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Threadneedle Investment Funds ICVC

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

Company Information

Company

Threadneedle Investment Funds ICVC
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.

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

Campbell Fleming
Director

Aggregated Financial Statements for Threadneedle Investment Funds ICVC

STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2012 to 7 March 2013

	Notes	2013 £000	2012 £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

for the accounting period 8 March 2012 to 7 March 2013

	2013 £000	2012 £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 shares		(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.

Notes to the Aggregated Financial Statements for Threadneedle Investment Funds ICVC

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 £000	2012 £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 £000	2012 £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 £000	2012 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(233,050)	(211,955)
Registration fees	(21,246)	(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

	2013 £000	2012 £000
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	(43,265)	(39,113)
Revenue taxable in other periods		
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

	2013 £000	2012 £000
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 £000	2012 £000
Amounts receivable for the issue of shares	248,103	171,797
Sales awaiting settlement	100,198	250,385
Accrued revenue	120,160	121,957
Foreign withholding tax recoverable	3,500	4,120
United Kingdom income tax recoverable	18	30
Total debtors	471,979	548,289

7 CREDITORS

	2013 £000	2012 £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

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.

Threadneedle UK Fund

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 growth.

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 high-conviction 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)

BALANCE SHEET

as at 7 March 2013

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

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	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.

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 2012/2013	Distribution Paid 2011/2012
Group 1						
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 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	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

Threadneedle UK Fund

DISTRIBUTION TABLE

(continued)

Class 2 Shares

Net Accumulation Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
Group 1						
08/03/12 to 07/09/12	1.0142	0.1014	0.9128	–	0.9128	0.7847
08/09/12 to 07/03/13	0.6008	0.0601	0.5407	–	0.5407	0.4318
Group 2						
08/03/12 to 07/09/12	0.5163	0.0516	0.4647	0.4481	0.9128	0.7847
08/09/12 to 07/03/13	0.3061	0.0306	0.2755	0.2652	0.5407	0.4318
Total distributions in the period					1.4535	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	0.5390	0.0539	0.4851	0.4547	0.9398
Total distributions in the period					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	0.3564	0.0356	0.3208	0.6365	0.9573
Total distributions in the period					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

Threadneedle UK 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	184,458	(23,739)
Other gains	1	1
Transaction costs	(6)	(10)
Net capital gains/(losses)	184,453	(23,748)

3 REVENUE

	2013 £000	2012 £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

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	(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

a) Analysis of charge in period

	2013 £000	2012 £000
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

	2013 £000	2012 £000
Net revenue before taxation	25,033	22,969
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(5,007)	(4,594)
Effects of:		
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)

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 out in the table on pages 10 and 11.

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

	2013 £000	2012 £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)

Threadneedle UK Fund

Notes to the financial statements

(continued)

9 RELATED PARTY TRANSACTIONS

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

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 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 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

	Monetary exposures £000	Non-monetary exposures £000	Total £000
Currency 2013			
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:

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

Threadneedle UK Fund

Notes to the financial statements

(continued)

13 CONTINGENT LIABILITIES AND COMMITMENTS

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

14 PORTFOLIO TRANSACTION COSTS

	2013 £000	2012 £000
Analysis of total purchase costs		
Purchases in period before transaction costs	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 mid-sized 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)

BALANCE SHEET

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		(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

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)	27,431	(1,126)
Unclaimed distribution monies brought back into account	11	–
Closing 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 2012/2013	Distribution Paid 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 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	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

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

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	0.1196	0.0120	0.1076	0.4947	0.6023
Total distributions in the period					0.6023

Group 2: shares purchased during a distribution period

*Class Z – Net income shares commenced on 28 September 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 £000	2012 £000
UK dividends	6,630	7,139
Overseas dividends	68	76
Stock dividends	236	547
Interest on short term investments	1	9
Bank interest	16	15
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

	2013 £000	2012 £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%	(782)	(882)
Effects of:		
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 £000	2012 £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

	2013 £000	2012 £000
Amounts receivable for the issue of shares	1,008	348
Sales awaiting settlement	–	1,734
Accrued revenue	628	822
Total debtors	1,636	2,904

8 CREDITORS

	2013 £000	2012 £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)

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

	Monetary exposures £000	Non-monetary exposures £000	Total £000
Currency 2013			
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:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2013				
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

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

Threadneedle UK Smaller Companies 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 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 low-growth 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, iomart, 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, Immunodiagnosics 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

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)

BALANCE SHEET

as at 7 March 2013

	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		(161)	(137)
Total other liabilities		(5,257)	(1,793)
Total liabilities		(5,257)	(1,793)
Net assets attributable to shareholders		150,171	190,226

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	190,226	192,482
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	35,773	50,236
Amounts payable on the cancellation of shares	(64,978)	(52,791)
Amounts payable on inspecie transfer	(34,881)	—
	(64,086)	(2,555)
Dilution adjustment	592	439
Stamp duty reserve tax	(73)	(107)
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	23,511	(33)
Unclaimed distribution monies brought back into account	1	—
Closing 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

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	0.3936	0.0394	0.3542	—	0.3542	0.2957
08/09/12 to 07/03/13	—	—	—	—	—	—
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 the period					0.3542	0.2957

Class 2 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	0.8994	0.0899	0.8095	—	0.8095	0.7303
08/09/12 to 07/03/13	0.4634	0.0463	0.4171	—	0.4171	0.2130
Group 2						
08/03/12 to 07/09/12	0.7333	0.0733	0.6600	0.1495	0.8095	0.7303
08/09/12 to 07/03/13	0.0904	0.0090	0.0814	0.3357	0.4171	0.2130
Total distributions in the period					1.2266	0.9433

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

Threadneedle UK Smaller Companies Fund

DISTRIBUTION TABLE

(continued)

Class Z Shares

Net Income*					
Distribution	Gross	Tax	Net		Distribution
Period	Revenue	Credit	Revenue	Equalisation	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 period					0.3292

Group 2: shares purchased during a distribution period

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

Threadneedle UK 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

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

a) Analysis of charge in period

	2013 £000	2012 £000
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

	2013 £000	2012 £000
Net revenue before taxation	848	689
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(170)	(138)
Effects of:		
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)

The fund has not recognised a deferred tax asset of £4,359,206 (2012: £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 share class with a shortfall are set out in the table on pages 20 and 21.

7 DEBTORS

	2013 £000	2012 £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 £000	2012 £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)

Threadneedle UK Smaller Companies Fund

Notes to the financial statements

(continued)

9 RELATED PARTY TRANSACTIONS

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

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:

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

	£000	£000	£000	£000
Currency 2012				
UK Sterling	12,292	–	179,727	192,019

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

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 £000	2012 £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

Threadneedle UK Growth & Income Fund

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 economically-sensitive 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

BALANCE SHEET

as at 7 March 2013

	Notes	2013 £000	2012 £000
Assets			
Investment assets		225,671	289,659
Other assets			
Debtors	7	1,332	5,598
Cash and bank balances		6,017	3,841
Total other assets		7,349	9,439
Total assets		233,020	299,098
Liabilities			
Other liabilities			
Creditors	8	(331)	(661)
Distribution payable on income shares		(2,934)	(3,829)
Total other liabilities		(3,265)	(4,490)
Total liabilities		(3,265)	(4,490)
Net assets attributable to shareholders		229,755	294,608

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	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 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

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 2012/2013	Distribution Paid 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 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	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 period					2.5876	2.2855

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

Threadneedle UK Growth & Income 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	1.5868	0.1587	1.4281	–	1.4281
Group 2					
28/09/12 to 07/03/13	0.0990	0.0099	0.0891	1.3390	1.4281
Total distributions in the period					1.4281

Group 2: shares purchased during a distribution period

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

Threadneedle UK Growth & 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:

	2013 £000	2012 £000
Non-derivative securities	35,459	6,892
Other gains	1	1
Transaction costs	(5)	(3)
Net capital gains	35,455	6,890

3 REVENUE

	2013 £000	2012 £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

	2013 £000	2012 £000
Payable to the ACD or associates of the ACD, 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

a) Analysis of charge in period

	2013 £000	2012 £000
Total current tax (note 5b)	–	–
Total tax charge for the period	–	–

b) Factors affecting taxation charge for period

	2013 £000	2012 £000
Net revenue before taxation	6,352	6,466
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(1,270)	(1,293)
Effects of:		
Revenue not subject to taxation	1,943	2,003
Excess expenses	(673)	(710)
Current tax charge for period (note 5a)	–	–

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 £000	2012 £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 out in the table on pages 24 and 25.

7 DEBTORS

	2013 £000	2012 £000
Amounts receivable for the issue of shares	597	4,181
Accrued revenue	735	1,417
Total debtors	1,332	5,598

8 CREDITORS

	2013 £000	2012 £000
Amounts payable for the cancellation of shares	(59)	(354)
Accrued expenses	(10)	(6)
Amounts payable to ACD	(262)	(301)
Total creditors	(331)	(661)

Threadneedle UK Growth & Income Fund

Notes to the financial statements

(continued)

9 RELATED PARTY TRANSACTIONS

The related parties are set out in detail in Note 8 of the aggregated financial statements on page 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		2012	
	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

	Monetary exposures £000	Non-monetary exposures £000	Total £000
Currency 2013			
Euro	12	–	12
US Dollar	8	–	8

	£000	£000	£000
Currency 2012			
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:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2013				
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

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2013				
UK Sterling	–	–	(3,265)	(3,265)
Currency 2012	£000	£000	£000	£000
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).

Threadneedle UK Growth & Income Fund

Notes to the financial statements

(continued)

14 PORTFOLIO TRANSACTION COSTS

	2013 £000	2012 £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

Threadneedle UK Equity Income Fund

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

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.

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	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

BALANCE SHEET

as at 7 March 2013

	Notes	2013 £000	2012 £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		1,873,144	1,253,781
Liabilities			
Other liabilities			
Creditors	8	(6,735)	(13,241)
Distribution payable on income shares		(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

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	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

DISTRIBUTION TABLE

for the accounting period 8 March 2012 to 7 March 2013

Dividend distribution in pence per share

Class 1 Shares

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Distribution Paid/Payable 2012/2013	Distribution Paid 2011/2012
Group 1						
08/03/12 to 07/06/12	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

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

Threadneedle UK Equity Income Fund

DISTRIBUTION TABLE

(continued)

Class 1 Shares

Net Accumulation

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
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						
08/03/12 to 07/06/12	0.6692	0.0669	0.6023	0.3761	0.9784	–
08/06/12 to 07/09/12	0.4396	0.0440	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	0.0376	0.3385	0.1993	0.5378	0.7058
Total distributions in the period					3.0755	2.8550

Class 2 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 07/06/12	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	0.0791	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	0.0494	0.4445	0.5272	0.9717	–
08/06/12 to 07/09/12	0.5899	0.0590	0.5309	0.2654	0.7963	1.1500
08/09/12 to 07/12/12	0.3782	0.0378	0.3404	0.3711	0.7115	1.0664
08/12/12 to 07/03/13	0.4841	0.0484	0.4357	0.1037	0.5394	0.7101
Total distributions in the period					3.0189	2.9265

Class Z Shares

Net Income*

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Distribution Paid/Payable 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					
14/09/12 to 07/12/12	0.1737	0.0174	0.1563	0.7423	0.8986
08/12/12 to 07/03/13	0.3423	0.0342	0.3081	0.3896	0.6977
Total distributions in the period					1.5963

Class Z Shares

Net Accumulation*

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Net Revenue Accumulated 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	0.7839	0.0784	0.7055	–	0.7055
Group 2					
14/09/12 to 07/12/12	0.1467	0.0147	0.1320	0.7650	0.8970
08/12/12 to 07/03/13	0.2852	0.0285	0.2567	0.4488	0.7055
Total distributions in the period					1.6025

Group 2: shares purchased during a distribution period

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

Threadneedle UK Equity 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:

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

3 REVENUE

	2013 £000	2012 £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

	2013 £000	2012 £000
Payable to the ACD or associates of the ACD, 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

	2013 £000	2012 £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	39,304	29,567
Net revenue before taxation multiplied by the standard rate of corporation tax of 20% 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)	–	–
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 £000	2012 £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 out in the table on pages 29 and 30.		

7 DEBTORS

	2013 £000	2012 £000
Amounts receivable for the issue of shares	7,549	5,216
Accrued revenue	7,404	8,622
Total debtors	14,953	13,838

8 CREDITORS

	2013 £000	2012 £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)

Threadneedle UK Equity Income Fund

Notes to the financial statements

(continued)

9 RELATED PARTY TRANSACTIONS

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

	Monetary exposures £000	Non-monetary exposures £000	Total £000
Currency 2012			
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:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2013				
UK Sterling	41,342	35,050	1,796,752	1,873,144

	£000	£000	£000	£000
Currency 2012				
UK Sterling	1,193	6,073	1,246,514	1,253,780
US Dollar	1	–	–	1

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2013				
UK Sterling	–	–	(17,979)	(17,979)

	£000	£000	£000	£000
Currency 2012				
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).

Threadneedle UK Equity Income Fund

Notes to the financial statements

(continued)

14 PORTFOLIO TRANSACTION COSTS

	2013 £000	2012 £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 £000	2012 £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)

BALANCE SHEET

as at 7 March 2013

	Notes	2013 £000	2012 £000
Assets			
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			
Other liabilities			
Creditors	8	(7,243)	(7,222)
Distribution payable on income shares		(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

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	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 shareholders from investment activities (see statement of total return above)	64,813	(1,704)
Unclaimed distribution monies brought back into account	231	(211)
Closing 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 Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Distribution Paid/Payable 2012/2013	Distribution Paid 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 Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Distribution Paid/Payable 2012/2013	Distribution Paid 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 period					2.5795	2.4586

Class Z Shares

Net Income*

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Distribution Paid/Payable 2012/2013
Group 1					
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	–	0.2000
08/11/12 to 07/12/12	0.2222	0.0222	0.2000	–	0.2000
08/12/12 to 07/01/13	0.2222	0.0222	0.2000	–	0.2000
08/01/13 to 07/02/13	0.2222	0.0222	0.2000	–	0.2000
08/02/13 to 07/03/13	1.0056	0.1006	0.9050	–	0.9050
Group 2					
21/09/12 to 07/10/12	0.1414	0.0141	0.1273	–	0.1273
08/10/12 to 07/11/12	0.0667	0.0067	0.0600	0.1400	0.2000
08/11/12 to 07/12/12	–	–	–	0.2000	0.2000
08/12/12 to 07/01/13	–	–	–	0.2000	0.2000
08/01/13 to 07/02/13	–	–	–	0.2000	0.2000
08/02/13 to 07/03/13	0.1107	0.0111	0.0996	0.8054	0.9050
Total distributions in the period					1.8323

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:

	2013 £000	2012 £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 £000	2012 £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

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	(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

a) Analysis of charge in period

	2013 £000	2012 £000
Overseas taxes	–	(32)
Total current tax (note 5b)	–	(32)
Total tax charge for the period	–	(32)

b) Factors affecting taxation charge for period

	2013 £000	2012 £000
Net revenue before taxation	15,348	14,682
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(3,070)	(2,936)
Effects of:		
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)

The fund has not recognised a deferred tax asset of £33,499,415 (2012: £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 £000	2012 £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 out in the table on pages 34 and 35.

7 DEBTORS

	2013 £000	2012 £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

8 CREDITORS

	2013 £000	2012 £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

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:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2013				
UK Sterling	1,405	2,001	585,280	588,686

	£000	£000	£000	£000
Currency 2012				
UK Sterling	7,464	7,018	525,413	539,895

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2013				
UK Sterling	–	–	(10,632)	(10,632)
Currency 2012				
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

	2013 £000	2012 £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

Threadneedle Monthly Extra Income Fund

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

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.

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	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

BALANCE SHEET

as at 7 March 2013

	Notes	2013 £000	2012 £000
Assets			
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

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	131,541	119,651
Movement due to sales and repurchases 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)	18,965	1,365
Unclaimed distribution monies brought back into account	4	(3)
Closing net assets attributable to shareholders	162,191	131,541

DISTRIBUTION TABLE

for the accounting period 8 March 2012 to 7 March 2013

Dividend distribution in pence per share

Class 1 Shares

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Distribution Paid/Payable 2012/2013	Distribution Paid 2011/2012
Group 1						
08/03/12 to 07/04/12	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.

Threadneedle Monthly Extra Income Fund

DISTRIBUTION TABLE

(continued)

Class 1 Shares

Net Income

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Distribution Paid/Payable 2012/2013	Distribution Paid 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 period					2.4913	2.4033

Class Z Shares

Net Income *

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Distribution Paid/Payable 2012/2013
Group 1					
03/10/12 to 07/10/12	0.0052	0.0005	0.0047	–	0.0047
08/10/12 to 07/11/12	0.2222	0.0222	0.2000	–	0.2000
08/11/12 to 07/12/12	0.2222	0.0222	0.2000	–	0.2000
08/12/12 to 07/01/13	0.2222	0.0222	0.2000	–	0.2000
08/01/13 to 07/02/13	0.2222	0.0222	0.2000	–	0.2000
08/02/13 to 07/03/13	0.8396	0.0840	0.7556	–	0.7556
Group 2					
03/10/12 to 07/10/12	0.0052	0.0005	0.0047	–	0.0047
08/10/12 to 07/11/12	0.0862	0.0086	0.0776	0.1224	0.2000
08/11/12 to 07/12/12	–	–	–	0.2000	0.2000
08/12/12 to 07/01/13	–	–	–	0.2000	0.2000
08/01/13 to 07/02/13	–	–	–	0.2000	0.2000
08/02/13 to 07/03/13	0.0827	0.0083	0.0744	0.6812	0.7556
Total distributions in the period					1.5603

Group 2: shares purchased during a distribution period

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

Threadneedle Monthly Extra 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:

	2013 £000	2012 £000
Non-derivative securities	20,560	2,573
Forward currency contracts	(155)	59
Other gains/(losses)	1	(15)
Transaction costs	(4)	(4)
Net capital gains	20,402	2,613

3 REVENUE

	2013 £000	2012 £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 £000	2012 £000
Payable to the ACD or associates of the ACD, 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

a) Analysis of charge in period

	2013 £000	2012 £000
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

	2013 £000	2012 £000
Net revenue before taxation	4,413	4,111
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(883)	(822)
Effects of:		
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	–

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 £000	2012 £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 out in the table on pages 38 and 39.

7 DEBTORS

	2013 £000	2012 £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 £000	2012 £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)

Threadneedle Monthly Extra Income Fund

Notes to the financial statements

(continued)

9 RELATED PARTY TRANSACTIONS

The related parties are set out in detail in Note 8 of the aggregated financial statements on page 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		2012	
	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.

	Monetary exposures £000	Non-monetary exposures £000	Total £000
Currency 2013			
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 financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2013				
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
	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2013				
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 financial assets Weighted average interest rate 2013	Fixed rate financial assets Weighted average interest rate 2012	Fixed rate financial assets Weighted average period for which rate is fixed 2013	Fixed rate financial assets Weighted average period for which rate is fixed 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

Threadneedle Monthly Extra Income Fund

Notes to the financial statements

(continued)

Fair value of financial assets and financial liabilities

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

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

Threadneedle UK Corporate Bond Fund

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

	Notes	2013 £000	2012 £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		48,228	14,501

BALANCE SHEET

as at 7 March 2013

	Notes	2013 £000	2012 £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 shares		(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

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	606,583	598,366
Movement due to sales and repurchases 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	17,933	15,653
Unclaimed distribution monies brought back into account	43	(42)
Closing 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 Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2012/2013	Distribution Paid 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

*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 UK Corporate Bond Fund

DISTRIBUTION TABLE

(continued)

Class 2 Shares

Net Income

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2012/2013	Distribution Paid 2011/2012
Group 1						
08/03/12 to 07/06/12	0.5825	0.1165	0.4660	–	0.4660	0.5429
08/06/12 to 07/09/12	0.6065	0.1213	0.4852	–	0.4852	0.5355
08/09/12 to 07/12/12	0.5898	0.1180	0.4718	–	0.4718	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	0.4319	0.0864	0.3455	0.1263	0.4718	0.5236
08/12/12 to 07/03/13	0.3004	0.0601	0.2403	0.2445	0.4848	0.4976
Total distributions in the period					1.9078	2.0996

Class 1 Shares

Gross Income

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2012/2013	Distribution Paid 2011/2012
Group 1				
08/03/12 to 07/06/12	0.5296	–	0.5296	0.6258
08/06/12 to 07/09/12	0.5508	–	0.5508	0.6150
08/09/12 to 07/12/12	0.5316	–	0.5316	0.5995
08/12/12 to 07/03/13	0.5464	–	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	0.3352	0.2112	0.5464	0.5655
Total distributions in the period			2.1584	2.4058

Class 2 Shares

Gross Accumulation

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2012/2013	Gross Revenue Accumulated 2011/2012
Group 1				
08/03/12 to 07/06/12	0.8994	–	0.8994	0.9976
08/06/12 to 07/09/12	0.9454	–	0.9454	0.9937
08/09/12 to 07/12/12	0.9274	–	0.9274	0.9815
08/12/12 to 07/03/13	0.9597	–	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	0.3218	0.6379	0.9597	0.9421
Total distributions in the period			3.7319	3.9149

Group 2: shares purchased during a distribution period

Threadneedle UK Corporate 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 £000	2012 £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 £000	2012 £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

4 EXPENSES

	2013 £000	2012 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(3,883)	(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

a) Analysis of charge in period

	2013 £000	2012 £000
Total current tax (note 5b)	–	–
Total tax charge for period	–	–

b) Factors affecting taxation charge for period

	2013 £000	2012 £000
Net revenue before taxation	30,384	29,425
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(6,077)	(5,885)
Effects of:		
Distributions treated as tax deductible	6,077	5,885
Current tax charge for period (note 5a)	–	–

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 £000	2012 £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 £000	2012 £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

Threadneedle UK Corporate Bond Fund

Notes to the financial statements

(continued)

8 CASH AND BANK BALANCES

	2013 £000	2012 £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 £000	2012 £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 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		2012	
	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.

Net foreign currency assets

	Monetary exposures £000	Non- monetary exposures £000	Total £000
Currency 2013			
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:

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2013				
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
	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2013				
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)

Threadneedle UK Corporate Bond Fund

Notes to the financial statements

(continued)

Currency	Fixed rate financial assets		Fixed rate financial assets		Non interest bearing assets	
	Weighted average interest rate		Weighted average period for which rate is fixed		Weighted average period	
	2013	2012	2013	2012	2013	2012
	%	%	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).

Threadneedle High Yield Bond Fund

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 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

	Notes	2013 £000	2012 £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)

BALANCE SHEET

as at 7 March 2013

	Notes	2013 £000	2012 £000
Assets			
Investment assets		816,123	698,055
Other assets			
Debtors	7	19,463	23,561
Cash and bank balances	8	18,121	37,302
Total other assets		37,584	60,863
Total assets		853,707	758,918
Liabilities			
Derivative liabilities		(6,870)	(191)
Other liabilities			
Creditors	9	(7,277)	(6,563)
Distribution payable on income shares		(3,573)	(2,997)
Total other liabilities		(10,850)	(9,560)
Total liabilities		(17,720)	(9,751)
Net assets attributable to shareholders		835,987	749,167

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	749,167	744,092
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	195,776	152,850
Amounts payable on the cancellation of shares	(156,525)	(115,275)
	39,251	37,575
Dilution adjustment	–	40
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	35,284	(43,932)
Retained distribution on accumulation shares	12,257	11,420
Unclaimed distribution monies brought back into account	28	(28)
Closing net assets attributable to shareholders	835,987	749,167

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 Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/ Payable 2012/2013	Distribution Paid 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.

**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 High Yield Bond Fund

DISTRIBUTION TABLE

(continued)

Class 1 Shares

Net Income Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2012/2013	Distribution Paid 2011/2012
Group 2						
08/03/12 to 07/04/12	0.0820	0.0164	0.0656	0.1302	0.1958	0.2500
08/04/12 to 07/05/12	0.0983	0.0197	0.0786	0.1168	0.1954	0.2290
08/05/12 to 07/06/12	0.2463	0.0493	0.1970	0.0631	0.2601	0.2444
08/06/12 to 07/07/12	0.0846	0.0169	0.0677	0.1335	0.2012	0.2388
08/07/12 to 07/08/12	0.0843	0.0169	0.0674	0.1637	0.2311	0.1851
08/08/12 to 07/09/12	0.1800	0.0360	0.1440	0.0761	0.2201	0.2386
08/09/12 to 07/10/12	0.1314	0.0263	0.1051	0.1215	0.2266	0.2147
08/10/12 to 07/11/12	0.0385	0.0077	0.0308	0.2355	0.2663	0.2022
08/11/12 to 07/12/12	0.1849	0.0370	0.1479	0.0858	0.2337	0.2193
08/12/12 to 07/01/13	0.1725	0.0345	0.1380	0.0929	0.2309	0.1917
08/01/13 to 07/02/13	0.1699	0.0340	0.1359	0.1226	0.2585	0.2099
08/02/13 to 07/03/13	0.0914	0.0183	0.0731	0.1480	0.2211	0.2022
Total distributions in the period					2.7408	2.6259

08/12/12 to 07/01/13	0.3524	–	0.3524	0.2912
08/01/13 to 07/02/13	0.3930	–	0.3930	0.3196
08/02/13 to 07/03/13	0.3360	–	0.3360	0.3066
Group 2				
08/03/12 to 07/04/12	0.2024	0.0991	0.3015	0.3819
08/04/12 to 07/05/12	0.1492	–	0.1513	0.3499
08/05/12 to 07/06/12	0.2650	–	0.1338	0.3988
08/06/12 to 07/07/12	0.0663	–	0.2420	0.3083
08/07/12 to 07/08/12	0.1762	–	0.1779	0.3541
08/08/12 to 07/09/12	0.1725	–	0.1645	0.3370
08/09/12 to 07/10/12	0.1546	–	0.1911	0.3457
08/10/12 to 07/11/12	0.2187	–	0.1875	0.4062
08/11/12 to 07/12/12	0.2441	–	0.1121	0.3562
08/12/12 to 07/01/13	0.1986	–	0.1538	0.3524
08/01/13 to 07/02/13	0.1812	–	0.2118	0.3930
08/02/13 to 07/03/13	0.1367	–	0.1993	0.3360
Total distributions in the period			4.1897	3.9974

Class 2 Shares

Gross Accumulation	Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2012/2013	Gross Revenue Accumulated 2011/2012
Group 1					
08/03/12 to 07/04/12	0.6972	–	–	0.6972	0.8170
08/04/12 to 07/05/12	0.6989	–	–	0.6989	0.7536
08/05/12 to 07/06/12	0.9336	–	–	0.9336	0.8091
08/06/12 to 07/07/12	0.7283	–	–	0.7283	0.7947
08/07/12 to 07/08/12	0.8408	–	–	0.8408	0.6217
08/08/12 to 07/09/12	0.8060	–	–	0.8060	0.8020
08/09/12 to 07/10/12	0.8323	–	–	0.8323	0.7265
08/10/12 to 07/11/12	0.9841	–	–	0.9841	0.6891
08/11/12 to 07/12/12	0.8701	–	–	0.8701	0.7509
08/12/12 to 07/01/13	0.8658	–	–	0.8658	0.6616
08/01/13 to 07/02/13	0.9725	–	–	0.9725	0.7284
08/02/13 to 07/03/13	0.8374	–	–	0.8374	0.7053
Group 2					
08/03/12 to 07/04/12	0.2209	0.4763	–	0.6972	0.8170
08/04/12 to 07/05/12	0.3510	–	–	0.3479	0.6989
08/05/12 to 07/06/12	0.3895	–	–	0.5441	0.9336
08/06/12 to 07/07/12	0.5806	–	–	0.1477	0.7283
08/07/12 to 07/08/12	0.1556	–	–	0.6852	0.8408
08/08/12 to 07/09/12	0.2635	–	–	0.5425	0.8060
08/09/12 to 07/10/12	0.3081	–	–	0.5242	0.8323
08/10/12 to 07/11/12	0.4140	–	–	0.5701	0.9841
08/11/12 to 07/12/12	0.4874	–	–	0.3827	0.8701
08/12/12 to 07/01/13	0.5082	–	–	0.3576	0.8658
08/01/13 to 07/02/13	0.2758	–	–	0.6967	0.9725
08/02/13 to 07/03/13	0.4982	–	–	0.3392	0.8374
Total distributions in the period				10.0670	8.8599

Class Z Shares

Gross Accumulation*

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2012/2013
Group 1			
19/09/12 to 07/10/12	0.3408	–	0.3408
08/10/12 to 07/11/12	0.7744	–	0.7744
08/11/12 to 07/12/12	0.6854	–	0.6854
08/12/12 to 07/01/13	0.6824	–	0.6824
08/01/13 to 07/02/13	0.7721	–	0.7721
08/02/13 to 07/03/13	0.6652	–	0.6652
Group 2			
19/09/12 to 07/10/12	0.3408	–	0.3408
08/10/12 to 07/11/12	0.7744	–	0.7744
08/11/12 to 07/12/12	0.6854	–	0.6854
08/12/12 to 07/01/13	0.1924	0.4900	0.6824
08/01/13 to 07/02/13	0.1332	0.6389	0.7721
08/02/13 to 07/03/13	0.4340	0.2312	0.6652
Total distributions in the period			3.9203

Class Z Shares

Net Income[§]

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2012/2013
Group 1					
21/09/12 to 07/10/12	0.3081	0.0616	0.2465	–	0.2465
08/10/12 to 07/11/12	0.7728	0.1546	0.6182	–	0.6182
08/11/12 to 07/12/12	0.6780	0.1356	0.5424	–	0.5424
08/12/12 to 07/01/13	0.6709	0.1342	0.5367	–	0.5367
08/01/13 to 07/02/13	0.7519	0.1504	0.6015	–	0.6015
08/02/13 to 07/03/13	0.6433	0.1287	0.5146	–	0.5146
Group 2					
21/09/12 to 07/10/12	0.3081	0.0616	0.2465	–	0.2465
08/10/12 to 07/11/12	0.2901	0.0580	0.2321	0.3861	0.6182
08/11/12 to 07/12/12	0.1156	0.0231	0.0925	0.4499	0.5424
08/12/12 to 07/01/13	0.1963	0.0393	0.1570	0.3797	0.5367
08/01/13 to 07/02/13	0.2685	0.0537	0.2148	0.3867	0.6015
08/02/13 to 07/03/13	0.3565	0.0713	0.2852	0.2294	0.5146
Total distributions in the period					3.0599

Group 2: shares purchased during a distribution period

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

§Class Z – Net income shares commenced on 21 September 2012

Class 1 Shares

Gross Income Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2012/2013	Distribution Paid 2011/2012
Group 1				
08/03/12 to 07/04/12	0.2451	–	0.2451	0.3130
08/04/12 to 07/05/12	0.2448	–	0.2448	0.2866
08/05/12 to 07/06/12	0.3251	–	0.3251	0.3055
08/06/12 to 07/07/12	0.2509	–	0.2509	0.2981
08/07/12 to 07/08/12	0.2881	–	0.2881	0.2307
08/08/12 to 07/09/12	0.2738	–	0.2738	0.2969
08/09/12 to 07/10/12	0.2816	–	0.2816	0.2667
08/10/12 to 07/11/12	0.3305	–	0.3305	0.2509
08/11/12 to 07/12/12	0.2892	–	0.2892	0.2719
08/12/12 to 07/01/13	0.2860	–	0.2860	0.2372
08/01/13 to 07/02/13	0.3194	–	0.3194	0.2599
08/02/13 to 07/03/13	0.2724	–	0.2724	0.2499
Group 2				
08/03/12 to 07/04/12	0.1254	0.1197	0.2451	0.3130
08/04/12 to 07/05/12	0.1056	0.1392	0.2448	0.2866
08/05/12 to 07/06/12	0.2210	0.1041	0.3251	0.3055
08/06/12 to 07/07/12	0.1301	0.1208	0.2509	0.2981
08/07/12 to 07/08/12	0.1299	0.1582	0.2881	0.2307
08/08/12 to 07/09/12	0.2363	0.0375	0.2738	0.2969
08/09/12 to 07/10/12	0.1279	0.1537	0.2816	0.2667
08/10/12 to 07/11/12	0.1862	0.1443	0.3305	0.2509
08/11/12 to 07/12/12	0.0485	0.2407	0.2892	0.2719
08/12/12 to 07/01/13	0.1458	0.1402	0.2860	0.2372
08/01/13 to 07/02/13	0.0959	0.2235	0.3194	0.2599
08/02/13 to 07/03/13	0.1995	0.0729	0.2724	0.2499
Total distributions in the period			3.4069	3.2673

Class 2 Shares

Gross Income Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2012/2013	Distribution Paid 2011/2012
Group 1				
08/03/12 to 07/04/12	0.3015	–	0.3015	0.3819
08/04/12 to 07/05/12	0.3005	–	0.3005	0.3499
08/05/12 to 07/06/12	0.3988	–	0.3988	0.3734
08/06/12 to 07/07/12	0.3083	–	0.3083	0.3641
08/07/12 to 07/08/12	0.3541	–	0.3541	0.2815
08/08/12 to 07/09/12	0.3370	–	0.3370	0.3631
08/09/12 to 07/10/12	0.3457	–	0.3457	0.3261
08/10/12 to 07/11/12	0.4062	–	0.4062	0.3075
08/11/12 to 07/12/12	0.3562	–	0.3562	0.3325

Threadneedle High Yield 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/(LOSSES)

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

	2013 £000	2012 £000
Non-derivative securities	69,791	(47,806)
Derivative contracts	983	(6)
Forward currency contracts	(26,823)	12,512
Other gains/(losses)	11	(745)
Transaction costs	(12)	(9)
Net capital gains/(losses)	43,950	(36,054)

3 REVENUE

	2013 £000	2012 £000
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

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	(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

a) Analysis of charge in period

	2013 £000	2012 £000
Overseas taxes	–	(7)
Total current tax (note 5b)	–	(7)
Total tax charge for the period	–	(7)

b) Factors affecting taxation charge for period

	2013 £000	2012 £000
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)

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 £000	2012 £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

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

7 DEBTORS

	2013 £000	2012 £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

Threadneedle High Yield Bond Fund

Notes to the financial statements

(continued)

8 CASH AND BANK BALANCES

	2013 £000	2012 £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

9 CREDITORS

	2013 £000	2012 £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		2012	
	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

	Monetary exposures £000	Non- monetary exposures £000	Total £000
Currency 2013			
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:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2013				
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 Krone	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

Threadneedle High Yield Bond Fund

Notes to the financial statements

(continued)

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2013				
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 Krone	(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 financial assets Weighted average interest rate		Fixed rate financial assets Weighted average period for which rate is fixed		Non interest bearing assets Weighted average period	
Currency	2013	2012	2013	2012	2013	2012
	%	%	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).

Threadneedle Strategic Bond Fund

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

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

Within the high yield 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 globally-exposed, 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.

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	22,062	(6,437)
Revenue	3	26,373	26,223
Expenses	4	(4,853)	(4,603)
Finance costs:			
Derivative expense	6	(543)	(249)
Interest	6	(25)	(74)
Net revenue before taxation		20,952	21,297
Taxation	5	–	(1)
Net revenue after taxation		20,952	21,296
Total return before distributions		43,014	14,859
Finance costs: Distributions	6	(25,252)	(25,380)
Change in net assets attributable to shareholders from investment activities		17,762	(10,521)

BALANCE SHEET

as at 7 March 2013

	Notes	2013 £000	2012 £000
Assets			
Investment assets		386,762	372,066
Other assets			
Debtors	7	11,260	11,197
Cash and bank balances	8	3,295	17,843
Total other assets		14,555	29,040
Total assets		401,317	401,106
Liabilities			
Derivative liabilities		(3,441)	(379)
Other liabilities			
Creditors	9	(6,517)	(2,622)
Distribution payable on income shares		(1,083)	(1,141)
Total other liabilities		(7,600)	(3,763)
Total liabilities		(11,041)	(4,142)
Net assets attributable to shareholders		390,276	396,964

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	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

DISTRIBUTION TABLE

for the accounting period 8 March 2012 to 7 March 2013

Interest distribution in pence per share

Class 1 Shares

Net Income	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/ Payable 2012/2013	Distribution Paid 2011/2012
Distribution Period						
Group 1						
08/03/12 to 07/04/12	0.2275	0.0455	0.1820	–	0.1820	0.2214
08/04/12 to 07/05/12	0.2286	0.0457	0.1829	–	0.1829	0.2074
08/05/12 to 07/06/12	0.2798	0.0560	0.2238	–	0.2238	0.2218
08/06/12 to 07/07/12	0.2330	0.0466	0.1864	–	0.1864	0.2100
08/07/12 to 07/08/12	0.2493	0.0499	0.1994	–	0.1994	0.1786
08/08/12 to 07/09/12	0.2368	0.0474	0.1894	–	0.1894	0.2201
08/09/12 to 07/10/12	0.2315	0.0463	0.1852	–	0.1852	0.1999
08/10/12 to 07/11/12	0.2713	0.0543	0.2170	–	0.2170	0.1911
08/11/12 to 07/12/12	0.2441	0.0488	0.1953	–	0.1953	0.1985
08/12/12 to 07/01/13	0.2445	0.0489	0.1956	–	0.1956	0.1697
08/01/13 to 07/02/13	0.2624	0.0525	0.2099	–	0.2099	0.1954
08/02/13 to 07/03/13	0.2371	0.0474	0.1897	–	0.1897	0.1851

*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 Strategic Bond Fund

DISTRIBUTION TABLE

(continued)

Class 1 Shares

Net Income Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2012/2013	Distribution Paid 2011/2012
Group 2						
08/03/12 to 07/04/12	0.1559	0.0312	0.1247	0.0573	0.1820	0.2214
08/04/12 to 07/05/12	0.0813	0.0163	0.0650	0.1179	0.1829	0.2074
08/05/12 to 07/06/12	0.1919	0.0384	0.1535	0.0703	0.2238	0.2218
08/06/12 to 07/07/12	0.0954	0.0191	0.0763	0.1101	0.1864	0.2100
08/07/12 to 07/08/12	0.1489	0.0298	0.1191	0.0803	0.1994	0.1786
08/08/12 to 07/09/12	0.1758	0.0352	0.1406	0.0488	0.1894	0.2201
08/09/12 to 07/10/12	0.0704	0.0141	0.0563	0.1289	0.1852	0.1999
08/10/12 to 07/11/12	0.0601	0.0120	0.0481	0.1689	0.2170	0.1911
08/11/12 to 07/12/12	0.1574	0.0315	0.1259	0.0694	0.1953	0.1985
08/12/12 to 07/01/13	0.1528	0.0306	0.1222	0.0734	0.1956	0.1697
08/01/13 to 07/02/13	0.0755	0.0151	0.0604	0.1495	0.2099	0.1954
08/02/13 to 07/03/13	0.1645	0.0329	0.1316	0.0581	0.1897	0.1851
Total distributions in the period					2.3566	2.3990

Class 2 Shares

Net Income Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2012/2013	Distribution Paid 2011/2012
Group 1						
08/03/12 to 07/04/12	0.2450	0.0490	0.1960	–	0.1960	0.2368
08/04/12 to 07/05/12	0.2461	0.0492	0.1969	–	0.1969	0.2217
08/05/12 to 07/06/12	0.3013	0.0603	0.2410	–	0.2410	0.2375
08/06/12 to 07/07/12	0.2510	0.0502	0.2008	–	0.2008	0.2248
08/07/12 to 07/08/12	0.2690	0.0538	0.2152	–	0.2152	0.1919
08/08/12 to 07/09/12	0.2559	0.0512	0.2047	–	0.2047	0.2359
08/09/12 to 07/10/12	0.2496	0.0499	0.1997	–	0.1997	0.2142
08/10/12 to 07/11/12	0.2930	0.0586	0.2344	–	0.2344	0.2054
08/11/12 to 07/12/12	0.2636	0.0527	0.2109	–	0.2109	0.2129
08/12/12 to 07/01/13	0.2645	0.0529	0.2116	–	0.2116	0.1827
08/01/13 to 07/02/13	0.2834	0.0567	0.2267	–	0.2267	0.2102
08/02/13 to 07/03/13	0.2563	0.0513	0.2050	–	0.2050	0.1991
Total distributions in the period					2.5429	2.5731

Group 2						
08/03/12 to 07/04/12	0.1310	0.0262	0.1048	0.0912	0.1960	0.2368
08/04/12 to 07/05/12	0.0233	0.0047	0.0186	0.1783	0.1969	0.2217
08/05/12 to 07/06/12	0.0993	0.0199	0.0794	0.1616	0.2410	0.2375
08/06/12 to 07/07/12	0.1430	0.0286	0.1144	0.0864	0.2008	0.2248
08/07/12 to 07/08/12	0.1026	0.0205	0.0821	0.1331	0.2152	0.1919
08/08/12 to 07/09/12	0.0763	0.0153	0.0610	0.1437	0.2047	0.2359
08/09/12 to 07/10/12	0.0890	0.0178	0.0712	0.1285	0.1997	0.2142
08/10/12 to 07/11/12	0.1843	0.0369	0.1474	0.0870	0.2344	0.2054
08/11/12 to 07/12/12	0.1625	0.0325	0.1300	0.0809	0.2109	0.2129
08/12/12 to 07/01/13	0.1266	0.0253	0.1013	0.1103	0.2116	0.1827
08/01/13 to 07/02/13	0.1164	0.0233	0.0931	0.1336	0.2267	0.2102
08/02/13 to 07/03/13	0.0861	0.0172	0.0689	0.1361	0.2050	0.1991
Total distributions in the period					2.5429	2.5731

Class 1 Shares

Gross Income Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2012/2013	Distribution Paid 2011/2012
Group 1				
08/03/12 to 07/04/12	0.2278	–	0.2278	0.2774
08/04/12 to 07/05/12	0.2289	–	0.2289	0.2596
08/05/12 to 07/06/12	0.2801	–	0.2801	0.2774
08/06/12 to 07/07/12	0.2328	–	0.2328	0.2622
08/07/12 to 07/08/12	0.2488	–	0.2488	0.2229
08/08/12 to 07/09/12	0.2360	–	0.2360	0.2743
08/09/12 to 07/10/12	0.2305	–	0.2305	0.2488
08/10/12 to 07/11/12	0.2699	–	0.2699	0.2377
08/11/12 to 07/12/12	0.2426	–	0.2426	0.2463
08/12/12 to 07/01/13	0.2427	–	0.2427	0.2108
08/01/13 to 07/02/13	0.2602	–	0.2602	0.2423
08/02/13 to 07/03/13	0.2345	–	0.2345	0.2291

Group 2				
08/03/12 to 07/04/12	0.0951	0.1327	0.2278	0.2774
08/04/12 to 07/05/12	0.0914	0.1375	0.2289	0.2596
08/05/12 to 07/06/12	0.0987	0.1814	0.2801	0.2774
08/06/12 to 07/07/12	0.0894	0.1434	0.2328	0.2622
08/07/12 to 07/08/12	0.0587	0.1901	0.2488	0.2229
08/08/12 to 07/09/12	0.1756	0.0604	0.2360	0.2743
08/09/12 to 07/10/12	0.1004	0.1301	0.2305	0.2488
08/10/12 to 07/11/12	0.0807	0.1892	0.2699	0.2377
08/11/12 to 07/12/12	0.1372	0.1054	0.2426	0.2463
08/12/12 to 07/01/13	0.1794	0.0633	0.2427	0.2108
08/01/13 to 07/02/13	0.0449	0.2153	0.2602	0.2423
08/02/13 to 07/03/13	0.1523	0.0822	0.2345	0.2291
Total distributions in the period			2.9348	2.9888

Class 2 Shares

Gross Income Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2012/2013	Distribution Paid 2011/2012
Group 1				
08/03/12 to 07/04/12	0.2588	–	0.2588	0.3033
08/04/12 to 07/05/12	0.2599	–	0.2599	0.2925
08/05/12 to 07/06/12	0.3179	–	0.3179	0.3134
08/06/12 to 07/07/12	0.2650	–	0.2650	0.2962
08/07/12 to 07/08/12	0.2831	–	0.2831	0.2524
08/08/12 to 07/09/12	0.2692	–	0.2692	0.3101
08/09/12 to 07/10/12	0.2646	–	0.2646	0.2812
08/10/12 to 07/11/12	0.3074	–	0.3074	0.2692
08/11/12 to 07/12/12	0.2767	–	0.2767	0.2788
08/12/12 to 07/01/13	0.2769	–	0.2769	0.2391
08/01/13 to 07/02/13	0.2966	–	0.2966	0.2747
08/02/13 to 07/03/13	0.2671	–	0.2671	0.2602

Group 2				
08/03/12 to 07/04/12	0.1702	0.0886	0.2588	0.3033
08/04/12 to 07/05/12	0.1086	0.1513	0.2599	0.2925
08/05/12 to 07/06/12	0.1349	0.1830	0.3179	0.3134
08/06/12 to 07/07/12	0.1268	0.1382	0.2650	0.2962
08/07/12 to 07/08/12	0.0631	0.2200	0.2831	0.2524
08/08/12 to 07/09/12	0.0308	0.2384	0.2692	0.3101
08/09/12 to 07/10/12	0.0563	0.2083	0.2646	0.2812
08/10/12 to 07/11/12	0.2226	0.0848	0.3074	0.2692
08/11/12 to 07/12/12	0.2632	0.0135	0.2767	0.2788
08/12/12 to 07/01/13	0.2769	–	0.2769	0.2391
08/01/13 to 07/02/13	0.2966	–	0.2966	0.2747
08/02/13 to 07/03/13	0.0971	0.1700	0.2671	0.2602
Total distributions in the period			3.3432	3.3711

Class 2 Shares

Gross Accumulation	Equalisation	Gross Revenue Accumulated 2012/2013	Gross Revenue Accumulated 2011/2012
Group 1			
08/03/12 to 07/04/12	–	0.4294	0.4861
08/04/12 to 07/05/12	–	0.4333	0.4581
08/05/12 to 07/06/12	–	0.5327	0.4921
08/06/12 to 07/07/12	–	0.4461	0.4681
08/07/12 to 07/08/12	–	0.4800	0.4013
08/08/12 to 07/09/12	–	0.4583	0.4952
08/09/12 to 07/10/12	–	0.4492	0.4519
08/10/12 to 07/11/12	–	0.5291	0.4351
08/11/12 to 07/12/12	–	0.4786	0.4533
08/12/12 to 07/01/13	–	0.4818	0.3907
08/01/13 to 07/02/13	–	0.5187	0.4512
08/02/13 to 07/03/13	–	0.4709	0.4291

Group 2			
08/03/12 to 07/04/12	0.2093	0.2201	0.4294
08/04/12 to 07/05/12	0.1650	0.2683	0.4333
08/05/12 to 07/06/12	0.2373	0.2954	0.5327
08/06/12 to 07/07/12	0.1825	0.2636	0.4461
08/07/12 to 07/08/12	0.2105	0.2695	0.4800
08/08/12 to 07/09/12	0.3150	0.1433	0.4583
08/09/12 to 07/10/12	0.2603	0.1889	0.4492
08/10/12 to 07/11/12	0.2140	0.3151	0.5291
08/11/12 to 07/12/12	0.4562	0.0224	0.4786
08/12/12 to 07/01/13	0.2265	0.2553	0.4818
08/01/13 to 07/02/13	0.3253	0.1934	0.5187
08/02/13 to 07/03/13	0.1794	0.2915	0.4709
Total distributions in the period		5.7081	5.4122

Class Z Shares

Gross Accumulation*	Equalisation	Gross Revenue Accumulated 2012/2013	Gross Revenue Accumulated 2011/2012
Group 1			
26/09/12 to 07/10/12	–	0.1556	0.1556
08/10/12 to 07/11/12	–	0.5714	0.5714
08/11/12 to 07/12/12	–	0.5174	0.5174
08/12/12 to 07/01/13	–	0.5198	0.5198
08/01/13 to 07/02/13	–	0.5608	0.5608
08/02/13 to 07/03/13	–	0.5078	0.5078
Group 2			
26/09/12 to 07/10/12	–	0.1556	0.1556
08/10/12 to 07/11/12	–	0.5714	0.5714
08/11/12 to 07/12/12	–	0.5174	0.5174
08/12/12 to 07/01/13	–	0.5198	0.5198
08/01/13 to 07/02/13	–	0.5608	0.5608
08/02/13 to 07/03/13	–	0.5078	0.5078
Total distributions in the period		2.8328	

Threadneedle Strategic Bond Fund

DISTRIBUTION TABLE

(continued)

Class Z Shares

Gross Income**

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2012/2013
Group 1			
26/09/12 to 07/10/12	0.1556	–	0.1556
08/10/12 to 07/11/12	0.5708	–	0.5708
08/11/12 to 07/12/12	0.5121	–	0.5121
08/12/12 to 07/01/13	0.5131	–	0.5131
08/01/13 to 07/02/13	0.5523	–	0.5523
08/02/13 to 07/03/13	0.4981	–	0.4981
Group 2			
26/09/12 to 07/10/12	0.1556	–	0.1556
08/10/12 to 07/11/12	0.5708	–	0.5708
08/11/12 to 07/12/12	0.5121	–	0.5121
08/12/12 to 07/01/13	0.5131	–	0.5131
08/01/13 to 07/02/13	0.4822	0.0701	0.5523
08/02/13 to 07/03/13	0.1582	0.3399	0.4981
Total distributions in the period			2.8020

Class Z Shares

Net Income***

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2012/2013
Group 1					
26/09/12 to 07/10/12	0.1558	0.0312	0.1246	–	0.1246
08/10/12 to 07/11/12	0.5736	0.1147	0.4589	–	0.4589
08/11/12 to 07/12/12	0.5123	0.1025	0.4098	–	0.4098
08/12/12 to 07/01/13	0.5144	0.1029	0.4115	–	0.4115
08/01/13 to 07/02/13	0.5516	0.1103	0.4413	–	0.4413
08/02/13 to 07/03/13	0.4973	0.0995	0.3978	–	0.3978
Group 2					
26/09/12 to 07/10/12	0.1558	0.0312	0.1246	–	0.1246
08/10/12 to 07/11/12	0.1370	0.0274	0.1096	0.3493	0.4589
08/11/12 to 07/12/12	0.0315	0.0063	0.0252	0.3846	0.4098
08/12/12 to 07/01/13	0.1751	0.0350	0.1401	0.2714	0.4115
08/01/13 to 07/02/13	0.1441	0.0288	0.1153	0.3260	0.4413
08/02/13 to 07/03/13	0.2546	0.0509	0.2037	0.1941	0.3978
Total distributions in the period					2.2439

Group 2: shares purchased during a distribution period

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

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

***Class Z – Net income shares commenced on 26 September 2012

Threadneedle Strategic 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/(LOSSES)

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

	2013 £000	2012 £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 £000	2012 £000
Overseas dividends	–	5
Interest on debt securities	26,241	26,009
Interest on short term investments	18	58
Bank interest	41	110
Stocklending commission	73	39
Miscellaneous revenue	–	2
Total revenue	26,373	26,223

4 EXPENSES

	2013 £000	2012 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(4,300)	(4,084)
Registration fees	(496)	(464)
	(4,796)	(4,548)
Payable to the depository or associate of the depository, and the agents of either of them:		
Depository'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

a) Analysis of charge in period

	2013 £000	2012 £000
Overseas taxes	–	(1)
Total current tax (note 5b)	–	(1)
Total tax charge for the period	–	(1)

b) Factors affecting taxation charge for period

	2013 £000	2012 £000
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)

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 £000	2012 £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 out in the table on pages 53–55.

7 DEBTORS

	2013 £000	2012 £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

Threadneedle Strategic Bond Fund

Notes to the financial statements

(continued)

8 CASH AND BANK BALANCES

	2013 £000	2012 £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

9 CREDITORS

	2013 £000	2012 £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.

Net foreign currency assets

	Monetary exposures £000	Non- monetary exposures £000	Total £000
Currency 2013			
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:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2013				
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 Krone	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

Threadneedle Strategic Bond Fund

Notes to the financial statements

(continued)

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2013				
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 Krone	(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 rate is fixed		
Currency	2013	2012	2013	2012
	%	%	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.

Sensitivity analysis

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

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 £000	2012 £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 shareholders from investment activities		717	30,028

BALANCE SHEET

as at 7 March 2013

	Notes	2013 £000	2012 £000
Assets			
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 shares		(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

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

Class 1 Shares

Net Income Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2012/2013	Distribution Paid 2011/2012
Group 1						
08/03/12 to 07/09/12	0.4293	0.0859	0.3434	–	0.3434	0.5181
08/09/12 to 07/03/13	0.4140	0.0828	0.3312	–	0.3312	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 Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2012/2013	Gross Revenue Accumulated 2011/2012
Group 1				
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				
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 period			1.6564	2.1424

*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 Sterling Bond Fund

DISTRIBUTION TABLE

(continued)

Class Z Shares

Net Income*

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Payable 2012/2013
Group 1					
12/10/12 to 07/03/13	0.8036	0.1607	0.6429	–	0.6429
Group 2					
12/10/12 to 07/03/13	0.1429	0.0286	0.1143	0.5286	0.6429
Total distributions in the period					0.6429

Class Z Shares

Gross Accumulation**

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2012/2013
Group 1			
12/10/12 to 07/03/13	0.7977	–	0.7977
Group 2			
12/10/12 to 07/03/13	0.6477	0.1500	0.7977
Total distributions in the period			0.7977

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

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:

	2013 £000	2012 £000
Non-derivative securities	3,219	32,408
Forward currency contracts	(122)	56
Other (losses)/gains	(26)	1
Transaction costs	(5)	(4)
Net capital gains	3,066	32,461

3 REVENUE

	2013 £000	2012 £000
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 £000	2012 £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

a) Analysis of charge in period

	2013 £000	2012 £000
Total current tax (note 5b)	–	–
Total tax charge for the period	–	–

b) Factors affecting taxation charge for period

	2013 £000	2012 £000
Net revenue before taxation	1,390	3,003
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(278)	(601)
Effects of:		
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 £000	2012 £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.

7 DEBTORS

	2013 £000	2012 £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 £000	2012 £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)

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		2012	
	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

	Monetary exposures £000	Non- monetary exposures £000	Total £000
Currency 2013			
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:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2013				
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

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2013				
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 Weighted average interest rate 2013	Fixed rate financial assets Weighted average period for which rate is fixed 2012	Fixed rate financial assets Weighted average interest rate 2013	Fixed rate financial assets Weighted average period for which rate is fixed 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 £779,328,400 (2012: £790,453,014) and proceeds received from sales were £845,964,375 (2012: £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 £000	2012 £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)

BALANCE SHEET

as at 7 March 2013

	Notes	2013 £000	2012 £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			
Other liabilities			
Creditors	8	(97)	(12,153)
Distribution payable on income shares		(175)	(417)
Total other liabilities		(272)	(12,570)
Total liabilities		(272)	(12,570)
Net assets attributable to shareholders		223,628	246,260

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	246,260	49,872
Movement due to sales and repurchases of shares:		
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 shareholders from investment activities (see statement of total return above)	(36)	(4)
Closing 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 Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2012/2013	Distribution Paid 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

Group 2: shares purchased during a distribution period

*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 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 £000	2012 £000
Non-derivative securities	(35)	(3)
Transaction costs	(1)	(1)
Net capital losses	(36)	(4)

3 REVENUE

	2013 £000	2012 £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

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	(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

	2013 £000	2012 £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%	(128)	(150)
Effects of:		
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 £000	2012 £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 £000	2012 £000
Sales awaiting settlement	–	11,000
Accrued revenue	215	156
Total debtors	215	11,156

8 CREDITORS

	2013 £000	2012 £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

Class 1 shares 0.110%

The net asset value, the net asset value per share, and the number of shares are given in the comparative table on page 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:

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
Currency 2013	£000	£000	£000	£000
UK Sterling	158	223,527	215	223,900
Currency 2012	£000	£000	£000	£000
UK Sterling	460	247,214	11,156	258,830

	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
Currency 2013	£000	£000	£000	£000
UK Sterling	–	–	(272)	(272)
Currency 2012	£000	£000	£000	£000
UK Sterling	–	–	(12,570)	(12,570)

	Fixed rate financial assets Weighted average interest rate	Fixed rate financial assets Weighted average period for which rate is fixed
Currency	%	%
UK Sterling	–	1

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).

Threadneedle European 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 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 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 £000	2012 £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)

BALANCE SHEET

as at 7 March 2013

	Notes	2013 £000	2012 £000
Assets			
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			
Other liabilities			
Creditors	8	(7,888)	(3,468)
Bank overdrafts		(2,237)	–
Total other liabilities		(10,125)	(3,468)
Total liabilities		(10,125)	(3,468)
Net assets attributable to shareholders		524,544	539,605

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	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

DISTRIBUTION TABLE

for the accounting period 8 March 2012 to 7 March 2013

Dividend distribution in pence per share

Class 1 Shares

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
08/03/12 to 07/03/13	1.3441	0.1344	1.2097	1.2097	1.8344
Total distributions in the period				1.2097	1.8344

Class 2 Shares

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
08/03/12 to 07/03/13	3.4619	0.3462	3.1157	3.1157	2.8651
Total distributions in the period				3.1157	2.8651

Class Z Shares

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.

Threadneedle European 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	100,654	(88,706)
Other losses	(305)	(550)
Transaction costs	(13)	(17)
Net capital gains/(losses)	100,336	(89,273)

3 REVENUE

	2013 £000	2012 £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

	2013 £000	2012 £000
Payable to the ACD or associates of the ACD, 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)

*Including irrecoverable VAT where applicable.

5 TAXATION

a) Analysis of charge in period

	2013 £000	2012 £000
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

	2013 £000	2012 £000
Net revenue before taxation	8,406	12,489
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(1,681)	(2,498)
Effects of:		
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)

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

	2013 £000	2012 £000
Final	6,721	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

	2013 £000	2012 £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 £000	2012 £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)

Threadneedle European Fund

Notes to the financial statements

(continued)

9 RELATED PARTY TRANSACTIONS

The related parties are set out in detail in Note 8 of the aggregated financial statements on page 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		2012	
	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

Currency 2013	Monetary exposures £000	Non-monetary exposures £000	Total £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:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2013				
Canadian Dollar	1	–	–	1
Danish Krone	–	–	18,403	18,403
Euro	4,197	–	352,962	357,159
Norwegian Krone	–	–	19,071	19,071
Swedish Krona	2,118	–	47,669	49,787
Swiss Franc	61	–	85,853	85,914
UK Sterling	1,831	–	2,503	4,334
Currency 2012	£000	£000	£000	£000
Canadian Dollar	1	–	–	1
Danish Krone	–	–	20,451	20,451
Euro	246	–	358,944	359,190
Norwegian Krone	–	–	23,037	23,037
Swedish Krona	–	–	45,258	45,258
Swiss Franc	–	–	93,765	93,765
UK Sterling	1,330	–	41	1,371

Threadneedle European Fund

Notes to the financial statements

(continued)

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2013				
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

	2013 £000	2012 £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, 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 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 £000	2012 £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 shareholders from investment activities		402,606	12,217

BALANCE SHEET

as at 7 March 2013

	Notes	2013 £000	2012 £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

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	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

DISTRIBUTION TABLE

for the accounting period 8 March 2012 to 7 March 2013

Dividend distribution in pence per share

Class 1 Shares				Net Revenue Accumulated	
Net Accumulation	Gross	Tax	Net	2012/2013	2011/2012
Distribution	Revenue	Credit	Revenue		
Period					
08/03/12 to 07/03/13	0.9343	0.0934	0.8409	0.8409	0.9246
Total distributions in the 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				Net Revenue Accumulated	
Net Accumulation	Gross	Tax	Net	2012/2013	2011/2012
Distribution	Revenue	Credit	Revenue		
Period					
08/03/12 to 07/03/13	1.1196	0.1120	1.0076	1.0076	1.7180
Total distributions in the period				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

Net Accumulation**

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Net Revenue Accumulated 2012/2013
14/09/12 to 07/03/13	0.0858	0.0086	0.0772	0.0772
Total distributions in the period				0.0772

*Class 2 – Net income shares commenced on 9 March 2012

**Class Z – Net accumulation shares commenced on 14 September 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:

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

3 REVENUE

	2013 £000	2012 £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

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	(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

	2013 £000	2012 £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	2013 £000	2012 £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 share class with a shortfall are set out in the table on pages 71 and 72.		

7 DEBTORS

	2013 £000	2012 £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 £000	2012 £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

	Monetary exposures £000	Non-monetary exposures £000	Total £000
Currency 2013			
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

	£000	£000	£000
Currency 2012			
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:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2013				
Danish Krone	1,129	–	55,873	57,002
Euro	6,790	14,761	1,271,704	1,293,255
Hungarian Forint	1	–	–	1
Norwegian Krone	–	–	65,723	65,723
Swedish Krona	5,432	–	181,355	186,787
Swiss Franc	1,874	–	341,921	343,795
UK Sterling	–	–	18,276	18,276
Currency 2012				
Danish Krone	–	–	22,790	22,790
Euro	9,859	–	639,427	649,286
Hungarian Forint	1	–	–	1
Norwegian Krone	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)

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2013				
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 Krone	–	–	(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

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

Threadneedle European Smaller Companies 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 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 £000	2012 £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 shareholders from investment activities		345,071	(43,694)

BALANCE SHEET

as at 7 March 2013

	Notes	2013 £000	2012 £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		(3)	–
Total other liabilities		(19,399)	(13,788)
Total liabilities		(19,399)	(13,788)
Net assets attributable to shareholders		1,450,865	948,435

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	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 shares	(208,657)	(408,838)
	150,698	(95,142)
Dilution adjustment	80	283
Change in net assets attributable to 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 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

Net Income	Gross Revenue	Tax Credit	Net Revenue	Distribution Payable 2012/2013	Distribution Paid 2011/2012
Distribution Period					
08/03/12 to 07/03/13	0.0503	0.0050	0.0453	0.0453	–
Total distributions in the period				0.0453	–
Net Accumulation	Gross Revenue	Tax Credit	Net Revenue	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
Distribution Period					
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

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

Threadneedle European Smaller Companies Fund

DISTRIBUTION TABLE

(continued)

Class 2 Shares

Net Accumulation Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
08/03/12 to 07/03/13	4.5601	0.4560	4.1041	4.1041	4.0588
Total distributions in the period				4.1041	4.0588

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.

Threadneedle 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 £000	2012 £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

	2013 £000	2012 £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 £000	2012 £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)	(23)
Audit fee	(7)	(7)
	(22)	(30)
*Total expenses	(15,255)	(14,820)

*Including irrecoverable VAT where applicable.

5 TAXATION

a) Analysis of charge in period

	2013 £000	2012 £000
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

	2013 £000	2012 £000
Net revenue before taxation	9,170	8,026
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(1,834)	(1,605)
Effects of:		
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)

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

	2013 £000	2012 £000
Final	6,585	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

	2013 £000	2012 £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 £000	2012 £000
Amounts payable for the cancellation of shares	(6,886)	(2,629)
Purchases awaiting settlement	(2,699)	(6,687)
Accrued expenses	(37)	(32)
Amounts payable to ACD	(1,541)	(1,107)
Total creditors	(11,163)	(10,455)

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:

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 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 exposures £000	Non-monetary exposures £000	Total £000
Currency 2013			
Canadian Dollar	3	–	3
Danish Krone	43	111,795	111,838
Euro	21,652	986,347	1,007,999
Hungarian Forint	1	–	1
Norwegian Krone	94	69,904	69,998
Swedish Krona	–	122,651	122,651
Swiss Franc	282	135,811	136,093
US Dollar	70	–	70

	£000	£000	£000
Currency 2012			
Canadian Dollar	4	–	4
Danish Krone	95	59,689	59,784
Euro	13,984	665,318	679,302
Hungarian Forint	1	–	1
Norwegian Krone	91	29,923	30,014
Swedish Krona	648	78,848	79,496
Swiss Franc	338	99,576	99,914
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:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2013				
Canadian Dollar	3	–	–	3
Danish Krone	423	–	111,837	112,260
Euro	13,554	9,638	987,083	1,010,275
Hungarian Forint	1	–	–	1
Norwegian Krone	–	–	69,998	69,998
Swedish Krona	–	–	122,651	122,651
Swiss Franc	–	–	136,093	136,093
UK Sterling	–	–	18,913	18,913
US Dollar	70	–	–	70

	£000	£000	£000	£000
Currency 2012				
Canadian Dollar	4	–	–	4
Danish Krone	–	–	59,978	59,978
Euro	5,785	5,011	671,210	682,006
Hungarian Forint	1	–	–	1
Norwegian Krone	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

Threadneedle European Smaller Companies Fund

Notes to the financial statements

(continued)

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2013				
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 Krone	–	–	(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 £000	2012 £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

Threadneedle Pan European Smaller Companies 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 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

	Notes	2013 £000	2012 £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)

BALANCE SHEET

as at 7 March 2013

	Notes	2013 £000	2012 £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

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	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

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 Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Gross Revenue Accumulated 2012/2013	Gross Revenue Accumulated 2011/2012
Group 1						
08/03/12 to 07/03/13	0.8339	0.0834	0.7505	–	0.7505	0.5753
Group 2						
08/03/12 to 07/03/13	–	–	–	0.7505	0.7505	0.5753
Total distributions in the period					0.7505	0.5753

Class 2 Shares

Net Accumulation

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Gross Revenue Accumulated 2012/2013	Gross Revenue Accumulated 2011/2012
Group 1						
08/03/12 to 07/03/13	1.7322	0.1732	1.5590	–	1.5590	1.2940
Group 2						
08/03/12 to 07/03/13	0.2822	0.0282	0.2540	1.3050	1.5590	1.2940
Total distributions in the period					1.5590	1.2940

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

Threadneedle Pan European Smaller Companies Fund

DISTRIBUTION TABLE

(continued)

Class X Shares Net Accumulation

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Gross Revenue Accumulated 2012/2013	Gross Revenue Accumulated 2011/2012
Group 1						
08/03/12 to 07/03/13	1.9364	0.1936	1.7428	–	1.7428	1.3720
Group 2						
08/03/12 to 07/03/13	0.3139	0.0314	0.2825	1.4603	1.7428	1.3720
Total distributions in the period					1.7428	1.3720

Class Z Shares* Net Accumulation

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Gross Revenue Accumulated 2013
Group 1					
12/02/13 to 07/03/13	0.6672	0.0667	0.6005	–	0.6005
Group 2					
12/02/13 to 07/03/13	0.0598	0.0060	0.0538	0.5467	0.6005
Total distributions in the period					0.6005

Group 2: shares purchased during a distribution period

*Class Z – Net accumulation shares commenced 12 February 2013

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 £000	2012 £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 £000	2012 £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

	2013 £000	2012 £000
Payable to the ACD or associates of the ACD, 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

a) Analysis of charge in period

	2013 £000	2012 £000
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

	2013 £000	2012 £000
Net revenue before taxation	9,593	9,441
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(1,919)	(1,888)
Effects of:		
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 £2,446,601 (2012: £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

Distributions and Interest

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

	2013 £000	2012 £000
Final	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

	2013 £000	2012 £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

8 CREDITORS

	2013 £000	2012 £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)

Threadneedle Pan European Smaller Companies Fund

Notes to the financial statements

(continued)

9 RELATED PARTY TRANSACTIONS

The related parties are set out in detail in Note 8 of the aggregated financial statements on page 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		2012	
	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

Currency 2013	Monetary exposures £000	Non-monetary exposures £000	Total £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 financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2013				
Canadian Dollar	3	–	–	3
Danish Krone	341	–	62,613	62,954
Euro	11,245	8,683	625,434	645,362
Norwegian Krone	–	–	47,357	47,357
Swedish Krona	1,015	–	58,752	59,767
Swiss Franc	–	–	34,606	34,606
UK Sterling	–	–	334,745	334,745
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	–	–	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

Threadneedle Pan European Smaller Companies Fund

Notes to the financial statements

(continued)

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2013				
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 £000	2012 £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

Threadneedle Pan European 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 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 £000	2012 £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)

BALANCE SHEET

as at 7 March 2013

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

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	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

DISTRIBUTION TABLE

for the accounting period 8 March 2012 to 7 March 2013

Dividend distribution in pence per share

Class 1 Shares

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
08/03/12 to 07/03/13	0.8141	0.0814	0.7327	0.7327	1.0981
Total distributions in the period				0.7327	1.0981

Class 2 Shares

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 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

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 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.

