>55% (2.52%<br>9,559<br>2,765<br>16,276<br>31,394<br>(15.30%)<br>23,257<br>0% (2.04%<br>1,430<br>31,009<br>2,734                                                       | 0.17<br>0.09<br>0.85<br>0.25<br>1.45<br><b>2.81</b><br>2.08<br>0.13<br>2.77<br>0.24                                                               |
| 383,913<br>483,330<br>412,041<br>141,012<br>4,679,696<br>NON-CYCLICAL<br>1,152,742<br>98,255<br>1,134,197<br>374,460<br>462,956<br>2,104,933                       | Information technology hardware<br>CSR<br>Wolfson Microelectronics<br>Software & computer services 2.5<br>Aveva Group<br>Fidessa Group<br>Total information technology<br>CONSUMER GOODS 19.88%<br>Beverages 2.08% (0.52%)<br>Diageo<br>Food producers & processors 2.90<br>Genus<br>Unilever<br>Health 1.81% (1.61%)<br>Dechra Pharmaceuticals<br>Optos<br>Smith & Nephew<br>Synergy Healthcare                                                                                            | 1,842<br>952<br>9,559<br>2,765<br>16,276<br><b>31,394</b><br>(15.30%)<br>23,257<br>0% (2.04%<br>1,430<br>31,009<br>2,734<br>889<br>15,187<br>1,460                                    | 0.17<br>0.09<br>6)<br>0.85<br>0.25<br>1.45<br><b>2.81</b><br>2.08<br>)<br>0.13<br>2.77<br>0.24<br>0.08<br>1.36<br>0.13                            |
| 383,913<br>483,330<br>412,041<br>141,012<br>4,679,696<br>NON-CYCLICAL<br>1,152,742<br>98,255<br>1,134,197<br>374,460<br>462,956<br>2,104,933<br>143,705            | Information technology hardware<br>CSR<br>Wolfson Microelectronics<br>Software & computer services 2.5<br>Aveva Group<br>Fidessa Group<br>Total information technology<br>CONSUMER GOODS 19.88%<br>Beverages 2.08% (0.52%)<br>Diageo<br>Food producers & processors 2.90<br>Genus<br>Unilever<br>Health 1.81% (1.61%)<br>Dechra Pharmaceuticals<br>Optos<br>Smith & Nephew<br>Synergy Healthcare<br>Personal care & household produ                                                         | 1,842<br>952<br>9,559<br>2,765<br>16,276<br><b>31,394</b><br>(15.30%)<br>23,257<br>0% (2.04%<br>1,430<br>31,009<br>2,734<br>889<br>15,187<br>1,460<br>cts 0.75%                       | 0.17<br>0.09<br>6)<br>0.85<br>0.25<br>1.45<br><b>2.81</b><br>2.08<br>)<br>0.13<br>2.77<br>0.24<br>0.08<br>1.36<br>0.13<br>(0.00%)                 |
| 383,913<br>483,330<br>412,041<br>141,012<br>4,679,696<br>NON-CYCLICAL<br>1,152,742<br>98,255<br>1,134,197<br>374,460<br>462,956<br>2,104,933                       | Information technology hardware<br>CSR<br>Wolfson Microelectronics<br>Software & computer services 2.5<br>Aveva Group<br>Fidessa Group<br>Total information technology<br>CONSUMER GOODS 19.88%<br>Beverages 2.08% (0.52%)<br>Diageo<br>Food producers & processors 2.90<br>Genus<br>Unilever<br>Health 1.81% (1.61%)<br>Dechra Pharmaceuticals<br>Optos<br>Smith & Nephew<br>Synergy Healthcare                                                                                            | 1,842<br>952<br>9,559<br>2,765<br>16,276<br><b>31,394</b><br>(15.30%)<br>23,257<br>0% (2.04%<br>1,430<br>31,009<br>2,734<br>889<br>15,187<br>1,460                                    | 0.17<br>0.09<br>6)<br>0.85<br>0.25<br>1.45<br><b>2.81</b><br>2.08<br>)<br>0.13<br>2.77<br>0.24<br>0.08<br>1.36<br>0.13                            |
| 383,913<br>483,330<br>412,041<br>141,012<br>4,679,696<br>NON-CYCLICAL<br>1,152,742<br>98,255<br>1,134,197<br>374,460<br>462,956<br>2,104,933<br>143,705            | Information technology hardware<br>CSR<br>Wolfson Microelectronics<br>Software & computer services 2.5<br>Aveva Group<br>Fidessa Group<br>Total information technology<br>CONSUMER GOODS 19.88%<br>Beverages 2.08% (0.52%)<br>Diageo<br>Food producers & processors 2.90<br>Genus<br>Unilever<br>Health 1.81% (1.61%)<br>Dechra Pharmaceuticals<br>Optos<br>Smith & Nephew<br>Synergy Healthcare<br>Personal care & household produ                                                         | 1,842<br>952<br>9,559<br>2,765<br>16,276<br><b>31,394</b><br>(15.30%)<br>23,257<br>0% (2.04%<br>1,430<br>31,009<br>2,734<br>889<br>15,187<br>1,460<br>cts 0.75%<br>8,357              | 0.17<br>0.09<br>6)<br>0.85<br>0.25<br>1.45<br><b>2.81</b><br>2.08<br>)<br>0.13<br>2.77<br>0.24<br>0.08<br>1.36<br>0.13<br>(0.00%)<br>0.75         |
| 383,913<br>483,330<br>412,041<br>141,012<br>4,679,696<br>NON-CYCLICAL<br>1,152,742<br>98,255<br>1,134,197<br>374,460<br>462,956<br>2,104,933<br>143,705            | Information technology hardware<br>CSR<br>Wolfson Microelectronics<br>Software & computer services 2.5<br>Aveva Group<br>Fidessa Group<br>Total information technology<br>CONSUMER GOODS 19.88%<br>Beverages 2.08% (0.52%)<br>Diageo<br>Food producers & processors 2.90<br>Genus<br>Unilever<br>Health 1.81% (1.61%)<br>Dechra Pharmaceuticals<br>Optos<br>Smith & Nephew<br>Synergy Healthcare<br>Personal care & household produ<br>Reckitt Benckiser                                    | 1,842<br>952<br>9,559<br>2,765<br>16,276<br><b>31,394</b><br>(15.30%)<br>23,257<br>0% (2.04%<br>1,430<br>31,009<br>2,734<br>889<br>15,187<br>1,460<br>cts 0.75%<br>8,357              | 0.17<br>0.09<br>6)<br>0.85<br>0.25<br>1.45<br><b>2.81</b><br>2.08<br>)<br>0.13<br>2.77<br>0.24<br>0.08<br>1.36<br>0.13<br>(0.00%)<br>0.75         |
| 383,913<br>483,330<br>412,041<br>141,012<br>4,679,696<br>NON-CYCLICAL<br>1,152,742<br>98,255<br>1,134,197<br>374,460<br>462,956<br>2,104,933<br>143,705<br>180,578 | Information technology hardware<br>CSR<br>Wolfson Microelectronics<br>Software & computer services 2.5<br>Aveva Group<br>Fidessa Group<br>Total information technology<br>CONSUMER GOODS 19.88%<br>Beverages 2.08% (0.52%)<br>Diageo<br>Food producers & processors 2.90<br>Genus<br>Unilever<br>Health 1.81% (1.61%)<br>Dechra Pharmaceuticals<br>Optos<br>Smith & Nephew<br>Synergy Healthcare<br>Personal care & household produ<br>Reckitt Benckiser<br>Pharmaceuticals & biotechnology | 1,842<br>952<br>9,559<br>2,765<br>16,276<br><b>31,394</b><br>(15.30%)<br>23,257<br>0% (2.04%<br>1,430<br>31,009<br>2,734<br>889<br>15,187<br>1,460<br>cts 0.75%<br>8,357<br>7.11% (6. | 0.17<br>0.09<br>6)<br>0.85<br>0.25<br>1.45<br><b>2.81</b><br>2.08<br>)<br>0.13<br>2.77<br>0.24<br>0.08<br>1.36<br>0.13<br>(0.00%)<br>0.75<br>93%) |

| Holding                                            | Investment                                                   | Value<br>£000 | % of<br>Net Asset<br>Value |
|----------------------------------------------------|--------------------------------------------------------------|---------------|----------------------------|
| -                                                  |                                                              |               |                            |
| 4 400 404                                          | Tobacco 5.23% (4.20%)                                        | 44.000        | 0.70                       |
| 1,182,434                                          | British American Tobacco                                     | 41,693        |                            |
| 709,935                                            | Imperial Tobacco Group                                       | 16,939        | 1.51                       |
|                                                    | Total non-cyclical<br>consumer goods<br>-                    | 222,447       | 19.88                      |
| NON-CYCLICAI                                       | - SERVICES 5.98% (6.76%)<br>Food & drug retailers 1.38% (1.6 | <b>F</b> 0/ ) |                            |
| 2,569,785                                          | Booker Group                                                 | 2,955         | 0.27                       |
| 3,135,650                                          | Morrison (Wm) Supermarkets                                   | 8,146         |                            |
| 1,120,478                                          | Tesco                                                        | 4,249         |                            |
| .,,                                                |                                                              |               |                            |
|                                                    | Telecommunications services 4.                               |               |                            |
| 10,715,952                                         | BT Group                                                     | 28,408        |                            |
| 891,549                                            | •                                                            | 1,382         | 0.12                       |
| 12,222,247                                         | Vodafone Group                                               | 21,749        | 1.94                       |
|                                                    | Total non-cyclical services                                  | 66,889        | 5.98                       |
| RESOURCES 1                                        | 3.73% (24.13%)<br>Mining 4.95% (6.86%)                       |               |                            |
| 835,655                                            | Anglo American                                               | 15,669        | 1.40                       |
| 443,425                                            | First Quantum Minerals                                       | 5,295         |                            |
| 603,568                                            | Lonmin                                                       | 1,974         | 0.18                       |
| 942,666                                            | Rio Tinto                                                    | 32,513        | 2.90                       |
|                                                    | Oil & gas 13.78% (17.27%)                                    |               |                            |
| 2,860,674                                          | BG Group                                                     | 33,327        | 2.98                       |
| 8,675,294                                          | BP                                                           | 39,152        |                            |
| 1,225,601                                          | EnQuest                                                      | 1,657         | 0.15                       |
| 770,702                                            | Faroe Petroleum                                              | 1,092         |                            |
| 289,212                                            | Hunting                                                      | 2,617         | 0.23                       |
| 230,827                                            | Ophir Energy                                                 | 1,185         | 0.11                       |
| 1,771,500                                          | Premier Oil                                                  | 6,967         | 0.62                       |
| 1,666,611                                          | Royal Dutch Shell 'B' Shares                                 | 37,840        | 3.38                       |
| 1,314,784                                          | Tullow Oil                                                   | 16,316        | 1.46                       |
| 1,633,456                                          | Wood Group                                                   | 14,040        |                            |
|                                                    | Total resources                                              | 209,644       | 18.73                      |
| UTILITIES 1.829                                    | % (2.25%)<br>Electricity 0.00% (0.07%)                       |               |                            |
| 3,401,506                                          | Gas distribution 1.09% (1.23%)<br>Centrica                   | 12,201        | 1.09                       |
| 1,231,678                                          | <b>Water 0.73% (0.95%)</b><br>Pennon Group                   | 8,178         | 0.73                       |
|                                                    | Total utilities                                              | 20,379        | 1.82                       |
| Total value of inv                                 | estments                                                     | 1,121,038     | 100.17                     |
| Net other (liabilit                                | ies)/assets (0.61%)                                          | (1,857)       | ) (0.17)                   |
| Net assets                                         | -                                                            | 1,119,181     | 100.00                     |
| *Related party.<br>The calculation of<br>rounding. | the % Net Asset Value may no                                 | t sum to 1    | 00% due to                 |

March 2012 comparatives in brackets.

## **Threadneedle UK Overseas Earnings Fund**

#### **Portfolio Statement**

as at 7 March 2013

|               |                                                                     |            | % of      |              |                                                             |           | % of      |
|---------------|---------------------------------------------------------------------|------------|-----------|--------------|-------------------------------------------------------------|-----------|-----------|
|               |                                                                     | Value N    | let Asset |              |                                                             | Value     | Net Asset |
| Holding       | Investment                                                          | £000       | Value     | Holding      | Investment                                                  | £000      | Value     |
| BASIC INDUST  | RIES 3.99% (7.42%)                                                  |            |           |              | Life assurance 3.98% (2.85%)                                |           |           |
|               | Chemicals 2.01% (2.64%)                                             |            |           | 324,367      | Aviva                                                       | 1,026     | 0.88      |
| 101,601       | Johnson Matthey                                                     | 2,332      | 2.01      | 2,183,190    | Legal & General                                             | 3,594     | 3.10      |
|               | Construction & building materials                                   | 0.00% (2.8 | 2%)       |              | Speciality & other finance 1.50% (                          |           |           |
|               | <b>E</b> ( <b>D</b> ( <b>D</b> ( <b>D</b> ( <b>D</b> ( <b>D</b> ))) |            |           | 104,837      | Schroders Non-voting Shares                                 | 1,735     | 1.50      |
| 982,152       | Forestry & paper 1.98% (1.96%)<br>DS Smith                          | 2,293      | 1.98      |              | Total financials                                            | 15,325    | 13.22     |
|               | Total basic industries                                              | 4,625      | 3.99      |              |                                                             |           |           |
|               |                                                                     | 4,025      | 3.33      | GENERAL INDU | JSTRIALS 13.60% (13.24%)                                    | / )       |           |
|               |                                                                     |            |           | 454.040      | Aerospace & defence 7.57% (7.89%                            |           | 1 40      |
| CYCLICAL CON  | ISUMER GOODS 2.53% (2.55%)                                          |            |           | 454,249      | BAE Systems                                                 | 1,629     |           |
|               | Automobiles & parts 2.53% (2.55%)                                   |            |           | 852,946      | Cobham                                                      | 2,035     |           |
| 1,034,032     | GKN                                                                 | 2,934      | 2.53      | 298,647      | Rolls-Royce Holdings                                        | 3,136     |           |
|               | Total cyclical consumer goods                                       | 2,934      | 2.53      | 151,829      | Smiths Group                                                | 1,977     | 1.70      |
|               |                                                                     |            |           |              | Engineering & machinery 6.03% (                             | 5.35%)    |           |
| CYCLICAL SER  | VICES 22.76% (21.63%)                                               |            |           | 191,047      | IMI                                                         | 2,539     | 2.19      |
|               | Distributors 2.68% (0.00%)                                          |            |           | 973,148      | Melrose Industries                                          | 2,527     | 2.18      |
| 96,064        | Wolseley                                                            | 3,109      | 2.68      | 651,390      | Morgan Crucible                                             | 1,924     |           |
|               |                                                                     | -,         |           |              | Total general industrials                                   | 15,767    |           |
|               | General retailers 1.98% (2.31%)                                     |            |           |              |                                                             | 13,707    | 10.00     |
| 561,545       | Home Retail Group                                                   | 722        | 0.62      |              |                                                             |           |           |
| 431,397       | Marks & Spencer Group                                               | 1,575      | 1.36      | INFORMATION  | TECHNOLOGY 2.42% (1.84%)<br>Information technology hardware | 0.95% (0  | .63%)     |
|               | Leisure entertainment & hotels 2.18% (2.22%)                        |            |           | 229,044      | CSR                                                         | 1,099     |           |
| 246,247       | J.D. Wetherspoon                                                    | 1,244      | 1.07      |              | Software & computer services 1.4                            | 7% (1.21° | %)        |
| 788,910       | Rank Group                                                          | 1,244      | 1.07      | 490,778      | Sage Group                                                  | 1,707     |           |
| 700,010       |                                                                     | 1,200      | 1.1.1     |              | · · ·                                                       |           |           |
|               | Media & photography 6.89% (7.37%                                    | 6)         |           |              | Total information                                           | 2 000     | 2.42      |
| 168,409       | Daily Mail & General Trust                                          | 1,220      | 1.05      |              | technology                                                  | 2,806     | 2.42      |
| 1,515,991     | ITV                                                                 | 1,934      | 1.67      |              |                                                             |           |           |
| 162,140       | Pearson                                                             | 1,900      | 1.64      | NON-CYCLICAL | L CONSUMER GOODS 18.01%                                     | (20.85%)  | )         |
| 399,629       | Reed Elsevier                                                       | 2,933      | 2.53      |              | Food producers & processors 3.83                            | % (3.64%  | )         |
| ,.            |                                                                     | ,          |           | 162,438      | Unilever                                                    | 4,441     | 3.83      |
|               | Support services 7.68% (7.77%)                                      |            |           |              |                                                             | 0 500/ /4 | 0.040/1   |
| 367,196       | Compass Group                                                       | 3,055      | 2.64      | 400.074      | Pharmaceuticals & biotechnology                             |           |           |
| 467,139       | Electrocomponents                                                   | 1,230      | 1.06      | 136,874      | AstraZeneca                                                 | 4,160     |           |
| 265,816       | Filtrona                                                            | 1,744      | 1.51      | 386,140      | GlaxoSmithKline                                             | 5,726     | 4.94      |
| 1,529,265     | Rentokil Initial                                                    | 1,398      | 1.21      |              | Tobacco 5.65% (6.97%)                                       |           |           |
| 164,368       | WS Atkins                                                           | 1,460      | 1.26      | 95.013       | British American Tobacco                                    | 3,350     | 2.89      |
|               | _                                                                   |            |           | 133,962      | Imperial Tobacco Group                                      | 3,350     |           |
|               | Transport 1.35% (1.96%)                                             |            |           | 133,302      | · · _                                                       | 3,130     | 2.70      |
| 522,099       | Stagecoach Group                                                    | 1,568      | 1.35      |              | Total non-cyclical                                          |           |           |
|               | Total cyclical services                                             | 26,378     | 22.76     |              | consumer goods                                              | 20,873    | 18.01     |
| FINANCIALS 13 | 0 220/ 15 520/ )                                                    |            |           | NON-CYCLICAL | L SERVICES 8.90% (9.10%)                                    |           |           |
| TINANGALS IS  |                                                                     |            |           |              | Food & drug retailers 4.74% (4.91)                          | %)        |           |
| 040.000       | Banks 1.99% (0.00%)                                                 | 0.004      | 1 00      | 3,009,577    | Booker Group                                                | 3,461     | 2.99      |
| 318,998       | HSBC Holdings                                                       | 2,301      | 1.99      | 781,102      | Morrison (Wm) Supermarkets                                  | 2,029     |           |
|               | Insurance 1.49% (1.73%)                                             |            |           |              |                                                             |           |           |
| 1,436,880     | RSA Insurance Group                                                 | 1,730      | 1.49      |              | Telecommunications services 4.16                            | • • •     |           |
|               |                                                                     |            |           | 1,533,941    | BT Group                                                    | 4,067     |           |
|               | Investment companies 4.26% (0.95                                    |            |           | 613,591      | Colt Group                                                  | 755       | 0.65      |
| 730,108       | 3i Group                                                            | 2,350      | 2.03      |              | Total non-cyclical services                                 | 10,312    | 8.90      |
| 1,322,530     | Sherborne Investors                                                 | 1,494      | 1.29      |              |                                                             |           |           |
| 1,033,128     | Sherborne Investors                                                 |            |           |              |                                                             |           |           |
|               | (Guernsey) 'B' Shares                                               | 1,095      | 0.94      |              |                                                             |           |           |
|               |                                                                     |            |           |              |                                                             |           |           |

## **Threadneedle UK Overseas Earnings Fund**

#### **Portfolio Statement**

(continued)

|                     |                                |         | % of     |
|---------------------|--------------------------------|---------|----------|
|                     |                                | Value N | et Asset |
| Holding             | Investment                     | £000    | Value    |
| <b>RESOURCES 8.</b> | 95% (10.29%)                   |         |          |
|                     | Mining 2.91% (1.63%)           |         |          |
| 60,650              | Anglo American                 | 1,137   | 0.98     |
| 64,848              | Rio Tinto                      | 2,237   | 1.93     |
|                     | Oil & gas 6.04% (8.66%)        |         |          |
| 302,004             | BG Group                       | 3,518   | 3.04     |
| 153,302             | Royal Dutch Shell 'B' Shares   | 3,481   | 3.00     |
|                     | Total resources                | 10,373  | 8.95     |
| UTILITIES 4.76%     | (7 24%)                        |         |          |
| 011211123 4.707     | Gas distribution 3.86% (4.38%) |         |          |
| 659 303             | Centrica                       | 2,365   | 2.04     |
| ,                   | National Grid                  | 2,105   | 1.82     |
| 200,004             |                                | 2,105   | 1.02     |
|                     | Water 0.90% (2.86%)            |         |          |
| 157,381             | Pennon Group                   | 1,045   | 0.90     |
|                     | Total utilities                | 5,515   | 4.76     |
| Total value of inv  | estments                       | 114,908 | 99.14    |
| Net other assets    | (0.31%)                        | 992     | 0.86     |
| Net assets          | · ·                            | 115,900 | 100.00   |

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

March 2012 comparatives in brackets.

## **Comparative Tables**

|                                                                  | Net asset<br>value of<br>share class<br>£000 | Net asset<br>value per<br>share | Shares<br>in issue         | Calendar Year                                                                      | Net income<br>per share<br>p | Highest<br>share<br>price<br>p | Lowest<br>share<br>price<br>p |
|------------------------------------------------------------------|----------------------------------------------|---------------------------------|----------------------------|------------------------------------------------------------------------------------|------------------------------|--------------------------------|-------------------------------|
| UK Fund                                                          |                                              |                                 |                            | 2008                                                                               |                              |                                |                               |
| for the year ended 7 March 2011                                  |                                              |                                 |                            | Class 1 – Net income shares                                                        | 1.2455                       | 84.04                          | 48.47                         |
| Class 1 – Net income shares                                      | 501,349                                      | 87.40p                          | 573,638,286                | Class 2 – Net income shares<br><b>2009</b>                                         | 1.7168                       | 84.28                          | 48.54                         |
| Class 2 – Net income shares<br>Class 2 – Net accumulation shares | 651,705<br>142,998                           | 87.47p<br>57.06p                | 745,054,007<br>250,596,700 | Class 1 – Net income shares                                                        | 1.3001                       | 72.36                          | 49.24                         |
| for the year ended 7 March 2012                                  | 142,000                                      | 07.000                          | 200,000,700                | Class 2 – Net income shares                                                        | 1.6777                       | 72.53                          | 49.24                         |
| Class 1 – Net income shares                                      | 421,625                                      | 86.75p                          | 486,046,631                | <b>2010</b><br>Class 1 – Net income shares                                         | 0.8837                       | 85.78                          | 67.79                         |
| Class 2 – Net income shares<br>Class 2 – Net accumulation shares | 611,530<br>102,551                           | 86.81p<br>57.94p                | 704,461,419<br>176,992,314 | Class 2 – Net income shares                                                        | 1.3495                       | 86.00                          | 67.99                         |
| for the year ended 7 March 2013                                  | 102,001                                      | 57.54p                          | 170,002,014                | §Class 2 – Net accumulation shares                                                 | 0.5034                       | 55.83                          | 43.79                         |
| Class 1 – Net income shares                                      | 590,142                                      | 101.98p                         | 578,686,737                | <b>2011</b><br>Class 1 – Net income shares                                         | 1.0864                       | 90.07                          | 71.10                         |
| Class 2 – Net income shares<br>Class 2 – Net accumulation shares | 493,796<br>111,060                           | 102.10p<br>69.72p               | 483,623,191<br>159,304,017 | Class 2 – Net income shares                                                        | 1.6272                       | 90.34                          | 71.10                         |
| Class Z – Net income shares                                      | 6,372                                        | 112.16p                         | 5,681,304                  | Class 2 – Net accumulation shares                                                  | 1.0637                       | 58.93                          | 47.15                         |
| Class Z – Net accumulation shares                                | 359                                          | 113.11p                         | 317,351                    | <b>2012</b><br>Class 1 – Net income shares                                         | 1.4767                       | 93.15                          | 80.81                         |
|                                                                  |                                              |                                 |                            | Class 2 – Net income shares                                                        | 2.0202                       | 93.15                          | 80.81                         |
|                                                                  |                                              |                                 |                            | 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<br>2013                                        | -                            | 102.64                         | 96.90                         |
|                                                                  |                                              |                                 |                            | †Class 1 – Net income shares                                                       | 0.5008                       | 102.66                         | 94.08                         |
|                                                                  |                                              |                                 |                            | †Class 2 – Net income shares                                                       | 0.7983                       | 103.08                         | 94.36                         |
|                                                                  |                                              |                                 |                            | †Class 2 – Net accumulation shares<br>†Class Z – Net income shares                 | 0.5407<br>0.9398             | 69.83<br>113.29                | 63.93<br>103.68               |
|                                                                  |                                              |                                 |                            | †Class Z – Net accumulation shares                                                 | 0.9573                       | 113.30                         | 103.68                        |
|                                                                  |                                              |                                 |                            | †To 7 March 2013                                                                   |                              |                                |                               |
|                                                                  |                                              |                                 |                            | §Class 2 – Net accumulation shares comme<br>*Class Z – Net income shares commenced |                              |                                |                               |
|                                                                  |                                              |                                 |                            | §§Class Z – Net accumulation shares comme                                          |                              | 2012                           |                               |
| UK Select Fund                                                   |                                              |                                 |                            | 2008                                                                               |                              |                                |                               |
| for the year ended 7 March 2011                                  |                                              |                                 |                            | Class 1 – Net income shares                                                        | 0.9779                       | 84.36                          | 48.99                         |
| Class 1 – Net income shares                                      | 195,245                                      | 81.46p                          | 239,685,579                | Class 2 – Net income shares<br><b>2009</b>                                         | 1.4727                       | 84.81                          | 49.18                         |
| Class 2 – Net income shares<br>for the year ended 7 March 2012   | 75,312                                       | 81.70p                          | 92,180,944                 | Class 1 – Net income shares                                                        | 1.1858                       | 70.64                          | 49.83                         |
| Class 1 – Net income shares                                      | 153,646                                      | 81.73p                          | 187,983,295                | Class 2 – Net income shares                                                        | 1.5687                       | 70.91                          | 49.94                         |
| Class 2 – Net income shares                                      | 73,697                                       | 81.97p                          | 89,907,377                 | 2010                                                                               | 0 7007                       | 01.40                          | C4 07                         |
| for the year ended 7 March 2013<br>Class 1 – Net income shares   | 142,813                                      | 93.71p                          | 152,398,965                | Class 1 – Net income shares<br>Class 2 – Net income shares                         | 0.7687<br>1.2219             | 81.46<br>81.84                 | 64.87<br>65.18                |
| Class 2 – Net income shares                                      | 77,207                                       | 94.02p                          | 82,118,763                 | 2011                                                                               |                              |                                |                               |
| Class Z – Net income shares                                      | 502                                          | 112.72p                         | 445,797                    | Class 1 – Net income shares                                                        | 1.0461                       | 85.14                          | 67.84                         |
|                                                                  |                                              |                                 |                            | Class 2 – Net income shares<br><b>2012</b>                                         | 1.5597                       | 85.57                          | 68.06                         |
|                                                                  |                                              |                                 |                            | 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<br>2013                                               | -                            | 102.35                         | 96.81                         |
|                                                                  |                                              |                                 |                            | †Class 1 – Net income shares                                                       | 0.1847                       | 94.02                          | 85.88                         |
|                                                                  |                                              |                                 |                            | †Class 2 – Net income shares                                                       | 0.4605                       | 94.60                          | 86.32                         |
|                                                                  |                                              |                                 |                            | †Class Z – Net income shares<br>†To 7 March 2013                                   | 0.6023                       | 113.47                         | 103.50                        |
|                                                                  |                                              |                                 |                            | §Class Z – Net income shares commenced.                                            | 28 September 2012            |                                |                               |
| UK Smaller Companies Fund                                        |                                              |                                 |                            | 2008                                                                               |                              |                                |                               |
| for the year ended 7 March 2011                                  |                                              |                                 |                            | Class 1 – Net income shares                                                        | 0.9918                       | 114.18                         | 64.10                         |
| Class 1 – Net income shares                                      | 90,429                                       | 135.61p                         | 66,685,281                 | Class 2 – Net income shares <b>2009</b>                                            | 1.6675                       | 114.64                         | 64.36                         |
| Class 2 – Net income shares<br>for the year ended 7 March 2012   | 102,053                                      | 136.26p                         | 74,894,530                 | Class 1 – Net income shares                                                        | 1.3650                       | 101.99                         | 63.41                         |
| Class 1 – Net income shares                                      | 100,661                                      | 138.11p                         | 72,883,043                 | Class 2 – Net income shares                                                        | 1.8764                       | 102.34                         | 63.55                         |
| Class 2 – Net income shares                                      | 89,565                                       | 138.97p                         | 64,447,564                 | 2010                                                                               | 0.0501                       | 104.00                         | 05 40                         |
| for the year ended 7 March 2013<br>Class 1 – Net income shares   | 85,092                                       | 167.90p                         | 50,681,366                 | Class 1 – Net income shares<br>Class 2 – Net income shares                         | 0.6591<br>1.3127             | 134.92<br>135.59               | 95.49<br>96.00                |
| Class 2 – Net income shares                                      | 65,046                                       | 167.90p<br>169.08p              | 38,471,636                 | 2011                                                                               | 1.0127                       |                                | 50.00                         |
| Class Z – Net income shares                                      | 33                                           | 114.35p                         | 28,974                     | Class 1 – Net income shares                                                        | 0.2957                       | 143.85                         | 111.72                        |
|                                                                  |                                              |                                 |                            | Class 2 – Net income shares<br><b>2012</b>                                         | 0.9002                       | 144.86                         | 112.28                        |
|                                                                  |                                              |                                 |                            | 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<br>2013                                               | -                            | 102.54                         | 96.83                         |
|                                                                  |                                              |                                 |                            | †Class 1 – Net income shares                                                       | _                            | 170.22                         | 152.76                        |
|                                                                  |                                              |                                 |                            | †Class 2 – Net income shares                                                       | 0.4171                       | 171.83                         | 154.05                        |
|                                                                  |                                              |                                 |                            | †Class Z – Net income shares<br>†To 7 March 2013                                   | 0.3292                       | 116.26                         | 104.20                        |

