



Threadneedle
Investment Funds II ICVC
(formerly known as LV= Investment Funds I ICVC)

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Company Information

Company

Threadneedle Investment Funds II ICVC
(formerly LV= Investment Funds I ICVC)
Registered Number IC24

Registered Office

60 St Mary Axe, London EC3A 8JQ
(with effect from 1st November 2011)
County Gates, Bournemouth, BH1 2NF
(until 1st November 2011)

Director

There is a sole director, the Authorised Corporate Director ("ACD"), which with effect from 1st November 2011 is Threadneedle Investment Services Limited. Until 1st November 2011, the ACD was Liverpool Victoria Portfolio Managers Limited.

Board of Directors of the current ACD

Chairman and Chief Executive

C J Henderson

Other Directors

C D Fleming

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 Audited Financial Statements for Threadneedle Investment Funds II ICVC (formerly LV= Investment Funds I ICVC) for the year ended 31st December 2011.

Threadneedle Asset Management Limited took over the investment management of the Company investment on behalf of the ACD, on 1st November 2011. The Company invested as per the investment objectives and policies stated in the prospectus throughout the year. The investment objectives and policies were unchanged during the year. The investment team continues to manage the sub-funds actively in the pursuit of seeking risk-adjusted returns.

The financial statements have been presented on an aggregated basis. However, separate financial information is also provided on a sub-fund basis to enable investors to review the status and performance of those funds for the year 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 'Crispin Henderson', with a horizontal line underneath.

Crispin Henderson

Director

Aggregated Financial Statements for Threadneedle Investment Funds II ICVC

AGGREGATED STATEMENT OF TOTAL RETURN

for the accounting period 1st January 2011 to 31st December 2011

	Notes	2011 £000	2010 £000
Income			
Net capital (losses)/gains	2	(68,892)	69,027
Revenue	3	23,736	12,727
Expenses	4	(1,126)	(853)
Finance costs: interest	6	(63)	(7)
Net revenue before taxation		22,547	11,867
Taxation	5	(1,201)	(528)
Net revenue after taxation		21,346	11,339
Total return before distributions/accumulations		(47,546)	80,366
Finance costs: distributions/accumulations	6	(21,577)	(11,397)
Change in net assets attributable to shareholders from investment activities		(69,123)	68,969

AGGREGATED STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 1st January 2011 to 31st December 2011

	2011 £000	2010 £000
Opening net assets attributable to shareholders	608,830	456,258
Amounts receivable on the issue of shares	284,572	305,522
Amounts payable on the cancellation of shares	(229,144)	(234,647)
	55,428	70,875
Stamp duty reserve tax	(34)	(219)
Dilution levy	408	366
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	(69,123)	68,969
Retained distributions on accumulation shares	17,299	12,581
Closing net assets attributable to shareholders	612,808	608,830

AGGREGATED BALANCE SHEET

as at 31st December 2011

	Notes	2011 £000	2010 £000
Assets			
Investment assets		601,184	599,781
Debtors	8	1,449	1,234
Short term deposits		5,502	–
Cash and bank balances		12,005	9,165
Total other assets		18,956	10,399
Total assets		620,140	610,180
Liabilities			
Investment liabilities		8	598
Creditors	9	2,653	461
Bank overdrafts		3,678	165
Distribution payable on income shares		993	126
Total other liabilities		7,324	752
Total liabilities		7,332	1,350
Net assets attributable to shareholders		612,808	608,830

The aggregated financial statements represent the sum of the individual funds within the 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.

C J Henderson
Director

N J Ring
Director

17th February 2012

Notes to the Aggregated Financial Statements for Threadneedle Investment Funds II ICVC

Notes to the financial statements

for the accounting period 1st January 2011 to 31st December 2011

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 the Statement of Recommended Practice (the "SORP") for Financial Statements of Authorised Funds issued by the Investment Management Association ("IMA") in October 2010.

(2) Aggregation

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

(3) Recognition of revenue

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

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

Dividends, interest and other revenue receivable include any withholding taxes but excludes 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.

In the case of an enhanced stock dividend, the value of the enhancements is treated as capital.

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

Interest on debt securities is recognised on an effective interest rate basis.

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

Underwriting commission is recognised as revenue 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.

Stocklending revenue and any associated charges are recognised on an accruals basis.

(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 accruals basis and include irrecoverable VAT where appropriate.

(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 individual fund's capital net assets attributable to each share class, on the day the revenue is earned or the expense is suffered.

(6) Distribution policy

Where the revenue from investments exceeds the expenses for any share class, a dividend distribution will be made to 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.

The ACD's periodic charges and Administration fees for Threadneedle UK Equity Income Fund are charged to the capital account for the purpose of determining the amount available for distribution.

The ACD's periodic charge and all other expenses for the Threadneedle US Equity Income Fund are charged to the capital account for the purpose of determining the amount available for distribution.

The ordinary element of stock dividends is treated as revenue and forms part of any distribution.

(7) Basis of valuation of investments

The listed investments of the Company have been valued at bid prices at the closing valuation point on 30th December 2011. The valuation of unlisted investments is based on the Authorised Corporate Director's assessment of their fair value. Suspended securities are valued initially at the suspended price but are subject to constant review.

(8) Exchange rates

Where applicable, transactions during the period have been converted into sterling at the rates of exchange ruling at the date of the transaction.

Foreign currency assets and liabilities at the end of the accounting period are translated at the exchange rates at the closing valuation point on 30th December 2011.

(9) Taxation

Corporation tax is charged at 20% of the revenue liable to corporation tax less expenses.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay less or receive more tax.

Deferred tax assets are recognised only to the extent that the ACD considers that it is more likely than not that there will be taxable profits from which the underlying timing differences can be deducted.

Stamp duty reserve tax, if any, is suffered on surrender of units and is deducted from capital.

(10) 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 is included within "Revenue", in the Statement of Total Return.

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

(11) Equalisation

Exchange traded options are valued at the closing cost of the contract at the balance sheet date.

The fair market value of forward currency exchange contracts is the difference between the contract rate and the current forward rate.

Equalisation is accrued revenue included in the price of the shares purchased during the accounting period, which, after using monthly groupings to average, is refunded as part of the shareholder's first distribution/accumulation following investment, resulting in the same rate of distribution/accumulation for that particular share class. As a capital repayment, it is not liable to income tax but must be deducted from the cost of shares for Capital Gains Tax purposes.

2 NET CAPITAL (LOSSES)/GAINS

The net capital (losses)/gains on investments during the year comprise:

	2011 £000	2010 £000
Non-derivative securities	(66,594)	74,424
Derivative contracts	(1,049)	(3,186)
Forward currency contracts	(1,529)	(1,422)
Currency gains/(losses)	347	(745)
Transaction costs	(101)	(129)
Capital special dividends	–	43
Deferred capital gains tax	34	42
Net capital losses/(gains)	(68,892)	69,027

Notes to the Aggregated Financial Statements for Threadneedle Investment Funds II ICVC (continued)

3 REVENUE

	2011 £000	2010 £000
UK dividends	9,733	7,493
Overseas dividends	13,145	4,653
Bank interest	8	3
Deposit interest	4	–
Underwriting commission	–	16
Interest on debt securities	618	419
Futures interest	5	2
Stock dividends	193	141
Stock lending income	30	–
Total revenue	23,736	12,727

4 EXPENSES

	2011 £000	2010 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	546	334
	546	334
Payable to the Depositary or associate of the Depositary, and the agents of either of them:		
Depositary fees	120	123
Safe custody fees	96	73
Administration fee	162	130
	378	326
Other expenses:		
Audit fee	48	39
Registration fees	153	154
Dividend collection expenses	1	–
	202	193
Total expenses	1,126	853

5 TAXATION

	2011 £000	2010 £000
a) Analysis of charge in year:		
Corporation tax	84	87
Double tax relief	–	(22)
Overseas withholding tax	1,152	463
Overseas tax credits	(2)	–
Repayment of Norwegian withholding tax	(33)	–
Total current tax (note 5b)	1,201	528
Deferred tax – origination and reversal of timing difference (note 5c)	(34)	(42)
Total tax charge for year	1,167	486
b) Factors affecting current taxation charge for year:		
Net revenue before taxation	22,547	11,867
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	4,509	2,374
Effects of:		
Revenue not subject to taxation	(4,597)	(2,395)
Current year expenses not utilised	129	72
Overseas withholding tax	1,152	463
Overseas tax credits	(2)	–
Double taxation relief	–	(22)
Repayment of Norwegian withholding tax	(33)	–
Realised gains on non-qualifying offshore funds	43	36
Current tax charge for year (note 5a)	1,201	528
c) Deferred tax		
Provision at start of year	34	76
Deferred tax charge in statement of total return for period (note 5a)	(34)	(42)
Provision at end of year	–	34

The deferred tax charge in the year is reflected within net capital gains/(losses) as it relates to unrealised gains on non-reporting offshore funds.