Threadneedle Pan European Fund

DISTRIBUTION TABLE

(continued)

Class X Shares

Net Accumulation Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
08/03/12 to 07/03/13	2.1692	0.2169	1.9523	1.9523	1.7635
Total distributions in the period				1.9523	1.7635

Class Z Shares

Net Accumulation* Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Net Revenue Accumulated 2012/2013
03/10/12 to 07/03/13	0.0492	0.0049	0.0443	0.0443
Total distributions in the period				0.0443

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

Threadneedle Pan European 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	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 £000	2012 £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 £000	2012 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
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

a) Analysis of charge in period

	2013 £000	2012 £000
Overseas taxes	(500)	(438)
Total current tax (note 5b)	(500)	(438)
Total tax charge for the period	(500)	(438)

b) Factors affecting taxation charge for period

	2013 £000	2012 £000
Net revenue before taxation	3,125	3,337
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(625)	(667)
Effects of:		
Revenue not subject to taxation	717	923
Overseas taxes	(500)	(438)
Overseas taxes expensed	35	29
Excess expenses	(127)	(285)
Current tax charge for period (note 5a)	(500)	(438)

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 £000	2012 £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 out in the table on pages 86 and 87.

7 DEBTORS

	2013 £000	2012 £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 £000	2012 £000
Amounts payable for the cancellation 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)

Threadneedle Pan European Fund

Notes to the financial statements

(continued)

9 RELATED PARTY TRANSACTIONS

The related parties are set out in detail in Note 8 of the aggregated financial statements on page 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%
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The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative table on page 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		2012	
	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

	Monetary exposures £000	Non-monetary exposures £000	Total £000
Currency 2013			
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

	£000	£000	£000
Currency 2012			
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:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2013				
Danish Krone	–	–	4,657	4,657
Euro	3,722	–	124,838	128,560
Norwegian Krone	–	–	1,431	1,431
Swedish Krona	788	–	4,602	5,390
Swiss Franc	–	–	37,416	37,416
UK Sterling	–	–	73,669	73,669
US Dollar	1	–	2	3

	£000	£000	£000	£000
Currency 2012				
Danish Krone	–	–	4,309	4,309
Euro	–	–	84,246	84,246
Norwegian Krone	–	–	2,945	2,945
Swedish Krona	–	–	9,325	9,325
Swiss Franc	–	–	19,383	19,383
UK Sterling	2,861	–	74,029	76,890
US Dollar	1	–	3	4

Threadneedle Pan European Fund

Notes to the financial statements

(continued)

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2013				
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 Krone	(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 £000	2012 £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

	Notes	2013 £000	2012 £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

BALANCE SHEET

as at 7 March 2013

	Notes	2013 £000	2012 £000
Assets			
Investment assets		170,370	179,791
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			
Derivative 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

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	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 shareholders from investment activities (see statement of total return above)	11,895	4,915
Retained distribution on accumulation shares	3,085	4,433
Unclaimed distribution monies brought back into account	1	–
Closing 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

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Payable 2012/2013	Distribution Paid 2011/2012
Net Income						
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

*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 European Bond Fund

DISTRIBUTION TABLE

(continued)

Class 1 Shares

Gross Accumulation

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2012/2013	Gross Revenue Accumulated 2011/2012
Group 1				
08/03/12 to 07/09/12	1.5178	–	1.5178	1.8629
08/09/12 to 07/03/13	1.7978	–	1.7978	1.6223
Group 2				
08/03/12 to 07/09/12	0.6702	0.8476	1.5178	1.8629
08/09/12 to 07/03/13	0.6395	1.1583	1.7978	1.6233
Total distributions in the period			3.3156	3.4852

Class 2 Shares

Gross Accumulation

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2012/2013	Gross Revenue Accumulated 2011/2012
Group 1				
08/03/12 to 07/09/12	1.4217	–	1.4217	1.6035
08/09/12 to 07/03/13	1.6790	–	1.6790	1.4004
Group 2				
08/03/12 to 07/09/12	0.8348	0.5869	1.4217	1.6035
08/09/12 to 07/03/13	0.9672	0.7118	1.6790	1.4004
Total distributions in the period			3.1007	3.0039

Class Z Shares

Net Income*

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Payable 2012/2013
Group 1					
15/02/13 to 07/03/13	1.4115	0.2823	1.1292	–	1.1292
Group 2					
15/02/13 to 07/03/13	0.1735	0.0347	0.1388	0.9904	1.1292
Total distributions in the period					1.1292

Group 2: shares purchased during a distribution period

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

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 £000	2012 £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 £000	2012 £000
Interest on debt securities	5,201	6,255
Interest on short term investments	–	4
Bank interest	22	71
Stocklending commission	21	20
Total revenue	5,244	6,350

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	(1,716)	(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

a) Analysis of charge in period

	2013 £000	2012 £000
Total current tax (note 5b)	–	–
Total tax charge for the period	–	–

b) Factors affecting taxation charge for period

	2013 £000	2012 £000
Net revenue before taxation	3,160	3,981
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(632)	(796)
Effects of:		
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 £000	2012 £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 per share are set out in the table on pages 91 and 92.

7 DEBTORS

	2013 £000	2012 £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 £000	2012 £000
Amounts held at futures clearing houses and brokers	270	–
Cash and bank balances	2,290	11,149
	2,560	11,149
Bank overdrafts	(678)	–
Total cash and bank balances	1,882	11,149

9 CREDITORS

	2013 £000	2012 £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)

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		2012	
	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

	Monetary exposures £000	Non- monetary exposures £000	Total £000
Currency 2013			
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:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2013				
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)

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2013				
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 financial assets Weighted average interest rate	Fixed rate financial assets Weighted average period for which rate is fixed		
Currency	2013	2012	2013	2012
	%	%	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).

Threadneedle European Corporate Bond Fund

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 £000	2012 £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)

BALANCE SHEET

as at 7 March 2013

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

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	48,811	38,119
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	36,802	15,340
Amounts payable on the cancellation of shares	(27,501)	(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

DISTRIBUTION TABLE

for the accounting period 8 March 2012 to 7 March 2013

Interest distribution in pence per share

Class 1 Shares

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
08/03/12 to 07/09/12	1.2120	0.2424	0.9696	0.9696	1.3068
08/09/12 to 07/03/13	1.0906	0.2181	0.8725	0.8725	1.0918
Total distributions in the period			1.8421	1.8421	2.3986

Class 1 Shares

Distribution Period	Gross Revenue	Gross Revenue Accumulated 2012/2013	Gross Revenue Accumulated 2011/2012
08/03/12 to 07/09/12	1.1617	1.1617	1.7189
08/09/12 to 07/03/13	1.1165	1.1165	1.3966
Total distributions in the period	2.2782	2.2782	3.1155

Class 2 Shares

Distribution Period	Gross Revenue	Gross Revenue Accumulated 2012/2013	Gross Revenue Accumulated 2011/2012
08/03/12 to 07/09/12	1.3875	1.3875	1.3977
08/09/12 to 07/03/13	2.4156	2.4156	1.4132
Total distributions in the period	3.8031	3.8031	2.8109

*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 European Corporate 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/(LOSSES)

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

	2013 £000	2012 £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 £000	2012 £000
Interest on debt securities	2,258	1,999
Derivative revenue	12	–
Bank interest	4	13
Stocklending commission	7	4
Total revenue	2,281	2,016

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	(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

	2013 £000	2012 £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)	–	–

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

	2013 £000	2012 £000
Distributions and Interest		
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

	2013 £000	2012 £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

	2013 £000	2012 £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)

Threadneedle European Corporate Bond Fund

Notes to the financial statements

(continued)

9 CREDITORS

	2013 £000	2012 £000
Amounts payable for the cancellation of shares	(20)	(26)
Purchases awaiting settlement	–	(44)
Accrued expenses	(11)	(6)
Amounts payable to ACD	(56)	(37)
Income tax payable	(97)	(89)
Total creditors	(184)	(202)

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

	Monetary exposures £000	Non- monetary exposures £000	Total £000
Currency 2013			
Euro	997	66,265	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:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2013				
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

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2013				
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)

	Fixed rate financial assets Weighted average 2013 2012		Fixed rate financial assets Weighted average period 2013 2012		Non interest bearing assets Weighted average period 2013 2012	
Currency	%	%	years	years	years	years
Euro	4	5	8.47	9.81	4.77	–
UK Sterling	6	6	5.69	9.61	–	–

Threadneedle European Corporate Bond Fund

Notes to the financial statements

(continued)

Fair value of financial assets and financial liabilities

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

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 £354,000 (2012: forward foreign exchange contracts £12,000).

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: £42,674,456) and proceeds received from sales were £68,964,777 (2012: £32,133,650).

Threadneedle European High Yield Bond Fund

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, 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 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

	Notes	2013 £000	2012 £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)

BALANCE SHEET

as at 7 March 2013

	Notes	2013 £000	2012 £000
Assets			
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		(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

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	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 in specie 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

DISTRIBUTION TABLE

for the accounting period 8 March 2012 to 7 March 2013

Interest distribution in pence per share

Class 1 Shares

Net Accumulation Distribution Period	Gross Revenue	Income Tax	Net Revenue	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
--------------------------------------	---------------	------------	-------------	-----------------------------------	-----------------------------------

08/03/12 to 07/03/13	7,4180	1,4836	5,9344	5,9344	8,0781
Total distributions in the period				5,9344	8,0781

Class 1 Shares

Gross Income Distribution Period	Gross Revenue	Distribution Payable 2012/2013	Distribution Paid 2011/2012
----------------------------------	---------------	--------------------------------	-----------------------------

08/03/12 to 07/03/13	6,4218	6,4218	0,7214
Total distributions in the period		6,4218	0,7214

*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 European High Yield Bond Fund

DISTRIBUTION TABLE

(continued)

Class 1 Shares

Gross Accumulation

Distribution Period	Gross Revenue	Gross Revenue Accumulated 2012/2013	Gross Revenue Accumulated 2011/2012
08/03/12 to 07/03/13	8.2994	8.2994	11.9066
Total distributions in the period		8.2994	11.9066

Class 2 Shares

Gross Income*

Distribution Period	Gross Revenue	Distribution Payable 2012/2013
09/05/12 to 07/03/13	0.5483	0.5483
Total distributions in the period		0.5483

Class 2 Shares

Gross Accumulation

Distribution Period	Gross Revenue	Gross Revenue Accumulated 2012/2013	Gross Revenue Accumulated 2011/2012
08/03/12 to 07/03/13	11.9032	11.9032	12.7158
Total distributions in the period		11.9032	12.7158

Class 2 Hedged Shares

Gross Accumulation

Distribution Period	Gross Revenue	Gross Revenue Accumulated 2012/2013	Gross Revenue Accumulated 2011/2012
08/03/12 to 07/03/13	7.1507	7.1507	7.4286
Total distributions in the period		7.1507	7.4286

Class X Shares

Gross Accumulation

Distribution Period	Gross Revenue	Gross Revenue Accumulated 2012/2013	Gross Revenue Accumulated 2011/2012
08/03/12 to 07/03/13	7.1541	7.1541	5.0953
Total distributions in the period		7.1541	5.0953

Class Z Shares

Gross Income**

Distribution Period	Gross Revenue	Distribution Payable 2012/2013
26/09/12 to 07/03/13	1.8221	1.8221
Total distributions in the period		1.8221

Class Z Shares

Gross Accumulation***

Distribution Period	Gross Revenue	Gross Revenue Accumulated 2012/2013
26/09/12 to 07/03/13	3.3965	3.3965
Total distributions in the period		3.3965

*Class 2 – 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

Threadneedle European High Yield 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/(LOSSES)

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

	2013 £000	2012 £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 £000	2012 £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 £000	2012 £000
Payable to the ACD or associates of the ACD, 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

a) Analysis of charge in period

	2013 £000	2012 £000
Overseas taxes	–	(4)
Total current tax (note 5b)	–	(4)
Total tax charge for the period	–	(4)

b) Factors affecting taxation charge for period

	2013 £000	2012 £000
Net revenue before taxation	47,298	56,595
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(9,460)	(11,319)
Effects of:		
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)

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

	2013 £000	2012 £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 are set out in the table on pages 100 and 101.

7 DEBTORS

	2013 £000	2012 £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

	2013 £000	2012 £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

Threadneedle European High Yield Bond Fund

Notes to the financial statements

(continued)

9 CREDITORS

	2013 £000	2012 £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		2012	
	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.

Net foreign currency assets

	Monetary exposures £000	Non- monetary exposures £000	Total £000
Currency 2013			
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:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2013				
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 Krone	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

Threadneedle European High Yield Bond Fund

Notes to the financial statements

(continued)

	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
Currency 2013	£000	£000	£000	£000
Euro	–	–	(2,218)	(2,218)
Swiss Franc	(779)	(5,408)	–	(6,187)
UK Sterling	(2,745)	(147,581)	(6,795)	(157,121)
US Dollar	(4,455)	(22,897)	–	(27,352)
Currency 2012	£000	£000	£000	£000
Euro	–	–	(2,038)	(2,038)
Norwegian Krone	(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 financial assets Weighted average	Fixed rate financial assets Weighted average period	Non interest bearing assets Weighted average period	
Currency	2013	2012	2013	2012
	%	%	years	years
Euro	8	8	6.10	6.87
Norwegian Krone	9	9	0.72	0.72
Swiss Franc	6	7	4.62	6.47
UK Sterling	9	8	8.14	7.40
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 of £1,259,000 (2012: 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 £363,492,091 (2012: £315,221,939) and proceeds received from sales were £325,052,112 (2012: £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 cyclicalities 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 open-ended 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

	Notes	2013 £000	2012 £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 shareholders from investment activities		368,850	114,849

BALANCE SHEET

as at 7 March 2013

	Notes	2013 £000	2012 £000
Assets			
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

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	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

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

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
08/03/12 to 07/03/13	0.7262	0.0726	0.6536	0.6536	0.3019
Total distributions in the period				0.6536	0.3019

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

Threadneedle American Fund

DISTRIBUTION TABLE

(continued)

Class X Shares

Net Accumulation Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
08/03/12 to 07/03/13	2.3464	0.2346	2.1118	2.1118	5.3081
Total distributions in the period				2.1118	5.3081

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).

Class Z Shares

Net Accumulation * Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Net Revenue Accumulated 2012/2013
12/09/12 to 07/03/13	0.0718	0.0072	0.0646	0.0646
Total distributions in the period				0.0646

Class Z Shares

Net Income**

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Distribution Payable 2012/2013
12/09/12 to 07/03/13	0.1859	0.0186	0.1673	0.1673
Total distributions in the period				0.1673

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

**Class Z – Net income shares commenced on 12 September 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 £000	2012 £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 £000	2012 £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 £000	2012 £000
Payable to the ACD or associates of the ACD, 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

a) Analysis of charge in period

	2013 £000	2012 £000
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

	2013 £000	2012 £000
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:		
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 £000	2012 £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

	2013 £000	2012 £000
Amounts receivable for the issue of shares	15,727	4,762
Sales awaiting settlement	–	25,100
Accrued revenue	2,691	1,646
Foreign withholding tax recoverable	74	256
Total debtors	18,492	31,764

8 CASH AND BANK BALANCES

	2013 £000	2012 £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 £000	2012 £000
Amounts payable for the cancellation of shares	(2,488)	(3,196)
Purchases awaiting settlement	(13,624)	–
Accrued expenses	(18)	(13)
Amounts payable to ACD	(2,245)	(1,968)
Total creditors	(18,375)	(5,177)

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 management charge

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

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

	2013		2012	
	Value £000	% of Total	Value £000	% of Total
Bonds	–	–	8,101	100
	–	–	8,101	100

13 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The analysis and tables provided below refer to the narrative disclosure on derivatives and other financial instruments risks on pages 8 and 9.

Currency exposures

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

Net foreign currency assets

	Monetary exposures £000	Non- monetary exposures £000	Total £000
Currency 2013			
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:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2013				
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 financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £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 £000	2012 £000
Analysis of total purchase costs		
Purchases in period before transaction costs	2,222,698	1,184,040
Commissions	1,947	1,232
Total purchase costs	1,947	1,232
Gross purchases total	2,224,645	1,185,272
Analysis of total sale costs		
Gross sales before transaction costs	2,120,501	1,090,327
Commissions	(1,889)	(1,194)
Taxes	(34)	(16)
Total sale costs	(1,923)	(1,210)
Total sales net of transaction costs	2,118,578	1,089,117

Threadneedle American 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 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 cyclical risk 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.

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	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

BALANCE SHEET

as at 7 March 2013

	Notes	2013 £000	2012 £000
Assets			
Investment assets		2,052,057	1,549,643
Other assets			
Debtors	7	103,115	101,555
Cash and bank balances	8	159,482	74,771
Total other assets		262,597	176,326
Total assets		2,314,654	1,725,969
Liabilities			
Derivative liabilities		(731)	(2,143)
Other liabilities			
Creditors	9	(181,033)	(65,196)
Bank overdrafts	8	(96,089)	(8,645)
Distribution payable on income shares		(3)	–
Total other liabilities		(277,125)	(73,841)
Total liabilities		(277,856)	(75,984)
Net assets attributable to shareholders		2,036,798	1,649,985

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	1,649,985	1,293,113
Movement due to sales and repurchases of shares:		
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 in specie transfer	(48,498)	–
	64,434	247,896
Dilution adjustment	370	368
Stamp duty reserve tax	(21)	(3)
Change in net assets attributable to 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

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 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.

Threadneedle American Select Fund

DISTRIBUTION TABLE

(continued)

Class 2 Shares

Net Accumulation Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
08/03/12 to 07/03/13	0.3754	0.0375	0.3379	0.3379	0.2484
Total distributions in the period				0.3379	0.2484

Class 2 Hedged Shares

Net Accumulation Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
08/03/12 to 07/03/13	0.2469	0.0247	0.2222	0.2222	0.3178
Total distributions in the period				0.2222	0.3178

Class Z Shares

Net Income* Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Distribution 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 Period	Gross Revenue	Tax Credit	Net Revenue	Net Revenue Accumulated 2012/2013
12/09/12 to 07/03/13	0.1146	0.0115	0.1031	0.1031
Total distributions in the period				0.1031

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

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

Threadneedle American 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:

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

3 REVENUE

	2013 £000	2012 £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 £000	2012 £000
Payable to the ACD or associates of the ACD, 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

a) Analysis of charge in period

	2013 £000	2012 £000
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

	2013 £000	2012 £000
Net revenue/(expense) before taxation	94	(686)
Net revenue/(expense) before taxation multiplied by the standard rate of corporation tax of 20%	(19)	137
Effects of:		
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)

The fund has not recognised a deferred tax asset of £20,401,480 (2012: £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 £000	2012 £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 share class with a shortfall are set out in the table on pages 110 and 111.

7 DEBTORS

	2013 £000	2012 £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

8 CASH AND BANK BALANCES

	2013 £000	2012 £000
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

Threadneedle American Select Fund

Notes to the financial statements

(continued)

9 CREDITORS

	2013 £000	2012 £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		2012	
	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.

Net foreign currency assets

	Monetary exposures £000	Non- monetary exposures £000	Total £000
Currency 2013			
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:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2013				
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

Threadneedle American Select Fund

Notes to the financial statements

(continued)

Currency 2013	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
UK Sterling	(96,089)	–	(181,037)	(277,126)
US Dollar	–	–	(58,352)	(58,352)
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 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.

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 –£728,000 (2012: –£2,141,000).

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 £000	2012 £000
Analysis of total purchase costs		
Purchases in period before transaction costs	3,169,593	2,637,045
Commissions	3,021	2,982
Total purchase costs	3,021	2,982
Gross purchases total	3,172,614	2,640,027
Analysis of total sale costs		
Gross sales before transaction costs	2,994,166	2,479,354
Commissions	(2,862)	(2,995)
Taxes	(48)	(42)
Total sale costs	(2,910)	(3,037)
Total sales net of transaction costs	2,991,256	2,476,317

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 cyclical nature 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 open-ended 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 £000	2012 £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 shareholders from investment activities		71,040	(19,489)

BALANCE SHEET

as at 7 March 2013

	Notes	2013 £000	2012 £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

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	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

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

Net Accumulation

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 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 Period	Gross Revenue	Tax Credit	Net Revenue	Net 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.

Threadneedle American Smaller Companies Fund (US)

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	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 £000	2012 £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

	2013 £000	2012 £000
Payable to the ACD or associates of the ACD, 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

a) Analysis of charge in period

	2013 £000	2012 £000
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

	2013 £000	2012 £000
Net expenses before taxation	(819)	(2,219)
Net expenses before taxation multiplied by the standard rate of corporation tax of 20%	164	444
Effects of:		
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 £000	2012 £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

	2013 £000	2012 £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 £000	2012 £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%

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		2012	
	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

	Monetary exposures £000	Non-monetary exposures £000	Total £000
Currency 2013			
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:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2013				
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

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2013				
UK Sterling	(1,450)	–	(1,886)	(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 £000	2012 £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

Threadneedle Dollar 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 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 £000	2012 £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

BALANCE SHEET

as at 7 March 2013

	Notes	2013 £000	2012 £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		(550)	(618)
Total other liabilities		(1,897)	(6,738)
Total liabilities		(1,897)	(6,738)
Net assets attributable to shareholders		74,565	71,447

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	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

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 Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Payable 2012/2013	Distribution Paid 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 Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2012/2013	Gross Revenue Accumulated 2011/2012
Group 1				
08/03/12 to 07/09/12	1.3159	–	1.3159	1.4409
08/09/12 to 07/03/13	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

*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 Dollar Bond Fund

DISTRIBUTION TABLE

(continued)

Class Z Shares

Net Income*					
Distribution	Gross	Income	Net		Distribution
Period	Revenue	Tax	Revenue	Equalisation	Payable
					2013
Group 1					
15/02/13 to 07/03/13	1.2570	0.2514	1.0056	–	1.0056
Group 2					
15/02/13 to 07/03/13	0.1154	0.0231	0.0923	0.9133	1.0056
Total distributions in the period					1.0056

Group 2: shares purchased during a distribution period

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

Threadneedle Dollar 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 £000	2012 £000
Non-derivative securities	5,060	5,633
Derivative contracts	43	(537)
Other gains	97	229
Transaction costs	(4)	(5)
Net capital gains	5,196	5,320

3 REVENUE

	2013 £000	2012 £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 £000	2012 £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

a) Analysis of charge in period

	2013 £000	2012 £000
Total current tax (note 5b)	–	–
Total tax charge for the period	–	–

b) Factors affecting taxation charge for period

	2013 £000	2012 £000
Net revenue before taxation	1,150	1,209
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(230)	(242)
Effects of:		
Excess expenses	(145)	(119)
Distributions treated as tax deductible	375	361
Current tax charge for period (note 5a)	–	–

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:

	2013 £000	2012 £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 share are set out in the table on pages 120 and 121.

7 DEBTORS

	2013 £000	2012 £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

Threadneedle Dollar Bond Fund

Notes to the financial statements

(continued)

8 CASH AND BANK BALANCES

	2013 £000	2012 £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

9 CREDITORS

	2013 £000	2012 £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		2012	
	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 exposures £000	Non- monetary exposures £000	Total £000
Currency 2013			
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:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2013				
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
	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2013				
UK Sterling	–	–	(799)	(799)
US Dollar	(29)	–	(1,069)	(1,098)
Currency 2012	£000	£000	£000	£000
UK Sterling	(4,123)	–	(1,130)	(5,253)
US Dollar	–	–	(1,485)	(1,485)

Threadneedle Dollar Bond Fund

Notes to the financial statements

(continued)

Currency	Fixed rate financial assets		Fixed rate financial assets		Non interest bearing assets	
	Weighted average interest rate		Weighted average period for which rate is fixed		Weighted average period	
	2013	2012	2013	2012	2013	2012
	%	%	years	years	years	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.

Sensitivity analysis

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

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

14 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (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 £74,533,155 (2012: £73,891,590) and proceeds received from sales were £72,506,191 (2012: £69,427,956).

Threadneedle Japan 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 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 three-pronged 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 cyclicity 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 £000	2012 £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 shareholders from investment activities		7,878	(18,622)

BALANCE SHEET

as at 7 March 2013

	Notes	2013 £000	2012 £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

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	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 in specie 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

DISTRIBUTION TABLE

for the accounting period 8 March 2012 to 7 March 2013

Dividend distribution in pence per share

Class 1 Shares

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
08/03/12 to 07/03/13	0.2731	0.0273	0.2458	0.2458	0.1948
Total distributions in the period				0.2458	0.1948

Class 2 Shares

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
08/03/12 to 07/03/13	0.9141	0.0914	0.8227	0.8227	0.4299
Total distributions in the 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.

Threadneedle Japan 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	7,925	(18,514)
Other losses	(35)	(98)
Transaction costs	(12)	(10)
Net capital gains/(losses)	7,878	(18,622)

3 REVENUE

	2013 £000	2012 £000
Overseas dividends	4,640	4,640
Bank interest	2	4
Stocklending commission	26	5
Total revenue	4,668	4,649

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	(1,987)	(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)
	(14)	(13)
*Total expenses	(2,166)	(2,340)

*Including irrecoverable VAT where applicable.

5 TAXATION

a) Analysis of charge in period

	2013 £000	2012 £000
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

	2013 £000	2012 £000
Net revenue before taxation	2,501	2,305
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(500)	(461)
Effects of:		
Revenue not subject to taxation	928	928
Overseas taxes	(324)	(326)
Excess expenses	(428)	(467)
Current tax charge for period (note 5a)	(324)	(326)

The fund has not recognised a deferred tax asset of £3,350,288 (2012: £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 £000	2012 £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

	2013 £000	2012 £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

	2013 £000	2012 £000
Amounts payable for the cancellation of shares	(534)	(4,920)
Purchases awaiting settlement	(5,746)	(825)
Accrued expenses	(13)	(8)
Amounts payable to ACD	(138)	(192)
Total creditors	(6,431)	(5,945)

Threadneedle Japan Fund

Notes to the financial statements

(continued)

9 RELATED PARTY TRANSACTIONS

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

Currency 2013	Monetary exposures £000	Non-monetary exposures £000	Total £000
Japanese Yen	628	147,044	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 financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £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 financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £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).

Threadneedle Japan Fund

Notes to the financial statements

(continued)

14 PORTFOLIO TRANSACTION COSTS

	2013 £000	2012 £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

Threadneedle Japan Smaller Companies 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 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 the TOPIX 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 three-pronged 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 deflation 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 £000	2012 £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 shareholders from investment activities		(3,785)	(2,478)

BALANCE SHEET

as at 7 March 2013

	Notes	2013 £000	2012 £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

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	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

DISTRIBUTION TABLE

for the accounting period 8 March 2012 to 7 March 2013

Dividend distribution in pence per share

Class 1 Shares

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
08/03/12 to 07/03/13	0.5019	0.0502	0.4517	0.4517	0.3268
Total distributions in the period				0.4517	0.3268

Class 2 Shares

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
08/03/12 to 07/03/13	17.9669	1.7967	16.1702	16.1702	0.9558
Total distributions in the 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.

Threadneedle Japan 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.

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:

	2013 £000	2012 £000
Non-derivative securities	(3,721)	(2,595)
Other (losses)/gains	(55)	125
Transaction costs	(9)	(8)
Net capital losses	(3,785)	(2,478)

3 REVENUE

	2013 £000	2012 £000
Overseas dividends	2,557	2,684
Bank interest	1	3
Stocklending commission	45	22
Total revenue	2,603	2,709

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	(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

a) Analysis of charge in period

	2013 £000	2012 £000
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

	2013 £000	2012 £000
Net revenue before taxation	1,656	1,509
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(331)	(302)
Effects of:		
Revenue not subject to taxation	511	537
Overseas taxes	(179)	(188)
Excess expenses	(180)	(235)
Current tax charge for period (note 5a)	(179)	(188)

The fund has not recognised a deferred tax asset of £923,913 (2012: £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 £000	2012 £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 £000	2012 £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

	2013 £000	2012 £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)

Threadneedle Japan 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 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		2012	
	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

	Monetary exposures £000	Non-monetary exposures £000	Total £000
Currency 2013			
Japanese Yen	70	11,247	11,317

	£000	£000	£000
Currency 2012			
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:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2013				
Japanese Yen	52	–	11,265	11,317
UK Sterling	–	–	61	61
Currency 2012				
Japanese Yen	4,856	–	121,117	125,973
UK Sterling	–	–	4,347	4,347

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2013				
UK Sterling	(20)	–	(30)	(50)
Currency 2012				
Japanese Yen	–	–	(4,162)	(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).

Threadneedle Japan Smaller Companies Fund

Notes to the financial statements

(continued)

14 PORTFOLIO TRANSACTION COSTS

	2013 £000	2012 £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.

Threadneedle Asia 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 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 auto-parts 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 £000	2012 £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 £000	2012 £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 £000	2012 £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 distribution in pence per share

Class 1 Shares

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
08/03/12 to 07/03/13	1.3048	0.1305	1.1743	1.1743	1.1641
Total distributions in the period				1.1743	1.1641

Class 2 Shares

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 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

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Net 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

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

Threadneedle Asia 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	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 £000	2012 £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

	2013 £000	2012 £000
Payable to the ACD or associates of the ACD, 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

a) Analysis of charge in period

	2013 £000	2012 £000
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

	2013 £000	2012 £000
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

	2013 £000	2012 £000
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)

The fund has not recognised a deferred tax asset of £9,245,089 (2012: £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 £000	2012 £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	8,859	10,752
Capital gains tax	332	(39)
Net distribution for the period	9,191	10,713

Details of the distribution per share are set out in the table on page 133.

7 DEBTORS

	2013 £000	2012 £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

Threadneedle Asia Fund

Notes to the financial statements

(continued)

8 CREDITORS

	2013 £000	2012 £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)

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:

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 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: £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 £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 £000	Non- monetary exposures £000	Total £000
Currency 2013			
Australian Dollar	1,648	150,268	151,916
Hong Kong Dollar	–	209,471	209,471
Indian Rupee	–	53,482	53,482
Indonesian Rupiah	25	25,661	25,686
Malaysian Ringgit	–	3,593	3,593
Philippines Peso	43	21,602	21,645
Singapore Dollar	–	42,415	42,415
South Korean Won	694	112,295	112,989
Taiwan Dollar	91	64,907	64,998
Thai Baht	288	36,772	37,060
US Dollar	8,328	22,321	30,649

	£000	£000	£000
Currency 2012			
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

Threadneedle Asia Fund

Notes to the financial statements

(continued)

Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the fund's financial assets and financial liabilities at 7 March 2013 was:

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying 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 Rupiah	–	–	26,120	26,120
Malaysian Ringgit	–	–	3,593	3,593
Philippines Peso	–	–	21,645	21,645
Singapore Dollar	–	–	42,415	42,415
South Korean Won	–	–	112,989	112,989
Taiwan Dollar	475	–	64,907	65,382
Thai Baht	–	–	37,060	37,060
UK Sterling	2,506	–	32,263	34,769
US Dollar	4,326	4,002	22,321	30,649
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 Rupiah	–	–	22,447	22,447
Malaysian Ringgit	–	–	14,642	14,642
Philippines Peso	–	–	6,933	6,933
Singapore Dollar	–	–	35,258	35,258
South Korean Won	–	–	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

	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
Currency 2013	£000	£000	£000	£000
Australian Dollar	(1,826)	–	–	(1,826)
Hong Kong Dollar	(1,832)	–	–	(1,832)
Indonesian Rupiah	–	–	(434)	(434)
Taiwan Dollar	–	–	(384)	(384)
UK Sterling	–	–	(3,480)	(3,480)
Currency 2012	£000	£000	£000	£000
Hong Kong Dollar	–	–	(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 £000	2012 £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

Threadneedle Latin America Fund

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 pro-business 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 £000	2012 £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)

BALANCE SHEET

as at 7 March 2013

	Notes	2013 £000	2012 £000
Assets			
Investment assets		879,367	1,002,629
Other assets			
Debtors	7	19,267	11,477
Cash and bank balances		33,323	17,608
Total other assets		52,590	29,085
Total assets		931,957	1,031,714
Liabilities			
Other liabilities			
Creditors	8	(16,236)	(23,050)
Bank overdrafts		(939)	-
Total other liabilities		(17,175)	(23,050)
Total liabilities		(17,175)	(23,050)
Net assets attributable to shareholders		914,782	1,008,664

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	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

DISTRIBUTION TABLE

for the accounting period 8 March 2012 to 7 March 2013

Dividend distribution in pence per share

Class 1 Shares					Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
Distribution Period	Gross Revenue	Tax Credit	Net Revenue			
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					Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
Distribution Period	Gross Revenue	Tax Credit	Net Revenue			
08/03/12 to 07/03/13	5.0222	0.5022	4.5200		4.5200	6.0342
Total distributions in the period					4.5200	6.0342
Class X Shares					Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
Distribution Period	Gross Revenue	Tax Credit	Net Revenue			
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					Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
Distribution Period	Gross Revenue	Tax Credit	Net Revenue			
21/09/12 to 07/03/13	0.3216	0.0322	0.2894		0.2894	
Total distributions in the period					0.2894	

*In pound Sterling and against UK peer group.

Please refer to pages 269-282 for comparative tables.

* Class Z - Net accumulation shares commenced on 21 September 2012

Threadneedle Latin America 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	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 £000	2012 £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

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	(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

a) Analysis of charge in period

	2013 £000	2012 £000
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

	2013 £000	2012 £000
Net revenue before taxation	11,589	18,189
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(2,318)	(3,638)
Effects of:		
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 £9,320,899 (2012: £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

	2013 £000	2012 £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 out in the table on page 137.

7 DEBTORS

	2013 £000	2012 £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

Threadneedle Latin America Fund

Notes to the financial statements

(continued)

8 CREDITORS

	2013 £000	2012 £000
Amounts payable for the cancellation of shares	(2,589)	(5,703)
Purchases awaiting settlement	(10,805)	(13,596)
Accrued expenses	(64)	(75)
Amounts payable to ACD	(868)	(1,047)
Corporation tax payable	(1,910)	(1,910)
Capital gains tax payable	–	(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 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%

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		2012	
	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

	Monetary exposures £000	Non- monetary exposures £000	Total £000
Currency 2013			
Brazilian Real	2,879	218,314	221,193
Canadian Dollar	17	19,020	19,037
Chilean Peso	(2,820)	30,656	27,836
Mexican Peso	151	126,500	126,651
US Dollar	36,717	471,414	508,131
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

Threadneedle Latin America 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 financial assets	Fixed rate financial assets	Financial assets not carrying 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

	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
Currency 2013	£000	£000	£000	£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 £000	2012 £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

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.

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	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

BALANCE SHEET

as at 7 March 2013

	Notes	2013 £000	2012 £000
Assets			
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		(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

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	746,142	523,441
Movement due to sales and repurchases 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 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

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 Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2012/2013	Distribution Paid 2011/2012
Group 1						
08/03/12 to 07/09/12	1.5143	0.3029	1.2114	–	1.2114	1.4814
08/09/12 to 07/03/13	1.5986	0.3197	1.2789	–	1.2789	1.4211
Group 2						
08/03/12 to 07/09/12	0.1904	0.0381	0.1523	1.0591	1.2114	1.4814
08/09/12 to 07/03/13	1.0523	0.2105	0.8418	0.4371	1.2789	1.4211
Total distributions in the period					2.4903	2.9025

Class 1 Shares

Gross Income

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2012/2013	Distribution Paid 2011/2012
Group 1				
08/03/12 to 07/09/12	2.5676	–	2.5676	3.1462
08/09/12 to 07/03/13	2.7030	–	2.7030	3.0019
Group 2				
08/03/12 to 07/09/12	1.6129	0.9547	2.5676	3.1462
08/09/12 to 07/03/13	1.9448	0.7582	2.7030	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 Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2012/2013	Gross Revenue Accumulated 2011/2012
Group 1				
08/03/12 to 07/09/12	4.5932	–	4.5932	5.3021
08/09/12 to 07/03/13	4.9474	–	4.9474	5.2184
Group 2				
08/03/12 to 07/09/12	1.9963	2.5969	4.5932	5.3021
08/09/12 to 07/03/13	3.1672	1.7802	4.9474	5.2184
Total distributions in the period			9.5406	10.5205

Class 2 Shares

Gross Accumulation

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2012/2013	Gross Revenue Accumulated 2011/2012
Group 1				
08/03/12 to 07/09/12	4.6193	–	4.6193	5.2647
08/09/12 to 07/03/13	4.9877	–	4.9877	5.1952
Group 2				
08/03/12 to 07/09/12	2.1357	2.4836	4.6193	5.2647
08/09/12 to 07/03/13	3.5614	1.4263	4.9877	5.1952
Total distributions in the period			9.6070	10.4599

Class X Shares

Gross Accumulation

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2012/2013	Gross Revenue Accumulated 2011/2012
Group 1				
08/03/12 to 07/09/12	1.8249	–	1.8249	2.0585
08/09/12 to 07/03/13	1.9819	–	1.9819	2.0455
Group 2				
08/03/12 to 07/09/12	0.7534	1.0715	1.8249	2.0585
08/09/12 to 07/03/13	1.2384	0.7435	1.9819	2.0455
Total distributions in the period			3.8068	4.1040

Class Z Shares

Net Income*

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Payable 2012/2013
Group 1					
14/09/12 to 07/03/13	2.5831	0.5166	2.0665	–	2.0665
Group 2					
14/09/12 to 07/03/13	0.6241	0.1248	0.4993	1.5672	2.0665
Total distributions in the period					2.0665

Class Z Shares

Gross Income**

Distribution Period	Gross Revenue	Equalisation	Distribution Payable 2013
Group 1			
15/02/13 to 07/03/13	2.4000	–	2.4000
Group 2			
15/02/13 to 07/03/13	0.3289	2.0711	2.4000
Total distributions in the period			2.4000

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

Threadneedle Emerging Market 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 £000	2012 £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 £000	2012 £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 £000	2012 £000
Payable to the ACD or associates of the ACD, 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)

*Including irrecoverable VAT where applicable.

5 TAXATION

a) Analysis of charge in period

	2013 £000	2012 £000
Total current tax (note 5b)	–	–
Total tax charge for the period	–	–

b) Factors affecting taxation charge for period

	2013 £000	2012 £000
Net revenue before taxation	30,948	25,009
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(6,190)	(5,002)
Effects of:		
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 £000	2012 £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 out in the table on pages 141 and 142.

7 DEBTORS

	2013 £000	2012 £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

Notes to the financial statements

(continued)

8 CASH AND BANK BALANCES

	2013 £000	2012 £000
Amounts held at futures clearing houses and brokers	877	–
Cash and bank balances	18,932	73,841
Total cash and bank balances	19,809	73,841
Bank overdrafts	(318)	(45,579)
Total cash and bank balances	19,491	28,262

9 CREDITORS

	2013 £000	2012 £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.

Net foreign currency assets

	Monetary exposures £000	Non- monetary exposures £000	Total £000
Currency 2013			
Brazilian Real	25	10,443	10,468
Egyptian Pound	4	–	4
Euro	130	(28)	102
Mexican Peso	217	15,406	15,623
Russian Ruble	430	30,272	30,702
Turkish Lira	408	14,602	15,010
US Dollar	60,555	901,651	962,206
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 financial assets	Fixed rate financial assets	Financial assets not carrying 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

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 Peso	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

	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
Currency 2013	£000	£000	£000	£000
Euro	–	(6,720)	–	(6,720)
Turkish Lira	–	(384)	–	(384)
UK Sterling	(2,650)	–	(23,007)	(25,657)
US Dollar	(318)	–	(5,712)	(6,030)

Currency 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 Peso	–	–	(207)	(207)
UK Sterling	(45,579)	–	(18,346)	(63,925)
US Dollar	–	–	(65,289)	(65,289)

	Fixed rate financial assets		Fixed rate financial assets		Non interest bearing assets	
	Weighted average interest rate		Weighted average period for which rate is fixed		Weighted average period	
Currency	2013	2012	2013	2012	2013	2012
	%	%	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).

Threadneedle Global 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 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, pro-growth 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 £000	2012 £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

BALANCE SHEET

as at 7 March 2013

	Notes	2013 £000	2012 £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

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	739,038	640,527
Movement due to sales and repurchases of shares:		
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

DISTRIBUTION TABLE

for the accounting period 8 March 2012 to 7 March 2013

Dividend distribution in pence per share

Class 1 Shares

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
08/03/12 to 07/03/13	0.2980	0.0298	0.2682	0.2682	0.0956
Total distributions in the period				0.2682	0.0956

Class 2 Shares

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
08/03/12 to 07/03/13	1.3880	0.1388	1.2492	1.2492	0.9525
Total distributions in the period				1.2492	0.9525

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

Threadneedle Global Select Fund

DISTRIBUTION TABLE

(continued)

Class X Shares

Net Accumulation Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
08/03/12 to 07/03/13	1.4849	0.1485	1.3364	1.3364	1.6382
Total distributions in the period				1.3364	1.6382

Class Z Shares

Net Accumulation* Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Net Revenue Accumulated 2012/2013
19/09/12 to 07/03/13	0.1554	0.0155	0.1399	0.1399
Total distributions in the period				0.1399

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

Threadneedle Global 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:

	2013 £000	2012 £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 £000	2012 £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 £000	2012 £000
Payable to the ACD or associates of the ACD, 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

a) Analysis of charge in period

	2013 £000	2012 £000
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

	2013 £000	2012 £000
Net revenue before taxation	3,445	2,594
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(689)	(519)
Effects of:		
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)

The fund has not recognised a deferred tax asset of £8,325,439 (2012: £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 £000	2012 £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 out in the table on pages 146 and 147.

7 DEBTORS

	2013 £000	2012 £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

	2013 £000	2012 £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)

Threadneedle Global Select Fund

Notes to the financial statements

(continued)

9 RELATED PARTY TRANSACTIONS

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

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%

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		2012	
	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

	Monetary exposures £000	Non- monetary exposures £000	Total £000
Currency 2013			
Australian Dollar	1	–	1
Canadian Dollar	–	15,124	15,124
Euro	25	53,110	53,135
Hong Kong Dollar	5	16,254	16,259
Indonesian Rupiah	–	9,534	9,534
Japanese Yen	1,553	48,101	49,654
Norwegian Krone	–	6,425	6,425
Singapore Dollar	61	–	61
South Korean Won	–	22,590	22,590
Swiss Franc	180	45,762	45,942
US Dollar	16,402	437,422	453,824
Currency 2012	£000	£000	£000
Australian Dollar	217	12,603	12,820
Brazilian Real	2,968	10,860	13,828
Canadian Dollar	–	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

Threadneedle Global Select 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 financial assets	Fixed rate financial assets	Financial assets not carrying 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	5	–	16,254	16,259
Indonesian Rupiah	–	–	9,534	9,534
Japanese Yen	1,553	–	48,101	49,654
Norwegian Krone	–	–	6,425	6,425
Singapore Dollar	61	–	–	61
South Korean Won	–	–	22,590	22,590
Swiss Franc	2	–	45,940	45,942
UK Sterling	–	–	80,473	80,473
US Dollar	16,361	–	437,463	453,824
Currency 2012	£000	£000	£000	£000
Australian Dollar	–	–	12,820	12,820
Brazilian Real	2,894	–	10,934	13,828
Canadian Dollar	–	–	10,893	10,893
Danish Krone	–	–	4,602	4,602
Euro	94	–	72,395	72,489
Hong Kong Dollar	1	–	17,549	17,550
Indonesian Rupiah	–	–	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	1	–	3,616	3,617
South Korean Won	–	–	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

	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
Currency 2013	£000	£000	£000	£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

	2013 £000	2012 £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

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

	Notes	2013 £000	2012 £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

BALANCE SHEET

as at 7 March 2013

	Notes	2013 £000	2012 £000
Assets			
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

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	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

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 Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Payable 2012/2013	Distribution Paid 2011/2012
Group 1						
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.

**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 Global Bond Fund

DISTRIBUTION TABLE

(continued)

Class 1 Shares

Net Accumulation

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
Group 1						
08/03/12 to 07/09/12	0.5671	0.1134	0.4537	–	0.4537	0.5829
08/09/12 to 07/03/13	0.5854	0.1171	0.4683	–	0.4683	0.5086
Group 2						
08/03/12 to 07/09/12	0.2926	0.0585	0.2341	0.2196	0.4537	0.5829
08/09/12 to 07/03/13	0.1976	0.0395	0.1581	0.3102	0.4683	0.5086
Total distributions in the period					0.9220	1.0915

Class 2 Shares

Net Income

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Payable 2012/2013	Distribution Paid 2011/2012
Group 1						
08/03/12 to 07/09/12	0.7474	0.1495	0.5979	–	0.5979	0.7668
08/09/12 to 07/03/13	0.7636	0.1527	0.6109	–	0.6109	0.6695
Group 2						
08/03/12 to 07/09/12	0.3796	0.0759	0.3037	0.2942	0.5979	0.7668
08/09/12 to 07/03/13	0.4756	0.0951	0.3805	0.2304	0.6109	0.6695
Total distributions in the period					1.2088	1.4363

Class 1 Shares

Gross Income

Distribution Period	Gross Revenue	Equalisation	Distribution Payable 2012/2013	Distribution Paid 2011/2012
Group 1				
08/03/12 to 07/09/12	0.8838	–	0.8838	1.1592
08/09/12 to 07/03/13	0.9024	–	0.9024	0.9976
Group 2				
08/03/12 to 07/09/12	0.3909	0.4929	0.8838	1.1592
08/09/12 to 07/03/13	0.4341	0.4683	0.9024	0.9976
Total distributions in the period			1.7862	2.1568

Class 1 Shares

Gross Accumulation

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2012/2013	Gross Revenue Accumulated 2011/2012
Group 1				
08/03/12 to 07/09/12	1.1766	–	1.1766	1.5039
08/09/12 to 07/03/13	1.2135	–	1.2135	1.3120
Group 2				
08/03/12 to 07/09/12	0.5912	0.5854	1.1766	1.5039
08/09/12 to 07/03/13	0.3263	0.8872	1.2135	1.3120
Total distributions in the period			2.3901	2.8159

Class 2 Shares

Gross Accumulation

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2012/2013	Gross Revenue Accumulated 2011/2012
Group 1				
08/03/12 to 07/09/12	0.9907	–	0.9907	1.2366
08/09/12 to 07/03/13	1.0228	–	1.0228	1.0931
Group 2				
08/03/12 to 07/09/12	0.4557	0.5350	0.9907	1.2366
08/09/12 to 07/03/13	0.5278	0.4950	1.0228	1.0931
Total distributions in the period			2.0135	2.3297

Class Z Shares

Net Income*

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Payable 2012/2013
Group 1					
28/09/12 to 07/03/13	1.1216	0.2243	0.8973	–	0.8973
Group 2					
28/09/12 to 07/03/13	0.1613	0.0323	0.1290	0.7683	0.8973
Total distributions in the period					0.8973

Class Z Shares

Gross Income**

Distribution Period	Gross Revenue	Equalisation	Distribution Payable 2012/2013
Group 1			
28/09/12 to 07/03/13	1.1023	–	1.1023
Group 2			
28/09/12 to 07/03/13	0.7528	0.3495	1.1023
Total distributions in the period			1.1023

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

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 £000	2012 £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

	2013 £000	2012 £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

4 EXPENSES

	2013 £000	2012 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(3,078)	(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

a) Analysis of charge in period

	2013 £000	2012 £000
Total current tax (note 5b)	–	–
Total tax charge for period	–	–

b) Factors affecting taxation charge for period

	2013 £000	2012 £000
Net revenue before taxation	2,854	4,563
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(571)	(913)
Effects of:		
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 £7,162,742 (2012: £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 £000	2012 £000
Interim	2,946	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 out in the table on pages 151 and 152.

7 DEBTORS

	2013 £000	2012 £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

8 CASH AND BANK BALANCES

	2013 £000	2012 £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

Threadneedle Global Bond Fund

Notes to the financial statements

(continued)

9 CREDITORS

	2013 £000	2012 £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)

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		2012	
	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.

	Monetary exposures £000	Non- monetary exposures £000	Total £000
Currency 2013			
Australian Dollar	2,878	(193)	2,685
Canadian Dollar	363	4,136	4,499
Euro	8,904	57,785	66,689
Japanese Yen	1,130	68,775	69,905
Swedish Krona	345	816	1,161
US Dollar	(514)	93,007	92,493

	£000	£000	£000
Currency 2012			
Australian Dollar	477	2,948	3,425
Canadian Dollar	810	7,561	8,371
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:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2013				
Australian Dollar	2,594	13,226	284	16,104
Canadian Dollar	209	21,274	154	21,637
Euro	8,162	57,785	742	66,689
Japanese Yen	959	68,775	171	69,905
Swedish Krona	92	10,645	253	10,990
UK Sterling	1,138	15,618	2,257	19,013
US Dollar	6,749	108,964	915	116,628

	£000	£000	£000	£000
Currency 2012				
Australian Dollar	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)

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2013				
Australian Dollar	–	(13,419)	–	(13,419)
Canadian Dollar	–	(17,138)	–	(17,138)
Swedish Krona	–	(9,829)	–	(9,829)
UK Sterling	–	–	(2,502)	(2,502)
US Dollar	(1,310)	(21,338)	(1,487)	(24,135)

	£000	£000	£000	£000
Currency 2012				
Australian Dollar	–	(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)

	Fixed rate financial assets Weighted average interest rate		Fixed rate financial assets Weighted average period for which rate is fixed	
Currency	2013	2012	2013	2012
	%	%	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: £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 long-term 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 £000	2012 £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

	Notes	2013 £000	2012 £000
Assets			
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			
Other liabilities			
Creditors	8	(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

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	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

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 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

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 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 period				2.9731	2.5293

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

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 £000	2012 £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

	2013 £000	2012 £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 £000	2012 £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

	2013 £000	2012 £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 the standard rate of corporation tax of 20%	(5,607)	(5,564)
Effects of:		
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 £000	2012 £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 £000	2012 £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 £000	2012 £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

	Monetary exposures £000	Non-monetary exposures £000	Total £000
Currency 2013			
Euro	20	–	20
US Dollar	45	–	45

	£000	£000	£000
Currency 2012			
Euro	20	–	20

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 financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2013				
Euro	20	–	–	20
UK Sterling	10	–	1,139,048	1,139,058
US Dollar	45	–	–	45

	£000	£000	£000	£000
Currency 2012				
Euro	19	–	1	20
UK Sterling	8,261	–	1,125,331	1,133,592

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2013				
UK Sterling	–	–	(19,942)	(19,942)

	£000	£000	£000	£000
Currency 2012				
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 £000	2012 £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

Threadneedle UK Overseas Earnings 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 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

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, 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.

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	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

BALANCE SHEET

as at 7 March 2013

	Notes	2013 £000	2012 £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		(715)	(648)
Total other liabilities		(2,363)	(1,212)
Total liabilities		(2,363)	(1,212)
Net assets attributable to shareholders		115,900	105,852

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	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 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

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 Period	Gross Revenue	Tax Credit	Net Revenue	Distribution Paid/Payable 2012/2013	Distribution Paid 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 the period				1.8290	1.5633

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

Threadneedle UK Overseas Earnings 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 £000	2012 £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 £000	2012 £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

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	(1,587)	(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

a) Analysis of charge in period

	2013 £000	2012 £000
Overseas taxes	–	–
Total current tax (note 5b)	–	–
Total tax charge for the period	–	–

b) Factors affecting taxation charge for period

	2013 £000	2012 £000
Net revenue before taxation	2,360	2,184
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(472)	(437)
Effects of:		
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 £000	2012 £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.

7 DEBTORS

	2013 £000	2012 £000
Amounts receivable for the issue of shares	511	–
Sales awaiting settlement	2,020	–
Accrued revenue	429	524
Total debtors	2,960	524

8 CREDITORS

	2013 £000	2012 £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)
Total creditors	(1,648)	(564)

Threadneedle UK Overseas Earnings Fund

Notes to the financial statements

(continued)

9 RELATED PARTY TRANSACTIONS

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

	Monetary exposures £000	Non-monetary exposures £000	Total £000
Currency 2013			
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:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2013				
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
	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2013				
UK Sterling	–	–	(2,363)	(2,363)
Currency 2012	£000	£000	£000	£000
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).

Threadneedle UK Overseas Earnings Fund

Notes to the financial statements

(continued)

14 PORTFOLIO TRANSACTION COSTS

	2013 £000	2012 £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.

London
7 May 2013

PricewaterhouseCoopers LLP
Chartered Accountants and
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 £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
BASIC INDUSTRIES 6.99% (9.01%)				FINANCIALS 12.80% (11.39%)			
	Chemicals 1.65% (1.95%)				Banks 5.17% (4.80%)		
867,081	Johnson Matthey	19,900	1.65	5,895,399	Barclays	18,187	1.51
	Construction & building materials 5.34% (6.98%)			4,014,494	HSBC Holdings	28,957	2.41
1,482,309	Bellway	17,165	1.43	834,485	Standard Chartered	14,983	1.25
3,848,011	Crest Nicholson Holdings	10,351	0.86		Insurance 0.87% (0.63%)		
1,998,941	Persimmon	18,960	1.58	8,730,959	RSA Insurance Group	10,512	0.87
12,368,512	SIG	17,637	1.47		Investment companies 1.13% (1.12%)		
	Forestry & paper 0.00% (0.08%)			3,491,476	SVG Capital	13,617	1.13
	Total basic industries	84,013	6.99		Life assurance 3.59% (3.32%)		
				2,723,334	Aviva	8,617	0.72
CYCLICAL CONSUMER GOODS 2.28% (1.84%)				12,548,455	Legal & General	20,655	1.72
	Automobiles & parts 1.62% (1.17%)			3,222,884	Old Mutual	6,726	0.56
6,847,076	GKN	19,425	1.62	1,324,858	St. James's Place	7,055	0.59
	Household goods & textiles 0.66% (0.67%)				Real estate 1.61% (0.90%)		
2,320,260	Headlam Group	7,958	0.66	865,392	Derwent London	19,350	1.61
	Total cyclical consumer goods	27,383	2.28		Speciality & other finance 0.43% (0.62%)		
				179,517	Schroders	3,718	0.31
CYCLICAL SERVICES 21.48% (19.62%)				84,313	Schroders Non-voting Shares	1,395	0.12
	Distributors 1.50% (0.00%)				Total financials	153,772	12.80
555,996	Wolseley	17,992	1.50				
	General retailers 0.59% (0.60%)			GENERAL INDUSTRIALS 9.20% (10.47%)			
1,799,629	N. Brown Group	7,110	0.59		Aerospace & defence 3.76% (4.81%)		
	Leisure entertainment & hotels 1.92% (1.91%)			1,836,627	Rolls-Royce Holdings	19,285	1.60
635,031	Carnival	15,946	1.33	1,400,639	Smiths Group	18,236	1.52
1,399,671	J.D. Wetherspoon	7,068	0.59	449,237	Ultra Electronics Holdings	7,713	0.64
	Media & photography 5.28% (3.98%)				Electronic & electrical equipment 0.87% (0.75%)		
2,876,731	Daily Mail & General Trust	20,842	1.73	2,750,187	AZ Electronic Materials	10,431	0.87
4,488,511	ITE Group	12,357	1.03		Engineering & machinery 4.57% (4.91%)		
947,423	Pearson	11,104	0.92	1,200,989	Amec	12,550	1.04
2,624,834	Reed Elsevier	19,266	1.60	836,754	IMI	11,120	0.93
	Support services 9.25% (10.25%)			8,095,006	Melrose Industries	21,023	1.75
2,381,722	Berendsen	16,946	1.41	422,037	Weir Group	10,184	0.85
2,476,728	Compass Group	20,606	1.72		Total general industrials	110,542	9.20
1,611,513	De La Rue	14,584	1.21				
4,478,932	Electrocomponents	11,798	0.98	INFORMATION TECHNOLOGY 2.22% (0.31%)			
1,169,010	Experian Group	13,525	1.13		Software & computer services 2.22% (0.31%)		
2,348,235	Filtrona	15,404	1.28	204,440	Fidessa Group	4,009	0.33
12,462,260	Rentokil Initial	11,391	0.95	6,519,685	Sage Group	22,675	1.89
1,317,479	Rexam	6,890	0.57		Total information technology	26,684	2.22
	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				

Threadneedle UK Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
NON-CYCLICAL CONSUMER GOODS 16.71% (14.93%)				UTILITIES 1.05% (2.28%)			
	Beverages 2.06% (0.00%)				Gas distribution 1.05% (1.20%)		
594,299	Diageo	11,990	1.00	3,513,775	Centrica	12,604	1.05
375,118	SABMiller	12,777	1.06		Water 0.00% (1.08%)		
	Food producers & processors 2.78% (1.95%)				Total utilities	12,604	1.05
1,222,015	Unilever	33,410	2.78				
	Health 1.24% (1.39%)				Total value of investments	1,173,178	97.62
2,058,572	Smith & Nephew	14,853	1.24		Net other assets (2.12%)	28,551	2.38
	Personal care & household products 1.31% (0.00%)				Net assets	1,201,729	100.00
340,334	Reckitt Benckiser	15,751	1.31				
	Pharmaceuticals & biotechnology 5.76% (7.09%)						
922,620	AstraZeneca	28,038	2.33				
2,775,641	GlaxoSmithKline	41,163	3.43				
	Tobacco 3.56% (4.50%)						
629,859	British American Tobacco	22,209	1.85				
862,481	Imperial Tobacco Group	20,579	1.71				
	Total non-cyclical consumer goods	200,770	16.71				
NON-CYCLICAL SERVICES 6.88% (5.43%)							
	Food & drug retailers 3.20% (1.97%)						
17,589,518	Booker Group	20,228	1.68				
4,813,209	Tesco	18,254	1.52				
	Telecommunications services 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 18.01% (22.60%)							
	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	Tullow Oil	19,947	1.66				
2,162,581	Wood Group	18,587	1.54				
	Total resources	216,483	18.01				

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

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
BASIC INDUSTRIES 3.05% (3.19%)				GENERAL INDUSTRIALS 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 materials 2.09% (0.00%)			750,945	Meggitt	3,660	1.66
485,684	Persimmon	4,607	2.09	725,764	Rolls-Royce Holdings	7,621	3.45
	Forestry & paper 0.00% (0.84%)				Electronic & electrical equipment 2.45% (2.36%)		
	Total basic industries	6,716	3.05	655,463	AZ Electronic Materials	2,486	1.13
				415,312	Domino Printing	2,913	1.32
CYCLICAL CONSUMER GOODS 1.57% (2.43%)					Engineering & machinery 7.31% (9.10%)		
	Automobiles & parts 1.57% (2.43%)			280,418	Amec	2,930	1.33
1,219,390	GKN	3,459	1.57	1,418,540	Fenner	5,927	2.69
	Total cyclical consumer goods	3,459	1.57	300,436	Weir Group	7,250	3.29
					Total general industrials	35,439	16.07
CYCLICAL SERVICES 10.89% (10.70%)				INFORMATION TECHNOLOGY 1.38% (0.00%)			
	Leisure entertainment & hotels 1.02% (0.00%)				Information technology hardware 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	NON-CYCLICAL CONSUMER GOODS 12.88% (10.52%)			
	Support services 3.54% (6.50%)				Food producers & processors 2.10% (0.00%)		
455,261	Compass Group	3,788	1.72	169,453	Unilever	4,633	2.10
451,995	WS Atkins	4,014	1.82		Health 1.19% (0.98%)		
	Transport 1.68% (1.22%)			364,449	Smith & Nephew	2,629	1.19
1,236,427	Stagecoach Group	3,713	1.68		Personal care & household products 1.54% (0.00%)		
	Total cyclical services	24,013	10.89	73,316	Reckitt Benckiser	3,393	1.54
FINANCIALS 20.98% (12.97%)					Pharmaceuticals & biotechnology 3.70% (4.76%)		
	Banks 8.16% (3.16%)			550,466	GlaxoSmithKline	8,163	3.70
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
	Insurance 1.94% (1.13%)			218,562	Imperial Tobacco Group	5,215	2.37
1,021,060	Amlin	4,276	1.94		Total non-cyclical consumer goods	28,406	12.88
	Investment companies 0.89% (0.00%)			NON-CYCLICAL SERVICES 8.06% (14.55%)			
1,849,942	Sherborne Investors (Guernsey) 'B' Shares	1,961	0.89		Food & drug retailers 0.00% (3.50%)		
	Life assurance 7.15% (6.65%)				Telecommunications services 8.06% (11.05%)		
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				

Threadneedle UK Select Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
RESOURCES 17.79% (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% (1.70%)			
Gas distribution 2.04% (1.70%)			
1,255,328	Centrica	4,503	2.04
Total utilities		4,503	2.04
Total value of investments		208,849	94.71
Net other assets (3.61%)		11,673	5.29
Net assets		220,522	100.00

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

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
BASIC INDUSTRIES 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
	Construction & building materials 2.01% (2.51%)			1,091,521	Regus	1,669	1.11
549,163	Crest Nicholson Holdings	1,477	0.98		Speciality & other finance 1.21% (3.62%)		
164,640	Galliford Try	1,553	1.03	1,647,402	F&C Asset Management	1,814	1.21
	Total basic industries	8,076	5.38		Total financials	18,331	12.21
CYCLICAL SERVICES 28.41% (25.33%)				GENERAL INDUSTRIALS 11.84% (12.92%)			
	General retailers 6.39% (3.65%)				Aerospace & defence 0.00% (0.93%)		
218,720	Dunelm Group	1,707	1.14		Diversified industrials 0.51% (0.87%)		
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		Electronic & electrical equipment 8.24% (6.51%)		
95,822	Mulberry Group	1,233	0.82	594,081	AZ Electronic Materials	2,253	1.50
425,712	N. Brown Group	1,682	1.12	376,384	Domino Printing	2,640	1.76
278,135	Ted Baker	3,402	2.27	1,027,481	Nanoco Group	1,847	1.23
	Leisure entertainment & hotels 6.31% (5.47%)			213,528	Oxford Instruments	3,649	2.43
1,928,641	Rank Group	3,144	2.09	105,840	Renishaw	1,991	1.32
463,235	Restaurant Group	2,056	1.37		Engineering & machinery 3.09% (4.61%)		
4,425,571	Spirit Pub Company	2,987	1.99	521,943	Fenner	2,181	1.45
2,352,001	Sportingbet	1,288	0.86	872,521	Senior	2,173	1.45
	Media & photography 5.22% (5.32%)			392,000	Severfield-Rowen	284	0.19
234,280	Euromoney Institutional Investor	2,152	1.43		Total general industrials	17,790	11.84
1,016,681	ITE Group	2,799	1.86		INFORMATION TECHNOLOGY 15.76% (10.36%)		
1,411,201	STV Group	1,891	1.26		Information technology hardware 3.66% (1.11%)		
646,800	Wilmington Group	1,009	0.67	929,816	CSR	4,462	2.97
	Support services 10.49% (10.89%)			525,000	Wolfson Microelectronics	1,034	0.69
673,040	Ashtead Group	3,978	2.65		Software & computer services 12.10% (9.25%)		
894,039	Howden Joinery Group	1,993	1.33	3,946,301	Advanced Computer Software	3,433	2.29
294,108	Hyder Consulting	1,382	0.92	2,410,561	Anite	3,760	2.50
2,224,048	IP Group	3,009	2.00	89,273	Aveva Group	2,071	1.38
387,164	PayPoint	3,332	2.22	395,713	Craneware	1,622	1.08
427,845	Robert Walters	911	0.61	50,000	Delcam	705	0.47
877,500	SKIL Ports & Logistics	1,141	0.76	103,576	Fidessa Group	2,031	1.35
	Total cyclical services	42,659	28.41	1,800,000	GB Group	1,602	1.07
FINANCIALS 12.21% (10.20%)				4,744,444	†Progressive Digital Media	1,471	0.98
	Investment companies 5.00% (2.27%)			758,654	Ubisense Group	1,479	0.98
153,695	Brooks Macdonald Group	1,960	1.31		Total information technology	23,670	15.76
1,136,801	Conygar Investment	1,239	0.82		NON-CYCLICAL CONSUMER GOODS 6.15% (5.85%)		
725,000	Polar Capital Holdings	2,030	1.35		Food producers & processors 2.10% (1.93%)		
586,000	SVG Capital	2,285	1.52	1,489,601	†China Food Company	235	0.16
	Life assurance 1.53% (1.17%)			5,259,266	Domino's Pizza Poland	1,315	0.87
430,760	St. James's Place	2,294	1.53	110,544	Genus	1,608	1.07
					Health 4.05% (3.92%)		
				276,860	Dechra Pharmaceuticals	2,021	1.35
				2,114,690	Optos	4,060	2.70
					Total non-cyclical consumer goods	9,239	6.15