 

 Class 1 – Net income shares

 †Class 1 – Net income shares

 0.41

 †Class Z – Net income shares

 0.32

 †To 7 March 2013

 §Class Z – Net income shares commenced 5 October 2012

 170.22 171.83 116.26 0.4171 0.3292

|                                                            | Net asset<br>value of<br>share class<br>£000 | Net asset<br>value per<br>share | Shares<br>in issue       | Calendar Year                                                    | Net income<br>per share<br>p | Highest<br>share<br>price<br>p | Lowest<br>share<br>price<br>p |
|------------------------------------------------------------|----------------------------------------------|---------------------------------|--------------------------|------------------------------------------------------------------|------------------------------|--------------------------------|-------------------------------|
| UK Growth & Income Fund                                    |                                              |                                 |                          | 2008                                                             |                              |                                |                               |
| for the year ended 7 March 2011                            |                                              |                                 |                          | Class 1 – Net income shares                                      | 2.2959                       | 66.37                          | 39.46                         |
| Class 1 – Net income shares                                | 117,197                                      | 61.40p                          | 190,887,811              | Class 2 – Net income shares                                      | 2.4235                       | 69.96                          | 41.76                         |
| Class 2 – Net income shares                                | 171,678                                      | 65.72p                          | 261,237,714              | 2009                                                             |                              |                                |                               |
| for the year ended 7 March 2012                            | 171,070                                      | 00.72p                          | 201,207,714              | Class 1 – Net income shares                                      | 1.9983                       | 54.59                          | 37.57                         |
| Class 1 – Net income shares                                | 125,460                                      | 61.97p                          | 202,458,938              | Class 2 – Net income shares                                      | 2.1546                       | 58.09                          | 39.81                         |
| Class 2 – Net income shares                                | 169,148                                      | 66.67p                          | 253,724,377              | 2010                                                             |                              |                                |                               |
| for the year ended 7 March 2013                            |                                              |                                 |                          | Class 1 – Net income shares                                      | 1.8588                       | 61.20                          | 51.00                         |
| Class 1 – Net income shares                                | 190,772                                      | 71.92p                          | 265,261,204              | Class 2 – Net income shares                                      | 2.0232                       | 65.46                          | 54.41                         |
| Class 2 – Net income shares                                | 38,894                                       | 77.76p                          | 50,015,309               | 2011                                                             |                              |                                |                               |
| Class Z – Net income shares                                | 89                                           | 112.23p                         | 78,747                   | Class 1 – Net income shares                                      | 1.9649                       | 65.24                          | 52.79                         |
|                                                            |                                              |                                 |                          | Class 2 – Net income shares                                      | 2.1530                       | 69.97                          | 56.67                         |
|                                                            |                                              |                                 |                          | 2012                                                             |                              |                                | 50.04                         |
|                                                            |                                              |                                 |                          | Class 1 – Net income shares                                      | 2.2346                       | 66.81                          | 58.81                         |
|                                                            |                                              |                                 |                          | Class 2 – Net income shares                                      | 2.4484                       | 72.19                          | 63.35                         |
|                                                            |                                              |                                 |                          | §Class Z – Net income shares                                     | -                            | 104.05                         | 98.25                         |
|                                                            |                                              |                                 |                          | 2013                                                             | 0.0141                       | 72.20                          | 67.17                         |
|                                                            |                                              |                                 |                          | †Class 1 – Net income shares                                     | 0.9141                       | 73.20                          | 67.17                         |
|                                                            |                                              |                                 |                          | †Class 2 – Net income shares<br>†Class Z – Net income shares     | 1.0152<br>1.4281             | 79.17<br>114.15                | 72.59<br>104.63               |
|                                                            |                                              |                                 |                          | tTo 7 March 2013                                                 | 1.4201                       | 114.15                         | 104.03                        |
|                                                            |                                              |                                 |                          | §Class Z – Net income shares commenced 2                         | 28 Santambar 2012            |                                |                               |
|                                                            |                                              |                                 |                          |                                                                  | o September 2012             |                                |                               |
| UK Equity Income Fund                                      |                                              |                                 |                          | 2008                                                             |                              |                                |                               |
| for the year ended 7 March 2011                            |                                              |                                 |                          | Class 1 – Net income shares                                      | 3.0074                       | 74.06                          | 45.58                         |
| Class 1 – Net income shares                                | 511,684                                      | 65.80p                          | 777,610,968              | Class 2 – Net income shares                                      | 3.2128                       | 78.45                          | 48.49                         |
| Class 1 – Net accumulation shares                          | 17,708                                       | 69.64p                          | 25,429,387               | 2009                                                             |                              |                                |                               |
| Class 2 – Net income shares                                | 384,845                                      | 70.71p                          | 544,241,949              | Class 1 – Net income shares                                      | 3.0072                       | 59.90                          | 43.51                         |
| for the year ended 7 March 2012                            |                                              |                                 |                          | §Class 1 – Net accumulation shares                               | 0.9709                       | 59.16                          | 46.22                         |
| Class 1 – Net income shares                                | 721,308                                      | 65.64p                          | 1,098,875,029            | Class 2 – Net income shares                                      | 3.2411                       | 64.03                          | 46.27                         |
| Class 1 – Net accumulation shares                          | 33,953                                       | 72.46p                          | 46,855,656               | 2010                                                             |                              |                                |                               |
| Class 2 – Net income shares                                | 473,440                                      | 70.90p                          | 667,803,486              | Class 1 – Net income shares                                      | 2.8305                       | 66.47                          | 54.79                         |
| for the year ended 7 March 2013                            |                                              |                                 |                          | Class 1 – Net accumulation shares                                | 2.3168                       | 68.80                          | 55.70                         |
| Class 1 – Net income shares                                | 1,018,992                                    | 75.47p                          | 1,350,156,275            | Class 2 – Net income shares                                      | 3.0632                       | 71.48                          | 58.68                         |
| Class 1 – Net accumulation shares                          | 111,185                                      | 86.70p                          | 128,235,670              | 2011                                                             |                              |                                |                               |
| Class 2 – Net income shares                                | 581,982                                      | 81.93p                          | 710,378,329              | Class 1 – Net income shares                                      | 3.5016                       | 70.13                          | 57.50                         |
| Class Z – Net income shares                                | 135,984                                      | 108.28p                         | 125,585,388              | Class 1 – Net accumulation shares                                | 3.6906                       | 74.22                          | 61.71                         |
| Class Z – Net accumulation shares                          | 7,022                                        | 109.96p                         | 6,385,978                | Class 2 – Net income shares                                      | 3.9317                       | 75.51                          | 62.08                         |
|                                                            |                                              |                                 |                          | 2012                                                             | 2 2000                       | 70.47                          | co 7c                         |
|                                                            |                                              |                                 |                          | Class 1 – Net income shares<br>Class 1 – Net accumulation shares | 2.8990<br>3.2435             | 70.47<br>80.43                 | 62.76<br>69.27                |
|                                                            |                                              |                                 |                          | Class 2 – Net income shares                                      | 3.2435                       | 80.43<br>76.41                 | 67.88                         |
|                                                            |                                              |                                 |                          | *Class Z – Net income shares                                     | 0.8986                       | 100.94                         | 95.98                         |
|                                                            |                                              |                                 |                          | §§Class Z – Net accumulation shares                              | 0.8970                       | 100.94                         | 95.98                         |
|                                                            |                                              |                                 |                          | 2013                                                             | 0.0370                       | 101.05                         | 35.50                         |
|                                                            |                                              |                                 |                          | †Class 1 – Net income shares                                     | 0.4841                       | 76.41                          | 70.75                         |
|                                                            |                                              |                                 |                          | †Class 1 – Net accumulation shares                               | 0.5378                       | 87.22                          | 80.76                         |
|                                                            |                                              |                                 |                          | †Class 2 – Net income shares                                     | 0.5394                       | 82.96                          | 76.75                         |
|                                                            |                                              |                                 |                          | †Class Z – Net income shares                                     | 0.6977                       | 109.62                         | 101.39                        |
|                                                            |                                              |                                 |                          | †Class Z – Net accumulation shares                               | 0.7055                       | 110.61                         | 102.30                        |
|                                                            |                                              |                                 |                          | †To 7 March 2013                                                 |                              |                                |                               |
|                                                            |                                              |                                 |                          | §Class 1 – Net accumulation shares commer                        | nced 8 May 2009              |                                |                               |
|                                                            |                                              |                                 |                          | *Class Z – Net income shares commenced 1                         | 4 September 2012             |                                |                               |
|                                                            |                                              |                                 |                          | §§Class Z – Net accumulation shares comme                        | nced 14 September .          | 2012                           |                               |
|                                                            |                                              |                                 |                          | 0000                                                             |                              |                                |                               |
| UK Monthly Income Fund<br>for the year ended 7 March 2011  |                                              |                                 |                          | <b>2008</b><br>Class 1 – Net income shares                       | 2.6592                       | 67.01                          | 40.61                         |
| Class 1 – Net income shares                                | 534,183                                      | 57.93p                          | 922,159,290              | 2009                                                             |                              |                                |                               |
| for the year ended 7 March 2012                            |                                              |                                 |                          | Class 1 – Net income shares                                      | 2.5560                       | 51.84                          | 38.74                         |
| Class 1 – Net income shares                                | 529,289                                      | 57.65p                          | 918,184,065              | <b>2010</b><br>Class 1 – Net income shares                       | 2.3721                       | 57.63                          | 48.15                         |
| for the year ended 7 March 2013                            | E7E 040                                      | 64.00                           | 006 004 151              | 2011                                                             | 2.3721                       | 57.05                          | 40.15                         |
| Class 1 – Net income shares<br>Class Z – Net income shares | 575,249<br>2,805                             | 64.86p<br>108.91p               | 886,924,151<br>2,575,315 | Class 1 – Net income shares                                      | 2.3249                       | 60.64                          | 51.44                         |
|                                                            |                                              |                                 | -                        | 2012                                                             |                              |                                |                               |
|                                                            |                                              |                                 |                          | Class 1 – Net income shares                                      | 2.5486                       | 60.54                          | 54.60                         |
|                                                            |                                              |                                 |                          | §Class Z – Net income shares                                     | 0.5273                       | 101.13                         | 95.89                         |
|                                                            |                                              |                                 |                          | 2013                                                             |                              | a                              |                               |
|                                                            |                                              |                                 |                          | †Class 1 – Net income shares                                     | 0.7795                       | 65.50                          | 60.72                         |
|                                                            |                                              |                                 |                          | †Class Z – Net income shares<br>†To 7 March 2013                 | 1.3050                       | 110.26                         | 101.82                        |
|                                                            |                                              |                                 |                          |                                                                  |                              |                                |                               |
|                                                            |                                              |                                 |                          | §Class Z – Net income shares commenced 2                         | 1 Contomber 2010             |                                |                               |

|                                       | Net asset<br>value of<br>share class<br>£000 | Net asset<br>value per<br>share | Shares<br>in issue | Calendar Year                            | Net income<br>per share<br>P | Highest<br>share<br>price<br>p | Lowest<br>share<br>price<br>P |
|---------------------------------------|----------------------------------------------|---------------------------------|--------------------|------------------------------------------|------------------------------|--------------------------------|-------------------------------|
|                                       |                                              |                                 |                    |                                          |                              |                                |                               |
| Monthly Extra Income Fund             |                                              |                                 |                    | 2008                                     |                              |                                |                               |
| for the year ended 7 March 2011       |                                              |                                 |                    | Class 1 – Net income shares              | 2.6873                       | 62.56                          | 40.93                         |
| Class 1 – Net income shares           | 119,651                                      | 56.66p                          | 211,188,474        | 2009                                     |                              |                                |                               |
| for the year ended 7 March 2012       |                                              |                                 |                    | Class 1 – Net income shares              | 2.6769                       | 51.39                          | 38.27                         |
| Class 1 – Net income shares           | 131,541                                      | 57.37p                          | 229,291,922        | 2010                                     |                              |                                |                               |
| for the year ended 7 March 2013       |                                              |                                 |                    | Class 1 – Net income shares              | 2.3857                       | 56.38                          | 48.80                         |
| Class 1 – Net income shares           | 160,346                                      | 65.43p                          | 245,073,969        | 2011                                     |                              |                                |                               |
| Class Z – Net income shares           | 1,845                                        | 109.08p                         | 1,691,471          | Class 1 – Net income shares              | 2.3795                       | 59.33                          | 50.90                         |
|                                       |                                              | ·                               |                    | 2012                                     |                              |                                |                               |
|                                       |                                              |                                 |                    | Class 1 – Net income shares              | 2.4483                       | 61.96                          | 54.94                         |
|                                       |                                              |                                 |                    | §Class Z – Net income shares             | 0.4047                       | 103.17                         | 98.45                         |
|                                       |                                              |                                 |                    | 2013                                     |                              |                                |                               |
|                                       |                                              |                                 |                    | †Class 1 – Net income shares             | 0.6913                       | 66.55                          | 62.08                         |
|                                       |                                              |                                 |                    | †Class Z – Net income shares             | 1.1556                       | 111.21                         | 103.53                        |
|                                       |                                              |                                 |                    | †To 7 March 2013                         |                              |                                |                               |
|                                       |                                              |                                 |                    | §Class Z – Net income shares commenced 3 | October 2012                 |                                |                               |
| UK Corporate Bond Fund                |                                              |                                 |                    | 2008                                     |                              |                                |                               |
| for the year ended 7 March 2011       |                                              |                                 |                    | Class 1 – Net income shares              | 2.3039                       | 53.41                          | 44.54                         |
| Class 1 – Net income shares           | 99,522                                       | 51.55p                          | 193,053,126        | Class 1 – Gross income shares            | 2.8627                       | 53.46                          | 44.67                         |
| Sclass 1 – Gross income shares        | 11,117                                       | 51.60p                          | 21,544,143         | Class 2 – Net income shares              | 2.4491                       | 53.51                          | 44.62                         |
| Class 2 – Net income shares           | 175,323                                      | 51.63p                          | 339,603,581        | Class 2 – Gross accumulation shares      | 3.7869                       | 65.32                          | 57.15                         |
| Sclass 2 – Gross accumulation shares  |                                              |                                 |                    | 2009                                     | 0.7000                       | 00.02                          | 07.10                         |
|                                       | 312,404                                      | 75.93p                          | 411,429,403        | Class 1 – Net income shares              | 2.1112                       | 51.26                          | 41.18                         |
| for the year ended 7 March 2012       | 00.000                                       | F0 00-                          | 100 170 050        | Class 1 – Gross income shares            | 2.6285                       | 51.42                          | 41.26                         |
| Class 1 – Net income shares           | 88,823                                       | 52.82p                          | 168,172,052        | Class 2 – Net income shares              | 2.2613                       | 51.37                          | 41.24                         |
| SClass 1 – Gross income shares        | 18,030                                       | 52.86p                          | 34,111,351         | Class 2 – Gross accumulation shares      | 3.7374                       | 70.10                          | 54.49                         |
| Class 2 – Net income shares           | 170,785                                      | 52.89p                          | 322,888,650        | 2010                                     | 3.7374                       | 70.10                          | 54.45                         |
| SClass 2 – Gross accumulation shares  | 328.945                                      | 81.75p                          | 402,380,581        | Class 1 – Net income shares              | 2.0195                       | 54.23                          | 50.39                         |
| for the year ended 7 March 2013       | 05 000                                       |                                 | 400 004 504        | Class 1 – Gross income shares            | 2.0195                       | 54.25<br>54.36                 | 50.38                         |
| Class 1 – Net income shares           | 95,303                                       | 56.50p                          | 168,684,504        | Class 2 – Net income shares              | 2.5141                       | 54.36<br>54.33                 | 50.48                         |
| SClass 1 – Gross income shares        | 23,449                                       | 56.53p                          | 41,478,955         |                                          |                              |                                |                               |
| Class 2 – Net income shares           | 183,979                                      | 56.58p                          | 325,145,532        | Class 2 – Gross accumulation shares      | 3.8238                       | 77.93                          | 69.62                         |
| §Class 2 – Gross accumulation shares  | 437,858                                      | 91.23p                          | 479,959,272        | 2011                                     | 1 0707                       | FO 40                          | E0.05                         |
| §Only available to eligible investors |                                              |                                 |                    | Class 1 – Net income shares              | 1.9797                       | 53.42                          | 50.25                         |

SClass 2 – Gross accumulation shares SOnly available to eligible investors

| Class 1 – Net income shares          | 2.3039 | 53.41 | 44.54 |
|--------------------------------------|--------|-------|-------|
| Class 1 – Gross income shares        | 2.8627 | 53.46 | 44.67 |
| Class 2 – Net income shares          | 2.4491 | 53.51 | 44.62 |
| Class 2 – Gross accumulation shares  | 3.7869 | 65.32 | 57.15 |
| 2009                                 |        |       |       |
| Class 1 – Net income shares          | 2.1112 | 51.26 | 41.18 |
| Class 1 – Gross income shares        | 2.6285 | 51.42 | 41.26 |
| Class 2 – Net income shares          | 2.2613 | 51.37 | 41.24 |
| Class 2 – Gross accumulation shares  | 3.7374 | 70.10 | 54.49 |
| 2010                                 |        |       |       |
| Class 1 – Net income shares          | 2.0195 | 54.23 | 50.39 |
| Class 1 – Gross income shares        | 2.5141 | 54.36 | 50.48 |
| Class 2 – Net income shares          | 2.1875 | 54.33 | 50.48 |
| Class 2 – Gross accumulation shares  | 3.8238 | 77.93 | 69.62 |
| 2011                                 |        |       |       |
| Class 1 – Net income shares          | 1.9797 | 53.42 | 50.25 |
| Class 1 – Gross income shares        | 2.4644 | 53.58 | 50.35 |
| Class 2 – Net income shares          | 2.1466 | 53.54 | 50.33 |
| Class 2 – Gross accumulation shares  | 3.9519 | 79.63 | 75.01 |
| 2012                                 |        |       |       |
| Class 1 – Net income shares          | 1.7478 | 57.31 | 51.50 |
| Class 1 – Gross income shares        | 2.1775 | 57.45 | 51.58 |
| Class 2 – Net income shares          | 1.9206 | 57.44 | 51.58 |
| Class 2 – Gross accumulation shares  | 3.7143 | 91.19 | 78.88 |
| 2013                                 |        |       |       |
| †Class 1 – Net income shares         | 0.4402 | 57.22 | 56.19 |
| †Class 1 – Gross income shares       | 0.5464 | 57.36 | 56.31 |
| †Class 2 – Net income shares         | 0.4848 | 57.35 | 56.31 |
| †Class 2 – Gross accumulation shares | 0.9597 | 91.67 | 89.97 |
| †To 7 March 2013                     |        |       |       |
|                                      |        |       |       |
|                                      |        |       |       |

|                                                                        | Net asset<br>value of<br>share class<br>£000 | Net asset<br>value per<br>share | Shares<br>in issue | Calendar Year                       | Net income<br>per share<br>p | Highest<br>share<br>price<br>p | Lowest<br>share<br>price<br>p |
|------------------------------------------------------------------------|----------------------------------------------|---------------------------------|--------------------|-------------------------------------|------------------------------|--------------------------------|-------------------------------|
| Uiseb Vield Deved Found                                                |                                              |                                 |                    | 2008                                |                              |                                |                               |
| High Yield Bond Fund                                                   |                                              |                                 |                    | Class 1 – Net income shares         | 3.2262                       | 44.96                          | 29.04                         |
| for the year ended 7 March 2011                                        | 474 700                                      |                                 | 4 995 999 479      | Class 1 – Gross income shares       | 4.0379                       | 44.98                          | 29.19                         |
| Class 1 – Net income shares                                            | 474,760                                      | 44.54p                          | 1,065,803,173      | Class 2 – Net income shares         | 4.4855                       | 61.61                          | 40.06                         |
| SClass 1 – Gross income shares                                         | 25,296                                       | 44.64p                          | 56,669,540         | §Class 2 – Gross income shares      | 2.3382                       | 50.11                          | 34.62                         |
| Class 2 – Net income shares<br>§Class 2 – Gross income shares          | 75,263                                       | 62.14p                          | 121,113,843        | Class 2 – Gross accumulation shares | 7.8545                       | 83.83                          | 60.38                         |
| Sclass 2 – Gross Income shares<br>Sclass 2 – Gross accumulation shares | 21,215                                       | 53.53p                          | 39,629,567         | 2009                                | 7.0545                       | 05.05                          | 00.50                         |
|                                                                        | 147,558                                      | 114.48p                         | 128,897,751        | Class 1 – Net income shares         | 2.8513                       | 41.90                          | 29.31                         |
| for the year ended 7 March 2012<br>Class 1 – Net income shares         | 407.057                                      | 41.04-                          | 1,116,812,266      | Class 1 – Gross income shares       | 3.5425                       | 42.07                          | 29.45                         |
| Sclass 1 – Gross income shares                                         | 467,257<br>31,872                            | 41.84p<br>41.92p                | 76,031,564         | Class 2 – Net income shares         | 3.9884                       | 58.04                          | 40.47                         |
| Class 2 – Net income shares                                            | 84,136                                       | 58.66p                          | 143,432,337        | Class 2 – Gross income shares       | 4.2750                       | 50.13                          | 34.97                         |
| Sclass 2 – Gross income shares                                         | 22,083                                       | 50.53p                          | 43,703,883         | Class 2 – Gross accumulation shares | 7.8276                       | 96.47                          | 61.93                         |
| §Class 2 – Gross accumulation shares                                   | 143,819                                      | 116.96p                         | 122,962,376        | 2010                                | 710270                       | 00117                          | 01100                         |
| for the year ended 7 March 2013                                        | 143,013                                      | 110.30p                         | 122,302,370        | Class 1 – Net income shares         | 2.8319                       | 44.22                          | 41.14                         |
| Class 1 – Net income shares                                            | 463,012                                      | 43.65p                          | 1,060,763,523      | Class 1 – Gross income shares       | 3.5250                       | 44.37                          | 41.26                         |
| §Class 1 – Gross income shares                                         | 75,052                                       | 43.71p                          | 171,708,966        | Class 2 – Net income shares         | 4.0084                       | 61.59                          | 57.18                         |
| Class 2 – Net income shares                                            | 99,363                                       | 61.51p                          | 161,546,607        | Class 2 – Gross income shares       | 4.2758                       | 53.13                          | 49.29                         |
| §Class 2 – Gross income shares                                         | 34,421                                       | 52.95p                          | 65,006,368         | Class 2 – Gross accumulation shares | 8.5920                       | 110.39                         | 96.49                         |
| §Class 2 – Gross accumulation shares                                   | 157,667                                      | 132.87p                         | 118,663,237        | 2011                                |                              |                                |                               |
| Class Z – Net income shares                                            | 5,940                                        | 101.88p                         | 5,830,149          | Class 1 – Net income shares         | 2.6932                       | 44.88                          | 38.12                         |
| §Class Z – Gross accumulation shares                                   | 532                                          | 105.62p                         | 503,484            | Class 1 – Gross income shares       | 3.3507                       | 45.03                          | 38.29                         |
| §Only available to eligible investors                                  | 002                                          | 100.020                         | 000,404            | Class 2 – Net income shares         | 3.8275                       | 62.62                          | 53.34                         |
| ,                                                                      |                                              |                                 |                    | Class 2 – Gross income shares       | 4.0951                       | 54.01                          | 46.06                         |
|                                                                        |                                              |                                 |                    | Class 2 – Gross accumulation shares | 8.9046                       | 116.45                         | 102.58                        |
|                                                                        |                                              |                                 |                    | 2012                                |                              |                                |                               |
|                                                                        |                                              |                                 |                    | Class 1 – Net income shares         | 2.6341                       | 44.20                          | 39.86                         |

| 2011                                  |        |        |        |
|---------------------------------------|--------|--------|--------|
| Class 1 – Net income shares           | 2.6932 | 44.88  | 38.12  |
| Class 1 – Gross income shares         | 3.3507 | 45.03  | 38.29  |
| Class 2 – Net income shares           | 3.8275 | 62.62  | 53.34  |
| Class 2 – Gross income shares         | 4.0951 | 54.01  | 46.06  |
| Class 2 – Gross accumulation shares   | 8.9046 | 116.45 | 102.58 |
| 2012                                  |        |        |        |
| Class 1 – Net income shares           | 2.6341 | 44.20  | 39.86  |
| Class 1 – Gross income shares         | 3.2761 | 44.30  | 40.01  |
| Class 2 – Net income shares           | 3.7760 | 62.24  | 55.84  |
| Class 2 – Gross income shares         | 4.0257 | 53.63  | 48.18  |
| Class 2 – Gross accumulation shares   | 9.4866 | 131.87 | 109.51 |
| *Class Z – Net income shares          | 1.4071 | 103.03 | 99.50  |
| §§Class Z – Gross accumulation shares | 1.8006 | 104.80 | 99.40  |
| 2013                                  |        |        |        |
| †Class 1 – Net income shares          | 0.7105 | 44.60  | 43.67  |
| †Class 1 – Gross income shares        | 0.8778 | 44.69  | 43.73  |
| †Class 2 – Net income shares          | 1.0162 | 62.81  | 61.52  |
| †Class 2 – Gross income shares        | 1.0814 | 54.11  | 52.96  |
| †Class 2 – Gross accumulation shares  | 2.6757 | 133.89 | 132.00 |
| †Class Z – Net income shares          | 1.6528 | 103.98 | 101.87 |
| †Class Z – Gross accumulation shares  | 2.1197 | 106.42 | 104.92 |
|                                       |        |        |        |