For details of the deferred tax, please refer to the individual Fund pages.

6 FINANCE COSTS

The distributions/accumulations take account of amounts added on the issue of shares and amounts deducted on the cancellation of shares, and comprise:

	2011 £000	2010 £000
Interim distributions/accumulations	15,285	9,112
Final distributions/accumulations	5,648	3,627
	20,933	12,739
Add: Amounts deducted on cancellation of shares	1,597	388
Deduct: Amounts added on issue of shares	(953)	(1,730)
Net distribution/accumulation for the year	21,577	11,397
Interest	63	7
Total finance costs	21,640	11,404

Notes to the Aggregated Financial Statements for Threadneedle Investment Funds II ICVC (continued)

7 MOVEMENTS BETWEEN NET REVENUE AND DISTRIBUTIONS/ACCUMULATIONS

	2011 £000	2010 £000
Net revenue after taxation	21,346	11,339
WHT payable on stock dividend charge to capital	–	1
ACD's periodic charge/Administration fee charged to capital	168	16
Expenses charged to capital	57	–
Corporation tax charged to capital	(2)	–
Tax relief transferred to capital	8	39
Income deficit transfer to capital	–	2
Net distribution/accumulation for the year	21,577	11,397

8 DEBTORS

	2011 £000	2010 £000
Amounts receivable for the issue of shares	8	167
Sales awaiting settlement	352	270
Accrued revenue	1,013	617
Overseas tax recoverable	71	168
Corporation tax recoverable	–	7
Prepaid expenses	5	5
Total debtors	1,449	1,234

9 CREDITORS

	2011 £000	2010 £000
Amounts payable for the cancellation of shares	365	6
Purchases awaiting settlement	2,053	201
Accrued expenses	145	149
Amounts payable to ACD	49	40
Corporation tax payable	41	31
Deferred tax	–	34
Total creditors	2,653	461

10 RELATED PARTY TRANSACTIONS

With effect from 1st November 2011, Threadneedle Investment Services Limited, as 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.

Further analysis of the amounts due to and from, and payable to the ACD can be found within the financial statements of the individual funds. All transactions in the period were entered into in the ordinary course of business on normal commercial terms.

Until 1st November 2011, Liverpool Victoria Portfolio Managers Limited was regarded as the controlling party of the Company in respect of the operations of the Company. Liverpool Victoria Portfolio Managers Limited, was a related party and acted as principal on all transactions of shares in the Company.

All transactions in the period were entered into in the ordinary course of business on normal commercial terms.

11 CONTINGENT LIABILITIES

There were no contingent liabilities at the balance sheet date (2010: nil).

12 FINANCIAL INSTRUMENTS

In pursuing their investment objectives, the Funds may hold a number of financial instruments, comprising:

- equity shares and debt instruments, fixed income securities, and floating rate securities.
- cash, liquid resources and short-term debtors and creditors.
- borrowings to meet redemption and settlement mismatches.
- derivatives and forward currency transactions for the purposes of efficient portfolio management.

13 RISKS OF FINANCIAL INSTRUMENTS

The ACD uses a risk management process, as reviewed by the Depositary, enabling it to monitor and measure as frequently as appropriate the risk of the Scheme's underlying investments, derivative and forward positions and their contribution to the overall risk profile of the Funds.

The risks arising from the Funds' financial instruments are market price, foreign currency, interest rate, liquidity, credit and counterparty risks.

The details of the risk management process are notified to the FSA. The ACD reviews (and agrees with the Depositary) policies for managing each of these risks as summarised below. The policies have remained unchanged throughout the year to which these financial statements relate:

(a) Market price risk – arises mainly from the 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.

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

(b) Foreign currency risk – the revenue and capital value of the Funds' investments can be affected by foreign currency translation movements since some of the Funds' assets are denominated in currencies other than sterling.

The ACD has identified three principal areas where foreign currency risk could impact the Funds, where movements in exchange rates affect the value of investments, short term timing differences and the revenue received.

The Funds may be subject to short term exposure to exchange rate movements, for instance where the date of an investment purchase and the date when the settlement occurs are different. To reduce this risk, foreign currency contracts are generally executed when the initial transaction takes place.

Revenue is received in currencies other than sterling and hence movements in exchange rates can affect the sterling value of this revenue. To minimise this risk, all revenue receipts are converted to sterling on, or shortly after, the date of receipt.

At the year end date a portion of the net assets of some of the Funds were denominated in currencies other than sterling with the effect that the balance sheet and total return can be affected by exchange rate movement.

(c) Interest rate risk – some of the Funds invest in both fixed rate and floating rate securities. Thus any change to the interest rates relevant for particular securities may result in either revenue increasing or decreasing, or the ACD being unable to secure similar returns on the expiry of contracts or the sale of securities. In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held.

In general, if interest rates rise the revenue potential of the Company also rises but the value of fixed rate securities will decline. A fall in interest rates will in general have the opposite effect.

Notes to the Aggregated Financial Statements for Threadneedle Investment Funds II ICVC *(continued)*

(d) Liquidity risk – The main liability of the Funds is the redemption of shares that investors wish to sell. The Funds' assets comprise mainly realisable securities, which can readily be sold. In exceptional circumstances the ACD with prior agreement of the Depositary may suspend dealing for a period of 28 days which may be extended further with FSA approval. The ACD may also in certain circumstances require a redeeming shareholder, in lieu of payment, to be transferred property of the Funds.

(e) Credit risk – Some of the Funds hold bonds issued by companies and international governments. The borrower receives from the Funds a principal amount. The Funds will then receive interest based on the coupon rate of the bond and repayment of the initial principal amount on the bond's maturity date. Any impairment to the borrower's ability to repay amounts due may result in changes to the tradable value of the bond and the amount to be received upon maturity of the bond. The ability of the borrower to repay not only the principal value but also any interest due on the bond, referred to as the borrower's credit rating, is monitored by the ACD. The ACD may undertake its own research of the borrower's financial position in order to assess the ability of the borrower to repay amounts due.

(f) Counterparty risk – The risk of entering an arrangement with a counterparty, which is itself subject to financial risks which may affect its ability to trade as a going concern. The Manager maintains a list of approved counterparties. The list is regularly monitored and revised for changes based on the counterparty credit-worthiness, market reputation and expectations of future financial performance. Transactions will only be opened with financial intermediaries on the approved counterparties list.

(g) Fair value of financial assets and liabilities – there is no difference between the value of the financial assets and liabilities as shown in the balance sheet and their fair value.

14 PORTFOLIO TRANSACTION COSTS

	2011 £000	2010 £000
Analysis of total purchases costs		
Purchases in year before transaction costs	886,119	677,049
Commissions	37,790	1,239
Taxes	1,462	621
Total purchases costs	39,252	1,860
Gross purchases total	925,371	678,909
Analysis of total sales costs		
Gross sales before transaction costs	892,107	604,517
Commissions	(34,780)	(1,206)
Taxes	(19)	(30)
Total sales costs	(34,799)	(1,236)
Total sales net of transaction costs	857,308	603,281

Threadneedle UK Equity Income Fund

Investment Report

Investment Objectives and Policies

The objective of the Fund is to achieve a high level of income combined with long-term capital growth from investments principally in UK equities. Investment may also occur in other transferable securities, money market instruments, deposits, cash and near cash, derivative instruments and forward transactions and units in collective investment schemes when deemed appropriate.

The Fund will normally be invested in a range of blue chip, medium and smaller companies in order to generate yield and maximise return whilst moderating the risk of equity investment at any particular point in the economic and business cycle. The Fund may from time to time use derivatives for the purposes of efficient portfolio management only, although derivatives may be used for investment purposes on not less than 60 days' notice to investors.

Market Overview

2011 proved a challenging year for global equities. Sentiment was dominated by the crisis in the eurozone and the slowdown in the world economy. Additionally, markets had to contend with political unrest in parts of North Africa and the Middle East. On the other side of the globe, the Japanese earthquake and tsunami disrupted economic activity and led to a shortage of manufacturing components. Elsewhere, investors debated whether the Chinese authorities could successfully engineer a soft landing for China.

In early April, Portugal became the third member of the eurozone to request a rescue package from the IMF and EU, while in May it was already evident that Greece would require additional funding. At the start of July markets were

cheered by news that the Greek government had passed a series of new austerity measures, thereby securing the next tranche of the country's initial bailout package.