Threadneedle UK Smaller Companies Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
NON-CYCLICAL SERVICES 6.27% (9.08%)			
Telecommunications services 6.27% (9.08%)			
59,689,734	†Expansys	478	0.32
176,000	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
RESOURCES 7.15% (12.58%)			
Mining 0.71% (2.41%)			
899,610	Petra Diamonds	1,067	0.71
12,400,000	†Weatherly International	496	0.33
Oil & gas 6.11% (10.17%)			
2,563,922	Enteq Upstream	1,667	1.11
1,046,641	Faroe Petroleum	1,484	0.99
351,112	Hunting	3,178	2.12
361,880	Ophir Energy	1,858	1.24
775,000	Trinity Exploration & Production	984	0.65
Total resources		10,734	7.15
UTILITIES 0.65% (1.08%)			
Electricity 0.65% (1.08%)			
86,520	XP Power	973	0.65
Total utilities		973	0.65
Total value of investments		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

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
BASIC INDUSTRIES 4.18% (7.36%)				GENERAL INDUSTRIALS 13.89% (13.18%)			
	Chemicals 2.20% (2.72%)				Aerospace & defence 8.45% (8.09%)		
220,452	Johnson Matthey	5,059	2.20	1,355,143	BAE Systems	4,861	2.12
	Construction & building materials 0.00% (2.71%)			1,727,978	Cobham	4,123	1.79
	Forestry & paper 1.98% (1.93%)			592,832	Rolls-Royce Holdings	6,225	2.71
1,943,803	DS Smith	4,539	1.98	322,281	Smiths Group	4,196	1.83
	Total basic industries	9,598	4.18		Engineering & machinery 5.44% (5.09%)		
				373,716	IMI	4,967	2.16
				1,704,510	Melrose Industries	4,427	1.93
				1,051,776	Morgan Crucible	3,107	1.35
					Total general industrials	31,906	13.89
CYCLICAL CONSUMER GOODS 2.60% (2.46%)				INFORMATION TECHNOLOGY 1.19% (1.67%)			
	Automobiles & parts 2.60% (2.46%)				Information technology hardware 1.19% (0.58%)		
2,106,240	GKN	5,975	2.60	570,205	CSR	2,736	1.19
	Total cyclical consumer goods	5,975	2.60		Software & computer services 0.00% (1.09%)		
					Total information technology	2,736	1.19
CYCLICAL SERVICES 24.50% (21.72%)				NON-CYCLICAL CONSUMER GOODS 18.73% (20.31%)			
	Distributors 2.88% (0.00%)				Food producers & processors 4.23% (3.48%)		
204,201	Wolseley	6,608	2.88	355,556	Unilever	9,721	4.23
	General retailers 2.91% (2.27%)				Pharmaceuticals & biotechnology 8.89% (9.99%)		
1,761,875	Home Retail Group	2,264	0.99	297,532	AstraZeneca	9,042	3.93
1,209,640	Marks & Spencer Group	4,418	1.92	768,550	GlaxoSmithKline	11,398	4.96
	Leisure entertainment & hotels 2.21% (2.19%)				Tobacco 5.61% (6.84%)		
524,201	J.D. Wetherspoon	2,647	1.15	167,685	British American Tobacco	5,913	2.57
1,498,366	Rank Group	2,442	1.06	292,345	Imperial Tobacco Group	6,975	3.04
	Media & photography 6.63% (7.33%)				Total non-cyclical consumer goods	43,049	18.73
4,104,156	ITV	5,237	2.28				
313,872	Pearson	3,679	1.60				
862,092	Reed Elsevier	6,328	2.75				
	Support services 8.15% (7.82%)						
726,114	Compass Group	6,041	2.63				
1,092,698	Electrocomponents	2,878	1.25				
517,310	Filtrona	3,394	1.48				
3,690,876	Rentokil Initial	3,373	1.47				
341,552	WS Atkins	3,033	1.32				
	Transport 1.72% (2.11%)						
1,094,090	Stagecoach Group	3,286	1.43				
1,157,965	Wincanton	663	0.29				
	Total cyclical services	56,291	24.50				
FINANCIALS 10.48% (5.35%)				NON-CYCLICAL SERVICES 9.24% (9.05%)			
	Insurance 1.85% (1.72%)				Food & drug retailers 4.93% (4.85%)		
3,533,548	RSA Insurance Group	4,254	1.85	5,882,127	Booker Group	6,764	2.94
	Investment companies 5.23% (0.85%)			1,760,188	Morrison (Wm) Supermarkets	4,573	1.99
1,674,698	3i Group	5,389	2.35		Telecommunications services 4.31% (4.20%)		
2,425,557	Sherborne Investors	2,741	1.19	3,032,907	BT Group	8,040	3.50
3,664,141	Sherborne Investors (Guernsey)			1,508,396	Colt Group	1,857	0.81
	'B' Shares	3,884	1.69		Total non-cyclical services	21,234	9.24
	Life assurance 3.40% (2.78%)						
4,740,796	Legal & General	7,803	3.40				
	Total financials	24,071	10.48				
				RESOURCES 7.12% (10.09%)			
					Mining 0.88% (1.60%)		
				108,219	Anglo American	2,029	0.88
					Oil & gas 6.24% (8.49%)		
				617,521	BG Group	7,194	3.13
				314,764	Royal Dutch Shell 'B' Shares	7,147	3.11
					Total resources	16,370	7.12

Threadneedle UK Growth & Income Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
UTILITIES 6.29% (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 investments		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.

as at 7 March 2013

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Threadneedle UK Equity Income Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
RESOURCES 6.04% (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 £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
BASIC INDUSTRIES 4.17% (2.67%)				Investment companies 1.11% (0.41%)			
	Chemicals 1.17% (1.02%)			1,135,000	3i Group	3,652	0.63
110,000	Croda International	2,961	0.51	2,623,840	Sherborne Investors (Guernsey)		
165,000	Johnson Matthey	3,787	0.66		'B' Shares	2,781	0.48
	Construction & building materials 1.89% (1.57%)			Life assurance 7.06% (5.91%)			
1,730,000	Balfour Beatty	4,756	0.82	2,425,000	Aviva	7,673	1.33
400,000	Bovis Homes Group	2,688	0.47	4,530,000	Chesnara	10,192	1.76
1,200,000	Carillion	3,490	0.60	12,500,000	Legal & General	20,575	3.56
	Forestry & paper 1.11% (0.08%)			445,000	St. James's Place	2,370	0.41
2,740,000	DS Smith	6,398	1.11		Real estate 1.47% (1.60%)		
	Total basic industries	24,080	4.17	380,000	Derwent London	8,497	1.47
CYCLICAL CONSUMER GOODS 0.92% (0.51%)				Speciality & other finance 5.54% (1.70%)			
	Automobiles & parts 0.92% (0.51%)			1,125,000	Close Bros Group	12,049	2.08
1,875,000	GKN	5,319	0.92	3,330,000	Intermediate Capital Group	13,413	2.32
	Total cyclical consumer goods	5,319	0.92	420,000	Provident Financial	6,590	1.14
CYCLICAL SERVICES 20.02% (14.41%)					Total financials	142,389	24.63
	Distributors 0.67% (0.00%)			GENERAL INDUSTRIALS 9.85% (11.61%)			
119,565	Wolseley	3,869	0.67		Aerospace & defence 5.41% (5.36%)		
	General retailers 1.67% (2.01%)			3,390,000	BAE Systems	12,160	2.10
6,825,000	Debenhams	5,631	0.97	1,065,000	Rolls-Royce Holdings	11,182	1.94
2,375,000	Smiths News	4,067	0.70	610,000	Smiths Group	7,942	1.37
	Leisure entertainment & hotels 3.23% (1.40%)				Electronic & electrical equipment 0.33% (0.92%)		
3,450,000	Cineworld Group	9,746	1.69	80,000	Spectris	1,895	0.33
660,000	Fuller Smith & Turner	5,293	0.91		Engineering & machinery 4.11% (5.33%)		
2,225,000	Rank Group	3,627	0.63	615,000	Halma	3,063	0.53
	Media & photography 4.94% (1.30%)			470,000	IMI	6,246	1.08
365,000	Chime Communications	949	0.16	3,990,000	Melrose Industries	10,362	1.79
5,150,000	ITV	6,572	1.14	1,000,000	Severfield-Rowen	725	0.13
335,000	Pearson	3,926	0.68	140,000	Weir Group	3,378	0.58
1,275,000	Reed Elsevier	9,358	1.62		Total general industrials	56,953	9.85
715,000	WPP	7,736	1.34	NON-CYCLICAL CONSUMER GOODS 18.42% (21.58%)			
	Support services 7.79% (6.80%)				Beverages 2.59% (0.99%)		
85,000	Aggreko	1,712	0.30	455,000	Diageo	9,180	1.59
1,190,000	Compass Group	9,901	1.71	170,000	SABMiller	5,790	1.00
535,000	De La Rue	4,842	0.84		Food producers & processors 2.34% (2.48%)		
1,840,000	Diploma	11,408	1.97	495,000	Unilever	13,533	2.34
960,000	Electrocomponents	2,529	0.44		Pharmaceuticals & biotechnology 7.33% (10.02%)		
850,000	Filtrona	5,576	0.96	905,000	AstraZeneca	27,503	4.76
1,020,000	WS Atkins	9,058	1.57	1,000,000	GlaxoSmithKline	14,830	2.57
	Transport 1.72% (2.90%)				Tobacco 6.16% (8.09%)		
180,000	Go Ahead Group	2,601	0.45	520,000	British American Tobacco	18,335	3.17
510,000	James Fisher & Sons	4,613	0.80	725,000	Imperial Tobacco Group	17,298	2.99
900,000	Stagecoach Group	2,703	0.47		Total non-cyclical consumer goods	106,469	18.42
	Total cyclical services	115,717	20.02	FINANCIALS 24.63% (16.35%)			
	Banks 4.52% (2.64%)				Banks 4.52% (2.64%)		
3,620,000	HSBC Holdings	26,111	4.52				
	Insurance 4.93% (4.09%)				Insurance 4.93% (4.09%)		
1,055,000	Amlin	4,418	0.76				
2,835,000	Catlin Group	14,785	2.56				
7,710,000	RSA Insurance Group	9,283	1.61				

Threadneedle UK Monthly Income Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
NON-CYCLICAL SERVICES 5.19% (10.68%)			
Food & drug retailers 0.00% (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 9.32% (14.83%)			
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	0.83
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 £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
AUSTRALIA 0.28% (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% 09/12/2021	348	0.21		Total Kazakhstan	–	–
100,000	QBE Insurance Group 6.125% 28/09/2015	110	0.07				
	Total Australia	458	0.28	LUXEMBOURG 0.75% (1.02%)			
					Corporate bonds 0.75% (1.02%)		
	Corporate bonds 0.28% (0.23%)			300,000	Gaz Capital 6.51% 07/03/2022	234	0.14
200,000	Anheuser-Busch InBev 9.75% 30/07/2024	317	0.20	700,000	Glencore Finance Europe 6.5% 27/02/2019	809	0.50
200,000	KBC Bank 8% 25/01/2023	134	0.08	200,000	Hannover Finance 5% 30/06/2043	185	0.11
	Total Belgium	451	0.28		Total Luxembourg	1,228	0.75
BELGIUM 0.28% (0.23%)				MEXICO 0.72% (0.82%)			
	Corporate bonds 0.74% (0.77%)				Corporate bonds 0.34% (0.24%)		
100,000	DMR Cymru Financing 6.015% 31/03/2028	124	0.08	285,000	América Móvil 5% 27/10/2026	324	0.20
250,000	Hutchison Whampoa International 6% 28/10/2049	177	0.11	300,000	BBVA Bancomer 6.75% 30/09/2022	232	0.14
350,000	IPIC GMTN 6.875% 14/03/2026	444	0.27		Government bonds 0.38% (0.58%)		
250,000	South East Water Finance 5.6577% 30/09/2019	289	0.18	500,000	United Mexican States 6.75% 06/02/2024	622	0.38
140,000	Thames Water Utilities Cayman 5.75% 13/09/2030	159	0.10		Total Mexico	1,178	0.72
	Total Cayman Islands	1,193	0.74				
				NETHERLANDS 1.40% (1.68%)			
DENMARK 0.20% (0.24%)					Corporate bonds 1.40% (1.68%)		
	Corporate bonds 0.20% (0.24%)			210,000	ABN Amro Bank 4.31% 29/03/2049	159	0.10
300,000	DONG Energy 4.875% 12/01/2032	317	0.20	500,000	Aegon 6.625% 16/12/2039	608	0.37
	Total Denmark	317	0.20	100,000	Generali Finance 6.214% 16/06/2049	83	0.05
				335,000	HeidelbergCement Finance 8% 31/01/2017	343	0.21
FRANCE 0.54% (0.58%)				400,000	*ING Bank 1.006% 03/07/2017	248	0.15
	Corporate bonds 0.54% (0.58%)			100,000	Koninklijke KPN 5% 18/11/2026	106	0.07
250,000	AXA 7.125% 15/12/2020	292	0.18	390,000	Linde Finance 8.125% 14/07/2066	452	0.28
100,000	CNP Assurances 7.375% 30/09/2041	104	0.06	250,000	Siemens Finanzierungsamt 6.125% 14/09/2066	275	0.17
300,000	Electricite de France 6% 29/12/2049	304	0.19		Total Netherlands	2,274	1.40
150,000	Electricite de France 6.125% 02/06/2034	177	0.11				
	Total France	877	0.54	NORWAY 0.25% (0.25%)			
					Corporate bonds 0.25% (0.25%)		
GERMANY 0.13% (0.17%)				200,000	DnB NOR Bank 7.25% 23/06/2020	221	0.14
	Corporate bonds 0.13% (0.17%)			267,000	Eksportfinans 3% 17/11/2014	177	0.11
200,000	Münchener Rückversicherungs 6.25% 26/05/2042	206	0.13		Total Norway	398	0.25
	Total Germany	206	0.13				
				QATAR 0.26% (0.23%)			
ITALY 0.55% (0.64%)					Corporate bonds 0.26% (0.23%)		
	Corporate bonds 0.52% (0.64%)			550,000	Qatari Diar Finance 5% 21/07/2020	422	0.26
777,000	††Acquedotto Pugliese 6.92% 29/06/2018	847	0.52		Total Qatar	422	0.26
53,000	††*Romulus Finance 1.084% 20/02/2015	44	0.03				
	Total Italy	891	0.55	REPUBLIC OF IRELAND 0.46% (0.53%)			
					Corporate bonds 0.46% (0.53%)		
				381,000	*Argon Capital 2.845% 29/10/2049	244	0.15
				400,000	GE Capital UK Funding 5.125% 24/05/2023	454	0.28
				790,000	**Saphir Finance 0% 04/07/2049	42	0.03
					Total Republic of Ireland	740	0.46

Threadneedle Monthly Extra Income Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
RUSSIAN FEDERATION 0.09% (0.00%)							
Government bonds 0.09% (0.00%)							
200,000	Russian Federation 4.5% 04/04/2022	147	0.09	250,000	Imperial Tobacco Finance 9% 17/02/2022	353	0.22
	Total Russian Federation	147	0.09	196,000	InterContinental Hotels 3.875% 28/11/2022	202	0.12
SOUTH KOREA 0.00% (0.23%)							
Corporate bonds 0.00% (0.23%)							
	Total South Korea	–	–	292,416	*Integrated Accomodation Service 6.48% 31/03/2029	371	0.23
SPAIN 0.19% (0.37%)							
Corporate bonds 0.19% (0.37%)							
300,000	Telefonica Emisiones 5.597% 12/03/2020	314	0.19	300,000	LBG Capital No 1 11.04% 19/03/2020	354	0.22
	Total Spain	314	0.19	250,000	Legal and General Group 10% 23/07/2041	347	0.21
SWITZERLAND 0.20% (0.22%)							
Corporate bonds 0.20% (0.22%)							
465,000	UBS Jersey 7.25% 22/02/2022	331	0.20	149,000	Lloyds TSB Bank 10.75% 16/12/2021	178	0.11
	Total Switzerland	331	0.20	200,000	Lloyds TSB Bank 7.625% 22/04/2025	237	0.15
UNITED KINGDOM 85.54% (89.38%)				364,780	*Longstone Finance 4.791% 19/04/2030	417	0.26
Aerospace & defence 5.87% (5.60%)				112,000	Marks & Spencer 4.75% 12/06/2025	113	0.07
783,985	BAE Systems	2,812	1.73	100,000	Morrison (Wm) Supermarkets 3.5% 27/07/2026	96	0.06
783,255	Cobham	1,869	1.15	300,000	National Express Group 6.25% 13/01/2017	336	0.21
247,170	Rolls-Royce Holdings	2,595	1.60	260,000	National Grid Electricity Transmission 7.375% 13/01/2031	360	0.22
173,719	Smiths Group	2,262	1.39	200,000	Nationwide Building Society 5.769% 06/08/2049	181	0.11
Automobiles & parts 1.72% (1.63%)				330,000	Nationwide Building Society 6.75% 22/07/2020	335	0.21
985,800	GKN	2,797	1.72	275,124	*Octagon Healthcare 5.333% 31/12/2035	314	0.19
Chemicals 1.30% (1.41%)				60,609	*Punch Taverns Finance 5.883% 15/10/2026	49	0.03
92,028	Johnson Matthey	2,112	1.30	165,000	Rio Tinto Finance 4% 11/12/2029	166	0.10
Construction & building materials 1.71% (1.75%)				225,000	Royal Bank of Scotland 6.625% 17/09/2018	273	0.17
85,717	Wolseley	2,774	1.71	333,000	Royal Bank of Scotland 9.5% 16/03/2022	263	0.16
Corporate bonds 10.14% (12.03%)				525,000	RSA Insurance Group 9.375% 20/05/2039	677	0.42
125,000	3i Group 6.875% 09/03/2023	143	0.09	250,000	South Eastern Power Networks 6.375% 12/11/2031	310	0.19
115,000	Abbey National Treasury Service 5.25% 16/02/2029	138	0.09	350,000	Southern Electric Power Distribution 4.625% 20/02/2037	368	0.23
300,000	Anglian Water (Osprey) Financing 7% 31/01/2018	321	0.20	69,000	Spirit Issuer 5.86% 28/12/2021	67	0.04
170,000	Aviva 6.625% 03/06/2041	181	0.11	155,000	SSE 5.453% 01/10/2049	160	0.10
264,000	Bank of Scotland 7.286% 30/05/2049	260	0.16	150,000	Standard Chartered Bank 8.103% 11/05/2049	164	0.10
435,000	Barclays Bank 10% 21/05/2021	581	0.36	100,000	Standard Life 5.5% 04/12/2042	105	0.06
125,000	Barclays Bank 5.75% 17/08/2021	149	0.09	500,000	Standard Life 6.75% 12/07/2049	528	0.33
245,000	BG Energy Capital 6.5% 30/11/2072	265	0.16	250,000	Tate & Lyle International Finance 6.75% 25/11/2019	307	0.19
450,000	**Cattles 0% 05/07/2017	9	0.01	259,676	*Telereal Securitisation 5.9478% 10/12/2031	322	0.20
125,000	Clydesdale Bank 4.625% 08/06/2026	143	0.09	260,000	Tesco 6.125% 24/02/2022	311	0.19
305,000	Enterprise Inns 6.5% 06/12/2018	299	0.18	148,966	*Tesco Property Finance 3 5.744% 13/04/2040	164	0.10
264,000	ENW Finance 6.125% 21/07/2021	314	0.19	241,775	*Tesco Property Finance 7.6227% 13/07/2039	318	0.20
750,000	Eversholt Funding 5.831% 02/12/2020	885	0.55	200,000	Unique Pub Finance 6.542% 30/3/2021	199	0.12
270,000	First Hydro Finance 9% 31/07/2021	332	0.20	300,000	Virgin Media Finance 5.125% 15/02/2022	302	0.19
264,000	G4S 7.75% 13/05/2019	329	0.20	500,000	Virgin Media Secured Finance 7% 15/01/2018	532	0.33
125,000	GKN Holdings 6.75% 28/10/2019	143	0.09	355,000	Western Power Distribution 5.75% 16/04/2032	413	0.25
250,000	Heathrow Funding 6.25% 10/09/2018	288	0.18				
250,000	Heathrow Funding 6.75% 03/12/2026	324	0.20				
200,000	HSBC Capital Funding LP 5.844% 05/11/2049	193	0.12				
240,000	HSBC Capital Funding LP 8.208% 30/06/2049	261	0.16				
350,000	HSBC Holdings 6.5% 20/05/2024	443	0.27				

Threadneedle Monthly Extra Income Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
UNITED KINGDOM 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	979	0.60
	Food & drug retailers 3.04% (3.04%)			1,519,652	Rentokil Initial	1,389	0.86
2,261,993	Booker Group	2,601	1.60	189,900	WS Atkins	1,686	1.04
900,000	Morrison (Wm) Supermarkets	2,338	1.44		Telecommunications services 3.49% (3.78%)		
	Food producers & processors 3.25% (2.93%)			2,136,292	BT Group	5,663	3.49
192,881	Unilever	5,273	3.25		Tobacco 5.18% (7.29%)		
	Forestry & paper 2.08% (2.08%)			99,688	British American Tobacco	3,515	2.17
1,444,176	DS Smith	3,372	2.08	204,536	Imperial Tobacco Group	4,880	3.01
	Gas distribution 3.23% (3.71%)				Transport 1.10% (1.32%)		
696,451	Centrica	2,498	1.54	503,248	Stagecoach Group	1,511	0.93
372,938	National Grid	2,736	1.69	476,768	Wincanton	273	0.17
	General retailers 2.32% (2.00%)				Water 2.05% (2.48%)		
1,174,740	Home Retail Group	1,510	0.93	186,978	Pennon Group	1,242	0.77
619,287	Marks & Spencer Group	2,262	1.39	280,608	United Utilities Group	2,076	1.28
	Government bonds 0.08% (0.00%)				Total United Kingdom	138,735	85.54
105,000	UK Treasury 4% 07/03/2022	124	0.08	UNITED STATES OF AMERICA 1.43% (1.31%)			
	Insurance 2.39% (2.11%)				Corporate bonds 1.43% (1.31%)		
3,226,750	RSA Insurance Group	3,885	2.39	300,000	Ahold Finance 6.5% 14/03/2017	350	0.22
	Investment companies 3.50% (0.60%)			150,000	AT&T 5.5% 15/03/2027	176	0.11
819,160	3i Group	2,636	1.63	250,000	Bank of America 6.125% 15/09/2021	298	0.18
1,150,000	Sherborne Investors	1,299	0.80	250,000	Bank of America 7% 31/07/2028	324	0.20
1,633,187	Sherborne Investors (Guernsey)			275,000	CenturyLink 5.8% 15/03/2022	187	0.11
	'B' Shares	1,731	1.07	435,000	Citigroup 5.125% 12/12/2018	480	0.30
	Leisure entertainment & hotels 1.57% (1.42%)			100,000	Metropolitan Life Global Funding I		
232,384	J.D. Wetherspoon	1,174	0.72		3.5% 30/09/2026	101	0.06
847,239	Rank Group	1,381	0.85	225,000	Verizon Wireless Capital 8.875%		
	Life assurance 4.25% (4.22%)				18/12/2018	306	0.19
330,957	Aviva	1,047	0.65	100,000	Wells Fargo & Company 3.5%		
750,000	Chesnara	1,687	1.04		12/09/2029	95	0.06
2,518,740	Legal & General	4,146	2.56		Total United States of America	2,317	1.43
	Media & photography 4.44% (4.51%)			DERIVATIVES -0.03% (0.02%)			
2,053,632	ITV	2,620	1.62		Forward foreign exchange contracts -0.03% (0.02%)		
148,531	Pearson	1,741	1.07		Sell USD 115,000		
386,628	Reed Elsevier	2,838	1.75		Buy GBP 75,461 J.P. Morgan	(1)	-
	Oil & gas 4.02% (5.80%)				Sell EUR 1,507,391		
168,205	BG Group	1,960	1.21		Buy GBP 1,301,855 UBS	(8)	-
200,653	Royal Dutch Shell 'B' Shares	4,556	2.81		Sell USD 3,757,000		
	Pharmaceuticals & biotechnology 8.08% (8.32%)				Buy GBP 2,460,106 UBS	(47)	(0.03)
228,242	AstraZeneca	6,936	4.28		Sell EUR 64,000		
415,261	GlaxoSmithKline	6,158	3.80		Buy GBP 55,290 J.P. Morgan	-	-
	Software & computer services 0.00% (0.59%)				Sell EUR 20,000		
					Buy GBP 17,307 HSBC	-	-
					Total derivatives	(56)	(0.03)
				Total value of investments		152,421	93.98
				Net other assets (0.94%)		9,770	6.02
				Net assets		162,191	100.00

Threadneedle Monthly Extra Income Fund

Portfolio Statement

(continued)

	Value £000	% of Net Asset Value
ANALYSIS OF INVESTMENTS BY ASSET CLASS		
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

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
FIXED INTEREST 87.68% (83.09%)				GBP	3,080,000		
	AAA 3.54% (2.92%)						
GBP	2,865,000	Abbey National Treasury Service		GBP	3,050,000	Prudential 1.25% 16/11/2015	0.44
		5.25% 16/02/2029	0.46	GBP	6,100,000	Siemens Financieringsmaatschappij	0.41
GBP	3,570,000	Broadgate Financing 4.821%				2.75% 10/09/2025	0.78
		05/07/2033	0.54	USD	2,585,000	Sinopec Group Oversea 2.75%	
GBP	3,025,000	Fosse Master Issuer 4.635%				17/05/2017	0.24
		18/01/2017	0.46	GBP	1,315,000	Unilever 4.75% 16/06/2017	0.20
GBP	2,805,000	KFW 5.5% 18/06/2025	0.49	GBP	1,200,000	Wells Fargo & Company 3.5%	
GBP	4,400,000	Nationwide Building Society				12/09/2029	0.15
		5.625% 28/01/2026	0.76	GBP	5,900,000	Wells Fargo Bank 5.25% 01/08/2023	0.91
GBP	2,880,000	Silverstone Masters Issuer					
		5.063% 21/10/2016	0.44				
GBP	2,500,000	Temasek Financial (I) 4.625%		GBP	4,680,000	A 6.83% (4.35%)	
		26/07/2022	0.39			Anheuser-Busch InBev 9.75%	
						30/07/2024	1.00
				GBP	2,932,000	BG Energy Capital 5.125%	
						07/12/2017	0.46
GBP	4,625,000	Aaa 2.20% (5.77%)		GBP	2,545,000	DMR Cymru Financing 6.015%	
		Barclays Bank 4.25% 12/01/2022	0.71			31/03/2028	0.43
GBP	3,275,000	Clydesdale Bank 4.625% 08/06/2026	0.51				
GBP	6,055,000	Lloyds TSB Bank 5.125% 07/03/2025	0.98	GBP	2,350,000	GDF Suez 7% 30/10/2028	0.43
				GBP	650,000	Greene King Finance 5.106%	
						15/03/2034	0.09
GBP	5,240,000	AA+ 1.59% (1.21%)		EUR	2,800,000	Hannover Finance 5% 30/06/2043	0.35
		GE Capital UK Funding 5.125%		GBP	3,325,000	J.P. Morgan Chase 4.25% 25/01/2017	0.49
		24/05/2023	0.80	GBP	390,000	Legal & General Finance 5.875%	
GBP	1,250,000	GE Capital UK Funding 5.875%				05/04/2033	0.06
		04/11/2020	0.20	GBP	1,355,000	Longstone Finance 4.896%	
GBP	2,573,000	GE Capital UK Funding 5.875%				19/04/2036	0.18
		18/01/2033	0.41	EUR	3,500,000	Münchener Rückversicherungs	
GBP	1,100,000	UK Treasury Index Linked Gilt 4.5%				6% 26/05/2041	0.48
		07/03/2019	0.18	EUR	3,600,000	Münchener Rückversicherungs	
						6.25% 26/05/2042	0.50
GBP	2,800,000	AA 2.48% (3.89%)		GBP	2,885,000	QBE Insurance Group 6.125%	
		IPIC GMTN 6.875% 14/03/2026	0.48			28/09/2015	0.43
GBP	3,315,000	Land Securities Capital Markets		GBP	6,080,000	Royal Bank of Scotland 6.625%	
		5.125% 07/02/2036	0.52			17/09/2018	1.00
USD	4,750,000	Qatari Diar Finance 5% 21/07/2020	0.49	GBP	2,350,000	Standard Chartered Bank 7.75%	
GBP	5,850,000	Wal-Mart Stores 5.625% 27/03/2034	0.99			03/04/2018	0.39
				GBP	3,280,000	UBS London 6.625% 11/04/2018	0.54
EUR	3,760,000	AA- 2.46% (1.62%)					
		Corporación Andina de Fomento					
		4.625% 29/03/2018	0.50				
GBP	5,175,000	General Electric 5.5% 15/09/2066	0.71	GBP	1,380,000	A2 0.24% (0.00%)	
GBP	1,350,000	Metropolitan Life Global Funding I				Prudential 6.875% 20/01/2023	0.24
		2.875% 11/01/2023	0.18				
GBP	1,445,000	Metropolitan Life Global Funding I		GBP	4,750,000	A- 18.74% (19.39%)	
		3.5% 30/09/2026	0.20			Aegon 6.625% 16/12/2039	0.78
GBP	3,050,000	National Australia Bank 5.125%		GBP	3,738,000	América Móvil 5% 27/10/2026	0.57
		09/12/2021	0.48	GBP	1,335,000	Anglian Water Services Financing	
GBP	2,645,000	Southern Gas Network 4.875%				4.5% 05/10/2027	0.19
		21/03/2029	0.39	GBP	2,270,000	Annington Finance 6.5676%	
						10/01/2023	0.33
				GBP	3,300,000	AT&T 5.5% 15/03/2027	0.52
GBP	2,805,000	A+ 6.26% (6.02%)		GBP	2,200,000	Bank of America 6.125% 15/09/2021	0.35
		Barclays Bank 5.75% 17/08/2021	0.45	GBP	4,750,000	Bank of America 7% 31/07/2028	0.83
GBP	4,465,000	BHP Billiton Finance 3.25%		GBP	3,895,000	BAT International Finance 7.25%	
		25/09/2024	0.60			12/03/2024	0.70
USD	2,570,000	CNPC General Capital 2.75%		GBP	450,000	Citigroup 5.15% 21/05/2026	0.07
		19/04/2017	0.24	GBP	3,330,000	Citigroup 5.5% 18/11/2015	0.49
GBP	4,800,000	Electricité de France 5.5%		GBP	5,225,000	Citigroup 7.375% 01/09/2039	0.97
		17/10/2041	0.69	GBP	1,900,000	CNP Assurances 7.375% 30/09/2041	0.27
GBP	1,800,000	Electricité de France 6.125%		GBP	2,685,000	Danske Bank 4% 09/12/2015	0.39
		02/06/2034	0.29	GBP	2,635,000	DnB NOR Bank 7.25%	
USD	4,230,000	Hongkong Electric Finance 4.25%				23/06/2020	0.39
		14/12/2020	0.41	GBP	2,850,000	E.On International Finance	
GBP	2,610,000	HSBC Holdings 6.5% 20/05/2024	0.45			5.875% 30/10/2037	0.46

Threadneedle UK Corporate Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
FIXED INTEREST 87.68% (83.09%) (continued)					Baa3 0.89% (0.61%)				
GBP	3,310,000	Pemex Project Funding Master Trust 7.5% 18/12/2013	3,452	0.47	GBP	2,294,000	††Acquedotto Pugliese 6.92% 29/06/2018	2,502	0.34
GBP	2,350,000	Petrobras International Finance 5.375% 01/10/2029	2,402	0.32	GBP	3,605,000	National Express Group 6.25% 13/01/2017	4,035	0.55
USD	3,800,000	Russian Federation 4.5% 04/04/2022	2,799	0.38	BB+ 1.24% (0.26%)				
GBP	2,226,000	South East Water Finance 5.6577% 30/09/2019	2,570	0.35	EUR	2,465,000	ABN Amro Bank 4.31% 29/03/2049	1,866	0.25
GBP	2,130,000	Southern Water Services 7.869% 31/03/2014	2,232	0.30	USD	3,260,000	Eksportfinans 3% 17/11/2014	2,163	0.29
GBP	985,000	SPD Finance 5.875% 17/07/2026	1,170	0.16	GBP	579,000	Finmeccanica Finance 8% 16/12/2019	628	0.09
GBP	3,000,000	SSE 5.453% 01/10/2049	3,101	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	0.19	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	1,903	0.26	BB 0.89% (1.09%)				
GBP	2,050,000	Tate & Lyle International Finance 6.75% 25/11/2019	2,513	0.34	USD	3,290,000	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% 21/06/2027	407	0.06
GBP	2,050,000	Telecom Italia 5.625% 29/12/2015	2,183	0.29	GBP	3,345,000	LBG Capital No 1 11.04% 19/03/2020	3,952	0.53
GBP	2,100,000	Telefonica Emisiones 5.597% 12/03/2020	2,201	0.30	Ba2 0.30% (0.00%)				
GBP	2,200,000	Telefonica Emisiones 5.289% 09/12/2022	2,210	0.30	EUR	2,170,000	HeidelbergCement Finance 8% 31/01/2017	2,224	0.30
GBP	3,360,000	*Telereal Securitisation 4.0902% 10/12/2033	3,406	0.46	BB- 1.08% (0.00%)				
GBP	850,000	Thames Water utilities Cayman 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% 15/07/2042	2,461	0.33	GBP	1,084,000	Spirit Issuer 5.86% 28/12/2021	1,051	0.14
GBP	4,568,000	United Mexican States 6.75% 06/02/2024	5,685	0.77	GBP	3,275,000	Virgin Media Finance 5.125% 15/02/2022	3,301	0.45
GBP	2,175,000	Western Power Distribution 5.75% 16/04/2032	2,528	0.34	GBP	1,770,000	Anglian Water (Osprey) Financing 7% 31/01/2018	1,891	0.26
GBP	2,750,000	Western Power Distribution West 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	D 0.02% (0.04%)				
USD	3,160,000	Baa2 1.16% (0.50%) 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	0.20	Not rated 3.01% (2.48%)				
EUR	5,390,000	Carlsberg Breweries 2.625% 15/11/2022	4,677	0.63	GBP	4,453,000	**Cattles 0% 17/01/2014	89	0.01
GBP	3,070,000	BBB- 5.32% (6.51%) FirstGroup 6.875% 18/09/2024	3,483	0.47	USD	5,365,000	Ala Group 1.75% 13/03/2018	3,552	0.48
GBP	2,228,000	G4S 7.75% 13/05/2019	2,780	0.38	USD	5,466,000	CGS Guernsey I 7.875% 24/02/2041	3,897	0.53
GBP	1,865,000	Koninklijke KPN 5% 18/11/2026	1,981	0.27	EUR	3,624,000	Davide Campari-Milano 4.5% 25/10/2019	3,323	0.45
GBP	1,745,000	Lloyds TSB Bank 6.9625% 29/05/2020	1,803	0.24	GBP	2,940,000	First Hydro Finance 9% 31/07/2021	3,611	0.49
GBP	1,905,000	Lloyds TSB Bank 7.625% 22/04/2025	2,257	0.30	GBP	4,660,000	Pennon Group 6.75% 08/03/2049	4,733	0.64
GBP	1,637,000	Marks & Spencer 4.75% 12/06/2025	1,657	0.22	USD	4,240,000	Rabobank Nederland 8.375% 26/07/2049	3,055	0.41
USD	4,930,000	Pernod Ricard 4.25% 15/07/2022	3,559	0.48	Total fixed interest				
EUR	200,000	Royal Bank of Scotland 10.5% 16/03/2022	211	0.03				649,321	87.68
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% 30/3/2021	1,894	0.26					
GBP	4,000,000	Virgin Media Secured Finance 7% 15/01/2018	4,252	0.57					
EUR	3,750,000	Ziggo Finance 6.125% 15/11/2017	3,410	0.46					

Threadneedle UK Corporate Bond Fund

Portfolio Statement

(continued)

	Value £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	Type	Value £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.

Threadneedle High Yield Bond Fund

Portfolio Statement

as at 7 March 2013

			Value £000	% of Net Asset Value				Value £000	% of Net Asset Value
Holding	Investment				Holding	Investment			
AUSTRIA 0.52% (1.00%)					CROATIA 1.15% (0.91%)				
	BB 0.52% (1.00%)					B 1.15% (0.91%)			
EUR	2,600,000	Sappi Papier Holding 6.625%			EUR	8,295,000	Agrokor 10% 07/12/2016	7,811	0.93
		15/04/2018	2,414	0.29	EUR	1,900,000	Agrokor 9.125% 01/02/2020	1,795	0.22
USD	1,060,000	Sappi Papier Holding 7.75%				Total Croatia		9,606	1.15
		15/07/2017	785	0.10					
USD	1,500,000	Sappi Papier Holding 8.375%				CZECH REPUBLIC 0.00% (0.09%)			
		15/06/2019	1,113	0.13		B 0.00% (0.09%)			
	Total Austria		4,312	0.52		Total Czech Republic		–	–
BELGIUM 0.34% (0.00%)					DENMARK 0.54% (0.53%)				
	BB+ 0.34% (0.00%)					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
CANADA 1.11% (1.29%)					FINLAND 0.45% (1.06%)				
	BB+ 0.00% (1.29%)					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	8,495,000	Bombardier 6.125% 15/05/2021	7,827	0.94		B– 0.00% (0.49%)			
EUR	1,570,000	Bombardier 7.25% 15/11/2016	1,424	0.17		Not rated 0.13% (0.12%)			
	Total Canada		9,251	1.11	USD	1,500,000	††M-real 9.4% 25/06/2014	1,070	0.13
						Total Finland		3,734	0.45
CAYMAN ISLANDS 3.47% (3.88%)					FRANCE 7.63% (6.53%)				
	BB 0.11% (0.11%)					BBB+ 0.00% (0.82%)			
USD	1,200,000	Sable International Finance 8.75% 01/02/2020	907	0.11		BB+ 3.04% (0.32%)			
	B+ 0.00% (2.08%)				GBP	1,515,000	Lafarge 10% 30/05/2017	1,843	0.22
	BB– 1.55% (0.00%)				EUR	2,220,000	Lafarge 4.75% 23/03/2020	2,031	0.24
EUR	3,875,000	UPCB Finance 6.375% 01/07/2020	3,575	0.43	EUR	2,200,000	Lafarge 5.375% 26/06/2017	2,078	0.25
EUR	8,540,000	UPCB Finance 7.625% 15/01/2020	8,078	0.97	EUR	1,355,000	Lafarge 5.875% 09/07/2019	1,301	0.16
USD	1,710,000	UPCB Finance VI 6.875% 15/01/2022	1,236	0.15	GBP	1,350,000	Lafarge 6.625% 29/11/2017	1,496	0.18
	B 0.21% (0.00%)				EUR	3,530,000	Lafarge 6.625% 29/11/2018	3,484	0.42
USD	2,420,000	RDS Ultra-Deepwater 11.875% 15/03/2017	1,800	0.21	EUR	1,590,000	Lafarge 6.75% 16/12/2019	1,596	0.19
	B2 0.60% (0.00%)				EUR	9,860,000	Renault 4.625% 18/09/2017	8,954	1.07
EUR	700,000	Dubai Holding 4.75% 30/01/2014	607	0.07	EUR	2,850,000	Tereos Europe 6.375% 15/04/2014	2,582	0.31
GBP	1,250,000	Dubai Holding Commercial Operations Group 6% 01/02/2017	1,250	0.15		BB 2.25% (2.95%)			
EUR	3,485,000	Viridian Group 11.125% 01/04/2017	3,191	0.38	EUR	6,775,000	Crown European Holdings 7.125% 15/08/2018	6,386	0.76
	B– 0.00% (0.22%)				EUR	1,100,000	Nexans 4.25% 19/03/2018	960	0.12
	Not rated 1.00% (1.47%)				EUR	1,100,000	Nexans 5.75% 02/05/2017	1,017	0.12
GBP	4,788,000	Countrywide Holdings 10% 08/05/2018	4,884	0.58	EUR	3,620,000	Rexel 7% 17/12/2018	3,446	0.41
NOK	11,000,000	**Petroprod 0% 26/11/2013	–	–	EUR	2,080,000	Rexel 8.25% 15/12/2016	1,953	0.23
USD	5,258,462	††PSOS Finance 12% 06/10/2015	3,525	0.42	EUR	5,500,000	SPCM 5.5% 15/06/2020	5,083	0.61
	Total Cayman Islands		29,053	3.47		BB– 0.68% (0.58%)			
					EUR	6,428,000	Peugeot 7.375% 06/03/2018	5,658	0.68
						Ba3 0.21% (0.00%)			
					EUR	1,775,000	Faurecia 9.375% 15/12/2016	1,756	0.21
						Ba3e 0.00% (0.55%)			

Threadneedle High Yield Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
FRANCE 7.63% (6.53%) (continued)					(P)B2 0.15% (0.00%)				
		B+ 1.04% (0.85%)			EUR	1,485,000	Cerved Technologies 6.375% 15/01/2020	1,292	0.15
EUR	3,180,000	Cerba European Lab 7% 01/02/2020	2,812	0.34					
EUR	300,000	Labco 8.5% 15/01/2018	276	0.03			(P)B3 0.16% (0.00%)		
EUR	6,080,000	Labco 8.5% 15/01/2018	5,587	0.67	EUR	1,521,000	Cerved Technologies 6.375% 15/01/2021	1,298	0.16
		B 0.17% (0.00%)					D 0.10% (0.28%)		
EUR	1,660,000	LA Financiere Atalian 7.25% 15/01/2020	1,450	0.17	EUR	3,750,000	**Seat Pagine Gialle 0% 31/01/2017	879	0.10
		B- 0.00% (0.03%)					Total Italy	8,442	1.01
		B3 0.24% (0.00%)			LUXEMBOURG 20.74% (14.13%)				
EUR	2,210,000	Faurecia 8.75% 15/06/2019	2,006	0.24			Baa2 0.33% (0.00%)		
		CCC+ 0.00% (0.43%)			EUR	3,000,000	††Prologis International 5.875% 23/10/2014	2,773	0.33
		Total France	63,755	7.63			Baa3 0.00% (0.47%)		
GERMANY 6.95% (4.79%)							BB+ 1.98% (1.46%)		
		BBB 0.27% (0.43%)			USD	1,845,000	Arcelormittal 5% 25/02/2017	1,284	0.15
EUR	2,400,000	Commerzbank 7.75% 16/03/2021	2,225	0.27	EUR	2,000,000	Fiat Industrial Finance 5.25% 11/03/2015	1,825	0.22
		BB 1.54% (0.00%)			EUR	11,765,000	Fiat Industrial Finance 6.25% 09/03/2018	11,277	1.35
EUR	2,884,000	Kabel Deutschland 6.5% 29/06/2018	2,683	0.32	EUR	2,200,000	FMC Finance VIII 6.5% 15/09/2018	2,202	0.26
EUR	11,590,000	ThyssenKrupp 4% 27/08/2018	10,178	1.22			BB 0.22% (4.07%)		
		BB- 2.15% (1.81%)			GBP	1,675,000	Cabot Financial Luxembourg 10.375% 01/10/2019	1,843	0.22
EUR	5,581,323	*Unitymedia Hessen 8.125% 01/12/2017	5,210	0.62			Ba2 2.91% (0.00%)		
EUR	7,515,000	Unitymedia Hessen 5.75% 15/01/2023	6,621	0.79	EUR	2,350,000	HeidelbergCement Finance 6.5% 03/08/2015	2,242	0.27
EUR	6,540,000	Unitymedia Hessen 7.5% 15/03/2019	6,182	0.74	EUR	860,000	HeidelbergCement Finance 6.75% 15/12/2015	834	0.10
		B+ 0.34% (0.57%)			EUR	8,980,000	HeidelbergCement Finance 7.5% 03/04/2020	9,420	1.13
EUR	3,075,000	Techem 6.125% 01/10/2019	2,859	0.34	EUR	65,000	HeidelbergCement Finance 7.5% 31/10/2014	62	0.01
		B 0.23% (0.00%)			EUR	8,300,000	HeidelbergCement Finance 8.5% 31/10/2019	9,069	1.08
EUR	2,050,000	Kabel Deutsche Holding 6.5% 31/07/2017	1,923	0.23	EUR	2,400,000	HeidelbergCement Finance 9.5% 15/12/2018	2,684	0.32
		B- 2.42% (1.98%)					(P)Ba2 0.13% (0.00%)		
EUR	1,660,000	KM Germany Holding 8.75% 15/12/2020	1,540	0.19	EUR	1,170,000	Altice Financing 8% 15/12/2019	1,090	0.13
EUR	6,520,000	KP Germany Erste 11.625% 15/07/2017	6,378	0.76			BB- 5.47% (2.51%)		
EUR	3,075,000	Techem Energy Metering Service 7.875% 01/10/2020	2,875	0.34	EUR	6,637,000	Bormioli Rocco Holdings 10% 01/08/2018	5,916	0.71
EUR	4,395,000	Unitymedia 9.5% 15/03/2021	4,356	0.52			Fiat Finance & Trade 6.125% 08/07/2014	364	0.04
EUR	5,270,000	Unitymedia 9.625% 01/12/2019	5,075	0.61	EUR	1,825,000	Fiat Finance & Trade 6.375% 01/04/2016	1,629	0.19
		Total Germany	58,105	6.95	EUR	1,560,000	Fiat Finance & Trade 6.875% 13/02/2015	1,424	0.17
ITALY 1.01% (0.82%)					EUR	1,900,000	Fiat Finance & Trade 7.375% 09/07/2018	1,743	0.21
		BB 0.38% (0.54%)			EUR	6,208,000	Fiat Finance & Trade 7.625% 15/09/2014	5,703	0.68
EUR	3,499,000	Lottomatica 8.25% 31/03/2066	3,140	0.38					
		B 0.22% (0.00%)							
EUR	2,065,000	Zobe Holding 7.875% 01/02/2018	1,833	0.22					

Threadneedle High Yield Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
LUXEMBOURG 20.74% (14.13%) (continued)									
EUR	3,980,000	*Mark IV Europe 8.875% 15/12/2017	3,753	0.45	EUR	4,490,000	CCC 0.62% (0.00%) Codere Finance Luxembourg 8.25% 15/06/2015 XS0222158767	3,085	0.37
CHF	1,760,000	*Matterhorn Mobile Holdings 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% 15/05/2019	3,336	0.40	USD	1,730,000	*Orion Engineered Carbons 9.25% 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% 31/12/2017	1,313	0.16	EUR	4,500,000	††Signum Luxemburg 3.934% 30/06/2015	3,887	0.46
EUR	3,318,000	Sunrise Communications 7% 1/12/2017	3,083	0.37	Total Luxembourg			173,427	20.74
EUR	4,670,000	TMD Friction Finance 10.75% 15/05/2017	4,460	0.53	NETHERLANDS 13.27% (17.72%)				
EUR	11,040,000	Wind Acquisition Finance 7.375% 15/02/2018	9,930	1.19	BBB- 0.00% (0.42%)				
Ba3 0.00% (0.84%)					BB+ 2.32% (1.25%)				
B+ 3.73% (1.19%)					EUR	6,760,000	ABN Amro Bank 4.31% 29/03/2049	5,117	0.61
EUR	7,270,000	Cirsa Funding Luxembourg 8.75% 15/05/2018	6,209	0.74	EUR	4,750,000	EDP Finance 5.75% 21/09/2017	4,392	0.53
EUR	2,272,044	*Oxea Finance & Cy 9.625% 15/07/2017	2,160	0.26	EUR	3,695,000	Ol European Group 6.75% 15/09/2020	3,614	0.43
EUR	4,675,000	Telenet Finance 6.25% 15/08/2022	4,156	0.50	EUR	7,085,000	Ol European Group 6.875% 31/03/2017	6,292	0.75
EUR	1,225,000	Telenet Finance 6.75% 15/08/2024	1,111	0.13	BB 1.55% (5.78%)				
EUR	3,290,000	Telenet Finance III Luxembourg 6.625% 15/02/2021	2,980	0.36	EUR	2,905,000	Portugal Telecom International Finance 4.375% 24/03/17	2,556	0.31
EUR	3,155,000	Telenet Finance Luxembourg 6.375% 15/11/2020	2,850	0.34	EUR	2,390,000	Portugal Telecom International Finance 5% 04/11/2019	2,068	0.25
EUR	12,710,000	Wind Acquisition Finance 11.75% 15/07/2017	11,704	1.40	EUR	2,300,000	Portugal Telecom International Finance 5.625% 08/02/2016	2,103	0.25
B 1.49% (2.08%)					EUR	6,789,000	Portugal Telecom International Finance 5.875% 17/04/2018	6,150	0.74
CHF	1,000,000	Aguila 3 7.875% 31/01/2018 US008635AA20	751	0.09	Ba2 1.74% (0.00%)				
USD	3,910,000	Aguila 3 7.875% 31/01/2018 US008635AA20	2,784	0.33	EUR	14,155,000	HeidelbergCement Finance 8% 31/01/2017	14,508	1.74
EUR	1,693,000	Numericable Finance 12.375% 15/02/2019	1,751	0.21	BB- 2.60% (1.07%)				
EUR	2,115,000	*Numericable Finance 8.07% 15/10/2018	1,889	0.23	EUR	2,903,000	Conti-Gummi Finance 6.5% 15/01/2016	2,664	0.32
EUR	5,528,000	Numericable Finance 8.75% 15/02/2019	5,242	0.63	EUR	9,275,000	Conti-Gummi Finance 7.125% 15/10/2018	8,553	1.02
B- 1.04% (0.82%)					EUR	2,745,000	Conti-Gummi Finance 7.5% 15/09/2017	2,533	0.30
EUR	5,707,000	Matterhorn Mobile Holdings 8.25% 15/02/2020	5,394	0.64	EUR	8,540,000	Ziggo Bond 8% 15/05/2018	8,011	0.96
EUR	3,585,000	Sunrise Communications 8.5% 31/12/2018	3,393	0.40	B+ 2.33% (3.86%)				
B3 0.00% (0.26%)					EUR	6,795,000	Carlson Wagonlit 7.5% 15/06/2019	6,269	0.75
CCC+ 2.36% (0.00%)					EUR	6,695,000	GMAC International Finance 7.5% 21/04/2015	6,331	0.76
EUR	2,390,000	Beverage Packaging Holdings 8% 15/12/2016	2,085	0.25	EUR	2,000,000	Refresco Group 7.375% 15/05/2018	1,819	0.22
EUR	2,345,000	Beverage Packaging Holdings 9.5% 15/06/2017	2,093	0.25	EUR	5,030,000	Schaeffler Finance 7.75% 15/02/2017	4,979	0.60
EUR	16,430,000	Ineos Group Holdings 7.875% 15/02/2016	14,357	1.72	B1 0.00% (0.69%)				
					B 0.39% (1.18%)				
					EUR	1,385,000	Intergen 8.5% 30/06/2017	1,110	0.13
					GBP	2,380,000	Intergen 9.5% 30/06/2017	2,196	0.26

Threadneedle High Yield Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
NETHERLANDS 13.27% (17.72%) (continued)					EUR	1,000,000	Ardagh Packaging Finance USA 5% 15/11/2022	865	0.10
B- 1.27% (1.58%)					EUR	2,000,000	Ardagh Packaging Finance USA 7.375% 15/10/2017	1,869	0.22
EUR	1,825,000	Polish Television Holding 11.25% 15/05/2017	1,711	0.20	EUR	2,570,000	Nara Cable Funding 8.875% 01/12/2018 US63080TAA51	2,354	0.28
EUR	2,450,000	UPC Holding 8% 01/11/2016	2,184	0.26	USD	2,810,000	Nara Cable Funding 8.875% 01/12/2018 US63080TAA51	1,970	0.24
EUR	5,265,000	UPC Holding 8.375% 15/08/2020	5,001	0.60	B 0.18% (0.72%)				
EUR	1,940,000	UPC Holding 9.75% 15/04/2018	1,774	0.21	EUR	1,530,000	Bank of Ireland 10% 19/12/2022	1,472	0.18
Not rated 1.07% (1.89%)					B- 0.20% (1.17%)				
EUR	11,030,424	*Boats Investment Netherlands 11% 31/03/2017	5,267	0.63	EUR	1,800,000	Ono Finance II 11.125% 15/07/2019	1,647	0.20
USD	5,500,000	OSX 3 Leasing 9.25% 20/03/2015	3,718	0.44	CCC+ 1.18% (0.18%)				
Total Netherlands			110,920	13.27	EUR	3,771,084	ARD Finance 0% 01/06/2018	3,565	0.43
NORWAY 0.16% (0.37%)					EUR	7,075,000	Ardagh Glass Finance 7.125% 15/06/2017	6,259	0.75
B- 0.00% (0.26%)					Not rated 0.35% (0.00%)				
EUR	965,000	Norske Skogindustrier 11.75% 15/06/2016	710	0.09	EUR	3,205,000	Bank of Ireland 10% 30/07/2016	2,918	0.35
EUR	1,044,000	Norske Skogindustrier 7% 26/06/2017	611	0.07	EUR	2,630	Smurfit Kappa Acquisitions Warrants 0% 30/09/2013	-	-
Not rated 0.00% (0.11%)					Total Republic of Ireland			62,980	7.53
Total Norway			1,321	0.16	SINGAPORE 0.00% (0.00%)				
POLAND 0.36% (0.00%)					Not rated 0.00% (0.00%)				
B 0.36% (0.00%)					USD	650,674	**Nexus 1 PTE 0% 09/04/2013	-	-
EUR	3,217,000	Ciech Group Financing 9.5% 30/11/2019	3,043	0.36	Total Singapore			-	-
Total Poland			3,043	0.36	SOUTH AFRICA 0.65% (1.21%)				
PORTUGAL 1.71% (0.00%)					BB 0.35% (0.36%)				
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% 15/01/2018	1,719	0.20	BB- 0.00% (0.27%)				
EUR	9,200,000	Banco Espirito Santo 5.875% 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	B 0.30% (0.22%)				
Total Portugal			14,324	1.71	EUR	701,000	*Edcon Proprietary 3.433% 15/06/2014	606	0.07
REPUBLIC OF IRELAND 7.53% (7.13%)					EUR	2,232,000	Edcon Proprietary 9.5% 01/03/2018	1,923	0.23
BB+ 1.03% (2.59%)					Total South Africa			5,433	0.65
EUR	9,930,000	Bank of Ireland 4.625% 08/04/2013	8,621	1.03	SPAIN 2.17% (1.71%)				
BB 2.54% (1.17%)					BB 0.29% (0.00%)				
EUR	10,140,000	Allied Irish Banks 5.625% 12/11/2014	8,939	1.07	EUR	2,790,000	Ence Energia y Celulosa 7.25% 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%)				
EUR	6,865,000	Smurfit Kappa Acquisition 7.75% 15/11/2019	6,537	0.78	EUR	4,000,000	Bankia 4.375% 14/02/2017	3,344	0.40
BB- 0.31% (1.22%)					EUR	950,000	Obrascon Huarte Lain 7.375% 28/04/2015	893	0.11
EUR	2,910,000	Rottapharm 6.125% 15/11/2019	2,592	0.31	EUR	2,560,000	Obrascon Huarte Lain 7.625% 15/03/2020	2,341	0.28
B+ 1.74% (0.08%)					EUR	9,465,000	Obrascon Huarte Lain 8.75% 15/03/2018	9,091	1.09
EUR	3,800,000	Ardagh Glass Finance 9.25% 01/07/2016	3,530	0.42	B+ 0.00% (0.62%)				
EUR	4,310,000	Ardagh Packaging Finance 7.375% 15/10/2017	4,051	0.48	Total Spain			18,121	2.17

Threadneedle High Yield Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
SWEDEN 2.96% (3.72%)									
BB+ 0.00% (0.43%)									
		BB 0.21% (0.00%)							
EUR	1,980,000	Stena 5.875% 01/02/2019	1,773	0.21	GBP	2,710,000	Jaguar Land Rover 8.25% 15/03/2020	3,043	0.36
		B+ 1.59% (1.76%)			GBP	4,650,000	Southern Water Greensand 8.5% 15/04/2019	4,899	0.59
EUR	10,290,000	TVN Finance 10.75% 15/11/2017	9,777	1.17	GBP	7,625,000	Taylor Wimpey 10.375% 31/12/2015	8,502	1.02
EUR	3,790,000	TVN Finance III 7.875% 15/11/2018	3,484	0.42	GBP	2,430,000	Virgin Media Finance 5.125% 15/02/2022	2,449	0.29
		B 0.00% (0.10%)			GBP	5,228,000	Virgin Media Finance 8.875% 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
		CCC+ 0.59% (0.69%)					B+ 4.29% (3.21%)		
EUR	5,280,000	Norcell Sweden 10.75% 29/09/2019	4,980	0.59	GBP	5,975,000	Aston Martin Capital 9.25% 15/07/2018	6,070	0.73
		Total Sweden	24,754	2.96	GBP	5,200,000	Boparan Finance 9.875% 30/04/2018	5,786	0.69
SWITZERLAND 0.17% (0.00%)					GBP	5,500,000	Elli Finance UK 8.75% 15/06/2019	5,958	0.71
		BB+ 0.17% (0.00%)			GBP	5,295,000	Matalan Finance 8.875% 29/04/2016	5,306	0.63
USD	2,056,000	Dufry Finance 5.5% 15/10/2020	1,433	0.17	EUR	5,900,000	OTE 4.625% 20/05/2016	4,760	0.57
		Total Switzerland	1,433	0.17	EUR	2,042,000	OTE 5% 05/08/2013	1,771	0.21
UNITED KINGDOM 22.44% (21.53%)					EUR	1,500,000	OTE 7.25% 12/02/2015	1,313	0.16
		Baa1 0.00% (0.38%)			EUR	4,260,000	OTE 7.875% 07/02/2018	3,749	0.45
		Baa3 0.45% (0.00%)			GBP	1,135,000	Voyage Care BondCo 6.5% 01/08/2018	1,166	0.14
GBP	3,274,000	Santander 10.0625% 06/04/2049	3,635	0.45			B1 0.70% (0.80%)		
		BBB- 0.33% (3.34%)			EUR	1,750,000	Investec Tier UK 7.075% 24/06/2049	1,413	0.17
EUR	2,614,000	Royal Bank of Scotland 10.5% 16/03/2022	2,756	0.33	GBP	4,125,000	Thames Water Kemble Finance 7.75% 01/04/2019	4,466	0.53
		BB+ 1.53% (1.05%)					B 2.09% (2.54%)		
GBP	4,010,000	Co-operative 5.625% 08/07/2020	4,211	0.50	EUR	2,705,000	Avis Budget Finance 6% 01/03/2021	2,362	0.28
GBP	3,000,000	Lloyds TSB Bank 13% 21/07/2049	4,435	0.53	GBP	7,440,000	Care UK 9.75% 01/08/2017	7,597	0.91
GBP	3,774,000	William Hill 7.125% 11/11/2016	4,194	0.50	EUR	2,440,000	Eco-Bat Finance 7.75% 15/02/2017	2,199	0.26
		BB 3.90% (3.07%)			GBP	1,650,000	House of Fraser 8.875% 15/08/2018	1,727	0.21
GBP	1,900,000	British Airways 8.75% 23/08/2016	2,105	0.25	GBP	3,470,000	Odeon & UCI Fincio 9% 01/08/2018	3,613	0.43
GBP	10,164,000	Crown Newco 3 7% 15/02/2018	10,524	1.26			B2e 0.00% (0.28%)		
GBP	1,090,000	Daily Mail & General Trust 10% 09/04/2021	1,407	0.17	EUR	6,896,000	Kerling 10.625% 28/01/2017	5,439	0.65
GBP	4,075,000	Daily Mail & General Trust 5.75% 07/12/2018	4,409	0.53			B- 0.65% (0.00%)		
GBP	2,000,000	LBG Capital No 1 11.04% 19/03/2020	2,363	0.28	GBP	1,967,000	Arqiva Broadcast Finance 9.5% 31/03/2020	2,028	0.24
GBP	3,190,000	Lowell Group Finance 10.75% 01/04/2019	3,517	0.42			B3 0.24% (0.00%)		
EUR	9,115,000	Rexam 6.75% 29/06/2067	8,314	0.99	GBP	1,125,000	*Annington Finance No5 13% 15/01/2023	1,249	0.15
		BB- 4.94% (3.22%)					CCC+ 0.15% (0.00%)		
GBP	1,670,000	Arrow Global Finance 7.875% 01/03/2020	1,667	0.20			CCC 0.00% (0.46%)		
GBP	1,640,000	Enterprise Inns 6.375% 26/09/2031	1,385	0.17			Not rated 2.70% (2.73%)		
GBP	6,727,000	Enterprise Inns 6.5% 06/12/2018	6,600	0.79	GBP	7,220,000	First Hydro Finance 9% 31/07/2021	8,867	1.06
GBP	200,000	Enterprise Inns 6.875% 09/05/2025	187	0.02	EUR	7,170,000	International Personal Finance 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% 15/05/2018	3,269	0.39			Total United Kingdom	187,609	22.44

Threadneedle High Yield Bond Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
UNITED STATES OF AMERICA 2.26% (4.35%)			
	BB+ 0.00% (1.31%)		
	BB 0.00% (0.73%)		
	BB- 0.76% (0.00%)		
EUR	5,035,000 Chesapeake Energy 6.25% 15/01/2017	4,662	0.56
EUR	1,770,000 Rain CII Carbon LLC 8.5% 15/01/2021	1,632	0.20
	B+ 0.61% (0.67%)		
EUR	850,000 Iron Mountain 6.75% 15/10/2018	749	0.09
GBP	4,355,000 Iron Mountain 7.25% 15/04/2014	4,360	0.52
	B 0.00% (0.94%)		
	B- 0.53% (0.00%)		
EUR	4,667,000 Infor US 10% 01/04/19	4,467	0.53
	CCC+ 0.36% (0.62%)		
USD	4,300,000 Ocean Rig UDW 9.5% 27/04/2016	3,011	0.36
	Not rated 0.00% (0.08%)		
	Total United States of America	18,881	2.26
DERIVATIVES -0.79% (0.38%)			
	Credit default swaps 0.03% (0.00%)		
EUR	9,750,000 Citigroup EUR Markit		
	iTraxx 20/12/2017 Spread 500	241	0.03
EUR	1,110,000 Merrill Lynch EUR OTE		
	20/09/2013 Spread 500	10	-
	Forward foreign exchange contracts -0.82% (0.38%)		
	Sell GBP 107,310		
	Buy CHF 153,000 RBS	1	-
	Sell GBP 2,045,554		
	Buy EUR 2,367,000 Barclays	10	-
	Sell GBP 2,539,025		
	Buy EUR 2,900,000 RBS	(21)	-
	Sell CHF 12,120,000		
	Buy GBP 8,482,922 RBS	(60)	(0.01)
	Sell EUR 237,003,000		
	Buy GBP 203,909,560 HSBC	(1,906)	(0.23)
	Sell EUR 235,000,000		
	Buy GBP 202,184,600 J.P. Morgan	(1,892)	(0.23)
	Sell EUR 235,000,000		
	Buy GBP 202,153,345 UBS	(1,924)	(0.23)
	Sell EUR 14,000		
	Buy GBP 12,060 RBS	-	-
	Sell EUR 8,200,000		
	Buy GBP 7,068,449 RBC	(53)	-
	Sell USD 46,342,000		
	Buy GBP 29,895,615 RBS	(1,014)	(0.12)
	Total derivatives	(6,608)	(0.79)
Total value of investments		809,253	96.80
Net other assets (6.85%)		26,734	3.20
Net assets		835,987	100.00

ANALYSIS OF INVESTMENTS BY ASSET CLASS

Fixed Interest	785,912	97.12
Floating Rate Notes	29,949	3.70
Derivatives	(6,608)	(0.82)
Total value of investments	809,253	100.00

ANALYSIS OF INVESTMENTS BY CREDIT RATINGS

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
B	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

ANALYSIS OF COLLATERAL RECEIVED

Counterparty	Type	Value £000
Citigroup	Cash	250

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 £13,617,000 (1.62% of the NAV of the fund) which were valued using a quote from a single broker. These investments trade in a limited market and may not be able to be immediately liquidated at these estimated fair values.