 Class Z - Net income shares
 1.0528
 103

 tClass Z - Gross accumulation shares
 2.1197
 106

 tTo 7 March 2013
 \$Class 2 - Gross income shares commenced 11 June 2008
 \*Class Z - Net income shares commenced 21 September 2012

 §Class Z - Gross accumulation shares commenced 19 September 2012
 \$Class Z - Gross accumulation shares commenced 19 September 2012

|                                       | Net asset<br>value of<br>share class<br>£000 | Net asset<br>value per<br>share | Shares<br>in issue | Calendar Year                         | Net income<br>per share<br>p | Highest<br>share<br>price<br>p | Lowest<br>share<br>price<br>p |
|---------------------------------------|----------------------------------------------|---------------------------------|--------------------|---------------------------------------|------------------------------|--------------------------------|-------------------------------|
| Strategic Bond Fund                   |                                              |                                 |                    | 2008                                  |                              |                                |                               |
| for the year ended 7 March 2011       |                                              |                                 |                    | Class 1 – Net income shares           | 2.7517                       | 49.29                          | 36.86                         |
| Class 1 – Net income shares           | 198,648                                      | 47.60p                          | 417,323,710        | Class 1 – Gross income shares         | 3.4554                       | 49.39                          | 37.00                         |
| §Class 1 – Gross income shares        | 44,260                                       | 47.72p                          | 92,747,638         | Class 2 – Net income shares           | 2.8791                       | 50.83                          | 38.17                         |
| Class 2 – Net income shares           | 19,388                                       | 49.86p                          | 38,884,861         | §Class 2 – Gross income shares        | 1.8502                       | 50.00                          | 40.40                         |
| §Class 2 – Gross income shares        | 7,913                                        | 52.70p                          | 15,015,433         | Class 2 – Gross accumulation shares   | 4,7539                       | 65.47                          | 53.24                         |
| §Class 2 – Gross accumulation shares  | 140,293                                      | 81.91p                          | 171,286,384        | 2009                                  |                              |                                |                               |
| for the year ended 7 March 2012       | 140,200                                      | 01.01p                          | 171,200,004        | Class 1 – Net income shares           | 2.5843                       | 46.04                          | 36.04                         |
| Class 1 – Net income shares           | 179,917                                      | 46.25p                          | 389,016,666        | Class 1 – Gross income shares         | 3,1800                       | 46.21                          | 36.22                         |
| §Class 1 – Gross income shares        | 66,859                                       | 46.36p                          | 144,230,497        | Class 2 – Net income shares           | 2.7323                       | 47.92                          | 37.39                         |
| Class 2 – Net income shares           | 19,047                                       | 48.69p                          | 39,120,620         | Class 2 – Gross income shares         | 3.5833                       | 50.73                          | 39.60                         |
| §Class 2 – Gross income shares        | 2,545                                        | 51.45p                          | 4,945,975          | Class 2 – Gross accumulation shares   | 4.9064                       | 72.33                          | 53.41                         |
| §Class 2 – Gross accumulation shares  | 128,596                                      | 85.41p                          | 150,554,797        | 2010                                  |                              |                                |                               |
| for the year ended 7 March 2013       | 120,000                                      | 00.41p                          | 130,334,737        | Class 1 – Net income shares           | 2.5660                       | 48.56                          | 45.55                         |
| Class 1 – Net income shares           | 174,616                                      | 48.26p                          | 361,818,242        | Class 1 – Gross income shares         | 3.1966                       | 48.72                          | 45.68                         |
| Sclass 1 – Gross income shares        | 60,047                                       | 48.36p                          | 124,177,787        | Class 2 – Net income shares           | 2.7335                       | 50.78                          | 47.54                         |
| Class 2 – Net income shares           | 20,980                                       | 51.06p                          | 41,090,400         | Class 2 – Gross income shares         | 3.5928                       | 53.72                          | 50.26                         |
| §Class 2 – Gross income shares        | 3,260                                        | 53.94p                          | 6,043,020          | Class 2 – Gross accumulation shares   | 5.2880                       | 81.27                          | 72.12                         |
| §Class 2 – Gross accumulation shares  | 130,077                                      | 95.35p                          | 136,414,429        | 2011                                  |                              |                                |                               |
| Class Z – Net income shares           | 1.278                                        | 101.22p                         | 1,263,123          | Class 1 – Net income shares           | 2.4651                       | 48.27                          | 43.37                         |
| §Class Z – Gross income shares        | 1,278                                        | 101.22p                         | 14,682             | Class 1 – Gross income shares         | 3.0698                       | 48.44                          | 43.37                         |
| Sclass Z – Gross accumulation shares  | 3                                            | 104.05p                         | 3,001              | Class 2 – Net income shares           | 2.6398                       | 50.61                          | 45.57                         |
| §Only available to eligible investors | 5                                            | 104.05p                         | 3,001              | Class 2 – Gross income shares         | 3.4581                       | 53.55                          | 48.20                         |
| sonny available to eligible investors |                                              |                                 |                    | Class 2 – Gross accumulation shares   | 5.4642                       | 84.01                          | 77.69                         |
|                                       |                                              |                                 |                    | 2012                                  | 011012                       | 0.1101                         | 77100                         |
|                                       |                                              |                                 |                    | Class 1 – Net income shares           | 2.3216                       | 48.89                          | 44.76                         |
|                                       |                                              |                                 |                    | Class 1 – Gross income shares         | 2.8796                       | 49.01                          | 44.89                         |
|                                       |                                              |                                 |                    | Class 2 – Net income shares           | 2.4916                       | 51.67                          | 47.08                         |
|                                       |                                              |                                 |                    | Class 2 – Gross income shares         | 3.2766                       | 54.63                          | 49.78                         |
|                                       |                                              |                                 |                    | Class 2 – Gross accumulation shares   | 5.5077                       | 95.08                          | 81.45                         |
|                                       |                                              |                                 |                    | *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          | 0.5952                       | 49.01                          | 48.07                         |
|                                       |                                              |                                 |                    | †Class 1 – Gross income shares        | 0.7374                       | 49.11                          | 48.18                         |
|                                       |                                              |                                 |                    | †Class 2 – Net income shares          | 0.6433                       | 51.82                          | 50.85                         |

TClass 2 – Net income shares TClass 2 – Gross income shares tClass 2 – Gross accumulation shares tClass Z – Net income shares tClass Z – Gross accumulation shares tTo 3 March 2013 SClass 2 – Gross income shares common 51.82 54.75 95.81 102.69 102.71 50.85 53.73 94.48 100.79 100.82 0.8406 1.4714 1.2506 1.5635 1.5884 104.55 103.10

110 / March 2013 \$Class 2 – Gross income shares commenced 11 June 2008 \*Class Z – Net income shares commenced 26 September 2012 \$\$Class Z – Gross income shares commenced 26 September 2012 \*Class Z – Gross accumulation shares commenced 26 September 2012

| Sterling Bond Fund<br>for the year ended 7 March 2011 |         |         |             |
|-------------------------------------------------------|---------|---------|-------------|
| Class 1 – Net income shares                           | 183,234 | 45.86p  | 399,594,148 |
| §Class 1 – Gross accumulation shares                  | 34,346  | 87.94p  | 39,057,483  |
| for the year ended 7 March 2012                       |         |         |             |
| Class 1 – Net income shares                           | 199,379 | 52.08p  | 382,831,128 |
| §Class 1 – Gross accumulation shares                  | 49,067  | 102.05p | 48,079,362  |
| for the year ended 7 March 2013                       |         |         |             |
| Class 1 – Net income shares                           | 135,142 | 52.16p  | 259,112,866 |
| §Class 1 – Gross accumulation shares                  | 45,468  | 103.89p | 43,781,257  |
| Class Z – Net income shares                           | 28      | 98.33p  | 28,075      |
| §Class Z – Gross accumulation shares                  | 3       | 99.10p  | 3,001       |
| §Only available to eligible investors                 |         |         |             |

| 2008                                 |        |        |        |
|--------------------------------------|--------|--------|--------|
| Class 1 – Net income shares          | 1.6082 | 48.97  | 42.87  |
| Class 1 – Gross accumulation shares  | 3.4447 | 86.78  | 75.77  |
| 2009                                 |        |        |        |
| Class 1 – Net income shares          | 1.4338 | 48.96  | 44.71  |
| Class 1 – Gross accumulation shares  | 3.2168 | 87.77  | 80.59  |
| 2010                                 |        |        |        |
| Class 1 – Net income shares          | 1.1444 | 49.34  | 45.25  |
| Class 1 – Gross accumulation shares  | 2.6386 | 92.23  | 83.84  |
| 2011                                 |        |        |        |
| Class 1 – Net income shares          | 1.0324 | 52.98  | 45.73  |
| Class 1 – Gross accumulation shares  | 2.4538 | 103.02 | 86.70  |
| 2012                                 |        |        |        |
| Class 1 – Net income shares          | 0.7155 | 54.43  | 50.77  |
| Class 1 – Gross accumulation shares  | 1.7429 | 106.80 | 99.50  |
| Sclass Z – Net income shares         | _      | 100.79 | 98.84  |
| *Class Z – Gross accumulation shares | _      | 100.81 | 98.84  |
| 2013                                 |        |        |        |
| †Class 1 – Net income shares         | 0.3312 | 52.80  | 51.46  |
| †Class 1 – Gross accumulation shares | 0.8141 | 104.48 | 101.82 |
| †Class Z – Net income shares         | 0.6429 | 99.57  | 97.02  |
| †Class Z – Gross accumulation shares | 0.7977 | 99.69  | 97.13  |
| tTo 7 March 2013                     | 0.7077 | 00.00  | 07.10  |
| 50                                   |        |        |        |

\*Class Z – Gross accumulation shares commenced 12 October 2012 \*Class Z – Gross accumulation shares commenced 12 October 2012

|                                                                        | Net asset<br>value of<br>share class<br>£000 | Net asset<br>value per<br>share | Shares<br>in issue         | Calendar Year                                                                                       | Net income<br>per share<br>p | Highest<br>share<br>price<br>p | Lowest<br>share<br>price<br>p |
|------------------------------------------------------------------------|----------------------------------------------|---------------------------------|----------------------------|-----------------------------------------------------------------------------------------------------|------------------------------|--------------------------------|-------------------------------|
| Sterling Fund                                                          |                                              |                                 |                            | 2008                                                                                                | 0.4040                       |                                |                               |
| for the year ended 7 March 2011<br>Class 1 – Net income shares         | 49,872                                       | 99.83p                          | 49,957,438                 | *Class 1 – Net income shares<br>2009                                                                | 2.1940                       | 101.74                         | 99.07                         |
| for the year ended 7 March 2012<br>Class 1 – Net income shares         |                                              |                                 |                            | Class 1 – Net income shares<br><b>2010</b>                                                          | 0.5313                       | 99.85                          | 95.30                         |
| for the year ended 7 March 2013                                        | 246,260                                      | 99.82p                          | 246,702,184                | Class 1 – Net income shares                                                                         | 0.0967                       | 99.91                          | 99.79                         |
| Class 1 – Net income shares                                            | 223,628                                      | 99.81p                          | 224,064,688                | <b>2011</b><br>Class 1 – Net income shares                                                          | 0.2521                       | 99.97                          | 99.82                         |
|                                                                        |                                              |                                 |                            | <b>2012</b><br>Class 1 – Net income shares                                                          | 0.3118                       | 99.99                          | 99.82                         |
|                                                                        |                                              |                                 |                            | <b>2013</b><br>†Class 1 – Net income shares                                                         | 0.0780                       | 99.88                          | 99.86                         |
|                                                                        |                                              |                                 |                            | *Launch date – 24 January 2008<br>†To 7 March 2013                                                  | 0.0780                       | 33.00                          | 33.00                         |
| European Fund                                                          |                                              |                                 |                            | 2008                                                                                                |                              |                                |                               |
| for the year ended 7 March 2011<br>Class 1 – Net accumulation shares   | 328,525                                      | 138.12p                         | 237,859,666                | Class 1 – Net accumulation shares<br>Class 2 – Net accumulation shares                              | 0.6161<br>1.5008             | 131.54<br>139.33               | 82.70<br>88.02                |
| Class 2 – Net accumulation shares                                      | 424,301                                      | 149.24p                         | 284,316,679                | 2009<br>Class 1 – Net accumulation shares                                                           | 1.5949                       | 126.50                         | 79.97                         |
| for the year ended 7 March 2012<br>Class 1 – Net accumulation shares   | 231,791                                      | 124.12p                         | 186,755,051                | Class 2 – Net accumulation shares                                                                   | 2.7783                       | 135.47                         | 85.31                         |
| Class 2 – Net accumulation shares<br>for the year ended 7 March 2013   | 307,814                                      | 134.97p                         | 228,060,350                | <b>2010</b><br>Class 1 – Net accumulation shares                                                    | 1.1203                       | 136.05                         | 109.80                        |
| Class 1 – Net accumulation shares                                      | 262,203                                      | 158.20p                         | 165,739,928                | Class 2 – Net accumulation shares 2011                                                              | 1.9491                       | 146.82                         | 118.04                        |
| Class 2 – Net accumulation shares<br>Class Z – Net accumulation shares | 262,084<br>257                               | 173.14p<br>122.33p              | 151,369,365<br>210,398     | Class 1 – Net accumulation shares                                                                   | 0.7083                       | 146.63                         | 104.85                        |
|                                                                        |                                              |                                 |                            | Class 2 – Net accumulation shares<br>2012                                                           | 1.7625                       | 158.60                         | 113.69                        |
|                                                                        |                                              |                                 |                            | Class 1 – Net accumulation shares<br>Class 2 – Net accumulation shares                              | 1.8344<br>2.8651             | 139.11<br>152.06               | 112.40<br>122.41              |
|                                                                        |                                              |                                 |                            | <pre>\$Class Z - Net accumulation shares \$Class Z - Net accumulation shares 2013</pre>             | -                            | 107.40                         | 99.79                         |
|                                                                        |                                              |                                 |                            | †Class 1 – Net accumulation shares<br>†Class 2 – Net accumulation shares                            | 1.2097<br>3.1157             | 158.27<br>173.22               | 139.42<br>152.42              |
|                                                                        |                                              |                                 |                            | †Class Z – Net accumulation shares                                                                  |                              | 122.39                         | 107.66                        |
|                                                                        |                                              |                                 |                            | †To 7 March 2013<br>§Class Z – Net accumulation shares comme                                        | nced 28 September 2          | 2012                           |                               |
| European Select Fund                                                   |                                              |                                 |                            | <b>2008</b><br>Class 1 – Net accumulation shares                                                    | 0.7542                       | 131.61                         | 78.87                         |
| for the year ended 7 March 2011<br>Class 1 – Net accumulation shares   | 776,150                                      | 144.53p                         | 537,016,053                | Class 2 – Net accumulation shares                                                                   | 1.6050                       | 139.48                         | 83.98                         |
| Class 2 – Net accumulation shares<br>for the year ended 7 March 2012   | 128,614                                      | 156.23p                         | 82,324,768                 | <b>2009</b><br>Class 1 – Net accumulation shares                                                    | 1.2701                       | 121.40                         | 84.91                         |
| Class 1 – Net accumulation shares                                      | 764,504                                      | 147.69p                         | 517,639,406                | Class 2 – Net accumulation shares<br>2010                                                           | 2.6792                       | 130.23                         | 90.61                         |
| Class 2 – Net accumulation shares<br>for the year ended 7 March 2013   | 166,771                                      | 160.66p                         | 103,804,098                | Class 1 – Net accumulation shares                                                                   | 1.1753                       | 144.06                         | 112.81                        |
| Class 1 – Net accumulation shares<br>Class 2 – Net income shares       | 1,130,078<br>365,804                         | 193.57p<br>128.23p              | 583,822,651<br>285,272,052 | Class 2 – Net accumulation shares<br>2011                                                           | 1.6837                       | 155.53                         | 121.10                        |
| Class 2 – Net accumulation shares<br>Class Z – Net accumulation shares | 422,533<br>14,620                            | 211.91p<br>122.08p              | 199,389,663<br>11,975,115  | Class 1 – Net accumulation shares<br>Class 2 – Net accumulation shares                              | 0.4354<br>1.3649             | 157.38<br>170.47               | 123.52<br>133.98              |
|                                                                        | 14,020                                       | 122.00p                         | 11,373,115                 | <b>2012</b><br>Class 1 – Net accumulation shares                                                    |                              |                                |                               |
|                                                                        |                                              |                                 |                            | §Class 2 – Net income shares                                                                        | 0.9246                       | 167.39<br>110.75               | 136.50<br>90.85               |
|                                                                        |                                              |                                 |                            | Class 2 – Net accumulation shares<br>*Class Z – Net accumulation shares<br><b>2013</b>              | 1.7180                       | 183.03<br>105.41               | 148.33<br>98.61               |
|                                                                        |                                              |                                 |                            | †Class 1 – Net accumulation shares                                                                  | 0.8409                       | 193.66                         | 167.31                        |
|                                                                        |                                              |                                 |                            | †Class 2 – Net income shares<br>†Class 2 – Net accumulation shares                                  | _<br>1.0076                  | 128.29<br>212.01               | 110.72<br>182.97              |
|                                                                        |                                              |                                 |                            | tClass Z – Net accumulation shares<br>†To 7 March 2013<br>\$Class 2 – Net income shares commenced 1 | 0.0772                       | 122.14                         | 105.38                        |
|                                                                        |                                              |                                 |                            | *Class Z – Net accumulation shares comme                                                            |                              | 2012                           |                               |

|                                   | Net asset<br>value of<br>share class<br>£000 | Net asset<br>value per<br>share | Shares<br>in issue | Calendar Year                            | Net income<br>per share<br>p | Highest<br>share<br>price<br>p | Lowest<br>share<br>price<br>p |
|-----------------------------------|----------------------------------------------|---------------------------------|--------------------|------------------------------------------|------------------------------|--------------------------------|-------------------------------|
|                                   |                                              |                                 |                    |                                          |                              |                                |                               |
| European Smaller Compani          | es Fund                                      |                                 |                    | 2008                                     |                              |                                |                               |
| for the year ended 7 March 2011   |                                              |                                 |                    | Class 1 – Net income shares              | 0.2353                       | 281.99                         | 168.85                        |
| Class 1 – Net income shares       | 2,422                                        | 341.91p                         | 708,511            | Class 1 – Net accumulation shares        | 0.3872                       | 282.31                         | 169.04                        |
| Class 1 – Net accumulation shares | 638,715                                      | 343.54p                         | 185,919,501        | Class 2 – Net accumulation shares        | 2.5682                       | 299.03                         | 179.58                        |
| Class 2 – Net accumulation shares | 440,439                                      | 370.50p                         | 118,876,934        | 2009                                     |                              |                                |                               |
| for the year ended 7 March 2012   |                                              |                                 |                    | Class 1 – Net income shares              | 0.6211                       | 264.38                         | 170.66                        |
| Class 1 – Net income shares       | 9,630                                        | 334.05p                         | 2,882,796          | Class 1 – Net accumulation shares        | 2.1093                       | 265.66                         | 170.87                        |
| Class 1 – Net accumulation shares | 599,964                                      | 335.65p                         | 178,746,666        | Class 2 – Net accumulation shares        | 3.5215                       | 283.95                         | 181.94                        |
| Class 2 – Net accumulation shares | 338,841                                      | 364.32p                         | 93,006,925         | 2010                                     |                              |                                |                               |
| for the year ended 7 March 2013   | 000,011                                      | 00 1102p                        | 00/000/020         | Class 1 – Net income shares              | -                            | 342.74                         | 250.41                        |
| Class 1 – Net income shares       | 28,253                                       | 453.54p                         | 6,229,337          | Class 1 – Net accumulation shares        | 1.0476                       | 344.38                         | 251.62                        |
| Class 1 – Net accumulation shares | 909,910                                      | 455.76p                         | 199,645,365        | Class 2 – Net accumulation shares        | 2.9918                       | 370.97                         | 269.49                        |
| Class 2 – Net accumulation shares | 506,651                                      | 497.85p                         | 101,767,574        | 2011                                     |                              |                                |                               |
| Class Z – Net accumulation shares | 6,051                                        | 104.25p                         | 5,803,870          | Class 1 – Net income shares              | _                            | 375.58                         | 289.59                        |
|                                   | 0,001                                        | 104.25p                         | 5,605,670          | Class 1 – Net accumulation shares        | 0.8978                       | 377.38                         | 290.98                        |
|                                   |                                              |                                 |                    | Class 2 – Net accumulation shares        | 2.8006                       | 407.83                         | 315.37                        |
|                                   |                                              |                                 |                    | 2012                                     | 2.0000                       | 407.00                         | 010.07                        |
|                                   |                                              |                                 |                    | Class 1 – Net income shares              | _                            | 395.96                         | 304.34                        |
|                                   |                                              |                                 |                    | Class 1 – Net accumulation shares        | 0.9154                       | 397.86                         | 305.79                        |
|                                   |                                              |                                 |                    | Class 2 – Net accumulation shares        | 4.0588                       | 434.01                         | 331.55                        |
|                                   |                                              |                                 |                    | 2013                                     | 4.0500                       | 454.01                         | 551.55                        |
|                                   |                                              |                                 |                    | †Class 1 – Net income shares             | 0.0453                       | 458.27                         | 396.82                        |
|                                   |                                              |                                 |                    | †Class 1 – Net accumulation shares       | 1.2045                       | 458.27                         | 398.72                        |
|                                   |                                              |                                 |                    | †Class 2 – Net accumulation shares       | 4.1041                       | 502.90                         | 435.06                        |
|                                   |                                              |                                 |                    | †§Class Z – Net accumulation shares      |                              | 105.31                         | 100.00                        |
|                                   |                                              |                                 |                    | †To 7 March 2013                         | -                            |                                | 100.00                        |
|                                   |                                              |                                 |                    | §Class Z – Net accumulation shares comme | nced 12 February 20          | 13                             |                               |
|                                   |                                              |                                 |                    |                                          |                              |                                |                               |
| Pan European Smaller Com          | panies Fund                                  |                                 |                    | 2008                                     |                              | 00.00                          | 50.00                         |
| for the year ended 7 March 2011   |                                              |                                 |                    | Class 1 – Net accumulation shares        | -                            | 90.20                          | 53.38                         |
| Class 1 – Net accumulation shares | 174,244                                      | 109.08p                         | 159,736,581        | Class 2 – Net accumulation shares        | -                            | 91.63                          | 54.39                         |
| Class 2 – Net accumulation shares | 227,410                                      | 112.82p                         | 201,564,885        | 2009                                     |                              |                                |                               |
| Class X – Net accumulation shares | 161,721                                      | 69.97p                          | 231,142,077        | Class 1 – Net accumulation shares        | 0.2155                       | 82.14                          | 53.91                         |
| for the year ended 7 March 2012   |                                              |                                 |                    | Class 2 – Net accumulation shares        | 0.6857                       | 84.32                          | 55.05                         |
| Class 1 – Net accumulation shares | 171,810                                      | 107.35p                         | 160,042,746        | §Class X – Net accumulation shares       | -                            | 51.67                          | 50.00                         |
| Class 2 – Net accumulation shares | 215,372                                      | 111.75p                         | 192,727,643        | 2010                                     |                              |                                |                               |
| Class X – Net accumulation shares | 183,730                                      | 70.00p                          | 262,486,241        | Class 1 – Net accumulation shares        | 0.2820                       | 111.45                         | 79.22                         |
| for the year ended 7 March 2013   |                                              | r.                              |                    | Class 2 – Net accumulation shares        | 0.7535                       | 115.14                         | 81.37                         |
| Class 1 – Net accumulation shares | 547,651                                      | 141.61p                         | 386,720,880        | Class X – Net accumulation shares        | 0.0448                       | 71.27                          | 49.92                         |
| Class 2 – Net accumulation shares | 354,140                                      | 148.36p                         | 238,705,337        | 2011                                     |                              |                                |                               |
| Class X – Net accumulation shares | 262,586                                      | 93.86p                          | 279,761,630        | Class 1 – Net accumulation shares        | 0.3456                       | 119.17                         | 91.94                         |
| Class Z – Net accumulation shares | 202,500                                      | 104.98p                         | 33,800             | Class 2 – Net accumulation shares        | 0.9892                       | 123.53                         | 95.45                         |
|                                   | 55                                           | 104.00p                         | 00,000             | Class X – Net accumulation shares        | 1.2799                       | 76.86                          | 59.53                         |