Powers were also granted to the European Financial Stability Facility (EFSF) to buy the debt of financially stressed nations. Unfortunately markets subsequently slipped back, with August seeing concerns spread to Italy, which accounts for just under a quarter of all eurozone sovereign debt. October saw a strong rebound in risk assets when additional measures were proposed to tackle the Greek debt crisis. However, the better tone was punctured by subsequent political machinations in Greece.

Within the UK, sentiment was boosted by the announcement of a further £75bn of quantitative easing. Towards the end of the reporting period, equity markets rallied strongly as leading central banks unveiled a co-ordinated plan to boost liquidity. Markets were also buoyed by an EU summit in December calling for increased fiscal integration. The European Central Bank then undertook its biggest-ever liquidity operation, further alleviating fears of a second credit crunch.

Throughout the period interest rates in the US, UK and Japan remained at historic lows to support economic activity. Two earlier rises in European rates were reversed in the fourth quarter, so that by the end of the year they had returned to 1%. Interest rates were also cut in several emerging markets, helping to offset the impact of slower growth in the developed world.

Over the reporting period government bonds performed well, with UK gilts achieving a particularly strong return. US treasuries also performed strongly despite the downgrade in the credit rating for the US from AAA to AA+. In Europe, bonds issued by core nations such as Germany posted good returns although those from peripheral countries suffered in

the wake of the eurozone sovereign debt crisis. Elsewhere, it was also a positive year for emerging market and investment grade corporate bonds but lower-rated, higher yielding areas of the corporate bond market weakened.

Outlook

In the short term, equity markets are likely to see further volatility against the backdrop of a slower global economy and the eurozone debt problems. However, companies with strong franchises and robust balance sheets, should outperform in a challenging economic climate. Moreover, it is encouraging to see that many companies are returning cash to shareholders through higher dividends and share buybacks. Overall, equity valuations continue to look attractive by historical comparison and also relative to other asset classes. In fixed income, we prefer the prospects for higher yielding asset classes over the major government bond markets, where yields have fallen to historically low levels.

Change of Management

Threadneedle Asset Management Limited took over the investment management of the Fund on 1st November 2011. The Fund invested as per the investment objective and policy stated in the prospectus throughout the year. The investment team continues to manage the Fund actively in the pursuit of seeking risk-adjusted returns. The investment landscape in 2012 remains far from certain; however, Threadneedle's investment team of over 130 investment professionals constantly shares ideas and information to gain fresh perspectives and new insights that other investors who work in isolation might never discover.

Details of the Fund's major purchases and sales in the year are disclosed on page 57.

STATEMENT OF TOTAL RETURN

for the accounting period 1st January 2011 to 31st December 2011

	Notes	2011 £000	2010 £000
Income			
Net capital (losses)/gains	2	(11,618)	15,827
Revenue	3	6,675	3,970
Expenses	4	(272)	(98)
Finance costs: interest	6	(2)	(1)
Net revenue before taxation		6,401	3,871
Taxation	5	(114)	(102)
Net revenue after taxation		6,287	3,769
Total return before distributions/accumulations		(5,331)	19,596
Finance costs: distributions/accumulations	6	(6,421)	(3,781)
Change in net assets attributable to shareholders from investment activities		(11,752)	15,815

BALANCE SHEET

as at 31st December 2011

	Notes	2011 £000	2010 £000
Assets			
Investment assets		126,810	128,224
Debtors	8	328	536
Short term deposits		1,501	–
Cash and bank balances		351	2,508
Total other assets		2,180	3,044
Total assets		128,990	131,268
Liabilities			
Creditors	9	79	60
Distribution payable on income shares		57	53
Total liabilities		136	113
Net assets attributable to shareholders		128,854	131,155

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 1st January 2011 to 31st December 2011

	2011 £000	2010 £000
Opening net assets attributable to shareholders	131,155	82,136
Amounts receivable on creation of shares	37,371	29,580
Amounts payable on cancellation of shares	(33,368)	(135)
	4,003	29,445
Stamp duty reserve tax	(26)	(37)
Dilution levy	45	14
Change in net assets attributable to shareholders from investment activities (see Statement of total return above)	(11,752)	15,815
Retained distributions on accumulation shares	5,429	3,782
Closing net assets attributable to shareholders	128,854	131,155

DISTRIBUTION TABLES

for the accounting period 1st January 2011 to 31st December 2011

Retail Income Shares

First Interim Distribution (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Distribution Paid	2010 Distribution Paid
1	1.9070	–	1.9070	n/a
2	0.8027	1.1043	1.9070	n/a

Group 2: shares purchased during a distribution period

Institutional Accumulation Shares

First Interim Accumulation (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Accumulation Paid	2010 Accumulation Paid
1	2.1156	–	2.1156	n/a
2	1.2557	0.8599	2.1156	n/a

Group 2: shares purchased during a distribution period

Institutional Income Shares

First Interim Distribution (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Distribution Paid	2010 Distribution Paid
1	1.7591	–	1.7591	n/a
2	1.0248	0.7343	1.7591	n/a

Group 2: shares purchased during a distribution period

Threadneedle UK Equity Income Fund

DISTRIBUTION TABLES

(continued)

Second Retail Income Shares

Interim Distribution (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Distribution Paid	2010 Distribution Paid
1	1.8876	–	1.8876	n/a
2	0.9070	0.9806	1.8876	n/a

Group 2: shares purchased during a distribution period

Group Accumulation Shares

Interim Accumulation (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Accumulation Paid	2010 Accumulation Paid
1	2.1365	–	2.1365	n/a
2	1.8023	0.3342	2.1365	n/a

Group 2: shares purchased during a distribution period

Retail Income Shares

Interim Distribution (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Distribution Paid	2010* Distribution Paid
1	1.6943	–	1.6943	3.0861
2	0.6548	1.0395	1.6943	3.0861

Group 2: shares purchased during a distribution period

*For the six month period ended 30th June 2010

Institutional Accumulation Shares

Interim Accumulation (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Accumulation Paid	2010* Accumulation Paid
1	1.9087	–	1.9087	3.2735
2	0.4388	1.4699	1.9087	3.2735

Group 2: shares purchased during a distribution period

*For the six month period ended 30th June 2010

Institutional Income Shares

Interim Distribution (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Distribution Paid	2010* Distribution Paid
1	1.5643	–	1.5643	0.1282
2	0.8452	0.7191	1.5643	0.1282

Group 2: shares purchased during a distribution period

*For the six month period ended 30th June 2010

Second Retail Income Shares

Interim Distribution (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Distribution Paid	2010* Distribution Paid
1	1.6754	–	1.6754	3.0699
2	0.7273	0.9481	1.6754	3.0699

Group 2: shares purchased during a distribution period

*For the six month period ended 30th June 2010

Group Accumulation Shares

Interim Accumulation (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Accumulation Paid	2010* Accumulation Paid
1	1.9293	–	1.9293	3.2914
2	0.4352	1.4941	1.9293	3.2914

Group 2: shares purchased during a distribution period

*For the six month period ended 30th June 2010

Retail Income Shares

Interim Distribution (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Distribution Paid	2010 Distribution Paid
1	1.3163	–	1.3163	1.1192
2	0.8810	0.4353	1.3163	1.1192

Group 2: shares purchased during a distribution period

Institutional Accumulation Shares

Interim Accumulation (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Accumulation Paid	2010 Accumulation Paid
1	1.5035	–	1.5035	1.2215
2	0.8625	0.6410	1.5035	1.2215

Group 2: shares purchased during a distribution period

Institutional Income Shares

Interim Distribution (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Distribution Paid	2010 Distribution Paid
1	1.2167	–	1.2167	1.0224
2	0.8538	0.3629	1.2167	1.0224

Group 2: shares purchased during a distribution period

Second Retail Income Shares

Interim Distribution (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Distribution Paid	2010 Distribution Paid
1	1.3004	–	1.3004	1.1094
2	0.8607	0.4397	1.3004	1.1094

Group 2: shares purchased during a distribution period

Group Accumulation Shares

Interim Accumulation (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Accumulation Paid	2010 Accumulation Paid
1	1.5216	–	1.5216	1.2293
2	0.3996	1.1220	1.5216	1.2293

Group 2: shares purchased during a distribution period

Retail Income Shares

Final Distribution (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Distribution Payable	2010 Distribution Paid
1	0.7002	–	0.7002	0.6239
2	0.2259	0.4743	0.7002	0.6239

Group 2: shares purchased during a distribution period

Institutional Accumulation Shares

Final Accumulation (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Accumulation Payable	2010 Accumulation Paid
1	0.8103	–	0.8103	0.6761
2	0.4064	0.4039	0.8103	0.6761

Group 2: shares purchased during a distribution period

Institutional Income Shares

Final Distribution (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Distribution Payable	2010 Distribution Paid
1	0.6482	–	0.6482	0.5977
2	0.3608	0.2874	0.6482	0.5977

Group 2: shares purchased during a distribution period

Second Retail Income Shares

Final Distribution (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Distribution Payable	2010 Distribution Paid
1	0.6912	–	0.6912	0.6237
2	0.2749	0.4163	0.6912	0.6237

Group 2: shares purchased during a distribution period

Group Accumulation Shares

Final Accumulation (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Accumulation Payable	2010 Accumulation Paid
1	0.8210	–	0.8210	0.6792
2	0.3583	0.4627	0.8210	0.6792

Group 2: shares purchased during a distribution period

Threadneedle UK Equity Income Fund

Notes to the financial statements

for the accounting period 1st January 2011 to 31st December 2011

1 ACCOUNTING POLICIES

The accounting policies for the Fund are the same as those disclosed in the aggregated financial statements on page 5.