Threadneedle Strategic Bond Fund

Portfolio Statement

as at 7 March 2013

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
AUSTRALIA 0.98% (0.48%)					BBB 1.04% (0.79%)				
		AA- 0.30% (0.48%)			USD	1,365,000	Hutchison Whampoa International 6% 28/10/2049	969	0.25
GBP	1,000,000	National Australia Bank 5.125% 09/12/2021	1,160	0.30	GBP	700,000	Petrobras International Finance 5.375% 01/10/2029	715	0.18
		A+ 0.26% (0.00%)			GBP	716,000	South East Water Finance 5.6577% 30/09/2019	827	0.21
GBP	1,050,000	BHP Billiton Finance 3.25% 25/09/2024	1,037	0.26	GBP	625,000	Southern Water Services 7.869% 31/03/2014	655	0.17
		A 0.26% (0.00%)			GBP	300,000	Thames Water utilities Cayman 5.75% 13/09/2030	341	0.09
GBP	915,000	QBE Insurance Group 6.125% 28/09/2015	1,007	0.26	GBP	475,000	Yorkshire Water 6% 24/04/2025	534	0.14
		BBB 0.16% (0.00%)			BB 0.00% (0.13%)				
GBP	603,000	APT Pipelines 4.25% 26/11/2024	628	0.16	BB- 0.78% (0.00%)				
Total Australia			3,832	0.98	EUR	500,000	UPCB Finance 6.375% 01/07/2020	461	0.12
AUSTRIA 0.27% (0.41%)					EUR	2,360,000	UPCB Finance 7.625% 15/01/2020	2,232	0.57
		BB 0.27% (0.41%)			USD	460,000	UPCB Finance VI 6.875% 15/01/2022	333	0.09
EUR	650,000	Sappi Papier Holding 6.625% 15/04/2018	604	0.16	B+ 0.00% (0.76%)				
USD	235,000	Sappi Papier Holding 7.75% 15/07/2017	174	0.04	B 0.10% (0.00%)				
USD	350,000	Sappi Papier Holding 8.375% 15/06/2019	260	0.07	USD	500,000	RDS Ultra-Deepwater 11.875% 15/03/2017	372	0.10
Total Austria			1,038	0.27	B- 0.00% (0.09%)				
BELGIUM 0.70% (0.54%)					B2 0.24% (0.00%)				
		A 0.53% (0.00%)			GBP	300,000	Dubai Holding Commercial Operations Group 6% 01/02/2017	300	0.08
GBP	1,300,000	Anheuser-Busch InBev 9.75% 30/07/2024	2,057	0.53	EUR	690,000	Viridian Group 11.125% 01/04/2017	632	0.16
		A- 0.00% (0.54%)			Not rated 0.21% (0.79%)				
		BB+ 0.17% (0.00%)			GBP	1,190,000	Countrywide Holdings 10% 08/05/2018	1,214	0.31
USD	1,000,000	KBC Bank 8% 25/01/2023	668	0.17	USD	1,233,846	PSOS Finance 12% 06/10/2015	827	0.21
Total Belgium			2,725	0.70	Total Cayman Islands			15,204	3.90
CANADA 0.82% (0.81%)					CROATIA 0.50% (0.45%)				
		BBB+ 0.32% (0.12%)					B 0.50% (0.45%)		
GBP	1,015,000	Xstrata Canada Finance 7.375% 27/05/2020	1,254	0.32	EUR	400,000	Agrokor 9.125% 01/02/2020	378	0.09
		BB+ 0.00% (0.69%)			EUR	2,065,000	Agrokor 10% 07/12/2016	1,944	0.50
		BB 0.50% (0.00%)			Total Croatia			2,322	0.59
EUR	2,115,000	Bombardier 6.125% 15/05/2021	1,949	0.50	CZECH REPUBLIC 0.00% (0.06%)				
Total Canada			3,203	0.82			B 0.00% (0.06%)		
CAYMAN ISLANDS 3.90% (4.24%)					Total Czech Republic			-	-
		AA 0.27% (0.50%)							
GBP	840,000	IPIC GMTN 6.875% 14/03/2026	1,066	0.27					
		A 0.28% (0.27%)							
GBP	897,000	DMR Cymru Financing 6.015% 31/03/2028	1,112	0.28					
		A- 0.67% (0.91%)							
GBP	830,000	Southern Water Services 5% 31/03/2021	917	0.24					
GBP	1,400,000	Thames Water utilities Cayman 7.241% 09/04/2058	1,697	0.43					

Threadneedle Strategic Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
DENMARK 1.29% (0.72%)					BB 1.03% (1.43%)				
		A- 0.21% (0.29%)							
GBP	760,000	Danske Bank 4% 09/12/2015	808	0.21	EUR	1,580,000	Crown European Holdings 7.125% 15/08/2018	1,489	0.38
		BBB+ 0.30% (0.00%)			EUR	200,000	Nexans 4.25% 19/03/2018	175	0.05
GBP	1,102,000	DONG Energy 4.875% 12/01/2032	1,165	0.30	EUR	450,000	Nexans 5.75% 02/05/2017	416	0.11
		BBB 0.19% (0.18%)			EUR	300,000	Rexel 7% 17/12/2018	285	0.07
GBP	650,000	TDC 5.625% 23/02/2023	757	0.19	EUR	440,000	Rexel 8.25% 15/12/2016	413	0.11
		Baa2 0.33% (0.00%)			EUR	1,300,000	SPCM 5.5% 15/06/2020	1,201	0.31
EUR	1,495,000	Carlsberg Breweries 2.625% 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%)			EUR	446,000	Faurecia 9.375% 15/12/2016	441	0.11
EUR	1,125,000	ISS Holdings 8.875% 15/05/2016	1,004	0.26			Ba3e 0.00% (0.26%)		
		Total Denmark	5,031	1.29	EUR	720,000	B+ 0.55% (0.40%) Cerba European Lab 7% 01/02/2020	637	0.16
FINLAND 0.45% (0.58%)					EUR	1,495,000	Labco 8.5% 15/01/2018 XS0577452823	1,374	0.35
GBP	623,000	UPM-Kymmene 6.625% 23/01/2017	675	0.17	EUR	150,000	Labco 8.5% 15/01/2018 XS0888415220	138	0.04
		Not rated 0.28% (0.24%)					B 0.08% (0.00%)		
USD	1,500,000	††M-real 9.4% 25/06/2014	1,070	0.28	EUR	365,000	LA Financiere Atalian 7.25% 15/01/2020	319	0.08
		Total Finland	1,745	0.45			B- 0.00% (0.01%)		
FRANCE 5.35% (4.38%)							B3 0.13% (0.00%)		
GBP	1,300,000	Electricite de France 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 6.125% 02/06/2034	472	0.12			CCC+ 0.00% (0.25%)		
		A 0.24% (0.00%)					Total France	20,865	5.35
GBP	700,000	GDF Suez 7% 30/10/2028	946	0.24	GERMANY 4.50% (2.89%)				
		A- 0.16% (0.12%)			GBP	1,555,000	AAA 0.52% (0.22%) KFW 5.5% 18/06/2025	2,027	0.52
GBP	600,000	CNP Assurances 7.375% 30/09/2041	623	0.16			A 0.52% (0.21%)		
GBP	1,100,000	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 6.25% 26/05/2042	1,027	0.26
GBP	550,000	AXA 7.125% 15/12/2020	642	0.16			BBB 0.00% (0.29%)		
		BBB- 0.26% (0.23%)					BBB- 0.20% (0.00%)		
USD	1,400,000	Pernod Ricard 4.25% 15/07/2022	1,011	0.26	GBP	700,000	RWE 7% 31/12/2049	760	0.20
		BB+ 1.52% (0.21%)					BB 0.72% (0.00%)		
EUR	700,000	Lafarge 4.75% 23/03/2020	640	0.16	EUR	470,000	Kabel Deutschland 6.5% 29/06/2018	437	0.11
EUR	500,000	Lafarge 5.375% 26/06/2017	472	0.12	EUR	2,715,000	ThyssenKrupp 4% 27/08/2018	2,384	0.61
EUR	345,000	Lafarge 5.875% 09/07/2019	331	0.09			BB- 0.61% (1.13%)		
GBP	330,000	Lafarge 6.625% 29/11/2017	366	0.09	EUR	1,835,000	Unitymedia Hessen 5.75% 15/01/2023	1,617	0.41
EUR	1,170,000	Lafarge 6.625% 29/11/2018	1,155	0.30			BBB- 0.20% (0.00%)		
EUR	330,000	Lafarge 6.75% 16/12/2019	331	0.08	EUR	830,000	Unitymedia Hessen 7.5% 15/03/2019	785	0.20
GBP	155,000	Lafarge 10% 30/05/2017	189	0.05	EUR	1,818,611	*Unitymedia Hessen 8.125% 01/12/2017	1,698	0.44
EUR	2,370,000	Renault 4.625% 18/09/2017	2,152	0.55					
EUR	360,000	Tereos Europe 6.375% 15/04/2014	326	0.08					

Threadneedle Strategic Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
GERMANY 4.50% (2.89%) (continued)					KAZAKHSTAN 0.13% (0.18%)				
		B+ 0.16% (0.31%)					Baa2 0.13% (0.18%)		
EUR	675,000	Techem 6.125% 01/10/2019	628	0.16	USD	717,341	*Tengizchevroil Finance 6.124% 15/11/2014	494	0.13
		B 0.18% (0.00%)					Total Kazakhstan	494	0.13
EUR	730,000	Kabel Deutsche Holding 6.5% 31/07/2017	685	0.18					
		B- 0.75% (0.73%)			LUXEMBOURG 11.86% (7.66%)				
EUR	675,000	Techem Energy Metering Service 7.875% 01/10/2020	631	0.16	EUR	970,000	Corporación Andina de Fomento 4.625% 29/03/2018	948	0.24
EUR	1,370,000	Unitymedia 9.5% 15/03/2021	1,358	0.35			A+ 0.00% (0.26%)		
EUR	975,000	Unitymedia 9.625% 01/12/2019	939	0.24			A 0.19% (0.07%)		
		Not rated 0.40% (0.00%)			EUR	800,000	Hannover Finance 5% 30/06/2043	741	0.19
EUR	1,600,000	Kp Germany Erste Gmbh 11.625 15/07/2017	1,565	0.40			BBB 0.75% (0.75%)		
		Total Germany	17,554	4.50	GBP	1,445,000	Gaz Capital 6.58% 31/10/2013	1,482	0.38
					GBP	1,250,000	Glencore Finance Europe 6.5% 27/02/2019	1,445	0.37
HONG KONG 0.24% (0.00%)							BBB- 0.00% (0.05%)		
		Not rated 0.24% (0.00%)					Baa2 0.38% (0.00%)		
USD	1,425,000	AlA Group 1.75% 13/03/2018	943	0.24	EUR	1,590,000	††Prologis International 5.875% 23/10/2014	1,470	0.38
		Total Hong Kong	943	0.24			Baa3 0.00% (0.34%)		
ITALY 1.22% (1.04%)							BB+ 1.00% (0.69%)		
		BBB 0.15% (0.36%)			USD	445,000	Arcelormittal 5% 25/02/2017	310	0.08
GBP	550,000	Telecom Italia 5.625% 29/12/2015	586	0.15	EUR	300,000	Fiat Industrial Finance 5.25% 11/03/2015	274	0.07
		BBB- 0.00% (0.26%)			EUR	2,660,000	Fiat Industrial Finance 6.25% 09/03/2018	2,550	0.65
		Baa3 0.26% (0.00%)			GBP	195,000	Finmeccanica Finance 8% 16/12/2019	211	0.05
GBP	938,000	††Acquedotto Pugliese 6.92% 29/06/2018	1,023	0.26	EUR	600,000	FMC Finance VIII 6.5% 15/09/2018	601	0.15
		BB 0.19% (0.29%)					BB 0.09% (1.93%)		
EUR	820,000	Lottomatica 8.25% 31/03/2066	736	0.19	GBP	310,000	Cabot Financial Luxemburg 10.375% 01/10/2019	341	0.09
		Ba2 0.06% (0.00%)					Ba2 1.63% (0.00%)		
EUR	270,000	††*Romulus Finance 1.084% 20/02/2015	225	0.06	EUR	1,070,000	HeidelbergCement Finance 6.75% 15/12/2015	1,038	0.27
		B 0.12% (0.00%)			EUR	2,440,000	HeidelbergCement Finance 7.5% 03/04/2020	2,559	0.66
EUR	515,000	Zobebe Holding 7.875% 01/02/2018	457	0.12	EUR	600,000	HeidelbergCement Finance 7.5% 31/10/2014	568	0.15
		(P)B2 0.08% (0.00%)			EUR	1,120,000	HeidelbergCement Finance 8.5% 31/10/2019	1,224	0.31
EUR	375,000	Cerved Technologies 6.375% 15/01/2020	326	0.08	EUR	850,000	HeidelbergCement Finance 9.5% 15/12/2018	951	0.24
		(P)B3 0.08% (0.00%)					(P)Ba2 0.07% (0.00%)		
EUR	382,000	Cerved Technologies 6.375% 15/01/2021	326	0.08	EUR	290,000	Altice Financing 8% 15/12/2019	270	0.07
		D 0.05% (0.13%)					Ba3 0.00% (0.41%)		
EUR	850,000	**Seat Pagine Gialle 0% 31/01/2017	199	0.05					
		Not rated 0.23% (0.00%)							
EUR	954,000	Davide Campari-Milano 4.5% 25/10/2019	875	0.23					
		Total Italy	4,753	1.22					

Threadneedle Strategic Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
LUXEMBOURG 11.86% (7.66%) (continued)									
		BB- 2.87% (1.24%)			EUR	1,029,000	CCC+ 1.10% (0.00%) Beverage Packaging Holdings 9.5% 15/06/2017	918	0.24
EUR	1,479,000	Bormioli Rocco Holdings 10% 01/08/2018	1,318	0.34	EUR	3,836,000	Ineos Group Holdings 7.875% 15/02/2016	3,352	0.86
EUR	300,000	Fiat Finance & Trade 6.125% 08/07/2014	269	0.07	USD	445,000	*Orion Engineered Carbons 9.25% 01/08/2019	295	0.08
EUR	685,000	Fiat Finance & Trade 6.875% 13/02/2015	625	0.16			CCC 0.21% (0.00%) Codere Finance Luxembourg 8.25% 15/06/2015	803	0.21
EUR	700,000	Fiat Finance & Trade 7.375% 09/07/2018	642	0.16	EUR	1,169,000			
EUR	1,340,000	Fiat Finance & Trade 7.625% 15/09/2014	1,231	0.32			Not rated 0.22% (0.20%) ++Signum Luxembourg 3.934% 30/06/2015	864	0.22
EUR	1,000,000	*Mark IV Europe 8.875% 15/12/2017	943	0.24	EUR	1,000,000			
CHF	410,000	*Matterhorn Mobile Holdings 5.399% 15/05/2019	292	0.07			Total Luxembourg	46,291	11.86
CHF	1,050,000	Matterhorn Mobile Holdings 6.75% 15/05/2019	791	0.20					
CHF	577,000	Sunrise Communications 5.625% 31/12/2017	419	0.11	MEXICO 0.88% (0.83%)				
EUR	1,235,000	Sunrise Communications 7% 31/12/2017	1,148	0.29	GBP	925,000	A- 0.27% (0.26%) 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%) United Mexican States 6.75% 06/02/2024	1,680	0.43
EUR	2,695,000	Wind Acquisition Finance 7.375% 15/02/2018	2,424	0.62			Baa2 0.18% (0.00%) BBVA Bancomer 6.75% 30/09/2022	714	0.18
		B+ 1.74% (0.53%)			USD	925,000			
EUR	1,515,000	Cirsa Funding Luxembourg 8.75% 15/05/2018	1,294	0.33			Total Mexico	3,444	0.88
EUR	638,744	*Oxea Finance & Cy 9.625% 15/07/2017	607	0.16	NETHERLANDS 10.57% (11.21%)				
EUR	430,000	Telenet Finance 6.25% 15/08/2022	382	0.10			A+ 0.44% (0.00%) Siemens Financieringsmaatschappij 2.75% 10/09/2025	1,715	0.44
EUR	660,000	Telenet Finance 6.75% 15/08/2024	599	0.15	GBP	1,800,000			
EUR	720,000	Telenet Finance III Luxembourg 6.625% 15/02/2021	652	0.17			A1 0.00% (0.13%) A- 0.62% (1.28%) Aegon 6.625% 16/12/2039	1,482	0.38
EUR	650,000	Telenet Finance Luxembourg 6.375% 15/11/2020	587	0.15	GBP	1,220,000	E.On International Finance 5.875% 30/10/2037	952	0.24
EUR	2,895,000	Wind Acquisition Finance 11.75% 15/07/2017	2,666	0.68	GBP	800,000			
		B 0.67% (0.76%)					BBB+ 1.53% (0.55%) Enel Finance International 5.75% 14/09/2040	481	0.12
CHF	715,000	Aguila 3 7.875% 31/01/2018 XS0585440430	537	0.14	GBP	550,000	Heineken 2.75% 01/04/2023	338	0.09
USD	450,000	Aguila 3 7.875% 31/01/2018 US008635AA20	320	0.08	EUR	1,330,000	Heineken 3.5% 19/03/2024	1,264	0.32
EUR	660,000	*Numericable Finance 8.07% 15/10/2018	590	0.15	USD	520,000	*ING Bank 1.006% 03/07/2017	577	0.15
EUR	1,241,000	Numericable Finance 8.75% 15/02/2019	1,177	0.30	GBP	800,000	ING Bank 6.875% 29/05/2023	909	0.23
EUR	466,000	Numericable Finance 12.375% 15/02/2019	482	0.12	GBP	1,130,000	Linde Finance 8.125% 14/07/2066	1,310	0.34
		B- 0.50% (0.31%)			GBP	995,000	Siemens Financierungsamt 6.125% 14/09/2066	1,094	0.28
EUR	1,446,000	Matterhorn Mobile Holdings 8.25% 15/02/2020	1,367	0.35	GBP	1,100,000	BBB 0.23% (0.53%) Generali Finance 6.214% 16/06/2049	916	0.23
EUR	620,000	Sunrise Communications 8.5% 31/12/2018	587	0.15			Baa2 0.15% (0.00%) *ING Bank 0.9631% 23/05/2016	570	0.15
		B3 0.00% (0.12%)			USD	900,000			
							BBB- 0.62% (0.18%) Koninklijke KPN 5% 18/11/2026	521	0.13
					EUR	2,100,000	Ziggo Finance 6.125% 15/11/2017	1,910	0.49

Threadneedle Strategic Bond Fund

Portfolio Statement

(continued)

			Value	% of				Value	% of
	Holding	Investment	£000	Net Asset Value		Holding	Investment	£000	Net Asset Value
NETHERLANDS 10.57% (11.21%) (continued)									
		BB+ 1.20% (0.62%)			GBP	1,040,000	BBB 0.28% (0.25%) DnB NOR Bank 6.0116% 29/12/2049	1,075	0.28
EUR	1,645,000	ABN Amro Bank 4.31% 29/03/2049	1,245	0.32					
EUR	1,120,000	EDP Finance 5.75% 21/09/2017	1,035	0.27					
EUR	730,000	OI European Group 6.75% 15/09/2020	714	0.18	USD	960,000	BB+ 0.16% (0.10%) Eksportfinans 3% 17/11/2014	637	0.16
EUR	1,900,000	OI European Group 6.875% 31/03/2017	1,687	0.43			B- 0.00% (0.13%)		
		BB 0.79% (2.80%)			EUR	187,000	CCC+ 0.03% (0.00%) Norske Skogindustrier 7% 26/06/2017	109	0.03
EUR	640,000	Portugal Telecom International Finance 4.375% 24/03/17	563	0.14	EUR	230,000	Norske Skogindustrier 11.75% 15/06/2016	169	0.04
EUR	550,000	Portugal Telecom International Finance 5% 04/11/2019	476	0.12			Not rated 0.00% (0.02%)		
EUR	590,000	Portugal Telecom International Finance 5.625% 08/02/2016	540	0.14			Total Norway	2,845	0.73
EUR	1,664,000	Portugal Telecom International Finance 5.875% 17/04/2018	1,507	0.39					
		Ba2 0.73% (0.00%)					POLAND 0.12% (0.00%)		
EUR	2,765,000	HeidelbergCement Finance 8% 31/01/2017	2,834	0.73	EUR	500,000	B 0.12% (0.00%) Ciech Group Financing 9.5% 30/11/2019	473	0.12
		BB- 1.29% (0.57%)					Total Poland	473	0.12
EUR	2,490,000	Conti-Gummi Finance 7.125% 15/10/2018	2,296	0.59			PORTUGAL 0.87% (0.00%)		
EUR	865,000	Conti-Gummi Finance 7.5% 15/09/2017	798	0.20	EUR	500,000	BB- 0.87% (0.00%) Banco Espirito Santo 4.75% 15/01/2018	430	0.11
EUR	2,100,000	Ziggo Bond 8% 15/05/2018	1,970	0.50	EUR	2,200,000	Banco Espirito Santo 5.875% 09/11/2015	1,981	0.51
		B+ 1.21% (1.79%)			EUR	1,100,000	Caixa Geral de Depositos 5.625% 04/12/2015	991	0.25
EUR	1,385,000	Carlson Wagonlit 7.5% 15/06/2019	1,278	0.33			Total Portugal	3,402	0.87
EUR	1,492,000	GMAC International Finance 7.5% 21/04/2015	1,411	0.36					
EUR	800,000	Refresco Group 7.375% 15/05/2018	728	0.19			QATAR 0.24% (0.29%)		
EUR	1,300,000	Schaeffler Finance 7.75% 15/02/2017	1,287	0.33	USD	1,200,000	AA 0.24% (0.29%) Qatari Diar Finance 5% 21/07/2020	921	0.24
		B1 0.00% (0.35%)					Total Qatar	921	0.24
EUR	170,000	Intergen 8.5% 30/06/2017	136	0.03			REPUBLIC OF IRELAND 4.68% (4.24%)		
GBP	710,000	Intergen 9.5% 30/06/2017	655	0.17			AA+ 0.73% (0.66%)		
		B- 0.70% (0.91%)			GBP	1,760,000	GE Capital UK Funding 5.125% 24/05/2023	1,998	0.51
EUR	450,000	Polish Television Holding 11.25% 15/05/2017	422	0.11	GBP	700,000	GE Capital UK Funding 5.875% 04/11/2020	839	0.22
EUR	1,225,000	UPC Holding 8% 01/11/2016	1,092	0.28			BB+ 0.52% (1.32%)		
EUR	685,000	UPC Holding 8.375% 15/08/2020	651	0.17	EUR	2,345,000	Bank of Ireland 4.625% 08/04/2013	2,036	0.52
EUR	600,000	UPC Holding 9.75% 15/04/2018	549	0.14			BB 1.42% (0.58%)		
		Not rated 0.86% (0.97%)			EUR	2,500,000	Allied Irish Banks 5.625% 12/11/2014	2,204	0.57
EUR	2,750,797	*Boats Investment Netherlands 11% 31/03/2017	1,313	0.34	GBP	617,000	*Argon Capital 2.845% 29/10/2049	395	0.10
USD	1,500,000	OSX 3 Leasing 9.25% 20/03/2015	1,014	0.26	EUR	1,570,000	Smurfit Kappa Acquisition 7.25% 15/11/2017	1,451	0.37
USD	1,410,000	Rabobank Nederland 8.375% 26/07/2049	1,016	0.26	EUR	1,565,000	Smurfit Kappa Acquisition 7.75% 15/11/2019	1,490	0.38
		Total Netherlands	41,256	10.57					
NORWAY 0.73% (0.67%)									
		A 0.00% (0.17%)							
		A- 0.22% (0.00%)							
GBP	775,000	DnB NOR Bank 7.25% 23/06/2020	855	0.22					

Threadneedle Strategic Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
REPUBLIC OF IRELAND 4.68% (4.24%) (continued)							B 0.15% (0.14%)		
		BB- 0.16% (0.66%)			EUR	193,000	*Edcon Proprietary 3.433% 15/06/2014	167	0.04
EUR	700,000	Rottapharm 6.125% 15/11/2019	623	0.16	EUR	483,000	Edcon Proprietary 9.5% 01/03/2018	416	0.11
		B+ 1.05% (0.07%)					Total South Africa	1,191	0.30
EUR	975,000	Ardagh Glass Finance 9.25% 01/07/2016	906	0.23					
EUR	1,550,000	Ardagh Packaging Finance 7.375% 15/10/2017	1,457	0.37	SOUTH KOREA 0.00% (0.13%)				
EUR	775,000	Ardagh Packaging Finance USA 5% 15/11/2022	671	0.17			A 0.00% (0.13%)		
EUR	860,000	Nara Cable Funding 8.875% 01/12/2018 XS0550774870	788	0.20			Total South Korea	-	-
USD	460,000	Nara Cable Funding 8.875% 01/12/2018 US63080TAA51	322	0.08	SPAIN 1.31% (1.21%)				
		B 0.09% (0.36%)					A- 0.00% (0.17%)		
EUR	380,000	Bank of Ireland 10% 19/12/2022	365	0.09			BBB+ 0.00% (0.23%)		
		B- 0.11% (0.42%)			GBP	950,000	Telefonica Emisones 5.289% 09/12/2022	954	0.24
EUR	450,000	Ono Finance II 11.125% 15/07/2019	412	0.11			BB 0.15% (0.00%)		
EUR	802,627	ARD Finance 0% 01/06/2018	759	0.20	EUR	650,000	Ence Energia y Celulosa 7.25% 15/02/2020	571	0.15
EUR	965,000	Ardagh Glass Finance 7.125% 15/06/2017	854	0.22			Ba2 0.92% (0.53%)		
		C 0.00% (0.09%)			EUR	1,000,000	Bankia 4.375% 14/02/2017	836	0.21
		Not rated 0.18% (0.00%)			EUR	200,000	Obrascon Huarte Lain 7.375% 28/04/2015	188	0.05
EUR	768,000	Bank of Ireland 10% 30/07/2016	699	0.18	EUR	500,000	Obrascon Huarte Lain 7.625% 15/03/2020	457	0.12
EUR	440	Smurfit Kappa Acquisitions Warrants 0% 30/09/2013	-	-	EUR	2,200,000	Obrascon Huarte Lain 8.75% 15/03/2018	2,113	0.54
		Total Republic of Ireland	18,269	4.68			B+ 0.00% (0.28%)		
RUSSIAN FEDERATION 0.19% (0.00%)							Total Spain	5,119	1.31
		BBB 0.19% (0.00%)			SWEDEN 1.46% (2.17%)				
USD	1,000,000	Russian Federation 4.5% 04/04/2022	737	0.19			AA- 0.00% (0.28%)		
		Total Russian Federation	737	0.19			A- 0.20% (0.13%)		
SINGAPORE 0.27% (0.26%)					GBP	555,000	Vattenfall 6.875% 15/04/2039	768	0.20
		AAA 0.27% (0.26%)					BB+ 0.00% (0.22%)		
GBP	900,000	Temasek Financial (I) 4.625% 26/07/2022	1,046	0.27			BB 0.03% (0.00%)		
		Total Singapore	1,046	0.27	EUR	135,000	Stena 6.125% 01/02/2017	122	0.03
SOUTH AFRICA 0.30% (0.77%)							B+ 0.75% (0.88%)		
		BBB+ 0.00% (0.07%)			EUR	2,765,000	TVN Finance 10.75% 15/11/2017	2,627	0.67
		BB 0.15% (0.19%)			EUR	340,000	TVN Finance III 7.875% 15/11/2018	313	0.08
USD	860,000	Sable International Finance 7.75% 15/02/2017	608	0.15			B 0.00% (0.05%)		
		BB- 0.00% (0.15%)					B- 0.21% (0.37%)		
		B+ 0.00% (0.22%)			EUR	845,000	Eileme 2 11.75% 31/01/2020	838	0.21
							CCC+ 0.27% (0.24%)		
					EUR	1,110,000	Norcell Sweden 10.75% 29/09/2019	1,047	0.27
							Total Sweden	5,715	1.46

Threadneedle Strategic Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
SWITZERLAND 0.77% (0.52%)					A 1.87% (1.75%)				
		A 0.32% (0.29%)							
GBP	1,000,000	UBS London 6.625% 11/04/2018	1,229	0.32	GBP	956,000	BG Energy Capital 5.125% 07/12/2017	1,105	0.28
		BBB- 0.36% (0.23%)			GBP	801,572	*Canary Wharf Finance II 6.455% 22/04/2030	1,005	0.26
USD	1,985,000	UBS Jersey 7.25% 22/02/2022	1,414	0.36	GBP	200,000	Greene King Finance 5.106% 15/03/2034	195	0.05
		BB+ 0.09% (0.00%)			GBP	100,000	Legal & General Finance 5.875% 05/04/2033	122	0.03
USD	500,000	Dufry Finance 5.5% 15/10/2020	348	0.09	GBP	1,122,711	*Longstone Finance 4.791% 19/04/2030	1,284	0.33
		Total Switzerland	2,991	0.77	GBP	540,000	Longstone Finance 4.896% 19/04/2036	540	0.14
UNITED KINGDOM 36.44% (40.08%)					GBP	1,720,000	Royal Bank of Scotland 6.625% 17/09/2018	2,089	0.54
		AAA 1.64% (0.89%)			GBP	750,000	Standard Chartered Bank 7.75% 03/04/2018	926	0.24
GBP	1,005,000	Abbey National Treasury Service 5.25% 16/02/2029	1,204	0.31			A2 0.13% (0.00%)		
GBP	1,190,000	Broadgate Financing 4.821% 05/07/2033	1,332	0.34	GBP	380,000	Prudential 6.875% 20/01/2023	493	0.13
GBP	990,000	Fosse Master Issuer 4.635% 18/01/2017	1,107	0.28			A- 6.60% (6.04%)		
GBP	1,300,000	Nationwide Building Society 5.625% 28/01/2026	1,665	0.43	GBP	460,000	Anglian Water Services Financing 4.5% 05/10/2027	487	0.12
GBP	950,000	Silverstone Masters Issuer 5.063% 21/10/2016	1,075	0.28	GBP	650,000	Annington Finance 6.5676% 10/01/2023	706	0.18
		Aaa 1.21% (5.86%)			GBP	1,115,000	BAT International Finance 7.25% 12/03/2024	1,484	0.38
GBP	1,173,000	Barclays Bank 4.25% 12/01/2022	1,328	0.34	GBP	614,000	Heathrow Funding 5.225% 15/02/2025	703	0.18
GBP	995,000	Clydesdale Bank 4.625% 08/06/2026	1,140	0.29	GBP	870,000	Heathrow Funding 6.75% 03/12/2026	1,129	0.29
GBP	1,890,000	Lloyds TSB Bank 5.125% 07/03/2025	2,262	0.58	GBP	947,000	HSBC Capital Funding LP 5.844% 05/11/2049	913	0.23
		AA+ 0.12% (0.00%)			GBP	1,285,000	HSBC Holdings 6% 29/03/2040	1,412	0.36
GBP	400,000	UK Treasury Index Linked Gilt 4.5% 07/03/2019	479	0.12	GBP	650,000	HSBC Holdings 6.375% 18/10/2022	724	0.19
		AA 0.27% (0.73%)			GBP	700,000	HSBC Holdings 7% 07/04/2038	866	0.22
GBP	900,000	Land Securities Capital Markets 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% 10/12/2031	1,534	0.39	GBP	1,659,236	*Juturna 5.0636% 10/08/2033	1,846	0.47
		AA- 0.75% (0.81%)			GBP	580,000	National Grid Electricity Transmission 4% 08/06/2027	584	0.15
GBP	1,186,374	*Integrated Accommodation Service 6.48% 31/03/2029	1,503	0.38	GBP	740,000	National Grid Electricity Transmission 7.375% 13/01/2031	1,024	0.26
GBP	628,200	*Octagon Healthcare 5.333% 31/12/2035	718	0.18	GBP	1,300,000	National Grid Gas 6% 13/05/2038	1,588	0.41
GBP	690,000	Southern Gas Network 4.875% 21/03/2029	749	0.19	USD	1,600,000	Prudential 7.75% 23/03/2049	1,144	0.29
		A+ 1.33% (1.70%)			GBP	860,000	Rio Tinto Finance 4% 11/12/2029	867	0.22
GBP	774,000	Barclays Bank 5.75% 17/08/2021	925	0.24	GBP	1,397,000	RSA Insurance Group 6.701% 12/05/2049	1,429	0.37
USD	1,420,000	Hongkong Electric Finance 4.25% 14/12/2020	1,028	0.26	GBP	570,000	RSA Insurance Group 9.375% 20/05/2039	735	0.19
GBP	915,000	HSBC Holdings 6.5% 20/05/2024	1,159	0.30	GBP	765,000	SSE 8.375% 20/11/2028	1,140	0.29
GBP	845,000	Motability Operations Group 4.375% 08/02/2027	898	0.23	GBP	484,000	Standard Chartered Bank 8.103% 11/05/2049	530	0.14
GBP	830,000	Prudential 1.25% 16/11/2015	830	0.21	GBP	905,000	Standard Life 6.75% 12/07/2049	956	0.24
GBP	320,000	Unilever 4.75% 16/06/2017	366	0.09	GBP	1,695,000	Tesco 6.125% 24/02/2022	2,029	0.52
					GBP	724,966	*Tesco Property Finance 3 5.744% 13/04/2040	795	0.20
					GBP	1,039,631	*Tesco Property Finance 7.6227% 13/07/2039	1,368	0.35
					GBP	388,000	Wales & West utilities Finance 6.25% 30/11/2021	478	0.12

Threadneedle Strategic Bond Fund

Portfolio Statement

(continued)

			Value	% of				Value	% of
	Holding	Investment	£000	Net Asset Value		Holding	Investment	£000	Net Asset Value
UNITED KINGDOM 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 4.625% 08/12/2023	985	0.25	GBP	391,000	Standard Life 5.5% 04/12/2042	409	0.10
BBB+ 3.66% (2.86%)					GBP	695,000	Tate & Lyle International Finance 6.75% 25/11/2019	852	0.22
GBP	703,000	Aspire Defence Finance 4.674% 31/03/2040	707	0.18	GBP	975,000	*Telereal Securitisation 4.0902% 10/12/2033	988	0.25
GBP	100,000	BAE Systems 4.125% 08/06/2022	103	0.03	GBP	505,000	Western Power Distribution 5.75% 16/04/2032	587	0.15
GBP	1,495,000	Barclays Bank 10% 21/05/2021	1,996	0.51	GBP	960,000	Western Power Distribution West 6% 09/05/2025	1,163	0.30
GBP	1,224,000	BG Energy Capital 6.5% 30/11/2072	1,324	0.34	Baa2 0.13% (0.34%)				
GBP	325,000	Direct Line Insurance 9.25% 27/04/2042	398	0.10	GBP	425,000	Bupa Finance 7.5% 04/07/2016	493	0.13
GBP	570,000	Eastern Power Networks 6.25% 12/11/2036	697	0.18	BBB- 2.08% (4.15%)				
GBP	615,000	ENW Finance 6.125% 21/07/2021	731	0.19	GBP	880,000	FirstGroup 6.875% 18/09/2024	998	0.26
GBP	559,000	Gatewick Funding 5.25% 23/01/2024	620	0.16	GBP	839,000	G4S 7.75% 13/05/2019	1,047	0.27
GBP	746,000	HSBC Capital Funding LP 8.208% 30/06/2049	812	0.21	GBP	595,000	Lloyds TSB Bank 6.9625% 29/05/2020	615	0.16
GBP	725,000	Legal & General Group 5.875% 01/10/2049	747	0.19	GBP	550,000	Lloyds TSB Bank 7.625% 22/04/2025	652	0.17
GBP	600,000	Legal and General Group 10% 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 6.75% 22/07/2020	1,426	0.37	GBP	600,352	*RMPA Services 5.337% 30/09/2038	680	0.17
GBP	750,000	NIE Finance 6.375% 02/06/2026	918	0.24	USD	1,332,000	Royal Bank of Scotland 9.5% 16/03/2022	1,052	0.27
GBP	880,000	Pearson Funding One 6% 15/12/2015	986	0.25	EUR	34,000	Royal Bank of Scotland 10.5% 16/03/2022	36	0.01
GBP	403,000	Severn Trent Water utilities 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% 22/01/2018	930	0.24	GBP	500,000	Unique Pub Finance 6.542% 30/3/2021	499	0.13
GBP	470,000	South Eastern Power Networks 6.375% 12/11/2031	582	0.15	GBP	1,334,000	Virgin Media Secured Finance 7% 15/01/2018	1,418	0.36
Baa1 0.00% (0.53%)					Baa3 0.56% (0.30%)				
BBB 3.91% (3.72%)					GBP	1,070,000	National Express Group 6.25% 13/01/2017	1,198	0.31
GBP	187,000	Anglian Water Services Financing 4.5% 22/02/2026	191	0.05	GBP	865,000	Santander 10.0625% 06/04/2049	960	0.25
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	ENW Finance 6.75% 20/06/2015	1,008	0.26	GBP	1,090,000	William Hill 7.125% 11/11/2016	1,211	0.31
GBP	830,000	Eversholt Funding 5.831% 02/12/2020	979	0.25	BB 2.24% (1.93%)				
GBP	555,000	Heathrow Funding 6.25% 10/09/2018	640	0.16	GBP	420,000	British Airways 8.75% 23/08/2016	465	0.12
GBP	310,000	Imperial Tobacco Finance 5.5% 28/09/2026	359	0.09	GBP	2,170,000	Crown Newco 3 7% 15/02/2018	2,247	0.58
GBP	715,000	Imperial Tobacco Finance 7.75% 24/06/2019	918	0.24	GBP	726,000	Daily Mail & General Trust 5.75% 07/12/2018	786	0.20
GBP	665,000	Imperial Tobacco Finance 8.125% 15/03/2024	907	0.23	GBP	300,000	Daily Mail & General Trust 10% 09/04/2021	387	0.10
GBP	750,000	Imperial Tobacco Finance 9% 17/02/2022	1,060	0.27	GBP	1,737,000	LBG Capital No 1 11.04% 19/03/2020	2,052	0.53
GBP	600,000	InterContinental Hotels 3.875% 28/11/2022	618	0.16	GBP	775,000	Lowell Group Finance 10.75% 01/04/2019	854	0.22
GBP	580,000	Nationwide Building Society 5.769% 06/08/2049	524	0.13	EUR	2,115,000	Rexam 6.75% 29/06/2067	1,929	0.49

Threadneedle Strategic Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
UNITED KINGDOM 36.44% (40.08%) (continued)					CCC 0.00% (0.23%)				
		BB- 2.34% (1.56%)					Not rated 1.56% (2.12%)		
GBP	370,000	Arrow Global Finance 7.875% 01/03/2020	369	0.09	GBP	2,293,000	**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% 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% 31/07/2021	1,793	0.46
GBP	400,000	Jaguar Land Rover 8.125% 15/05/2018	440	0.11	EUR	1,730,000	International Personal Finance 11.5% 06/08/2015	1,741	0.45
GBP	750,000	Jaguar Land Rover 8.25% 15/03/2020	842	0.22	GBP	1,350,000	MU Finance 8.75% 01/02/2017	1,444	0.37
GBP	1,050,000	Southern Water Greensand 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	UNITED STATES OF AMERICA 7.96% (6.69%)				
GBP	1,920,000	Taylor Wimpey 10.375% 31/12/2015	2,141	0.55			AA 0.53% (0.27%)		
GBP	1,019,000	Virgin Media Finance 8.875% 15/10/2019	1,124	0.29	GBP	1,640,000	Wal-Mart Stores 5.625% 27/03/2034	2,060	0.53
		Ba3 0.19% (0.31%)					AA- 0.56% (0.69%)		
GBP	680,000	Anglian Water (Osprey) Financing 7% 31/01/2018	727	0.19	GBP	1,370,000	General Electric 5.5% 15/09/2066	1,384	0.35
		B+ 2.32% (1.57%)			GBP	390,000	Metropolitan Life Global Funding I 2.875% 11/01/2023	387	0.10
GBP	1,465,000	Aston Martin Capital 9.25% 15/07/2018	1,488	0.38	GBP	425,000	Metropolitan Life Global 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% 19/04/2017	554	0.14
GBP	1,219,000	Matalan Finance 8.875% 29/04/2016	1,222	0.31	USD	805,000	Sinopec Group Oversea 2.75% 17/05/2017	559	0.14
EUR	1,500,000	OTE 4.625% 20/05/2016	1,210	0.31	GBP	360,000	Wells Fargo & Company 3.5% 12/09/2029	342	0.09
EUR	725,000	OTE 5% 05/08/2013	629	0.16	GBP	1,750,000	Wells Fargo Bank 5.25% 01/08/2023	2,004	0.51
EUR	700,000	OTE 7.25% 12/02/2015	613	0.16			A 0.26% (0.10%)		
EUR	1,080,000	OTE 7.875% 07/02/2018	950	0.24	GBP	940,000	J.P. Morgan Chase 4.25% 25/01/2017	1,029	0.26
GBP	538,207	*Punch Taverns Finance 5.883% 15/10/2026	439	0.11			A- 2.76% (1.38%)		
GBP	290,000	Voyage Care BondCo 6.5% 01/08/2018	298	0.08	GBP	1,000,000	AT&T 5.5% 15/03/2027	1,171	0.30
		B1 0.48% (0.55%)			GBP	650,000	Bank of America 6.125% 15/09/2021	774	0.20
EUR	1,275,000	Investec Tier UK 7.075% 24/06/2049	1,029	0.26	GBP	1,350,000	Bank of America 7% 31/07/2028	1,747	0.45
GBP	810,000	Thames Water Kemble Finance 7.75% 01/04/2019	877	0.22	GBP	755,000	Citigroup 5.5% 18/11/2015	830	0.21
		B 1.04% (1.22%)			GBP	1,555,000	Citigroup 7.375% 01/09/2039	2,134	0.55
EUR	627,000	††Avis Budget Finance 6% 01/03/2021	547	0.14	GBP	1,550,000	*J.P. Morgan Chase 1.0525% 30/05/2017	1,461	0.37
GBP	1,755,000	Care UK 9.75% 01/08/2017	1,792	0.46	GBP	855,000	Metlife 5.375% 09/12/2024	983	0.25
EUR	550,000	Eco-Bat Finance 7.75% 15/02/2017	496	0.13	GBP	685,000	Pepsico 2.5% 01/11/2022	674	0.17
GBP	365,000	House of Fraser 8.875% 15/08/2018	382	0.10	GBP	740,000	Verizon Wireless Capital 8.875% 18/12/2018	1,007	0.26
GBP	790,000	Odeon & UCI Finco 9% 01/08/2018	823	0.21			BBB+ 0.77% (0.62%)		
		B2e 0.00% (0.14%)			EUR	700,000	Bank of America 4% 28/03/2018	571	0.15
EUR	1,740,000	Kerling 10.625% 28/01/2017	1,372	0.35	GBP	1,082,000	Citigroup 5.125% 12/12/2018	1,193	0.31
		B3 0.12% (0.00%)			GBP	1,095,000	Merrill Lynch & Co 5.5% 22/11/2021	1,205	0.31
GBP	445,000	Arqiva Broadcast Finance 9.5% 31/03/2020	459	0.12					
		CCC+ 0.08% (0.00%)							
GBP	271,000	*Annington Finance No5 13% 15/01/2023	301	0.08					

Threadneedle Strategic Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
UNITED STATES OF AMERICA 7.96% (6.69%) (continued)					Forward foreign exchange contracts –0.58% (0.18%)				
		BBB 1.13% (1.12%)				Sell GBP 205,320			
GBP	1,170,000	Ahold Finance 6.5% 14/03/2017	1,365	0.35		Buy CHF 294,000 J.P. Morgan	2	–	
GBP	747,000	BA Credit Card Trust 6.1% 17/05/2013	752	0.19		Sell CHF 3,216,600			
GBP	550,000	*Capital One Multi-Asset 6.625% 17/06/2014	573	0.15		Buy GBP 2,251,334 RBS	(16)	–	
GBP	927,000	Pemex Project Funding Master Trust 7.5% 18/12/2013	967	0.25		Sell USD 35,373,000			
GBP	741,000	Time Warner Cable 5.25% 15/07/2042	754	0.19		Buy GBP 22,819,421 RBS	(774)	(0.20)	
		BB+ 0.00% (0.61%)				Sell EUR 90,000,000			
		BB 0.17% (0.00%)				Buy GBP 77,432,400 J.P. Morgan	(725)	(0.19)	
USD	970,000	CenturyLink 5.8% 15/03/2022	659	0.17		Sell EUR 90,025,000			
		BB– 0.40% (0.45%)				Buy GBP 77,454,539 HSBC	(724)	(0.19)	
EUR	1,270,000	Chesapeake Energy 6.25% 15/01/2017	1,176	0.30		Sell GBP 503,953			
EUR	440,000	Rain CII Carbon LLC 8.5% 15/01/2021	406	0.10		Buy EUR 585,000 RBS	4	–	
		B+ 0.00% (0.45%)				Sell GBP 463,210			
		B 0.00% (0.28%)				Buy EUR 536,000 Barclays	2	–	
		B– 0.28% (0.00%)				Sell GBP 26,652			
EUR	1,137,000	Infor US 10% 01/04/19	1,088	0.28		Buy CHF 38,000 RBS	–	–	
		CCC+ 0.22% (0.27%)				Sell EUR 808,000			
USD	1,200,000	Ocean Rig UDW 9.5% 27/04/2016	840	0.22		Buy GBP 696,501 RBC	(5)	–	
		CCC 0.00% (0.15%)				Sell GBP 4,079,928			
		Not rated 0.00% (0.02%)				Buy EUR 4,700,000 RBS	2	–	
		Total United States of America	31,079	7.96		Sell EUR 2,350,000			
						Buy GBP 2,034,921 HSBC	(6)	–	
						Sell EUR 2,200,000			
						Buy GBP 1,922,580 RBS	12	–	
						Total derivatives	(3,390)	(0.87)	
						Total value of investments	383,321	98.22	
						Net other assets (6.37%)	6,955	1.78	
						Net assets	390,276	100.00	
DERIVATIVES –0.87% (0.12%)					ANALYSIS OF INVESTMENTS BY ASSET CLASS				
		Credit Default Swaps –0.29% (–0.06%)				Fixed interest	363,347	94.79	
EUR	20,000,000	Barclays EUR Markit iTraxx 20/06/2017 Spread 500	(898)	(0.23)		Floating rate notes	23,364	6.10	
EUR	2,500,000	HSBC EUR Markit iTraxx 20/12/2017 Spread 100	(12)	–		Derivatives	(3,390)	(0.89)	
EUR	4,000,000	Credit Suisse EUR Markit iTraxx 20/12/2017 Spread 100	(18)	–		Total value of investments	383,321	100.00	
EUR	390,000	Merrill Lynch EUR OTE 20/09/2013 Spread 500	3	–					
EUR	8,500,000	HSBC EUR Unilever 20/03/2018 Spread 100	(263)	(0.07)					
EUR	4,000,000	Credit Suisse Kelda Group ‘B’ Shares 20/03/2018 Spread 100	26	0.01					

Threadneedle Strategic Bond Fund

Portfolio Statement

(continued)

	Value £000
ANALYSIS OF INVESTMENTS BY CREDIT RATINGS	
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
B	14,517
B2	932
(P)B2	326
B-	11,306
B3	963
(P)B3	326
CCC+	8,644
CCC	803
D	199
Not rated	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.

††At 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 £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
FIXED INTEREST 100.09% (99.67%)				DERIVATIVES -0.02% (0.00%)			
	AAA 0.00% (99.67%)				Forward foreign exchange contracts -0.02% (0.00%)		
	AA+ 100.09% (0.00%)				Sell EUR 4,445,000		
GBP	3,000,000	UK Treasury 0% 03/06/2013	2,997	1.66	Buy GBP 3,837,093 J.P. Morgan	(23)	(0.01)
GBP	1,619,000	UK Treasury 0.125% 22/03/2029	1,832	1.01	Sell USD 2,750,000		
GBP	4,915,000	UK Treasury 1.25% 22/07/2018	4,981	2.76	Buy GBP 1,817,738 UBS	(17)	(0.01)
GBP	1,172,000	UK Treasury 1.75% 07/09/2022	1,152	0.64	Sell GBP 3,850,490		
GBP	1,285,000	UK Treasury 1.875% 22/11/2022	2,037	1.13	Buy EUR 4,445,000 Citigroup	10	-
GBP	7,089,000	UK Treasury 2% 22/01/2016	7,427	4.11	Total derivatives	(30)	(0.02)
GBP	11,950,000	UK Treasury 2.25% 07/03/2014	12,196	6.75	Total value of investments	180,762	100.07
GBP	2,492,000	UK Treasury 2.5% 16/08/2013	6,962	3.85	Net other (liabilities)/assets (0.33%)	(121)	(0.07)
GBP	7,376,000	UK Treasury 2.75% 22/01/2015	7,728	4.28	Net assets	180,641	100.00
GBP	3,147,000	UK Treasury 3.25% 22/01/2044	3,076	1.70	ANALYSIS OF INVESTMENTS BY CREDIT RATINGS		
GBP	6,561,000	UK Treasury 3.75% 07/09/2019	7,597	4.20	AA+	180,792	
GBP	2,434,000	UK Treasury 3.75% 07/09/2020	2,824	1.56	Derivatives	(30)	
GBP	6,188,000	UK Treasury 3.75% 07/09/2021	7,182	3.98	Total value of investments	180,762	
GBP	3,899,000	UK Treasury 3.75% 22/07/2052	4,172	2.31	<i>The calculation of the % Net Asset Value may not sum to 100% due to rounding.</i>		
GBP	4,111,000	UK Treasury 4% 07/09/2016	4,625	2.56	<i>March 2012 comparatives in brackets.</i>		
GBP	3,039,000	UK Treasury 4% 22/01/2060	3,472	1.92			
GBP	5,554,000	UK Treasury 4.25% 07/12/2027	6,710	3.71			
GBP	5,632,000	UK Treasury 4.25% 07/06/2032	6,753	3.74			
GBP	4,126,000	UK Treasury 4.25% 07/03/2036	4,900	2.71			
GBP	3,285,000	UK Treasury 4.25% 07/09/2039	3,880	2.15			
GBP	3,678,000	UK Treasury 4.25% 07/12/2040	4,336	2.40			
GBP	3,218,000	UK Treasury 4.25% 07/12/2046	3,793	2.10			
GBP	2,622,000	UK Treasury 4.25% 07/12/2055	3,124	1.73			
GBP	4,215,000	UK Treasury 4.5% 07/09/2034	5,197	2.88			
GBP	1,308,000	UK Treasury 4.5% 07/12/2042	1,609	0.89			
GBP	4,705,000	UK Treasury 4.75% 07/09/2015	5,238	2.90			
GBP	10,283,000	UK Treasury 4.75% 07/03/2020	12,610	6.98			
GBP	7,174,000	UK Treasury 4.75% 07/12/2030	9,134	5.06			
GBP	3,977,000	UK Treasury 4.75% 07/12/2038	5,075	2.81			
GBP	2,405,000	UK Treasury 5% 07/09/2014	2,578	1.43			
GBP	1,679,000	UK Treasury 5% 07/03/2018	2,021	1.12			
GBP	1,525,000	UK Treasury 5% 07/03/2025	1,972	1.09			
GBP	1,312,000	UK Treasury 6% 07/12/2028	1,895	1.05			
GBP	5,157,000	UK Treasury 8% 07/06/2021	7,695	4.26			
GBP	3,054,000	UK Treasury Index Linked					
		4.25% 07/12/2049	3,606	2.00			
GBP	5,516,000	UK Treasury Index Linked					
		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 £000	% of Net Asset Value
FIXED INTEREST 78.53% (72.02%)			
Certificate of Deposit 43.60% (39.59%)			
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% 04/06/2013 CD	11,000	4.92
GBP 11,100,000	National Bank of Abu Dhabi 0.45% 04/06/2013 CD	11,100	4.96
GBP 11,000,000	Nordea Bank 0.48% 23/04/2013 CD	11,000	4.92
GBP 9,000,000	Rabobank Nederland 1.45% 17/05/2013 CD	9,000	4.03
GBP 11,000,000	Svenska Handelsbanken 0.42% 30/04/13 CD	11,000	4.92
GBP 11,000,000	Wells Fargo Bank Intl 0.4% 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 investments		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 £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
AUSTRIA 0.00% (1.14%)							
	Chemicals 0.00% (1.14%)			277,259	Telecommunications services 1.26% (1.55%) Eutelsat Communications	6,635	1.26
	Total Austria	—	—	267,647	Tobacco 1.61% (1.34%) Safran	8,446	1.61
BELGIUM 3.88% (3.33%)				Total France		90,516	17.25
	Beverages 1.89% (2.33%)			GERMANY 26.55% (20.58%)			
156,509	Anheuser-Busch InBev	9,916	1.89		Automobiles & parts 3.65% (3.69%)		
	Chemicals 1.99% (1.00%)			88,334	Continental	7,461	1.42
314,746	Umicore	10,447	1.99	78,679	Volkswagen	11,694	2.23
	Total Belgium	20,363	3.88		Chemicals 6.48% (4.12%)		
DENMARK 3.08% (3.79%)				126,560	BASF	8,059	1.54
	Health 1.12% (0.00%)			138,680	Brenntag	13,803	2.63
106,935	William Demant	5,872	1.12	217,817	Lanxess	12,125	2.31
	Pharmaceuticals & biotechnology 1.96% (3.79%)				Construction & building materials 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%)		
FINLAND 1.34% (3.28%)					Health 2.07% (1.62%)		
	Electricity 0.00% (0.99%)			241,288	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
FRANCE 17.25% (19.18%)					Media & photography 1.70% (2.11%)		
	Automobiles & parts 0.00% (0.96%)			149,155	Kabel Deutschland Holding	8,929	1.70
	Banks 1.93% (1.47%)				Pharmaceuticals & biotechnology 3.48% (0.00%)		
269,487	BNP Paribas	10,114	1.93	110,606	Bayer	7,502	1.43
	Beverages 1.54% (0.00%)			108,843	Merck	10,753	2.05
94,105	Pernod Ricard	8,094	1.54		Software & computer services 2.90% (2.87%)		
	Chemicals 0.00% (2.87%)			274,070	SAP	15,218	2.90
	Electronic & electrical equipment 3.64% (4.00%)				Total Germany	139,256	26.55
235,385	LeGrand	7,271	1.39	ITALY 2.78% (3.40%)			
356,803	Rexel	5,571	1.06		Automobiles & parts 2.03% (1.21%)		
120,941	Schneider Electric	6,273	1.19	1,334,725	Fiat Industrial	10,643	2.03
	Food & drug retailers 0.00% (1.45%)				Banks 0.00% (0.63%)		
	General retailers 1.42% (1.75%)				Health 0.75% (0.00%)		
331,967	Edenred	7,444	1.42	123,889	Luxottica Group	3,936	0.75
	Household goods & textiles 0.00% (1.50%)				Oil & gas 0.00% (1.56%)		
	Media & photography 2.25% (1.52%)				Total Italy	14,579	2.78
262,766	Publicis Groupe	11,794	2.25	LUXEMBOURG 0.00% (1.09%)			
	Personal care & household products 1.52% (0.00%)				Oil & gas 0.00% (1.09%)		
79,158	L'Oreal	7,985	1.52		Total Luxembourg	—	—
	Software & computer services 2.08% (0.77%)						
82,519	Iliad	10,889	2.08				

Threadneedle European Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
NETHERLANDS 7.36% (5.01%)				SWEDEN 9.09% (8.39%)			
	Aerospace & defence 0.00% (0.95%)				Banks 1.70% (2.59%)		
				307,412	Svenska Handelsbanken 'A' Shares	8,915	1.70
	Food producers & processors 1.84% (0.00%)				Engineering & machinery 4.09% (3.21%)		
356,606	Unilever	9,636	1.84	517,618	Assa Abloy 'B' Shares	14,150	2.70
	Information technology hardware 1.13% (1.27%)			370,946	Atlas Copco 'A' Shares	7,261	1.39
124,699	ASML Holdings	5,949	1.13		Health 2.25% (1.53%)		
	Insurance 1.60% (1.82%)			1,209,344	Elekta	11,817	2.25
1,527,788	ING Groep	8,405	1.60		Tobacco 1.05% (1.06%)		
	Life assurance 0.73% (0.00%)			250,499	Swedish Match	5,525	1.05
925,019	Aegon	3,815	0.73		Total Sweden	47,668	9.09
	Telecommunications services 2.06% (0.00%)						
473,890	Ziggo	10,799	2.06	SWITZERLAND 16.28% (17.26%)			
	Transport 0.00% (0.97%)				Banks 0.00% (1.01%)		
	Total Netherlands	38,604	7.36		Chemicals 2.20% (2.00%)		
				40,270	Syngenta	11,559	2.20
NORWAY 3.60% (3.10%)					Diversified industrials 1.03% (1.50%)		
	Banks 2.81% (2.35%)			3,249	Sika	5,429	1.03
1,415,540	DnB NOR Bank	14,747	2.81		Engineering & machinery 0.00% (0.47%)		
	Oil & gas 0.79% (0.75%)				Food producers & processors 4.27% (5.87%)		
161,492	TGS-NOPEC Geophysical	4,128	0.79	474,607	Nestle	22,376	4.27
	Total Norway	18,875	3.60		Household goods & textiles 1.91% (1.87%)		
				26,612	Swatch Group	10,024	1.91
PORTUGAL 1.84% (1.29%)					Pharmaceuticals & biotechnology 1.81% (2.24%)		
	Oil & gas 1.84% (1.29%)			207,045	Novartis	9,484	1.81
919,888	Galp Energia SGPS	9,635	1.84		Speciality & other finance 2.55% (0.00%)		
	Total Portugal	9,635	1.84	1,280,050	UBS	13,369	2.55
					Support services 1.52% (1.44%)		
REPUBLIC OF IRELAND 2.69% (4.48%)				4,664	SGS	7,971	1.52
	Food producers & processors 1.23% (1.76%)				Transport 0.99% (0.86%)		
172,870	Kerry Group	6,470	1.23	70,820	Kuehne & Nagel International	5,195	0.99
	Transport 1.46% (2.72%)				Total Switzerland	85,407	16.28
1,504,787	Ryanair Holdings	7,630	1.46				
	Total Republic of Ireland	14,100	2.69	Total value of investments			
						520,870	99.30
SPAIN 3.56% (4.15%)					Net other assets (0.53%)	3,674	0.70
	Banks 2.58% (1.51%)				Net assets	524,544	100.00
2,093,617	Banco Bilbao Vizcaya Argentaria	13,522	2.58				
	Oil & gas 0.00% (1.13%)			<i>The calculation of the % Net Asset Value may not sum to 100% due to rounding.</i>			
	Software & computer services 0.98% (1.51%)			<i>March 2012 comparatives in brackets.</i>			
292,301	Amadeus IT Group	5,137	0.98				
	Total Spain	18,659	3.56				

Threadneedle European Select Fund

Portfolio Statement

as at 7 March 2013

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
BELGIUM 6.03% (7.28%)				GERMANY 24.14% (25.30%)			
	Beverages 6.03% (6.01%)				Aerospace & defence 1.00% (1.00%)		
1,838,833	Anheuser-Busch InBev	116,501	6.03	301,852	MTU Aero Engines Holding	19,255	1.00
	Chemicals 0.00% (1.27%)				Automobiles & parts 1.25% (1.01%)		
	Total Belgium	116,501	6.03	388,683	Bayerische Motoren Werke	24,271	1.25
DENMARK 2.89% (2.45%)					Chemicals 7.84% (11.13%)		
	Health 1.06% (0.00%)			577,043	BASF	36,745	1.90
372,603	William Demant	20,462	1.06	1,010,163	Brenntag	100,543	5.20
	Pharmaceuticals & biotechnology 1.83% (2.45%)			255,571	Lanxess	14,226	0.74
301,087	Novo Nordisk	35,412	1.83		Health 4.86% (4.44%)		
	Total Denmark	55,874	2.89	2,084,185	Fresenius Medical Care	93,887	4.86
FINLAND 5.91% (6.26%)					Insurance 1.61% (0.91%)		
	Engineering & machinery 0.80% (1.42%)			246,883	Münchener Rückversicherungs	31,045	1.61
281,051	Kone	15,408	0.80		Media & photography 1.40% (0.89%)		
	Insurance 5.11% (4.84%)			452,776	Kabel Deutschland Holding	27,106	1.40
3,888,108	Sampo	98,865	5.11		Pharmaceuticals & biotechnology 4.12% (1.45%)		
	Total Finland	114,273	5.91	918,721	Bayer	62,314	3.22
				177,092	Merck	17,496	0.90
FRANCE 17.21% (19.47%)					Software & computer services 2.06% (4.47%)		
	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% (0.00%)			ITALY 1.10% (1.30%)			
201,893	Bureau Veritas	17,474	0.90		Health 1.10% (0.00%)		
	Electronic & electrical equipment 4.51% (6.84%)			671,185	Luxottica Group	21,326	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		LUXEMBOURG 0.99% (1.44%)		
	Food & drug retailers 0.00% (0.96%)				Oil & gas 0.99% (1.44%)		
	General retailers 1.00% (1.04%)			1,173,761	Subsea 7	19,224	0.99
863,592	Edenred	19,365	1.00		Total Luxembourg	19,224	0.99
	Household goods & textiles 1.47% (1.48%)			NETHERLANDS 7.60% (5.06%)			
241,154	LVMH Moët Hennessy Louis Vuitton	28,325	1.47		Chemicals 0.00% (1.11%)		
	Media & photography 1.96% (2.08%)			4,344,767	Unilever	117,398	6.08
842,590	Publicis Groupe	37,817	1.96		Telecommunications services 1.52% (0.00%)		
	Personal care & household products 2.37% (0.00%)			1,290,683	Ziggo	29,413	1.52
454,841	L'Oreal	45,883	2.37		Total Netherlands	146,811	7.60
	Software & computer services 1.79% (0.00%)			NORWAY 2.39% (1.81%)			
261,630	Iliad	34,524	1.79		Banks 1.72% (1.14%)		
	Telecommunications services 0.00% (1.89%)			3,199,862	DnB NOR Bank	33,335	1.72
	Total France	332,646	17.21		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 £000	% of Net Asset Value
REPUBLIC OF IRELAND 3.76% (3.49%)			
	Food producers & processors 1.40% (2.03%)		
724,501	Kerry Group	27,118	1.40
	Transport 2.36% (1.46%)		
8,989,789	Ryanair Holdings	45,585	2.36
	Total Republic of Ireland	72,703	3.76
SWEDEN 9.38% (11.49%)			
	Banks 4.24% (4.96%)		
2,826,617	Svenska Handelsbanken 'A' Shares	81,975	4.24
	Engineering & machinery 3.21% (3.17%)		
1,288,600	Assa Abloy 'B' Shares	35,227	1.82
1,372,412	Atlas Copco 'A' Shares	26,864	1.39
	Health 1.93% (0.38%)		
2,435,662	Elektro	23,800	1.23
664,919	Getinge	13,489	0.70
	Tobacco 0.00% (2.98%)		
	Total Sweden	181,355	9.38
SWITZERLAND 17.67% (14.94%)			
	Chemicals 5.05% (1.45%)		
339,780	Syngenta	97,528	5.05
	Diversified industrials 0.98% (0.94%)		
11,296	Sika	18,874	0.98
	Engineering & machinery 0.00% (2.01%)		
	Food producers & processors 5.35% (7.05%)		
2,193,648	Nestle	103,422	5.35
	Household goods & textiles 2.24% (0.60%)		
114,730	Swatch Group	43,216	2.24
	Speciality & other finance 1.64% (0.00%)		
3,043,634	UBS	31,788	1.64
	Support services 1.62% (1.95%)		
18,346	SGS	31,352	1.62
	Transport 0.79% (0.94%)		
208,652	Kuehne & Nagel International	15,307	0.79
	Total Switzerland	341,487	17.67
Total value of investments		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 £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
AUSTRIA 5.47% (5.03%)				Engineering & machinery 0.00% (0.31%)			
	Chemicals 1.61% (2.00%)				Food producers & processors 0.35% (0.30%)		
379,694	Lenzing	23,436	1.61	97,705	Naturex	5,106	0.35
	Engineering & machinery 2.00% (2.00%)				Gas distribution 1.83% (2.01%)		
614,440	Andritz	29,007	2.00	606,961	Rubis	26,578	1.83
	Oil & gas 1.86% (1.03%)				General retailers 1.87% (2.04%)		
395,442	Schoeller Bleckmann Oilfield	26,949	1.86	1,207,683	Edenred	27,081	1.87
	Total Austria	79,392	5.47		Health 1.87% (1.98%)		
				968,474	Orpea	27,068	1.87
BELGIUM 4.00% (4.86%)					Insurance 0.98% (0.00%)		
	Chemicals 1.55% (1.97%)			242,522	Euler Hermes	14,271	0.98
678,455	Umicore	22,520	1.55		Media & photography 1.09% (1.95%)		
	Household goods & textiles 0.77% (0.90%)			630,067	Ipsos	15,865	1.09
139,555	Kinopolis	11,178	0.77		Pharmaceuticals & biotechnology 1.68% (1.47%)		
	Telecommunications services 1.68% (1.99%)			180,547	Virbac	24,373	1.68
727,627	Telenet Group Holding	24,383	1.68		Software & computer services 2.05% (2.02%)		
	Total Belgium	58,081	4.00	224,954	Iliad	29,684	2.05
					Support services 0.00% (2.20%)		
DENMARK 7.71% (6.29%)					Telecommunications services 1.46% (2.04%)		
	Food producers & processors 1.91% (2.02%)			884,161	Eutelsat Communications	21,158	1.46
1,139,033	Christian Hansen Holding	27,695	1.91		Total France	269,386	18.57
	Health 2.07% (0.20%)						
546,627	William Demant	30,019	2.07				
	Insurance 1.85% (2.05%)						
489,757	Tryg	26,833	1.85				
	Transport 1.88% (2.02%)						
1,644,395	DSV	27,248	1.88				
	Total Denmark	111,795	7.71				
FINLAND 4.00% (4.68%)				GERMANY 18.54% (20.34%)			
	Electronic & electrical equipment 2.33% (2.48%)				Aerospace & defence 1.84% (1.99%)		
248,684	BasWare	4,419	0.30	417,587	MTU Aero Engines Holding	26,638	1.84
666,429	Vacon	29,448	2.03		Chemicals 3.03% (4.34%)		
	Engineering & machinery 1.67% (2.20%)			295,432	Brenntag	29,405	2.03
1,028,603	Konecranes	24,190	1.67	555,932	Symrise	14,503	1.00
	Total Finland	58,057	4.00		Construction & building materials 1.70% (0.00%)		
				349,741	Bilfinger	24,633	1.70
					Electronic & electrical equipment 0.64% (1.00%)		
FRANCE 18.57% (20.35%)				121,778	Pfeiffer Vacuum Technology	9,266	0.64
	Beverages 1.70% (0.00%)				Engineering & machinery 0.62% (1.23%)		
304,292	Remy Cointreau	24,649	1.70	369,693	ElringKlinger	9,070	0.62
	Diversified industrials 1.81% (2.01%)				General retailers 0.21% (0.00%)		
303,603	Bureau Veritas	26,278	1.81	92,431	Delticom	3,061	0.21
	Electronic & electrical equipment 1.88% (2.02%)				Health 0.00% (0.10%)		
313,139	Ingenico	12,683	0.87		Information technology hardware 0.67% (0.94%)		
934,574	Rexel	14,592	1.01	294,149	Stratec Biomedical Systems	9,711	0.67
					Media & photography 0.71% (0.00%)		
				2,566,644	Sky Deutschland	10,301	0.71

Threadneedle European Smaller Companies Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
GERMANY 18.54% (20.34%) (continued)				NORWAY 2.72% (0.73%)			
	Oil & gas 1.80% (1.98%)				Engineering & machinery 0.00% (0.33%)		
504,928	Fuchs Petrolub	26,169	1.80		Health 0.98% (0.40%)		
	Packaging 2.09% (1.98%)			632,635	Algeta	14,128	0.98
789,107	Gerresheimer	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 0.26% (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% (2.47%)						
566,160	Grenkeleasing	28,355	1.95	PORTUGAL 0.00% (0.20%)			
	Steel & other metals 2.00% (2.08%)				Media & photography 0.00% (0.20%)	–	–
1,241,970	Norma Group	29,084	2.00		Total Portugal	–	–
	Total Germany	269,052	18.54				
ISRAEL 0.30% (0.59%)				REPUBLIC OF IRELAND 2.70% (5.58%)			
	Health 0.00% (0.13%)				Construction & building materials 1.04% (0.00%)		
	Software & computer services 0.30% (0.46%)			1,816,429	Kingspan Group	15,056	1.04
1,951,359	Vizrt	4,429	0.30		Food producers & processors 1.01% (2.02%)		
	Total Israel	4,429	0.30	393,358	Kerry Group	14,723	1.01
					Insurance 0.00% (0.22%)		
ITALY 5.84% (3.58%)					Leisure entertainment & hotels 0.00% (1.30%)		
	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
	Beverages 0.89% (0.00%)				Total Republic of Ireland	39,148	2.70
2,519,783	Davide Campari-Milano	12,983	0.89				
	Electronic & electrical equipment 0.00% (1.27%)			SPAIN 1.94% (1.11%)			
	General retailers 2.01% (0.00%)				Construction & building materials 1.02% (0.00%)		
1,531,236	Salvatore Ferragamo	29,165	2.01	450,200	Tecnicas Reunidas	14,744	1.02
	Health 2.47% (2.04%)				Food producers & processors 0.92% (1.11%)		
1,173,832	DiaSorin	29,532	2.04	391,565	Viscofan	13,373	0.92
3,804,601	Sorin	6,252	0.43		Total Spain	28,117	1.94
	Total Italy	84,718	5.84				
LUXEMBOURG 3.75% (1.97%)				SWEDEN 7.40% (8.31%)			
	Oil & gas 1.80% (1.97%)				Automobiles & parts 1.60% (2.01%)		
1,589,790	Subsea 7	26,038	1.80	1,010,709	Mekonomen	23,210	1.60
	Support services 1.95% (0.00%)				Construction & building materials 0.44% (0.00%)		
212,648	Eurofins Scientific	28,309	1.95	546,485	Nibe Industrier	6,392	0.44
	Total Luxembourg	54,347	3.75		Engineering & machinery 1.91% (1.84%)		
NETHERLANDS 4.97% (4.41%)				1,636,111	Alfa Laval	25,624	1.76
	Construction & building materials 0.00% (0.78%)			308,218	Concentric	2,185	0.15
	Food producers & processors 1.09% (1.57%)				Health 1.94% (2.01%)		
730,561	Sligro Food Group	15,859	1.09	2,880,649	Elekta	28,149	1.94
	Telecommunications services 2.04% (0.00%)				Steel & other metals 1.51% (0.87%)		
1,297,230	Ziggo	29,562	2.04	647,189	Höganäs 'B' Shares	21,870	1.51
	Transport 1.84% (2.06%)				Tobacco 0.00% (1.58%)		
617,053	Koninklijke Vopak	26,666	1.84		Total Sweden	107,430	7.40
	Total Netherlands	72,087	4.97				

Threadneedle European Smaller Companies Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
SWITZERLAND 9.36% (10.38%)			
	Chemicals 0.00% (0.49%)		
	Distributors 1.07% (1.31%)		
11,579	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 STATES OF AMERICA 1.05% (0.00%)			
	Automobiles & parts 1.05% (0.00%)		
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.