| year ended 7 March 2013                     |         |         |  |
|---------------------------------------------|---------|---------|--|
| <ul> <li>Net accumulation shares</li> </ul> | 547,651 | 141.61p |  |
| 2 – Net accumulation shares                 | 354,140 | 148.36p |  |
| K – Net accumulation shares                 | 262,586 | 93.86p  |  |
| Z – Net accumulation shares                 | 35      | 104.98p |  |
|                                             |         |         |  |

| 2008                                         |                  |        |        |
|----------------------------------------------|------------------|--------|--------|
| Class 1 – Net accumulation shares            | -                | 90.20  | 53.38  |
| Class 2 – Net accumulation shares            | -                | 91.63  | 54.39  |
| 2009                                         |                  |        |        |
| Class 1 – Net accumulation shares            | 0.2155           | 82.14  | 53.91  |
| Class 2 – Net accumulation shares            | 0.6857           | 84.32  | 55.05  |
| §Class X – Net accumulation shares           | -                | 51.67  | 50.00  |
| 2010                                         |                  |        |        |
| Class 1 – Net accumulation shares            | 0.2820           | 111.45 | 79.22  |
| Class 2 – Net accumulation shares            | 0.7535           | 115.14 | 81.37  |
| Class X – Net accumulation shares            | 0.0448           | 71.27  | 49.92  |
| 2011                                         |                  |        |        |
| Class 1 – Net accumulation shares            | 0.3456           | 119.17 | 91.94  |
| Class 2 – Net accumulation shares            | 0.9892           | 123.53 | 95.45  |
| Class X – Net accumulation shares            | 1.2799           | 76.86  | 59.53  |
| 2012                                         |                  |        |        |
| Class 1 – Net accumulation shares            | 0.5753           | 124.98 | 97.65  |
| Class 2 – Net accumulation shares            | 1.2940           | 130.77 | 101.54 |
| Class X – Net accumulation shares            | 1.3720           | 82.57  | 63.49  |
| 2013                                         |                  |        |        |
| †Class 1 – Net accumulation shares           | 0.7505           | 141.77 | 125.68 |
| †Class 2 – Net accumulation shares           | 1.5590           | 148.53 | 131.53 |
| †Class X – Net accumulation shares           | 1.7428           | 93.97  | 83.08  |
| †*Class Z – Net accumulation shares          | 0.6005           | 104.99 | 100.00 |
| †To 7 March 2013                             |                  |        |        |
| §Class X – Net accumulation shares commenced | 9 December 200   | 9      |        |
| *Class Z – Net accumulation shares commenced | 12 February 2013 | 3      |        |
|                                              |                  |        |        |
|                                              |                  |        |        |
|                                              |                  |        |        |

|                                                                      | Net asset<br>value of<br>share class<br>£000 | Net asset<br>value per<br>share | Shares<br>in issue | Calendar Year                                                                                          | Net income<br>per share<br>p | Highest<br>share<br>price<br>p | Lowest<br>share<br>price<br>p |
|----------------------------------------------------------------------|----------------------------------------------|---------------------------------|--------------------|--------------------------------------------------------------------------------------------------------|------------------------------|--------------------------------|-------------------------------|
| Pan European Fund                                                    |                                              |                                 |                    | 2008                                                                                                   |                              |                                |                               |
| for the year ended 7 March 2011                                      |                                              |                                 |                    | Class 1 – Net accumulation shares                                                                      | 0.6821                       | 85.10                          | 54.18                         |
| Class 1 – Net accumulation shares                                    | 97,095                                       | 100.94p                         | 96,191,887         | Class 2 – Net accumulation shares                                                                      | 1.1126                       | 89.21                          | 57.08                         |
| Class 2 – Net accumulation shares                                    | 108,672                                      | 100.94p                         | 100,668,580        | 2009                                                                                                   |                              |                                |                               |
| for the year ended 7 March 2012                                      |                                              |                                 | ,                  | Class 1 – Net accumulation shares                                                                      | 0.5163                       | 82.93                          | 55.89                         |
| Class 1 – Net accumulation shares                                    | 62,245                                       | 94.31p                          | 66,001,721         | Class 2 – Net accumulation shares                                                                      | 1.1439                       | 88.02                          | 59.02                         |
| Class 2 – Net accumulation shares                                    | 106,307                                      | 101.51p                         | 104,727,942        | 2010                                                                                                   |                              |                                |                               |
| Class 2i – Net accumulation shares                                   | 4                                            | 109.87p                         | 3,001              | Class 1 – Net accumulation shares                                                                      | 0.5159                       | 100.55                         | 75.35                         |
| Class X – Net accumulation shares<br>for the year ended 7 March 2013 | 22,208                                       | 94.47p                          | 23,508,673         | Class 2 – Net accumulation shares <b>2011</b>                                                          | 1.4549                       | 107.39                         | 80.04                         |
| Class 1 – Net accumulation shares                                    | 77,071                                       | 114.48p                         | 67,325,528         | Class 1 – Net accumulation shares                                                                      | -                            | 105.88                         | 80.31                         |
| Class 2 – Net accumulation shares                                    | 123,158                                      | 124.00p                         | 99,318,570         | Class 2 – Net accumulation shares                                                                      | 0.4042                       | 113.48                         | 86.21                         |
| Class 2i – Net accumulation shares                                   | 4                                            | 134.22p                         | 3,001              | *Class 2i – Net accumulation shares                                                                    | -                            | 104.75                         | 99.01                         |
| Class X – Net accumulation shares                                    | 41,527                                       | 116.56p                         | 35,627,589         | §Class X – Net accumulation shares                                                                     | -                            | 104.91                         | 79.89                         |
| Class Z – Net accumulation shares                                    | 26                                           | 118.77p                         | 21,771             | 2012                                                                                                   |                              |                                |                               |
|                                                                      |                                              |                                 |                    | Class 1 – Net accumulation shares                                                                      | 1.0981                       | 102.54                         | 84.99                         |
|                                                                      |                                              |                                 |                    | Class 2 – Net accumulation shares                                                                      | 1.6803                       | 110.92                         | 91.62                         |
|                                                                      |                                              |                                 |                    | Class 2i – Net accumulation shares                                                                     | 0.1076                       | 120.07                         | 99.17                         |
|                                                                      |                                              |                                 |                    | Class X – Net accumulation shares                                                                      | 1.7635                       | 104.04                         | 85.46                         |
|                                                                      |                                              |                                 |                    | §§Class Z – Net accumulation shares<br>2013                                                            | -                            | 106.20                         | 98.59                         |
|                                                                      |                                              |                                 |                    | †Class 1 – Net accumulation shares                                                                     | 0.7327                       | 114.53                         | 102.71                        |
|                                                                      |                                              |                                 |                    | †Class 2 – Net accumulation shares                                                                     | 1.4468                       | 124.07                         | 111.14                        |
|                                                                      |                                              |                                 |                    | †Class 2i – Net accumulation shares                                                                    | 1.5804                       | 134.29                         | 120.30                        |
|                                                                      |                                              |                                 |                    | †Class X – Net accumulation shares                                                                     | 1.9523                       | 116.62                         | 104.29                        |
|                                                                      |                                              |                                 |                    | †Class Z – Net accumulation shares<br>†To 7 March 2013                                                 | 0.0443                       | 118.83                         | 106.41                        |
|                                                                      |                                              |                                 |                    | §Class X – Net accumulation shares comment<br>*Class 2i – Net accumulation shares Initial Soft<br>2011 | ervice Charge comm           |                                | rember                        |
|                                                                      |                                              |                                 |                    | §§Class Z – Net accumulation shares comme                                                              | nced 3 October 2012          |                                |                               |

| European Bond Fund<br>for the year ended 7 March 2011                |         |         |             |
|----------------------------------------------------------------------|---------|---------|-------------|
| Class 1 – Net income shares                                          | 55,067  | 64.04p  | 85,990,274  |
| §Class 1 – Gross accumulation shares                                 | 134,814 | 110.92p | 121,539,644 |
| for the year ended 7 March 2012                                      |         |         |             |
| Class 1 – Net income shares                                          | 55,960  | 65.71p  | 85,157,051  |
| §Class 1 – Gross accumulation shares                                 | 140,852 | 117.26p | 120,117,312 |
| §Class 2 – Gross accumulation shares                                 | 11,044  | 104.12p | 10,607,173  |
| for the year ended 7 March 2013                                      |         |         |             |
| Class 1 – Net income shares                                          | 57,945  | 70.75p  | 81,899,043  |
| §Class 1 – Gross accumulation shares                                 | 113,871 | 129.65p | 87,827,493  |
| §Class 2 – Gross accumulation shares                                 | 2,971   | 115.69p | 2,568,433   |
| Class Z – Net income shares<br>§Only available to eligible investors | 3       | 100.20p | 3,010       |

| 2008                                 |        |        |        |
|--------------------------------------|--------|--------|--------|
| Class 1 – Net income shares          | 1.6512 | 71.27  | 51.95  |
| Class 1 – Gross accumulation shares  | 3.1536 | 113.01 | 79.33  |
| 2009                                 |        |        |        |
| Class 1 – Net income shares          | 2.1730 | 70.57  | 60.75  |
| Class 1 – Gross accumulation shares  | 4.2965 | 116.29 | 98.26  |
| 2010                                 |        |        |        |
| Class 1 – Net income shares          | 1.8761 | 69.45  | 63.49  |
| Class 1 – Gross accumulation shares  | 3.8836 | 118.50 | 106.78 |
| 2011                                 |        |        |        |
| Class 1 – Net income shares          | 1.6774 | 68.02  | 63.48  |
| Class 1 – Gross accumulation shares  | 3.5966 | 118.37 | 108.54 |
| §Class 2 – Gross accumulation shares | 1.6035 | 104.57 | 99.08  |
| 2012                                 |        |        |        |
| Class 1 – Net income shares          | 1.4208 | 68.32  | 63.95  |
| 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         | 0.7981 | 71.90  | 67.49  |
| †Class 1 – Gross accumulation shares | 1.7978 | 130.27 | 122.19 |
| †Class 2 – Gross accumulation shares | 1.6790 | 116.22 | 108.91 |
| †*Class Z – Net income shares        | 1.1292 | 101.81 | 100.00 |

 \*To 7 March 2013

 \$Class 2 – Gross accumulation shares commenced 18 March 2011

 \*Class Z – Net income shares commenced 15 February 2013

| s                                                                                | Net asset<br>value of<br>hare class<br>£000 | Net asset<br>value per<br>share | Shares<br>in issue      | Calendar Year                                                                                                                                   | Net income<br>per share<br>p | Highest<br>share<br>price<br>p | Lowest<br>share<br>price<br>p |
|----------------------------------------------------------------------------------|---------------------------------------------|---------------------------------|-------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|--------------------------------|-------------------------------|
| European Corporate Bond Fun                                                      | 4                                           |                                 |                         | 2008                                                                                                                                            |                              |                                |                               |
| for the year ended 7 March 2011                                                  | u                                           |                                 |                         | Class 1 – Net accumulation shares                                                                                                               | 2.2351                       | 72.44                          | 58.20                         |
| Class 1 – Net accumulation shares                                                | 26,592                                      | 81.83p                          | 32,495,705              | Class 1 – Gross accumulation shares                                                                                                             | 2.6928                       | 75.75                          | 60.75                         |
| §Class 1 – Gross accumulation shares                                             | 7,115                                       | 87.05p                          | 8,173,280               | 2009                                                                                                                                            |                              |                                |                               |
| §Class 2 – Gross accumulation shares                                             | 4,412                                       | 102.36p                         | 4,310,047               | Class 1 – Net accumulation shares                                                                                                               | 2.6924                       | 84.72                          | 63.68                         |
| for the year ended 7 March 2012                                                  |                                             |                                 |                         | Class 1 – Gross accumulation shares                                                                                                             | 2.5370                       | 89.22                          | 66.75                         |
| Class 1 – Net accumulation shares                                                | 27,206                                      | 83.35p                          | 32,639,280              | 2010                                                                                                                                            |                              |                                |                               |
| §Class 1 – Gross accumulation shares                                             | 7,325                                       | 89.30p                          | 8,202,494               | Class 1 – Net accumulation shares                                                                                                               | 2.5301                       | 86.56                          | 75.50                         |
| §Class 2 – Gross accumulation shares                                             | 14,280                                      | 105.68p                         | 13,512,355              | Class 1 – Gross accumulation shares<br>§Class 2 – Gross accumulation shares                                                                     | 3.1480                       | 91.81                          | 79.89<br>93.53                |
| for the year ended 7 March 2013                                                  | 40.000                                      | 0475                            |                         | 2011                                                                                                                                            | 2.1460                       | 107.71                         | 93.53                         |
| Class 1 – Net accumulation shares<br>\$Class 1 – Gross accumulation shares       | 42,303<br>9,818                             | 94.75p<br>102.00p               | 44,646,047              | Class 1 – Net accumulation shares                                                                                                               | 2,5880                       | 87.46                          | 78.59                         |
| §Class 2 – Gross accumulation shares                                             | 15,091                                      | 121.48p                         | 9,625,462<br>12,422,087 | Class 1 – Gross accumulation shares                                                                                                             | 3.6186                       | 93.27                          | 83.56                         |
| §Only available to eligible investors                                            | 10,001                                      | 121.400                         | 12,422,007              | Class 2 – Gross accumulation shares<br>2012                                                                                                     | 2.8130                       | 109.89                         | 98.16                         |
|                                                                                  |                                             |                                 |                         | 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<br>2013                                                                                                     | 2.8007                       | 114.19                         | 99.48                         |
|                                                                                  |                                             |                                 |                         | †Class 1 – Net accumulation shares                                                                                                              | 0.8725                       | 95.28                          | 88.28                         |
|                                                                                  |                                             |                                 |                         | †Class 1 – Gross accumulation shares                                                                                                            | 1.1165                       | 102.56                         | 94.96                         |
|                                                                                  |                                             |                                 |                         | †Class 2 – Gross accumulation shares                                                                                                            | 2.4156                       | 122.12                         | 112.98                        |
|                                                                                  |                                             |                                 |                         | †To 7 March 2013<br>§Class 2 – Gross accumulation shares commence                                                                               | d 3 February 20              | 010                            |                               |
|                                                                                  |                                             |                                 |                         |                                                                                                                                                 |                              |                                |                               |
| European High Yield Bond Fun                                                     | α                                           |                                 |                         | 2008<br>Class 1 – Net accumulation shares                                                                                                       | 4.3707                       | 89.23                          | 61.23                         |
| for the year ended 7 March 2011<br>Class 1 – Net accumulation shares             | 50.050                                      | 115 00-                         | F1 070 010              | Class 1 – Gross accumulation shares                                                                                                             | 5.9643                       | 95.23                          | 70.31                         |
| Sclass 1 – Recommunition shares                                                  | 58,852<br>788                               | 115.23p<br>114.34p              | 51,072,813<br>688,765   | Class 2 – Gross accumulation shares                                                                                                             | 4.5599                       | 114.04                         | 84.40                         |
| Sclass 1 – Gross accumulation shares                                             | 639,762                                     | 136.64p                         | 468,225,867             | 2009                                                                                                                                            |                              |                                | 0.1.10                        |
| §Class 2 – Gross accumulation shares                                             | 245,362                                     | 166.00p                         | 147,806,664             | Class 1 – Net accumulation shares                                                                                                               | 4.0106                       | 106.76                         | 69.38                         |
| §Class X – Gross accumulation shares                                             | 116,260                                     | 66.65p                          | 174,421,633             | Class 1 – Gross accumulation shares                                                                                                             | 8.0229                       | 124.47                         | 79.94                         |
| for the year ended 7 March 2012                                                  |                                             |                                 |                         | Class 2 – Gross accumulation shares                                                                                                             | 4.3217                       | 149.90                         | 96.08                         |
| Class 1 – Net accumulation shares                                                | 33,100                                      | 112.12p                         | 29,521,109              | *Class X – Gross accumulation shares                                                                                                            | -                            | 59.56                          | 50.17                         |
| §Class 1 – Gross income shares                                                   | 20,115                                      | 111.98p                         | 17,963,271              | 2010                                                                                                                                            | 0 7040                       |                                |                               |
| §Class 1 – Gross accumulation shares                                             | 321,942                                     | 134.69p                         | 239,023,774             | Class 1 – Net accumulation shares                                                                                                               | 3.7316                       | 115.13                         | 96.16                         |
| SClass 2 – Gross accumulation shares                                             | 191,816                                     | 164.68p                         | 116,481,013             | Sclass 1 – Gross income shares<br>Class 1 – Gross accumulation shares                                                                           | 6.4097                       | 116.30<br>135.92               | 96.87<br>113.22               |
| §Class 2 – Hedged gross accumulation sha<br>Sclass X – Gross accumulation shares |                                             | 98.39p                          | 2,234,191               | Class 2 – Gross accumulation shares                                                                                                             | 14.6306                      | 164.75                         | 136.95                        |
| SClass X – Gross accumulation shares<br>for the year ended 7 March 2013          | 131,315                                     | 66.62p                          | 197,112,194             | Class X – Gross accumulation shares                                                                                                             | 2.3685                       | 65.97                          | 54.71                         |
| Class 1 – Net accumulation shares                                                | 37,014                                      | 130.06p                         | 28,459,395              | 2011                                                                                                                                            |                              |                                |                               |
| §Class 1 – Gross income shares                                                   | 31,998                                      | 124.94p                         | 25,610,120              | Class 1 – Net accumulation shares                                                                                                               | 8.9530                       | 121.73                         | 101.61                        |
| §Class 1 – Gross accumulation shares                                             | 388,837                                     | 158.01p                         | 246,076,498             | Class 1 – Gross income shares                                                                                                                   | 2.5683                       | 121.01                         | 101.71                        |
| §Class 2 – Gross income shares                                                   | 10,462                                      | 120.26p                         | 8,699,809               | Class 1 – Gross accumulation shares                                                                                                             | 7.6215                       | 144.65                         | 121.55                        |
| §Class 2 – Gross accumulation shares                                             | 243,476                                     | 194.42p                         | 125,231,435             | Class 2 – Gross accumulation shares                                                                                                             | 8.8563                       | 175.92                         | 148.22                        |
| §Class 2 – Hedged gross accumulation sha                                         |                                             | 113.15p                         | 2,234,191               | **Class 2 – Hedged gross accumulation shares                                                                                                    | -                            | 113.60                         | 86.98                         |
| Sclass X – Gross accumulation shares                                             | 88,671                                      | 79.24p                          | 111,896,881             | Class X – Gross accumulation shares<br>2012                                                                                                     | 4.0805                       | 70.72                          | 59.77                         |
| §Class Z – Gross income shares                                                   | 11                                          | 114.03p                         | 9,839                   | Class 1 – Net accumulation shares                                                                                                               | 8.0781                       | 122.04                         | 103.07                        |
| §Class Z – Gross accumulation shares                                             | 4                                           | 115.86p                         | 3,001                   | Class 1 – Gross income shares                                                                                                                   | 0.7214                       | 122.04                         | 103.07                        |
| §Only available to eligible investors                                            |                                             |                                 |                         | Class 1 – Gross accumulation shares                                                                                                             | 11.9066                      | 148.01                         | 123.75                        |
|                                                                                  |                                             |                                 |                         | §§Class 2 – Gross income shares                                                                                                                 | _                            | 113.02                         | 96.66                         |
|                                                                                  |                                             |                                 |                         | Class 2 – Gross accumulation shares                                                                                                             | 12.7158                      | 181.88                         | 151.12                        |
|                                                                                  |                                             |                                 |                         | Class 2 – Hedged gross accumulation shares                                                                                                      | 7.4286                       | 108.08                         | 89.44                         |
|                                                                                  |                                             |                                 |                         | Class X – Gross accumulation shares                                                                                                             | 5.0953                       | 74.03                          | 61.06                         |
|                                                                                  |                                             |                                 |                         | Class Z – Gross income shares<br>Class Z – Gross accumulation shares                                                                            | -                            | 108.37<br>108.37               | 99.81<br>99.81                |
|                                                                                  |                                             |                                 |                         | <b>2013</b><br>†Class 1 – Net accumulation shares                                                                                               | 5.9344                       | 131.62                         | 120.60                        |
|                                                                                  |                                             |                                 |                         | †Class 1 – Gross income shares                                                                                                                  | 6.4218                       | 132.87                         | 121.62                        |
|                                                                                  |                                             |                                 |                         | †Class 1 – Gross accumulation shares                                                                                                            | 8.2994                       | 159.83                         | 146.29                        |
|                                                                                  |                                             |                                 |                         | †Class 2 – Gross income shares                                                                                                                  | 0.5483                       | 122.17                         | 111.72                        |
|                                                                                  |                                             |                                 |                         | †Class 2 – Gross accumulation shares<br>†Class 2 – Hedged gross accumulation shares                                                             | 11.9032<br>7.1507            | 196.61<br>114.79               | 179.79<br>106.78              |
|                                                                                  |                                             |                                 |                         | †Class Z – Gross accumulation shares                                                                                                            | 7.1507                       | 80.12                          | 73.19                         |
|                                                                                  |                                             |                                 |                         | t***Class Z – Gross income shares                                                                                                               | 1.8221                       | 117.16                         | 107.13                        |
|                                                                                  |                                             |                                 |                         | 1\$\$\$Class Z – Gross accumulation shares<br>1\$70 7 March 2013                                                                                | 3.3965                       | 117.16                         | 107.13                        |
|                                                                                  |                                             |                                 |                         | *Class X – Gross accumulation shares commence<br>§Class 1 – Gross income shares commenced 18<br>**Class 2 – Hedged gross accumulation shares co | une 2010                     |                                |                               |
|                                                                                  |                                             |                                 |                         | §§Class 2 – Gross income shares commenced 9 M.<br>***Class Z – Gross income shares commenced 26 S                                               | ay 2012                      |                                |                               |

|                                          | value of<br>are class<br>£000 | Net asset<br>value per<br>share | Shares<br>in issue |
|------------------------------------------|-------------------------------|---------------------------------|--------------------|
| American Fund                            |                               |                                 |                    |
| for the year ended 7 March 2011          |                               |                                 |                    |
| Class 1 – Net income shares              | 925                           | 109.83p                         | 842,324            |
| Class 1 – Net accumulation shares        | 645,865                       | 109.84p                         | 587,986,648        |
| Class 1 – Hedged net accumulation shares | 15,943                        | 142.94p                         | 11,154,232         |
| Class 2 – Net accumulation shares        | 859,039                       | 118.82p                         | 723,001,814        |
| Class X – Net accumulation shares        | 47,732                        | 118.92p                         | 40,139,169         |
| for the year ended 7 March 2012          |                               |                                 |                    |
| Class 1 – Net income shares              | 33,343                        | 117.89p                         | 28,282,953         |
| Class 1 – Net accumulation shares        | 861,067                       | 117.90p                         | 730,312,069        |
| Class 1 – Hedged net accumulation shares |                               | 143.16p                         | 11,597,700         |
| Class 2 – Net accumulation shares        | 882,462                       | 128.35p                         | 687,520,414        |
| Class X – Net accumulation shares        | 9,078                         | 129.75p                         | 6,996,737          |
| for the year ended 7 March 2013          |                               |                                 |                    |
| Class 1 – Net income shares              | 32,273                        | 140.81p                         | 22,919,030         |
| Class 1 – Net accumulation shares        | 1,068,519                     | 140.83p                         | 758,736,586        |
| Class 1 – Hedged net accumulation shares |                               | 168.56p                         | 60,715,335         |
| Class 2 – Net accumulation shares        | 931,479                       | 154.30p                         | 603,697,564        |
| Class X – Net accumulation shares        | 9,137                         | 157.54p                         | 5,799,930          |
| Class Z – Net income shares              | 66,276                        | 117.66p                         | 56,328,419         |
| Class Z – Net accumulation shares        | 9,503                         | 117.83p                         | 8,065,359          |
|                                          |                               |                                 |                    |

Net asset

|                                           | Net income | Highest<br>share | Lowest<br>share |
|-------------------------------------------|------------|------------------|-----------------|
|                                           | per share  | price            | price           |
| Calendar Year                             | р          | р                | р               |
| 2008                                      |            |                  |                 |
| Class 1 – Net income shares               | -          | 90.62            | 63.56           |
| Class 1 – Net accumulation shares         | -          | 90.61            | 63.56           |
| Class 2 – Net accumulation shares         | -          | 96.06            | 67.71           |
| 2009                                      |            |                  |                 |
| Class 1 – Net income shares               | -          | 92.80            | 63.14           |
| Class 1 – Net accumulation shares         | -          | 92.81            | 63.15           |
| *Class 1 – Hedged net accumulation shares | -          | 125.93           | 87.96           |
| Class 2 – Net accumulation shares         | 0.2291     | 99.63            | 67.44           |
| 2010                                      |            |                  |                 |
| Class 1 – Net income shares               | -          | 109.53           | 87.57           |
| Class 1 – Net accumulation shares         | -          | 109.55           | 87.58           |
| Class 1 – Hedged net accumulation shares  | -          | 134.75           | 103.59          |
| Class 2 – Net accumulation shares         | -          | 118.34           | 94.33           |
| §Class X – Net accumulation shares        | -          | 118.20           | 94.01           |
| 2011                                      |            |                  |                 |
| Class 1 – Net income shares               | -          | 117.16           | 94.52           |
| Class 1 – Net accumulation shares         | -          | 117.17           | 94.53           |
| Class 1 – Hedged net accumulation shares  | -          | 155.64           | 121.25          |
| Class 2 – Net accumulation scares         | 0.0063     | 127.01           | 102.55          |
| Class X – Net accumulation shares<br>2012 | 0.4381     | 127.55           | 103.10          |
| Class 1 – Net income shares               | -          | 123.91           | 112.15          |
| Class 1 – Net accumulation shares         | -          | 123.92           | 112.16          |
| Class 1 – 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              | -          | 140.83           | 121.74          |
| †Class 1 – Net accumulation shares        | -          | 140.85           | 121.76          |
| †Class 1 – Hedged net accumulation shares | -          | 168.58           | 148.44          |
| †Class 2 – Net accumulation shares        | 0.6536     | 154.32           | 133.25          |
| †Class X – Net accumulation shares        | 2.1118     | 157.56           | 135.81          |
| †Class Z – Net income shares              | 0.1673     | 117.84           | 101.73          |
| †Class Z – Net accumulation shares        | 0.0646     | 117.84           | 101.73          |
| †To 7 March 2013                          |            |                  |                 |