2 NET CAPITAL (LOSSES)/GAINS

The net capital (losses)/gains on investments during the year comprise:

	2011 £000	2010 £000
Currency losses	(64)	(27)
Non-derivative securities	(11,521)	15,691
Derivative contracts	(109)	164
Forward currency contracts	86	13
Transaction costs	(10)	(14)
Net capital (losses)/gains	(11,618)	15,827

3 REVENUE

	2011 £000	2010 £000
UK dividends	4,763	3,183
Overseas dividends	1,291	361
Bank interest	1	–
Underwriting commission	–	7
Interest on debt securities	618	419
Deposit interest	2	–
Total revenue	6,675	3,970

4 EXPENSES

	2011 £000	2010 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	168	16
	168	16
Payable to the Depositary or associates of the Depositary, and the agents of either of them:		
Depositary fees	26	16
Safe custody fees	6	3
Administration fee	29	25
	61	44
Other expenses:		
Audit fee	8	7
Registration fees	34	31
Dividend collection expenses	1	–
	43	38
Total expenses	272	98

5 TAXATION

	2011 £000	2010 £000
a) Analysis of charge in year:		
Corporation tax	84	65
Overseas tax	30	37
Total current tax (note 5b)	114	102
Total tax charge for year	114	102
b) Factors affecting current taxation charge for year:		
Net revenue before taxation	6,401	3,871
Net revenue before taxation multiplied by the standard rate of corporation tax of 20% Effects of:		
Revenue not subject to taxation	(1,196)	(709)
Overseas tax	30	37
Current tax charge for year (note 5a)	114	102

6 FINANCE COSTS

The distributions/accumulations take account of amounts received on the issue of shares and amounts deducted on the cancellation of shares, and comprise:

	2011 £000	2010 £000
Interim distributions/accumulations	5,789	3,256
Final distributions/accumulations	741	611
	6,530	3,867
Add: Amounts deducted on cancellation of shares	129	1
Deduct: Amounts added on issue of shares	(238)	(87)
Net distribution/accumulation for the year	6,421	3,781
Interest	2	1
Total finance costs	6,423	3,782

7 MOVEMENTS BETWEEN NET REVENUE AND DISTRIBUTIONS/ACCUMULATIONS

	2011 £000	2010 £000
Net revenue after taxation	6,287	3,769
Annual management charge		
fee charged to capital	168	16
Tax relief transferred to capital	(34)	(4)
Net distribution/accumulation for the year	6,421	3,781

8 DEBTORS

	2011 £000	2010 £000
Accrued revenue	310	372
Amounts receivable for the issue of shares	5	13
Overseas tax recoverable	13	16
Sales awaiting settlement	–	135
Total debtors	328	536

9 CREDITORS

	2011 £000	2010 £000
Accrued expenses	24	25
Amounts payable for the cancellation of shares	6	–
Amounts payable to ACD	16	5
Corporation tax payable	33	30
Total creditors	79	60

10 RELATED PARTY TRANSACTIONS

With effect from 1st November 2011, Threadneedle Investment Services Limited, as ACD, is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Further analysis of the amounts due to and from, and payable to the ACD can be found within the financial statements of this Fund (Notes 4 and 9). All transactions in the period were entered into in the ordinary course of business on normal commercial terms.

Until 1st November 2011, Liverpool Victoria Portfolio Managers Limited was regarded as the controlling party of the Company in respect of the operations of the Company. Liverpool Victoria Portfolio Managers Limited, was a related party and acted as principal on all transactions of shares in the Company.

All transactions in the period were entered into in the ordinary course of business on normal commercial terms.

As at 31st December 2011, 67.90% (2010: 90.90%) of shares were held or controlled by the Liverpool Victoria group of companies.

Threadneedle UK Equity Income Fund

Notes to the financial statements

(continued)

11 CONTINGENT LIABILITIES

There were no contingent liabilities at the balance sheet date (2010: nil).

12 FINANCIAL INSTRUMENTS

In pursuing their investment objectives, the Fund may hold a number of financial instruments, comprising:

- equity shares and debt instruments, fixed income securities, and floating rate securities.
- cash, liquid resources and short-term debtors and creditors.
- borrowings to meet redemption and settlement mismatches.
- derivatives and forward currency transactions for the purposes of efficient portfolio management.

13 RISKS OF FINANCIAL INSTRUMENTS

The ACD uses a risk management process, as reviewed by the Depositary, enabling it to monitor and measure as frequently as appropriate the risk of the Scheme's underlying investments, derivative and forward positions and their contribution to the overall risk profile of the Fund.

The details of the risk management process are notified to the FSA. The risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, liquidity, credit and counterparty risks.

The ACD reviews (and agrees with the Depositary) policies for managing each of these risks as summarised below. The policies have remained unchanged throughout the year to which these financial statements relate:

(a) Market price risk – arises mainly from the uncertainty about future prices of financial instruments held. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements.

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

(b) Foreign currency risk – the revenue and capital value of the Fund's investments can be affected by foreign currency translation movements since some of the Fund's assets are denominated in currencies other than sterling.

The ACD has identified three principal areas where foreign currency risk could impact the Fund, where movements in exchange rates affect the value of investments, short term timing differences and the revenue received.

The Fund may be subject to short term exposure to exchange rate movements, for instance where the date of an investment purchase and the date when the settlement occurs are different. To reduce this risk, foreign currency contracts are generally executed when the initial transaction takes place.

Revenue is received in currencies other than sterling and hence movements in exchange rates can affect the sterling value of this revenue. To minimise this risk, all revenue receipts are converted to sterling on, or shortly after, the date of receipt.

At the year end date a portion of the net assets of the Fund were denominated in currencies other than sterling with the effect that the balance sheet and total return can be affected by exchange rate movement.

As the reporting currency is in sterling, there is no currency exposure connected to sterling. However, the amount of sterling is included to enable the table to be reconciled back to the balance sheet.

	Monetary exposures £000	Non- monetary exposures £000	Total £000
Currency 2011			
Sterling	2,031	126,810	128,841
Swiss franc	13	–	13
	2,044	126,810	128,854
Currency 2010	£000	£000	£000
Euro	10	–	10
Sterling	2,873	122,416	125,289
Swedish krona	10	2,615	2,625
Swiss franc	6	1,473	1,479
US dollar	32	1,720	1,752
	2,931	128,224	131,155

(c) Interest rate risk – The Fund invests in both fixed rate and floating rate securities. Thus any change to the interest rates relevant for particular securities may result in either income increasing or decreasing, or the ACD being unable to secure similar returns on the expiry of contracts or the sale of securities. In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held.

In general, if interest rates rise the revenue potential of the Fund also rises but the value of fixed rate securities will decline. A fall in interest rates will in general have the opposite effect.

The interest profile of the Fund's assets and liabilities at 31st December 2011 was:

	Fixed rate £000	Floating rate £000	No interest rate £000	Total £000
Currency 2011				
Sterling assets	1,501	903	126,573	128,977
Swiss franc assets	–	–	13	13
Sterling liabilities	–	–	(136)	(136)
	1,501	903	126,450	128,854
Currency 2010	£000	£000	£000	£000
Euro assets	–	10	–	10
Sterling assets	1,689	6,572	122,949	131,210
Swedish krona assets	–	–	10	10
Swiss franc assets	–	–	6	6
US dollar assets	–	–	32	32
Sterling liabilities	–	–	(113)	(113)
	1,689	6,582	122,884	131,155

	Fixed rate financial assets Weighted average interest rate 2011	Fixed rate financial assets Weighted average period for which rate is fixed 2011	2010
Currency			
Sterling	–	11.13%	– 9.22 years

(d) Liquidity risk – The main liability of the Fund is the redemption of shares that investors wish to sell. The Fund's assets comprise mainly realisable securities, which can readily be sold. In exceptional circumstances the ACD with prior agreement of the Depositary may suspend dealing for a period of 28 days which may be extended

Threadneedle UK Equity Income Fund

Notes to the financial statements

(continued)

further with FSA approval. The ACD may also in certain circumstances require a redeeming shareholder, in lieu of payment, to be transferred property of the Fund.