Threadneedle Pan European Smaller Companies Fund

Portfolio Statement

as at 7 March 2013

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
AUSTRIA 3.63% (4.29%)				FRANCE 14.32% (16.47%)			
	Chemicals 1.27% (1.90%)				Beverages 0.89% (0.00%)		
239,811	Lenzing	14,802	1.27	127,483	Remy Cointreau	10,327	0.89
	Engineering & machinery 2.05% (1.86%)				Diversified industrials 1.41% (2.05%)		
505,159	Andritz	23,848	2.05	190,068	Bureau Veritas	16,451	1.41
	Oil & gas 0.31% (0.53%)				Electronic & electrical equipment 1.69% (1.81%)		
53,116	Schoeller Bleckmann Oilfield	3,620	0.31	342,921	Ingenico	13,889	1.19
	Total Austria	42,270	3.63	372,900	Rexel	5,822	0.50
BELGIUM 3.00% (4.08%)					Gas distribution 0.00% (1.70%)		
	Chemicals 1.12% (2.03%)				Food producers & processors 0.21% (0.00%)		
394,022	Umicore	13,079	1.12	46,644	Naturex	2,438	0.21
	Household goods & textiles 0.34% (0.47%)				General retailers 1.27% (1.69%)		
49,993	Kinopolis	4,004	0.34	659,884	Edenred	14,797	1.27
	Telecommunications services 1.54% (1.58%)				Health 1.70% (2.51%)		
534,238	Telenet Group Holding	17,902	1.54	677,392	Medica	8,251	0.71
	Total Belgium	34,985	3.00	411,799	Orpea	11,510	0.99
CYPRUS 0.97% (0.97%)					Household goods & textiles 0.00% (0.64%)		
	Oil & gas 0.97% (0.97%)				Insurance 0.98% (0.00%)		
1,671,911	Prosafé	11,266	0.97	193,535	Euler Hermes	11,388	0.98
	Total Cyprus	11,266	0.97		Media & photography 0.60% (1.24%)		
DENMARK 5.38% (4.75%)				278,425	Ipsos	7,011	0.60
	Food producers & processors 0.86% (0.54%)				Oil & gas 1.52% (0.00%)		
413,159	Christian Hansen Holding	10,046	0.86	404,367	Rubis	17,707	1.52
	Health 2.03% (1.18%)				Pharmaceuticals & biotechnology 0.85% (1.08%)		
429,490	William Demant	23,586	2.03	73,418	Virbac	9,911	0.85
	Insurance 0.97% (0.90%)				Software & computer services 2.00% (1.44%)		
206,541	Tryg	11,316	0.97	175,953	Iliad	23,218	2.00
	Transport 1.52% (2.13%)				Support services 0.00% (0.79%)		
1,065,080	DSV	17,649	1.52		Telecommunications services 1.20% (1.52%)		
	Total Denmark	62,597	5.38	585,095	Eutelsat Communications	14,001	1.20
FINLAND 1.39% (2.46%)					Total France	166,721	14.32
	Engineering & machinery 1.39% (2.46%)						
689,370	Konecranes	16,212	1.39				
	Total Finland	16,212	1.39				

Threadneedle Pan European Smaller Companies Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
GERMANY 16.81% (15.61%)				ITALY 4.39% (3.90%)			
	Aerospace & defence 1.78% (1.98%)				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% (1.98%)		
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
	Construction & building materials 1.44% (0.00%)				Health 1.25% (1.24%)		
238,625	Bilfinger	16,807	1.44	485,393	DiaSorin	12,212	1.05
	Electronic & electrical equipment 0.39% (0.41%)			1,384,819	Sorin	2,276	0.20
59,638	Pfeiffer Vacuum Technology	4,538	0.39		Household goods & textiles 0.96% (0.43%)		
	Engineering & machinery 0.99% (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%)		
	Information technology hardware 0.44% (0.65%)				Automobiles & parts 0.28% (0.00%)		
153,842	Stratec Biomedical Systems	5,079	0.44	608,199	SAF Holland	3,243	0.28
	Leisure entertainment & hotels 0.43% (0.79%)				Electronic & electrical equipment 0.50% (0.00%)		
220,588	CTS Eventim	5,000	0.43	1,529,403	AZ Electronic Materials	5,801	0.50
	Media & photography 1.02% (0.94%)				Oil & gas 0.80% (0.96%)		
199,089	Kabel Deutschland Holding	11,919	1.02	567,897	Subsea 7	9,301	0.80
	Oil & gas 1.69% (1.91%)				Support services 0.96% (0.00%)		
380,449	Fuchs Petrolub	19,718	1.69	84,377	Eurofins Scientific	11,233	0.96
	Packaging 2.06% (1.67%)				Total Luxembourg	29,578	2.54
622,853	Gerresheimer	23,951	2.06				
	Real estate 1.24% (0.53%)				NETHERLANDS 4.21% (3.33%)		
380,176	GSW Immobilien	10,299	0.88		Food producers & processors 1.09% (1.65%)		
559,547	TAG Immobilien	4,238	0.36	201,883	Nutreco	12,733	1.09
	Speciality & other finance 0.86% (0.99%)				Telecommunications services 2.02% (0.00%)		
198,970	Grenkeleasing	9,965	0.86	1,033,849	Ziggo	23,560	2.02
	Steel & other metals 1.06% (0.87%)				Transport 1.10% (1.68%)		
526,274	Norma Group	12,324	1.06	294,889	Koninklijke Vopak	12,744	1.10
	Total Germany	195,699	16.81		Total Netherlands	49,037	4.21
					NORWAY 2.28% (3.05%)		
					Engineering & machinery 0.00% (0.47%)		
					Insurance 0.38% (1.07%)		
				1,432,342	Storebrand	4,447	0.38
					Oil & gas 1.27% (1.51%)		
				579,741	TGS-NOPEC Geophysical	14,819	1.27
					Transport 0.63% (0.00%)		
				1,243,979	Wilhelmsen	7,276	0.63
					Total Norway	26,542	2.28

Threadneedle Pan European Smaller Companies Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
REPUBLIC OF IRELAND 2.86% (3.32%)				Electronic & electrical equipment 3.42% (3.38%)			
1,341,009	Construction & building materials 0.95% (0.00%) Kingspan Group	11,116	0.95	1,566,635	Domino Printing	10,990	0.94
				255,810	Oxford Instruments	4,372	0.38
				547,597	Renishaw	10,300	0.88
154,979	Food producers & processors 0.50% (1.98%) Kerry Group	5,801	0.50	600,588	Spectris	14,228	1.22
				Engineering & machinery 6.71% (6.33%)			
	Leisure entertainment & hotels 0.00% (0.64%)			3,324,933	Fenner	13,892	1.19
				2,141,608	Halma	10,667	0.92
286,410	Transport 1.41% (0.70%) Irish Continental Group	5,098	0.44	1,671,124	IMI	22,209	1.91
2,230,000	Ryanair Holdings	11,308	0.97	186,445	Rotork	5,496	0.47
	Total Republic of Ireland	33,323	2.86	389,547	Spirax-Sarco Engineering	10,307	0.88
				646,120	Weir Group	15,591	1.34
SPAIN 1.62% (1.09%)				General retailers 0.60% (0.75%)			
250,463	Construction & building materials 0.71% (0.00%) Tecnicas Reunidas	8,203	0.71	528,513	Dignity	7,008	0.60
				Information technology hardware 0.22% (2.14%)			
311,119	Food producers & processors 0.91% (1.09%) Viscofan	10,625	0.91	229,276	Dialog Semiconductor	2,615	0.22
	Total Spain	18,828	1.62	Insurance 0.95% (0.89%)			
				2,633,476	Amlin	11,029	0.95
SWEDEN 4.07% (4.82%)				Life assurance 1.46% (0.95%)			
473,911	Automobiles & parts 0.94% (0.87%) Mekonomen	10,883	0.94	3,191,063	St. James's Place	16,992	1.46
				Media & photography 1.17% (1.04%)			
491,461	Diversified industrials 0.53% (0.00%) Loomis	6,196	0.53	2,676,162	Informa	13,608	1.17
				Oil & gas 1.77% (1.37%)			
2,291,256	Health 1.92% (1.92%) Elekta	22,389	1.92	1,683,929	Hunting	15,240	1.31
				625,061	Wood Group	5,372	0.46
235,721	Steel & other metals 0.68% (1.01%) Höganäs 'B' Shares	7,966	0.68	Real estate 2.23% (2.24%)			
				258,093	Derwent London	5,771	0.50
	Tobacco 0.00% (1.02%)			3,400,636	Shaftesbury	20,098	1.73
	Total Sweden	47,434	4.07	Speciality & other finance 0.92% (1.92%)			
				2,096,534	IG Group Holdings	10,766	0.92
SWITZERLAND 2.97% (4.21%)				Support services 1.94% (1.94%)			
12,731	Diversified industrials 2.34% (2.61%) Sika	21,272	1.83	412,775	Intertek Group	14,166	1.22
51,106	Sulzer	6,004	0.51	1,851,156	RPC Group	8,382	0.72
				Water 1.04% (1.14%)			
	Electronic & electrical equipment 0.00% (0.54%)			1,819,193	Pennon Group	12,079	1.04
				Total United Kingdom			
5,224	Engineering & machinery 0.63% (1.06%) Belimo Holdings	7,322	0.63	313,388	26.91		
	Total Switzerland	34,598	2.97	UNITED STATES OF AMERICA 0.97% (0.00%)			
UNITED KINGDOM 26.91% (25.44%)				Automobiles & parts 0.97% (0.00%)			
605,320	Aerospace & defence 0.89% (0.00%) Ultra Electronics Holdings	10,393	0.89	248,067	Autoliv	11,318	0.97
				Total United States of America			
	Chemicals 3.59% (1.35%)			1,144,873	98.32		
527,719	Croda International	14,206	1.22	Total value of investments			
6,488,347	Elementis	16,493	1.42	Net other assets (1.25%)			
668,528	Victrex	11,118	0.95	19,539			
				Net assets			
				1,164,412			
				100.00			

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

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
BELGIUM 2.40% (0.00%)				GERMANY 22.54% (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%)		
	Mining 0.55% (0.00%)				Chemicals 5.46% (5.05%)		
111,012	First Quantum Minerals	1,325	0.55	60,481	BASF	3,851	1.59
	Total Canada	1,325	0.55	62,145	Brenntag	6,185	2.56
DENMARK 1.93% (2.21%)				57,061	Lanxess	3,176	1.31
	Pharmaceuticals & biotechnology 1.93% (2.21%)				Health 1.86% (2.23%)		
39,597	Novo Nordisk	4,657	1.93	99,954	Fresenius Medical Care	4,503	1.86
	Total Denmark	4,657	1.93		Household goods & textiles 0.00% (0.87%)		
FINLAND 0.00% (0.96%)					Insurance 3.10% (2.17%)		
	Engineering & machinery 0.00% (0.96%)			78,608	Allianz	7,496	3.10
	Total Finland	–	–		Media & photography 1.94% (1.73%)		
FRANCE 12.69% (11.36%)				78,259	Kabel Deutschland Holding	4,685	1.94
	Banks 3.12% (2.14%)				Personal care & household products 0.00% (0.96%)		
151,764	BNP Paribas	5,696	2.36		Pharmaceuticals & biotechnology 4.19% (0.00%)		
72,282	Societe Generale	1,841	0.76	93,645	Bayer	6,352	2.63
	Chemicals 0.70% (1.48%)			38,236	Merck	3,777	1.56
20,602	Air Liquide	1,703	0.70		Software & computer services 2.99% (1.82%)		
	Electronic & electrical equipment 2.39% (2.41%)			129,948	SAP	7,215	2.99
85,940	Rexel	1,342	0.56		Total Germany	54,499	22.54
85,182	Schneider Electric	4,418	1.83				
	General retailers 0.94% (1.44%)			ITALY 0.48% (1.03%)			
100,999	Edenred	2,265	0.94		Oil & gas 0.00% (1.03%)		
	Media & photography 1.84% (1.62%)				Speciality & other finance 0.48% (0.00%)		
99,285	Publicis Groupe	4,456	1.84	294,171	Mediobanca	1,162	0.48
	Personal care & household products 0.99% (0.00%)				Total Italy	1,162	0.48
23,792	L'Oreal	2,400	0.99				
	Software & computer services 2.71% (0.70%)			LUXEMBOURG 0.58% (0.78%)			
48,949	Atos	2,460	1.02		Oil & gas 0.58% (0.78%)		
31,040	Iliad	4,096	1.69	85,798	Subsea 7	1,405	0.58
	Telecommunications services 0.00% (0.80%)				Total Luxembourg	1,405	0.58
	Tobacco 0.00% (0.77%)						
	Total France	30,677	12.69	NETHERLANDS 6.65% (5.93%)			
					Aerospace & defence 2.04% (1.00%)		
				142,466	European Aeronautic Defence and Space Company	4,926	2.04
					Chemicals 0.00% (1.02%)		
					Information technology hardware 1.29% (1.20%)		
				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

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
NORWAY 0.00% (0.72%)				UNITED KINGDOM 27.01% (36.74%)			
	Oil & gas 0.00% (0.72%)				Automobiles & parts 1.21% (0.00%)		
	Total Norway	-	-	1,042,569	GKN	2,958	1.22
PORTUGAL 0.72% (1.01%)				1,308,178	Banks 1.67% (3.89%)	4,036	1.67
	Oil & gas 0.72% (1.01%)				Barclays		
166,400	Galp Energia SGPS	1,743	0.72	331,518	Beverages 2.77% (2.39%)	6,688	2.77
	Total Portugal	1,743	0.72		Diageo		
REPUBLIC OF IRELAND 1.36% (0.87%)				90,936	Chemicals 0.86% (1.21%)	2,087	0.86
	Transport 1.36% (0.87%)				Johnson Matthey		
646,760	Ryanair Holdings	3,280	1.36	522,550	Construction & building materials 2.05% (2.97%)	4,956	2.05
	Total Republic of Ireland	3,280	1.36		Persimmon		
SPAIN 4.78% (2.91%)				77,063	Distributors 1.03% (0.00%)	2,494	1.03
	Banks 1.28% (1.41%)				Wolseley		
480,787	Banco Bilbao Vizcaya Argentaria	3,105	1.28	75,382	Electronic & electrical equipment 0.74% (0.00%)	1,786	0.74
	General retailers 1.52% (0.48%)				Spectris		
39,508	Inditex	3,665	1.52	250,073	Engineering & machinery 1.37% (2.65%)	3,323	1.37
	Oil & gas 0.70% (0.00%)				IMI		
127,311	Gas Natural	1,693	0.70	311,084	Food producers & processors 3.52% (1.92%)	8,505	3.52
	Software & computer services 1.28% (1.02%)				Unilever		
176,253	Amadeus IT Group	3,098	1.28	303,981	Health 0.91% (0.99%)	2,193	0.91
	Total Spain	11,561	4.78		Smith & Nephew		
SWEDEN 1.90% (4.78%)					Information technology hardware 0.00% (0.97%)		
	Banks 0.65% (0.00%)			154,081	Leisure entertainment & hotels 1.24% (0.00%)	3,011	1.24
53,951	Svenska Handelsbanken 'A' Shares	1,565	0.65		InterContinental Hotels Group		
	Engineering & machinery 0.00% (2.39%)			2,697,093	Life assurance 3.89% (2.50%)	4,439	1.83
	Health 1.25% (0.83%)			387,758	Legal & General		
310,833	Elektro	3,037	1.25	195,015	Prudential	3,943	1.63
	Tobacco 0.00% (1.56%)				St. James's Place	1,038	0.43
	Total Sweden	4,602	1.90		Mining 0.00% (2.63%)		
SWITZERLAND 15.46% (9.92%)				242,399	Oil & gas 1.65% (5.54%)	2,824	1.17
	Chemicals 2.30% (0.00%)			92,725	BG Group	1,151	0.48
19,383	Syngenta	5,564	2.30		Tullow Oil		
	Diversified industrials 1.04% (0.80%)			83,962	Personal care & household products 1.61% (0.00%)	3,886	1.61
1,510	Sika	2,523	1.04		Reckitt Benckiser		
	Food producers & processors 3.45% (4.29%)				Pharmaceuticals & biotechnology 0.00% (4.02%)		
176,597	Nestle	8,326	3.45	64,999	Speciality & other finance 0.56% (0.00%)	1,346	0.56
	Household goods & textiles 2.65% (1.83%)				Schroders		
96,426	Swatch Group	6,415	2.65				
	Pharmaceuticals & biotechnology 2.56% (0.95%)						
135,065	Novartis	6,187	2.56				
	Speciality & other finance 2.47% (0.93%)						
570,959	UBS	5,963	2.47				
	Support services 0.99% (1.12%)						
1,405	SGS	2,401	0.99				
	Total Switzerland	37,379	15.46				

Threadneedle Pan European Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
UNITED KINGDOM 27.01% (36.74%) (continued)			
Support services 1.92% (2.63%)			
372,875	Ashtead Group	2,204	0.91
211,677	Experian Group	2,449	1.01
Telecommunications services 0.00% (1.01%)			
Tobacco 0.00% (1.42%)			
Total United Kingdom		65,317	27.01
Total value of investments		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.

Threadneedle European Bond Fund

Portfolio Statement

as at 7 March 2013

				% of						% of		
Holding		Investment	Value £000	Net Asset Value	Holding		Investment	Value £000	Net Asset Value	Value £000		Net Asset Value
AUSTRALIA 0.33% (0.00%)					CZECH REPUBLIC 0.00% (2.60%)							
A+ 0.33% (0.00%)					AA– 0.00% (1.64%)							
EUR	635,000	BHP Billiton Finance 2.125% 29/11/2018	570	0.33	A1e 0.00% (0.96%)							
Total Australia			570	0.33	Total Czech Republic					– –		
AUSTRIA 4.10% (3.24%)					DENMARK 0.37% (0.24%)							
Aaa 0.75% (0.00%)					A– 0.25% (0.00%)							
EUR	1,500,000	Hypo Alpe-Adria International 2.375% 13/12/2022	1,317	0.75	EUR	500,000	*Jyske Bank 1.323% 20/05/2015	437	0.25			
AA+ 3.35% (3.24%)					BBB– 0.00% (0.09%)							
EUR	650,000	Republic of Austria 3.15% 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% 22/11/2022	5,227	2.99	Total Denmark					646 0.37		
Total Austria			7,162	4.10	FINLAND 1.63% (4.50%)							
BELGIUM 3.95% (2.67%)					AAA 1.16% (3.53%)							
Aa3 3.49% (1.83%)					Municipality Finance 1.5% 15/12/2014					2,030 1.16		
EUR	3,000,000	Belgium Kingdom 1.25% 22/06/2018	2,630	1.50	Aaa 0.47% (0.74%)							
EUR	1,750,000	Belgium Kingdom 3% 28/09/2019	1,672	0.96	EUR	900,000	Nordea Bank Finland 2.375% 02/09/2016	827	0.47			
EUR	1,550,000	Belgium Kingdom 5.5% 28/03/2028	1,802	1.03	Baa2 0.00% (0.23%)							
					Total Finland					2,857 1.63		
Aa3e 0.00% (0.46%)					FRANCE 6.73% (8.06%)							
A 0.32% (0.00%)					AAA 0.00% (1.93%)							
GBP	460,000	Anheuser-Busch InBev 6.5% 23/06/2017	555	0.32	Aaa 0.89% (4.41%)							
A– 0.00% (0.38%)					AXA Bank Europe 3.5% 05/11/2020					1,555 0.89		
BB+ 0.14% (0.00%)					AA+ 2.69% (0.00%)							
EUR	275,000	KBC Bank 8% 14/05/2049	242	0.14	EUR	1,550,000	Government of France 3% 25/04/2022	1,460	0.83			
Total Belgium			6,901	3.95	EUR	3,000,000	Government of France 4.5% 25/04/2041	3,250	1.86			
BRAZIL 0.71% (0.51%)					A+ 0.26% (0.00%)							
BBB 0.71% (0.51%)					ADP 2.375% 11/06/2019					453 0.26		
EUR	1,335,000	Banco Nacional de Desenvolvimento Econômico e Social 4.125% 15/09/2017	1,245	0.71	A1 0.00% (0.28%)							
Total Brazil			1,245	0.71	A 0.79% (0.12%)							
CAYMAN ISLANDS 0.97% (0.53%)					Air Liquide Finance 2.125% 15/10/2021					351 0.20		
EUR	800,000	IPIC GMTN 4.875% 14/05/2016	763	0.44	GBP	250,000	Credit Agricole 5.5% 17/12/2021	292	0.17			
A– 0.28% (0.50%)					EUR	525,000	GDF Suez 2.25% 01/06/2018	474	0.27			
EUR	550,000	Hutchison Whampoa 2.5% 06/06/2017	498	0.28	EUR	300,000	Groupe Auchan 2.375% 12/12/2022	263	0.15			
BBB 0.25% (0.00%)					BBB+ 0.42% (0.82%)							
EUR	450,000	Petrobras International Finance 4.875% 07/03/2018	429	0.25	EUR	300,000	Electricite de France 5.375 29/01/2049	267	0.15			
					EUR	500,000	Vallourec 4.25% 14/02/2017	474	0.27			
BB 0.00% (0.03%)					BBB 0.79% (0.00%)							
Total Cayman Islands			1,690	0.97	EUR	190,000	AXA 5.125% 04/07/2043	168	0.10			
					EUR	200,000	BNP Paribas 5.019% 13/04/2049	162	0.09			
					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			

Threadneedle European Bond Fund

Portfolio Statement

(continued)

			Value	% of				Value	% of
	Holding	Investment	£000	Net Asset Value		Holding	Investment	£000	Net Asset Value
FRANCE 6.73% (8.06%) (continued)							BBB 0.42% (0.00%)		
		Baa2 0.15% (0.00%)			EUR	450,000	Telecom Italia 4% 21/01/2020	379	0.22
EUR	295,000	Caisse Central du Crédit Immobilier de France 3.75% 10/03/2014	260	0.15	EUR	400,000	UBI Banca 4.125% 21/10/2013	352	0.20
		BBB- 0.61% (0.34%)			EUR	4,300,000	Buoni Poliennali Del Tes 4.5% 01/02/2018	3,917	2.24
EUR	500,000	Casino Guichard-Perrachon 4.726% 26/05/2021	495	0.28	EUR	12,375,000	Buoni Poliennali Del Tes 5.5% 01/11/2022	11,505	6.58
EUR	600,000	Pernod-Ricard 4.875% 18/03/2016	574	0.33			BBB- 0.00% (0.31%)		
		BB+ 0.13% (0.16%)					Ba2 0.05% (0.00%)		
EUR	250,000	Banque PSA Finance 3.625% 29/04/2014	219	0.13	EUR	100,000	††Romulus Finance 1.084% 20/02/2015	83	0.05
		Total France	11,770	6.73			Not rated 0.36% (0.00%)		
					EUR	685,000	Davide Campari-Milano 4.5% 25/10/2019	628	0.36
GERMANY 8.65% (12.91%)							Total Italy	18,348	10.50
		AAA 1.22% (5.64%)							
EUR	2,250,000	L-Bank Foerderbank 3.5% 04/07/2016	2,143	1.22			LUXEMBOURG 1.32% (1.32%)		
		Aaa 5.65% (5.84%)			EUR	200,000	Hannover Finance 5% 30/06/2043	185	0.11
EUR	3,500,000	Bundesrepublik Deutschland 1.75% 04/07/2022	3,147	1.80			A 0.11% (0.06%)		
EUR	4,500,000	Bundesrepublik Deutschland 1.5% 15/02/2023	3,926	2.25	EUR	590,000	Gaz Capital 3.755% 15/03/2017	536	0.31
EUR	3,100,000	Bundesrepublik Deutschland 2.5% 04/07/2044	2,800	1.60	EUR	915,000	Glencore Finance Europe 4.125% 03/04/2018	870	0.50
		AA- 1.03% (0.91%)					Baa2 0.18% (0.00%)		
EUR	1,800,000	NRW Bank 4.5% 29/05/2017	1,801	1.03	EUR	340,000	††Prologis International 5.875% 23/10/2014	314	0.18
		A 0.17% (0.20%)					Baa3 0.00% (0.23%)		
EUR	300,000	Münchener Rückversicherungs 6% 26/05/2041	304	0.17	GBP	150,000	Finmeccanica Finance 8% 16/12/2019	163	0.09
		A- 0.26% (0.00%)					BB 0.00% (0.10%)		
EUR	500,000	Talanx 3.125% 13/02/2023	450	0.26			BB- 0.13% (0.00%)		
		Baa1 0.00% (0.21%)			EUR	260,000	Wind Acquisition Finance 7.375% 15/02/2018	234	0.13
		BBB 0.00% (0.11%)					Total Luxembourg	2,302	1.32
GBP	300,000	RWE 7% 31/12/2049	326	0.19					
		BB- 0.13% (0.00%)			MEXICO 1.68% (0.95%)				
EUR	235,000	Unitymedia Hessen 7.5% 15/03/2019	222	0.13	EUR	425,000	A- 0.24% (0.00%) América Móvil 4.125% 25/10/2019	416	0.24
		Total Germany	15,119	8.65	EUR	2,626,000	BBB 1.44% (0.95%) United Mexican States 4.25% 14/07/2017	2,515	1.44
ITALY 10.50% (6.67%)							Total Mexico	2,931	1.68
		Aa3 0.00% (0.29%)							
EUR	650,000	Eni 4.25% 03/02/2020	626	0.36			NETHERLANDS 7.50% (12.02%)		
		A 0.36% (0.23%)			GBP	1,500,000	AAA 1.45% (5.48%) Bank Nederlandse Gemeenten 2.625% 10/12/2013	1,523	0.87
EUR	630,000	SNAM 4.375% 11/07/2016	585	0.33	GBP	1,000,000	Nederlandse Waterschapsbank 2.375% 10/12/2013	1,013	0.58
		A3 0.00% (5.68%)							
		BBB+ 0.16% (0.16%)							
EUR	300,000	Assicurazione Generali 7.75% 12/12/2042	273	0.16					

Threadneedle European Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
NETHERLANDS 7.50% (12.02%) (continued)					NORWAY 1.58% (1.78%)				
		Aaa 0.00% (1.77%)					AAA 0.58% (0.46%)		
		Aaae 0.00% (0.80%)			EUR	1,100,000	DnB NOR Boligkreditt 2.625% 11/01/2016	1,009	0.58
EUR	1,030,000	AA 0.53% (0.22%) Roche Finance Europe 2% 25/06/2018	934	0.53	EUR	1,000,000	Aaa 0.58% (0.55%) SpareBank 1 Boligkreditt 4% 03/02/2021	1,012	0.58
EUR	400,000	AA- 0.23% (0.18%) Nederlandse Gasunie 5.125% 31/03/2017	404	0.23	EUR	500,000	A2 0.26% (0.00%) Sparebank 1 SR Bank 3.5% 21/04/2016	463	0.26
EUR	615,000	A+ 0.69% (0.64%) 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%)		
		A 0.23% (0.00%)			GBP	250,000	A- 0.16% (0.27%) DnB NOR Bank 7.25% 23/06/2020	276	0.16
EUR	440,000	BMW Finance 3.25% 28/01/2016	409	0.23			Total Norway	2,760	1.58
EUR	600,000	A- 0.92% (1.57%) Aegon 3% 18/07/2017	553	0.32	POLAND 4.17% (0.00%)				
GBP	505,000	BAT Holdings 5.5% 15/09/2016	572	0.33	PLN	12,500,000	A 2.69% (0.00%) Republic of Poland 5.25% 25/10/2017	2,802	1.60
EUR	525,000	KBC IFIMA 3.875% 31/03/2015	481	0.27	PLN	8,000,000	Republic of Poland 5.75% 25/10/2021	1,899	1.09
EUR	600,000	BBB+ 1.64% (0.51%) CRH 5% 25/01/2019	604	0.35			A- 1.48% (0.00%)		
EUR	150,000	Deutsche Telekom International Finance 7.5% 24/01/2033	198	0.11	EUR	800,000	Republic of Poland 3.375% 09/07/2024	717	0.41
EUR	1,050,000	F. van Lanschot Bankiers 4.625% 22/04/2014	938	0.54	EUR	2,000,000	Republic of Poland 3.625% 01/02/2016	1,864	1.07
EUR	500,000	ING Bank 6.125% 29/05/2023	471	0.27			Total Poland	7,282	4.17
EUR	640,000	Linde Finance 7.375% 14/07/2066	641	0.37	REPUBLIC OF IRELAND 4.89% (0.00%)				
		BBB 0.62% (0.58%)			EUR	175,000	AA+ 0.12% (0.00%) GE Capital European Funding 6.025% 01/03/2038	203	0.12
EUR	900,000	Iberdrola International 4.25% 11/10/2018	837	0.48			A 0.08% (0.00%)		
EUR	250,000	Tennet 6.655% 28/02/2049	237	0.14	EUR	130,000	Cloverie 6.625% 01/09/2042	136	0.08
		BBB- 0.49% (0.19%)					BBB+ 4.63% (0.00%)		
EUR	475,000	Repsol International Finance 4.625% 08/10/2014	433	0.25	EUR	900,000	Bank of Ireland 5.875% 03/05/2013	786	0.45
EUR	465,000	Ziggo Finance 6.125% 15/11/2017	423	0.24	EUR	273,000	Bord Gais Eireann 3.625% 04/12/2017	249	0.14
		Baa3 0.33% (0.00%)			EUR	365,000	ESB Finance 4.375% 21/11/2019	343	0.20
EUR	600,000	HIT Finance 5.75% 09/03/2018	585	0.33	EUR	6,950,000	Irish Treasury 5.5% 18/10/2017	6,718	3.84
		BB+ 0.27% (0.00%)					Not rated 0.06% (0.00%)		
EUR	615,000	ABN Amro Bank 4.31% 29/03/2049	465	0.27	EUR	125,000	Bank of Ireland 10% 30/07/2016	114	0.06
		BB 0.00% (0.08%)					Total Republic of Ireland	8,549	4.89
EUR	170,000	Ba2 0.10% (0.00%) HeidelbergCement Finance 8% 31/01/2017	174	0.10	SLOVAKIA 1.10% (0.00%)				
		Total Netherlands	13,106	7.50	EUR	2,240,000	A 1.10% (0.00%) Slovakia Government Bond 3% 28/02/2023	1,925	1.10
							Total Slovakia	1,925	1.10

Threadneedle European Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
SLOVENIA 0.91% (0.00%)					SWITZERLAND 0.51% (1.11%)				
A 0.91% (0.00%)					A+ 0.27% (0.21%)				
EUR	1,800,000	Republic of Slovenija 4.375% 02/04/2014	1,599	0.91	EUR	500,000	Credit Suisse London 3.875% 25/01/2017	477	0.27
Total Slovenia			1,599	0.91	A 0.00% (0.41%)				
SPAIN 4.36% (0.49%)					BBB 0.00% (0.32%)				
AA- 0.20% (0.00%)					BBB- 0.24% (0.17%)				
EUR	400,000	Kutxabank 3% 01/02/2017	352	0.20	EUR	450,000	UBS Jersey 7.152% 12/06/2049	424	0.24
A3 0.63% (0.00%)					Total Switzerland			901	0.51
EUR	700,000	Banco Bilbao Vizcaya Argentaria 3.5% 05/12/2017	622	0.36	UNITED KINGDOM 20.83% (18.91%)				
EUR	500,000	Banco Santander 4.625% 20/01/2016	461	0.27	AAA 5.69% (3.58%)				
BBB+ 0.00% (0.27%)					GBP	975,000	*Abbey National Treasury Service 2.11% 16/02/2015	995	0.57
BBB 0.30% (0.22%)					EUR	1,400,000	Abbey National Treasury Service 4.375% 24/01/2018	1,397	0.80
GBP	495,000	Telefonica Emisiones 5.375% 02/02/2018	527	0.30	GBP	1,000,000	Bank of Scotland 4.875% 20/12/2024	1,169	0.67
BBB- 3.23% (0.00%)					EUR	925,000	Barclays Bank 2.25% 22/02/2017	847	0.48
EUR	4,250,000	Bonos y Obligaciones del Estado 4.5% 31/08/2018	3,833	2.19	GBP	3,000,000	Network Rail Infrastructure Finance 4.875% 27/11/2015	3,350	1.92
EUR	1,750,000	Bonos y Obligaciones del Estado 5.4% 31/01/2023	1,572	0.90	EUR	2,250,000	Northern Rock Asset Management 4.125% 27/03/2017	2,185	1.25
EUR	285,000	Ferrovial Emisiones 3.375% 30/01/2018	251	0.14	Aaa 2.09% (8.94%)				
Total Spain			7,618	4.36	GBP	475,000	*Clydesdale Bank 2.21875% 08/06/2015	487	0.28
SWEDEN 8.42% (6.95%)					GBP	2,000,000	*Coventry Building Society 2.11% 10/02/2015	2,042	1.17
AAA 5.49% (4.40%)					EUR	1,100,000	Lloyds TSB Bank 4% 29/09/2020	1,112	0.64
EUR	2,000,000	Swedish Covered Bond 3.25% 30/03/2017	1,904	1.09	AA+ 6.49% (0.00%)				
SEK	65,000,000	Swedish Government 3.5% 01/06/2022	7,688	4.40	GBP	1,200,000	UK Treasury 4% 22/01/2060	1,371	0.78
AA+ 2.07% (1.68%)					GBP	2,500,000	UK Treasury 4.25% 07/12/2027	3,020	1.73
EUR	4,000,000	Swedish Export Credit 3.625% 27/05/2014	3,610	2.07	GBP	5,905,000	UK Treasury 4.25% 07/12/2040	6,961	3.98
AA- 0.27% (0.11%)					A+ 0.00% (0.15%)				
EUR	500,000	Nordea Bank 3.75% 24/02/2017	476	0.27	A 0.48% (1.13%)				
A+ 0.44% (0.43%)					EUR	825,000	Lloyds TSB Bank 6.375% 17/06/2016	836	0.48
EUR	275,000	Skandinaviska Enskilda 3.875% 12/04/2017	263	0.15	A- 1.13% (1.85%)				
EUR	550,000	Swedbank 3.375% 09/02/2017	515	0.29	EUR	590,000	Anglian Water Services Financing 6.25% 27/06/2016	599	0.34
A- 0.00% (0.21%)					EUR	491,000	Experian Finance 4.75% 04/02/2020	501	0.29
BBB- 0.15% (0.12%)					EUR	600,000	HSBC Holdings 6.25% 19/03/2018	620	0.35
EUR	280,000	Skandinaviska Enskilda 9.25% 29/10/2049	265	0.15	GBP	225,000	Tesco 5.5% 13/12/2019	262	0.15
Total Sweden			14,721	8.42	BBB+ 1.31% (0.69%)				
					EUR	275,000	Barclays Bank 6% 23/01/2018	272	0.16
					EUR	560,000	BG Energy Capital 6.5% 30/11/2072	542	0.31
					EUR	425,000	Legal & General Group 4% 08/06/2025	367	0.21
					GBP	435,000	London Power Networks 5.375% 11/11/2016	488	0.28
					EUR	605,000	Nationwide Building Society 6.75% 22/07/2020	614	0.35

Threadneedle European Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
UNITED KINGDOM 20.83% (18.91%) (continued)					DERIVATIVES -0.01% (0.00%)				
		BBB 1.12% (0.66%)					Forward foreign exchange contracts -0.01% (0.00%)		
EUR	80,000	Aviva 5.25% 02/10/2023	69	0.04			Sell SEK 64,000,000		
GBP	490,000	British Telecom 8.5% 07/12/2016	608	0.35			Buy EUR 7,675,463 Citigroup	(24)	(0.01)
GBP	500,000	ENW Finance 6.75% 20/06/2015	551	0.32			Total derivatives	(24)	(0.01)
EUR	690,000	Imperial Tobacco Finance 8.375% 17/02/2016	719	0.41					
		Baa2 0.33% (0.00%)					Total value of investments	170,346	97.46
EUR	650,000	Hammerson 2.75% 26/09/2019	580	0.33			Net other assets (13.53%)	4,444	2.54
		BBB- 1.80% (1.46%)					Net assets	174,790	100.00
GBP	530,000	FirstGroup 6.875% 15/04/2013	532	0.30	ANALYSIS OF INVESTMENTS BY CREDIT RATINGS				
EUR	635,000	G4S 2.625% 06/12/2018	556	0.32	AAA		27,253		
EUR	475,000	Rentokil Initial 3.375% 24/09/2019	423	0.24	Aaa		18,225		
EUR	752,000	Royal Bank of Scotland 10.5% 16/03/2022	793	0.45	AA+		25,720		
GBP	210,000	UBM 6.5% 23/11/2016	240	0.14	AA		1,697		
GBP	570,000	Virgin Media Secured Finance 7% 15/01/2018	606	0.35	AA-		3,677		
		BB+ 0.14% (0.04%)			Aa3		6,104		
GBP	215,000	GKN Holdings 6.75% 28/10/2019	247	0.14	A+		4,419		
		BB- 0.00% (0.09%)			A		11,057		
		Ba3 0.00% (0.11%)			A2		463		
		Not rated 0.25% (0.21%)			A-		12,033		
GBP	295,000**	Cattles 0% 05/07/2017	6	-	A3		1,083		
GBP	360,000	First Hydro Finance 9% 31/07/2021	442	0.25	BBB+		14,245		
		Total United Kingdom	36,409	20.83	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		
UNITED STATES OF AMERICA 2.26% (1.01%)					<i>The calculation of the % Net Asset Value may not sum to 100% due to rounding.</i>				
		AA- 0.37% (0.41%)			<i>March 2012 comparatives in brackets.</i>				
EUR	750,000	Metropolitan Life Global Funding I 2.375% 11/01/2023	644	0.37	<i>*Variable rate bonds.</i>				
		A+ 0.53% (0.00%)			<i>**These are unlisted securities and are valued at the ACD's best estimate.</i>				
EUR	1,050,000	Wells Fargo & Company 2.625% 16/08/2022	930	0.53	<i>†† At 7 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.</i>				
		A 0.00% (0.14%)			<i>These investments trade in a limited market and may not be able to be immediately liquidated at these estimates of fair values.</i>				
		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%)							
GBP	750,000	Pemex Project Funding Master Trust 7.5% 18/12/2013	782	0.45					
		Total United States of America	3,959	2.26					

Threadneedle European Corporate Bond Fund

Portfolio Statement

as at 7 March 2013

			Value	% of				Value	% of
	Holding	Investment	£000	Net Asset Value		Holding	Investment	£000	Net Asset Value
AUSTRALIA 1.20% (0.00%)					FRANCE 12.84% (7.97%)				
		A+ 1.20% (0.00%)					AAA 0.00% (1.73%)		
EUR	900,000	BHP Billiton Finance 2.125% 29/11/2018	809	1.20	EUR	700,000	A+ 1.15% (0.25%) ADP 2.375% 11/06/2019	635	0.94
		Total Australia	809	1.20	EUR	125,000	Electricite de France 5.625% 21/02/2033	139	0.21
BELGIUM 1.45% (1.16%)							A1 0.00% (0.95%)		
		A 1.06% (0.00%)					A 3.31% (0.51%)		
GBP	590,000	Anheuser-Busch InBev 6.5% 23/06/2017	712	1.06	EUR	500,000	Air Liquide Finance 2.125% 15/10/2021	438	0.65
		A- 0.00% (1.16%)			GBP	650,000	Credit Agricole 5.5% 17/12/2021	761	1.13
		BB+ 0.39% (0.00%)			EUR	750,000	GDF Suez 2.25% 01/06/2018	678	1.01
EUR	300,000	KBC Bank 8% 14/05/2049	264	0.39	EUR	400,000	Groupe Auchan 2.375% 12/12/2022	350	0.52
		Total Belgium	976	1.45			BBB+ 1.53% (3.38%)		
BRAZIL 0.00% (0.42%)					EUR	300,000	Electricite de France 5.375% 29/01/2049	267	0.40
		BBB 0.00% (0.42%)			EUR	800,000	Vallourec 4.25% 14/02/2017	758	1.13
		Total Brazil	-	-			BBB 3.57% (0.00%)		
CANADA 0.00% (1.30%)					EUR	310,000	AXA 5.125% 04/07/2043	273	0.41
		AAA 0.00% (0.87%)			EUR	300,000	BNP Paribas 5.019% 13/04/2049	243	0.36
		BBB+ 0.00% (0.43%)			EUR	450,000	Carrefour 4.375% 02/11/2016	431	0.64
		Total Canada	-	-	EUR	800,000	Eutelsat 3.125% 10/10/2022	710	1.06
					EUR	800,000	Vivendi 3.875% 30/11/2015	739	1.10
CAYMAN ISLANDS 3.33% (3.64%)							Baa2 0.52% (0.00%)		
		AA 0.99% (0.99%)			EUR	400,000	Caisse Central du Crédit Immobilier de France 3.75% 10/03/2014	353	0.52
EUR	700,000	IPIC GMTN 4.875% 14/05/2016	668	0.99			BBB- 2.18% (0.72%)		
		A- 1.18% (1.63%)			EUR	800,000	Casino Guichard-Perrachon 4.726% 26/05/2021	792	1.18
EUR	875,000	Hutchison Whampoa 2.5% 06/06/2017	793	1.18	EUR	700,000	Pernod-Ricard 4.875% 18/03/2016	670	1.00
		BBB 1.16% (0.91%)					BB+ 0.58% (0.43%)		
EUR	815,000	Petrobras International Finance 4.875% 07/03/2018	777	1.16	EUR	450,000	Banque PSA Finance 3.625% 29/04/2014	393	0.58
		BB 0.00% (0.11%)					Total France	8,630	12.84
		Total Cayman Islands	2,238	3.33	GERMANY 6.96% (4.76%)				
DENMARK 1.26% (1.00%)							Aaa 3.20% (2.32%)		
		A- 1.07% (0.00%)			EUR	2,460,000	Bundesobligation 0.5% 13/10/2017	2,150	3.20
EUR	825,000	*Jyske Bank 1.323% 20/05/2015	721	1.07			AAA 1.48% (0.91%)		
		BBB- 0.00% (0.22%)			EUR	1,100,000	FMS Wertmanagement 1.625% 22/02/2017	992	1.48
		BB+ 0.19% (0.78%)					A 0.45% (0.35%)		
GBP	130,000	Danske Bank 5.6838% 15/02/2049	123	0.19	EUR	300,000	Münchener Rückversicherungs 6% 26/05/2041	304	0.45
		Total Denmark	844	1.26			A- 1.07% (0.00%)		
FINLAND 0.00% (1.00%)					EUR	800,000	Talanx 3.125% 13/02/2023	719	1.07
		Baa2 0.00% (1.00%)					Baa1 0.00% (0.88%)		
		Total Finland	-	-			BBB 0.00% (0.30%)		

Threadneedle European Corporate Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
GERMANY 6.96% (4.76%) (continued)					BB 0.00% (0.28%)				
		BBB- 0.32% (0.00%)							
GBP	200,000	RWE 7% 31/12/2049	217	0.32	EUR	175,000	BB- 0.23% (0.00%) Wind Acquisition Finance 7.375% 15/02/2018	157	0.23
		BB- 0.44% (0.00%)			Total Luxembourg				
EUR	315,000	Unitymedia Hessen 7.5% 15/03/2019	298	0.44				4,071	6.06
		Total Germany	4,680	6.96					
ITALY 5.50% (4.48%)					MEXICO 1.82% (1.78%)				
		Aa3 0.00% (1.55%)			EUR	650,000	A- 0.95% (1.28%) América Móvil 4.125% 25/10/2019	637	0.95
		A 1.22% (0.99%)			EUR	335,000	BBB 0.87% (0.50%) United Mexican States 4.25% 14/07/2017	321	0.47
EUR	850,000	Eni 4.25% 03/02/2020	819	1.22	GBP	215,000	United Mexican States 6.75% 06/02/2024	268	0.40
		A- 1.38% (0.73%)			Total Mexico				
EUR	405,000	Assicurazioni Generali 5.125% 16/09/2024	371	0.55				1,226	1.82
EUR	600,000	SNAM 4.375% 11/07/2016	557	0.83	NETHERLANDS 17.60% (17.52%)				
		BBB+ 0.54% (0.43%)							
EUR	400,000	Assicurazione Generali 7.75% 12/12/2042	364	0.54	EUR	1,000,000	AA 1.35% (1.55%) Roche Finance Europe 2% 25/06/2018	907	1.35
		BBB 0.89% (0.00%)							
EUR	450,000	Telecom Italia 4% 21/01/2020	379	0.56	EUR	460,000	AA- 0.69% (0.80%) Nederlandse Gasunie 5.125% 31/03/2017	465	0.69
EUR	250,000	UBI Banca 4.125% 21/10/2013	220	0.33					
		BBB- 0.00% (0.78%)							
		Ba2 0.20% (0.00%)			EUR	785,000	A+ 2.02% (2.32%) Enexis Holding 1.875% 13/11/2020	681	1.01
EUR	158,000	††Romulus Finance 1.084% 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%)							
EUR	935,000	Davide Campari-Milano 4.5% 25/10/2019	857	1.27	EUR	610,000	A 0.84% (0.00%) BMW Finance 3.25% 28/01/2016	567	0.84
		Total Italy	3,699	5.50					
LUXEMBOURG 6.06% (4.95%)					GBP	650,000	A- 1.89% (5.30%) BAT Holdings 5.5% 15/09/2016	736	1.09
		AA- 0.96% (0.00%)			EUR	590,000	KBC IFIMA 3.875% 31/03/2015	540	0.80
EUR	660,000	Corporación Andina de Fomento 4.625% 29/03/2018	645	0.96					
		A+ 0.00% (0.87%)			EUR	800,000	BBB+ 4.34% (1.97%) CRH 5% 25/01/2019	805	1.20
		A 0.55% (0.26%)			EUR	150,000	Deutsche Telekom International Finance 7.5% 24/01/2033	198	0.29
EUR	400,000	Hannover Finance 5% 30/06/2043	370	0.55	EUR	750,000	F. van Lanschot Bankiers 4.625% 22/04/2014	670	1.00
		BBB 2.70% (2.43%)			EUR	525,000	ING Bank 6.125% 29/05/2023	495	0.74
EUR	860,000	Gaz Capital 3.755% 15/03/2017	781	1.16	EUR	745,000	Linde Finance 7.375% 14/07/2066	746	1.11
EUR	1,085,000	Glencore Finance Europe 4.125% 03/04/2018	1,032	1.54	EUR	1,400,000	BBB 2.51% (1.83%) Iberdrola International 4.25% 11/10/2018	1,302	1.94
		Baa2 0.57% (0.00%)			EUR	400,000	Tennet 6.655% 28/02/2049	380	0.57
EUR	410,000	††Prologis International 5.875% 23/10/2014	379	0.57	EUR	740,000	BBB- 2.18% (0.35%) Repsol International Finance 4.625% 08/10/2014	675	1.00
		Baa3 0.00% (0.79%)			EUR	870,000	Ziggo Finance 6.125% 15/11/2017	791	1.18
		BB+ 1.05% (0.32%)							
EUR	425,000	ArcelorMittal 8.25% 03/06/2013	374	0.56	EUR	800,000	Baa3 1.16% (0.00%) HIT Finance 5.75% 09/03/2018	779	1.16
GBP	150,000	Finmeccanica Finance 8% 16/12/2019	163	0.24					
EUR	170,000	FMC Finance VIII 6.5% 15/09/2018	170	0.25					

Threadneedle European Corporate Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
NETHERLANDS 17.60% (17.52%) (continued)					BBB+ 0.00% (1.01%)				
		BB+ 0.39% (0.37%)					Baa1 0.00% (0.34%)		
EUR	345,000	ABN Amro Bank 4.31% 29/03/2049	261	0.39					
		BB 0.00% (0.19%)			GBP	600,000	Telefonica Emisiones 5.375% 02/02/2018	639	0.95
EUR	150,000	Ba2 0.23% (0.00%) HeidelbergCement Finance 8% 31/01/2017	154	0.23	EUR	365,000	BBB- 0.48% (0.00%) Ferrovial Emisiones 3.375% 30/01/2018	322	0.48
		B+ 0.00% (0.18%)					Ba1 0.26% (0.00%)		
		Total Netherlands	11,829	17.60	EUR	200,000	Bilbao Bizkaia Kutxa 4.38% 28/09/2015	173	0.26
NORWAY 1.38% (2.66%)							Total Spain	3,106	4.62
		A1 0.00% (1.00%)			SWEDEN 2.05% (4.34%)				
EUR	625,000	A2 0.86% (0.00%) Sparebank 1 SR Bank 3.5% 21/04/2016	578	0.86	EUR	600,000	AA- 0.85% (1.47%) Nordea Bank 3.75% 24/02/2017	571	0.85
		A 0.00% (0.80%)			EUR	650,000	A+ 0.90% (1.71%) Swedbank 3.375% 09/02/2017	608	0.90
GBP	315,000	A- 0.52% (0.86%) DnB NOR Bank 7.25% 23/06/2020	348	0.52			A- 0.00% (0.91%)		
		Total Norway	926	1.38	EUR	210,000	BBB- 0.30% (0.25%) Skandinaviska Enskilda 9.25% 29/10/2049	199	0.30
REPUBLIC OF IRELAND 3.12% (1.36%)							Total Sweden	1,378	2.05
EUR	650,000	AA+ 1.38% (0.92%) GE Capital European Funding 5.375% 16/01/2018	666	0.99	SWITZERLAND 0.28% (2.85%)				
EUR	225,000	A 0.34% (0.00%) GE Capital European Funding 6.025% 01/03/2038	262	0.39			A+ 0.00% (0.87%)		
EUR	220,000	BBB+ 1.12% (0.00%) Cloverie 6.625% 01/09/2042	230	0.34			A 0.00% (0.84%)		
EUR	477,000	Bord Gais Eireann 3.625% 04/12/2017	434	0.65			BBB+ 0.00% (0.81%)		
EUR	335,000	ESB Finance 4.375% 21/11/2019	315	0.47	EUR	200,000	BBB- 0.28% (0.33%) UBS Jersey 7.152% 12/06/2049	188	0.28
		Baa3 0.00% (0.44%)					Total Switzerland	188	0.28
		Not rated 0.28% (0.00%)			UNITED KINGDOM 19.65% (23.91%)				
EUR	207,000	Bank of Ireland 10% 30/07/2016	188	0.28	GBP	625,000	AAA 0.95% (1.02%) *Abbey National Treasury Service 2.11% 16/02/2015	638	0.95
		Total Republic of Ireland	2,095	3.12			Aaa 0.61% (0.00%)		
SPAIN 4.62% (3.16%)					GBP	400,000	*Clydesdale Bank 2.21875% 08/06/2015	410	0.61
		Aa2 0.00% (0.89%)					A+ 0.00% (1.34%)		
EUR	700,000	AA- 0.91% (0.00%) Kutxabank 3% 01/02/2017	616	0.91	EUR	910,000	A 1.40% (2.87%) Royal Bank of Scotland 5.375% 30/09/2019	941	1.40
EUR	800,000	A3 2.02% (0.00%) Banco Bilbao Vizcaya Argentaria 3.5% 05/12/2017	711	1.06					
EUR	700,000	Banco Santander 4.625% 20/01/2016	645	0.96					

Threadneedle European Corporate Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
UNITED KINGDOM 19.65% (23.91%) (continued)					UNITED STATES OF AMERICA 8.58% (8.38%)				
		A- 2.86% (6.35%)					AA- 1.86% (1.60%)		
EUR	535,000	Anglian Water Services Financing 6.25% 27/06/2016	544	0.81	EUR	200,000	General Electric Capital 5.5% 15/09/2067	174	0.26
EUR	525,000	Experian Finance 4.75% 04/02/2020	535	0.80	EUR	1,250,000	Metropolitan Life Global Funding I 2.375% 11/01/2023	1,074	1.60
EUR	450,000	HSBC Holdings 6.25% 19/03/2018	465	0.69			A+ 1.12% (0.00%)		
GBP	325,000	Tesco 5.5% 13/12/2019	379	0.56	EUR	850,000	Wells Fargo & Company 2.625% 16/08/2022	753	1.12
		BBB+ 3.09% (3.00%)					A 0.50% (0.85%)		
EUR	375,000	Barclays Bank 6% 23/01/2018	371	0.55	EUR	350,000	Wachovia 4.375% 27/11/2018	339	0.50
EUR	315,000	BG Energy Capital 6.5% 30/11/2072	305	0.45			A- 2.92% (3.98%)		
EUR	300,000	Legal & General Group 4% 08/06/2025	259	0.39	EUR	1,100,000	Bank of America 4.625% 07/08/2017	1,074	1.60
GBP	550,000	London Power Networks 5.375% 11/11/2016	617	0.92	EUR	785,000	Citigroup 7.375% 04/09/2019	888	1.32
EUR	515,000	Nationwide Building Society 6.75% 22/07/2020	523	0.78			BBB+ 1.17% (0.94%)		
		BBB 3.59% (3.42%)			EUR	325,000	Bank of America 4.75% 06/05/2019	280	0.41
EUR	140,000	Aviva 5.25% 02/10/2023	121	0.18	EUR	325,000	*Citigroup 0.857% 31/05/2017	267	0.40
GBP	585,000	British Telecom 8.5% 07/12/2016	725	1.08	EUR	300,000	Citigroup 4.25% 25/02/2030	243	0.36
GBP	675,000	ENW Finance 6.75% 20/06/2015	744	1.11			BBB 1.01% (1.01%)		
EUR	785,000	Imperial Tobacco Finance 8.375% 17/02/2016	817	1.22	GBP	650,000	Pemex Project Funding Master Trust 7.5% 18/12/2013	678	1.01
		Baa2 0.95% (0.00%)					Total United States of America	5,770	8.58
EUR	715,000	Hammerson 2.75% 26/09/2019	638	0.95			DERIVATIVES 0.53% (0.02%)		
		BBB- 4.71% (4.14%)					Credit default swaps -0.23% (0.00%)		
GBP	705,000	FirstGroup 6.875% 15/04/2013	708	1.05	EUR	1,000,000	Credit Suisse EUR Aegon 20/06/2017 Spread 100	(18)	(0.03)
EUR	510,000	G4S 2.625% 06/12/2018	447	0.66	EUR	500,000	Credit Suisse EUR Groupe Auchan 20/12/2017 Spread 100	5	0.01
EUR	525,000	Rentokil Initial 3.375% 24/09/2019	468	0.70	EUR	2,250,000	HSBC EUR Markit iTraxx SUB FIN 20/12/2017 Spread 500	(217)	(0.32)
EUR	535,000	Royal Bank of Scotland 10.5% 16/03/2022	564	0.84	EUR	1,200,000	Morgan Stanley Lloyds TSB Bank 3.375% 20/12/2017	77	0.11
GBP	225,000	UBM 6.5% 23/11/2016	257	0.38			Forward foreign exchange contracts 0.76% (0.02%)		
GBP	685,000	Virgin Media Secured Finance 7% 15/01/2018	728	1.08			Sell GBP 455,000		
		BB+ 0.29% (0.07%)					Buy EUR 548,523 RBS	22	0.03
GBP	170,000	GKN Holdings 6.75% 28/10/2019	195	0.29			Sell GBP 11,506,910		
		Ba1 0.29% (0.00%)					Buy EUR 13,825,685 Citigroup	504	0.75
EUR	225,000	Prosecure Funding 4.668% 30/06/2016	194	0.29			Sell EUR 357,463		
		BB 0.35% (0.56%)					Buy GBP 300,000 HSBC	(11)	(0.02)
GBP	200,000	LBG Capital No 1 11.04% 19/03/2020	236	0.35			Sell EUR 260,710		
		BB- 0.00% (0.32%)					Buy GBP 220,000 RBS	(7)	(0.01)
		Ba3 0.00% (0.30%)					Sell EUR 291,335		
		CCC+ 0.17% (0.00%)					Buy GBP 250,000 Goldman Sachs	(3)	-
GBP	100,000	*Annington Finance No5 13% 15/01/2023	111	0.17			Sell GBP 200,000		
		Not rated 0.39% (0.52%)					Buy EUR 234,494 BNP	4	0.01
GBP	300,000	**Cattles 0% 05/07/2017	6	0.01			Sell EUR 746,095		
GBP	210,000	First Hydro Finance 9% 31/07/2021	258	0.38			Buy GBP 645,000 SEB	(3)	-
EUR	350,000	**Lehman Bros Capital Fund 0% 22/02/2049	-	-			Sell GBP 150,000		
		Total United Kingdom	13,204	19.65			Buy EUR 173,406 J.P. Morgan	1	-
							Total derivatives	354	0.53

Threadneedle European Corporate Bond Fund

Portfolio Statement

(continued)

	Value £000	% of Net Asset 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 RATINGS

AAA	1,630
Aaa	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	Type	Value £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.