Highest

Lowest

tTo 7 March 2013
 \*Class 1 – Hedged net accumulation shares commenced 2 April 2009
 \$Class X – Net accumulation shares commenced 17 July 2010
 \*\*Class Z – Net income shares commenced 12 September 2012
 \$\$Class Z – Net accumulation shares commenced 12 September 2012

| American Select Fund<br>for the year ended 7 March 2011 |           |         |             |
|---------------------------------------------------------|-----------|---------|-------------|
| Class 1 – Net income shares                             | 2,962     | 119.13p | 2,486,825   |
| Class 1 – Net accumulation shares                       | 862,356   | 119.19p | 723,515,679 |
| Class 1 – Hedged net accumulation shares                | 31,903    | 128.94p | 24,742,477  |
| Class 2 – Net accumulation shares                       | 383,627   | 129.04p | 297,289,146 |
| Class 2 - Hedged net accumulation shares                | 12,265    | 106.21p | 11,547,702  |
| for the year ended 7 March 2012                         |           |         |             |
| Class 1 – Net income shares                             | 4,809     | 128.17p | 3,752,453   |
| Class 1 – Net accumulation shares                       | 1,024,768 | 128.23p | 799,157,276 |
| Class 1 - Hedged net accumulation shares                | 99,820    | 129.59p | 77,025,162  |
| Class 2 – Net accumulation shares                       | 501,454   | 139.72p | 358,898,899 |
| Class 2 – Hedged net accumulation shares                | 19,134    | 107.19p | 17,850,861  |
| for the year ended 7 March 2013                         |           |         |             |
| Class 1 – Net income shares                             | 7,961     | 152.92p | 5,205,753   |
| Class 1 – Net accumulation shares                       | 1,270,589 | 153.03p | 830,274,702 |
| Class 1 – Hedged net accumulation shares                | 16,650    | 151.51p | 10,988,729  |
| Class 2 – Net accumulation shares                       | 672,332   | 167.78p | 400,732,928 |
| Class 2 – Hedged net accumulation shares                | 42,786    | 126.66p | 33,779,076  |
| Class Z – Net income shares                             | 5,510     | 116.65p | 4,723,880   |
| Class Z – Net accumulation shares                       | 20,970    | 116.71p | 17,967,341  |

| 2008                                          |                   |        |        |
|-----------------------------------------------|-------------------|--------|--------|
| Class 1 – Net income shares                   | _                 | 103.93 | 69.82  |
| Class 1 – Net accumulation shares             | -                 | 103.96 | 69.85  |
| Class 2 – Net accumulation shares             | -                 | 110.31 | 74.47  |
| 2009                                          |                   |        |        |
| Class 1 – Net income shares                   | -                 | 104.17 | 71.66  |
| Class 1 – Net accumulation shares             | -                 | 104.23 | 71.70  |
| *Class 1 – Hedged net accumulation shares     | -                 | 119.24 | 85.72  |
| Class 2 – Net accumulation shares             | -                 | 111.99 | 76.64  |
| §Class 2 – Hedged net accumulation shares     | -                 | 97.29  | 87.45  |
| 2010                                          |                   |        |        |
| Class 1 – Net income shares                   | -                 | 118.60 | 94.47  |
| Class 1 – Net accumulation shares             | -                 | 118.66 | 94.51  |
| Class 1 – Hedged net accumulation shares      | -                 | 122.09 | 92.99  |
| Class 2 – Net accumulation shares             | -                 | 128.30 | 101.99 |
| Class 2 – Hedged net accumulation shares      | -                 | 100.02 | 76.27  |
| 2011                                          |                   |        |        |
| Class 1 – Net income shares                   | -                 | 126.61 | 100.41 |
| Class 1 – Net accumulation shares             | -                 | 126.67 | 100.46 |
| Class 1 – Hedged net accumulation shares      | -                 | 140.01 | 106.57 |
| Class 2 – Net accumulation shares             | -                 | 137.44 | 109.08 |
| Class 2 – Hedged net accumulation shares      | -                 | 115.31 | 87.92  |
| 2012                                          |                   |        |        |
| Class 1 – Net income shares                   | -                 | 134.69 | 119.87 |
| Class 1 – Net accumulation shares             | -                 | 134.76 | 119.93 |
| Class 1 – Hedged net accumulation shares      | -                 | 138.39 | 117.36 |
| Class 2 – Net accumulation shares             | 0.2484            | 146.89 | 130.53 |
| Class 2 – 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                                          |                   |        |        |
| †Class 1 – Net income shares                  | -                 | 152.94 | 133.19 |
| †Class 1 – Net accumulation shares            | -                 | 153.06 | 133.26 |
| †Class 1 – Hedged net accumulation shares     | -                 | 151.54 | 134.41 |
| †Class 2 – Net accumulation shares            | 0.3379            | 167.80 | 145.96 |
| †Class 2 – Hedged net accumulation shares     | 0.2222            | 126.68 | 112.25 |
| †Class Z – Net income shares                  | 0.0662            | 116.73 | 101.51 |
| †Class Z – Net accumulation shares            | 0.1031            | 116.73 | 101.51 |
| †To 7 March 2013                              |                   |        |        |
| *Class 1 – Hedged net accumulation shares com | nmenced 8 July 20 | 09     |        |

\*Class 1 – Hedged net accumulation shares commenced 8 July 2009 §Class 2 – 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

|                                                                        | Net asset<br>value of<br>share class<br>£000 | Net asset<br>value per<br>share | Shares<br>in issue        | Calendar Year                                                            | Net income<br>per share<br>p | Highest<br>share<br>price<br>p | Lowest<br>share<br>price<br>p |
|------------------------------------------------------------------------|----------------------------------------------|---------------------------------|---------------------------|--------------------------------------------------------------------------|------------------------------|--------------------------------|-------------------------------|
| American Smaller Companie                                              | s Fund (US)                                  | )                               |                           | 2008                                                                     |                              |                                |                               |
| for the year ended 7 March 2011                                        |                                              |                                 |                           | Class 1 – Net income shares                                              | -                            | 90.37                          | 61.52                         |
| Class 1 – Net income shares                                            | 15,782                                       | 134.76p                         | 11,710,575                | Class 1 – Net accumulation shares<br>Class 2 – Net accumulation shares   | -                            | 90.36<br>96.05                 | 61.54<br>65.76                |
| Class 1 – Net accumulation shares<br>Class 2 – Net accumulation shares | 84,042<br>226,077                            | 134.82p<br>146.18p              | 62,338,099<br>154,657,625 | 2009                                                                     |                              | 50.05                          | 05.70                         |
| for the year ended 7 March 2012                                        | 220,077                                      | 140.100                         | 134,037,023               | Class 1 – Net income shares                                              | -                            | 103.28                         | 65.10                         |
| Class 1 – Net income shares                                            | 9,484                                        | 130.06p                         | 7,291,661                 | Class 1 – Net accumulation shares                                        | -                            | 103.32                         | 65.13                         |
| Class 1 – Net accumulation shares                                      | 99,568                                       | 130.12p                         | 76,523,011                | Class 2 – Net accumulation shares                                        | -                            | 111.18                         | 69.72                         |
| Class 2 – Net accumulation shares                                      | 210,274                                      | 141.99p                         | 148,093,971               | <b>2010</b><br>Class 1 – Net income shares                               | _                            | 137.62                         | 98.38                         |
| Class X – Net accumulation shares<br>for the year ended 7 March 2013   | 8,720                                        | 98.63p                          | 8,840,942                 | Class 1 – Net accumulation shares                                        | _                            | 137.68                         | 98.42                         |
| Class 1 – Net income shares                                            | 10,417                                       | 160.37p                         | 6,495,973                 | Class 2 – Net accumulation shares                                        | -                            | 149.09                         | 105.97                        |
| Class 1 – Net accumulation shares                                      | 152,986                                      | 160.43p                         | 95,358,079                | 2011                                                                     |                              |                                |                               |
| Class 2 – Net accumulation shares                                      | 233,233                                      | 176.20p                         | 132,371,576               | Class 1 – Net income shares                                              | -                            | 143.57                         | 105.38                        |
| Class X – Net accumulation shares                                      | 54                                           | 138.74p                         | 39,001                    | Class 1 – Net accumulation shares<br>Class 2 – Net accumulation shares   | -                            | 143.63<br>156.07               | 105.42<br>114.63              |
| Class Z – Net accumulation shares                                      | 1,244                                        | 122.35p                         | 1,016,578                 | Sclass X – Net accumulation shares<br>2012                               | -                            | 107.69                         | 79.19                         |
|                                                                        |                                              |                                 |                           | Class 1 – Net income shares                                              | -                            | 137.82                         | 122.47                        |
|                                                                        |                                              |                                 |                           | Class 1 – Net accumulation shares                                        | -                            | 137.88                         | 122.52                        |
|                                                                        |                                              |                                 |                           | Class 2 – Net accumulation shares                                        |                              | 150.48                         | 133.87                        |
|                                                                        |                                              |                                 |                           | Class X – Net accumulation shares<br>*Class Z – Net accumulation shares  | 0.4156                       | 115.91<br>102.33               | 93.14<br>96.08                |
|                                                                        |                                              |                                 |                           | 2013                                                                     |                              | 102.00                         | 00.00                         |
|                                                                        |                                              |                                 |                           | †Class 1 – Net income shares                                             | -                            | 160.40                         | 135.63                        |
|                                                                        |                                              |                                 |                           | †Class 1 – Net accumulation shares                                       | -                            | 160.46                         | 135.68                        |
|                                                                        |                                              |                                 |                           | †Class 2 – Net accumulation shares<br>†Class X – Net accumulation shares | -                            | 176.23                         | 148.84                        |
|                                                                        |                                              |                                 |                           | †Class Z – Net accumulation shares                                       | 38.4120<br>0.0036            | 138.77<br>122.38               | 117.00<br>103.33              |
|                                                                        |                                              |                                 |                           | To 7 March 2013                                                          | 0.0050                       | 122.00                         | 100.00                        |
|                                                                        |                                              |                                 |                           | §Class X – Net accumulation shares comment                               |                              |                                |                               |
|                                                                        |                                              |                                 |                           | *Class Z – Net accumulation shares commen                                | ced 21 September 2           | 012                            |                               |
| Dollar Bond Fund                                                       |                                              |                                 |                           | 2008                                                                     | 4.0440                       | 40.00                          |                               |
| or the year ended 7 March 2011                                         | 40.000                                       | 47.04                           | 00 000 050                | Class 1 – Net income shares<br>Class 1 – Gross accumulation shares       | 1.8412<br>3.7104             | 48.66<br>81.66                 | 38.68<br>63.39                |
| Class 1 – Net income shares<br>Class 1 – Gross accumulation shares     | 42,086<br>12,359                             | 47.61p<br>88.82p                | 88,390,259<br>13,914,295  | 2009                                                                     | 0.7104                       | 01.00                          | 00.00                         |
| or the year ended 7 March 2012                                         | 12,000                                       | 00.02p                          | 10,014,200                | Class 1 – Net income shares                                              | 2.1531                       | 50.51                          | 43.22                         |
| Class 1 – Net income shares                                            | 53,203                                       | 51.68p                          | 102,942,575               | Class 1 – Gross accumulation shares                                      | 4.5414                       | 85.66                          | 74.98                         |
| Class 1 – Gross accumulation shares                                    | 18,244                                       | 99.27p                          | 18,377,441                | 2010                                                                     | 1 4001                       | 54.34                          | 40 70                         |
| or the year ended 7 March 2013                                         | 50.400                                       | FF 4F                           | 404 040 440               | Class 1 – Net income shares<br>Class 1 – Gross accumulation shares       | 1.4931<br>3.3250             | 54.34<br>98.21                 | 46.73<br>82.97                |
| Class 1 – Net income shares<br>Class 1 – Gross accumulation shares     | 56,163<br>18,398                             | 55.15p<br>108.62p               | 101,843,442<br>16,938,956 | 2011                                                                     | 5.5250                       | 50.21                          | 02.57                         |
| Class Z – Net income shares                                            | 10,336                                       | 102.42p                         | 3,727                     | Class 1 – Net income shares                                              | 1.2422                       | 52.47                          | 47.36                         |
| Only available to eligible investors                                   | -                                            | 102.420                         | 0,727                     | Class 1 – Gross accumulation shares                                      | 2.8661                       | 99.49                          | 88.41                         |
| ,                                                                      |                                              |                                 |                           | 2012                                                                     |                              |                                |                               |
|                                                                        |                                              |                                 |                           | Class 1 – Net income shares                                              | 1.1473                       | 54.19                          | 50.21                         |
|                                                                        |                                              |                                 |                           | Class 1 – Gross accumulation shares<br><b>2013</b>                       | 2.7317                       | 104.30                         | 96.53                         |
|                                                                        |                                              |                                 |                           | †Class 1 – Net income shares                                             | 0.5399                       | 55.81                          | 51.47                         |
|                                                                        |                                              |                                 |                           | †Class 1 – Gross accumulation shares                                     | 1.3097                       | 108.85                         | 100.34                        |
|                                                                        |                                              |                                 |                           | †§Class Z – Net income shares                                            | 1.0056                       | 103.64                         | 100.00                        |
|                                                                        |                                              |                                 |                           | †To 7 March 2013<br>§Class Z – Net income shares commenced 15            | 5 February 2013              |                                |                               |
| Japan Fund                                                             |                                              |                                 |                           | 2008                                                                     |                              |                                |                               |
| Japan Fund<br>for the year ended 7 March 2011                          |                                              |                                 |                           | Class 1 – Net accumulation shares                                        | -                            | 38.07                          | 27.69                         |
| Class 1 – Net accumulation shares                                      | 48,975                                       | 36.80p                          | 133,074,465               | Class 2 – Net accumulation shares                                        | 0.1555                       | 40.52                          | 29.55                         |
| Class 2 – Net accumulation shares                                      | 151,158                                      | 39.88p                          | 379,063,821               | 2009                                                                     |                              |                                | 07.45                         |
| or the year ended 7 March 2012                                         | 50 500                                       | 00 5 4                          | 477 440 700               | Class 1 – Net accumulation shares<br>Class 2 – Net accumulation shares   | 0.1844<br>0.4351             | 36.80<br>39.32                 | 27.45<br>29.36                |
| Class 1 – Net accumulation shares<br>Class 2 – Net accumulation shares | 59,508                                       | 33.54p                          | 177,418,723               | 2010                                                                     | 0.4351                       | 33.32                          | 23.30                         |
| or the year ended 7 March 2013                                         | 138,947                                      | 36.58p                          | 379,893,256               | Class 1 – Net accumulation shares                                        | 0.0390                       | 37.58                          | 31.77                         |
| Class 1 – Net accumulation shares                                      | 58,806                                       | 37.10p                          | 158,520,121               | Class 2 – Net accumulation shares                                        | 0.2094                       | 40.67                          | 34.31                         |
| Class 2 – Net accumulation shares                                      | 88,463                                       | 40.71p                          | 217,289,793               | 2011                                                                     |                              | 07.11                          |                               |
| Class Z – Net accumulation shares                                      | 35                                           | 123.18p                         | 28,512                    | Class 1 – Net accumulation shares                                        | 0.0104                       | 37.91<br>41.07                 | 30.26                         |
|                                                                        |                                              |                                 |                           | Class 2 – Net accumulation shares<br>2012                                | 0.2461                       | 41.07                          | 32.89                         |
|                                                                        |                                              |                                 |                           | Class 1 – Net accumulation shares                                        | 0.1948                       | 34.41                          | 29.81                         |
|                                                                        |                                              |                                 |                           | Class 2 – Net accumulation shares                                        | 0.4299                       | 37.53                          | 32.64                         |
|                                                                        |                                              |                                 |                           | §Class Z – Net accumulation shares                                       | -                            | 107.14                         | 98.56                         |
|                                                                        |                                              |                                 |                           | 2013                                                                     | 0.0455                       | 07.15                          |                               |
|                                                                        |                                              |                                 |                           | †Class 1 – Net accumulation shares                                       | 0.2458                       | 37.15                          | 32.11                         |
|                                                                        |                                              |                                 |                           | †Class 2 – Net accumulation shares<br>†Class Z – Net accumulation shares | 0.8227                       | 40.77<br>123.20                | 35.20<br>106.34               |
|                                                                        |                                              |                                 |                           |                                                                          | -                            | 123.20                         | 100.34                        |
|                                                                        |                                              |                                 |                           | †To 7 March 2013                                                         |                              |                                |                               |

| Net asset<br>value of<br>share class<br>£000 | Net asset<br>value per<br>share                                                                                                                                                                                       | Shares<br>in issue                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Calendar Year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Net income<br>per share<br>p                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Highest<br>share<br>price<br>p                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Lowest<br>share<br>price<br>p                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  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| und                                          |                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 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| unu                                          |                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Class 1 – Net accumulation shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | -                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 71.38                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 48.62                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 1,999                                        | 80.03p                                                                                                                                                                                                                | 2,497,909                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Class 2 – Net accumulation shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 0.4096                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 124,209                                      | 86.64p                                                                                                                                                                                                                | 143,361,226                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   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|                                              |                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 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| 355,235                                      | 124.23p                                                                                                                                                                                                               | 285,947,923                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     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| 229,431                                      | 140.88p                                                                                                                                                                                                               | 162,851,936                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     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| 555,749                                      | 152.81p                                                                                                                                                                                                               | 363,680,917                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     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| 13                                           | 118.49p                                                                                                                                                                                                               | 10,972                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          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                                                                                        | 103.55                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|                                              |                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | §Class Z – Net accumulation shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | -                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 103.85                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 97.24                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|                                              |                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 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|                                              |                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              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|                                              |                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | †Class 1 – Net accumulation shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 2.4164                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 312.81                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 289.25                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         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|                                              |                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | †Class 1 – Net accumulation shares<br>†Class 2 – Net accumulation shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 4.5200                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 336.76                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 311.04                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|                                              |                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | †Class 1 – Net accumulation shares<br>†Class 2 – Net accumulation shares<br>†Class X – Net accumulation shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 4.5200<br>3.9482                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 336.76<br>132.36                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 311.04<br>122.03                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|                                              |                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | †Class 1 – Net accumulation shares<br>†Class 2 – Net accumulation shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 4.5200                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 336.76                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 311.04                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|                                              | value of<br>share class<br>2000<br>iund<br>1,999<br>124,209<br>124,209<br>2,317<br>119,555<br>2,534<br>8,790<br>4<br>355,235<br>603,207<br>243,305<br>470,629<br>229,431<br>555,749<br>13<br>229,431<br>555,749<br>13 | value of<br>share class<br>£000         Net asset<br>value per<br>share           1,999         80.03p           124,209         86.64p           2,317         79.96p           119,555         87.12p           2,534         88.57p           8,790         97.10p           4         118.13p           355,235         124.23p           603,207         133.03p           243,305         120.03p           470,629         129.36p           229,431         140.88p           555,749         152.81p           13         118.49p           434,996         314.23p           760,423         333.98p           243         280.1p           13         128.68p           390,203         298.01p           618,457         318.77p           339.092         312.68p           339.092         312.63p           575,362         36.57p           339.092         312.28p           339.092         312.28p           339.092         312.63p           575,362         36.57p           4         132.28p | value of<br>share class<br>£000         Net asset<br>value per<br>share         Shares<br>in issue           iund         1,999         80.03p<br>86.64p         2,497,909<br>143,361,226           2,317         79.96p<br>87.12p         2,898,109<br>137,234,712           2,534         88.57p<br>87.10p         2,861,337<br>9,052,287           8,790         97.10p         9,052,287           4         118.13p         3,050           243,305         120.03p<br>129.36p         202,704,197           470,629         129.36p         363,826,121           229,431         140.88p<br>152.81p         363,680,917           13         118.49p         10,972           434,996         314.23p<br>128,68p         122,768,330<br>18,715           390,203         298.01p<br>18,457         138,434,524<br>36,57p           390,203         298.01p<br>18,457         130,936,293<br>18,715           390,203         298.01p<br>130,936,293<br>618,457         138,77p<br>194,011,076<br>4           339,092         312.63p<br>108,462,681<br>575,362         108,462,681<br>30,000 | value of<br>share class<br>£000         Net asset<br>value por<br>share         Shares<br>in issue         Calendar Year           und         2008<br>(Class 1 - Net accumulation shares<br>2,317         2009<br>86.64p         (Class 2 - Net accumulation shares<br>Class 2 - Net accumulation shares<br>Class 2 - Net accumulation shares<br>2009<br>(Class 1 - Net accumulation shares<br>2009<br>(Class 1 - Net accumulation shares<br>2009<br>(Class 1 - Net accumulation shares<br>2010)           2,317         79.96p<br>97.10p         2,861.337<br>9.052,287         Class 2 - Net accumulation shares<br>2010           4         118.13p         3,050         Class 2 - Net accumulation shares<br>2012           4         118.13p         3,050         Class 1 - Net accumulation shares<br>2013           5         5         24.3305         124.23p         285.947.923           355.235         124.23p         285.947.923         Class 2 - Net accumulation shares<br>1Class 2 - Net accumulation shares<br>1Class 2 - Net accumulation shares<br>2013           355.235         124.23p         285.947.923         Class 1 - Net accumulation shares<br>2014           470.629         129.36p         363.826.121         2009           243.305         120.03p         202.704.197         Class 1 - Net accumulation shares<br>2013           243.305         120.33p         363.80.917         Class 1 - Net accumulation shares<br>2012           243.305         122.51.936         Class 1 - Net accumulation share | value of<br>share class<br>2000         Vet asset<br>share<br>share         Shares<br>in issue         Cleendar Year         Pet shore<br>per share<br>Class           und         2,999         80,03p         2,497,909         Class         1. Net accumulation shares         0,4096           22,317         79,969         2,283,100         2008         Class         1. Net accumulation shares         0,4393           2,534         88,57p         2,881,337         2010         Class         1. Net accumulation shares         0,4393           2,534         88,57p         2,861,337         2011         Class         1. Net accumulation shares         0,4569           2,534         88,57p         2,861,337         Class         1. Net accumulation shares         0,3551           2012         Class         1. Net accumulation shares         0,3551         Class         1. Net accumulation shares         0,3268           2012         Class         1. Net accumulation shares         0,3551         Class         0,4612           2012         Class         1. Net accumulation shares         0,3268         Class         1. Net accumulation shares         0,3268           2035         120,03p         303,262,117         Class         1. Net accumulation shares         0,2703 | value of<br>share class<br>£000         Net asset<br>share         Shares<br>in issue         Net<br>clandar<br>Calendar Year         Net income<br>per share<br>bit         share<br>per share<br>per share         share<br>per share |

|                                        | Net asset<br>value of<br>share class<br>£000 | Net asset<br>value per<br>share | Shares<br>in issue | Calendar Year                        | Net income<br>per share<br>p | Highest<br>share<br>price<br>p | Lowest<br>share<br>price<br>p |
|----------------------------------------|----------------------------------------------|---------------------------------|--------------------|--------------------------------------|------------------------------|--------------------------------|-------------------------------|
| Emerging Market Bond Fund              | 4                                            |                                 |                    | 2008                                 |                              |                                |                               |
| for the year ended 7 March 2011        | 4                                            |                                 |                    | Class 1 – Net income shares          | 3.1229                       | 54.50                          | 42.62                         |
| Class 1 – Net income shares            | 285,733                                      | 55.81p                          | 512,013,281        | Class 1 – Gross income shares        | 6.6114                       | 93.06                          | 72.60                         |
| §Class 1 – Gross income shares         | 135,724                                      | 94.69p                          | 143,338,627        | Class 1 – Gross accumulation shares  | 8.8901                       | 131.95                         | 102.94                        |
| §Class 1 – Gross accumulation shares   | 28,893                                       | 159.69p                         | 18,093,476         | Class 2 – Gross accumulation shares  | 4.0053                       | 126.11                         | 98.27                         |
| §Class 2 – Gross accumulation shares   | 17,579                                       | 159.69p                         | 11,355,911         | 2009                                 |                              |                                | 00127                         |
| Sclass Z – Gross accumulation shares   | 55,512                                       | 60.41p                          | 91,887,068         | Class 1 – Net income shares          | 3.3245                       | 59.70                          | 51.53                         |
| for the year ended 7 March 2012        | 55,512                                       | 00.4 ip                         | 31,007,000         | Class 1 – Gross income shares        | 7.0256                       | 101.40                         | 87.76                         |
| Class 1 – Net income shares            | 449,413                                      | 61.19p                          | 734,440,148        | Class 1 – Gross accumulation shares  | 10.1596                      | 155.07                         | 126.54                        |
| Sclass 1 – Gross income shares         | 175,792                                      | 103.81p                         | 169,337,323        | Class 2 – Gross accumulation shares  | 9.8996                       | 148.97                         | 120.97                        |
| §Class 1 – Gross accumulation shares   | 37,216                                       | 185.70p                         | 20,040,757         | *Class X – Gross accumulation shares | 1.3524                       | 57.33                          | 47.85                         |
| Sclass 2 – Gross accumulation shares   | 17,513                                       | 181.17p                         | 9,666,444          | 2010                                 |                              | 07.00                          |                               |
| Sclass Z – Gross accumulation shares   | 66,208                                       | 71.42p                          | 92,708,995         | Class 1 – Net income shares          | 3.3027                       | 64.92                          | 57.71                         |
| for the year ended 7 March 2013        | 00,200                                       | 71.42p                          | 32,700,335         | Class 1 – Gross income shares        | 6.9897                       | 110.41                         | 98.37                         |
| Class 1 – Net income shares            | 699,543                                      | 66.80                           | 1,047,186,868      | Class 1 – Gross accumulation shares  | 10.8663                      | 174.58                         | 150.45                        |
| Sclass 1 – Gross income shares         | 168,845                                      | 113.31                          | 149,017,475        | Class 2 – Gross accumulation shares  | 10.6798                      | 168.38                         | 144.74                        |
| §Class 1 – Gross accumulation shares   | 49,733                                       | 212.45                          | 23,408,835         | Class X – Gross accumulation shares  | 4.1300                       | 65.19                          | 55.83                         |
| §Class 2 – Gross accumulation shares   | 33,468                                       | 208.61                          | 16,043,395         | 2011                                 |                              |                                |                               |
| §Class X – Gross accumulation shares   | 54,285                                       | 83.06                           | 65,358,134         | Class 1 – Net income shares          | 2.9489                       | 61.31                          | 55.26                         |
| Class Z – Net income shares            | 6,841                                        | 107.28                          | 6.376.290          | Class 1 – Gross income shares        | 6.2420                       | 104.41                         | 93.94                         |
| §Class Z – Gross income shares         | 3                                            | 100.46                          | 3,010              | Class 1 – Gross accumulation shares  | 10.3564                      | 181.26                         | 158.37                        |
| \$Only available to eligible investors | 5                                            | 100.40                          | 3,010              | Class 2 – Gross accumulation shares  | 10.2691                      | 176.63                         | 153.66                        |
| sonny available to engible investors   |                                              |                                 |                    | Class X – Gross accumulation shares  | 4.0073                       | 69.49                          | 60.05                         |
|                                        |                                              |                                 |                    | 2012                                 |                              |                                |                               |
|                                        |                                              |                                 |                    | Class 1 – Net income shares          | 2.6325                       | 65.54                          | 59.86                         |
|                                        |                                              |                                 |                    | Class 1 – Gross income shares        | 5.5695                       | 111.62                         | 101.71                        |
|                                        |                                              |                                 |                    | Class 1 – Gross accumulation shares  | 9.8116                       | 202.68                         | 179.07                        |
|                                        |                                              |                                 |                    | Class 2 – Gross accumulation shares  | 9.8145                       | 198.69                         | 174.51                        |
|                                        |                                              |                                 |                    |                                      | 0.0704                       | 70.04                          | 00.07                         |