(e) Credit risk – The Fund holds bonds issued by companies and international governments in order to achieve their investment objective of generating high levels of revenue consistent with capital appreciation. The borrower receives from the Fund a principal amount. The Fund will then receive interest based on the coupon rate of the bond and repayment of the initial principal amount on the bond's maturity date. Any impairment to the borrower's ability to repay amounts due may result in changes to the tradable value of the bond and the amount to be received upon maturity of the bond. The ability of the borrower to repay not only the principal value but also any interest due on the bond, referred to as the borrower's credit rating, is monitored by the ACD. The ACD may undertake its own research of the borrower's financial position in order to assess the ability of the borrower to repay amounts due.

(f) Counterparty risk – The risk of entering an arrangement with a counterparty, which is itself subject to financial risks which may affect its ability to trade as a going concern. The ACD maintains a list of approved counterparties. The list is regularly monitored and revised for changes based on the counterparty credit-worthiness, market reputation and expectations of future financial performance. Transactions will only be opened with financial intermediaries on the approved counterparties list.

(g) Fair value of financial assets and liabilities – There is no difference between the value of the financial assets and liabilities as shown in the balance sheet and their fair value.

14 PORTFOLIO TRANSACTION COSTS

	2011 £000	2010 £000
Analysis of total purchases costs		
Purchases in year before transaction costs	177,061	100,590
Commissions	247	248
Taxes	702	274
Total purchase costs	949	522
Gross purchases total	178,010	101,112
Analysis of total sales costs		
Gross sales before transaction costs	168,012	69,967
Commissions	(205)	(113)
Total sales net of transaction costs	167,807	69,854

Threadneedle UK Growth Fund

Investment Report

Investment Objectives and Policies

To achieve long-term capital growth from investments principally in UK equities. Investment may also occur in other transferable securities, money market instruments, deposits, cash and near cash, derivative instruments and forward transactions and units in collective investment schemes when deemed appropriate.

The Fund will normally be invested in a range of blue chip, medium and smaller companies in order to maximise the return whilst moderating the risk of equity investment at any particular point in the economic and business cycle. The Fund may from time to time use derivatives for the purposes of efficient portfolio management only, although derivatives may be used for investment purposes on not less than 60 days' notice to investors.

Market Overview

2011 proved a challenging year for global equities. Sentiment was dominated by the crisis in the eurozone and the slowdown in the world economy. Additionally, markets had to contend with political unrest in parts of North Africa and the Middle East. On the other side of the globe, the Japanese earthquake and tsunami disrupted economic activity and led to a shortage of manufacturing components. Elsewhere, investors debated whether the Chinese authorities could successfully engineer a soft landing for China.

In early April, Portugal became the third member of the eurozone to request a rescue package from the IMF and EU, while in May it was already evident that Greece would require additional funding. At the start of July markets were cheered by news that the Greek government had passed a series of new austerity measures, thereby

securing the next tranche of the country's initial bailout package.

Powers were also granted to the European Financial Stability Facility (EFSF) to buy the debt of financially stressed nations. Unfortunately markets subsequently slipped back, with August seeing concerns spread to Italy, which accounts for just under a quarter of all eurozone sovereign debt. October saw a strong rebound in risk assets when additional measures were proposed to tackle the Greek debt crisis. However, the better tone was punctured by subsequent political machinations in Greece.

Within the UK, sentiment was boosted by the announcement of a further £75bn of quantitative easing. Towards the end of the reporting period, equity markets rallied strongly as leading central banks unveiled a co-ordinated plan to boost liquidity. Markets were also buoyed by an EU summit in December calling for increased fiscal integration. The European Central Bank then undertook its biggest-ever liquidity operation, further alleviating fears of a second credit crunch.

Throughout the period interest rates in the US, UK and Japan remained at historic lows to support economic activity. Two earlier rises in European rates were reversed in the fourth quarter, so that by the end of the year they had returned to 1%. Interest rates were also cut in several emerging markets, helping to offset the impact of slower growth in the developed world.

Over the reporting period government bonds performed well, with UK gilts achieving a particularly strong return. US treasuries also performed strongly despite the downgrade in the credit rating for the US from AAA to AA+. In Europe, bonds issued by core nations such as Germany posted good returns although those from peripheral countries suffered in the wake of the eurozone

sovereign debt crisis. Elsewhere, it was also a positive year for emerging market and investment grade corporate bonds but lower-rated, higher yielding areas of the corporate bond market weakened.

Outlook

In the short term, equity markets are likely to see further volatility against the backdrop of a slower global economy and the eurozone debt problems. However, companies with strong franchises and robust balance sheets, should outperform in a challenging economic climate. Moreover, it is encouraging to see that many companies are returning cash to shareholders through higher dividends and share buybacks. Overall, equity valuations continue to look attractive by historical comparison and also relative to other asset classes. In fixed income, we prefer the prospects for higher yielding asset classes over the major government bond markets, where yields have fallen to historically low levels.

Change of Management

Threadneedle Asset Management Limited took over the investment management of the Fund on 1st November 2011. The Fund invested as per the investment objective and policy stated in the prospectus throughout the year. The investment team continues to manage the Fund actively in the pursuit of seeking risk-adjusted returns. The investment landscape in 2012 remains far from certain; however, Threadneedle's investment team of over 130 investment professionals constantly shares ideas and information to gain fresh perspectives and new insights that other investors who work in isolation might never discover.

Details of the Fund's major purchases and sales in the year are disclosed on page 57.

STATEMENT OF TOTAL RETURN

for the accounting period 1st January 2011 to 31st December 2011

	Notes	2011 £000	2010 £000
Income			
Net capital (losses)/gains	2	(10,797)	24,016
Revenue	3	5,847	4,877
Expenses	4	(198)	(257)
Finance costs: interest	6	(1)	(2)
Net revenue before taxation		5,648	4,618
Taxation	5	(47)	(52)
Net revenue after taxation		5,601	4,566
Total return before accumulations		(5,196)	28,582
Finance costs: accumulations	6	(5,601)	(4,566)
Change in net assets attributable to shareholders from investment activities		(10,797)	24,016

BALANCE SHEET

as at 31st December 2011

	Notes	2011 £000	2010 £000
Assets			
Investment assets		149,360	183,802
Debtors	7	793	198
Short term deposits		4,001	–
Cash and bank balances		557	1,341
Total other assets		5,351	1,539
Total assets		154,711	185,341
Liabilities			
Creditors	8	1,262	93
Total liabilities		1,262	93
Net assets attributable to shareholders		153,449	185,248

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 1st January 2011 to 31st December 2011

	2011 £000	2010 £000
Opening net assets attributable to shareholders	185,248	262,347
Amounts receivable on creation of shares	4,041	8,360
Amounts payable on cancellation of shares	(30,271)	(113,993)
	(26,230)	(105,633)
Stamp duty reserve tax	(8)	(144)
Dilution levy	44	166
Change in net assets attributable to shareholders from investment activities (see Statement of total return above)	(10,797)	24,016
Retained distributions on accumulation shares	5,192	4,496
Closing net assets attributable to shareholders	153,449	185,248

DISTRIBUTION TABLES

for the accounting period 1st January 2011 to 31st December 2011

Retail Accumulation Shares

Interim Accumulation (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Accumulation Paid	2010 Accumulation Paid
1	1.7419	–	1.7419	1.3201
2	0.9954	0.7465	1.7419	1.3201

Group 2: shares purchased during a distribution period

Group Accumulation Shares

Interim Accumulation (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Accumulation Paid	2010 Accumulation Paid
1	3.9065	–	3.9065	3.1869
2	2.1959	1.7106	3.9065	3.1869

Group 2: shares purchased during a distribution period

Institutional Accumulation Shares

Interim Accumulation (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Accumulation Paid	2010 Accumulation Paid
1	2.4117	–	2.4117	1.9596
2	1.4313	0.9804	2.4117	1.9596

Group 2: shares purchased during a distribution period

Threadneedle UK Growth Fund

DISTRIBUTION TABLES

(continued)