Threadneedle European High Yield Bond Fund

Portfolio Statement

as at 7 March 2013

|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

Threadneedle European High Yield Bond Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
FRANCE 7.08% (6.62%) (continued)					(P)B3 0.19% (0.00%)		
	B- 0.00% (0.03%)			EUR	1,783,000		
					Cerved Technologies 6.375%		
					15/01/2021	1,521	0.19
	B3 0.26% (0.00%)				D 0.09% (0.25%)		
EUR	2,293,000	2,081	0.26	EUR	3,300,000		
	Faurecia 8.75% 15/06/2019				**Seat Pagine Gialle 0% 31/01/2017		
					XS0482702395	774	0.09
EUR	1,777,000				Total Italy	8,459	1.05
	CCC+ 0.17% (0.65%)						
	Europcar Groupe 9.375%						
	15/04/2018	1,402	0.17				
	Total France	56,835	7.08				
GERMANY 7.28% (4.88%)				LUXEMBOURG 19.19% (14.00%)			
	BBB 0.31% (0.46%)				Baa2 0.14% (0.00%)		
EUR	2,700,000			EUR	1,218,000		
	Commerzbank 7.75% 16/03/2021	2,503	0.31		††Prologis International 5.875%		
					23/10/2014	1,126	0.14
	BB 1.44% (0.00%)				Baa3 0.00% (0.42%)		
EUR	2,133,000	1,985	0.25	USD	1,570,000		
EUR	10,900,000	9,572	1.19		Arcelormittal 5% 25/02/2017	1,092	0.14
	Kabel Deutschland 6.5% 29/06/2018			EUR	11,866,000		
	ThyssenKrupp 4% 27/08/2018				Fiat Industrial Finance 6.25%		
					09/03/2018	11,374	1.42
	BB- 2.44% (1.70%)			EUR	2,238,000	2,240	0.28
EUR	2,750,000				FMC Finance VIII 6.5% 15/09/2018		
	Unitymedia Hessen 5.125%	2,334	0.29				
	21/01/2023				BB 0.19% (3.74%)		
EUR	3,850,000			GBP	1,395,000		
	Unitymedia Hessen 5.5%	3,345	0.42		Cabot Financial Luxembourg 10.375%		
	15/09/2022				01/10/2019	1,535	0.19
EUR	6,255,000				Ba2 2.38% (0.00%)		
	Unitymedia Hessen 5.75%	5,510	0.69		HeidelbergCement Finance 6.75%		
	15/01/2023			EUR	2,243,000		
EUR	4,380,000				15/12/2015	2,176	0.27
	Unitymedia Hessen 7.5%	4,140	0.52	EUR	9,109,000		
	15/03/2019				HeidelbergCement Finance 7.5%		
EUR	4,482,433				03/04/2020	9,555	1.19
	*Unitymedia Hessen 8.125%	4,185	0.52	EUR	1,409,000		
	01/12/2017				HeidelbergCement Finance 7.5%		
	B+ 0.28% (0.73%)			EUR	5,247,000	1,333	0.17
EUR	2,452,000	2,280	0.28		HeidelbergCement Finance 8.5%		
	Techem 6.125% 01/10/2019				31/10/2019	5,733	0.71
				EUR	300,000		
EUR	2,424,000				HeidelbergCement Finance 9.5%		
	Kabel Deutsche Holding 6.5%	2,274	0.28		15/12/2018	336	0.04
	31/07/2017				(P)Ba2 0.11% (0.00%)		
	B- 1.42% (1.99%)			EUR	990,000	922	0.11
EUR	1,480,000				Altice Financing 8% 15/12/2019		
	KM Germany Holding 8.75%	1,373	0.17				
	15/12/2020				BB- 5.12% (2.69%)		
EUR	2,452,000			EUR	5,865,000		
	Techem Energy Metering Service				Bormioli Rocco Holdings 10%		
	7.875% 01/10/2020	2,292	0.29		01/08/2018	5,228	0.65
EUR	4,328,000	4,290	0.53	EUR	200,000		
	Unitymedia 9.5% 15/03/2021				Fiat Finance & Trade 6.125%		
EUR	3,586,000	3,453	0.43		08/07/2014	180	0.02
	Unitymedia 9.625% 01/12/2019			EUR	1,920,000		
					Fiat Finance & Trade 6.375%		
	B3 0.26% (0.00%)				01/04/2016	1,714	0.21
EUR	2,248,000			EUR	3,743,000		
	*Grohe Holding 8.75% 15/12/2017	2,043	0.26		Fiat Finance & Trade 6.875%		
					13/02/2015	3,417	0.43
	CCC 0.85% (0.00%)			EUR	4,643,000		
EUR	7,009,000				Fiat Finance & Trade 7.625%		
	KP Germany Erste 11.625%				15/09/2014	4,266	0.53
	15/07/2017	6,856	0.85	EUR	1,900,000		
	Total Germany	58,435	7.28		Fiat Finance & Trade 7.75%		
					17/10/2016	1,747	0.22
ITALY 1.05% (1.04%)				EUR	3,512,000		
	BB 0.37% (0.79%)			CHF	1,550,000		
EUR	3,312,000				*Mark IV Europe 8.875% 15/12/2017	3,312	0.41
	Lottomatica 8.25% 31/03/2066	2,972	0.37	CHF	3,186,000		
					*Matterhorn Mobile Holdings 5.399%		
	B 0.21% (0.00%)				15/05/2019	1,105	0.14
EUR	1,905,000				Matterhorn Mobile Holdings 6.75%		
	Zobe Holding 7.875% 01/02/2018	1,691	0.21	CHF	2,620,000		
					15/05/2019	2,399	0.30
	(P)B2 0.19% (0.00%)				Sunrise Communications 5.625%		
EUR	1,725,000				31/12/2017	1,906	0.24
	Cerved Technologies			CHF	250,000		
	6.375% 15/01/2020	1,501	0.19		Sunrise Communications 7%		
					31/12/2017 XS0548100246	188	0.02
				EUR	4,843,000		
					Sunrise Communications 7%		
					31/12/2017 XS0548101723	4,500	0.56

Threadneedle European High Yield Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
LUXEMBOURG 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% 30/06/2015	3,671	0.46
EUR	8,328,000	Wind Acquisition Finance 7.375% 15/02/2018	7,490	0.93	Total Luxembourg				
								154,093	19.19
Ba3 0.00% (1.06%)					NETHERLANDS 13.05% (17.56%)				
					BBB- 0.51% (0.46%)				
EUR	1,165,000	Albea Beauty Holdings 8.75% 01/11/2019	1,074	0.13	EUR	4,509,000	Ziggo Finance 6.125% 15/11/2017	4,100	0.51
EUR	6,739,000	Cirsa Funding Luxembourg 8.75% 15/05/2018	5,756	0.72					
EUR	1,083,451	*Oxea Finance & Cy 9.625% 15/07/2017	1,030	0.13	EUR	7,157,000	ABN Amro Bank 4.31% 29/03/2049	5,418	0.67
EUR	4,031,000	Telenet Finance 6.25% 15/08/2022	3,583	0.45	EUR	4,312,000	EDP Finance 5.75% 21/09/2017	3,987	0.50
EUR	2,171,000	Telenet Finance 6.75% 15/08/2024	1,969	0.25	EUR	4,196,000	OI European Group 6.75% 15/09/2020	4,104	0.51
EUR	2,764,000	Telenet Finance III Luxembourg 6.625% 15/02/2021	2,504	0.31	EUR	4,122,000	OI European Group 6.875% 31/03/2017	3,661	0.46
EUR	2,308,000	Telenet Finance Luxembourg 6.375% 15/11/2020	2,085	0.26					
EUR	12,323,000	Wind Acquisition Finance 11.75% 15/07/2017	11,348	1.41	EUR	2,314,000	Portugal Telecom International Finance 4.375% 24/03/17	2,036	0.25
					EUR	1,881,000	Portugal Telecom International Finance 5% 04/11/2019	1,628	0.20
					EUR	1,800,000	Portugal Telecom International Finance 5.625% 08/02/2016	1,646	0.20
USD	890,000	Aguila 3 7.875% 31/01/2018 US008635AA20	634	0.08	EUR	5,637,000	Portugal Telecom International Finance 5.875% 17/04/2018	5,106	0.64
CHF	4,242,000	Aguila 3 7.875% 31/01/2018 XS0585440430	3,185	0.40					
EUR	2,057,000	*Numericable Finance 8.07% 15/10/2018	1,837	0.23	EUR	14,488,000	HeidelbergCement Finance 8% 31/01/2017	14,849	1.85
EUR	5,201,000	Numericable Finance 8.75% 15/02/2019	4,932	0.61					
EUR	1,645,000	Numericable Finance 12.375% 15/02/2019	1,702	0.21	EUR	3,912,000	Conti-Gummi Finance 6.5% 15/01/2016	3,591	0.45
					EUR	7,342,000	Conti-Gummi Finance 7.125% 15/10/2018	6,771	0.84
USD	850,000	B2 0.08% (0.00%) Altice Finco 9.875% 15/12/2020	629	0.08	EUR	3,876,000	Conti-Gummi Finance 7.5% 15/09/2017	3,577	0.45
					EUR	7,064,000	Ziggo Bond 8% 15/05/2018	6,626	0.82
EUR	4,885,000	B- 0.77% (0.80%) Matterhorn Mobile Holdings 8.25% 15/02/2020	4,617	0.57					
EUR	1,655,000	Sunrise Communications 8.5% 31/12/2018	1,566	0.20	EUR	5,604,000	Carlson Wagonlit 7.5% 15/06/2019	5,170	0.64
					EUR	6,028,000	GMAC International Finance 7.5% 21/04/2015	5,700	0.71
					EUR	2,190,000	Refresco Group 7.375% 15/05/2018	1,992	0.25
					EUR	4,343,000	Schaeffler Finance 7.75% 15/02/2017	4,299	0.53
EUR	2,219,000	B3 0.00% (0.35%) CCC+ 2.28% (0.00%) Beverage Packaging Holdings 8% 15/12/2016	1,936	0.24					
EUR	1,787,000	Beverage Packaging Holdings 9.5% 15/06/2017	1,595	0.20					
EUR	15,756,000	Ineos Group Holdings 7.875% 15/02/2016	13,768	1.71	EUR	2,576,000	Interger 8.5% 30/06/2017	2,065	0.26
USD	1,620,000	*Orion Engineered Carbons 9.25% 01/08/2019	1,075	0.13	GBP	900,000	Interger 9.5% 30/06/2017	830	0.10
EUR	2,600,000	CCC 0.63% (0.00%) Codere Finance Luxembourg 8.25% 15/06/2015 XS0222158767	1,786	0.22	EUR	1,548,000	B- 1.15% (1.88%) Polish Television Holding 11.25% 15/05/2017	1,451	0.18
EUR	4,762,000	Codere Finance Luxembourg 8.25% 15/06/2015 XS0528926354	3,254	0.41	EUR	3,000,000	UPC Holding 8% 01/11/2016	2,675	0.33
					EUR	3,266,000	UPC Holding 8.375% 15/08/2020	3,102	0.39
					EUR	2,167,000	UPC Holding 9.75% 15/04/2018	1,981	0.25

Threadneedle European High Yield Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
NETHERLANDS 13.05% (17.56%) (continued)					B 0.15% (0.72%)				
Not rated 1.06% (2.10%)					EUR	1,285,000	Bank of Ireland 10% 19/12/2022	1,236	0.15
EUR	10,184,304	*Boats Investment Netherlands 11% 31/03/2017	4,863	0.61	B- 0.18% (1.34%)				
USD	5,333,060	OSX 3 Leasing 9.25% 20/03/2015	3,605	0.45	EUR	1,585,000	Ono Finance II 11.125% 15/07/2019	1,450	0.18
Total Netherlands			104,833	13.05	CCC+ 1.03% (0.18%)				
NORWAY 0.16% (0.46%)					EUR	3,282,800	ARD Finance 0% 01/06/2018	3,104	0.39
B- 0.00% (0.27%)					EUR	4,754,000	Ardagh Glass Finance 7.125% 15/06/2017	4,206	0.52
CCC+ 0.16% (0.00%)					EUR	1,048,000	Ardagh Glass Finance 8.75% 01/02/2020	959	0.12
EUR	2,166,000	Norske Skogindustrier 7% 26/06/2017	1,268	0.16	C 0.00% (0.12%)				
Not rated 0.00% (0.19%)					Not rated 0.41% (0.00%)				
Total Norway			1,268	0.16	EUR	3,575,000	Bank of Ireland 10% 30/07/2016	3,255	0.41
POLAND 0.37% (0.00%)					EUR	1,338	Smurfit Kappa Acquisitions Warrants 0% 30/09/2013	-	-
B 0.37% (0.00%)					Total Republic of Ireland				
EUR	3,133,000	Ciech Group Financing 9.5% 30/11/2019	2,963	0.37	59,424 7.40				
Total Poland			2,963	0.37	SINGAPORE 0.00% (0.00%)				
PORTUGAL 1.80% (0.00%)					Not rated 0.00% (0.00%)				
BB- 1.80% (0.00%)					USD	433,783	**Nexus 1 PTE 0% 09/04/2013	-	-
EUR	2,200,000	Banco Espirito Santo 4.75% 15/01/2018	1,891	0.23	Total Singapore				
EUR	7,900,000	Banco Espirito Santo 5.875% 09/11/2015	7,112	0.89	- -				
EUR	6,100,000	Caixa Geral de Depositos 5.625% 04/12/2015	5,493	0.68	SOUTH AFRICA 0.51% (0.95%)				
Total Portugal			14,496	1.80	BB 0.21% (0.21%)				
REPUBLIC OF IRELAND 7.40% (7.90%)					USD	2,423,000	Sable International Finance 7.75% 15/02/2017	1,712	0.21
BB+ 0.89% (2.75%)					BB- 0.00% (0.16%)				
EUR	8,204,000	Bank of Ireland 4.625% 08/04/2013	7,123	0.89	B+ 0.00% (0.35%)				
BB 2.48% (1.54%)					B 0.30% (0.23%)				
GBP	1,381,000	*Argon Capital 2.845% 29/10/2049	885	0.11	EUR	634,000	*Edcon Proprietary 3.433% 15/06/2014	548	0.07
EUR	11,280,000	Allied Irish Banks 5.625% 12/11/2014	9,944	1.24	EUR	2,131,000	Edcon Proprietary 9.5% 01/03/2018	1,836	0.23
EUR	4,828,000	Smurfit Kappa Acquisition 7.25% 15/11/2017	4,463	0.56	Total South Africa				
EUR	4,828,000	Smurfit Kappa Acquisition 7.75% 15/11/2019	4,597	0.57	4,096 0.51				
BB- 0.27% (1.18%)					SPAIN 1.96% (1.93%)				
EUR	2,447,000	Rottapharm 6.125% 15/11/2019	2,179	0.27	BB 0.29% (0.00%)				
B+ 1.99% (0.07%)					EUR	2,650,000	Ence Energia y Celulosa 7.25% 15/02/2020	2,329	0.29
EUR	2,169,000	Ardagh Glass Finance 9.25% 01/07/2016	2,015	0.25	Ba2 1.67% (1.39%)				
EUR	4,695,000	Ardagh Packaging Finance 7.375% 15/10/2017	4,413	0.55	EUR	3,300,000	Bankia 4.375% 14/02/2017	2,759	0.35
EUR	3,535,000	Ardagh Packaging Finance USA 5% 15/11/2022	3,059	0.38	EUR	700,000	Obrascon Huarte Lain 7.375% 28/04/2015	658	0.08
EUR	1,475,000	Ardagh Packaging Finance USA 7.375% 15/10/2017	1,378	0.17	EUR	2,820,000	Obrascon Huarte Lain 7.625% 15/03/2020	2,579	0.32
USD	2,120,000	Nara Cable Funding 8.875% 01/12/2018 US63080TAA51	1,486	0.18	EUR	7,690,000	Obrascon Huarte Lain 8.75% 15/03/2018	7,386	0.92
EUR	4,008,000	Nara Cable Funding 8.875% 01/12/2018 XS0550774870	3,672	0.46	B+ 0.00% (0.54%)				
					Total Spain				
					15,711 1.96				

Threadneedle European High Yield Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
SWEDEN 3.24% (3.64%)									
		BB+ 0.00% (0.48%)			GBP	2,350,000	Jaguar Land Rover 8.125% 15/05/2018	2,587	0.32
		BB 0.34% (0.00%)			GBP	2,657,000	Jaguar Land Rover 8.25% 15/03/2020	2,984	0.37
EUR	1,514,000	Stena 5.875% 01/02/2019	1,355	0.17	GBP	3,666,000	Southern Water Greensand 8.5% 15/04/2019	3,862	0.48
EUR	320,000	Stena 6.125% 01/02/2017	290	0.04	GBP	6,876,000	Taylor Wimpey 10.375% 31/12/2015	7,667	0.95
EUR	1,100,000	Stena 7.875% 15/03/2020	1,050	0.13	GBP	2,457,000	Virgin Media Finance 5.125% 15/02/2022	2,476	0.31
		B+ 1.61% (1.64%)			GBP	3,892,000	Virgin Media Finance 8.875% 15/10/2019	4,291	0.53
EUR	10,985,000	TVN Finance 10.75% 15/11/2017	10,437	1.30			Ba3 0.35% (0.68%)		
EUR	2,732,000	TVN Finance III 7.875% 15/11/2018	2,511	0.31	GBP	2,634,000	Anglian Water (Osprey) Financing 7% 31/01/2018	2,815	0.35
		B 0.00% (0.15%)					B+ 4.26% (3.58%)		
		B- 0.66% (0.79%)			GBP	5,610,000	Aston Martin Capital 9.25% 15/07/2018	5,699	0.71
EUR	5,334,000	Eileme 2 11.75% 31/01/2020	5,290	0.66	EUR	2,905,000	Boparan Finance 9.75% 30/04/2018	2,806	0.35
		CCC+ 0.63% (0.58%)			GBP	1,900,000	Boparan Finance 9.875% 30/04/2018	2,114	0.26
EUR	5,414,000	Norcell Sweden 10.75% 29/09/2019	5,106	0.63	GBP	5,904,000	Elli Finance UK 8.75% 15/06/2019	6,396	0.80
		Total Sweden	26,039	3.24	GBP	5,007,000	Matalan Finance 8.875% 29/04/2016	5,017	0.62
SWITZERLAND 0.16% (0.00%)					EUR	6,250,000	OTE 4.625% 20/05/2016	5,042	0.63
		BB+ 0.16% (0.00%)			EUR	265,000	OTE 7.25% 08/04/2014	234	0.03
USD	1,816,000	Dufry Finance 5.5% 15/10/2020	1,266	0.16	EUR	2,476,000	OTE 7.25% 12/02/2015	2,167	0.27
		Total Switzerland	1,266	0.16	EUR	4,200,000	OTE 7.875% 07/02/2018	3,696	0.46
UNITED KINGDOM 20.70% (22.07%)					GBP	1,020,000	Voyage Care BondCo 6.5% 01/08/2018	1,048	0.13
		Baa1 0.00% (0.44%)					B1 0.68% (0.68%)		
GBP	1,905,000	Barclays Bank 14% 15/06/2049	2,563	0.32	EUR	1,120,000	Investec Tier UK 7.075% 24/06/2049	904	0.11
		BBB- 0.22% (3.05%)			GBP	4,224,000	Thames Water Kemble Finance 7.75% 01/04/2019	4,573	0.57
EUR	1,678,000	Royal Bank of Scotland 10.5% 16/03/2022	1,769	0.22			B 1.96% (2.60%)		
		Baa3 0.40% (0.00%)			EUR	2,555,000	††Avis Budget Finance 6% 01/03/2021	2,231	0.28
GBP	2,876,000	Santander 10.0625% 06/04/2049	3,193	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	1,433,000	LBG Capital No 2 10.5% 29/09/2023	1,606	0.20			B2e 0.00% (0.28%)		
GBP	3,971,000	Lloyds TSB Bank 13% 21/07/2049	5,871	0.73			B- 0.60% (0.00%)		
		BB 3.40% (3.66%)			EUR	6,113,000	Kerling 10.625% 28/01/2017	4,822	0.60
GBP	1,495,000	British Airways 8.75% 23/08/2016	1,657	0.21			B3 0.23% (0.00%)		
GBP	8,671,000	Crown Newco 3 7% 15/02/2018	8,978	1.12	GBP	1,829,000	Arqiva Broadcast Finance 9.5% 31/03/2020	1,886	0.23
GBP	3,693,000	Daily Mail & General Trust 5.75% 07/12/2018	3,996	0.50			CCC+ 0.14% (0.00%)		
GBP	1,170,000	Daily Mail & General Trust 10% 09/04/2021	1,511	0.19	GBP	997,000	*Annington Finance No5 13% 15/01/2023	1,107	0.14
GBP	1,333,000	LBG Capital No 1 11.04% 19/03/2020	1,575	0.20			CCC 0.00% (0.41%)		
GBP	2,461,000	Lowell Group Finance 10.75% 01/04/2019	2,713	0.34			Not rated 2.21% (2.48%)		
EUR	7,422,000	Rexam 6.75% 29/06/2067	6,769	0.84	GBP	5,830,000	First Hydro Finance 9% 31/07/2021	7,160	0.89
		BB- 4.56% (3.05%)			EUR	5,575,000	International Personal Finance 11.5% 06/08/2015	5,610	0.70
GBP	1,590,000	Arrow Global Finance 7.875% 01/03/2020	1,587	0.20	GBP	4,685,000	MU Finance 8.75% 01/02/2017	5,010	0.62
GBP	2,119,000	Enterprise Inns 6.375% 26/09/2031	1,789	0.22			Total United Kingdom	166,228	20.70
GBP	6,251,000	Enterprise Inns 6.5% 06/12/2018	6,133	0.76					
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					

Threadneedle European High Yield Bond Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Value £000		
UNITED STATES OF AMERICA 2.01% (3.47%)				ANALYSIS OF INVESTMENTS BY CREDIT RATINGS		
	BBB– 0.00% (0.03%)			BBB 5,066		
	BB+ 0.00% (1.06%)			Baa2 1,126		
	BB– 0.72% (0.83%)			BBB– 5,869		
				Baa3 3,193		
EUR	4,823,000 Chesapeake Energy 6.25% 15/01/2017	4,465	0.55	BB+ 77,257		
EUR	1,490,000 Rain CII Carbon LLC 8.5% 15/01/2021	1,374	0.17	BB 107,715		
				Ba2 47,364		
				(P) Ba2 922		
				BB– 155,595		
	B+ 0.29% (0.34%)			Ba3 5,235		
EUR	2,524,000 Iron Mountain 6.75% 15/10/2018	2,223	0.28	B+ 123,027		
GBP	110,000 Iron Mountain 7.25% 15/04/2014	110	0.01	B1 5,477		
				B 56,471		
	B 0.12% (0.29%)			B2 7,258		
USD	1,295,000 Fage Dairy Industry USA 9.875% 01/02/2020	944	0.12	(P) B2 1,501		
				B– 42,437		
	B– 0.51% (0.00%)			B3 6,010		
EUR	4,257,000 Infor US 10% 01/04/19	4,075	0.51	(P) B3 1,521		
				CCC+ 38,467		
	CCC+ 0.37% (0.61%)			CCC 11,896		
USD	4,200,000 Ocean Rig UDW 9.5% 27/04/2016	2,941	0.37	D 774		
				Not rated 42,432		
	CCC 0.00% (0.27%)			Total bonds & equities 746,613		
	Not rated 0.00% (0.04%)			Derivatives 1,259		
	Total United States of America	16,132	2.01	Total value of investments 747,872		
DERIVATIVES 0.16% (–0.13%)				ANALYSIS OF COLLATERAL RECEIVED		
	Credit default swaps 0.06% (0.00%)			Counterparty	Type	Value £000
EUR	9,000,000 J.P. Morgan EUR Markit iTraxx 20/12/2017 Spread 500	225	0.03	J.P. Morgan	Cash	490
EUR	9,000,000 J.P. Morgan EUR Markit iTraxx 20/12/2017 Spread 500	225	0.03			
EUR	1,500,000 Citigroup EUR OTE 20/06/2013 Spread 500	10	–			
EUR	1,900,000 Merrill Lynch EUR OTE 20/09/2013 Spread 500	16	–			
	Forward foreign exchange contracts 0.10% (–0.13%)					
	Sell CHF 12,368,000					
	Buy EUR 10,054,402 RBS	14	–			
	Sell USD 40,407,000					
	Buy EUR 30,288,879 Citigroup	(648)	(0.08)			
	Sell GBP 73,687,000					
	Buy EUR 85,673,493 Citigroup	713	0.09			
	Sell GBP 73,000,000					
	Buy EUR 84,874,740 Citigroup	706	0.09			
	Sell USD 600,000					
	Buy EUR 447,787 RBS	(11)	–			
	Sell EUR 2,927,355					
	Buy CHF 3,589,461 J.P. Morgan	(12)	–			
	Sell GBP 2,400,000					
	Buy EUR 2,783,593 J.P. Morgan	17	–			
	Sell GBP 525,000					
	Buy EUR 609,222 RBS	4	–			
	Total derivatives	1,259	0.16			
Total value of investments		747,872	93.13			
Net other assets (7.61%)		55,129	6.87			
Net assets		803,001	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 £12,020,024 (1.50% of the NAV of the fund) which were valued using a quote from a single broker. These investments trade in a limited market and may not be able to be immediately liquidated at these estimated fair values.

Threadneedle American Fund

Portfolio Statement

as at 7 March 2013

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
BASIC INDUSTRIES 5.03% (4.34%)				FINANCIALS 19.73% (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
	Construction & building materials 1.07% (0.00%)			1,072,191	SunTrust Banks	20,137	0.91
707,482	Jacobs Engineering Group	23,705	1.07	1,595,108	Wells Fargo	38,341	1.73
	Forestry & paper 1.87% (0.00%)			1,541,547	Zions Bancorporation	25,785	1.16
1,348,827	International Paper	41,417	1.87		Insurance 3.13% (1.44%)		
	Total basic industries	111,719	5.03	786,558	ACE	45,455	2.05
				762,115	Allstate	24,052	1.08
					Life assurance 0.00% (1.51%)		
CYCLICAL CONSUMER 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
	Household goods & textiles 0.00% (2.22%)			596,152	Capital One Financial	21,589	0.97
	Total cyclical consumer goods	23,139	1.04	1,043,907	Discover Financial Services	28,740	1.30
				390,124	Visa 'A' Shares	41,901	1.89
					Total financials	437,853	19.73
CYCLICAL SERVICES 23.20% (16.15%)				GENERAL INDUSTRIALS 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
	General retailers 4.36% (10.51%)			470,583	United Technologies	28,576	1.29
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		Electronic & electrical equipment 1.14% (0.98%)		
	Leisure entertainment & hotels 1.32% (0.00%)			522,336	Amphenol 'A' Shares	25,357	1.14
466,022	Las Vegas Sands	16,162	0.73		Engineering & machinery 3.60% (4.41%)		
344,211	Starbucks	13,108	0.59	464,900	Pentair	16,098	0.72
	Media & photography 7.93% (1.72%)			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		Total general industrials	177,089	7.98
467,387	Discovery Communications						
	'A' Shares	23,485	1.06		INFORMATION TECHNOLOGY 15.21% (20.64%)		
1,620,244	News	32,277	1.45		Information technology hardware 7.14% (9.59%)		
614,166	Nielsen Holdings	14,172	0.64	223,183	Apple	63,338	2.85
	Support services 4.71% (2.91%)			2,501,044	Applied Materials	22,785	1.03
919,578	Accenture	47,469	2.14	985,305	Lam Research	28,322	1.28
509,004	ADT	16,410	0.74	684,848	NetApp	15,776	0.71
382,083	Alliance Data Systems	40,662	1.83	632,191	Qualcomm	28,106	1.27
	Transport 3.82% (0.00%)				Software & computer services 8.07% (11.05%)		
909,038	Norfolk Southern	45,094	2.03	119,982	Amazon	21,901	0.99
428,524	Union Pacific	39,712	1.79	1,618,282	EMC	26,216	1.18
	Total cyclical services	514,846	23.20	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	15,355	0.69
				52,322	priceline.com	25,084	1.13
					Total information technology	337,641	15.21

Threadneedle American Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
NON-CYCLICAL CONSUMER GOODS 16.59% (12.15%)				DERIVATIVES –0.06% (–0.01%)			
	Beverages 0.53% (1.92%)			Forward foreign exchange contracts			
408,664	Constellation Brands 'A' Shares	11,782	0.53	–0.06% (–0.01%)			
	Health 3.69% (5.47%)			Sell USD 149,676,300			
998,451	Covidien	43,184	1.95	Buy EUR 113,521,945 J.P. Morgan	(1,245)	(0.06)	
216,604	Davita Healthcare Partners	17,617	0.79	Sell USD 759,296			
590,779	UnitedHealth Group	21,115	0.95	Buy EUR 576,369 J.P. Morgan	(6)	–	
	Personal care & household products			Sell USD 35,983			
	2.08% (1.33%)			Buy EUR 27,116 J.P. Morgan	–	–	
599,519	Colgate-Palmolive	46,113	2.08	Sell EUR 197,119			
	Pharmaceuticals & biotechnology			Buy USD 257,887 J.P. Morgan	1	–	
	10.29% (3.43%)			Sell EUR 2,807			
537,969	Amgen	33,461	1.51	Buy USD 3,679 J.P. Morgan	–	–	
620,555	Eli Lilly & Co	22,800	1.03	Sell USD 134,801			
911,569	Johnson & Johnson	47,062	2.12	Buy EUR 102,772 J.P. Morgan	(1)	–	
283,079	Mead Johnson Nutrition	14,267	0.64	Sell USD 12,610			
1,390,637	Merck & Co	40,512	1.83	Buy EUR 9,675 J.P. Morgan	–	–	
3,744,849	Pfizer	70,232	3.16	Sell USD 687,669			
	Total non-cyclical consumer goods	368,145	16.59	Buy EUR 527,118 J.P. Morgan	(1)	–	
				Total derivatives	(1,252)	(0.06)	
				Total value of investments	2,199,851	99.11	
				Net other assets (4.21%)	19,680	0.89	
				Net Assets	2,219,531	100.00	
NON-CYCLICAL SERVICES 2.03% (1.55%)				<i>The calculation of the % Net Asset Value may not sum to 100% due to rounding.</i>			
	Food & drug retailers 1.01% (0.00%)			<i>March 2012 comparatives in brackets.</i>			
639,551	CVS Caremark	22,282	1.01				
	Telecommunications services 1.02% (1.55%)						
472,175	Crown Castle International	22,708	1.02				
	Total non-cyclical services	44,990	2.03				
RESOURCES 8.36% (11.60%)							
	Oil & gas 8.36% (11.60%)						
443,844	Anadarko Petroleum	24,193	1.09				
430,075	Chevron	33,981	1.53				
435,521	HollyFrontier	16,893	0.76				
322,492	Noble Energy	23,637	1.06				
682,596	Phillips 66	30,064	1.35				
507,554	Transocean	18,093	0.82				
1,222,319	Valero Energy	38,820	1.75				
	Total resources	185,681	8.36				

Threadneedle American Select Fund

Portfolio Statement

as at 7 March 2013

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
BASIC INDUSTRIES 7.38% (6.18%)				GENERAL INDUSTRIALS 6.19% (5.22%)			
	Chemicals 6.27% (6.18%)				Diversified industrials 0.00% (2.64%)		
936,023	Airgas	63,357	3.11		Electronic & electrical equipment 0.83% (0.00%)		
554,903	Axiall	21,002	1.03	738,249	Universal Display	17,001	0.83
1,038,634	LyondellBasell	43,308	2.13		Engineering & machinery 5.36% (2.58%)		
	Construction & building materials 1.11% (0.00%)			873,872	Pentair	30,260	1.49
487,292	Eagle Materials	22,584	1.11	1,034,529	Terex	22,927	1.13
	Total basic industries	150,251	7.38	1,092,989	Thermo Fisher Scientific	55,874	2.74
CYCLICAL CONSUMER GOODS 0.00% (4.41%)					Total general industrials	126,062	6.19
	Household goods & textiles 0.00% (4.41%)			INFORMATION TECHNOLOGY 16.72% (19.24%)			
	Total cyclical consumer goods	–	–		Information technology hardware 7.20% (11.22%)		
CYCLICAL SERVICES 25.08% (21.60%)				206,190	Apple	58,515	2.87
	General retailers 3.15% (11.80%)			4,452,286	Applied Materials	40,562	1.99
971,584	Autonation	29,237	1.44	1,153,425	Lam Research	33,155	1.63
1,623,471	Tyco International	34,897	1.71	627,406	NetApp	14,453	0.71
	Leisure entertainment & hotels 1.00% (0.00%)				Software & computer services 9.52% (8.02%)		
584,189	Las Vegas Sands	20,260	1.00	1,527,573	Facebook	27,966	1.37
	Media & photography 12.03% (4.28%)			109,487	Google	60,681	2.98
825,541	CBS Class B	24,666	1.21	234,681	IHS Class A	17,448	0.85
686,909	Charter Communications	41,213	2.02	816,655	Informatica	19,716	0.97
2,429,106	Comcast Class A	66,147	3.25	78,951	priceline.com	37,851	1.86
716,400	Discovery Communications			2,958,559	Riverbed Technology	30,308	1.49
	'A' Shares	35,997	1.77		Total information technology	340,655	16.72
2,151,293	News Corp Class A	42,857	2.10	NON-CYCLICAL CONSUMER GOODS 14.48% (9.46%)			
1,486,595	Nielsen Holdings	34,304	1.68		Health 2.90% (4.43%)		
	Support services 5.29% (3.95%)			723,527	Covidien	31,293	1.54
1,949,121	ADT	62,839	3.09	339,290	Davita Healthcare Partners	27,595	1.36
421,586	Alliance Data Systems	44,866	2.20		Personal care & household products 1.02% (0.00%)		
	Transport 3.61% (1.57%)			268,969	Colgate-Palmolive	20,688	1.02
511,385	Con-Way Inc	12,230	0.60		Pharmaceuticals & biotechnology 10.56% (5.03%)		
660,729	Union Pacific	61,230	3.01	830,037	Amgen	51,627	2.53
	Total cyclical services	510,743	25.08	590,023	Eli Lilly & Co	21,678	1.06
FINANCIALS 21.53% (15.32%)				1,309,127	Merck & Co	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 goods	294,948	14.48
1,409,802	Citigroup	41,916	2.06	NON-CYCLICAL SERVICES 2.63% (2.93%)			
2,627,642	J.P. Morgan Chase	87,641	4.30		Telecommunications services 2.63% (2.93%)		
	Insurance 3.83% (1.80%)			447,992	Crown Castle International	21,545	1.06
774,458	ACE	44,756	2.20	657,797	SBA Communications	32,017	1.57
1,050,917	Allstate	33,166	1.63		Total non-cyclical services	53,562	2.63
	Real estate 0.53% (0.00%)			RESOURCES 6.74% (9.56%)			
345,550	Realogy Holdings	10,887	0.53		Oil & gas 6.74% (9.56%)		
	Speciality & other finance 6.20% (6.65%)			591,171	Anadarko Petroleum	32,224	1.58
621,366	Capital One Financial	22,502	1.11	1,645,673	HollyFrontier	63,834	3.13
1,450,718	Discover Financial Services	39,940	1.96	473,950	Phillips 66	20,875	1.03
593,333	Visa 'A' Shares	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 £000	% of Net Asset Value
DERIVATIVES –0.04% (–0.13%)			
	Forward foreign exchange contracts –0.04% (–0.13%)		
	Sell USD 23,568,685		
	Buy EUR 17,875,662 J.P. Morgan	(196)	(0.01)
	Sell USD 63,803,333		
	Buy EUR 48,391,619 J.P. Morgan	(531)	(0.03)
	Sell USD 345,485		
	Buy EUR 262,252 J.P. Morgan	(3)	–
	Sell USD 94,712		
	Buy EUR 71,894 J.P. Morgan	(1)	–
	Sell EUR 129,337		
	Buy USD 171,629 J.P. Morgan	2	–
	Sell USD 159,525		
	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	–	–
	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 investments		2,051,326	100.71
Net other (liabilities)/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

as at 7 March 2013

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
BASIC INDUSTRIES 8.17% (7.57%)				FINANCIALS 19.36% (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
	Construction & building materials 4.37% (3.21%)			475,697	Zions Bancorporation	7,957	2.00
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 Community	5,331	1.34
				156,230	Rayonier	5,980	1.50
CYCLICAL CONSUMER GOODS 1.51% (5.54%)				232,035	Weingarten Realty Investors	4,752	1.19
	Automobiles & parts 1.51% (2.96%)			135,083	Whitestone Reit	1,350	0.34
710,583	American Axle & Manufacturing Holdings	6,023	1.51		Speciality & other finance 1.84% (5.27%)		
	Household goods & textiles 0.00% (2.58%)			73,139	Affiliated Managers Group	7,312	1.84
	Total cyclical consumer goods	6,023	1.51		Total financials	77,041	19.36
CYCLICAL SERVICES 20.88% (29.80%)				GENERAL INDUSTRIALS 8.74% (9.74%)			
	General retailers 4.60% (8.13%)				Aerospace & defence 0.96% (3.60%)		
186,306	Autonation	5,606	1.41	104,666	B/E Aerospace	3,818	0.96
136,421	Coinstar	4,672	1.17		Electronic & electrical equipment 3.37% (1.57%)		
22,522	Panera Bread Company 'A' Shares	2,464	0.62	46,216	Energizer Holdings	2,871	0.72
182,688	Williams-Sonoma	5,549	1.40	78,593	SPX	4,245	1.07
	Leisure entertainment & hotels 2.46% (1.74%)			367,256	Tessera Technologies	4,345	1.09
377,315	AVIS Budget Group	6,407	1.61	84,062	Universal Display	1,936	0.49
182,494	Cinemark Holdings	3,390	0.85		Engineering & machinery 4.41% (4.57%)		
	Media & photography 1.56% (3.22%)			136,941	Crane	4,936	1.24
251,367	Lions Gate Entertainment	3,718	0.93	334,645	LKQ	4,499	1.13
107,054	VistaPrint	2,488	0.63	202,048	MasTec	4,080	1.03
	Support services 8.16% (8.71%)			182,113	Terex	4,036	1.01
35,796	Alliance Data Systems	3,810	0.96		Total general industrials	34,766	8.74
235,041	Monro Muffler Brake	5,958	1.50				
241,402	Robert Half International	5,777	1.45	INFORMATION TECHNOLOGY 11.44% (11.96%)			
151,049	Towers Watson 'A' Shares	6,738	1.69		Information technology hardware 3.92% (4.23%)		
240,041	UTI Worldwide	2,485	0.62	244,522	Lam Research	7,029	1.77
195,187	Verisk Analytics Class A	7,725	1.94	2,120,932	Quantum	1,726	0.43
	Transport 4.10% (8.00%)			847,350	Spansion	6,849	1.72
166,564	Con-Way	3,984	1.00		Software & computer services 7.52% (7.73%)		
97,340	Ryder System	3,761	0.95	231,111	Cornerstone OnDemand	5,413	1.36
560,450	Spirit Airlines	8,567	2.15	125,447	Cyrusone	1,922	0.48
	Total cyclical services	83,099	20.88	51,054	IHS Class A	3,796	0.96
				307,111	Informatica	7,415	1.86
				721,234	Riverbed Technology	7,388	1.86
				59,399	Ultimate Software Group	3,988	1.00
					Total information technology	45,526	11.44

Threadneedle American Smaller Companies Fund (US)

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
NON-CYCLICAL CONSUMER GOODS 12.26% (7.95%)			
Beverages 1.05% (0.00%)			
144,284	Constellation Brands 'A' Shares	4,160	1.05
Food producers & processors 1.95% (1.48%)			
200,543	Treehouse Foods	7,756	1.95
Health 7.43% (4.17%)			
330,130	Align Technology	7,142	1.79
189,736	Centene	5,826	1.46
103,143	IDEXX Laboratories	6,336	1.59
254,716	Omnicare	6,420	1.61
99,933	Universal Health Services	3,894	0.98
Pharmaceuticals & biotechnology 1.83% (2.30%)			
104,128	Charles River Laboratories	2,910	0.73
489,716	Warner Chilcott 'A' Shares	4,357	1.10
Total non-cyclical consumer goods		48,801	12.26
NON-CYCLICAL SERVICES 2.86% (2.19%)			
Packaging 0.99% (0.00%)			
66,591	Rock Tenn	3,940	0.99
Telecommunications services 1.87% (2.19%)			
152,376	SBA Communications	7,417	1.87
Total non-cyclical services		11,357	2.86
RESOURCES 9.78% (10.84%)			
Mining 2.10% (0.00%)			
502,582	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	PBF Energy	3,995	1.00
36,776	PDC Energy	1,155	0.29
286,545	SemGroup 'A' Shares	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 investments		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

as at 7 March 2013

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
FIXED INTEREST 91.51% (85.99%)				USD	460,000	CLP Power Hong Kong Financing 4.75% 12/07/2021	343 0.46
AAA 5.79% (3.47%)				USD	290,000	GDF Suez 1.625% 10/10/2017	193 0.26
USD	3,400,000	KFW 2% 04/10/2022	2,228 2.99	USD	670,000	J.P. Morgan Chase 4.35% 15/08/2021	492 0.66
USD	1,000,000	KFW 2.75% 21/10/2014	693 0.93	USD	985,000	Philip Morris International 5.65% 16/05/2018	789 1.06
USD	2,000,000	British Columbia 2.65% 22/09/2021	1,391 1.87	Aaa 2.69% (2.67%)			
USD	1,585,000	Inter-American Development Bank 4.25% 10/09/2018	1,236 1.66	USD	460,000	Aegon 4.625% 01/12/2015	334 0.45
USD	1,120,000	Kommunalbanken 1.75% 05/10/2015	770 1.03	USD	1,240,000	Aetna 2.75% 15/11/2022	804 1.08
AA+ 28.36% (0.96%)				USD	1,035,000	América Múvil 5% 16/10/2019	795 1.07
USD	1,040,000	General Electric 2.7% 09/10/2022	690 0.93	USD	1,000,000	Bank of America 5% 13/05/2021	752 1.01
USD	1,060,000	General Electric 4.65% 17/10/2021	795 1.07	USD	1,200,000	BAT International Finance 3.25% 07/06/2022	823 1.10
USD	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 1.11
USD	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
USD	7,725,000	US Treasury N/B 1.125% 31/05/2019	5,159 6.92	USD	1,130,000	Heathrow Funding 2.5% 25/06/2015	777 1.04
USD	7,500,000	US Treasury N/B 1.25% 31/10/2015	5,122 6.87	USD	1,100,000	Prudential 7.75% 23/03/2049	787 1.06
USD	2,080,000	US Treasury N/B 1.375% 15/05/2013	1,391 1.87	USD	610,000	Standard Chartered Bank 4% 12/07/2022	419 0.56
USD	574,500	US Treasury N/B 1.625% 15/11/2022	374 0.50	USD	1,025,000	Tesco 5.5% 15/11/2017	798 1.07
USD	1,625,600	US Treasury N/B 2% 15/11/2021	1,112 1.49	BBB+ 6.35% (3.21%)			
USD	2,155,000	US Treasury N/B 4.25% 15/05/2039	1,762 2.36	USD	548,000	BG Energy Capital 6.5% 30/11/2072	398 0.53
AA 2.95% (37.39%)				USD	1,185,000	British Sky Broadcasting 3.125% 26/11/2022	777 1.04
USD	545,000	IPIC GMTN 3.75% 01/03/2017	389 0.52	USD	1,150,000	Electricite de France 5.25% 29/07/2049	756 1.01
USD	440,000	Qatari Diar Finance 5% 21/07/2020	338 0.45	USD	1,175,000	Heineken 3.4% 01/04/2022	806 1.08
USD	1,112,000	Roche Holdings 5% 01/03/2014	772 1.04	USD	775,000	Intesa Sanpaolo 3.875% 16/01/2018	510 0.68
USD	390,000	State of Qatar 6.55% 09/04/2019	323 0.43	USD	1,100,000	SabMiller Holdings 3.75% 15/01/2022	780 1.05
USD	505,000	Wal-Mart Stores 4.125% 01/02/2019	382 0.51	USD	1,000,000	Xstrata Canada Finance 4.95% 15/11/2021	716 0.96
Aa2 1.10% (0.00%)				Baa1 0.53% (0.00%)			
USD	1,225,000	Nestle Holdings 1.375% 21/06/2017	820 1.10	USD	600,000	Petroleos Mexicanos 3.5% 30/01/2023	393 0.53
AA- 2.46% (4.84%)				BBB 4.45% (3.05%)			
USD	450,000	CNOOC Finance (2011) 4.25% 26/01/2021	324 0.43	USD	587,000	British Telecom 9.625% 15/12/2030	606 0.81
USD	1,140,000	Novartis Capital Corp 2.4% 21/09/2022	750 1.01	USD	1,030,000	Hutchison Whampoa International 6% 28/10/2049	731 0.98
USD	1,000,000	UniCredito Bank Austria 7.25% 15/02/2017	760 1.02	USD	1,140,000	Imperial Tobacco Finance 3.5% 11/02/2023	767 1.03
A+ 4.13% (2.58%)				USD	470,000	Petrobras International Finance 3.875% 27/01/2016	328 0.44
USD	540,000	CNPC General Capital 2.75% 19/04/2017	374 0.50	USD	1,200,000	Russian Federation 4.5% 04/04/2022	884 1.19
USD	990,000	Export-Import Bank Korea 5.125% 29/06/2020	759 1.02	Baa2 0.61% (0.00%)			
USD	555,000	Hongkong Electric Finance 4.25% 14/12/2020	402 0.54	USD	585,000	BBVA Bancomer 6.75% 30/09/2022	452 0.61
USD	460,000	HSBC Holdings 5.1% 05/04/2021	356 0.48	BBB- 6.80% (5.31%)			
USD	545,000	Sinopec Group Oversea 2.75% 17/05/2017	378 0.51	USD	630,000	AXA 6.463% 14/06/2049	418 0.56
USD	1,175,000	Wells Fargo & Company 2.1% 08/05/2017	808 1.08	USD	1,125,000	Conagra Foods 3.2% 25/01/2023	744 1.00
A1 0.00% (0.79%)				USD	1,100,000	El Paso Pipeline Partners 5% 01/10/2021	812 1.09
A 6.64% (5.74%)				USD	1,190,000	Pernod Ricard 4.25% 15/07/2022	859 1.15
USD	1,230,000	Abbvie 1.75% 06/11/2017	828 1.11	USD	494,000	Rosneft International Finance 4.199% 06/03/2022	331 0.44
USD	515,000	ADCB Islamic Finance Cayman 4.071% 22/11/2016	366 0.49	USD	550,000	RWE 7% 12/10/2072	399 0.53
USD	1,000,000	Anheuser-Busch InBev Worldwide 5.375% 15/01/2020	800 1.07	USD	570,000	UBS Jersey 7.25% 22/02/2022	406 0.54
USD	450,000	BG Energy Capital 4% 15/10/2021	325 0.44	USD	545,000	UBS Preferred Funding Trust V 6.243% 15/11/2049	375 0.50
USD	1,220,000	BP Capital Markets 1.375% 06/11/2017	813 1.09	USD	1,040,000	Virgin Media Secured Finance 6.5% 15/01/2018	738 0.99

Threadneedle Dollar Bond Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Value £000	
FIXED INTEREST 91.51% (85.99%) (continued)				ANALYSIS OF INVESTMENTS BY CREDIT RATINGS	
	Baa3 0.58% (0.48%)			AAA	4,312
USD	525,000 Dubai Electricity & Water 7.375% 21/10/2020	432	0.58	Aaa	2,006
				AA+	21,140
				AA	2,204
	BB+ 3.16% (1.34%)			Aa2	820
USD	725,000 ArcelorMittal 5.375% 01/06/2013	488	0.65	AA–	1,834
USD	335,000 CMS Energy 5.05% 15/03/2022	250	0.33	A+	3,077
USD	1,200,000 KBC Bank 8% 25/01/2023	802	1.08	A	5,388
USD	1,179,000 Royal Bk Scotland Grp Plc 6.125% 15/12/2022	823	1.10	A–	7,435
				BBB+	5,053
	Ba1 0.00% (0.81%)			Baa1	393
				BBB	3,316
	BB 1.48% (2.04%)			Baa2	1,394
USD	1,084,000 CenturyLink 5.8% 15/03/2022	736	0.99	BBB–	5,082
USD	500,000 LBG Capital No 1 7.875% 01/11/2020	368	0.49	Baa3	432
				BB+	2,363
	B+ 0.00% (0.51%)			BB	1,104
				Ba2	348
	B 0.00% (0.42%)			Not rated	2,227
				Total bonds	69,928
USD	475,000 Hanson 6.125% 15/08/2016	348	0.47	Derivatives	13
	Not rated 2.99% (1.27%)			Total value of investments	69,941
USD	1,625,000 AIA Group 1.75% 13/03/2018	1,076	1.44	<i>The calculation of the % Net Asset Value may not sum to 100% due to rounding.</i>	
USD	645,000 CGS Guernsey I 7.875% 24/02/2041	460	0.62		
USD	1,050,000 Port Authority of New York & New Jersey 4.458% 01/10/2062	691	0.93		
	Total fixed interest	68,237	91.51	<i>March 2012 comparatives in brackets.</i>	
				<i>*Variable rate bonds.</i>	
FLOATING RATE NOTES 2.27% (2.27%)				<i>**The underlying exposure of holding this future is –£6,127,291.</i>	
	A1 0.00% (0.40%)				
	A 0.59% (0.62%)				
USD	590,150 *Ras Laffan Liquefied Natural Gas 5.298% 30/09/2020	439	0.59		
	A– 0.00% (0.40%)				
	BBB+ 0.42% (0.37%)				
USD	500,000 *ING Bank 1.006% 03/07/2017	310	0.42		
	Baa2 1.26% (0.48%)				
USD	500,000 *ING Bank 0.9631% 23/05/2016	317	0.42		
USD	907,773 *Tengizchevroil Finance 6.124% 15/11/2014	625	0.84		
	Total floating rate notes	1,691	2.27		
DERIVATIVES 0.02% (0.00%)					
	Futures and options 0.02% (0.00%)				
USD	(70)**Barclays US 10 Year Note Future Expiring June 2013	13	0.02		
	Total derivatives	13	0.02		
Total value of investments		69,941	93.80		
Net other assets (11.74%)		4,624	6.20		
Net Assets		74,565	100.00		

Threadneedle Japan Fund

Portfolio Statement

as at 7 March 2013

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
BASIC INDUSTRIES 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	1.71	95,000	Mitsubishi Estate	1,696	1.15
	Construction & building materials 4.87% (3.93%)			109,000	Mitsui Fudosan	1,898	1.29
159,000	Asahi Glass	693	0.47		Speciality & other finance 6.14% (2.08%)		
569,000	Sekisui Chemical	3,724	2.53	81,600	Century Tokyo Leasing System	1,348	0.91
270,000	Sekisui House	2,069	1.40	506,000	Daiwa Securities Group	2,244	1.52
419,000	Taiheiyō Cement	697	0.47	22,500	Japan Exchange Group	1,135	0.77
	Forestry & paper 0.00% (0.65%)			750,700	Nomura Holdings	2,956	2.01
	Steel & other metals 1.82% (2.58%)			17,500	Orix	1,377	0.93
90,200	Maruichi Steel Tube	1,443	0.98		Total financials	36,782	24.97
710,485	Nippon Steel	1,233	0.84				
	Total basic industries	15,630	10.61	GENERAL INDUSTRIALS 16.42% (23.73%)			
	CYCLICAL CONSUMER GOODS 17.16% (12.75%)				Diversified industrials 4.80% (5.44%)		
	Automobiles & parts 14.83% (11.64%)			63,500	Nabtesco	791	0.54
230,900	Akebono Brake Industry	661	0.45	417,400	OSG	3,737	2.54
58,600	Honda Motor	1,476	1.00	143,500	Sumitomo	1,183	0.80
415,000	KYB	1,226	0.83	89,700	Tamron	1,354	0.92
894,000	Mazda Motor	1,849	1.25		Electronic & electrical equipment 10.73% (13.66%)		
719,400	Nissan Motor	4,754	3.23	186,700	Azbil	2,559	1.74
659,000	Sanden	1,783	1.21	80,100	Daikin Industries	2,017	1.37
295,600	Toyota Motor	10,103	6.86	55,500	Horiba	1,122	0.76
	Household goods & textiles 2.33% (1.11%)			88,600	Makita	2,648	1.80
333,700	Sony	3,427	2.33	15,000	Nidec	574	0.39
	Total cyclical consumer goods	25,279	17.16	56,900	Sato	671	0.45
	CYCLICAL SERVICES 5.89% (5.17%)			61,200	Ushio	434	0.29
	Distributors 1.47% (0.00%)			1,234	WACOM	3,112	2.11
267,400	Itochu	2,161	1.47	258,000	Yaskawa Electric	1,652	1.12
	General retailers 1.25% (2.37%)			156,700	Yokogawa Electric	1,031	0.70
139,400	Aeon	1,017	0.69		Engineering & machinery 0.89% (4.63%)		
47,600	K's Holdings	830	0.56	55,400	Sho-Bond Holdings	1,309	0.89
	Media & photography 0.47% (0.00%)				Total general industrials	24,194	16.42
53,500	Fujifilm Holdings	686	0.47				
	Transport 2.70% (2.80%)			INFORMATION TECHNOLOGY 10.42% (8.87%)			
907,000	Tokyu	3,983	2.70		Information technology hardware 1.58% (4.61%)		
	Total cyclical services	8,677	5.89	169,900	Advantest	1,610	1.09
				129,000	Mitsubishi Electric	726	0.49
	FINANCIALS 24.97% (15.90%)				Software & computer services 8.84% (4.26%)		
	Banks 14.36% (9.51%)			83,900	Internet Initiative Japan	1,830	1.24
212,000	Bank of Yokohama	727	0.49	41,300	Itochu Techno-Solutions	1,265	0.86
315,000	Gunma Bank	1,167	0.79	172,700	Konami	2,280	1.55
2,093,700	Mitsubishi UFJ Financial Group	7,815	5.31	22,500	Nintendo	1,528	1.04
2,578,300	Mizuho Financial Group	3,707	2.52	394	NTT Data	837	0.57
171,900	Sumitomo Mitsui Financial Group	4,566	3.10	218,000	SCSK	2,806	1.91
1,123,000	Sumitomo Mitsui Trust Holdings	3,166	2.15	95,100	Softbank	2,462	1.67
	Insurance 0.47% (1.63%)				Total information technology	15,344	10.42
779	Dai-ichi Life Insurance	686	0.47				

Threadneedle Japan Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
NON-CYCLICAL CONSUMER GOODS 9.40% (6.70%)			
Beverages 3.02% (2.14%)			
126,600	Asahi Group Holdings	2,054	1.39
240,000	Kirin Holdings	2,397	1.63
Food producers & processors 0.51% (0.00%)			
82,000	Ajinomoto	756	0.51
Pharmaceuticals & biotechnology 5.87% (4.56%)			
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%)			
Food & drug retailers 3.25% (2.41%)			
49,900	AIN Pharmaciez	1,702	1.16
20,600	Lawson	1,017	0.69
100,000	Seven & I Holdings	2,064	1.40
Packaging 0.60% (0.48%)			
19,200	FP	880	0.60
Telecommunications services 0.00% (3.40%)			
Total non-cyclical services		5,663	3.85
RESOURCES 0.00% (1.48%)			
Oil & gas 0.00% (1.48%)			
Total resources		-	-
UTILITIES 1.10% (3.34%)			
Electricity 1.10% (2.20%)			
95,900	Electric Power Development	1,627	1.10
Gas distribution 0.00% (1.14%)			
Total utilities		1,627	1.10
Total value of investments		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

as at 7 March 2013

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
BASIC INDUSTRIES 19.25% (18.13%)				FINANCIALS 22.48% (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				
	Construction & building materials 9.16% (8.32%)			52,400	Investment companies 3.12% (1.32%)	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
	Packaging 1.30% (0.71%)			4,500	Sumitomo Real estate Sales	143	1.26
3,200	FP	147	1.30	11,700	Touei Housing	104	0.92
	Steel & other metals 2.97% (2.05%)				Speciality & other finance 7.04% (3.78%)		
16,900	Maruichi Steel Tube	270	2.38	18,500	Century Tokyo Leasing System	306	2.70
11,400	Onoken	67	0.59	9,900	IBJ Leasing	183	1.62
	Total basic industries	2,180	19.25	75,000	Tokai Tokyo Securities	308	2.72
					Total financials	2,547	22.48
CYCLICAL CONSUMER GOODS 8.31% (8.49%)				GENERAL INDUSTRIALS 18.72% (24.56%)			
	Automobiles & parts 6.13% (6.66%)				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% (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
				7,800	Yokowo	25	0.22
CYCLICAL SERVICES 11.89% (15.61%)					Engineering & machinery 6.48% (9.00%)		
	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 0.63% (1.04%)				Total general industrials	2,121	18.72
9,900	Dunlop Sports	71	0.63				
	Media & photography 2.17% (1.70%)			INFORMATION TECHNOLOGY 10.03% (7.33%)			
752	SKY Perfect JSAT	246	2.17		Information technology hardware 3.40% (3.74%)		
	Support services 4.49% (4.34%)			15,600	DTS	147	1.30
11,100	Advan	78	0.69	934	Mitsui Knowledge Industry	104	0.92
12,500	Fuji Seal International	189	1.67	20,700	Star Micronics	134	1.18
9,200	H.I.S.	242	2.13		Software & computer services 6.63% (3.59%)		
	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
				16,800	Konami	222	1.96
					Total information technology	1,136	10.03

Threadneedle Japan Smaller Companies Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
NON-CYCLICAL CONSUMER GOODS 4.98% (7.47%)			
Food producers & processors 4.17% (3.80%)			
22,200	Fuji Oil	219	1.94
8,600	Hokuto	110	0.97
24,800	Yokohama Reito Company	143	1.26
Personal care & household products 0.00% (1.99%)			
Pharmaceuticals & biotechnology 0.81% (1.68%)			
6,800	Kissei Pharmaceutical	92	0.81
Total non-cyclical consumer goods		564	4.98
NON-CYCLICAL SERVICES 2.90% (2.36%)			
Food & drug retailers 2.32% (1.04%)			
5,000	AIN Pharmaciez	171	1.51
6,500	Cawachi	92	0.81
Telecommunications services 0.58% (1.32%)			
4,300	Okinawa Cellular	66	0.58
Total non-cyclical services		329	2.90
RESOURCES 0.72% (0.76%)			
Oil & gas 0.72% (0.76%)			
18,500	Shizuoka Gas	82	0.72
Total resources		82	0.72
UTILITIES 0.00% (0.75%)			
Electricity 0.00% (0.75%)			
Total utilities		-	-
Total value of investments		11,247	99.28
Net other assets (1.92%)		81	0.72
Net assets		11,328	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

as at 7 March 2013

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
AUSTRALIA 18.85% (15.51%)				CHINA 7.83% (10.66%)			
	Banks 8.02% (5.61%)				Automobiles & parts 1.26% (0.83%)		
706,641	Australia & New Zealand Banking Group	14,034	1.79	5,094,000	Dongfeng Motor Group	4,810	0.61
425,839	Commonwealth Bank of Australia	20,305	2.59	1,927,500	Great Wall Motor	5,113	0.65
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
	Diversified industrials 2.07% (0.85%)			27,153,040	China Construction Bank	14,687	1.87
370,445	Ansell	4,020	0.51	25,091,000	Industrial & Commercial Bank of China	11,781	1.50
423,255	Wesfarmers	12,263	1.56		Construction & building materials 0.43% (1.52%)		
	Engineering & machinery 0.48% (0.00%)			1,399,000	China Shenhua Energy	3,417	0.43
214,540	WorleyParsons	3,775	0.48		Electronic & electrical equipment 0.56% (1.04%)		
	Mining 3.98% (6.39%)			2,010,000	Zhuzhou CSR Times Electric Company	4,373	0.56
720,645	BHP Billiton	17,672	2.25		Insurance 1.16% (0.85%)		
330,881	Iluka Resources	2,265	0.29	1,635,500	Ping An Insurance Group	9,071	1.16
261,448	Rio Tinto	11,317	1.44		Mining 0.00% (0.84%)		
	Oil & gas 0.71% (0.66%)				Oil & gas 0.56% (1.43%)		
612,542	Santos	5,540	0.71	5,672,000	China Petroleum & Chemical	4,370	0.56
	Real estate 1.07% (0.00%)				Total China	61,458	7.83
3,158,358	Mirvac Group	3,492	0.44				
2,333,674	Westfield Retail Trust	4,969	0.63				
	Speciality & other finance 0.98% (0.62%)						
300,272	Macquarie Group	7,735	0.98				
	Telecommunications services 1.54% (1.38%)						
3,894,916	Telstra	12,079	1.54				
	Total Australia	148,026	18.85				
BERMUDA 1.60% (1.21%)				HONG KONG 13.37% (13.05%)			
	Diversified industrials 1.03% (0.00%)				Banks 0.00% (0.75%)		
314,500	Jardine Strategic	8,075	1.03		Diversified industrials 2.93% (3.17%)		
	Household goods & textiles 0.57% (1.21%)			1,102,000	Hutchison Whampoa	7,937	1.01
4,820,800	Li & Fung	4,486	0.57	2,630,300	Wharf Holdings	15,064	1.92
	Total Bermuda	12,561	1.60		Information technology hardware 0.55% (1.03%)		
				5,862,000	Lenovo Group	4,310	0.55
					Insurance 2.46% (1.82%)		
				6,728,400	AIA Group	19,354	2.46
					Oil & gas 1.41% (2.41%)		
				8,795,000	CNOOC	11,088	1.41
					Real estate 5.02% (2.56%)		
				1,906,000	Cheung Kong Holdings	19,275	2.45
				4,778,000	China Overseas Land	9,039	1.15
				836,799	Sun Hung Kai Properties	8,362	1.07
				1,086,800	Swire Properties	2,715	0.35
					Telecommunications services 1.00% (1.31%)		
				528,000	China Mobile	3,787	0.48
				4,336,000	China Unicom (Hong Kong)	4,094	0.52
					Total Hong Kong	105,025	13.37
CAYMAN ISLANDS 4.83% (5.14%)							
	General retailers 0.30% (0.97%)						
1,800,000	Belle International Holdings	2,313	0.30				
	Leisure entertainment & hotels 1.34% (1.76%)						
3,402,400	Sands China	10,504	1.34				
	Oil & gas 1.52% (1.06%)						
2,484,000	ENN Energy Holdings	8,502	1.08				
5,720,000	Towngas China	3,487	0.44				
	Real estate 0.25% (0.65%)						
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 £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
INDIA 8.26% (6.29%)				PHILIPPINES 2.75% (0.97%)			
	Automobiles & parts 1.09% (0.00%)				Banks 0.84% (0.00%)		
782,976	Mahindra & Mahindra	8,525	1.09	3,524,090	Metroplitan Bank & Trust	6,613	0.84
	Banks 3.17% (2.03%)				Diversified industrials 0.87% (0.97%)		
1,155,170	HDFC Bank	9,052	1.15	744,384	Ayala	6,814	0.87
395,945	ICICI Bank	11,347	1.45		Food producers & processors 0.58% (0.00%)		
761,143	Yes Bank	4,515	0.57		Alliance Global Group	4,524	0.58
	Engineering & machinery 0.54% (0.72%)			13,077,100			
238,516	Larsen & Toubro	4,274	0.54		Real estate 0.46% (0.00%)		
	Leisure entertainment & hotels 0.80% (0.72%)			11,968,800	SM Prime Holdings	3,652	0.46
258,311	Bajaj Auto	6,291	0.80		Total Philippines	21,603	2.75
	Software & computer services 0.71% (1.93%)						
151,612	Infosys Technologies	5,567	0.71	SINGAPORE 5.40% (4.94%)			
	Speciality & other finance 0.62% (0.00%)				Banks 1.79% (1.67%)		
551,593	Shriram Transport Finance	4,837	0.62	1,013,000	DBS Group Holdings	8,365	1.06
	Tobacco 1.33% (0.89%)			1,045,001	Oversea-Chinese Banking	5,701	0.73
2,904,667	ITC	10,421	1.33		Engineering & machinery 2.17% (2.66%)		
	Total India	64,829	8.26	2,002,000	Keppel	12,602	1.60
				1,607,000	SembCorp Industries	4,461	0.57
INDONESIA 3.27% (3.15%)					Real estate 0.85% (0.00%)		
	Automobiles & parts 0.00% (0.77%)			3,331,000	CapitaLand	6,645	0.85
	Banks 1.06% (1.75%)				Telecommunications services 0.59% (0.61%)		
12,294,033	Bank Mandiri (Persero)	8,287	1.06	2,501,000	Singapore Telecommunications	4,641	0.59
	Construction & building materials 1.03% (0.63%)				Total Singapore	42,415	5.40
6,620,000	Semen Indonesia (Persero)	8,127	1.03				
	Media & photography 0.25% (0.00%)			SOUTH KOREA 14.30% (16.31%)			
23,192,500	Indosiar Karya Media	1,930	0.25		Automobiles & parts 1.80% (3.01%)		
	Transport 0.41% (0.00%)			106,908	Hyundai Motor	14,113	1.80
8,195,000	Jasa Marga	3,241	0.41		Banks 1.03% (0.62%)		
	Gas distribution 0.52% (0.00%)			327,173	Hana Financial Holdings	8,127	1.03
10,973,500	Perusahaan Gas Negara	4,076	0.52		Chemicals 0.53% (1.15%)		
	Total Indonesia	25,661	3.27	23,641	LG Chem	4,142	0.53
					Construction & building materials 0.00% (1.46%)		
LUXEMBOURG 0.45% (0.00%)					Electricity 1.12% (0.00%)		
	Personal care & household products 0.45% (0.00%)			443,720	Korea Electric Power	8,793	1.12
2,222,700	Samsonite International	3,505	0.45		Engineering & machinery 0.62% (1.01%)		
	Total Luxembourg	3,505	0.45	210,840	Samsung Heavy Industries	4,856	0.62
					Food producers & processors 0.46% (0.00%)		
MALAYSIA 0.46% (1.89%)				5,565	Orion	3,651	0.46
	Banks 0.46% (0.00%)				General retailers 0.47% (0.93%)		
1,834,800	Malayan Banking	3,593	0.46	39,120	Hyundai Department Store	3,655	0.47
	Leisure entertainment & hotels 0.00% (1.02%)				Health 0.93% (0.77%)		
	Telecommunications services 0.00% (0.87%)			19,390	LG Household & Health Care	7,281	0.93
	Total Malaysia	3,593	0.46				

Threadneedle Asia Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
SOUTH KOREA 14.30% (16.31%) (continued)				UNITED STATES OF AMERICA 0.28% (0.00%)			
	Information technology hardware 6.57% (5.64%)				Health 0.28% (0.00%)		
50,509	Samsung Electronics	47,000	5.99	754,240	ResMed	2,241	0.28
266,670	SK Hynix	4,590	0.58		Total United States of America	2,241	0.28
	Speciality & other finance 0.51% (1.23%)			Total value of investments	773,422	98.50	
157,298	Shinhan Financial Group	4,028	0.51		Net other assets (1.71%)	11,771	1.50
	Steel & other metals 0.26% (0.49%)			Net assets	785,193	100.00	
40,477	Hyundai Steel	2,058	0.26				
	Total South Korea	112,294	14.30				
TAIWAN 8.27% (10.61%)				<i>*Related party.</i>			
	Electronic & electrical equipment 1.45% (2.99%)			<i>The calculation of the % Net Asset Value may not sum to 100% due to rounding.</i>			
2,380,000	Delta Electronics	5,993	0.76	<i>March 2012 comparatives in brackets.</i>			
2,991,928	Hon Hai Precision Industry	5,401	0.69				
	General retailers 0.35% (0.90%)						
750,000	President Chain Store	2,740	0.35				
	Information technology hardware 4.18% (4.60%)						
14,191,408	Taiwan Semiconductor	32,861	4.18				
	Speciality & other finance 1.48% (1.20%)						
12,956,474	China Trust Financial Holding	5,258	0.67				
1,113,062	China Trust Financial Holding						
	Offer Entitlement	76	0.01				
15,778,000	E.Sun Financial Holding	6,243	0.80				
	Telecommunications services 0.81% (0.92%)						
4,072,000	Far EasTone						
	Telecommunications	6,335	0.81				
	Total Taiwan	64,907	8.27				
THAILAND 4.68% (4.29%)							
	Banks 1.28% (3.13%)						
2,534,928	SIAM Commercial Bank	10,092	1.28				
	General retailers 0.92% (0.00%)						
6,786,200	CP ALL PCL	7,192	0.92				
	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				
UNITED KINGDOM 3.90% (4.27%)							
	Collective investment schemes 3.90% (4.27%)						
15,813,506	*Threadneedle China						
	Opportunities Fund	30,637	3.90				
	Total United Kingdom	30,637	3.90				

Threadneedle Latin America Fund

Portfolio Statement

as at 7 March 2013

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
BERMUDA 4.38% (2.61%)				CANADA 2.08% (2.19%)			
	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% (0.53%)				Total Canada	19,020	2.08
1,150,000	Cosan	16,191	1.77				
	Total Bermuda	40,051	4.38				
BRAZIL 55.62% (67.63%)				CHILE 3.35% (2.73%)			
	Automobiles & parts 2.43% (2.39%)				Chemicals 0.00% (0.59%)		
1,330,700	Autometal	9,250	1.01	2,900,000	SACI Falabella	22,709	2.48
1,400,002	lochpe-Maxion	12,993	1.42		Software & computer services 0.87% (0.00%)		
	Banks 10.74% (12.68%)			3,350,544	Sonda	7,947	0.87
675,432	Banco Bradesco	8,281	0.91		Total Chile	30,656	3.35
3,150,000	Banco Bradesco	38,761	4.24				
4,250,000	Itaú Unibanco Banco Multiplo	51,134	5.59		COLOMBIA 0.00% (1.04%)		
	Beverages 6.01% (5.12%)				Banks 0.00% (1.04%)		
1,800,000	Companhia de Bebidas das Americas	55,006	6.01		Total Colombia	-	-
	Construction & building materials 0.00% (1.84%)						
	Diversified industrials 2.70% (2.93%)				LUXEMBOURG 1.04% (0.00%)		
7,000,003	Itausa-Investimentos Itau	24,708	2.70		Oil & gas 1.04% (0.00%)		
	Food producers & processors 1.34% (1.61%)			350,000	Tenaris	9,472	1.04
462,900	M Dias Branco	12,305	1.34		Total Luxembourg	9,472	1.04
	General retailers 7.56% (9.44%)						
1,500,000	Cia Hering	20,253	2.21		MEXICO 23.70% (18.20%)		
1,425,000	Localiza Rent A Car	17,912	1.96		Banks 1.89% (2.40%)		
700,010	Lojas Renner	18,037	1.97	3,500,000	Grupo Financiero Banorte	17,275	1.89
1,700,000	Raia Drogasil	12,970	1.42		Beverages 6.30% (4.13%)		
	Household goods & textiles 1.08% (0.53%)			2,750,000	ARCA Continental	13,545	1.48
2,150,000	Alpargatas	9,900	1.08	600,000	Fomento Economico Mexicano	44,114	4.82
	Mining 8.21% (7.66%)				Chemicals 1.90% (1.46%)		
6,250,000	Vale	75,113	8.21	3,500,000	Alpek SAB de CV	5,443	0.60
	Oil & gas 5.35% (9.75%)			3,556,368	Mexichem	11,902	1.30
4,000,000	Petroleo Brasileiro	48,953	5.35		Construction & building materials 3.12% (0.00%)		
	Real estate 3.24% (4.25%)			3,750,000	Cemex	28,536	3.12
2,000,000	BR Malls Participacoes	17,944	1.96		Diversified industrials 1.54% (0.00%)		
1,400,000	BR Properties	11,697	1.28	5,000,000	Alfa	8,271	0.90
	Speciality & other finance 1.69% (2.48%)			3,500,000	Grupo Kuo	5,872	0.64
3,250,000	BM&F Bovespa	15,428	1.69		General retailers 2.86% (3.00%)		
	Steel & other metals 2.36% (1.54%)			3,000,000	Alsea	5,022	0.55
4,000,000	Gerdau	21,555	2.36	10,500,894	Wal-Mart de Mexico	21,141	2.31
	Support services 2.82% (1.70%)				Media & photography 1.93% (0.00%)		
3,002,152	CCR	19,952	2.18	1,000,000	Grupo Televisa	17,620	1.93
425,000	Valid Solucoes	5,857	0.64		Mining 2.17% (1.43%)		
	Telecommunications services 0.09% (3.71%)			7,500,921	Grupo Mexico	19,863	2.17
77,600	LINX	829	0.09				
	Total Brazil	508,838	55.62				

Threadneedle Latin America Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
MEXICO 23.70% (18.20%) (continued)			
	Pharmaceuticals & biotechnology 1.07% (1.20%)		
6,000,000	Genomma Lab Internacional	9,785	1.07
	Real estate 0.92% (0.00%)		
5,587,100	Macquarie Mexico Real Estate	8,380	0.92
	Telecommunications services 0.00% (4.58%)		
	Total Mexico	216,769	23.70
PANAMA 2.67% (1.63%)			
	Aerospace & defence 2.67% (1.63%)		
340,000	Copa Holdings Class A	24,417	2.67
	Total Panama	24,417	2.67
PERU 0.71% (0.57%)			
	Construction & building materials 0.71% (0.57%)		
695,021	Cementos Pacasmayo	6,489	0.71
	Total Peru	6,489	0.71
UNITED KINGDOM 1.47% (2.12%)			
	Mining 1.47% (2.12%)		
1,250,000	Antofagasta	13,463	1.47
	Total United Kingdom	13,463	1.47
UNITED STATES OF AMERICA 1.11% (0.68%)			
	Mining 1.11% (0.68%)		
404,691	Southern Copper	10,192	1.11
	Total United States of America	10,192	1.11
Total value of investments		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.