| Class I – Gross Income shares                  | 5.5695          | 111.62 | 101.71 |
|------------------------------------------------|-----------------|--------|--------|
| Class 1 – Gross accumulation shares            | 9.8116          | 202.68 | 179.07 |
| Class 2 – Gross accumulation shares            | 9.8145          | 198.69 | 174.51 |
| Class X – Gross accumulation shares            | 3.8704          | 78.91  | 68.67  |
| §Class Z – Net income shares                   | -               | 104.30 | 99.27  |
| 2013                                           |                 |        |        |
| †Class 1 – Net income shares                   | 1.2789          | 68.29  | 64.12  |
| †Class 1 – Gross income shares                 | 2.7030          | 116.36 | 109.10 |
| †Class 1 – Gross accumulation shares           | 4.9474          | 213.12 | 199.81 |
| †Class 2 – Gross accumulation shares           | 4.9877          | 209.25 | 195.97 |
| †Class X – Gross accumulation shares           | 1.9819          | 83.31  | 77.89  |
| †Class Z – Net income shares                   | 2.0665          | 109.65 | 102.82 |
| †**Class Z – Gross income shares               | 2.4000          | 103.17 | 100.00 |
| †To 7 March 2013                               |                 |        |        |
| *Class X – Gross accumulation shares commence  | ed 3 April 2009 |        |        |
| §Class Z – Net income shares commenced 14 Sep  |                 |        |        |
| **Class Z – Gross income shares commenced 15 I | February 2013   |        |        |
|                                                |                 |        |        |

| Global Select Fund<br>for the year ended 7 March 2011 |         |         |             |
|-------------------------------------------------------|---------|---------|-------------|
| Class 1 – Net accumulation shares                     | 570,562 | 102.05p | 559,076,425 |
| Class 2 – Net accumulation shares                     | 59,033  | 140.25p | 42,091,486  |
| Class X – Net accumulation shares                     | 10,932  | 68.41p  | 15,980,123  |
| for the year ended 7 March 2012                       |         |         |             |
| Class 1 – Net accumulation shares                     | 665,505 | 101.45p | 656,012,500 |
| Class 2 – Net accumulation shares                     | 65,907  | 140.31p | 46,971,804  |
| Class X – Net accumulation shares                     | 7,626   | 69.12p  | 11,032,405  |
| for the year ended 7 March 2013                       |         |         |             |
| Class 1 – Net accumulation shares                     | 670,629 | 118.80p | 564,494,854 |
| Class 2 – Net accumulation shares                     | 72,298  | 165.37p | 43,719,294  |
| Class X – Net accumulation shares                     | 1,841   | 82.26p  | 2,238,483   |
| Class Z – Net accumulation shares                     | 2,602   | 118.08p | 2,203,670   |

| 2008                                |        |        |        |
|-------------------------------------|--------|--------|--------|
| Class 1 – Net accumulation shares   | 0.0073 | 93.74  | 62.18  |
| §Class X – Net accumulation shares  | -      | 49.53  | 40.14  |
| 2009                                |        |        |        |
| Class 1 – Net accumulation shares   | 0.6121 | 89.98  | 61.01  |
| *Class 2 – Net accumulation shares  | 0.0768 | 122.73 | 82.78  |
| Class X – Net accumulation shares   | 0.3664 | 59.16  | 39.58  |
| 2010                                |        |        |        |
| Class 1 – Net accumulation shares   | 0.1274 | 103.07 | 83.93  |
| Class 2 – Net accumulation shares   | 0.1813 | 141.48 | 114.55 |
| Class X – Net accumulation shares   | 0.9263 | 68.88  | 55.27  |
| 2011                                |        |        |        |
| Class 1 – Net accumulation shares   | -      | 107.63 | 83.91  |
| Class 2 – Net accumulation shares   | 0.0785 | 148.22 | 115.74 |
| Class X – Net accumulation shares   | 0.4874 | 72.54  | 56.78  |
| 2012                                |        |        |        |
| Class 1 – Net accumulation shares   | 0.0956 | 105.91 | 92.73  |
| 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                                |        |        |        |
| †Class 1 – Net accumulation shares  | 0.2682 | 118.84 | 104.02 |
| †Class 2 – Net accumulation shares  | 1.2492 | 165.42 | 144.63 |
| †Class X – Net accumulation shares  | 1.3364 | 82.28  | 71.81  |
| †Class Z – Net accumulation shares  | 0.1399 | 118.12 | 103.25 |
| +To 7 March 2012                    |        |        |        |

 To 7 March 2013
 0.1399

 \$Class Z – Net accumulation shares commenced 26 September 2008

 \*Class Z – Net accumulation shares commenced 22 January 2009

 §Class Z – Net accumulation shares commenced 19 September 2012

|                                                                         | Net asset<br>value of<br>share class<br>£000 | Net asset<br>value per<br>share | Shares<br>in issue        | Calendar Year                                                                         | Net income<br>per share<br>p | Highest<br>share<br>price<br>p | Lowest<br>share<br>price<br>p |
|-------------------------------------------------------------------------|----------------------------------------------|---------------------------------|---------------------------|---------------------------------------------------------------------------------------|------------------------------|--------------------------------|-------------------------------|
| Global Bond Fund                                                        |                                              |                                 |                           | 2008                                                                                  |                              |                                |                               |
| for the year ended 7 March 2011                                         |                                              |                                 |                           | Class 1 – Net income shares                                                           | 1.3281                       | 68.83                          | 46.80                         |
| Class 1 – Net income shares                                             | 29,292                                       | 57.62p                          | 50,839,724                | Class 1 – Gross income shares                                                         | 2.2282                       | 94.24                          | 64.11                         |
| Class 1 – Net accumulation shares                                       | 2,833                                        | 49.48p                          | 5,725,778                 | Class 1 – Gross accumulation shares<br>Class 2 – Net income shares                    | 2.6412<br>1.4378             | 113.29<br>73.18                | 74.46<br>49.43                |
| §Class 1 – Gross income shares<br>§Class 1 – Gross accumulation shares  | 136,231<br>36,557                            | 78.70p<br>102.12p               | 173,106,499<br>35,798,971 | Class 2 – Gross accumulation shares                                                   | 2.0835                       | 87.45                          | 57.18                         |
| Class 2 – Net income shares                                             | 3,430                                        | 61.87p                          | 5,543,726                 | 2009                                                                                  |                              |                                |                               |
| §Class 2 – Gross accumulation shares                                    | 92,048                                       | 79.95p                          | 115,137,903               | Class 1 – Net income shares                                                           | 1.7443                       | 67.98                          | 56.23                         |
| for the year ended 7 March 2012                                         | 25.562                                       | C1 CF-                          | 41 400 000                | *Class 1 – Net accumulation shares<br>Class 1 – Gross income shares                   | 0.4217<br>3.0158             | 51.79<br>93.12                 | 46.05<br>76.96                |
| Class 1 – Net income shares<br>Class 1 – Net accumulation shares        | 25,562 2,967                                 | 61.65p<br>54.03p                | 41,466,623<br>5,491,490   | Class 1 – Gross accumulation shares                                                   | 3.6613                       | 111.94                         | 94.09                         |
| §Class 1 – Gross income shares                                          | 143,136                                      | 84.20p                          | 170,000,437               | Class 2 – Net income shares                                                           | 1.9864                       | 72.29                          | 59.86                         |
| §Class 1 – Gross accumulation shares                                    | 36,840                                       | 112.05p                         | 32,876,670                | Class 2 – Gross accumulation shares                                                   | 2.8864                       | 86.44                          | 72.84                         |
| Class 2 – Net income shares                                             | 4,988                                        | 66.54p                          | 7,496,417                 | <b>2010</b><br>Class 1 – Net income shares                                            | 1.4187                       | 64.27                          | 58.68                         |
| §Class 2 – Gross accumulation shares<br>for the year ended 7 March 2013 | 77,989                                       | 88.29p                          | 88,337,154                | Class 1 – Net accumulation shares                                                     | 1.1836                       | 54.02                          | 48.76                         |
| Class 1 – Net income shares                                             | 20,931                                       | 61.44p                          | 34,067,285                | Class 1 – Gross income shares                                                         | 2.4170                       | 87.87                          | 80.35                         |
| Class 1 – Net accumulation shares                                       | 2,682                                        | 54.77p                          | 4,896,936                 | Class 1 – Gross accumulation shares                                                   | 3.0300                       | 111.01                         | 100.03                        |
| Sclass 1 – Gross income shares                                          | 138,127                                      | 83.91p                          | 164,606,506               | Class 2 – Net income shares<br>Class 2 – Gross accumulation shares                    | 1.5898<br>2.4705             | 68.75<br>86.47                 | 62.68<br>77.74                |
| §Class 1 – Gross accumulation shares<br>Class 2 – Net income shares     | 37,587<br>5,564                              | 114.07p<br>66.65p               | 32,950,832<br>8,348,683   | 2011                                                                                  | 2.17.00                      | 00117                          |                               |
| §Class 2 – Gross accumulation shares                                    | 49,009                                       | 90.45p                          | 54,180,947                | Class 1 – Net income shares                                                           | 1.2839                       | 63.69                          | 57.79                         |
| Class Z – Net income shares                                             | 31                                           | 101.04p                         | 30,196                    | Class 1 – Net accumulation shares<br>Class 1 – Gross income shares                    | 1.0974                       | 55.29                          | 49.12                         |
| §Class Z – Gross income shares<br>§Only available to eligible investors | 12                                           | 101.03p                         | 11,940                    | Class 1 – Gross income shares<br>Class 1 – Gross accumulation shares                  | 2.1884<br>2.8221             | 87.00<br>114.43                | 78.93<br>101.33               |
| sonny available to engible investors                                    |                                              |                                 |                           | Class 2 – Net income shares                                                           | 1.4508                       | 68.59                          | 62.06                         |
|                                                                         |                                              |                                 |                           | Class 2 – Gross accumulation shares                                                   | 2.3242                       | 89.90                          | 79.30                         |
|                                                                         |                                              |                                 |                           | <b>2012</b><br>Class 1 – Net income shares                                            | 1.1036                       | 63.47                          | 59.54                         |
|                                                                         |                                              |                                 |                           | Class 1 – Net accumulation shares                                                     | 0.9623                       | 55.63                          | 52.63                         |
|                                                                         |                                              |                                 |                           | Class 1 – Gross income shares                                                         | 1.8814                       | 86.78                          | 81.43                         |
|                                                                         |                                              |                                 |                           | Class 1 – Gross accumulation shares                                                   | 2.4886                       | 115.49                         | 109.29                        |
|                                                                         |                                              |                                 |                           | Class 2 – Net income shares<br>Class 2 – Gross accumulation shares                    | 1.2674<br>2.0838             | 68.60<br>91.13                 | 64.54<br>86.19                |
|                                                                         |                                              |                                 |                           | §Class Z – Net income shares                                                          | 2.0050                       | 101.27                         | 97.79                         |
|                                                                         |                                              |                                 |                           | **Class Z – Gross income shares                                                       | -                            | 101.33                         | 97.88                         |
|                                                                         |                                              |                                 |                           | <b>2013</b><br>†Class 1 – Net income shares                                           | 0.5298                       | 62.26                          | 59.07                         |
|                                                                         |                                              |                                 |                           | †Class 1 – Net accumulation shares                                                    | 0.4683                       | 55.03                          | 52.21                         |
|                                                                         |                                              |                                 |                           | †Class 1 – Gross income shares                                                        | 0.9024                       | 85.20                          | 80.79                         |
|                                                                         |                                              |                                 |                           | †Class 1 – Gross accumulation shares                                                  | 1.2135                       | 114.59                         | 108.66                        |
|                                                                         |                                              |                                 |                           | †Class 2 – Net income shares<br>†Class 2 – Gross accumulation shares                  | 0.6109<br>1.0228             | 67.56<br>90.86                 | 64.04<br>86.06                |
|                                                                         |                                              |                                 |                           | †Class Z – Net income shares                                                          | 0.8973                       | 102.40                         | 97.04                         |
|                                                                         |                                              |                                 |                           | †Class Z – Gross income shares                                                        | 1.1023                       | 102.59                         | 97.15                         |
|                                                                         |                                              |                                 |                           | †To 7 March 2013<br>*Class 1 – Net accumulation shares commen                         | and 8 May 2009               |                                |                               |
|                                                                         |                                              |                                 |                           | §Class Z – Net income shares commenced 2<br>**Class Z – Gross income shares commenced | 8 September 2012             | 2                              |                               |
| UK Institutional Fund                                                   |                                              |                                 |                           | 2008                                                                                  |                              |                                |                               |
| for the year ended 7 March 2011                                         |                                              |                                 |                           | Class 1 – Net accumulation shares                                                     | 1.4885                       | 93.60                          | 55.13                         |
| Class 1 – Net accumulation shares                                       | 182,222                                      | 100.39p                         | 181,507,440               | Class 2 – Net accumulation shares<br>2009                                             | 2.2783                       | 96.32                          | 57.12                         |
| Class 2 – Net accumulation shares<br>for the year ended 7 March 2012    | 1,385,229                                    | 106.24p                         | 1,303,884,642             | Class 1 – Net accumulation shares                                                     | 1.6262                       | 83.93                          | 55.35                         |
| Class 1 – Net accumulation shares                                       | 84,460                                       | 98.29p                          | 85,925,591                | Class 2 – Net accumulation shares                                                     | 2.3246                       | 87.89                          | 57.54                         |
| Class 2 – Net accumulation shares                                       | 1,040,576                                    | 104.95p                         | 991,501,727               | 2010                                                                                  | 0.8675                       | 99.51                          | 77.90                         |
| for the year ended 7 March 2013<br>Class 1 – Net accumulation shares    | 92,633                                       | 115.17p                         | 80,433,505                | Class 1 – Net accumulation shares<br>Class 2 – Net accumulation shares                | 1.7649                       | 105.13                         | 81.94                         |
| Class 2 – Net accumulation shares                                       | 1,026,548                                    | 124.06p                         | 827,471,178               | 2011                                                                                  |                              |                                |                               |
|                                                                         |                                              |                                 |                           | Class 1 – Net accumulation shares<br>Class 2 – Net accumulation shares                | 1.0687<br>2.0711             | 102.44<br>108.73               | 79.84<br>84.92                |
|                                                                         |                                              |                                 |                           | 2012                                                                                  |                              |                                |                               |
|                                                                         |                                              |                                 |                           | Class 1 – Net accumulation shares<br>Class 2 – Net accumulation shares                | 1.8646                       | 104.87                         | 91.45                         |
|                                                                         |                                              |                                 |                           | 2013                                                                                  | 2.8133                       | 112.77                         | 97.85                         |
|                                                                         |                                              |                                 |                           | †Class 1 – Net accumulation shares                                                    | 0.4974                       | 115.25                         | 105.94                        |
|                                                                         |                                              |                                 |                           | †Class 2 – Net accumulation shares<br>†To 7 March 2013                                | 1.1400                       | 124.15                         | 113.95                        |
|                                                                         |                                              |                                 |                           |                                                                                       |                              |                                |                               |
| UK Overseas Earnings Fund<br>for the year ended 7 March 2011            |                                              |                                 |                           | 2008<br>Class 2 – Net income shares                                                   | 1.6095                       | 77.45                          | 46.71                         |
| Class 2 – Net income shares<br>for the year ended 7 March 2012          | 112,856                                      | 75.59p                          | 149,299,830               | <b>2009</b><br>Class 2 – Net income shares                                            | 1.6727                       | 65.65                          | 44.61                         |
| Class 2 – Net income shares<br>for the year ended 7 March 2013          | 105,852                                      | 77.31p                          | 136,910,621               | <b>2010</b><br>Class 2 – Net income shares                                            | 1.3662                       | 74.81                          | 61.79                         |
| Class 2 – Net income shares                                             | 115,900                                      | 91.35p                          | 126,878,438               | 2011                                                                                  |                              |                                |                               |
|                                                                         |                                              |                                 |                           | Class 2 – Net income shares<br>2012                                                   | 1.4077                       | 80.38                          | 65.43                         |
|                                                                         |                                              |                                 |                           | Class 2 – Net income shares<br><b>2013</b>                                            | 1.7386                       | 84.04                          | 72.94                         |
|                                                                         |                                              |                                 |                           | †Class 2 – Net income shares<br>†To 7 March 2013                                      | 0.5636                       | 92.37                          | 84.58                         |

### Performance Summary for the twelve months ended 28 February 2013

| Funds                                      | Sector                                    | Index                                                                                           | Class 1<br>Net<br>Return<br>% | Class 2<br>Net<br>Return<br>% | Sector<br>Median<br>Net<br>Return<br>% | Fund<br>Gross<br>Total<br>Return<br>% | Index<br>Total<br>Return<br>% |
|--------------------------------------------|-------------------------------------------|-------------------------------------------------------------------------------------------------|-------------------------------|-------------------------------|----------------------------------------|---------------------------------------|-------------------------------|
| United Kingdom                             |                                           |                                                                                                 | 70                            | ,.                            | ,,,                                    | ,,,                                   | ,.                            |
| UK Fund                                    | (IMA) UK All Companies                    | FTSE All-Share                                                                                  | 14.58                         | 15.32                         | 13.44                                  | 17.58                                 | 14.06                         |
| UK Select Fund                             | (IMA) UK All Companies                    | FTSE All-Share                                                                                  | 11.96                         | 12.69                         | 13.44                                  | 14.70                                 | 14.06                         |
| UK Smaller Companies Fund                  | (IMA) UK Smaller                          | Numis NSCI ex Investment                                                                        |                               |                               |                                        |                                       |                               |
|                                            | Companies                                 | Companies                                                                                       | 18.11                         | 18.85                         | 20.80                                  | 20.15                                 | 23.26                         |
| UK Growth & Income Fund                    | (IMA) UK All Companies                    | FTSE All-Share                                                                                  | 16.58                         | 17.24                         | 13.44                                  | 19.05                                 | 14.06                         |
| UK Equity Income Fund                      | (IMA) UK Equity Income                    | FTSE All-Share                                                                                  | 16.70                         | 17.38                         | 14.63                                  | 18.89                                 | 14.06                         |
| UK Monthly Income Fund                     | (IMA) UK Equity Income                    | FTSE All-Share                                                                                  | 14.22                         | -                             | 14.63                                  | 16.68                                 | 14.06                         |
| Monthly Extra Income Fund                  | (IMA) UK Equity & Bond<br>Income          | -                                                                                               | 16.29                         | -                             | 12.79                                  | 18.28                                 | -                             |
| UK Corporate Bond Fund                     | (IMA) £ Corporate Bond                    | iBoxx £ Non Gilt                                                                                | 9.95                          | 10.30                         | 9.88                                   | 11.86                                 | 10.14                         |
| High Yield Bond Fund                       | (IMA) £ High Yield                        | ML Euro Currency HiYield<br>3% Constrained ex Sub<br>Financial – 100% Hdg £                     | 10.45                         | 11.15                         | 11.95                                  | 13.15                                 | 15.09                         |
| Strategic Bond Fund                        | (IMA) £ Strategic Bond                    | 60% iBoxx Sterling Non<br>Gilts/40% ML Euro Currency<br>HiYield – Constrained B-BB<br>(GBP Hdg) | 9.03                          | 9.78                          | 10.66                                  | 11.99                                 | 11.96                         |
| Sterling Bond Fund                         | (IMA) UK Gilt                             | FTA UK All Stocks Gilts                                                                         | 1.30                          | _                             | 1.37                                   | 3.01                                  | 2.55                          |
| UK Institutional Fund                      | (IMA) UK All Companies                    | FTSE All-Share                                                                                  | 11.86                         | 12.85                         | 13.44                                  | 14.69                                 | 14.06                         |
| UK Overseas Earnings Fund                  | (IMA) UK All Companies                    | FTSE All-Share                                                                                  | _                             | 17.26                         | 13.44                                  | 19.75                                 | 14.06                         |
| Europe                                     |                                           |                                                                                                 |                               |                               |                                        |                                       |                               |
| European Fund                              | (IMA) Europe Excluding UK                 | FTSE World Europe ex UK                                                                         | 20.29                         | 21.07                         | 18.07                                  | 24.00                                 | 18.60                         |
| European Select Fund                       | (IMA) Europe Excluding UK                 | FTSE World Europe ex UK                                                                         | 23.85                         | 24.63                         | 18.07                                  | 27.17                                 | 18.60                         |
| European Smaller Companies<br>Fund         | (IMA) European Smaller<br>Companies       | HSBC European Smaller<br>Companies ex UK                                                        | 30.61                         | 31.45                         | 21.77                                  | 33.66                                 | 18.30                         |
| Pan European Smaller Companies<br>Fund     | (IMA) European Smaller<br>Companies       | HSBC Smaller Europe inc UK                                                                      | 26.03                         | 26.84                         | 21.77                                  | 28.72                                 | 19.13                         |
| Pan European Fund                          | (IMA) Europe Including UK                 | MSCI World Europe                                                                               | 14.50                         | 15.22                         | 15.41                                  | 18.01                                 | 16.68                         |
| European Bond Fund <sup>†</sup>            | (IMA) Global Bond                         | ML Pan Europe Large Cap                                                                         | 8.50                          | -                             | 7.66                                   | 10.84                                 | 9.21                          |
| European Corporate Bond Fund <sup>†</sup>  | (IMA) Global Bond                         | iBoxx Euro Corporate                                                                            | 11.85                         | 13.11                         | 7.66                                   | 14.11                                 | 11.63                         |
| European High Yield Bond Fund <sup>†</sup> | (IMA) Global Bond                         | ML Euro Currency HiYield<br>3% Constrained ex Sub Fin –<br>100% Hdg E (£ Terms)                 | 14.05                         | 14.45                         | 7.66                                   | 16.79                                 | 17.82                         |
| European High Yield Bond Fund<br>(€)⁺      | (IMA) Global Bond                         | ML Euro Currency HiYield<br>3% Constrained ex Sub Fin –<br>100% Hdg E (£ Terms)                 | 10.89                         | 11.28                         | 4.67                                   | 13.56                                 | 14.56                         |
| US                                         |                                           |                                                                                                 |                               |                               |                                        |                                       |                               |
| American Fund                              | (IMA) North America                       | S&P 500                                                                                         | 14.10                         | 14.83                         | 15.15                                  | 17.08                                 | 19.40                         |
| American Select Fund                       | (IMA) North America                       | S&P 500                                                                                         | 13.61                         | 14.34                         | 15.15                                  | 16.53                                 | 19.40                         |
| American Smaller Companies<br>Fund (US)    | (IMA) North American<br>Smaller Companies | S&P 400 Mid Cap                                                                                 | 16.62                         | 17.37                         | 16.01                                  | 19.40                                 | 20.57                         |
| Dollar Bond Fund⁺                          | (IMA) Global Bond                         | 50% ML Euro-Dollar<br>& Globals/50% ML US<br>Treasuries – Master                                | 8.96                          | _                             | 7.66                                   | 10.95                                 | 9.35                          |
| Japan                                      |                                           |                                                                                                 |                               |                               |                                        |                                       |                               |
| Japan Fund                                 | (IMA) Japan                               | Japan TOPIX 1st Section                                                                         | 6.51                          | 7.21                          | 8.29                                   | 9.32                                  | 10.35                         |
| Japan Smaller Companies Fund               | (IMA) Japanese Smaller<br>Companies       | TOPIX Small Cap                                                                                 | 8.19                          | 8.87                          | 18.16                                  | 10.92                                 | 11.30                         |
|                                            |                                           |                                                                                                 |                               |                               |                                        |                                       |                               |

## Performance Summary for the twelve months ended 28 February 2013 (continued)

| Funds                                  | Sector                                  | Index                                                                   | Class 1<br>Net<br>Return<br>% | Class 2<br>Net<br>Return<br>% | Sector<br>Median<br>Net<br>Return<br>% | Fund<br>Gross<br>Total<br>Return<br>% | Index<br>Total<br>Return<br>% |
|----------------------------------------|-----------------------------------------|-------------------------------------------------------------------------|-------------------------------|-------------------------------|----------------------------------------|---------------------------------------|-------------------------------|
| Pacific Basin & Emerging               | Markets, Asia Pacific Exc               | luding Japan                                                            |                               |                               |                                        |                                       |                               |
| Asia Fund                              | (IMA) Asia Pacific Excluding<br>Japan   | MSCI All Country Asia<br>Pacific ex Japan                               | 11.93                         | 12.64                         | 14.91                                  | 14.28                                 | 15.24                         |
| Latin America Fund <sup>†</sup>        | UK Registered – Equity Latin<br>America | MSCI Latin America 10/40                                                | -1.33                         | -0.69                         | 6.20                                   | 2.30                                  | -1.54                         |
| Emerging Market Bond Fund <sup>†</sup> | (IMA) Global Bond                       | JPM EMBI Global                                                         | 13.33                         | 13.76                         | 7.66                                   | 16.80                                 | 17.21                         |
| Global                                 |                                         |                                                                         |                               |                               |                                        |                                       |                               |
| Global Select Fund                     | (IMA) Global Growth                     | MSCI AC World Free                                                      | 12.45                         | 13.17                         | 13.64                                  | 15.70                                 | 15.67                         |
| Global Bond Fund                       | (IMA) Global Bond                       | JPM GBI Global (Traded)<br>(prior to 31/07/2012 JPM<br>Global ex Japan) | 1.34                          | 1.95                          | 7.66                                   | 4.01                                  | 1.88                          |
| Cash                                   |                                         |                                                                         |                               |                               |                                        |                                       |                               |
| Sterling Fund                          | -                                       | -                                                                       | +0.22                         | -                             | _                                      | _                                     | _                             |