Second Retail Accumulation Shares

Interim Accumulation (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Accumulation Paid	2010 Accumulation Paid
1	1.3664	–	1.3664	1.1274
2	1.0480	0.3184	1.3664	1.1274

Group 2: shares purchased during a distribution period

Retail Accumulation Shares

Final Accumulation (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Accumulation Payable	2010 Accumulation Paid
1	1.1462	–	1.1462	0.5708
2	0.5938	0.5524	1.1462	0.5708

Group 2: shares purchased during a distribution period

Group Accumulation Shares

Final Accumulation (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Accumulation Payable	2010 Accumulation Paid
1	2.8926	–	2.8926	1.8995
2	1.4539	1.4387	2.8926	1.8995

Group 2: shares purchased during a distribution period

Institutional Accumulation Shares

Final Accumulation (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Accumulation Payable	2010 Accumulation Paid
1	1.6903	–	1.6903	0.9928
2	0.7190	0.9713	1.6903	0.9928

Group 2: shares purchased during a distribution period

Second Retail Accumulation Shares

Final Accumulation (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Accumulation Payable	2010 Accumulation Paid
1	0.8028	–	0.8028	0.2789
2	0.2507	0.5521	0.8028	0.2789

Group 2: shares purchased during a distribution period

Threadneedle UK Growth Fund

Notes to the financial statements

for the accounting period 1st January 2011 to 31st December 2011

1 ACCOUNTING POLICIES

The accounting policies for the Fund are the same as those disclosed in the aggregated financial statements on page 5.

2 NET CAPITAL (LOSSES)/GAINS

The net capital (losses)/gains on investments during the year comprise:

	2011 £000	2010 £000
Currency gains/(losses)	130	(46)
Non-derivative securities	(11,499)	23,991
Derivative contracts	–	64
Forward currency contracts	579	22
Transaction costs	(7)	(15)
Net capital (losses)/gains	(10,797)	24,016

3 REVENUE

	2011 £000	2010 £000
UK dividends	4,962	4,306
Overseas dividends	882	550
Bank interest	1	1
Underwriting commission	–	9
Deposit interest	2	–
Stock dividends	–	11
Total revenue	5,847	4,877

4 EXPENSES

	2011 £000	2010 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	92	100
	92	100
Payable to the Depositary or associates of the Depositary, and the agents of either of them:		
Depositary fees	31	59
Safe custody fees	5	6
Administration fee	22	23
	58	88
Other expenses:		
Audit fee	8	8
Registration fees	40	61
	48	69
Total expenses	198	257

5 TAXATION

	2011 £000	2010 £000
a) Analysis of charge in year:		
Overseas withholding tax	47	52
Total current tax (note 5b)	47	52
b) Factors affecting current taxation charge for year:		
Net revenue before taxation	5,648	4,618
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	1,130	924
Effects of:		
Revenue not subject to taxation	(1,169)	(974)
Current year expenses not utilised	39	50
Overseas withholding tax	47	52
Current tax charge for year (note 5a)	47	52

c) Deferred tax

At 31st December 2011 there are surplus management expenses of £3,982,000 (2010: £3,789,000).

It is unlikely the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore a Deferred Tax Asset of £796,000 (2010: £757,000) has not been recognised.

6 FINANCE COSTS

The accumulations take account of amounts received on the issue of shares and amounts deducted on the cancellation of shares, and comprise:

	2011 £000	2010 £000
Interim accumulations	3,015	2,849
Final accumulations	2,177	1,647
	5,192	4,496
Add: Amounts deducted on cancellation of shares	439	82
Deduct: Amounts received on issue of shares	(30)	(12)
Net accumulation for the year	5,601	4,566
Interest	1	2
Total finance costs	5,602	4,568

7 DEBTORS

	2011 £000	2010 £000
Amounts receivable for the issue of shares	3	3
Sales awaiting settlement	279	–
Accrued revenue	495	177
Overseas tax recoverable	11	13
Prepaid expenses	5	5
Total debtors	793	198

Threadneedle UK Growth Fund

Notes to the financial statements

(continued)

8 CREDITORS

	2011 £000	2010 £000
Amounts payable for the cancellation of shares	19	4
Purchases awaiting settlement	1,207	52
Accrued expenses	23	29
Amounts payable to ACD	13	8
Total creditors	1,262	93

9 RELATED PARTY TRANSACTIONS

With effect from 1st November 2011, Threadneedle Investment Services Limited, as ACD, is a related party and acts as principal in respect of all transactions of shares in the Fund.

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

Further analysis of the amounts due to and from, and payable to the ACD can be found within the financial statements of this Fund (Notes 4 and 8). All transactions in the period were entered into in the ordinary course of business on normal commercial terms.

Until 1st November 2011, Liverpool Victoria Portfolio Managers Limited was regarded as the controlling party of the Company in respect of the operations of the Company. Liverpool Victoria Portfolio Managers Limited, was a related party and acted as principal on all transactions of shares in the Company.

All transactions in the period were entered into in the ordinary course of business on normal commercial terms.

As at 31st December 2011, 92.54% (2010: 95.30%) of shares were held or controlled by the Liverpool Victoria group of companies.

10 CONTINGENT LIABILITIES

There were no contingent liabilities at the balance sheet date (2010: nil).

11 FINANCIAL INSTRUMENTS

In pursuing their investment objectives, the Fund may hold a number of financial instruments, comprising:

- equity shares and debt instruments, fixed income securities, and floating rate securities.
- cash, liquid resources and short-term debtors and creditors.
- borrowings to meet redemption and settlement mismatches.
- derivatives and forward currency transactions for the purposes of efficient portfolio management.

12 RISKS OF FINANCIAL INSTRUMENTS

The ACD uses a risk management process, as reviewed by the Depositary, enabling it to monitor and measure as frequently as appropriate the risk of the Scheme's underlying investments, derivative and forward positions and their contribution to the overall risk profile of the Fund.

The details of the risk management process are notified to the FSA. The risks arising from the Fund's financial instruments are market price, foreign currency, liquidity, credit and counterparty risks. The ACD reviews (and agrees with the Depositary) policies for managing each of these risks as summarised below. The policies have remained unchanged throughout the year to which these financial statements relate:

(a) Market price risk – arises mainly from the uncertainty about future prices of financial instruments held. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The ACD meets regularly to consider the asset allocation of the portfolio in order to minimise the risk associated with particular industry sectors whilst continuing to follow the investment objective. An individual fund manager has responsibility for monitoring the existing portfolio selected in accordance with the overall asset allocation parameters and seeks to ensure that individual stocks also meet the risk reward profile that is acceptable.

(b) Foreign currency risk – the revenue and capital value of the Fund's investments can be affected by foreign currency translation movements since some of the Fund's assets are denominated in currencies other than sterling.

The ACD has identified three principal areas where foreign currency risk could impact the Fund, where movements in exchange rates affect the value of investments, short term timing differences and the revenue received.

The Fund may be subject to short term exposure to exchange rate movements, for instance where the date of an investment purchase and the date when the settlement occurs are different. To reduce this risk, foreign currency contracts are generally executed when the initial transaction takes place.

Revenue is received in currencies other than sterling and hence movements in exchange rates can affect the sterling value of this revenue. To minimise this risk, all revenue receipts are converted to sterling on, or shortly after, the date of receipt.

At the year end date a portion of the net assets of the Fund were denominated in currencies other than sterling with the effect that the balance sheet and total return can be affected by exchange rate movement.

As the reporting currency is in sterling, there is no currency exposure connected to sterling. However, the amount of sterling is included to enable the table to be reconciled back to the balance sheet.

	Monetary exposures £000	Non- monetary exposures £000	Total £000
Currency 2011			
Euro	11	–	11
Sterling	4,078	149,360	153,438
	4,089	149,360	153,449
Currency 2010			
Euro	–	3,488	3,488
Sterling	1,419	167,677	169,096
Swiss franc	13	2,124	2,137
US dollar	14	10,513	10,527
	1,446	183,802	185,248

(c) Liquidity risk – The main liability of the Fund is the redemption of shares that investors wish to sell. The Fund's assets comprise mainly realisable securities, which can readily be sold. In exceptional circumstances the ACD with prior agreement of the Depositary may suspend dealing for a period of 28 days which may be extended further with FSA approval. The ACD may also in certain circumstances require a redeeming shareholder, in lieu of payment, to be transferred property of the Fund.

(d) Counterparty risk – The risk of entering an arrangement with a counterparty, which is itself subject to financial risks which may affect its ability to trade as a going concern. The ACD maintains a list of approved counterparties. The list is regularly monitored and revised for changes based on the counterparty credit-worthiness, market reputation and expectations of future financial performance. Transactions will only be opened with financial intermediaries on the approved counterparties list.