Threadneedle Emerging Market Bond Fund

Portfolio Statement

as at 7 March 2013

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
ARGENTINA 2.71% (3.29%)				COLOMBIA 3.01% (4.95%)			
	B 0.00% (1.01%)				BBB- 3.01% (4.95%)		
	B3 0.00% (0.14%)			USD 11,992,000	Republic of Colombia 4.375% 12/07/2021	8,994	0.89
	Not rated 2.71% (2.14%)			USD 5,664,000	Republic of Colombia 6.125% 18/01/2041	4,855	0.48
USD 36,886,394	Republic of Argentina 0% 03/10/2015	20,766	2.05	USD 6,564,000	Republic of Colombia 7.375% 27/01/2017	5,369	0.53
USD 6,209,697	Republic of Argentina 0% 17/04/2017	3,238	0.32	USD 8,396,000	Republic of Colombia 7.375% 18/03/2019	7,244	0.71
USD 15,337,967	Republic of Argentina 2.5% 31/12/2038	3,406	0.34	USD 4,154,000	Republic of Colombia 7.375% 18/09/2037	4,045	0.40
	Total Argentina	27,410	2.71		Total Colombia	30,507	3.01
BRAZIL 6.96% (7.46%)				CROATIA 1.88% (0.00%)			
	BBB 5.93% (3.42%)				BB+ 1.88% (0.00%)		
USD 3,182,000	Federal Republic of Brazil 2.625% 05/01/2023	2,050	0.20	USD 8,238,000	Croatia 6.25% 27/04/2017	5,971	0.59
USD 20,671,000	Federal Republic of Brazil 4.875% 22/01/2021	16,131	1.59	USD 5,940,000	Croatia 6.375% 24/03/2021	4,419	0.43
USD 13,361,000	Federal Republic of Brazil 5.625% 07/01/2041	10,780	1.07	USD 1,578,000	Croatia 6.625% 14/07/2020	1,184	0.12
USD 20,276,000	Federal Republic of Brazil 5.875% 15/01/2019	16,334	1.61	USD 9,999,000	Croatia 6.75% 05/11/2019	7,510	0.74
USD 5,436,000	Federal Republic of Brazil 7.125% 20/01/2037	5,166	0.51		Total Croatia	19,084	1.88
USD 3,756,000	Federal Republic of Brazil 8.25% 20/01/2034	3,922	0.39	EGYPT 0.25% (0.22%)			
USD 3,888,000	Federal Republic of Brazil 8.75% 04/02/2025	4,019	0.40		B 0.00% (0.22%)		
USD 1,606,000	Federal Republic of Brazil 8.875% 15/04/2024	1,652	0.16	USD 4,339,000	Arab Republic of Egypt 6.875% 30/04/2040	2,501	0.25
	Baa2 1.03% (2.57%)				B- 0.25% (0.00%)		
BRL 29,990	Nota do Tesouro Nacional 0% 01/01/2015	10,443	1.03		Total Egypt	2,501	0.25
	Not rated 0.00% (1.47%)			EL SALVADOR 1.20% (0.00%)			
	Total Brazil	70,497	6.96		BB- 1.20% (0.00%)		
CAYMAN ISLANDS 0.00% (1.53%)				USD 1,768,000	Republic of El Salvador 5.875% 30/01/2025	1,255	0.13
	BBB 0.00% (1.53%)			USD 2,613,000	Republic of El Salvador 7.625% 01/02/2041	2,056	0.20
	Total Cayman Islands	-	-	USD 4,752,000	Republic of El Salvador 7.65% 15/06/2035	3,734	0.37
CHILE 0.00% (1.86%)				USD 5,961,000	Republic of El Salvador 8.25% 10/04/2032	5,069	0.50
	A+ 0.00% (0.39%)				Total El Salvador	12,114	1.20
	A 0.00% (1.47%)			HUNGARY 2.33% (1.93%)			
	Total Chile	-	-		BB+ 0.00% (1.93%)		
CHINA 0.09% (0.00%)					BB 2.33% (0.00%)		
	BB- 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 7,968,000	Republic of Hungary 5.375% 21/02/2023	5,292	0.52
	Total China	925	0.09	USD 2,218,000	Republic of Hungary 6.25% 29/01/2020	1,607	0.16
				USD 17,806,000	Republic of Hungary 6.375% 29/03/2021	12,926	1.28
				USD 3,278,000	Republic of Hungary 7.625% 29/03/2041	2,475	0.24
					Total Hungary	23,627	2.33

Threadneedle Emerging Market Bond Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
INDONESIA 6.83% (7.41%)				Baa1 0.29% (0.63%)			
	BB+ 6.70% (7.41%)			USD 4,430,000	Petroleos Mexicanos 3.5%	2,905	0.29
USD 400,000	Pertamina 4.875% 03/05/2022	281	0.03		30/01/2023		
USD 10,960,000	Pertamina 5.25% 23/05/2021	7,894	0.78				
USD 6,694,000	Perusahaan Penerbit SBSN			BBB 9.18% (9.61%)			
	4% 21/11/2018	4,659	0.46	USD 2,708,000	Comisión Federal de Electricidad		
USD 11,731,000	Republic of Indonesia				4.875% 26/05/2021	2,000	0.20
	3.75% 25/04/2022	8,076	0.80	USD 4,072,000	Petroleos Mexicanos		
USD 26,038,000	Republic of Indonesia				4.875% 24/01/2022	2,987	0.29
	4.875% 05/05/2021	19,298	1.90	USD 12,374,000	Petroleos Mexicanos		
USD 7,753,000	Republic of Indonesia				5.5% 21/01/2021	9,446	0.93
	5.25% 17/01/2042	5,596	0.55	USD 4,726,000	Petroleos Mexicanos		
USD 13,501,000	Republic of Indonesia				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				6.5% 02/06/2041	3,646	0.36
	6.875% 09/03/2017	1,499	0.15	USD 14,330,000	United Mexican States		
USD 2,161,000	Republic of Indonesia				3.625% 15/03/2022	10,195	1.01
	7.75% 17/01/2038	2,030	0.20	USD 12,107,000	United Mexican States		
USD 3,831,000	Republic of Indonesia				4.75% 08/03/2044	8,524	0.84
	8.5% 12/10/2035	3,809	0.38	USD 15,514,000	United Mexican States		
					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
IRAQ 0.50% (1.78%)				USD 16,805,000	United Mexican States		
	Not rated 0.50% (1.78%)				6.75% 27/09/2034	15,165	1.50
USD 8,238,000	Republic of Iraq 5.8%			USD 6,405,000	United Mexican States		
	15/01/2028	5,036	0.50		7.5% 08/04/2033	6,162	0.61
	Total Iraq	5,036	0.50	USD 4,978,000	United Mexican States		
KAZAKHSTAN 0.62% (2.57%)					8.3% 15/08/2031	5,124	0.51
	BBB+ 0.58% (0.00%)			Total Mexico			
USD 8,811,000	Development Bank of Kazakhstan	5,853	0.58		111,293	10.99	
	4.125% 10/12/2022			NETHERLANDS 2.42% (0.00%)			
					BBB- 1.42% (0.00%)		
	BBB- 0.04% (2.57%)			USD 5,289,000	JSC National Company		
USD 503,000	JSC National Company				KazMunayGas		
	KazMunayGas 9.125%				6.375% 09/04/2021	4,179	0.41
	02/07/2018	429	0.04	USD 12,721,000	Kazakhstan Temir Zholy		
	Total Kazakhstan	6,282	0.62		Finance 6.95% 10/07/2042	10,222	1.01
LUXEMBOURG 0.71% (0.73%)				USD 200,000	Intergas Finance		
	A3 0.71% (0.73%)				6.375% 14/05/2017	151	0.02
USD 10,011,000	Sberbank 4.95% 07/02/2017	7,139	0.71	USD 1,256,000	Majapahit Holding		
	Total Luxembourg	7,139	0.71		7.25% 28/06/2017	979	0.10
MALAYSIA 0.00% (1.55%)				USD 759,000	Majapahit Holding		
	A- 0.00% (1.55%)				7.75% 20/01/2020	625	0.06
	Total Malaysia	-	-	USD 1,155,000	Majapahit Holding		
MEXICO 10.99% (11.14%)					8% 07/08/2019	958	0.09
	A- 1.52% (0.90%)			USD 10,040,000	Republic of Angola via		
MXN133,000,000	Mexican Bonos Desarrollo				Northern Lights III 7% 16/08/2019	7,406	0.73
	Fixed Rate 6.5% 09/06/2022	7,728	0.76		Total Netherlands	24,520	2.42
MXN134,500,000	Mexican Bonos Desarrollo						
	Fixed Rate 8% 17/12/2015	7,678	0.76				

Threadneedle Emerging Market Bond Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
NIGERIA 0.22% (0.00%)				POLAND 0.30% (2.55%)			
	BB- 0.22% (0.00%)				A- 0.30% (2.55%)		
USD	2,800,000			USD	1,096,000		
	Republic of Nigeria				Republic of Poland		
	6.75% 28/01/2021	2,190	0.22		3% 17/03/2023	715	0.07
	Total Nigeria	2,190	0.22	USD	927,000		
					Republic of Poland		
					5% 23/03/2022	710	0.07
PANAMA 1.65% (2.03%)				USD	926,000		
	BBB 1.31% (0.00%)				Republic of Poland		
USD	4,935,000				5.125% 21/04/2021	715	0.07
	Republic of Panama	4,411	0.44	USD	1,101,000		
	6.7% 26/01/2036				Republic of Poland		
USD	3,496,000				6.375% 15/07/2019	905	0.09
	Republic of Panama	3,598	0.35		Total Poland	3,045	0.30
	8.875% 30/09/2027						
USD	4,840,000						
	Republic of Panama	5,227	0.52	REPUBLIC OF IRELAND 1.17% (0.00%)			
	9.375% 01/04/2029				BBB 0.16% (0.00%)		
	Baa2 0.34% (0.00%)			USD	2,165,000		
USD	4,611,000				RZD Capital 5.7% 05/04/2022	1,615	0.16
	Panama Bonos del Tesoro				BBB- 1.01% (0.00%)		
	5.625% 25/07/2022	3,475	0.34	USD	8,370,000		
	BBB- 0.00% (2.03%)				GBP Eurobond Finance		
	Total Panama	16,711	1.65		5.625% 17/05/2017	5,958	0.59
				USD	3,243,000		
PERU 2.07% (2.33%)					Rosneft International Finance		
	BBB 2.07% (2.33%)				3.149% 06/03/2017	2,187	0.21
USD	2,825,000				Rosneft International Finance		
	El Fondo Mivivienda			USD	3,165,000		
	3.5% 31/01/2023	1,848	0.18		4.199% 06/03/2022	2,118	0.21
USD	625,000				Total Republic of Ireland	11,878	1.17
	Republic of Peru	506	0.05				
	6.375% 03/05/2016			RUSSIAN FEDERATION 7.72% (10.43%)			
USD	1,291,000				Baa1 0.00% (1.05%)		
	Republic of Peru				BBB+ 3.00% (0.00%)		
	6.55% 14/03/2037	1,179	0.12	RUB452,707,000	Russia Government Bond		
USD	2,048,000				6.9% 03/08/2016	10,084	1.00
	Republic of Peru	1,757	0.17	RUB220,000,000	Russia Government Bond		
	7.125% 30/03/2019				7.4% 14/06/2017	4,994	0.49
USD	11,682,000			RUB442,228,000	Russia Government Bond		
	Republic of Peru	11,037	1.09		7.6% 14/04/2021	10,181	1.01
	7.35% 21/07/2025			RUB218,000,000	Russia Government Bond		
USD	4,212,000				7.6% 20/07/2022	5,013	0.50
	Republic of Peru	4,675	0.46		BBB 4.72% (9.38%)		
	Total Peru	21,002	2.07	USD	29,500,000		
					Russia Foreign Bond		
PHILIPPINES 4.72% (6.01%)					5% 29/04/2020	22,457	2.22
	BB 0.00% (6.01%)			USD	2,400,000		
	BB+ 4.72% (0.00%)				Russian Federation		
USD	8,980,000				4.5% 04/04/2022	1,768	0.17
	Republic of Philippines			USD	6,600,000		
	4% 15/01/2021	6,659	0.66		Russian Federation		
USD	2,445,000				5.625% 04/04/2042	5,100	0.50
	Republic of Philippines	1,875	0.18	USD	20,351,819		
	5% 13/01/2037				*Russian Federation		
USD	13,560,000				7.5% 31/03/2030	16,846	1.66
	Republic of Philippines	11,110	1.10	USD	2,206,000		
	5.5% 30/03/2026				Vnesheconombank Via VEB		
USD	2,096,000				Finance 6.902% 09/07/2020	1,758	0.17
	Republic of Philippines	1,808	0.18		Total Russian Federation	78,201	7.72
	6.375% 15/01/2032						
USD	5,439,000			SOUTH AFRICA 0.28% (2.41%)			
	Republic of Philippines	4,769	0.47		BBB+ 0.00% (2.41%)		
	6.375% 23/10/2034				BBB 0.28% (0.00%)		
USD	1,200,000				Republic of South Africa		
	Republic of Philippines	1,009	0.10		4.665% 17/01/2024	2,805	0.28
	6.5% 20/01/2020				Total South Africa	2,805	0.28
USD	5,799,000			USD	3,893,000		
	Republic of Philippines	5,638	0.55				
	7.75% 14/01/2031						
USD	15,282,000						
	Republic of Philippines	13,788	1.36				
	8.375% 17/06/2019						
USD	1,378,000						
	Republic of Philippines	1,192	0.12				
	9.375% 18/01/2017						
	Total Philippines	47,848	4.72				

Threadneedle Emerging Market Bond Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
SRI LANKA 0.91% (0.66%)				USD	350,000		
	B+ 0.67% (0.66%)						
USD	4,010,000			EUR	5,810,000	259	0.03
	Republic of Sri Lanka				5.25% 22/02/2017		
	5.875% 25/07/2022	2,798	0.28		Republic of Lithuania	5,567	0.55
USD	5,625,000			USD	5,833,000		
	Republic of Sri Lanka				4.85% 07/02/2018		
	6.25% 04/10/2020	4,005	0.39	USD	8,144,000	4,330	0.43
					5.125% 14/09/2017		
	B1 0.24% (0.00%)			USD	1,240,000	6,738	0.66
USD	3,470,000				6.625% 01/02/2022		
	Bank of Ceylon			USD	1,240,000	1,049	0.10
	6.875% 03/05/2017	2,450	0.24		7.375% 11/02/2020		
	Total Sri Lanka	9,253	0.91				
TURKEY 8.59% (7.23%)				USD	4,645,000		
	Ba1 7.01% (0.00%)				BBB- 0.31% (0.00%)		
USD	5,434,000				Kingdom of Morocco	3,173	0.31
	Republic of Turkey				4.25% 11/12/2022		
	5.125% 25/03/2022	4,082	0.40	USD	3,715,000		
USD	5,019,000				BB+ 1.46% (0.31%)		
	Republic of Turkey				Republic of Costa Rica		
	5.625% 30/03/2021	3,890	0.38	USD	3,724,000	2,516	0.25
USD	11,906,000				4.25% 26/01/2023		
	Republic of Turkey			USD	1,144,000	2,486	0.25
	6% 14/01/2041	9,226	0.91	EUR	1,144,000	1,125	0.11
USD	11,393,000			USD	10,746,000	8,578	0.85
	Republic of Turkey				6.75% 07/02/2022		
	6.25% 26/09/2022	9,220	0.91		BB 0.46% (0.00%)		
USD	16,477,000			USD	4,820,000		
	Republic of Turkey				Republic of Guatemala	3,186	0.31
	6.75% 03/04/2018	13,150	1.30		4.875% 13/02/2028		
USD	4,285,000			USD	1,985,000		
	Republic of Turkey				Republic of Guatemala		
	6.75% 30/05/2040	3,642	0.36		5.75% 06/06/2022	1,479	0.15
USD	7,296,000				BB- 1.44% (0.00%)		
	Republic of Turkey			USD	1,223,000		
	6.88% 17/03/2036	6,186	0.61		Bolivia Government		
USD	1,635,000				4.875% 29/10/2022	807	0.08
	Republic of Turkey			USD	1,564,000	1,015	0.10
	7.25% 05/03/2038	1,457	0.14	USD	2,705,000	1,704	0.17
USD	14,557,000				Mongolia 4.125% 05/01/2018		
	Republic of Turkey			USD	2,220,000		
	7.375% 05/02/2025	12,743	1.26		Mongolia 5.125% 05/12/2022		
USD	4,753,000			USD	2,220,000		
	Republic of Turkey				Republic of Paraguay		
	7.5% 07/11/2019	4,028	0.40		4.625% 25/01/2023	1,481	0.15
USD	3,599,000			USD	8,609,000		
	Republic of Turkey				Republic of Serbia		
	8% 14/02/2034	3,400	0.34		4.875% 25/02/2020	5,690	0.56
	BB 0.10% (7.23%)			USD	3,875,000		
USD	1,360,000				Republic of Serbia	2,670	0.26
	Export Credit Bank of Turkey			USD	1,600,000		
	5.875% 24/04/2019	1,019	0.10		5.25% 21/11/2017	2,670	0.26
	Not rated 1.48% (0.00%)				7.25% 28/09/2021	1,207	0.12
TRY	13,500,000			USD	23,492,000		
	Republic of Turkey				B+ 2.11% (1.95%)		
	6.5% 07/01/2015	5,075	0.50		Dominican Republic		
TRY	13,000,000			USD	2,995,000	17,711	1.75
	Republic of Turkey				7.5% 06/05/2021		
	7.5% 24/09/2014	4,953	0.49	USD	1,975,000	2,367	0.23
TRY	12,100,000				Republic of Senegal		
	Republic of Turkey				8.75% 13/05/2021		
	9% 08/03/2017	4,958	0.49	USD	1,975,000		
	Total Turkey	87,029	8.59		Republic of Zambia		
					5.375% 20/09/2022	1,317	0.13
UNITED STATES OF AMERICA 17.01% (4.67%)					B1 0.00% (0.45%)		
	BBB 3.56% (1.40%)				B 5.25% (0.56%)		
USD	7,938,000			USD	2,971,000		
	Pemex Project Funding Master				Lebanese Republic		
	Trust 5.75% 01/03/2018	6,082	0.60	USD	6,218,000	1,979	0.20
USD	7,008,000				5% 12/10/2017		
	Pemex Project Funding Master				Lebanese Republic		
	Trust 6.625% 15/06/2035	5,601	0.55	USD	1,050,000	4,145	0.41
USD	1,605,000				5.45% 28/11/2019		
	Pemex Project Funding Master				Lebanese Republic		
	Trust 6.625% 15/06/2038	1,284	0.13	USD	1,971,000	723	0.07
USD	7,920,000				6% 20/05/2019		
	Republic of Latvia			USD	18,324,000	1,354	0.13
	2.75% 12/01/2020	5,186	0.51		Lebanese Republic		
					6.6% 27/11/2026		
					8.25% 12/04/2021	14,093	1.39

Threadneedle Emerging Market Bond Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
UNITED STATES OF AMERICA 17.01% (4.67%) (continued)				USD	7,641,400	Petroleos de Venezuela 5.375% 12/04/2027	3,581 0.35
USD	2,639,000	Lebanese Republic 9% 20/03/2017	2,027 0.20	USD	3,934,500	Petroleos de Venezuela 5.5% 12/04/2037	1,791 0.18
USD	3,720,000	Ukraine Government 6.25% 17/06/2016	2,497 0.25	USD	20,805,000	Petroleos de Venezuela 8.5% 02/11/2017	13,476 1.33
USD	5,032,000	Ukraine Government 6.75% 14/11/2017	3,439 0.34	USD	11,310,470	Petroleos de Venezuela 9% 17/11/2021	7,163 0.71
USD	5,294,000	Ukraine Government 7.8% 28/11/2022	3,732 0.37	USD	4,091,000	Republic of Venezuela 6% 09/12/2020	2,292 0.23
USD	4,000,000	Ukraine Government 7.95% 23/02/2021	2,894 0.29	USD	2,840,000	Republic of Venezuela 8.5% 08/10/2014	1,933 0.19
USD	21,802,000	Ukraine Government 9.25% 24/07/2017	16,221 1.60	USD	5,635,000	Republic of Venezuela 9.375% 13/01/2034	3,713 0.37
		B3 0.43% (0.00%)		USD	11,429,400	Republic of Venezuela 11.95% 05/08/2031	8,696 0.86
USD	6,322,000	Ukreximbank 8.375% 27/04/2015	4,322 0.43			B2 0.31% (0.00%)	
		Not rated 1.99% (0.00%)		USD	4,984,551	Petroleos de Venezuela 9.75% 17/05/2035	3,176 0.31
USD	15,021,000	*Ivory Coast 7.09955% 31/12/2032	9,330 0.92			Not rated 0.56% (0.00%)	
USD	9,612,000	Naftogaz of Ukraine 9.5% 30/09/2014	6,681 0.66	USD	7,535,700	Petroleos de Venezuela 12.75% 17/02/2022	5,706 0.56
USD	6,293,000	State Oil Co of The Azer 4.75 13/03/2023	4,204 0.41			Total Venezuela	97,879 9.67
		Total United States of America	172,249 17.01				
URUGUAY 0.94% (2.13%)				DERIVATIVES 0.00% (0.04%)			
		BBB- 0.94% (2.13%)		Forward foreign exchange contracts (-0.01%) (0.04%)			
USD	2,309,573	Oriental Republic of Uruguay 6.875% 28/09/2025	2,033 0.20			Sell RUB 1,420,491,131	
USD	8,050,845	Oriental Republic of Uruguay 8% 18/11/2022	7,471 0.74			Buy USD 46,504,866 HSBC	371 0.04
		Total Uruguay	9,504 0.94			Sell USD 46,634,640	
						Buy RUB 1,420,491,131 HSBC	(458) (0.05)
VENEZUELA 9.67% (10.21%)						Sell PLN 98,316,187	
		B+ 8.80% (10.21%)				Buy USD 31,211,319 Citigroup	295 0.03
USD	2,177,500	Bolivarian Republic of Venezuela 5.75% 26/02/2016	1,377 0.13			Sell USD 31,477,296	
USD	2,725,000	Bolivarian Republic of Venezuela 7% 01/12/2018	1,699 0.17			Buy PLN 98,316,187 HSBC	(472) (0.05)
USD	3,398,500	Bolivarian Republic of Venezuela 7% 31/03/2038	1,819 0.18			Sell USD 22,994,743	
USD	4,346,000	Bolivarian Republic of Venezuela 7.65% 21/04/2025	2,582 0.25			Buy MXN 292,904,306 Citigroup	(117) (0.01)
USD	7,554,900	Bolivarian Republic of Venezuela 7.75% 13/10/2019	4,740 0.47			Sell TRY 41,132,532	
USD	6,604,400	Bolivarian Republic of Venezuela 8.25% 13/10/2024	4,054 0.40			Buy USD 22,795,621 RBS	37 -
USD	5,302,000	Bolivarian Republic of Venezuela 9% 07/05/2023	3,435 0.34			Sell MXN 292,904,372	
USD	10,759,000	Bolivarian Republic of Venezuela 9.25% 15/09/2027	7,150 0.71			Buy USD 22,784,263 RBS	(23) -
USD	5,691,300	Bolivarian Republic of Venezuela 9.25% 07/05/2028	3,733 0.37			Sell USD 22,197,016	
USD	8,125,000	Bolivarian Republic of Venezuela 11.75% 21/10/2026	6,102 0.60			Buy TRY 40,092,251 HSBC	(21) -
USD	6,296,300	Bolivarian Republic of Venezuela 12.75% 23/08/2022	4,941 0.49			Sell EUR 7,735,000	
USD	8,193,500	Petroleos de Venezuela 5.25% 12/04/2017	4,720 0.47			Buy USD 10,405,215 RBS	221 0.02
						Sell GBP 2,950,000	
						Buy USD 4,602,549 Goldman Sachs	120 0.01
						Sell USD 1,780,910	
						Buy GBP 1,150,000 J.P. Morgan	(38) -
						Sell GBP 950,000	
						Buy USD 1,476,005 J.P. Morgan	35 -
						Sell USD 151,320	
						Buy GBP 100,000 Citigroup	(1) -
						Futures and Options 0.01% (0.00%)	
				USD	(294)**	UBS US 10 Year Note Future Expiring June 2013	77 0.01
						Total derivatives	26 -
						Total value of investments	969,696 95.75
						Net other assets (2.88%)	43,022 4.25
						Net assets	1,012,718 100.00

Threadneedle Emerging Market Bond Fund

Portfolio Statement

(continued)

	Value £000
ANALYSIS OF INVESTMENTS BY CREDIT RATINGS	
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
B	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	Type	Value £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 £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
AUSTRALIA 0.00% (1.71%)				GERMANY 3.96% (4.41%)			
	Mining 0.00% (1.23%)			113,841	Aerospace & defence 0.97% (0.76%) MTU Aero Engines Holding	7,262	0.97
	Steel & other metals 0.00% (0.48%)				Automobiles & parts 0.00% (0.97%)		
	Total Australia	–	–		Chemicals 1.83% (1.26%) Brenntag	7,791	1.04
				48,415	Linde	5,884	0.79
BELGIUM 1.80% (0.00%)					Media & photography 1.16% (1.42%) Kabel Deutschland Holding	8,657	1.16
	Beverages 1.80% (0.00%)				Total Germany	29,594	3.96
211,978	Anheuser-Busch InBev	13,430	1.80				
	Total Belgium	13,430	1.80	HONG KONG 1.40% (1.73%)			
					Leisure entertainment & hotels 0.00% (0.44%)		
BERMUDA 0.77% (0.64%)					Real estate 1.40% (1.29%) Sun Hung Kai Properties	10,482	1.40
	Real estate 0.77% (0.64%) Great Eagle Holdings	5,771	0.77		Total Hong Kong	10,482	1.40
2,137,364							
	Total Bermuda	5,771	0.77	INDONESIA 1.28% (0.70%)			
					Banks 1.28% (0.70%) Bank Rakyat Indonesia	9,534	1.28
BRAZIL 0.00% (3.62%)				15,933,775		9,534	1.28
	Banks 0.00% (1.50%)				Total Indonesia		
	Construction & building materials 0.00% (1.47%)						
	Electricity 0.00% (0.65%)			ITALY 0.00% (0.79%)			
	Total Brazil	–	–		Electronic & electrical equipment 0.00% (0.79%)		
					Total Italy	–	–
CANADA 2.02% (1.47%)							
	Chemicals 0.87% (0.50%) Methanex	6,514	0.87	JAPAN 6.44% (8.39%)			
252,300					Automobiles & parts 2.36% (1.19%) Toyota Motor	17,601	2.36
	Information technology hardware 0.00% (0.50%)			515,000			
	Media & photography 0.46% (0.00%) Aimia	3,459	0.46	762,600	Beverages 1.66% (1.68%) Asahi Group Holdings	12,375	1.66
342,700					Electronic & electrical equipment 1.47% (3.73%) Makita	10,989	1.47
	Mining 0.69% (0.47%) First Quantum Minerals	5,150	0.69	367,621			
426,100					Engineering & machinery 0.00% (0.68%)		
	Total Canada	15,123	2.02		Information technology hardware 0.00% (1.11%)		
					Software & computer services 0.95% (0.00%) Konami	7,137	0.95
CYPRUS 0.86% (0.80%)					Total Japan	48,102	6.44
	Oil & gas 0.86% (0.80%) Prosafte	6,425	0.86				
953,512				NETHERLANDS 1.23% (2.12%)			
	Total Cyprus	6,425	0.86		Chemicals 1.23% (0.00%) LyondellBasell	9,162	1.23
				219,725			
DENMARK 0.00% (0.62%)					Insurance 0.00% (0.79%)		
	Engineering & machinery 0.00% (0.62%)				Oil & gas 0.00% (1.33%)		
	Total Denmark	–	–		Total Netherlands	9,162	1.23
FRANCE 1.35% (2.47%)				PANAMA 1.37% (0.84%)			
	Automobiles & parts 1.35% (1.05%) Renault	10,086	1.35		Aerospace & defence 1.37% (0.84%) Copa Holdings Class A	10,255	1.37
224,934				142,794		10,255	1.37
	General retailers 0.00% (0.68%)				Total Panama		
	Insurance 0.00% (0.74%)						
	Total France	10,086	1.35				

Threadneedle Global Select Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
REPUBLIC OF IRELAND 1.77% (0.74%)				UNITED KINGDOM 11.64% (8.13%)			
	Health 1.77% (0.00%)				Banks 1.71% (0.00%)		
305,598	Covidien	13,217	1.77	1,777,380	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 FEDERATION 0.89% (0.61%)					Food producers & processors 1.97% (0.00%)		
	Banks 0.89% (0.61%)			539,569	Unilever	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
SINGAPORE 0.00% (0.38%)					Investment companies 0.00% (0.46%)		
	Real estate 0.00% (0.38%)				Leisure entertainment & hotels 0.00% (0.59%)		
	Total Singapore	-	-		Mining 0.94% (0.75%)		
SOUTH AFRICA 0.00% (0.49%)				204,201	Rio Tinto	7,043	0.94
	Telecommunications services 0.00% (0.49%)				Oil & gas 2.12% (3.23%)		
	Total South Africa	-	-	863,147	BG Group	10,056	1.35
SOUTH KOREA 3.02% (3.68%)				465,198	Tullow Oil	5,773	0.77
	General retailers 0.00% (0.98%)				Pharmaceuticals & biotechnology 1.18% (0.00%)		
	Information technology hardware 2.28% (1.65%)			593,587	GlaxoSmithKline	8,803	1.18
18,360	Samsung Electronics	17,084	2.28		Support services 0.00% (0.58%)		
	Leisure entertainment & hotels 0.74% (0.62%)				Telecommunications services 1.15% (1.55%)		
274,428	Kangwon Land	5,506	0.74	4,831,202	Vodafone Group	8,597	1.15
	Speciality & other finance 0.00% (0.43%)				Total United Kingdom	87,013	11.64
	Total South Korea	22,590	3.02	UNITED STATES OF AMERICA 49.47% (48.03%)			
SWITZERLAND 8.30% (6.90%)					Banks 2.04% (4.17%)		
	Electronic & electrical equipment 1.07% (1.00%)			456,690	J.P. Morgan Chase	15,232	2.04
288,394	TE Connectivity	7,969	1.07		Beverages 0.00% (1.91%)		
	Food producers & processors 2.21% (1.38%)				Chemicals 2.30% (1.54%)		
351,323	Nestle	16,563	2.21	162,024	Airgas	10,967	1.47
	General retailers 1.11% (0.83%)			46,279	CF Industries Holdings	6,234	0.83
385,653	Tyco International	8,290	1.11		Distributors 1.39% (1.24%)		
	Household goods & textiles 1.95% (1.49%)			206,899	Wesco International	10,375	1.39
38,688	Swatch Group	14,573	1.95		Diversified industrials 1.03% (0.64%)		
	Pharmaceuticals & biotechnology 1.96% (2.20%)			126,424	Philip Morris International	7,723	1.03
319,299	Novartis	14,626	1.96		Engineering & machinery 1.09% (0.00%)		
	Total Switzerland	62,021	8.30	104,298	Cummins	8,129	1.09
					Food producers & processors 0.00% (1.76%)		
					General retailers 3.81% (6.01%)		
				317,898	Ebay	11,358	1.52
				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 £000	% of Net Asset Value
UNITED STATES OF AMERICA 49.47% (48.03%) (continued)			
Information technology hardware 4.15% (6.25%)			
32,191	Apple	9,136	1.22
317,776	Lam Research	9,134	1.22
286,731	Qualcomm	12,747	1.71
Insurance 2.58% (0.96%)			
411,323	American International Group	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% (1.62%)			
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	Enterprise Products Partners	8,933	1.19
178,532	Marathon Petroleum	10,541	1.41
145,702	National-Oilwell Varco	6,567	0.88
Pharmaceuticals & biotechnology 3.50% (0.00%)			
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	priceline.com	11,656	1.56
556,394	Riverbed Technology	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	American Express	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
Support services 0.86% (0.00%)			
169,144	Equifax	6,407	0.86
Telecommunications services 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 investments		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.

Threadneedle Global Bond Fund

Portfolio Statement

as at 7 March 2013

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
AUSTRALIA 1.33% (4.01%)					CHILE 0.22% (1.16%)				
		AAA 0.00% (2.96%)					A+ 0.00% (1.16%)		
		Aaa 1.33% (1.05%)					A 0.22% (0.00%)		
AUD	1,750,000	Australian Government 3.25% 21/04/2029	1,093	0.43	USD	815,000	Codelco 3.75% 04/11/2020	570	0.22
USD	3,450,000	Westpac Banking 1.25% 15/12/2017	2,293	0.90			Total Chile	570	0.22
		Total Australia	3,386	1.33					
AUSTRIA 1.95% (1.65%)					CHINA 1.33% (2.06%)				
		Aaa 0.76% (0.00%)					AA- 1.33% (2.06%)		
EUR	2,200,000	Hypo Alpe-Adria International 2.375% 13/12/2022	1,932	0.76	USD	1,650,000	Export-Import Bank of China 4.875% 21/07/2015	1,197	0.47
		AA+ 0.37% (1.65%)			USD	3,200,000	People's Republic of China 4.75% 29/10/2013	2,185	0.86
EUR	975,000	Republic of Austria 3.15% 20/06/2044	928	0.37			Total China	3,382	1.33
		AA- 0.82% (0.00%)							
USD	2,750,000	UniCredito Bank Austria 7.25% 15/02/2017	2,091	0.82	CZECH REPUBLIC 0.00% (1.57%)				
		Total Austria	4,951	1.95			AA- 0.00% (0.95%)		
BELGIUM 0.66% (0.00%)							A1e 0.00% (0.62%)		
		Aa3 0.66% (0.00%)					Total Czech Republic	-	-
EUR	1,450,000	Belgium Kingdom 5.5% 28/03/2028	1,685	0.66	EGYPT 0.71% (0.00%)				
		Total Belgium	1,685	0.66			BBB- 0.71% (0.00%)		
CANADA 8.46% (8.50%)					USD	2,500,000	African Export-Import 5.75% 27/07/2016	1,801	0.71
		AAA 4.99% (2.72%)					Total Egypt	1,801	0.71
CAD	12,500,000	Canada Housing Trust 1.7% 15/12/2017	8,135	3.20	FINLAND 1.33% (4.25%)				
CAD	7,000,000	Canada Housing Trust 2.4% 15/12/2022	4,548	1.79			AAA 1.33% (4.25%)		
		Aaa 0.00% (1.46%)			USD	4,950,000	Municipality Finance 1.625% 25/04/2017	3,390	1.33
		Aaae 0.00% (1.55%)					Total Finland	3,390	1.33
		AA- 3.06% (2.42%)			FRANCE 2.47% (4.77%)				
USD	4,325,000	Province of Ontario 1.1% 25/10/2017	2,882	1.14			AAA 0.00% (0.50%)		
CAD	3,000,000	Province of Ontario 4.2% 02/06/2020	2,179	0.86			Aaa 0.00% (2.94%)		
USD	4,000,000	Royal Bank of Canada 1.5% 16/01/2018	2,682	1.06			AA+ 0.82% (0.00%)		
		A- 0.00% (0.35%)			EUR	1,930,000	Government of France 4.5% 25/04/2041	2,091	0.82
		BBB+ 0.41% (0.00%)					AA- 0.00% (0.93%)		
USD	1,500,000	Barrick Gold 2.9% 30/05/2016	1,049	0.41			A+ 1.16% (0.00%)		
		Total Canada	21,475	8.46	USD	4,375,000	*BNP Paribas 1.205% 10/01/2014	2,932	1.16
CAYMAN ISLANDS 0.00% (0.51%)							A 0.49% (0.40%)		
		A+ 0.00% (0.51%)			USD	1,855,000	Groupe BPCE 2.375% 04/10/2013	1,250	0.49
		Total Cayman Islands	-	-			Total France	6,273	2.47
					GERMANY 7.96% (9.84%)				
							AAA 4.20% (5.73%)		
					CAD	4,600,000	KFW 4.95% 14/10/2014	3,144	1.24
					USD	4,500,000	Landwirtschaft Rentenbank 1.375% 23/10/2019	2,987	1.18
					AUD	2,100,000	Landwirtschaft Rentenbank 6.5% 12/04/2017	1,583	0.62
					USD	4,300,000	L-Bank BW Foerderbank 1.625% 25/04/2017	2,934	1.16

Threadneedle Global Bond Fund

Portfolio Statement

(continued)

			Value	% of				Value	% of
	Holding	Investment	£000	Net Asset Value		Holding	Investment	£000	Net Asset Value
GERMANY 7.96% (9.84%) (continued)					LUXEMBOURG 4.74% (0.96%)				
		Aaa 3.76% (3.64%)					AAA 2.76% (0.00%)		
EUR	3,550,000	Bundesrepublik 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 1.5% 15/02/2023	5,235	2.06	CAD	5,000,000	International Bank for Reconstruction and Development 1.7% 30/04/2015	3,268	1.29
EUR	1,250,000	Bundesrepublik Deutschland 2.5% 04/07/2044	1,129	0.44			AA+ 1.29% (0.00%)		
		A+ 0.00% (0.47%)			AUD	4,600,000	IFFIM 5.75% 08/12/2015	3,284	1.29
		Total Germany	20,204	7.96			BBB 0.00% (0.96%)		
HONG KONG 0.51% (0.00%)							BB 0.69% (0.00%)		
		Not rated 0.51% (0.00%)			USD	2,500,000	Yapi (Unicredit Luxembourg) 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	MEXICO 4.24% (1.44%)				
INDONESIA 0.55% (0.00%)							BBB 4.24% (1.44%)		
		BB+ 0.55% (0.00%)			AUD	5,000,000	Petroleos Mexicanos 6.125% 26/04/2017	3,535	1.39
USD	2,000,000	Perusahaan Penerbit SBSN 4% 21/11/2018	1,392	0.55	EUR	4,828,000	United Mexican States 4.25% 14/07/2017	4,624	1.82
		Total Indonesia	1,392	0.55	USD	3,100,000	United Mexican States 6.05% 11/01/2040	2,604	1.03
ITALY 6.07% (5.81%)							Total Mexico	10,763	4.24
		A3 0.00% (4.81%)			NETHERLANDS 1.05% (10.54%)				
		BBB+ 0.52% (1.00%)					AAA 1.05% (4.55%)		
USD	2,000,000	*Intesa Sanpaolo 2.6881% 24/02/2014	1,337	0.52	USD	4,000,000	Neder Financierings-Maat 1.5% 12/02/2018	2,666	1.05
		Baa2 5.55% (0.00%)					Aaa 0.00% (3.32%)		
EUR	15,150,000	Buoni Poliennali Del Tes 5.5% 01/11/2022	14,085	5.55			Aaa 0.00% (0.59%)		
		Total Italy	15,422	6.07			AA 0.00% (2.08%)		
JAPAN 9.80% (0.00%)							Total Netherlands	2,666	1.05
		Aa3 9.80% (0.00%)			NORWAY 3.53% (3.09%)				
JPY	730,000,000	Japan Government 0.8% 20/12/2022	5,239	2.06			Aaa 0.00% (0.49%)		
JPY	140,000,000	Japan Government 1.5% 20/12/2017	1,058	0.42			BB+ 3.53% (2.60%)		
JPY	875,000,000	Japan Government 1.9% 20/03/2025	6,929	2.73	USD	1,500,000	Eksportfinans 1.875% 02/04/2013	999	0.39
JPY	440,000,000	Japan Government 2% 20/03/2042	3,258	1.28	USD	4,800,000	Eksportfinans 2% 15/09/2015	3,076	1.21
JPY	640,000,000	Japan Government 2.1% 20/03/2027	5,119	2.02	USD	4,850,000	Eksportfinans 3% 17/11/2014	3,218	1.27
JPY	400,000,000	Japan Government 2.5% 20/09/2037	3,277	1.29	USD	2,400,000	Eksportfinans 5.5% 26/06/2017	1,668	0.66
		Total Japan	24,880	9.80			Total Norway	8,961	3.53
LATVIA 0.50% (0.00%)					PERU 0.14% (0.00%)				
		BBB 0.50% (0.00%)					BBB 0.14% (0.00%)		
USD	1,950,000	Republic of Latvia 2.75% 12/01/2020	1,277	0.50	USD	550,000	BBVA Banco Continental 2.25% 29/07/2016	359	0.14
		Total Latvia	1,277	0.50			Total Peru	359	0.14
POLAND 0.47% (0.00%)					POLAND 0.47% (0.00%)				
		A- 0.47% (0.00%)					A- 0.47% (0.00%)		
EUR	1,320,000	Republic of Poland 3.375% 09/07/2024	1,182	0.47			Total Poland	1,182	0.47

Threadneedle Global Bond Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
QATAR 0.00% (0.50%)				SWITZERLAND 0.00% (0.45%)			
	A 0.00% (0.50%)				Aaa 0.00% (0.45%)		
	Total Qatar	–	–		Total Switzerland	–	–
REPUBLIC OF IRELAND 2.44% (0.00%)				TURKEY 0.75% (0.00%)			
	BBB+ 2.44% (0.00%)				Baa2 0.75% (0.00%)		
EUR	6,400,000 Irish Treasury 5.5% 18/10/2017	6,186	2.44	USD	2,700,000 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 Warrants 0% 30/09/2013	–	–				
	Total Republic of Ireland	6,186	2.44	UNITED ARAB EMIRATES 1.20% (0.00%)			
SINGAPORE 2.41% (2.43%)					A2 1.20% (0.00%)		
	AAA 2.20% (1.82%)			USD	4,500,000 First Gulf Bank 2.862% 09/10/2017	3,040	1.20
USD	4,200,000 Temasek Financial I 4.3% 25/10/2019	3,190	1.25		Total United Arab Emirates	3,040	1.20
USD	3,750,000 Temasek Financial I 2.375% 23/01/2023	2,406	0.95	UNITED KINGDOM 6.42% (8.48%)			
	AA 0.00% (0.61%)				AAA 0.00% (0.23%)		
	BBB– 0.21% (0.00%)				Aaa 0.00% (5.64%)		
USD	800,000 BOC Aviation 2.875% 10/10/2017	532	0.21	GBP	5,775,000 UK Treasury 1.75% 07/09/2022	5,678	2.24
	Total Singapore	6,128	2.41	GBP	1,375,000 UK Treasury 4% 22/01/2060	1,571	0.62
SLOVAKIA 0.74% (0.00%)				GBP	2,900,000 UK Treasury 4.25% 07/12/2040	3,419	1.35
	A 0.74% (0.00%)				Aa3 0.00% (0.65%)		
EUR	2,200,000 Slovakia Government Bond 3% 28/02/2023	1,891	0.74		A+ 0.00% (0.46%)		
	Total Slovakia	1,891	0.74		A 1.20% (1.50%)		
SOUTH KOREA 2.28% (1.19%)				USD	3,600,000 *Abbey National Treasury Service 1.8805% 25/04/2014	2,421	0.95
	A+ 0.56% (0.00%)			USD	950,000 BP Capital Markets 1.625% 17/08/2017	636	0.25
USD	2,125,000 Export-Import Bank Korea 1.25% 20/11/2015	1,421	0.56		A– 1.01% (0.00%)		
	A 1.72% (1.19%)			USD	3,750,000 Royal Bank of Scotland 2.55% 18/09/2015	2,571	1.01
USD	1,775,000 Korea Development Bank 1.5% 22/01/2018	1,173	0.46		Total United Kingdom	16,296	6.42
USD	1,200,000 Korea Development Bank 3.25% 09/03/2016	847	0.33	UNITED STATES OF AMERICA 14.10% (19.81%)			
USD	3,250,000 Korea Development Bank 3.875% 04/05/2017	2,362	0.93		AA+ 10.36% (2.05%)		
	Total South Korea	5,803	2.28	USD	4,175,000 General Electric 2.95% 09/05/2016	2,943	1.16
SWEDEN 5.27% (5.05%)				USD	7,000,000 US Treasury N/B 0.25% 15/10/2015	4,659	1.83
	AAA 4.19% (3.20%)			USD	14,750,000 US Treasury N/B 0.25% 31/01/2015	9,839	3.87
SEK	90,000,000 Swedish Government 3.5% 01/06/2022	10,644	4.19	USD	5,475,000 US Treasury N/B 2% 15/02/2022	3,731	1.47
	Aaa 1.08% (0.87%)			USD	2,000,000 US Treasury N/B 2.75% 15/08/2042	1,233	0.49
USD	3,800,000 Kommuninvest I Sverige 2.875% 31/05/2018	2,736	1.08	USD	6,350,000 US Treasury N/B 2.75% 15/11/2042	3,909	1.54
	AA– 0.00% (0.48%)				AA 0.00% (16.14%)		
	A+ 0.00% (0.50%)				A– 1.15% (1.62%)		
	Total Sweden	13,380	5.27	USD	2,125,000 Citigroup 6.375% 12/08/2014	1,521	0.60
				USD	2,000,000 Goldman Sachs Group 3.7% 01/08/2015	1,408	0.55
					BBB+ 0.45% (0.00%)		
				USD	1,675,000 Kellogg 1.75% 17/05/2017	1,133	0.45
					BBB 1.15% (0.00%)		
				USD	3,800,000 Pemex Project Funding Master Trust 5.75% 01/03/2018	2,912	1.15

Threadneedle Global Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value
UNITED STATES OF AMERICA 14.10% (19.81%) (continued)				
		Not rated 0.99% (0.00%)		
USD	3,825,000	Port Authority of New York & New Jersey 4.458% 01/10/2062	2,518	0.99
		Total United States of America	35,806	14.10
VENEZUELA 1.08% (0.00%)				
		B+ 1.08% (0.00%)		
USD	4,000,000	Republic of Venezuela 10.75% 19/09/2013	2,732	1.08
		Total Venezuela	2,732	1.08
DERIVATIVES (-0.22%) (0.04%)				
		Forward foreign exchange contracts (-0.22%) (0.04%)		
		Sell SEK 94,000,000		
		Buy EUR 11,273,337 Citigroup	(36)	(0.01)
		Sell CAD 26,500,000		
		Buy JPY 2,401,657,900 RBS	(121)	(0.05)
		Sell AUD 19,650,000		
		Buy JPY 1,865,411,835 RBS	(201)	(0.08)
		Sell USD 20,700,000		
		Buy JPY 1,927,993,860 RBS	(148)	(0.06)
		Sell USD 5,750,000		
		Buy EUR 4,411,194 Citigroup	(4)	-
		Sell USD 7,500,000		
		Buy GBP 4,951,113 RBC	(52)	(0.02)
		Total derivatives	(562)	(0.22)
Total value of investments			239,943	94.49
Net other assets (1.89%)			14,000	5.51
Net assets			253,943	100.00

ANALYSIS OF INVESTMENTS BY CREDIT RATINGS

AAA	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+	2,732
Not rated	3,809
Total bonds	240,505
Derivatives	(562)
Total value of investments	239,943

ANALYSIS OF COLLATERAL RECEIVED

Counterparty	Type	Value £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.

Threadneedle UK Institutional Fund

Portfolio Statement

as at 7 March 2013

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
BASIC INDUSTRIES 4.22% (6.65%)				Support services 6.25% (5.71%)			
	Chemicals 2.28% (2.92%)			225,655	Aggreko	4,545	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
	Construction & building materials 1.94% (3.70%)			436,677	Diploma	2,707	0.24
179,008	Bellway	2,073	0.19	1,165,011	Experian Group	13,479	1.20
247,906	Berkeley Group Holdings	4,856	0.43	1,039,023	Howden Joinery Group	2,316	0.21
249,540	Bovis Homes Group	1,677	0.15	867,868	IP Group	1,174	0.10
818,721	Carillion	2,381	0.21	272,774	Michael Page International	1,230	0.11
1,128,063	Persimmon	10,700	0.96	226,333	PayPoint	1,948	0.17
	Forestry & paper 0.00% (0.03%)			10,021,836	Rentokil Initial	9,160	0.82
	Total basic industries	47,262	4.22	1,248,598	Rexam	6,530	0.58
COLLECTIVE INVESTMENT SCHEMES 1.38% (1.07%)				296,651	RPC Group	1,343	0.12
9,000,000	*Threadneedle UK Mid 250 Fund	15,495	1.38	670,851	RPS Group	1,693	0.15
	Total collective investment schemes	15,495	1.38	263,827	WS Atkins	2,343	0.21
CYCLICAL CONSUMER GOODS 1.92% (1.84%)				Transport 1.99% (1.89%)			
	Automobiles & parts 1.92% (1.79%)			1,195,806	EasyJet	12,520	1.12
7,574,141	GKN	21,488	1.92	44,539	Go Ahead Group	644	0.06
	Household goods & textiles 0.00% (0.05%)			397,753	National Express Group	813	0.07
	Total cyclical consumer goods	21,488	1.92	2,745,696	Stagecoach Group	8,245	0.74
CYCLICAL SERVICES 17.44% (14.39%)					Total cyclical services	195,212	17.44
	Distributors 1.84% (0.00%)			FINANCIALS 14.22% (13.78%)			
637,160	Wolseley	20,619	1.84		Banks 6.69% (6.66%)		
	General retailers 0.75% (1.36%)			5,472,595	Barclays	16,883	1.51
109,172	Dignity	1,448	0.13	4,697,472	HSBC Holdings	33,883	3.03
142,452	Domino's Pizza	813	0.07	1,337,728	Standard Chartered	24,019	2.15
296,712	Dunelm Group	2,316	0.21		Insurance 0.84% (0.83%)		
545,341	N. Brown Group	2,155	0.19	1,139,571	Beazley	2,391	0.21
132,658	Ted Baker	1,622	0.15	5,809,177	RSA Insurance Group	6,994	0.63
	Leisure entertainment & hotels 2.19% (1.76%)				Investment companies 0.18% (0.14%)		
199,333	Carnival	5,005	0.45	3,346,750	Govett Strategic Investment Trust	–	–
302,778	Greene King	2,153	0.19	503,455	SVG Capital	1,963	0.18
620,476	InterContinental Hotels Group	12,124	1.08		Life assurance 3.47% (2.38%)		
218,969	J.D. Wetherspoon	1,106	0.10	2,938,992	Aviva	9,299	0.83
672,111	Restaurant Group	2,983	0.27	14,293,898	Legal & General	23,528	2.10
1,631,163	Spirit Pub Company	1,101	0.10	1,142,519	St. James's Place	6,084	0.54
	Media & photography 4.42% (3.67%)				Real estate 1.98% (1.89%)		
398,150	Daily Mail & General Trust	2,885	0.26	571,208	Derwent London	12,772	1.14
261,098	Euromoney Institutional Investor	2,398	0.21	898,397	Development Securities	1,408	0.13
1,079,833	ITE Group	2,973	0.27	2,539,823	Hansteen Holdings	2,126	0.19
6,507,002	ITV	8,303	0.74	978,591	LondonMetric Property	1,052	0.09
1,308,779	Pearson	15,339	1.37	421,278	LSL Property Services	1,217	0.11
2,389,273	Reed Elsevier	17,537	1.57	1,100,787	Regus	1,683	0.15
				328,722	Shaftesbury	1,943	0.17
					Speciality & other finance 1.06% (1.88%)		
				205,814	Close Bros Group	2,204	0.20
				1,465,687	F&C Asset Management	1,614	0.14
				377,068	Intermediate Capital Group	1,519	0.14
				339,477	International Personal Finance	1,591	0.14
				113,720	Rathbone Brothers	1,613	0.14
				92,523	Schroders	1,916	0.17
				87,038	Schroders Non-voting Shares	1,441	0.13
					Total financials	159,143	14.22

Threadneedle UK Institutional Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
GENERAL INDUSTRIALS 11.77% (10.41%)				Tobacco 5.23% (4.20%)			
	Aerospace & defence 4.84% (5.18%)			1,182,434	British American Tobacco	41,693	3.72
1,972,502	Meggitt	9,614	0.86	709,935	Imperial Tobacco Group	16,939	1.51
2,318,771	Rolls-Royce Holdings	24,347	2.18	Total non-cyclical consumer goods			
1,367,649	Smiths Group	17,807	1.59			222,447	19.88
137,908	Ultra Electronics Holdings	2,368	0.21	NON-CYCLICAL SERVICES 5.98% (6.76%)			
	Diversified industrials 0.25% (0.18%)			Food & drug retailers 1.38% (1.65%)			
268,974	New Britain Palm Oil	1,318	0.12	2,569,785	Booker Group	2,955	0.27
690,076	QinetiQ Group	1,413	0.13	3,135,650	Morrison (Wm) Supermarkets	8,146	0.73
	Electronic & electrical equipment 1.63% (1.26%)			1,120,478	Tesco	4,249	0.38
2,307,105	AZ Electronic Materials	8,751	0.78	Telecommunications services 4.60% (5.11%)			
178,091	Domino Printing	1,249	0.11	10,715,952	BT Group	28,408	2.54
228,346	Oxford Instruments	3,902	0.35	891,549	Spirent Communications	1,382	0.12
139,194	Renishaw	2,618	0.23	12,222,247	Vodafone Group	21,749	1.94
77,513	Spectris	1,836	0.16	Total non-cyclical services			
	Engineering & machinery 5.05% (3.79%)					66,889	5.98
1,065,213	Amec	11,132	0.99	RESOURCES 18.73% (24.13%)			
550,502	Fenner	2,300	0.21	Mining 4.95% (6.86%)			
287,273	Halma	1,431	0.13	835,655	Anglo American	15,669	1.40
967,414	IMI	12,857	1.15	443,425	First Quantum Minerals	5,295	0.47
6,323,631	Melrose Industries	16,423	1.47	603,568	Lonmin	1,974	0.18
1,039,207	Senior	2,588	0.23	942,666	Rio Tinto	32,513	2.90
403,286	Weir Group	9,731	0.87	Oil & gas 13.78% (17.27%)			
Total general industrials		131,685	11.77	2,860,674	BG Group	33,327	2.98
INFORMATION TECHNOLOGY 2.81% (2.81%)				8,675,294	BP	39,152	3.50
Information technology hardware 0.26% (0.29%)				1,225,601	EnQuest	1,657	0.15
383,913	CSR	1,842	0.17	770,702	Faroe Petroleum	1,092	0.10
483,330	Wolfson Microelectronics	952	0.09	289,212	Hunting	2,617	0.23
	Software & computer services 2.55% (2.52%)			230,827	Ophir Energy	1,185	0.11
412,041	Aveva Group	9,559	0.85	1,771,500	Premier Oil	6,967	0.62
141,012	Fidessa Group	2,765	0.25	1,666,611	Royal Dutch Shell 'B' Shares	37,840	3.38
4,679,696	Sage Group	16,276	1.45	1,314,784	Tullow Oil	16,316	1.46
Total information technology		31,394	2.81	1,633,456	Wood Group	14,040	1.25
NON-CYCLICAL CONSUMER GOODS 19.88% (15.30%)				Total resources			
Beverages 2.08% (0.52%)						209,644	18.73
1,152,742	Diageo	23,257	2.08	UTILITIES 1.82% (2.25%)			
	Food producers & processors 2.90% (2.04%)			Electricity 0.00% (0.07%)			
98,255	Genus	1,430	0.13	Gas distribution 1.09% (1.23%)			
1,134,197	Unilever	31,009	2.77	3,401,506	Centrica	12,201	1.09
	Health 1.81% (1.61%)			Water 0.73% (0.95%)			
374,460	Dechra Pharmaceuticals	2,734	0.24	1,231,678	Pennon Group	8,178	0.73
462,956	Optos	889	0.08	Total utilities			
2,104,933	Smith & Nephew	15,187	1.36			20,379	1.82
143,705	Synergy Healthcare	1,460	0.13	Total value of investments			
	Personal care & household products 0.75% (0.00%)					1,121,038	100.17
180,578	Reckitt Benckiser	8,357	0.75	Net other (liabilities)/assets (0.61%)			
	Pharmaceuticals & biotechnology 7.11% (6.93%)					(1,857)	(0.17)
981,904	AstraZeneca	29,840	2.67	Net assets			
3,348,070	GlaxoSmithKline	49,652	4.44			1,119,181	100.00

*Related party.

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

March 2012 comparatives in brackets.