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 2013

| Funds                                   | Sector                           | Index                              | Share<br>Class 1<br>Return<br>% | Share<br>Class 2<br>Return<br>% | Sector<br>Median<br>Net<br>Return<br>% | Fund<br>Gross<br>Total<br>Return<br>% | Index<br>Total<br>Return<br>% | Currency |
|-----------------------------------------|----------------------------------|------------------------------------|---------------------------------|---------------------------------|----------------------------------------|---------------------------------------|-------------------------------|----------|
| UK EQUITY                               |                                  |                                    |                                 |                                 |                                        |                                       |                               |          |
| UK Fund                                 | UK Large Cap Blend               | FTSE All Share                     | 14.58                           | 15.32                           | 12.40                                  | 17.58                                 | 14.06                         | GBP      |
| UK Select Fund                          | UK Large Cap Blend               | FTSE All Share                     | 11.96                           | 12.69                           | 12.40                                  | 14.70                                 | 14.06                         | GBP      |
| UK Smaller Companies Fund               | UK Small Cap Equity              | Numis ex IT                        | 18.11                           | 18.85                           | 26.24                                  | 20.15                                 | 23.26                         | GBP      |
| UK Growth & Income Fund                 | UK Large Cap Value               | FTSE All Share                     | 16.58                           | 17.24                           | 13.11                                  | 19.05                                 | 14.06                         | GBP      |
| UK Equity Income Fund                   | UK Large Cap Value               | FTSE All Share                     | 16.70                           | 17.38                           | 13.11                                  | 18.89                                 | 14.06                         | GBP      |
| UK Monthly Income Fund                  | UK Large Cap Value               | FTSE All Share                     | 14.22                           | _                               | 13.11                                  | 16.68                                 | 14.06                         | GBP      |
| Monthly Extra Income Fund               | GBP Aggressive<br>Allocation     | -                                  | 16.29                           | -                               | -                                      | -                                     | -                             | GBP      |
| UK Institutional Fund                   | UK Large Cap Blend               | FTSE All Share                     | 11.86                           | 12.85                           | 12.40                                  | 14.69                                 | 14.06                         | GBP      |
| UK Overseas Earnings Fund               | UK Large Cap Blend               | FTSE All Share                     | -                               | 17.26                           | 12.40                                  | 19.75                                 | 14.06                         | GBP      |
| EUROPE EQUITY                           |                                  |                                    |                                 |                                 |                                        |                                       |                               |          |
| European Fund                           | Europe ex UK Large Cap           | FTSE World Europe<br>ex UK         | 17.55                           | 18.30                           | 14.53                                  | 20.56                                 | 15.31                         | EUR      |
| European Select Fund                    | Europe ex UK Large Cap           | FTSE World Europe<br>ex UK         | 21.01                           | 21.78                           | 14.53                                  | 23.64                                 | 15.31                         | EUR      |
| European Smaller Companies<br>Fund      | Europe Small-Mid Cap<br>Combined | HSBC European<br>Smaller Cos ex UK | 27.63                           | 28.45                           | 15.26                                  | 29.95                                 | 15.02                         | EUR      |
| Pan European Smaller<br>Companies Fund  | Europe Small-Mid Cap<br>Combined | HSBC Smaller Europe<br>inc UK      | 23.15                           | 23.94                           | 15.26                                  | 25.15                                 | 15.83                         | EUR      |
| Pan European Fund                       | Europe Large Cap Blend           | MSCI World Europe                  | 11.89                           | 12.59                           | 16.06                                  | 14.74                                 | 13.45                         | EUR      |
| AMERICAS                                |                                  |                                    |                                 |                                 |                                        |                                       |                               |          |
| American Fund                           | US Large Cap Growth              | S&P 500                            | 8.80                            | 9.50                            | 8.30                                   | 11.25                                 | 13.46                         | USD      |
| American Select Fund                    | US Large Cap Growth              | S&P 500                            | 8.34                            | 9.03                            | 8.30                                   | 10.73                                 | 13.46                         | USD      |
| American Smaller Companies<br>Fund (US) | US Mid Cap Equity                | S&P 400 Mid Cap                    | 10.81                           | 11.53                           | 7.43                                   | 13.46                                 | 14.57                         | USD      |
| Latin America Fund                      | Latin America Equity             | MSCI Latin America<br>10/40        | -5.91                           | -5.30                           | -5.22                                  | -2.79                                 | -6.44                         | USD      |
| FAR EAST & PACIFIC                      |                                  |                                    |                                 |                                 |                                        |                                       |                               |          |
| Japan Fund                              | Japan Large Cap                  | Japan TOPIX 1st<br>Section         | 16.35                           | 17.12                           | 17.99                                  | 18.40                                 | 19.52                         | JPY      |
| Japan Smaller Companies Fund            | Japan Small-Mid Cap              | TOPIX Small Cap                    | 18.19                           | 18.93                           | 23.01                                  | 20.14                                 | 20.55                         | JPY      |
| Asia Fund                               | Asia-Pacific ex-Japan            | MSCI AC Asia Pacific<br>ex Japan   | 6.73                            | 7.41                            | 9.61                                   | 8.59                                  | 9.51                          | USD      |

#### Threadneedle OEIC Returns against the Offshore Universe Performance Summary for the twelve months ended 28 February 2013 (continued)

| Funds                          | Sector                            | Index                                                                                              | Share<br>Class 1<br>Return<br>% | Share<br>Class 2<br>Return<br>% | Sector<br>Median<br>Net<br>Return<br>% | Fund<br>Gross<br>Total<br>Return<br>% | Index<br>Total<br>Return<br>% | Currency |
|--------------------------------|-----------------------------------|----------------------------------------------------------------------------------------------------|---------------------------------|---------------------------------|----------------------------------------|---------------------------------------|-------------------------------|----------|
| MONEY MARKET & BOND            |                                   |                                                                                                    |                                 |                                 |                                        |                                       |                               |          |
| UK Corporate Bond Fund         | GBP Corporate Bond                | iBoxx £ Non Gilt                                                                                   | 9.95                            | 10.30                           | 10.04                                  | 11.86                                 | 10.14                         | GBP      |
| High Yield Bond Fund           | High Yield Bond                   | ML Euro Currency<br>HiYield 3% Constrained<br>ex Sub Fin – 100%<br>Hdg £                           | 10.45                           | 11.15                           | 9.89                                   | 13.15                                 | 15.09                         | GBP      |
| Strategic Bond Fund            | GBP Flexible Bond                 | 60% iBoxx Sterling<br>Non Gilts/40% ML Euro<br>Currency HiYield –<br>Constrained B-BB (GBP<br>Hdg) | 9.03                            | 9.78                            | 9.39                                   | 11.99                                 | 11.96                         | GBP      |
| Sterling Bond Fund*            | GBP Government Bond               | FTA UK All Stocks Gilts                                                                            | 1.62                            | -                               | 2.00                                   | 3.01                                  | 2.55                          | GBP      |
| European Bond Fund*            | Europe Bond                       | ML Pan Europe Large<br>Cap                                                                         | 6.55                            | 10.52                           | 4.84                                   | 7.77                                  | 6.19                          | EUR      |
| European Corporate Bond Fund*  | Fixed Income Europe/<br>Corporate | iBoxx Euro Corporate                                                                               | 9.82                            | 10.53                           | 7.55                                   | 10.95                                 | 8.53                          | EUR      |
| European High Yield Bond Fund* | Europe High Yield                 | ML Euro Currency<br>HiYield 3% Constrained<br>ex Sub Fin – 100% Hdg<br>E (£ terms)                 | 12.17                           | 12.89                           | 12.20                                  | 13.56                                 | 14.56                         | EUR      |
| Dollar Bond Fund*              | USD Diversified Bond              | 50% ML Euro-Dollar<br>& Globals/50% ML US<br>Treasuries – Master                                   | 4.40                            | _                               | 3.10                                   | 5.43                                  | 3.91                          | USD      |
| Emerging Market Bond Fund*     | Global Emerging Markets           | JPM EMBI Global                                                                                    | 9.02                            | 9.72                            | 9.79                                   | 10.98                                 | 11.38                         | USD      |
| Global Bond Fund*              | Global Bond                       | JPM GBI Global ex<br>Japan (Traded)                                                                | -0.57                           | -0.43                           | 3.39                                   | 1.13                                  | -0.94                         | EUR      |
| GLOBAL EQUITY                  |                                   |                                                                                                    |                                 |                                 |                                        |                                       |                               |          |
| Global Select Fund             | Global Large Cap Growth           | MSCI AC World                                                                                      | 9.72                            | 10.42                           | 6.95                                   | 9.95                                  | 9.92                          | 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 2012 to 7 March 2013

| Fund                      | Share Class                                                                    | March 2013     | March 2012 |
|---------------------------|--------------------------------------------------------------------------------|----------------|------------|
| JK Fund                   | Class 1 – Net income shares                                                    | 1.68%          | 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 <sup>1</sup>                                       | 0.87%          | _          |
|                           | Class Z – Net accumulation shares <sup>2</sup>                                 | 0.87%          | -          |
| K Select Fund             | Class 1 – Net income shares                                                    | 1.70%          | 1.69%      |
|                           | Class 2 – Net income shares                                                    | 1.06%          | 1.05%      |
|                           | Class Z – Net income shares <sup>3</sup>                                       | 0.88%          | -          |
| IK Smaller Companies Fund | Class 1 – Net income shares                                                    | 1.73%          | 1.72%      |
|                           | Class 2 – Net income shares                                                    | 1.08%          | 1.09%      |
|                           | Class Z – Net income shares⁴                                                   | 0.91%          | -          |
| IK 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 <sup>3</sup>                                       | 0.88%          | -          |
| K 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%          | 1.05%      |
|                           | Class Z – Net income shares <sup>5</sup>                                       | 0.87%          | _          |
|                           | Class Z – Net accumulation shares <sup>6</sup>                                 | 0.87%          | -          |
| K Monthly Income Fund     | Class 1 – Net income shares                                                    | 1.62%          | 1.62%      |
|                           | Class Z – Net income shares <sup>3</sup>                                       | 0.87%          | -          |
| Ionthly Extra Income Fund | Class 1 – Net income shares                                                    | 1.39%          | 1.40%      |
| ······, _·····            | Class Z – Net income shares <sup>7</sup>                                       | 0.74%          | _          |
| K Corporate Bond Fund     | Class 1 – Net income shares                                                    | 0.94%          | 0.94%      |
|                           | Class 1 – Gross income shares                                                  | 0.94%          | 0.94%      |
|                           | Class 2 – Net income shares                                                    | 0.55%          | 0.55%      |
|                           | Class 2 – Gross accumulation shares                                            | 0.55%          | 0.55%      |
| igh Yield Bond Fund       | Class 1 – Net income shares                                                    | 1.46%          | 1.47%      |
|                           | Class 1 – Gross income shares                                                  | 1.47%          | 1.47%      |
|                           | Class 2 – Net income shares                                                    | 0.83%          | 0.83%      |
|                           | Class 2 – Gross income shares                                                  | 0.82%          | 0.83%      |
|                           | Class 2 – Gross accumulation shares                                            | 0.82%          | 0.83%      |
|                           | Class Z – Net income shares <sup>8</sup>                                       | 0.74%          | -          |
|                           | Class Z – Gross accumulation shares <sup>9</sup>                               | 0.75%          | _          |
| trategic Bond Fund        | Class 1 – Net income shares                                                    | 1.45%          | 1.45%      |
|                           | Class 1 – Gross income shares                                                  | 1.45%          | 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 <sup>10</sup>                                      | 0.73%          | -          |
|                           | Class Z – Gross income shares <sup>11</sup>                                    | 0.73%          | _          |
|                           | Class Z – Gross accumulation shares <sup>12</sup>                              | 0.73%          | _          |
| terling Bond Fund         | Class 1 – Net income shares                                                    | 1.20%          | 1.20%      |
| J                         | Class 1 – Gross accumulation shares                                            | 1.20%          | 1.20%      |
|                           | Class Z – Net income shares <sup>13</sup>                                      | 0.53%          | _          |
|                           | Class Z – Gross accumulation shares <sup>14</sup>                              | 0.53%          | -          |
| terling Fund              | Class 1 – Net income shares                                                    | 0.27%          | 0.28%      |
| uropean Fund              | Class 1 – Net accumulation shares                                              | 1.73%          | 1.76%      |
|                           | Class 2 – Net accumulation shares                                              | 1.09%          | 1.12%      |
|                           | Class Z – Net accumulation shares $^{15}$                                      | 0.91%          | -          |
| uropean Select Fund       | Class 1 – Net accumulation shares                                              |                |            |
| uropean Select Fulla      | Class 1 – Net accumulation shares<br>Class 2 – Net income shares <sup>16</sup> | 1.71%<br>1.07% | 1.73%      |
|                           |                                                                                | 1.07%          | _<br>1.09% |
|                           | Class 2 – Net accumulation shares                                              |                |            |

# **Ongoing Charges Figure Summary**

(continued)

| Fund                                | Share Class                                       | March 2013 | March 2012 |
|-------------------------------------|---------------------------------------------------|------------|------------|
| European Smaller Companies Fund     | Class 1 – Net income shares                       | 1.72%      | 1.72%      |
|                                     | Class 1 – Net accumulation shares                 | 1.72%      | 1.72%      |
|                                     | Class 2 – Net accumulation shares                 | 1.08%      | 1.09%      |
|                                     | Class Z – Net accumulation shares <sup>17</sup>   | 0.91%      | -          |
| an European Smaller Companies Fund  | Class 1 – Net accumulation shares                 | 1.71%      | 1.73%      |
|                                     | Class 2 – Net accumulation shares                 | 1.07%      | 1.09%      |
|                                     | Class X – Net accumulation shares                 | 0.07%      | 0.09%      |
|                                     | Class Z – Net accumulation shares <sup>17</sup>   | 0.89%      | -          |
| an European Fund                    | Class 1 – Net accumulation shares                 | 1.73%      | 1.74%      |
|                                     | Class 2 – Net accumulation shares                 | 1.09%      | 1.10%      |
|                                     | Class 2i – Net accumulation shares                | 1.07%      | 1.10%      |
|                                     | Class X – Net accumulation shares                 | 0.08%      | 0.06%      |
|                                     | Class Z – Net accumulation shares <sup>18</sup>   | 0.91%      | -          |
| uropean Bond Fund                   | Class 1 – Net income shares                       | 1.21%      | 1.20%      |
|                                     | Class 1 – Gross accumulation shares               | 1.21%      | 1.20%      |
|                                     | Class 2 – Gross accumulation shares               | 0.57%      | 0.56%      |
|                                     | Class Z – Net income shares <sup>19</sup>         | 0.64%      | _          |
| uropean Corporate Bond Fund         | Class 1 – Net accumulation shares                 | 1.24%      | 1.26%      |
|                                     | Class 1 – Gross accumulation shares               | 1.24%      | 1.26%      |
|                                     | Class 2 – Gross accumulation shares               | 0.60%      | 0.61%      |
| uropean High Yield Bond Fund        | Class 1 – Net accumulation shares                 | 1.46%      | 1.47%      |
|                                     | Class 1 – Gross income shares                     | 1.46%      | 1.47%      |
|                                     | Class 1 – Gross accumulation shares               | 1.47%      | 1.47%      |
|                                     | Class 2 – Gross income shares <sup>26</sup>       | 0.82%      | _          |
|                                     | Class 2 – Gross accumulation shares               | 0.82%      | 0.83%      |
|                                     | Class 2 – Hedged gross accumulation shares        | 0.82%      | 0.84%      |
|                                     | Class X – Gross accumulation shares               | 0.07%      | 0.09%      |
|                                     | Class Z – Gross income shares <sup>11</sup>       | 0.75%      | _          |
|                                     | Class Z – Gross accumulation shares <sup>12</sup> | 0.75%      | _          |
| merican Fund                        | Class 1 – Net income shares                       | 1.68%      | 1.68%      |
|                                     | Class 1 – Net accumulation shares                 | 1.68%      | 1.68%      |
|                                     | Class 1 – Hedged net accumulation shares          | 1.68%      | 1.68%      |
|                                     | Class 2 – Net accumulation shares                 | 1.04%      | 1.04%      |
|                                     | Class X – Net accumulation shares                 | 0.04%      | 0.04%      |
|                                     | Class Z – Net income shares <sup>20</sup>         | 0.86%      | -          |
|                                     | Class Z – Net accumulation shares <sup>21</sup>   | 0.86%      | -          |
| merican Select Fund                 | Class 1 – Net income shares                       | 1.68%      | 1.68%      |
|                                     | Class 1 – Net accumulation shares                 | 1.68%      | 1.68%      |
|                                     | Class 1 – Hedged net accumulation shares          | 1.68%      | 1.68%      |
|                                     | Class 2 – Net accumulation shares                 | 1.04%      | 1.04%      |
|                                     | Class 2 – Hedged net accumulation shares          | 1.04%      | 1.04%      |
|                                     | Class Z – Net income shares <sup>20</sup>         | 0.86%      | _          |
|                                     | Class Z – Net accumulation shares <sup>21</sup>   | 0.86%      | -          |
| merican Smaller Companies Fund (US) | Class 1 – Net income shares                       | 1.72%      | 1.72%      |
| -                                   | Class 1 – Net accumulation shares                 | 1.72%      | 1.72%      |
|                                     | Class 2 – Net accumulation shares                 | 1.08%      | 1.08%      |
|                                     | Class X – Net accumulation shares                 | 0.08%      | 0.08%      |
|                                     | Class Z – Net accumulation shares <sup>22</sup>   | 0.91%      | -          |
| ollar Bond Fund                     | Class 1 – Net income shares                       | 1.22%      | 1.24%      |
|                                     | Class 1 – Gross accumulation shares               | 1.22%      | 1.24%      |
|                                     | Class Z – Net income shares <sup>19</sup>         | 0.66%      | -          |
| apan Fund                           | Class 1 – Net accumulation shares                 | 1.71%      | 1.71%      |
|                                     | Class 2 – Net accumulation shares                 | 1.07%      | 1.07%      |
|                                     | Class Z – Net accumulation shares <sup>18</sup>   | 0.90%      | -          |
| apan Smaller Companies Fund         | Class 1 – Net accumulation shares                 | 1.78%      | 1.72%      |
| Japan Smaller Companies Fund        |                                                   |            |            |
|                                     | Class 2 – Net accumulation shares                 | 1.10%      | 1.08%      |

## **Ongoing Charges Figure Summary**

(continued)

| Fund                      | Share Class                                     | March 2013 | March 2012 |
|---------------------------|-------------------------------------------------|------------|------------|
| Asia Fund                 | Class 1 – Net accumulation shares               | 1.73%      | 1.73%*     |
|                           | Class 2 – Net accumulation shares               | 1.09%      | 1.09%*     |
|                           | Class Z – Net accumulation shares <sup>22</sup> | 0.91%      | _          |
| Latin America Fund        | Class 1 – Net accumulation shares               | 1.75%      | 1.81%      |
|                           | Class 2 – Net accumulation shares               | 1.11%      | 1.17%      |
|                           | Class X – Net accumulation shares               | 0.11%      | 0.15%      |
|                           | Class Z – Net accumulation shares <sup>22</sup> | 0.94%      | -          |
| Emerging Market Bond Fund | Class 1 – Net income shares                     | 1.69%      | 1.69%      |
|                           | Class 1 – Gross income shares                   | 1.69%      | 1.69%      |
|                           | Class 1 – Gross accumulation shares             | 1.69%      | 1.69%      |
|                           | Class 2 – Gross accumulation shares             | 1.05%      | 1.05%      |
|                           | Class X – Gross accumulation shares             | 0.05%      | 0.05%      |
|                           | Class Z – Net income shares⁵                    | 0.73%      | _          |
|                           | Class Z – Gross income shares <sup>24</sup>     | 0.73%      | -          |
| Global Select Fund        | Class 1 – Net accumulation shares               | 1.70%      | 1.71%      |
|                           | Class 2 – Net accumulation shares               | 1.06%      | 1.07%      |
|                           | Class X – Net accumulation shares               | 0.06%      | 0.07%      |
|                           | Class Z – Net accumulation shares <sup>2</sup>  | 0.88%      | -          |
| Global Bond Fund          | Class 1 – Net income shares                     | 1.45%      | 1.45%      |
|                           | Class 1 – Net accumulation shares               | 1.45%      | 1.45%      |
|                           | Class 1 – Gross income shares                   | 1.45%      | 1.45%      |
|                           | Class 1 – Gross accumulation shares             | 1.45%      | 1.45%      |
|                           | Class 2 – Net income shares                     | 0.81%      | 0.81%      |
|                           | Class 2 – Gross accumulation shares             | 0.81%      | 0.81%      |
|                           | Class Z – Net income shares <sup>3</sup>        | 0.63%      | -          |
|                           | Class Z – Gross income shares <sup>25</sup>     | 0.63%      | _          |
| JK Institutional Fund     | Class 1 – Net accumulation shares               | 1.69%      | 1.68%*     |
|                           | Class 2 – Net accumulation shares               | 0.80%      | 0.79%*     |
| JK Overseas Earnings Fund | Class 2 – Net income shares                     | 1.57%      | 1.56%      |
|                           |                                                 |            |            |

The ongoing charges figure is based on the financial year's expenses and may vary from year to year. It excludes the costs of buying and selling assets for the fund (unless these assets are shares of other funds).

\*Comparatives restated.

<sup>1</sup>Class Z – Net income shares commenced 19 September 2012

- <sup>2</sup>Class Z Net accumulation shares commenced 19 September 2012
- <sup>3</sup>Class Z Net income shares commenced 28 September 2012
- <sup>4</sup>Class Z Net income shares commenced 5 October 2012
- <sup>5</sup>*Class Z Net income shares commenced 14 September 2012*
- <sup>6</sup>Class Z Net accumulation shares commenced 14 September 2012
- <sup>7</sup>Class Z Net income shares commenced 3 October 2012
- <sup>8</sup>Class Z Net income shares commenced 21 September 2012
- <sup>9</sup>Class Z Gross accumulation shares commenced 19 September 2012
- <sup>10</sup>Class Z Net income shares commenced 26 September 2012
- <sup>11</sup>Class Z Gross income shares commenced 26 September 2012 <sup>12</sup>Class Z – Gross accumulation shares commenced 26 September 2012
- <sup>13</sup>Class Z Gross income shares commenced 12 October 2012
- <sup>14</sup>Class Z Gross accumulation shares commenced 12 October 2012
- <sup>15</sup>Class Z Net accumulation shares commenced 28 September 2012
- <sup>16</sup>Class 2 Net income shares commenced 9 March 2012
- <sup>17</sup>Class Z Net accumulation shares commenced 12 February 2013
- <sup>18</sup>Class Z Net accumulation shares commenced 3 October 2012
- <sup>19</sup>Class Z Net income shares commenced 15 February 2013
- <sup>20</sup>Class Z Net income shares commenced 12 September 2012
- <sup>21</sup>Class Z Net accumulation shares commenced 12 September 2012
- <sup>22</sup>Class Z Net accumulation shares commenced 21 September 2012
- <sup>23</sup>Class Z Net accumulation shares commenced 5 October 2012 <sup>24</sup>Class Z – Gross income shares commenced 15 February 2013
- <sup>25</sup>Class Z Gross income shares commenced 28 September 2012

<sup>26</sup>Class 2 – Gross income shares commenced 9 May 2012

| 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 <sup>1</sup>                                                     | 6      |
|                                     | Class Z – Net accumulation shares <sup>2</sup>                                               | 6      |
| JK Select Fund                      | Class 1 – Net income shares                                                                  | 6      |
|                                     | Class 2 – Net income shares                                                                  | 6      |
|                                     | Class Z – Net income shares <sup>3</sup>                                                     | 6      |
| JK Smaller Companies Fund           | Class 1 – Net income shares                                                                  | 6      |
|                                     | Class 2 – Net income shares                                                                  | 6<br>6 |
|                                     | Class Z – Net income shares <sup>4</sup>                                                     |        |
| JK Growth & Income Fund             | Class 1 – Net income shares                                                                  | 6      |
|                                     | Class 2 – Net income shares                                                                  | 6      |
|                                     | Class Z – Net income shares <sup>3</sup>                                                     | 6      |
| JK Equity Income Fund               | Class 1 – Net income shares                                                                  | 6      |
|                                     | Class 1 – Net accumulation shares                                                            | 6      |
|                                     | Class 2 – Net income shares                                                                  | 6      |
|                                     | Class Z – Net income shares⁵<br>Class Z – Net accumulation shares⁵                           | 6<br>6 |
|                                     |                                                                                              |        |
| JK Monthly Income Fund              | Class 1 – Net income shares                                                                  | 6      |
|                                     | Class Z – Net income shares <sup>3</sup>                                                     | 6      |
| Monthly Extra Income Fund           | Class 1 – Net income shares                                                                  | 5      |
|                                     | Class Z – Net income shares <sup>7</sup>                                                     | 5      |
| JK 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      |
| 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 <sup>®</sup><br>Class Z – Gross accumulation shares <sup>®</sup> | 4      |
|                                     |                                                                                              |        |
| Strategic Bond Fund                 | Class 1 – Net income shares                                                                  | 4      |
|                                     | Class 1 – Gross income shares<br>Class 2 – Net income shares                                 | 4      |
|                                     | Class 2 – Net income shares<br>Class 2 – Gross income shares                                 | 4      |
|                                     | Class 2 – Gross accumulation shares                                                          | 4      |
|                                     | Class Z – Net income shares <sup>10</sup>                                                    | 4      |
|                                     | Class Z – Gross income shares <sup>11</sup>                                                  | 4      |
|                                     | Class Z – Gross accumulation shares <sup>12</sup>                                            | 4      |
| Sterling Bond Fund                  | Class 1 – Net income shares                                                                  | 4      |
| storing bona rana                   | Class 1 – Gross accumulation shares                                                          | 4      |
|                                     | Class Z – Net income shares <sup>13</sup>                                                    | 4      |
|                                     | Class Z – Gross accumulation shares <sup>14</sup>                                            | 4      |
| Sterling Fund                       | Class 1 – Net income shares                                                                  | 1      |
| European Fund                       | Class 1 – Net accumulation shares                                                            | 6      |
|                                     | Class 2 – Net accumulation shares                                                            | 6      |
|                                     | Class Z – Net accumulation shares <sup>15</sup>                                              | 6      |
| European Select Fund                | Class 1 – Net accumulation shares                                                            | 6      |
|                                     | Class 2 – Net income shares <sup>16</sup>                                                    | 6      |
|                                     | Class 2 – Net accumulation shares                                                            | 6      |
|                                     | Class Z – Net accumulation shares <sup>6</sup>                                               | 6      |
| uropean Smaller Companies Fund      | Class 1 – Net income shares                                                                  | 6      |
| Laropean omaner oompanies runu      | Class 1 – Net accumulation shares                                                            | 6      |
|                                     | Class 2 – Net accumulation shares                                                            | 6      |
|                                     | Class Z – Net accumulation shares $^{17}$                                                    | 6      |
| Pan European Smaller Companies Fund | Class 1 – Net accumulation shares                                                            | 6      |
| an European Smaller Companies rund  | Class 2 – Net accumulation shares                                                            | 6      |
|                                     | Class X – Net accumulation shares                                                            | 6      |
|                                     |                                                                                              | 0      |