(e) Fair value of financial assets and liabilities – there is no difference between the value of the financial assets and liabilities as shown in the balance sheet and their fair value.

Threadneedle UK Growth Fund

Notes to the financial statements

(continued)

13 PORTFOLIO TRANSACTION COSTS

	2011 £000	2010 £000
Analysis of total purchases costs		
Purchases in year before transaction costs	151,562	103,551
Commissions	210	277
Taxes	672	335
Total purchase costs	882	612
Gross purchases total	152,444	104,163
Analysis of total sales costs		
Gross sales before transaction costs	175,604	203,920
Commissions	(216)	(340)
Total sales net of transaction costs	175,388	203,580

Threadneedle European ex-UK Growth Fund

Investment Report

Investment Objectives and Policies

To achieve long-term capital growth from investments principally in European equities, excluding the UK. Investment may also occur in other transferable securities, money market instruments, deposits, cash and near cash, derivative instruments and forward transactions and units in collective investment schemes when deemed appropriate.

The Fund will normally be invested in a range of European markets to maximise the return whilst moderating the risk of equity investment at any particular point in the economic and business cycle. The Fund may from time to time use derivatives for the purposes of efficient portfolio management only, although derivatives may be used for investment purposes on not less than 60 days' notice to investors.

Market Overview

2011 proved a challenging year for global equities. Sentiment was dominated by the crisis in the eurozone and the slowdown in the world economy. Additionally, markets had to contend with political unrest in parts of North Africa and the Middle East. On the other side of the globe, the Japanese earthquake and tsunami disrupted economic activity and led to a shortage of manufacturing components. Elsewhere, investors debated whether the Chinese authorities could successfully engineer a soft landing for China.

In early April, Portugal became the third member of the eurozone to request a rescue package from the IMF and EU, while in May it was already evident that Greece would require additional funding. At the start of July markets were cheered by news that the Greek government had

passed a series of new austerity measures, thereby securing the next tranche of the country's initial bailout package.

Powers were also granted to the European Financial Stability Facility (EFSF) to buy the debt of financially stressed nations. Unfortunately markets subsequently slipped back, with August seeing concerns spread to Italy, which accounts for just under a quarter of all eurozone sovereign debt. October saw a strong rebound in risk assets when additional measures were proposed to tackle the Greek debt crisis. However, the better tone was punctured by subsequent political machinations in Greece.

Within the UK, sentiment was boosted by the announcement of a further £75bn of quantitative easing. Towards the end of the reporting period, equity markets rallied strongly as leading central banks unveiled a co-ordinated plan to boost liquidity. Markets were also buoyed by an EU summit in December calling for increased fiscal integration. The European Central Bank then undertook its biggest-ever liquidity operation, further alleviating fears of a second credit crunch.

Throughout the period interest rates in the US, UK and Japan remained at historic lows to support economic activity. Two earlier rises in European rates were reversed in the fourth quarter, so that by the end of the year they had returned to 1%. Interest rates were also cut in several emerging markets, helping to offset the impact of slower growth in the developed world.

Over the reporting period government bonds performed well, with UK gilts achieving a particularly strong return. US treasuries also performed strongly despite the downgrade in the credit rating for the US from AAA to AA+. In Europe, bonds issued by core nations such as Germany posted good returns although those from

peripheral countries suffered in the wake of the eurozone sovereign debt crisis. Elsewhere, it was also a positive year for emerging market and investment grade corporate bonds but lower-rated, higher yielding areas of the corporate bond market weakened.

Outlook

In the short term, equity markets are likely to see further volatility against the backdrop of a slower global economy and the eurozone debt problems. However, companies with strong franchises and robust balance sheets, should outperform in a challenging economic climate. Moreover, it is encouraging to see that many companies are returning cash to shareholders through higher dividends and share buybacks. Overall, equity valuations continue to look attractive by historical comparison and also relative to other asset classes. In fixed income, we prefer the prospects for higher yielding asset classes over the major government bond markets, where yields have fallen to historically low levels.

Change of Management

Threadneedle Asset Management Limited took over the investment management of the Fund on 1st November 2011. The Fund invested as per the investment objective and policy stated in the prospectus throughout the year. The investment team continues to manage the Fund actively in the pursuit of seeking risk-adjusted returns. The investment landscape in 2012 remains far from certain; however, Threadneedle's investment team of over 130 investment professionals constantly shares ideas and information to gain fresh perspectives and new insights that other investors who work in isolation might never discover.

Details of the Fund's major purchases and sales in the year are disclosed on page 57.

STATEMENT OF TOTAL RETURN

for the accounting period 1st January 2011 to 31st December 2011

	Notes	2011 £000	2010 £000
Income			
Net capital (losses)/gains	2	(35,939)	17,502
Revenue	3	6,925	2,976
Expenses	4	(466)	(389)
Finance costs: interest	6	(59)	(4)
Net revenue before taxation		6,400	2,583
Taxation	5	(618)	(317)
Net revenue after taxation		5,782	2,266
Total return before distributions/accumulations		(30,157)	19,768
Finance costs: distributions/accumulations	6	(5,824)	(2,311)
Change in net assets attributable to shareholders from investment activities		(35,981)	17,457

BALANCE SHEET

as at 31st December 2011

	Notes	2011 £000	2010 £000
Assets			
Investment assets		127,863	207,675
Debtors	8	47	339
Cash and bank balances		6,786	3,585
Total other assets		6,833	3,924
Total assets		134,696	211,599
Liabilities			
Investment liabilities		8	598
Creditors	9	1,090	114
Bank overdrafts		3,668	46
Distribution payable on income shares		70	73
Total other liabilities		4,828	233
Total liabilities		4,836	831
Net assets attributable to shareholders		129,860	210,768

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 1st January 2011 to 31st December 2011

	2011 £000	2010 £000
Opening net assets attributable to shareholders	210,768	76,689
Amounts receivable on creation of shares	28,194	227,014
Amounts payable on cancellation of shares	(77,943)	(113,861)
	(49,749)	113,153
Stamp duty reserve tax	–	(38)
Dilution levy	131	111
Change in net assets attributable to shareholders from investment activities (see Statement of total return above)	(35,981)	17,457
Retained distributions on accumulation shares	4,691	3,396
Closing net assets attributable to shareholders	129,860	210,768

DISTRIBUTION TABLES

for the accounting period 1st January 2011 to 31st December 2011

Retail Accumulation Shares

Interim Accumulation (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Accumulation Paid	2010 Accumulation Paid
1	4.5652	–	4.5652	1.4900
2	4.2056	0.3596	4.5652	1.4900

Group 2: shares purchased during a distribution period

Group Accumulation Shares

Interim Accumulation (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Accumulation Paid	2010 Accumulation Paid
1	6.4580	–	6.4580	2.8891
2	6.3372	0.1208	6.4580	2.8891

Group 2: shares purchased during a distribution period

Institutional Accumulation Shares

Interim Accumulation (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Accumulation Paid	2010 Accumulation Paid
1	3.0198	–	3.0198	1.2134
2	2.3509	0.6689	3.0198	1.2134

Group 2: shares purchased during a distribution period

Threadneedle European ex-UK Growth Fund

DISTRIBUTION TABLES

(continued)

Second Retail Accumulation Shares

Interim Accumulation (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Accumulation Paid	2010 Accumulation Paid
1	2.1464	–	2.1464	0.5101
2	1.4550	0.6914	2.1464	0.5101

Group 2: shares purchased during a distribution period

Institutional Income Shares

Interim Distribution (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Distribution Paid	2010 Distribution Paid
1	2.4799	–	2.4799	0.1100
2	2.2788	0.2011	2.4799	0.1100

Group 2: shares purchased during a distribution period

Institutional Income GBP Hedged Shares

Interim Distribution (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Distribution Paid	2010 Distribution Paid
1	2.1939	–	2.1939	N/A
2	1.8734	0.3205	2.1939	N/A

Group 2: shares purchased during a distribution period

Retail Accumulation Shares

Final Accumulation (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Accumulation Payable	2010 Accumulation Paid
1	0.1578	–	0.1578	0.0000
2	0.1531	0.0047	0.1578	0.0000

Group 2: shares purchased during a distribution period

Group Accumulation Shares

Final Accumulation (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Accumulation Payable	2010 Accumulation Paid
1	1.8219	–	1.8219	1.2261
2	0.8548	0.9671	1.8219	1.2261

Group 2: shares purchased during a distribution period

Institutional Accumulation Shares

Final Accumulation (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Accumulation Payable	2010 Accumulation Paid
1	0.6081	–	0.6081	0.1035
2	0.4402	0.1679	0.6081	0.1035

Group 2: shares purchased during a distribution period

Second Retail Accumulation Shares

Final Accumulation (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Accumulation Payable	2010 Accumulation Paid
1	0.0000	–	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000

Group 2: shares purchased during a distribution period

Institutional Income Shares

Final Distribution (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Distribution Payable	2010 Distribution Paid
1	0.4865	–	0.4865	0.2155
2	0.4865	0.0000	0.4865	0.2155

Group 2: shares purchased during a distribution period

Institutional Income GBP Hedged Shares

Final Distribution (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Distribution Payable	2010 Distribution Paid
1	0.4321	–	0.4321	0.2154
2	0.3714	0.0607	0.4321	0.2154

Group 2: shares purchased during a distribution period

Threadneedle European ex-UK Growth Fund

Notes to the financial statements

for the accounting period 1st January 2011 to 31st December 2011

1 ACCOUNTING POLICIES

The accounting policies for the Fund are the same as those disclosed in the aggregated financial statements on page 5.