Threadneedle UK Overseas Earnings Fund

Portfolio Statement

as at 7 March 2013

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
BASIC INDUSTRIES 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% (2.82%)				Speciality & other finance 1.50% (0.00%)		
	Forestry & paper 1.98% (1.96%)			104,837	Schroders Non-voting Shares	1,735	1.50
982,152	DS Smith	2,293	1.98		Total financials	15,325	13.22
	Total basic industries	4,625	3.99	GENERAL INDUSTRIALS 13.60% (13.24%)			
CYCLICAL CONSUMER GOODS 2.53% (2.55%)					Aerospace & defence 7.57% (7.89%)		
	Automobiles & parts 2.53% (2.55%)			454,249	BAE Systems	1,629	1.40
1,034,032	GKN	2,934	2.53	852,946	Cobham	2,035	1.76
	Total cyclical consumer goods	2,934	2.53	298,647	Rolls-Royce Holdings	3,136	2.71
CYCLICAL SERVICES 22.76% (21.63%)				151,829	Smiths Group	1,977	1.70
	Distributors 2.68% (0.00%)				Engineering & machinery 6.03% (5.35%)		
96,064	Wolseley	3,109	2.68	191,047	IMI	2,539	2.19
	General retailers 1.98% (2.31%)			973,148	Melrose Industries	2,527	2.18
561,545	Home Retail Group	722	0.62	651,390	Morgan Crucible	1,924	1.66
431,397	Marks & Spencer Group	1,575	1.36		Total general industrials	15,767	13.60
	Leisure entertainment & hotels 2.18% (2.22%)			INFORMATION TECHNOLOGY 2.42% (1.84%)			
246,247	J.D. Wetherspoon	1,244	1.07	229,044	CSR	1,099	0.95
788,910	Rank Group	1,286	1.11		Software & computer services 1.47% (1.21%)		
	Media & photography 6.89% (7.37%)			490,778	Sage Group	1,707	1.47
168,409	Daily Mail & General Trust	1,220	1.05		Total information technology	2,806	2.42
1,515,991	ITV	1,934	1.67	NON-CYCLICAL CONSUMER GOODS 18.01% (20.85%)			
162,140	Pearson	1,900	1.64		Food producers & processors 3.83% (3.64%)		
399,629	Reed Elsevier	2,933	2.53	162,438	Unilever	4,441	3.83
	Support services 7.68% (7.77%)				Pharmaceuticals & biotechnology 8.53% (10.24%)		
367,196	Compass Group	3,055	2.64	136,874	AstraZeneca	4,160	3.59
467,139	Electrocomponents	1,230	1.06	386,140	GlaxoSmithKline	5,726	4.94
265,816	Filtrona	1,744	1.51		Tobacco 5.65% (6.97%)		
1,529,265	Rentokil Initial	1,398	1.21	95,013	British American Tobacco	3,350	2.89
164,368	WS Atkins	1,460	1.26	133,962	Imperial Tobacco Group	3,196	2.76
	Transport 1.35% (1.96%)				Total non-cyclical consumer goods	20,873	18.01
522,099	Stagecoach Group	1,568	1.35	NON-CYCLICAL SERVICES 8.90% (9.10%)			
	Total cyclical services	26,378	22.76		Food & drug retailers 4.74% (4.91%)		
FINANCIALS 13.22% (5.53%)				3,009,577	Booker Group	3,461	2.99
	Banks 1.99% (0.00%)			781,102	Morrison (Wm) Supermarkets	2,029	1.75
318,998	HSBC Holdings	2,301	1.99		Telecommunications services 4.16% (4.19%)		
	Insurance 1.49% (1.73%)			1,533,941	BT Group	4,067	3.51
1,436,880	RSA Insurance Group	1,730	1.49	613,591	Colt Group	755	0.65
	Investment companies 4.26% (0.95%)				Total non-cyclical services	10,312	8.90
730,108	3i Group	2,350	2.03				
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)

Holding	Investment	Value £000	% of Net Asset Value
RESOURCES 8.95% (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%)			
Gas distribution 3.86% (4.38%)			
659,303	Centrica	2,365	2.04
286,984	National Grid	2,105	1.82
Water 0.90% (2.86%)			
157,381	Pennon Group	1,045	0.90
Total utilities		5,515	4.76
Total value of investments		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 value of share class £000	Net asset value per share	Shares in issue	Calendar Year	Net income per share p	Highest share price p	Lowest share price p
UK Fund							
for the year ended 7 March 2011				2008			
Class 1 – Net income shares	501,349	87.40p	573,638,286	Class 1 – Net income shares	1.2455	84.04	48.47
Class 2 – Net income shares	651,705	87.47p	745,054,007	Class 2 – Net income shares	1.7168	84.28	48.54
Class 2 – Net accumulation shares	142,998	57.06p	250,596,700	2009			
for the year ended 7 March 2012				Class 1 – Net income shares	1.3001	72.36	49.24
Class 1 – Net income shares	421,625	86.75p	486,046,631	Class 2 – Net income shares	1.6777	72.53	49.24
Class 2 – Net income shares	611,530	86.81p	704,461,419	2010			
Class 2 – Net accumulation shares	102,551	57.94p	176,992,314	Class 1 – Net income shares	0.8837	85.78	67.79
for the year ended 7 March 2013				Class 2 – Net income shares	1.3495	86.00	67.99
Class 1 – Net income shares	590,142	101.98p	578,686,737	Class 2 – Net accumulation shares	0.5034	55.83	43.79
Class 2 – Net income shares	493,796	102.10p	483,623,191	2011			
Class 2 – Net accumulation shares	111,060	69.72p	159,304,017	Class 1 – Net income shares	1.0864	90.07	71.10
Class Z – Net income shares	6,372	112.16p	5,681,304	Class 2 – Net income shares	1.6272	90.34	71.18
Class Z – Net accumulation shares	359	113.11p	317,351	Class 2 – Net accumulation shares	1.0637	58.93	47.15
				2012			
				Class 1 – Net income shares	1.4767	93.15	80.81
				Class 2 – Net income shares	2.0202	93.42	80.99
				Class 2 – Net accumulation shares	1.3446	63.29	54.05
				*Class Z – Net income shares	–	102.64	96.90
				Class Z – Net accumulation shares	–	102.64	96.90
				2013			
				†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	0.5407	69.83	63.93
				†Class Z – Net income shares	0.9398	113.29	103.68
				†Class Z – Net accumulation shares	0.9573	113.30	103.68
				†To 7 March 2013			
				Class 2 – Net accumulation shares commenced 31 March 2010			
				*Class Z – Net income shares commenced 19 September 2012			
				Class Z – Net accumulation shares commenced 19 September 2012			
UK Select Fund							
for the year ended 7 March 2011				2008			
Class 1 – Net income shares	195,245	81.46p	239,685,579	Class 1 – Net income shares	0.9779	84.36	48.99
Class 2 – Net income shares	75,312	81.70p	92,180,944	Class 2 – Net income shares	1.4727	84.81	49.18
for the year ended 7 March 2012				2009			
Class 1 – Net income shares	153,646	81.73p	187,983,295	Class 1 – Net income shares	1.1858	70.64	49.83
Class 2 – Net income shares	73,697	81.97p	89,907,377	Class 2 – Net income shares	1.5687	70.91	49.94
for the year ended 7 March 2013				2010			
Class 1 – Net income shares	142,813	93.71p	152,398,965	Class 1 – Net income shares	0.7687	81.46	64.87
Class 2 – Net income shares	77,207	94.02p	82,118,763	Class 2 – Net income shares	1.2219	81.84	65.18
Class Z – Net income shares	502	112.72p	445,797	2011			
				Class 1 – Net income shares	1.0461	85.14	67.84
				Class 2 – Net income shares	1.5597	85.57	68.06
				2012			
				Class 1 – Net income shares	1.5033	85.72	75.48
				Class 2 – Net income shares	2.0196	85.99	75.82
				Class Z – Net income shares	–	102.35	96.81
				2013			
				†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	0.6023	113.47	103.50
				†To 7 March 2013			
				Class Z – Net income shares commenced 28 September 2012			
UK Smaller Companies Fund							
for the year ended 7 March 2011				2008			
Class 1 – Net income shares	90,429	135.61p	66,685,281	Class 1 – Net income shares	0.9918	114.18	64.10
Class 2 – Net income shares	102,053	136.26p	74,894,530	Class 2 – Net income shares	1.6675	114.64	64.36
for the year ended 7 March 2012				2009			
Class 1 – Net income shares	100,661	138.11p	72,883,043	Class 1 – Net income shares	1.3650	101.99	63.41
Class 2 – Net income shares	89,565	138.97p	64,447,564	Class 2 – Net income shares	1.8764	102.34	63.55
for the year ended 7 March 2013				2010			
Class 1 – Net income shares	85,092	167.90p	50,681,366	Class 1 – Net income shares	0.6591	134.92	95.49
Class 2 – Net income shares	65,046	169.08p	38,471,636	Class 2 – Net income shares	1.3127	135.59	96.00
Class Z – Net income shares	33	114.35p	28,974	2011			
				Class 1 – Net income shares	0.2957	143.85	111.72
				Class 2 – Net income shares	0.9002	144.86	112.28
				2012			
				Class 1 – Net income shares	0.3542	150.36	121.48
				Class 2 – Net income shares	1.0225	151.60	122.29
				Class Z – Net income shares	–	102.54	96.83
				2013			
				†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	0.3292	116.26	104.20
				†To 7 March 2013			
				Class Z – Net income shares commenced 5 October 2012			

Comparative Tables

(continued)

	Net asset value of share class £000	Net asset value per share	Shares in issue	Calendar Year	Net income per share p	Highest share price p	Lowest share price p
UK Growth & Income Fund							
for the year ended 7 March 2011				2008			
Class 1 – Net income shares	117,197	61.40p	190,887,811	Class 1 – Net income shares	2.2959	66.37	39.46
Class 2 – Net income shares	171,678	65.72p	261,237,714	Class 2 – Net income shares	2.4235	69.96	41.76
for the year ended 7 March 2012				2009			
Class 1 – Net income shares	125,460	61.97p	202,458,938	Class 1 – Net income shares	1.9983	54.59	37.57
Class 2 – Net income shares	169,148	66.67p	253,724,377	Class 2 – Net income shares	2.1546	58.09	39.81
for the year ended 7 March 2013				2010			
Class 1 – Net income shares	190,772	71.92p	265,261,204	Class 1 – Net income shares	1.8588	61.20	51.00
Class 2 – Net income shares	38,894	77.76p	50,015,309	Class 2 – Net income shares	2.0232	65.46	54.41
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			
				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			
				†Class 1 – Net income shares	0.9141	73.20	67.17
				†Class 2 – Net income shares	1.0152	79.17	72.59
				†Class Z – Net income shares	1.4281	114.15	104.63
				†To 7 March 2013			
				§Class Z – Net income shares commenced 28 September 2012			
UK Equity Income Fund							
for the year ended 7 March 2011				2008			
Class 1 – Net income shares	511,684	65.80p	777,610,968	Class 1 – Net income shares	3.0074	74.06	45.58
Class 1 – Net accumulation shares	17,708	69.64p	25,429,387	Class 2 – Net income shares	3.2128	78.45	48.49
Class 2 – Net income shares	384,845	70.71p	544,241,949	2009			
for the year ended 7 March 2012				Class 1 – Net income shares	3.0072	59.90	43.51
Class 1 – Net income shares	721,308	65.64p	1,098,875,029	§Class 1 – Net accumulation shares	0.9709	59.16	46.22
Class 1 – Net accumulation shares	33,953	72.46p	46,855,656	Class 2 – Net income shares	3.2411	64.03	46.27
Class 2 – Net income shares	473,440	70.90p	667,803,486	2010			
for the year ended 7 March 2013				Class 1 – Net income shares	2.8305	66.47	54.79
Class 1 – Net income shares	1,018,992	75.47p	1,350,156,275	Class 1 – Net accumulation shares	2.3168	68.80	55.70
Class 1 – Net accumulation shares	111,185	86.70p	128,235,670	Class 2 – Net income shares	3.0632	71.48	58.68
Class 2 – Net income shares	581,982	81.93p	710,378,329	2011			
Class Z – Net income shares	135,984	108.28p	125,585,388	Class 1 – Net income shares	3.5016	70.13	57.50
Class Z – Net accumulation shares	7,022	109.96p	6,385,978	Class 1 – Net accumulation shares	3.6906	74.22	61.71
				Class 2 – Net income shares	3.9317	75.51	62.08
				2012			
				Class 1 – Net income shares	2.8990	70.47	62.76
				Class 1 – Net accumulation shares	3.2435	80.43	69.27
				Class 2 – Net income shares	3.1896	76.41	67.88
				*Class Z – Net income shares	0.8986	100.94	95.98
				§§Class Z – Net accumulation shares	0.8970	101.85	95.98
				2013			
				†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 commenced 8 May 2009			
				*Class Z – Net income shares commenced 14 September 2012			
				§§Class Z – Net accumulation shares commenced 14 September 2012			
UK Monthly Income Fund							
for the year ended 7 March 2011				2008			
Class 1 – Net income shares	534,183	57.93p	922,159,290	Class 1 – Net income shares	2.6592	67.01	40.61
for the year ended 7 March 2012				2009			
Class 1 – Net income shares	529,289	57.65p	918,184,065	Class 1 – Net income shares	2.5560	51.84	38.74
for the year ended 7 March 2013				2010			
Class 1 – Net income shares	575,249	64.86p	886,924,151	Class 1 – Net income shares	2.3721	57.63	48.15
Class Z – Net income shares	2,805	108.91p	2,575,315	2011			
				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			
				†Class 1 – Net income shares	0.7795	65.50	60.72
				†Class Z – Net income shares	1.3050	110.26	101.82
				†To 7 March 2013			
				§Class Z – Net income shares commenced 21 September 2012			

Comparative Tables

(continued)

	Net asset value of share class £000	Net asset value per share	Shares in issue	Calendar Year	Net income per share p	Highest share price p	Lowest share price p
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
§Class 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
§Class 2 – Gross accumulation shares	312,404	75.93p	411,429,403	2009			
for the year ended 7 March 2012				Class 1 – Net income shares	2.1112	51.26	41.18
Class 1 – Net income shares	88,823	52.82p	168,172,052	Class 1 – Gross income shares	2.6285	51.42	41.26
§Class 1 – Gross income shares	18,030	52.86p	34,111,351	Class 2 – Net income shares	2.2613	51.37	41.24
Class 2 – Net income shares	170,785	52.89p	322,888,650	Class 2 – Gross accumulation shares	3.7374	70.10	54.49
§Class 2 – Gross accumulation shares	328,945	81.75p	402,380,581	2010			
for the year ended 7 March 2013				Class 1 – Net income shares	2.0195	54.23	50.39
Class 1 – Net income shares	95,303	56.50p	168,684,504	Class 1 – Gross income shares	2.5141	54.36	50.48
§Class 1 – Gross income shares	23,449	56.53p	41,478,955	Class 2 – Net income shares	2.1875	54.33	50.48
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			
§Only available to eligible investors				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			

Comparative Tables

(continued)

	Net asset value of share class £000	Net asset value per share	Shares in issue	Calendar Year	Net income per share p	Highest share price p	Lowest share price p
High Yield Bond Fund				2008			
for the year ended 7 March 2011				Class 1 – Net income shares	3.2262	44.96	29.04
Class 1 – Net income shares	474,760	44.54p	1,065,803,173	Class 1 – Gross income shares	4.0379	44.98	29.19
§Class 1 – Gross income shares	25,296	44.64p	56,669,540	Class 2 – Net income shares	4.4855	61.61	40.06
Class 2 – Net income shares	75,263	62.14p	121,113,843	§Class 2 – Gross income shares	2.3382	50.11	34.62
§Class 2 – Gross income shares	21,215	53.53p	39,629,567	Class 2 – Gross accumulation shares	7.8545	83.83	60.38
§Class 2 – Gross accumulation shares	147,558	114.48p	128,897,751	2009			
for the year ended 7 March 2012				Class 1 – Net income shares	2.8513	41.90	29.31
Class 1 – Net income shares	467,257	41.84p	1,116,812,266	Class 1 – Gross income shares	3.5425	42.07	29.45
§Class 1 – Gross income shares	31,872	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
§Class 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			
for the year ended 7 March 2013				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				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
				†To 7 March 2013			
				§Class Z – 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			

Comparative Tables

(continued)

	Net asset value of share class £000	Net asset value per share	Shares in issue	Calendar Year	Net income per share p	Highest share price p	Lowest share price p
Strategic Bond Fund				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				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				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
§Class 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	15	101.22p	14,682	Class 1 – Gross income shares	3.0698	48.44	43.37
§Class 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				Class 2 – Gross income shares	3.4581	53.55	48.20
				Class 2 – Gross accumulation shares	5.4642	84.01	77.69
				2012			
				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
				†Class 2 – Gross income shares	0.8406	54.75	53.73
				†Class 2 – Gross accumulation shares	1.4714	95.81	94.48
				†Class Z – Net income shares	1.2506	102.69	100.79
				†Class Z – Gross income shares	1.5635	102.71	100.82
				†Class Z – Gross accumulation shares	1.5884	104.55	103.10
				†To 7 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				2008			
for the year ended 7 March 2011				Class 1 – Net income shares	1.6082	48.97	42.87
Class 1 – Net income shares	183,234	45.86p	399,594,148	Class 1 – Gross accumulation shares	3.4447	86.78	75.77
§Class 1 – Gross accumulation shares	34,346	87.94p	39,057,483	2009			
for the year ended 7 March 2012				Class 1 – Net income shares	1.4338	48.96	44.71
Class 1 – Net income shares	199,379	52.08p	382,831,128	Class 1 – Gross accumulation shares	3.2168	87.77	80.59
§Class 1 – Gross accumulation shares	49,067	102.05p	48,079,362	2010			
for the year ended 7 March 2013				Class 1 – Net income shares	1.1444	49.34	45.25
Class 1 – Net income shares	135,142	52.16p	259,112,866	Class 1 – Gross accumulation shares	2.6386	92.23	83.84
§Class 1 – Gross accumulation shares	45,468	103.89p	43,781,257	2011			
Class Z – Net income shares	28	98.33p	28,075	Class 1 – Net income shares	1.0324	52.98	45.73
§Class Z – Gross accumulation shares	3	99.10p	3,001	Class 1 – Gross accumulation shares	2.4538	103.02	86.70
§Only available to eligible investors				2012			
				Class 1 – Net income shares	0.7155	54.43	50.77
				Class 1 – Gross accumulation shares	1.7429	106.80	99.50
				§Class Z – Net income shares	–	100.79	98.84
				*Class Z – Gross accumulation shares	–	100.81	98.84
				2013			
				†Class 1 – Net income shares	0.3312	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
				†To 7 March 2013			
				§Class Z – Net income shares commenced 12 October 2012			
				*Class Z – Gross accumulation shares commenced 12 October 2012			

Comparative Tables

(continued)

	Net asset value of share class £000	Net asset value per share	Shares in issue	Calendar Year	Net income per share p	Highest share price p	Lowest share price p
Sterling Fund				2008			
for the year ended 7 March 2011				*Class 1 – Net income shares	2.1940	101.74	99.07
Class 1 – Net income shares	49,872	99.83p	49,957,438	2009			
for the year ended 7 March 2012				Class 1 – Net income shares	0.5313	99.85	95.30
Class 1 – Net income shares	246,260	99.82p	246,702,184	2010			
for the year ended 7 March 2013				Class 1 – Net income shares	0.0967	99.91	99.79
Class 1 – Net income shares	223,628	99.81p	224,064,688	2011			
				Class 1 – Net income shares	0.2521	99.97	99.82
				2012			
				Class 1 – Net income shares	0.3118	99.99	99.82
				2013			
				†Class 1 – Net income shares	0.0780	99.88	99.86
				*Launch date – 24 January 2008			
				†To 7 March 2013			
European Fund				2008			
for the year ended 7 March 2011				Class 1 – Net accumulation shares	0.6161	131.54	82.70
Class 1 – Net accumulation shares	328,525	138.12p	237,859,666	Class 2 – Net accumulation shares	1.5008	139.33	88.02
Class 2 – Net accumulation shares	424,301	149.24p	284,316,679	2009			
for the year ended 7 March 2012				Class 1 – Net accumulation shares	1.5949	126.50	79.97
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	307,814	134.97p	228,060,350	2010			
for the year ended 7 March 2013				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	1.9491	146.82	118.04
Class 2 – Net accumulation shares	262,084	173.14p	151,369,365	2011			
Class Z – Net accumulation shares	257	122.33p	210,398	Class 1 – Net accumulation shares	0.7083	146.63	104.85
				Class 2 – Net accumulation shares	1.7625	158.60	113.69
				2012			
				Class 1 – Net accumulation shares	1.8344	139.11	112.40
				Class 2 – Net accumulation shares	2.8651	152.06	122.41
				§Class Z – Net accumulation shares	–	107.40	99.79
				2013			
				†Class 1 – Net accumulation shares	1.2097	158.27	139.42
				†Class 2 – Net accumulation shares	3.1157	173.22	152.42
				†Class Z – Net accumulation shares	–	122.39	107.66
				†To 7 March 2013			
				§Class Z – Net accumulation shares commenced 28 September 2012			
European Select Fund				2008			
for the year ended 7 March 2011				Class 1 – Net accumulation shares	0.7542	131.61	78.87
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	128,614	156.23p	82,324,768	2009			
for the year ended 7 March 2012				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	2.6792	130.23	90.61
Class 2 – Net accumulation shares	166,771	160.66p	103,804,098	2010			
for the year ended 7 March 2013				Class 1 – Net accumulation shares	1.1753	144.06	112.81
Class 1 – Net accumulation shares	1,130,078	193.57p	583,822,651	Class 2 – Net accumulation shares	1.6837	155.53	121.10
Class 2 – Net income shares	365,804	128.23p	285,272,052	2011			
Class 2 – Net accumulation shares	422,533	211.91p	199,389,663	Class 1 – Net accumulation shares	0.4354	157.38	123.52
Class Z – Net accumulation shares	14,620	122.08p	11,975,115	Class 2 – Net accumulation shares	1.3649	170.47	133.98
				2012			
				Class 1 – Net accumulation shares	0.9246	167.39	136.50
				§Class 2 – Net income shares	–	110.75	90.85
				Class 2 – Net accumulation shares	1.7180	183.03	148.33
				*Class Z – Net accumulation shares	–	105.41	98.61
				2013			
				†Class 1 – Net accumulation shares	0.8409	193.66	167.31
				†Class 2 – Net income shares	–	128.29	110.72
				†Class 2 – Net accumulation shares	1.0076	212.01	182.97
				†Class Z – Net accumulation shares	0.0772	122.14	105.38
				†To 7 March 2013			
				§Class 2 – Net income shares commenced 9 March 2012			
				*Class Z – Net accumulation shares commenced 14 September 2012			

Comparative Tables

(continued)

	Net asset value of share class £000	Net asset value per share	Shares in issue	Calendar Year	Net income per share p	Highest share price p	Lowest share price p
European Smaller Companies 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				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
				Class 1 – Net accumulation shares	0.8978	377.38	290.98
				Class 2 – Net accumulation shares	2.8006	407.83	315.37
				2012			
				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			
				†Class 1 – Net income shares	0.0453	458.27	396.82
				†Class 1 – Net accumulation shares	1.2045	460.47	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			
				‡Class Z – Net accumulation shares commenced 12 February 2013			

Pan European Smaller Companies Fund				2008			
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				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	35	104.98p	33,800	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 2009			
				‡‡Class Z – Net accumulation shares commenced 12 February 2013			

Comparative Tables

(continued)

	Net asset value of share class £000	Net asset value per share	Shares in issue	Calendar Year	Net income per share p	Highest share price p	Lowest share price p
Pan European 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	107.95p	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	22,208	94.47p	23,508,673	Class 2 – Net accumulation shares	1.4549	107.39	80.04
for the year ended 7 March 2013				2011			
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	–	106.20	98.59
				2013			
				†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	0.0443	118.83	106.41
				†To 7 March 2013			
				§Class X – Net accumulation shares commenced 12 April 2011			
				*Class 2i – Net accumulation shares Initial Service Charge commenced 29 November 2011			
				§§Class Z – Net accumulation shares commenced 3 October 2012			
European Bond Fund				2008			
for the year ended 7 March 2011				Class 1 – Net income shares	1.6512	71.27	51.95
Class 1 – Net income shares	55,067	64.04p	85,990,274	Class 1 – Gross accumulation shares	3.1536	113.01	79.33
§Class 1 – Gross accumulation shares	134,814	110.92p	121,539,644	2009			
for the year ended 7 March 2012				Class 1 – Net income shares	2.1730	70.57	60.75
Class 1 – Net income shares	55,960	65.71p	85,157,051	Class 1 – Gross accumulation shares	4.2965	116.29	98.26
§Class 1 – Gross accumulation shares	140,852	117.26p	120,117,312	2010			
§Class 2 – Gross accumulation shares	11,044	104.12p	10,607,173	Class 1 – Net income shares	1.8761	69.45	63.49
for the year ended 7 March 2013				Class 1 – Gross accumulation shares	3.8836	118.50	106.78
Class 1 – Net income shares	57,945	70.75p	81,899,043	2011			
§Class 1 – Gross accumulation shares	113,871	129.65p	87,827,493	Class 1 – Net income shares	1.6774	68.02	63.48
§Class 2 – Gross accumulation shares	2,971	115.69p	2,568,433	Class 1 – Gross accumulation shares	3.5966	118.37	108.54
Class Z – Net income shares	3	100.20p	3,010	§Class 2 – Gross accumulation shares	1.6035	104.57	99.08
§Only available to eligible investors				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			

Comparative Tables

(continued)

	Net asset value of share class £000	Net asset value per share	Shares in issue	Calendar Year	Net income per share p	Highest share price p	Lowest share price p
European Corporate Bond Fund				2008			
for the year ended 7 March 2011				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	3.1480	91.81	79.89
for the year ended 7 March 2013				§Class 2 – Gross accumulation shares	2.1460	107.71	93.53
Class 1 – Net accumulation shares	42,303	94.75p	44,646,047	2011			
§Class 1 – Gross accumulation shares	9,818	102.00p	9,625,462	Class 1 – Net accumulation shares	2.5880	87.46	78.59
§Class 2 – Gross accumulation shares	15,091	121.48p	12,422,087	Class 1 – Gross accumulation shares	3.6186	93.27	83.56
§Only available to eligible investors				Class 2 – Gross accumulation shares	2.8130	109.89	98.16
				2012			
				Class 1 – Net accumulation shares	2.0614	89.25	78.60
				Class 1 – Gross accumulation shares	2.5583	96.00	84.15
				Class 2 – Gross accumulation shares	2.8007	114.19	99.48
				2013			
				†Class 1 – Net accumulation shares	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			
				§Class 2 – Gross accumulation shares commenced 3 February 2010			
European High Yield Bond Fund				2008			
for the year ended 7 March 2011				Class 1 – Net accumulation shares	4.3707	89.23	61.23
Class 1 – Net accumulation shares	58,852	115.23p	51,072,813	Class 1 – Gross accumulation shares	5.9643	95.27	70.31
§Class 1 – Gross income shares	788	114.34p	688,765	Class 2 – Gross accumulation shares	4.5599	114.04	84.40
§Class 1 – Gross accumulation shares	639,762	136.64p	468,225,867	2009			
§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			
§Class 1 – Gross accumulation shares	321,942	134.69p	239,023,774	Class 1 – Net accumulation shares	3.7316	115.13	96.16
§Class 2 – Gross accumulation shares	191,816	164.68p	116,481,013	§Class 1 – Gross income shares	–	116.30	96.87
§Class 2 – Hedged gross accumulation shares	2,198	98.39p	2,234,191	Class 1 – Gross accumulation shares	6.4097	135.92	113.22
§Class X – Gross accumulation shares	131,315	66.62p	197,112,194	Class 2 – Gross accumulation shares	14.6306	164.75	136.95
for the year ended 7 March 2013				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 shares	2,528	113.15p	2,234,191	**Class 2 – Hedged gross accumulation shares	–	113.60	86.98
§Class X – Gross accumulation shares	88,671	79.24p	111,896,881	Class X – Gross accumulation shares	4.0805	70.72	59.77
§Class Z – Gross income shares	11	114.03p	9,839	2012			
§Class Z – Gross accumulation shares	4	115.86p	3,001	Class 1 – Net accumulation shares	8.0781	122.04	103.07
§Only available to eligible investors				Class 1 – Gross income shares	0.7214	123.05	103.53
				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	–	108.37	99.81
				Class Z – Gross accumulation shares	–	108.37	99.81
				2013			
				†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	11.9032	196.61	179.79
				†Class 2 – Hedged gross accumulation shares	7.1507	114.79	106.78
				†Class X – Gross accumulation shares	7.1541	80.12	73.19
				†***Class Z – Gross income shares	1.8221	117.16	107.13
				†\$\$\$Class Z – Gross accumulation shares	3.3965	117.16	107.13
				†To 7 March 2013			
				*Class X – Gross accumulation shares commenced 14 August 2009			
				§Class 1 – Gross income shares commenced 18 June 2010			
				**Class 2 – Hedged gross accumulation shares commenced 25 May 2011			
				§§Class 2 – Gross income shares commenced 9 May 2012			
				***Class Z – Gross income shares commenced 26 September 2012			
				\$\$\$Class Z – Gross accumulation shares commenced 26 September 2012			

Comparative Tables

(continued)

	Net asset value of share class £000	Net asset value per share	Shares in issue	Calendar Year	Net income per share p	Highest share price p	Lowest share price p
American Fund							
for the year ended 7 March 2011							
Class 1 – Net income shares	925	109.83p	842,324	2008	–	90.62	63.56
Class 1 – Net accumulation shares	645,865	109.84p	587,986,648	Class 1 – Net accumulation shares	–	90.61	63.56
Class 1 – Hedged net accumulation shares	15,943	142.94p	11,154,232	Class 2 – Net accumulation shares	–	96.06	67.71
Class 2 – Net accumulation shares	859,039	118.82p	723,001,814	2009			
Class X – Net accumulation shares	47,732	118.92p	40,139,169	Class 1 – Net income shares	–	92.80	63.14
for the year ended 7 March 2012							
Class 1 – Net income shares	33,343	117.89p	28,282,953	Class 1 – Net accumulation shares	–	92.81	63.15
Class 1 – Net accumulation shares	861,067	117.90p	730,312,069	*Class 1 – Hedged net accumulation shares	–	125.93	87.96
Class 1 – Hedged net accumulation shares	16,603	143.16p	11,597,700	Class 2 – Net accumulation shares	0.2291	99.63	67.44
Class 2 – Net accumulation shares	882,462	128.35p	687,520,414	2010			
Class X – Net accumulation shares	9,078	129.75p	6,996,737	Class 1 – Net income shares	–	109.53	87.57
for the year ended 7 March 2013							
Class 1 – Net income shares	32,273	140.81p	22,919,030	Class 1 – Net accumulation shares	–	109.55	87.58
Class 1 – Net accumulation shares	1,068,519	140.83p	758,736,586	Class 1 – Hedged net accumulation shares	–	134.75	103.59
Class 1 – Hedged net accumulation shares	102,344	168.56p	60,715,335	Class 2 – Net accumulation shares	–	118.34	94.33
Class 2 – Net accumulation shares	931,479	154.30p	603,697,564	§Class X – Net accumulation shares	–	118.20	94.01
Class X – Net accumulation shares	9,137	157.54p	5,799,930	2011			
Class Z – Net income shares	66,276	117.66p	56,328,419	Class 1 – Net income shares	–	117.16	94.52
Class Z – Net accumulation shares	9,503	117.83p	8,065,359	Class 1 – Net accumulation shares	–	117.17	94.53
				Class 1 – Hedged net accumulation shares	–	155.64	121.25
				Class 2 – Net accumulation shares	0.0063	127.01	102.55
				Class X – Net accumulation shares	0.4381	127.55	103.10
				2012			
				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			
				*Class 1 – Hedged net accumulation shares commenced 2 April 2009			
				§Class X – Net accumulation shares commenced 27 July 2010			
				**Class Z – Net income shares commenced 12 September 2012			
				§§Class Z – Net accumulation shares commenced 12 September 2012			

American Select Fund							
for the year ended 7 March 2011							
Class 1 – Net income shares	2,962	119.13p	2,486,825	2008			
Class 1 – Net accumulation shares	862,356	119.19p	723,515,679	Class 1 – Net income shares	–	103.93	69.82
Class 1 – Hedged net accumulation shares	31,903	128.94p	24,742,477	Class 1 – Net accumulation shares	–	103.96	69.85
Class 2 – Net accumulation shares	383,627	129.04p	297,289,146	Class 2 – Net accumulation shares	–	110.31	74.47
Class 2 – Hedged net accumulation shares	12,265	106.21p	11,547,702	2009			
for the year ended 7 March 2012							
Class 1 – Net income shares	4,809	128.17p	3,752,453	Class 1 – Net income shares	–	104.17	71.66
Class 1 – Net accumulation shares	1,024,768	128.23p	799,157,276	Class 1 – Net accumulation shares	–	104.23	71.70
Class 1 – Hedged net accumulation shares	99,820	129.59p	77,025,162	*Class 1 – Hedged net accumulation shares	–	119.24	85.72
Class 2 – Net accumulation shares	501,454	139.72p	358,898,899	Class 2 – Net accumulation shares	–	111.99	76.64
Class 2 – Hedged net accumulation shares	19,134	107.19p	17,850,861	§Class 2 – Hedged net accumulation shares	–	97.29	87.45
for the year ended 7 March 2013							
Class 1 – Net income shares	7,961	152.92p	5,205,753	2010			
Class 1 – Net accumulation shares	1,270,589	153.03p	830,274,702	Class 1 – Net income shares	–	118.60	94.47
Class 1 – Hedged net accumulation shares	16,650	151.51p	10,988,729	Class 1 – Net accumulation shares	–	118.66	94.51
Class 2 – Net accumulation shares	672,332	167.78p	400,732,928	Class 1 – Hedged net accumulation shares	–	122.09	92.99
Class 2 – Hedged net accumulation shares	42,786	126.66p	33,779,076	Class 2 – Net accumulation shares	–	128.30	101.99
Class Z – Net income shares	5,510	116.65p	4,723,880	Class 2 – Hedged net accumulation shares	–	100.02	76.27
Class Z – Net accumulation shares	20,970	116.71p	17,967,341	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 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			

Comparative Tables

(continued)

	Net asset value of share class £000	Net asset value per share	Shares in issue	Calendar Year	Net income per share p	Highest share price p	Lowest share price p
American Smaller Companies Fund (US)				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	–	90.36	61.54
Class 1 – Net accumulation shares	84,042	134.82p	62,338,099	Class 2 – Net accumulation shares	–	96.05	65.76
Class 2 – Net accumulation shares	226,077	146.18p	154,657,625	2009			
for the year ended 7 March 2012				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	2010			
Class X – Net accumulation shares	8,720	98.63p	8,840,942	Class 1 – Net income shares	–	137.62	98.38
for the year ended 7 March 2013				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	–	143.63	105.42
Class Z – Net accumulation shares	1,244	122.35p	1,016,578	Class 2 – Net accumulation shares	–	156.07	114.63
				Class X – Net accumulation shares	–	107.69	79.19
				2012			
				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	0.4156	115.91	93.14
				Class Z – Net accumulation shares	–	102.33	96.08
				2013			
				†Class 1 – Net income shares	–	160.40	135.63
				†Class 1 – Net accumulation shares	–	160.46	135.68
				†Class 2 – Net accumulation shares	–	176.23	148.84
				†Class X – Net accumulation shares	38.4120	138.77	117.00
				†Class Z – Net accumulation shares	0.0036	122.38	103.33
				†To 7 March 2013			
				§Class X – Net accumulation shares commenced 10 March 2011			
				*Class Z – Net accumulation shares commenced 21 September 2012			
Dollar Bond Fund				2008			
for the year ended 7 March 2011				Class 1 – Net income shares	1.8412	48.66	38.68
Class 1 – Net income shares	42,086	47.61p	88,390,259	Class 1 – Gross accumulation shares	3.7104	81.66	63.39
§Class 1 – Gross accumulation shares	12,359	88.82p	13,914,295	2009			
for the year ended 7 March 2012				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			
for the year ended 7 March 2013				Class 1 – Net income shares	1.4931	54.34	46.73
Class 1 – Net income shares	56,163	55.15p	101,843,442	Class 1 – Gross accumulation shares	3.3250	98.21	82.97
§Class 1 – Gross accumulation shares	18,398	108.62p	16,938,956	2011			
Class Z – Net income shares	4	102.42p	3,727	Class 1 – Net income shares	1.2422	52.47	47.36
§Only available to eligible investors				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	2.7317	104.30	96.53
				2013			
				†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			
				§Class Z – Net income shares commenced 15 February 2013			
Japan Fund				2008			
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			
for the year ended 7 March 2012				Class 1 – Net accumulation shares	0.1844	36.80	27.45
Class 1 – Net accumulation shares	59,508	33.54p	177,418,723	Class 2 – Net accumulation shares	0.4351	39.32	29.36
Class 2 – Net accumulation shares	138,947	36.58p	379,893,256	2010			
for the year ended 7 March 2013				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			
Class Z – Net accumulation shares	35	123.18p	28,512	Class 1 – Net accumulation shares	0.0104	37.91	30.26
				Class 2 – Net accumulation shares	0.2461	41.07	32.89
				2012			
				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			
				†Class 1 – Net accumulation shares	0.2458	37.15	32.11
				†Class 2 – Net accumulation shares	0.8227	40.77	35.20
				†Class Z – Net accumulation shares	–	123.20	106.34
				†To 7 March 2013			
				§Class Z – Net accumulation shares commenced 3 October 2012			

Comparative Tables

(continued)

	Net asset value of share class £000	Net asset value per share	Shares in issue	Calendar Year	Net income per share p	Highest share price p	Lowest share price p
Japan Smaller Companies Fund							
for the year ended 7 March 2011				2008			
Class 1 – Net accumulation shares	1,999	80.03p	2,497,909	Class 1 – Net accumulation shares	–	71.38	48.62
Class 2 – Net accumulation shares	124,209	86.64p	143,361,226	Class 2 – Net accumulation shares	0.4096	75.92	51.82
for the year ended 7 March 2012				2009			
Class 1 – Net accumulation shares	2,317	79.96p	2,898,109	Class 1 – Net accumulation shares	0.4939	76.45	56.41
Class 2 – Net accumulation shares	119,555	87.12p	137,234,712	Class 2 – Net accumulation shares	0.8373	81.98	60.27
for the year ended 7 March 2013				2010			
Class 1 – Net accumulation shares	2,534	88.57p	2,861,337	Class 1 – Net accumulation shares	0.1046	83.82	68.21
Class 2 – Net accumulation shares	8,790	97.10p	9,052,287	Class 2 – Net accumulation shares	0.4569	90.26	73.28
Class Z – Net accumulation shares	4	118.13p	3,050	Class 1 – Net accumulation shares	0.3551	82.08	64.21
				Class 2 – Net accumulation shares	0.8013	88.77	69.52
				2012			
				Class 1 – Net accumulation shares	0.3268	82.22	73.87
				Class 2 – Net accumulation shares	0.9558	89.61	80.79
				§Class Z – Net accumulation shares	–	104.71	98.17
				2013			
				†Class 1 – Net accumulation shares	0.4517	88.96	77.45
				†Class 2 – Net accumulation shares	16.1702	97.53	84.84
				†Class Z – Net accumulation shares	–	118.61	103.16
				†To 7 March 2013			
				§Class Z – Net accumulation shares commenced 5 October 2012			
Asia Fund							
for the year ended 7 March 2011				2008			
Class 1 – Net accumulation shares	355,235	124.23p	285,947,923	Class 1 – Net accumulation shares	0.1184	119.60	57.24
Class 2 – Net accumulation shares	603,207	133.03p	453,426,056	Class 2 – Net accumulation shares	0.7742	125.72	60.43
for the year ended 7 March 2012				2009			
Class 1 – Net accumulation shares	243,305	120.03p	202,704,197	Class 1 – Net accumulation shares	0.8726	115.60	65.84
Class 2 – Net accumulation shares	470,629	129.36p	363,826,121	Class 2 – Net accumulation shares	1.2673	122.87	69.63
for the year ended 7 March 2013				2010			
Class 1 – Net accumulation shares	229,431	140.88p	162,851,936	Class 1 – Net accumulation shares	0.2890	135.67	105.03
Class 2 – Net accumulation shares	555,749	152.81p	363,680,917	Class 2 – Net accumulation shares	1.0560	145.11	111.71
Class Z – Net accumulation shares	13	118.49p	10,972	Class 1 – Net accumulation shares	1.2409	137.25	99.64
				Class 2 – Net accumulation shares	1.4957	146.82	107.09
				2012			
				Class 1 – Net accumulation shares	1.1641	128.59	109.58
				Class 2 – Net accumulation shares	2.2960	139.31	118.25
				§Class Z – Net accumulation shares	–	107.99	99.31
				2013			
				†Class 1 – Net accumulation shares	1.1743	141.05	129.87
				†Class 2 – Net accumulation shares	2.0012	153.00	140.70
				†Class Z – Net accumulation shares	0.8697	118.63	109.07
				†To 7 March 2013			
				§Class Z – Net accumulation shares commenced 21 September 2012			
Latin America Fund							
for the year ended 7 March 2011				2008			
Class 1 – Net accumulation shares	434,996	314.23p	138,434,524	Class 1 – Net accumulation shares	2.2609	279.39	112.55
Class 2 – Net accumulation shares	760,423	333.98p	227,688,330	Class 2 – Net accumulation shares	3.1414	292.07	117.90
Class X – Net accumulation shares	24	128.68p	18,715	Class X – Net accumulation shares	0.7610	68.89	27.90
for the year ended 7 March 2012				2009			
Class 1 – Net accumulation shares	390,203	298.01p	130,936,293	Class 1 – Net accumulation shares	1.3583	274.86	131.94
Class 2 – Net accumulation shares	618,457	318.77p	194,011,076	Class 2 – Net accumulation shares	2.4458	289.94	138.45
Class X – Net accumulation shares	4	124.04p	3,000	Class X – Net accumulation shares	0.5211	110.36	32.85
for the year ended 7 March 2013				2010			
Class 1 – Net accumulation shares	339,092	312.63p	108,462,681	Class 1 – Net accumulation shares	1.3652	342.17	245.47
Class 2 – Net accumulation shares	575,362	336.57p	170,950,863	Class 2 – Net accumulation shares	2.9426	363.26	259.10
Class X – Net accumulation shares	4	132.28p	3,000	Class X – Net accumulation shares	641.1219	139.70	98.73
Class Z – Net accumulation shares	324	114.32p	283,090	2011			
				Class 1 – Net accumulation shares	1.0490	346.33	237.91
				Class 2 – Net accumulation shares	3.3800	367.71	253.80
				Class X – Net accumulation shares	0.4510	141.44	98.35
				2012			
				Class 1 – Net accumulation shares	3.2750	309.56	247.87
				Class 2 – Net accumulation shares	6.0342	331.12	265.51
				Class X – Net accumulation shares	4.7265	128.86	103.55
				§Class Z – Net accumulation shares	–	103.85	97.24
				2013			
				†Class 1 – Net accumulation shares	2.4164	312.81	289.25
				†Class 2 – Net accumulation shares	4.5200	336.76	311.04
				†Class X – Net accumulation shares	3.9482	132.36	122.03
				†Class Z – Net accumulation shares	0.2894	114.39	105.62
				†To 7 March 2013			
				§Class Z – Net accumulation shares commenced 21 September 2012			

Comparative Tables

(continued)

	Net asset value of share class £000	Net asset value per share	Shares in issue	Calendar Year	Net income per share p	Highest share price p	Lowest share price p
Emerging Market Bond Fund							
for the year ended 7 March 2011				2008			
Class 1 – Net income shares	285,733	55.81p	512,013,281	Class 1 – Net income shares	3.1229	54.50	42.62
§Class 1 – Gross income shares	135,724	94.69p	143,338,627	Class 1 – Gross income shares	6.6114	93.06	72.60
§Class 1 – Gross accumulation shares	28,893	159.69p	18,093,476	Class 1 – Gross accumulation shares	8.8901	131.95	102.94
§Class 2 – Gross accumulation shares	17,579	154.80p	11,355,911	Class 2 – Gross accumulation shares	4.0053	126.11	98.27
§Class X – Gross accumulation shares	55,512	60.41p	91,887,068	2009			
for the year ended 7 March 2012				Class 1 – Net income shares	3.3245	59.70	51.53
Class 1 – Net income shares	449,413	61.19p	734,440,148	Class 1 – Gross income shares	7.0256	101.40	87.76
§Class 1 – Gross income shares	175,792	103.81p	169,337,323	Class 1 – Gross accumulation shares	10.1596	155.07	126.54
§Class 1 – Gross accumulation shares	37,216	185.70p	20,040,757	Class 2 – Gross accumulation shares	9.8996	148.97	120.97
§Class 2 – Gross accumulation shares	17,513	181.17p	9,666,444	*Class X – Gross accumulation shares	1.3524	57.33	47.85
§Class X – Gross accumulation shares	66,208	71.42p	92,708,995	2010			
for the year ended 7 March 2013				Class 1 – Net income shares	3.3027	64.92	57.71
Class 1 – Net income shares	699,543	66.80	1,047,186,868	Class 1 – Gross income shares	6.9897	110.41	98.37
§Class 1 – Gross income shares	168,845	113.31	149,017,475	Class 1 – Gross accumulation shares	10.8663	174.58	150.45
§Class 1 – Gross accumulation shares	49,733	212.45	23,408,835	Class 2 – Gross accumulation shares	10.6798	168.38	144.74
§Class 2 – Gross accumulation shares	33,468	208.61	16,043,395	Class X – Gross accumulation shares	4.1300	65.19	55.83
§Class X – Gross accumulation shares	54,285	83.06	65,358,134	2011			
Class Z – Net income shares	6,841	107.28	6,376,290	Class 1 – Net income shares	2.9489	61.31	55.26
§Class Z – Gross income shares	3	100.46	3,010	Class 1 – Gross income shares	6.2420	104.41	93.94
<i>§Only available to eligible investors</i>				Class 1 – Gross accumulation shares	10.3564	181.26	158.37
				Class 2 – Gross accumulation shares	10.2691	176.63	153.66
				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
				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
				<i>†To 7 March 2013</i>			
				<i>§Class X – Gross accumulation shares commenced 3 April 2009</i>			
				<i>§Class Z – Net income shares commenced 14 September 2012</i>			
				<i>**Class Z – Gross income shares commenced 15 February 2013</i>			
Global Select Fund							
for the year ended 7 March 2011				2008			
Class 1 – Net accumulation shares	570,562	102.05p	559,076,425	Class 1 – Net accumulation shares	0.0073	93.74	62.18
Class 2 – Net accumulation shares	59,033	140.25p	42,091,486	§Class X – Net accumulation shares	–	49.53	40.14
Class X – Net accumulation shares	10,932	68.41p	15,980,123	2009			
for the year ended 7 March 2012				Class 1 – Net accumulation shares	0.6121	89.98	61.01
Class 1 – Net accumulation shares	665,505	101.45p	656,012,500	*Class 2 – Net accumulation shares	0.0768	122.73	82.78
Class 2 – Net accumulation shares	65,907	140.31p	46,971,804	Class X – Net accumulation shares	0.3664	59.16	39.58
Class X – Net accumulation shares	7,626	69.12p	11,032,405	2010			
for the year ended 7 March 2013				Class 1 – Net accumulation shares	0.1274	103.07	83.93
Class 1 – Net accumulation shares	670,629	118.80p	564,494,854	Class 2 – Net accumulation shares	0.1813	141.48	114.55
Class 2 – Net accumulation shares	72,298	165.37p	43,719,294	Class X – Net accumulation shares	0.9263	68.88	55.27
Class X – Net accumulation shares	1,841	82.26p	2,238,483	2011			
Class Z – Net accumulation shares	2,602	118.08p	2,203,670	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
				<i>†To 7 March 2013</i>			
				<i>§Class X – Net accumulation shares commenced 26 September 2008</i>			
				<i>*Class 2 – Net accumulation shares commenced 22 January 2009</i>			
				<i>§§Class Z – Net accumulation shares commenced 19 September 2012</i>			

Comparative Tables

(continued)

	Net asset value of share class £000	Net asset value per share	Shares in issue	Calendar Year	Net income per share p	Highest share price p	Lowest share price p
Global Bond Fund				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	2.6412	113.29	74.46
§Class 1 – Gross income shares	136,231	78.70p	173,106,499	Class 2 – Net income shares	1.4378	73.18	49.43
§Class 1 – Gross accumulation shares	36,557	102.12p	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				*Class 1 – Net accumulation shares	0.4217	51.79	46.05
Class 1 – Net income shares	25,562	61.65p	41,466,623	Class 1 – Gross income shares	3.0158	93.12	76.96
Class 1 – Net accumulation shares	2,967	54.03p	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	2010			
§Class 2 – Gross accumulation shares	77,989	88.29p	88,337,154	Class 1 – Net income shares	1.4187	64.27	58.68
for the year ended 7 March 2013				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
§Class 1 – Gross income shares	138,127	83.91p	164,606,506	Class 2 – Net income shares	1.5898	68.75	62.68
§Class 1 – Gross accumulation shares	37,587	114.07p	32,950,832	Class 2 – Gross accumulation shares	2.4705	86.47	77.74
Class 2 – Net income shares	5,564	66.65p	8,348,683	2011			
§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	1.0974	55.29	49.12
§Class Z – Gross income shares	12	101.03p	11,940	Class 1 – Gross income shares	2.1884	87.00	78.93
§Only available to eligible investors				Class 1 – Gross accumulation shares	2.8221	114.43	101.33
				Class 2 – Net income shares	1.4508	68.59	62.06
				Class 2 – Gross accumulation shares	2.3242	89.90	79.30
				2012			
				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	1.2674	68.60	64.54
				Class 2 – Gross accumulation shares	2.0838	91.13	86.19
				§Class Z – Net income shares	–	101.27	97.79
				**Class Z – Gross income shares	–	101.33	97.88
				2013			
				†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	0.6109	67.56	64.04
				†Class 2 – Gross accumulation shares	1.0228	90.86	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			
				*Class 1 – Net accumulation shares commenced 8 May 2009			
				§Class Z – Net income shares commenced 28 September 2012			
				**Class Z – Gross income shares commenced 28 September 2012			
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	2.2783	96.32	57.12
Class 2 – Net accumulation shares	1,385,229	106.24p	1,303,884,642	2009			
for the year ended 7 March 2012				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			
for the year ended 7 March 2013				Class 1 – Net accumulation shares	0.8675	99.51	77.90
Class 1 – Net accumulation shares	92,633	115.17p	80,433,505	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	1.0687	102.44	79.84
				Class 2 – Net accumulation shares	2.0711	108.73	84.92
				2012			
				Class 1 – Net accumulation shares	1.8646	104.87	91.45
				Class 2 – Net accumulation shares	2.8133	112.77	97.85
				2013			
				†Class 1 – Net accumulation shares	0.4974	115.25	105.94
				†Class 2 – Net accumulation shares	1.1400	124.15	113.95
				†To 7 March 2013			
UK Overseas Earnings Fund				2008			
for the year ended 7 March 2011				Class 2 – Net income shares	1.6095	77.45	46.71
Class 2 – Net income shares	112,856	75.59p	149,299,830	2009			
for the year ended 7 March 2012				Class 2 – Net income shares	1.6727	65.65	44.61
Class 2 – Net income shares	105,852	77.31p	136,910,621	2010			
for the year ended 7 March 2013				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	1.4077	80.38	65.43
				2012			
				Class 2 – Net income shares	1.7386	84.04	72.94
				2013			
				†Class 2 – Net income shares	0.5636	92.37	84.58
				†To 7 March 2013			

Performance Summary for the twelve months ended 28 February 2013

Funds	Sector	Index	Class 1 Net Return %	Class 2 Net Return %	Sector Median Net Return %	Fund Gross Total Return %	Index Total Return %
United Kingdom							
UK Fund	(IMA) UK All Companies	FTSE All-Share	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 Companies	Numis NSCI ex Investment 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 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 3% Constrained ex Sub Financial – 100% Hdg £	10.45	11.15	11.95	13.15	15.09
Strategic Bond Fund	(IMA) £ Strategic Bond	60% iBoxx Sterling Non Gilts/40% ML Euro Currency HiYield – Constrained B-BB (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 Fund	(IMA) European Smaller Companies	HSBC European Smaller Companies ex UK	30.61	31.45	21.77	33.66	18.30
Pan European Smaller Companies Fund	(IMA) European Smaller 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†	(IMA) Global Bond	ML Pan Europe Large Cap	8.50	–	7.66	10.84	9.21
European Corporate Bond Fund†	(IMA) Global Bond	iBoxx Euro Corporate	11.85	13.11	7.66	14.11	11.63
European High Yield Bond Fund†	(IMA) Global Bond	ML Euro Currency HiYield 3% Constrained ex Sub Fin – 100% Hdg E (£ Terms)	14.05	14.45	7.66	16.79	17.82
European High Yield Bond Fund (€)†	(IMA) Global Bond	ML Euro Currency HiYield 3% Constrained ex Sub Fin – 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 Fund (US)	(IMA) North American 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 & Globals/50% ML US 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 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 Net Return %	Class 2 Net Return %	Sector Median Net Return %	Fund Gross Total Return %	Index Total Return %
Pacific Basin & Emerging Markets, Asia Pacific Excluding Japan							
Asia Fund	(IMA) Asia Pacific Excluding Japan	MSCI All Country Asia Pacific ex Japan	11.93	12.64	14.91	14.28	15.24
Latin America Fund†	UK Registered – Equity Latin America	MSCI Latin America 10/40	–1.33	–0.69	6.20	2.30	–1.54
Emerging Market Bond Fund†	(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) (prior to 31/07/2012 JPM 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 Class 1 Return %	Share Class 2 Return %	Sector Median Net Return %	Fund Gross Total Return %	Index Total Return %	Currency
UK EQUITY								
UK Fund	UK Large Cap Blend	FTSE All Share	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 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 ex UK	17.55	18.30	14.53	20.56	15.31	EUR
European Select Fund	Europe ex UK Large Cap	FTSE World Europe ex UK	21.01	21.78	14.53	23.64	15.31	EUR
European Smaller Companies Fund	Europe Small-Mid Cap Combined	HSBC European Smaller Cos ex UK	27.63	28.45	15.26	29.95	15.02	EUR
Pan European Smaller Companies Fund	Europe Small-Mid Cap Combined	HSBC Smaller Europe 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 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 10/40	–5.91	–5.30	–5.22	–2.79	–6.44	USD
FAR EAST & PACIFIC								
Japan Fund	Japan Large Cap	Japan TOPIX 1st 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 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 Class 1 Return %	Share Class 2 Return %	Sector Median Net Return %	Fund Gross Total Return %	Index Total Return %	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 HiYield 3% Constrained ex Sub Fin – 100% Hdg £	10.45	11.15	9.89	13.15	15.09	GBP
Strategic Bond Fund	GBP Flexible Bond	60% iBoxx Sterling Non Gilts/40% ML Euro Currency HiYield – Constrained B-BB (GBP 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 Cap	6.55	10.52	4.84	7.77	6.19	EUR
European Corporate Bond Fund*	Fixed Income Europe/ 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 HiYield 3% Constrained ex Sub Fin – 100% Hdg E (£ terms)	12.17	12.89	12.20	13.56	14.56	EUR
Dollar Bond Fund*	USD Diversified Bond	50% ML Euro-Dollar & Globals/50% ML US 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 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
UK 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 ¹	0.87%	–
	Class Z – Net accumulation shares ²	0.87%	–
UK 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 ³	0.88%	–
UK 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 shares ⁴	0.91%	–
UK Growth & Income Fund	Class 1 – Net income shares	1.63%	1.63%
	Class 2 – Net income shares	1.05%	1.05%
	Class Z – Net income shares ³	0.88%	–
UK Equity Income Fund	Class 1 – Net income shares	1.62%	1.62%
	Class 1 – Net accumulation shares	1.62%	1.62%
	Class 2 – Net income shares	1.04%	1.05%
	Class Z – Net income shares ⁵	0.87%	–
	Class Z – Net accumulation shares ⁶	0.87%	–
UK Monthly Income Fund	Class 1 – Net income shares	1.62%	1.62%
	Class Z – Net income shares ³	0.87%	–
Monthly Extra Income Fund	Class 1 – Net income shares	1.39%	1.40%
	Class Z – Net income shares ⁷	0.74%	–
UK 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%
High 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 ⁸	0.74%	–
	Class Z – Gross accumulation shares ⁹	0.75%	–
Strategic 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 ¹⁰	0.73%	–
	Class Z – Gross income shares ¹¹	0.73%	–
Sterling Bond Fund	Class Z – Gross accumulation shares ¹²	0.73%	–
	Class 1 – Net income shares	1.20%	1.20%
	Class 1 – Gross accumulation shares	1.20%	1.20%
	Class Z – Net income shares ¹³	0.53%	–
Sterling Fund	Class Z – Gross accumulation shares ¹⁴	0.53%	–
	Class 1 – Net income shares	0.27%	0.28%
European 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%	–
European Select Fund	Class 1 – Net accumulation shares	1.71%	1.73%
	Class 2 – Net income shares ¹⁶	1.07%	–
	Class 2 – Net accumulation shares	1.07%	1.09%
	Class Z – Net accumulation shares ⁶	0.89%	–

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 ¹⁷	0.91%	–
Pan 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 ¹⁷	0.89%	–
Pan 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 ¹⁸	0.91%	–
European 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 ¹⁹	0.64%	–
European 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%
European 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 ²⁶	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 ¹¹	0.75%	–
	Class Z – Gross accumulation shares ¹²	0.75%	–
American 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 ²⁰	0.86%	–
	Class Z – Net accumulation shares ²¹	0.86%	–
American 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 ²⁰	0.86%	–
	Class Z – Net accumulation shares ²¹	0.86%	–
American 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 ²²	0.91%	–
Dollar 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 ¹⁹	0.66%	–
Japan Fund	Class 1 – Net accumulation shares	1.71%	1.71%
	Class 2 – Net accumulation shares	1.07%	1.07%
	Class Z – Net accumulation shares ¹⁸	0.90%	–
Japan Smaller Companies Fund	Class 1 – Net accumulation shares	1.78%	1.72%
	Class 2 – Net accumulation shares	1.10%	1.08%
	Class Z – Net accumulation shares ²³	0.96%	–

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 ²²	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 ²²	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 shares ⁵	0.73%	–
	Class Z – Gross income shares ²⁴	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 ²	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 ³	0.63%	–
	Class Z – Gross income shares ²⁵	0.63%	–
UK Institutional Fund	Class 1 – Net accumulation shares	1.69%	1.68%*
	Class 2 – Net accumulation shares	0.80%	0.79%*
UK 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.

¹Class Z – Net income shares commenced 19 September 2012

²Class Z – Net accumulation shares commenced 19 September 2012

³Class Z – Net income shares commenced 28 September 2012

⁴Class Z – Net income shares commenced 5 October 2012

⁵Class Z – Net income shares commenced 14 September 2012

⁶Class Z – Net accumulation shares commenced 14 September 2012

⁷Class Z – Net income shares commenced 3 October 2012

⁸Class Z – Net income shares commenced 21 September 2012

⁹Class Z – Gross accumulation shares commenced 19 September 2012

¹⁰Class Z – Net income shares commenced 26 September 2012

¹¹Class Z – Gross income shares commenced 26 September 2012

¹²Class Z – Gross accumulation shares commenced 26 September 2012

¹³Class Z – Gross income shares commenced 12 October 2012

¹⁴Class Z – Gross accumulation shares commenced 12 October 2012

¹⁵Class Z – Net accumulation shares commenced 28 September 2012

¹⁶Class 2 – Net income shares commenced 9 March 2012

¹⁷Class Z – Net accumulation shares commenced 12 February 2013

¹⁸Class Z – Net accumulation shares commenced 3 October 2012

¹⁹Class Z – Net income shares commenced 15 February 2013

²⁰Class Z – Net income shares commenced 12 September 2012

²¹Class Z – Net accumulation shares commenced 12 September 2012

²²Class Z – Net accumulation shares commenced 21 September 2012

²³Class Z – Net accumulation shares commenced 5 October 2012

²⁴Class Z – Gross income shares commenced 15 February 2013

²⁵Class Z – Gross income shares commenced 28 September 2012

²⁶Class 2 – Gross income shares commenced 9 May 2012

Risk and Reward Profiles

Fund	Share Class	SRRI*
UK Fund	Class 1 – Net income shares	6
	Class 2 – Net income shares	6
	Class 2 – Net accumulation shares	6
	Class Z – Net income shares ¹	6
	Class Z – Net accumulation shares ²	6
UK Select Fund	Class 1 – Net income shares	6
	Class 2 – Net income shares	6
	Class Z – Net income shares ³	6
UK Smaller Companies Fund	Class 1 – Net income shares	6
	Class 2 – Net income shares	6
	Class Z – Net income shares ⁴	6
UK Growth & Income Fund	Class 1 – Net income shares	6
	Class 2 – Net income shares	6
	Class Z – Net income shares ³	6
UK 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 shares ⁵	6
	Class Z – Net accumulation shares ⁶	6
UK Monthly Income Fund	Class 1 – Net income shares	6
	Class Z – Net income shares ³	6
Monthly Extra Income Fund	Class 1 – Net income shares	5
	Class Z – Net income shares ⁷	5
UK Corporate Bond Fund	Class 1 – Net income shares	4
	Class 1 – Gross income shares	4
	Class 2 – Net income shares	4
	Class 2 – Gross accumulation shares	4
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 ⁸	4
	Class Z – Gross accumulation shares ⁹	4
Strategic 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 ¹⁰	4
	Class Z – Gross income shares ¹¹	4
Sterling Bond Fund	Class Z – Gross accumulation shares ¹²	4
	Class 1 – Net income shares	4
	Class 1 – Gross accumulation shares	4
	Class Z – Net income shares ¹³	4
Sterling Fund	Class Z – Gross accumulation shares ¹⁴	4
	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 ¹⁵	6
European Select Fund	Class 1 – Net accumulation shares	6
	Class 2 – Net income shares ¹⁶	6
	Class 2 – Net accumulation shares	6
	Class Z – Net accumulation shares ⁶	6
European Smaller Companies Fund	Class 1 – Net income shares	6
	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
	Class 2 – Net accumulation shares	6
	Class X – Net accumulation shares	6
	Class Z – Net accumulation shares ¹⁷	6

Risk and Reward Profiles

(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	6
	Class X – Net accumulation shares	6
	Class Z – Net accumulation shares ¹⁸	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 ¹⁹	5
European Corporate Bond Fund	Class 1 – Net accumulation shares	5
	Class 1 – Gross accumulation shares	5
	Class 2 – Gross accumulation shares	5
European High Yield Bond Fund	Class 1 – Net accumulation shares	5
	Class 1 – Gross income shares	5
	Class 1 – Gross accumulation shares	5
	Class 2 – Gross income shares ²⁶	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 ¹¹	5
	Class Z – Gross accumulation shares ¹²	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 ²⁰	6
	Class Z – Net accumulation shares ²¹	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 ²⁰	6
	Class Z – Net accumulation shares ²¹	6
American Smaller Companies Fund (US)	Class 1 – Net income shares	6
	Class 1 – Net accumulation shares	6
	Class 2 – Net accumulation shares	6
	Class X – Net accumulation shares	6
	Class Z – Net accumulation shares ²²	6
Dollar Bond Fund	Class 1 – Net income shares	5
	Class 1 – Gross accumulation shares	5
	Class Z – Net income shares ¹⁹	5
Japan Fund	Class 1 – Net accumulation shares	6
	Class 2 – Net accumulation shares	6
	Class Z – Net accumulation shares ¹⁸	6
Japan Smaller Companies Fund	Class 1 – Net accumulation shares	6
	Class 2 – Net accumulation shares	6
	Class Z – Net accumulation shares ²³	6
Asia Fund	Class 1 – Net accumulation shares	6
	Class 2 – Net accumulation shares	6
	Class Z – Net accumulation shares ²²	6
Latin America Fund	Class 1 – Net accumulation shares	7
	Class 2 – Net accumulation shares	7
	Class X – Net accumulation shares	7
	Class Z – Net accumulation shares ²²	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 shares ⁵	5
	Class Z – Gross income shares ²⁴	5

Risk and Reward Profiles

(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 ²	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 ³	5
	Class Z – Gross income shares ²⁵	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

¹Class Z – Net income shares commenced 19 September 2012

²Class Z – Net accumulation shares commenced 19 September 2012

³Class Z – Net income shares commenced 28 September 2012

⁴Class Z – Net income shares commenced 5 October 2012

⁵Class Z – Net income shares commenced 14 September 2012

⁶Class Z – Net accumulation shares commenced 14 September 2012

⁷Class Z – Net income shares commenced 3 October 2012

⁸Class Z – Net income shares commenced 21 September 2012

⁹Class Z – Gross accumulation shares commenced 19 September 2012

¹⁰Class Z – Net income shares commenced 26 September 2012

¹¹Class Z – Gross income shares commenced 26 September 2012

¹²Class Z – Gross accumulation shares commenced 26 September 2012

¹³Class Z – Gross income shares commenced 12 October 2012

¹⁴Class Z – Gross accumulation shares commenced 12 October 2012

¹⁵Class Z – Net accumulation shares commenced 28 September 2012

¹⁶Class 2 – Net income shares commenced 9 March 2012

¹⁷Class Z – Net accumulation shares commenced 12 February 2013

¹⁸Class Z – Net accumulation shares commenced 3 October 2012

¹⁹Class Z – Net income shares commenced 15 February 2013

²⁰Class Z – Net income shares commenced 12 September 2012

²¹Class Z – Net accumulation shares commenced 12 September 2012

²²Class Z – Net accumulation shares commenced 21 September 2012

²³Class Z – Net accumulation shares commenced 5 October 2012

²⁴Class Z – Gross income shares commenced 15 February 2013

²⁵Class Z – Gross income shares commenced 28 September 2012

²⁶Class 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.

Risk and Reward Profiles

(continued)

SRRI	
1	The fund is in this specific category because historically it has shown a low level of volatility (how much the value of the fund went up and down compared to other categories).
2	The fund is in this specific category because historically it has shown a relatively low level of volatility (how much the value of the fund went up and down compared to other categories).
3	The fund is in this specific category because historically it has shown a medium to low level of volatility (how much the value of the fund went up and down compared to other categories).
4	The fund is in this specific category because historically it has shown a medium level of volatility (how much the value of the fund went up and down compared to other categories).
5	The fund is in this specific category because historically it has shown a medium to high level of volatility (how much the value of the fund went up and down compared to other categories).
6	The fund is in this specific category because historically it has shown a high level of volatility (how much the value of the fund went up and down compared to other categories).
7	The fund is in this specific category because historically it has shown a very high level of volatility (how much the value of the fund went up and down compared to other categories).

The Risk and Reward Profile is based on past performance data in pound sterling. If your investment in the fund is not in pound sterling, please check the figure for the risk and reward profile disclosed on our website (threadneedle.com) according to the currency of your investment in the fund.

Historical data may not be a reliable indication of the future risk profile of the funds.

The SRRI category shown is not guaranteed to remain unchanged and that the categorisation of the funds may shift over time.

The lowest category does not mean a risk-free investment.

No form of capital protection or capital guarantee applies to any of the funds.

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

Depository

J.P. Morgan Trustee and Depository Company Limited
(Regulated by the FCA (formerly FSA))
Chaseside, Bournemouth BH7 7DA

Legal Advisers

Eversheds LLP
One Wood Street, London EC2V 7WS

Baum Financial Services Law Team
Grosser Burstah 42, 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

*Calls may be recorded

Important Information

References in this document to any fund do not constitute an offer or invitation to subscribe to shares in such a fund. We recommend 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 Concentration	Issuer	Liquidity	Political and Financial	Inflation	Interest Rate	Valuation	Short Selling	Leverage	Investment in Derivatives	No Capital Guarantee	Investment in Deposits
UK Fund	X		X		X												
UK Select Fund	X		X		X	X											
UK Smaller Companies Fund	X		X		X			X									
UK Growth & Income Fund	X		X		X												
UK Equity Income Fund	X		X		X												
UK Monthly Income Fund	X		X		X												
Monthly Extra Income Fund	X		X	X			X										
UK Corporate Bond Fund	X		X				X	X		X	X						
High Yield Bond Fund	X		X	X			X	X		X	X						
Strategic Bond Fund	X	X	X				X	X		X	X	X	X	X	X		
Sterling Bond Fund	X		X				X	X		X	X						
Sterling Fund						X				X						X	X
European Fund	X		X		X												
European Select Fund	X	X	X		X	X											
European Smaller Companies Fund	X	X	X		X			X									
Pan European Smaller Companies Fund	X	X	X		X			X									
Pan European Fund	X	X	X		X												
European Bond Fund	X	X	X				X	X		X	X						
European Corporate Bond Fund	X	X	X				X	X		X	X						
European High Yield Bond Fund	X		X	X			X	X		X	X						
American Fund	X		X		X												
American Select Fund	X		X		X	X											
American Smaller Companies Fund (US)	X		X		X			X									
Dollar Bond Fund	X		X				X	X		X	X						
Japan Fund	X	X	X		X												
Japan Smaller Companies Fund	X	X	X		X			X									
Asia Fund	X	X	X		X				X								
Latin America Fund	X	X	X		X				X								
Emerging Market Bond Fund	X	X	X	X			X	X	X	X	X						
Global Select Fund	X	X	X		X	X											
Global Bond Fund	X	X	X				X	X		X	X						
UK Institutional Fund	X		X		X												
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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