(continued)

| Fund                                 | Share Class                                                                                  | SRRI   |
|--------------------------------------|----------------------------------------------------------------------------------------------|--------|
| Pan European Fund                    | Class 1 – Net accumulation shares                                                            | 6      |
|                                      | Class 2 – Net accumulation shares                                                            | 6      |
|                                      | Class 2i – Net accumulation shares<br>Class X – Net accumulation shares                      | 6      |
|                                      | Class Z – Net accumulation shares $Z - Net accumulation shares$                              | 6<br>6 |
| European Bond Fund                   | Class 1 – Net income shares                                                                  | 5      |
|                                      | Class 1 – Gross accumulation shares                                                          | 5      |
|                                      | Class 2 – Gross accumulation shares                                                          | 5      |
|                                      | Class Z – Net income shares <sup>19</sup>                                                    | 5      |
| European Corporate Bond Fund         | Class 1 – Net accumulation shares                                                            | 5      |
|                                      | Class 1 – Gross accumulation shares<br>Class 2 – Gross accumulation shares                   | 5<br>5 |
| Frances High Vield Deed Frand        |                                                                                              |        |
| European High Yield Bond Fund        | Class 1 – Net accumulation shares<br>Class 1 – Gross income shares                           | 5<br>5 |
|                                      | Class 1 – Gross accumulation shares                                                          | 5      |
|                                      | Class 2 – Gross income shares <sup>26</sup>                                                  | 5      |
|                                      | Class 2 – Gross accumulation shares                                                          | 5      |
|                                      | Class 2 – Hedged gross accumulation shares                                                   | 5      |
|                                      | Class X – Gross accumulation shares                                                          | 5      |
|                                      | Class Z – Gross income shares <sup>11</sup>                                                  | 5      |
|                                      | Class Z – Gross accumulation shares <sup>12</sup>                                            | 5      |
| American Fund                        | Class 1 – Net income shares                                                                  | 6      |
|                                      | Class 1 – Net accumulation shares                                                            | 6      |
|                                      | Class 1 – Hedged net accumulation shares                                                     | 6      |
|                                      | Class 2 – Net accumulation shares                                                            | 6      |
|                                      | Class X – Net accumulation shares                                                            | 6      |
|                                      | Class Z – Net income shares <sup>20</sup><br>Class Z – Net accumulation shares <sup>21</sup> | 6<br>6 |
| American Select Fund                 | Class 1 – Net income shares                                                                  | 6      |
|                                      | Class 1 – Net accumulation shares                                                            | 6      |
|                                      | Class 1 – Hedged net accumulation shares                                                     | 6      |
|                                      | Class 2 – Net accumulation shares                                                            | 6      |
|                                      | Class 2 – Hedged net accumulation shares                                                     | 6      |
|                                      | Class Z – Net income shares <sup>20</sup>                                                    | 6      |
|                                      | Class Z – Net accumulation shares <sup>21</sup>                                              | 6      |
| American Smaller Companies Fund (US) | Class 1 – Net income shares                                                                  | 6      |
|                                      | Class 1 – Net accumulation shares                                                            | 6      |
|                                      | Class 2 – Net accumulation shares<br>Class X – Net accumulation shares                       | 6      |
|                                      | Class Z – Net accumulation shares $Z = 1000$                                                 | 6<br>6 |
| Dollar Bond Fund                     | Class 1 – Net income shares                                                                  | 5      |
| Boliar Bolia Falla                   | Class 1 – Gross accumulation shares                                                          | 5      |
|                                      | Class Z – Net income shares <sup>19</sup>                                                    | 5      |
| Japan Fund                           | Class 1 – Net accumulation shares                                                            | 6      |
|                                      | Class 2 – Net accumulation shares                                                            | 6      |
|                                      | Class Z – Net accumulation shares <sup>18</sup>                                              | 6      |
| Japan Smaller Companies Fund         | Class 1 – Net accumulation shares                                                            | 6      |
|                                      | Class 2 – Net accumulation shares                                                            | 6      |
|                                      | Class Z – Net accumulation shares <sup>23</sup>                                              | 6      |
| Asia Fund                            | Class 1 – Net accumulation shares                                                            | 6      |
|                                      | Class 2 – Net accumulation shares<br>Class Z – Net accumulation shares <sup>22</sup>         | 6<br>6 |
| latin Amarica Fund                   |                                                                                              |        |
| Latin America Fund                   | Class 1 – Net accumulation shares<br>Class 2 – Net accumulation shares                       | 7<br>7 |
|                                      | Class X – Net accumulation shares                                                            | 7      |
|                                      | Class Z – Net accumulation shares <sup>22</sup>                                              | 7      |
| Emerging Market Bond Fund            | Class 1 – Net income shares                                                                  | 5      |
|                                      | Class 1 – Gross income shares                                                                | 5      |
|                                      | Class 1 – Gross accumulation shares                                                          | 5      |
|                                      | Class 2 – Gross accumulation shares                                                          | 5      |
|                                      | Class X – Gross accumulation shares                                                          | 5      |
|                                      | Class Z – Net income shares⁵                                                                 | 5      |
|                                      | Class Z – Gross income shares <sup>24</sup>                                                  | 5      |

(continued)

| Fund                      | Share Class                                    | SRRI* |  |  |  |
|---------------------------|------------------------------------------------|-------|--|--|--|
| 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 <sup>2</sup> | 6     |  |  |  |
| Global Bond Fund          | Class 1 – Net income shares                    | 5     |  |  |  |
|                           | Class 1 – Net accumulation shares              | 5     |  |  |  |
|                           | Class 1 – Gross income shares                  | 5     |  |  |  |
|                           | Class 1 – Gross accumulation shares            | 5     |  |  |  |
|                           | Class 2 – Net income shares                    | 5     |  |  |  |
|                           | Class 2 – Gross accumulation shares            | 5     |  |  |  |
|                           | Class Z – Net income shares <sup>3</sup>       | 5     |  |  |  |
|                           | Class Z – Gross income shares <sup>25</sup>    | 5     |  |  |  |
| 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     |  |  |  |

<sup>1</sup>Class Z – Net income shares commenced 19 September 2012

<sup>2</sup>Class Z – Net accumulation shares commenced 19 September 2012

<sup>3</sup>Class Z – Net income shares commenced 28 September 2012

<sup>4</sup>Class Z – Net income shares commenced 5 October 2012

<sup>5</sup>Class Z – Net income shares commenced 14 September 2012

<sup>6</sup>Class Z – Net accumulation shares commenced 14 September 2012

<sup>7</sup>Class Z – Net income shares commenced 3 October 2012

<sup>8</sup>Class Z – Net income shares commenced 21 September 2012

<sup>9</sup>Class Z – Gross accumulation shares commenced 19 September 2012

<sup>10</sup>Class Z – Net income shares commenced 26 September 2012
 <sup>11</sup>Class Z – Gross income shares commenced 26 September 2012

<sup>12</sup>Class Z – Gross accumulation shares commenced 26 September 2012

<sup>13</sup>Class Z – Gross income shares commenced 12 October 2012

<sup>14</sup>Class Z – Gross accumulation shares commenced 12 October 2012

<sup>15</sup>Class Z – Net accumulation shares commenced 28 September 2012

<sup>16</sup>Class 2 – Net income shares commenced 9 March 2012

<sup>17</sup>Class Z – Net accumulation shares commenced 12 February 2013

<sup>18</sup>Class Z – Net accumulation shares commenced 3 October 2012

<sup>19</sup>Class Z – Net income shares commenced 15 February 2013

<sup>20</sup>Class Z – Net income shares commenced 12 September 2012

<sup>21</sup>Class Z – Net accumulation shares commenced 12 September 2012

<sup>22</sup>Class Z – Net accumulation shares commenced 21 September 2012

<sup>23</sup>Class Z – Net accumulation shares commenced 5 October 2012

<sup>24</sup>Class Z – Gross income shares commenced 15 February 2013

<sup>25</sup>Class Z – Gross income shares commenced 28 September 2012

<sup>26</sup>Class Z – Gross income shares commenced 9 May 2012

\*As at 7 March 2013 the synthetic risk and reward indicator (SRRI) is explained in the table overleaf:

\$The risk and reward profile of the Asia Fund changed from 7 to 6 for all share classes on 5 March 2013.

(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.

# **Shares Issued and Redeemed Summary**

for the accounting period 8 March 2012 to 7 March 2013

| Fund                                 | Number Issued | Number Redeemed | Net Conversion |  |  |  |
|--------------------------------------|---------------|-----------------|----------------|--|--|--|
| UK Fund                              | 353,311,486   | (492,845,522)   | (353,728)      |  |  |  |
| UK Select Fund                       | 23,153,988    | (65,990,824)    | (90,311)       |  |  |  |
| UK Smaller Companies Fund            | 23,485,797    | (71,642,649)    | 8,221          |  |  |  |
| UK Growth & Income Fund              | 107,012,594   | (247,808,334)   | (32,315)       |  |  |  |
| UK Equity Income Fund                | 590,311,471   | (47,476,994)    | (35,627,008)   |  |  |  |
| UK Monthly Income Fund               | 31,308,840    | (58,894,412)    | (1,099,027)    |  |  |  |
| Monthly Extra Income Fund            | 40,720,190    | (23,006,229)    | (240,443)      |  |  |  |
| UK Corporate Bond Fund               | 246,666,930   | (158,950,216)   | (1,085)        |  |  |  |
| High Yield Bond Fund                 | 390,349,644   | (307,448,289)   | (1,821,447)    |  |  |  |
| Strategic Bond Fund                  | 65,276,526    | (121,321,721)   | (998,676)      |  |  |  |
| Sterling Bond Fund                   | 49,798,707    | (177,767,180)   | (16,818)       |  |  |  |
| Sterling Fund                        | 65,892,985    | (88,530,481)    | -              |  |  |  |
| European Fund                        | 64,022,896    | (161,564,042)   | 45,436         |  |  |  |
| European Select Fund                 | 527,257,740   | (69,395,300)    | 1,153,537      |  |  |  |
| European Smaller Companies Fund      | 95,094,785    | (56,285,026)    | _              |  |  |  |
| Pan European Smaller Companies Fund  | 468,534,487   | (178,577,267)   | 7,797          |  |  |  |
| Pan European Fund                    | 65,379,954    | (57,324,637)    | (195)          |  |  |  |
| European Bond Fund                   | 36,480,123    | (80,063,680)    | -              |  |  |  |
| European Corporate Bond Fund         | 38,825,933    | (26,486,466)    | -              |  |  |  |
| European High Yield Bond Fund        | 231,836,879   | (285,951,262)   | _              |  |  |  |
| American Fund                        | 484,106,120   | (446,418,656)   | 13,864,886     |  |  |  |
| American Select Fund                 | 450,729,606   | (407,504,720)   | 3,762,872      |  |  |  |
| American Smaller Companies Fund (US) | 69,093,236    | (74,631,474)    | 69,860         |  |  |  |
| Dollar Bond Fund                     | 42,505,063    | (45,038,954)    | -              |  |  |  |
| Japan Fund                           | 277,791,910   | (459,212,777)   | (52,686)       |  |  |  |
| Japan Smaller Companies Fund         | 14,725,097    | (142,941,244)   | -              |  |  |  |
| Asia Fund                            | 66,965,524    | (106,953,285)   | 1,268          |  |  |  |
| Latin America Fund                   | 12,773,402    | (58,153,687)    | 129,550        |  |  |  |
| Emerging Market Bond Fund            | 382,542,453   | (101,475,208)   | 133,095        |  |  |  |
| Global Select Fund                   | 31,278,806    | (132,647,232)   | 8,018          |  |  |  |
| Global Bond Fund                     | 28,196,785    | (74,766,720)    | (5,531)        |  |  |  |
| UK Institutional Fund                | 139,005,469   | (308,528,104)   | -              |  |  |  |
| UK Overseas Earnings Fund            | 4,458,745     | (14,490,928)    | -              |  |  |  |

## **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 structured as an umbrella company in which different sub-funds ("funds") may be established from time to time by the Authorised Corporate Director ("ACD") with the approval of the Financial Conduct Authority (FCA) (formerly FSA) and the agreement of the Depositary.

#### Prospectus

A prospectus (the "Prospectus"), which describes each fund in detail, is available from Threadneedle Investment Services Limited, Client Services, P.O. Box 1331, Swindon, SN38 7TA and from the Paying Agents and Distributors in the countries where the funds are distributed.

As a fund is not a legal entity, if the assets attributable to any fund were insufficient to meet the liabilities attributable to it, the shortfall would have to be met out of the assets attributable to one or more other funds of the Company.

Each fund has the investment powers equivalent to those of a UCITS scheme (as defined in the FCA (formerly FSA) rules).

Other funds may be launched in the future.

# Key Investor Information Document (KIID) – Subscription requirements

Since 1 July 2012, the KIID is a pre contractual document and investors have to confirm that they have read the latest KIID before making a subscription. Threadneedle 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.

#### **Changes to the Prospectus**

The Prospectus was updated in October 2012 to reflect the following changes:

- Update to the list of funds not registered for retail distribution in Hong Kong
- Introduction of Class Z Shares, to be made available for a number of funds
- Correction to the name of the index in the definition of smaller companies for the UK Smaller Companies Fund following a change of name
- Update registered office address of the Depositary following a change of address
- Update to the section with the heading "Stamp Duty Reserve Tax".

#### Changes to the Instrument of Incorporation

Article 26(2) of the instrument of incorporation was amended on 28 September 2012 to facilitate the introduction of Class Z Shares.

#### Change to the reference index for the Strategic Bond Fund

The reference index of the Strategic Bond Fund changed on 1 September 2012. The new reference index is: (i) 60% iBoxx Sterling Non Gilt + (ii) 40% Merrill Lynch European Currency High Yield (3%) Constrained Index ex Subordinated Financials (Hedged to £). The new reference index reflects the investment universe of the fund more accurately.

#### The Retail Distribution Review ("RDR")

RDR is an initiative that is being driven by the Financial Conduct Authority (formerly the Financial Services Authority) to change how investors get financial advice. The RDR came into effect on 31 December 2012. For more information on RDR please visit fca.org.uk/consumers/protect-yourself/investment-rights/payadvice

#### Types of share available

The Company is structured as an umbrella company and currently consists of 33 different sub-funds. Several classes of share may be issued in respect of each fund: such share classes are distinguished by their criteria for subscription and fee structure. Details of the investment criteria for Class 1 Shares, Class 2 Shares, Class 2i Shares, Class X Shares and Class Z Shares are set out in the Prospectus. Typically, Class 1 Shares are available to retail investors and Class 2 Shares, Class 2i Shares and Class Z Shares are available to non-retail investors. Class X Shares are available only to eligible investors and will accommodate an alternative charging structure for the funds. The level of net income attributable to each share class will differ.

#### Hedged Share Classes ("HSCs")

HSCs use currency hedging transactions to try to reduce the exposure to the Reference Currency and replace it with an exposure to the Hedged Currency. The terms Reference Currency and Hedged Currency are defined as follows:

- "Reference Currency" or "Reference Currencies" means the currency or currencies against which the currency hedging transaction will be applied; and
- "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 of each fund where HSCs are available, please refer to the latest version of the Prospectus.

#### **SDRT Provision**

SDRT is chargeable on the surrender, and certain transfers of shares in the funds. The current rate of SDRT is 0.5%.

The liability for SDRT is calculated weekly by reference to share sales and repurchases in that and the following week but is reduced proportionately to the extent that the investments held by the fund are exempt investments, which essentially are any assets other than United Kingdom equities and other collective investment schemes that are not exempt from SDRT. Any fund which only invests in exempt investments, i.e. holds no United Kingdom equities, will therefore be wholly exempt from SDRT.

## **Further Information**

(continued)

How it affects shareholders and potential shareholders:

The ACD meets the SDRT liability from the property of the Company. It is not the ACD's intention to require the payment of a further provision for SDRT (as set out in the Prospectus).

#### **Income Equalisation**

When the first income distribution is received it may include an amount known as equalisation. The amount representing the income equalisation in the Share's price is a return of capital and is not taxable in the hands of Shareholders. This amount should be deducted from the cost of income Shares in computing capital gains realised on their disposal.

#### Performance

For the period under review, where applicable, fund performance has been compared to the relevant peer group. We show a peer group comparison as this more accurately reflects the way the funds are managed. We continue to show stock market indices for information purposes and for those funds for which the Investment Management Association sector is not considered to be a representative peer group. Audited peer group information is only available from Morningstar's Fund Services at month end points.

#### **Report and Accounts**

Investors will receive a report on the Company twice a year. The reports will be short form versions and reports containing the full accounts will be available from Threadneedle Investment Services Limited, Client Services, P.O. Box 1331, Swindon SN38 7TA 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

**Investment Manager** Threadneedle Asset Management Limited 60 St Mary Axe, London EC3A 8JQ

#### Depositary

J.P. Morgan Trustee and Depositary Company Limited (Regulated by the FCA (formerly FSA)) Chaseside, Bournemouth BH7 7DA

Legal Advisers Eversheds LLP One Wood Street, London EC2V 7WS

Baum Financial Services Law Team Grosser Burstah 42, 7th Floor, 20457 Hamburg, Germany

Independent Auditors PricewaterhouseCoopers LLP 7 More London Riverside, London SE1 2RT

#### **Client Services**

UK Investors Tel: 0800 068 3000\*

Non-UK Investors Tel: 0044 1793 363 900\*

Website: threadneedle.com

#### Paying and Information Agent in Austria

Raiffeisen Bank International AG Am Stadtpark 9 1030 Wien Austria

#### Paying and Information Agent in Belgium

J.P. Morgan Chase 1, Boulevard du Roi Albert II 1210 Brussel Belgium

#### **Paying and Information Agent in France**

BNP Paribas Securities Services 66 rue de la Victoire 75009 Paris France

#### **Paying and Information Agent in Germany**

J.P. Morgan AG Junghofstr. 14 60311 Frankfurt am Main Germany 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 Hong Kong

HSBC Institutional Trust Services (Asia) Limited 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 Milano Italy

Allfunds Bank S.A. Via Santa Margherita, 7 20121 Milano Italy

Societe Generale Securities Services S.p.A. via Benigno Crespi 19/A – MAC2 20159 Milano Italy

BNP Paribas Securities Services Via Ansperto 5 20123 Milano Italy

#### **Paying and Information Agent in Luxembourg**

State Street Bank Luxembourg S.A. 49 avenue J.F. Kennedy L-1855 Luxembourg

#### **Paying and Information Agent in the Netherlands** Intertrust (Netherlands) B.V.

Prins Bernhardplein 200 1097 JB Amsterdam The Netherlands

#### Representative and Paying Agent in Switzerland

BNP Paribas Securities Services, Paris, succursale de Zurich Selnaustrasse 16 8002 Zurich Switzerland

## **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 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. 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.

# Important Information (continued)

#### Key Risks of the funds:

The following table below shows the key risks applying to each fund. A definition of the key risks can be found overleaf.

| Funds/Key risks                      | Market | Currency | Investor Currency | Volatility | High Volatility | Effect of Portfolio<br>Concentration | lssuer | Liquidity | Political and<br>Financial | Inflation | Interest Rate | Valuation | Short Selling | Leverage | Investment in<br>Derivatives | No Capital<br>Guarantee | Investment in<br>Deposits |
|--------------------------------------|--------|----------|-------------------|------------|-----------------|--------------------------------------|--------|-----------|----------------------------|-----------|---------------|-----------|---------------|----------|------------------------------|-------------------------|---------------------------|
| UK Fund                              | Х      |          | Х                 |            | Х               |                                      |        |           |                            |           |               |           |               |          |                              |                         |                           |
| UK Select Fund                       | х      |          | х                 |            | х               | x                                    |        |           |                            |           |               |           |               |          |                              |                         |                           |
| UK Smaller Companies Fund            | X      |          | x                 |            | x               |                                      |        | x         |                            |           |               |           |               |          |                              |                         |                           |
| UK Growth & Income Fund              | X      |          | X                 |            | X               |                                      |        |           |                            |           |               |           |               |          |                              |                         |                           |
| UK Equity Income Fund                | х      |          | х                 |            | x               |                                      |        |           |                            |           |               |           |               |          |                              |                         |                           |
| UK Monthly Income Fund               | X      |          | X                 |            | X               |                                      |        |           |                            |           |               |           |               |          |                              |                         |                           |
| Monthly Extra Income Fund            | х      |          | х                 | x          |                 |                                      | Х      |           |                            |           |               |           |               |          |                              |                         |                           |
| UK Corporate Bond Fund               | X      |          | X                 |            |                 |                                      | Х      | x         |                            | Х         | х             |           |               |          |                              |                         |                           |
| High Yield Bond Fund                 | X      |          | x                 | x          |                 |                                      | X      | x         |                            | X         | x             |           |               |          |                              |                         |                           |
| Strategic Bond Fund                  | X      | х        | x                 |            |                 |                                      | X      | x         |                            | X         | x             | x         | х             | х        | x                            |                         |                           |
| Sterling Bond Fund                   | X      |          | x                 |            |                 |                                      | Х      | X         |                            | Х         | x             |           |               |          |                              |                         |                           |
| Sterling Fund                        |        |          |                   |            |                 | x                                    |        |           |                            | Х         |               |           |               |          |                              | х                       | x                         |
| European Fund                        | х      |          | х                 |            | x               |                                      |        |           |                            |           |               |           |               |          |                              |                         |                           |
| European Select Fund                 | X      | х        | X                 |            | x               | x                                    |        |           |                            |           |               |           |               |          |                              |                         |                           |
| European Smaller Companies Fund      | X      | X        | X                 |            | X               |                                      |        | x         |                            |           |               |           |               |          |                              |                         |                           |
| Pan European Smaller Companies Fund  | х      | х        | x                 |            | x               |                                      |        | x         |                            |           |               |           |               |          |                              |                         |                           |
| Pan European Fund                    | х      | х        | х                 |            | x               |                                      |        |           |                            |           |               |           |               |          |                              |                         |                           |
| European Bond Fund                   | х      | х        | x                 |            |                 |                                      | х      | x         |                            | х         | х             |           |               |          |                              |                         |                           |
| European Corporate Bond Fund         | X      | X        | X                 |            |                 |                                      | Х      | x         |                            | Х         | x             |           |               |          |                              |                         |                           |
| European High Yield Bond Fund        | X      |          | X                 | x          |                 |                                      | Х      | x         |                            | Х         | x             |           |               |          |                              |                         |                           |
| American Fund                        | х      |          | х                 |            | х               |                                      |        |           |                            |           |               |           |               |          |                              |                         |                           |
| American Select Fund                 | х      |          | x                 |            | x               | x                                    |        |           |                            |           |               |           |               |          |                              |                         |                           |
| American Smaller Companies Fund (US) | х      |          | х                 |            | x               |                                      |        | х         |                            |           |               |           |               |          |                              |                         |                           |
| Dollar Bond Fund                     | х      |          | х                 |            |                 |                                      | х      | x         |                            | х         | х             |           |               |          |                              |                         |                           |
| Japan Fund                           | х      | х        | х                 |            | х               |                                      |        |           |                            |           |               |           |               |          |                              |                         |                           |
| Japan Smaller Companies Fund         | х      | х        | х                 |            | х               |                                      |        | x         |                            |           |               |           |               |          |                              |                         |                           |
| Asia Fund                            | х      | х        | х                 |            | x               |                                      |        |           | x                          |           |               |           |               |          |                              |                         |                           |
| Latin America Fund                   | X      | X        | X                 |            | x               |                                      |        |           | X                          |           |               |           |               |          |                              |                         |                           |
| Emerging Market Bond Fund            | X      | X        | X                 | x          | _               |                                      | Х      | x         | X                          | Х         | х             |           |               |          |                              |                         |                           |
| Global Select Fund                   | X      | X        | X                 | _          | x               | x                                    |        |           |                            |           |               |           |               |          |                              |                         |                           |
| Global Bond Fund                     | X      | X        | X                 |            |                 | -                                    | Х      | x         |                            | Х         | х             |           |               |          |                              | <u> </u>                |                           |
| UK Institutional Fund                | X      |          | X                 |            | x               |                                      |        |           |                            |           |               |           |               |          |                              | L                       |                           |
| UK Overseas Earnings Fund            | X      |          | X                 |            | X               |                                      |        |           |                            |           |               |           |               |          |                              |                         |                           |

## Important Information

(continued)

#### Description of the Key Risks:

**Market Risk:** The value of investments can fall as well as rise and investors might not get back the sum originally invested.

**Currency Risk**: Where investments are made in assets that are denominated in 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 takes large positions in a relatively small number of stocks) and if one or more of these investments declines or is otherwise affected, it may have a pronounced effect on the fund's value.

**Issuer Risk:** The fund invests in securities whose value would be significantly affected if the issuer either refused to pay or was unable to pay.

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

**Political and Financial Risk**: The fund invests in markets where economic and 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. Therefore, inflation can affect the value of capital and income over time.

**Interest Rate Risk:** Changes in interest rates are likely to affect the fund's value. In general, as interest rates rise, the price of a fixed rate bond will fall, and vice versa.

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.

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