2 NET CAPITAL (LOSSES)/GAINS

The net capital (losses)/gains on investments during the year comprise:

	2011 £000	2010 £000
Non-derivative securities	(32,976)	22,964
Derivative contracts	(980)	(3,442)
Forward currency contracts	(2,194)	(1,457)
Currency gains/(losses)	196	(621)
Transaction costs	(19)	(27)
Capital special dividends	–	43
Deferred capital gains tax	34	42
Net capital (losses)/gains	(35,939)	17,502

3 REVENUE

	2011 £000	2010 £000
Overseas dividends	6,701	2,855
Bank interest	5	2
Futures interest	5	2
Stock dividends	184	117
Stock lending income	30	–
Total revenue	6,925	2,976

4 EXPENSES

	2011 £000	2010 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	281	213
	281	213
Payable to the Depositary or associates of the Depositary, and the agents of either of them:		
Depositary fees	33	35
Safe custody fees	53	48
Administration fee	50	36
	136	119
Other expenses:		
Audit fee	8	8
Registration fees	41	49
	49	57
Total expenses	466	389

5 TAXATION

a) Analysis of charge in year:

	2011 £000	2010 £000
Corporation tax	–	22
Overseas withholding tax	653	317
Double tax relief	–	(22)
Overseas tax credits	(2)	–
Repayment of Norwegian withholding tax	(33)	–
Total current tax (note 5b)	618	317
Deferred tax – origination and reversal of timing difference (note 5c)	(34)	(42)
Total tax charge for year	584	275

b) Factors affecting current taxation charge for year:

	2011 £000	2010 £000
Net revenue before taxation	6,400	2,583
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	1,280	517
Effects of:		
Revenue not subject to taxation	(1,377)	(531)
Current year expenses not utilised	54	–
Overseas withholding tax	653	317
Overseas tax credits	(2)	–
Double taxation relief	–	(22)
Repayment of Norwegian withholding tax	(33)	–
Realised gains on non-qualifying offshore funds	43	36
Current tax charge for year (note 5a)	618	317

c) Deferred tax

	2011 £000	2010 £000
Provision at start of year	34	76
Deferred tax charge in statement of total return for year (note 5a)	(34)	(42)
Provision at end of year	–	34

The deferred tax charge in the year is reflected within net capital gains/(losses) as it relates to unrealised gains on non-reporting offshore funds.

At 31st December 2011 there are surplus management expenses of £271,000 (2010: nil). It is unlikely the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore a Deferred Tax Asset of £54,000 (2010: nil) has not been recognised.

6 FINANCE COSTS

The distributions/accumulations take account of amounts received on the issue of shares and amounts deducted on the cancellation of shares, and comprise:

	2011 £000	2010 £000
Interim distributions/accumulations	4,516	2,679
Final distributions/accumulations	960	790
	5,476	3,469
Add: Amounts deducted on cancellation of shares	417	270
Deduct: Amounts received on issue of shares	(69)	(1,428)
Net distribution/accumulation for the year	5,824	2,311
Interest	59	4
Total finance costs	5,883	2,315

Threadneedle European ex-UK Growth Fund

Notes to the financial statements

(continued)

7 MOVEMENTS BETWEEN NET REVENUE AND DISTRIBUTIONS/ACCUMULATIONS

	2011	2010
	£000	£000
Net revenue after taxation	5,782	2,266
Tax relief transferred to capital	42	43
Income deficit transfer to capital	–	2
Net distribution/accumulation for the year	5,824	2,311

8 DEBTORS

	2011	2010
	£000	£000
Amounts receivable for the issue of shares	–	151
Accrued revenue	–	42
Overseas tax recoverable	47	139
Corporation tax recoverable	–	7
Total debtors	47	339

9 CREDITORS

	2011	2010
	£000	£000
Amounts payable for the cancellation of shares	340	2
Purchases awaiting settlement	684	–
Accrued expenses	39	51
Amounts payable to ACD	19	27
Corporation tax payable	8	–
Deferred tax	–	34
Total creditors	1,090	114

10 RELATED PARTY TRANSACTIONS

With effect from 1st November 2011, Threadneedle Investment Services Limited, as ACD, is a related party and acts as principal in respect of all transactions of shares in the Fund.

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

Further analysis of the amounts due to and from, and payable to the ACD can be found within the financial statements of this Fund (Notes 4 and 9). All transactions in the period were entered into in the ordinary course of business on normal commercial terms.

Until 1st November 2011, Liverpool Victoria Portfolio Managers Limited was regarded as the controlling party of the Company in respect of the operations of the Company.

Liverpool Victoria Portfolio Managers Limited, was a related party and acted as principal on all transactions of shares in the Company. All transactions in the period were entered into in the ordinary course of business on normal commercial terms.

As at 31st December 2011, 95.66% (2010: 88.40%) of shares were held or controlled by the Liverpool Victoria group of companies.

11 CONTINGENT LIABILITIES

There were no contingent liabilities at the balance sheet date (2010: nil).

12 FINANCIAL INSTRUMENTS

In pursuing their investment objectives, the Fund may hold a number of financial instruments, comprising:

- equity shares and debt instruments, fixed income securities, and floating rate securities.
- cash, liquid resources and short-term debtors and creditors.
- borrowings to meet redemption and settlement mismatches.
- derivatives and forward currency transactions for the purposes of efficient portfolio management.

13 RISKS OF FINANCIAL INSTRUMENTS

The ACD uses a risk management process, as reviewed by the Depositary, enabling it to monitor and measure as frequently as appropriate the risk of the Scheme's underlying investments, derivative and forward positions and their contribution to the overall risk profile of the Fund.

The details of the risk management process are notified to the FSA.

The risks arising from the Fund's financial instruments are market price, foreign currency, liquidity, credit and counterparty risks. The ACD reviews (and agrees with the Depositary) policies for managing each of these risks as summarised below. The policies have remained unchanged throughout the year to which these financial statements relate:

(a) Market price risk – arises mainly from the uncertainty about future prices of financial instruments held. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements.

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

(b) Foreign currency risk – the revenue and capital value of the Fund's investments can be affected by foreign currency translation movements since some of the Fund's assets are denominated in currencies other than sterling.

The ACD has identified three principal areas where foreign currency risk could impact the Fund, where movements in exchange rates affect the value of investments, short term timing differences and the revenue received.

The Fund may be subject to short term exposure to exchange rate movements, for instance where the date of an investment purchase and the date when the settlement occurs are different. To reduce this risk, foreign currency contracts are generally executed when the initial transaction takes place.

Revenue is received in currencies other than sterling and hence movements in exchange rates can affect the sterling value of this revenue. To minimise this risk, all revenue receipts are converted to sterling on, or shortly after, the date of receipt.

At the year end date a portion of the net assets of the Funds were denominated in currencies other than sterling with the effect that the balance sheet and total return can be affected by exchange rate movement.

As the reporting currency is in sterling, there is no currency exposure connected to sterling. However, the amount of sterling is included to enable the table to be reconciled back to the balance sheet.

	Monetary exposures	Non-monetary exposures	Total
	£000	£000	£000
Currency 2011			
Danish krone	(1)	4,623	4,622
Euro	1,910	76,837	78,747
Norwegian krone	(2)	2,529	2,527
Sterling	161	12,619	12,780
Swedish krona	(9)	8,764	8,755
Swiss franc	(54)	22,483	22,429
	2,005	127,855	129,860
Currency 2010			
Danish krone	573	3,806	4,379
Euro	715	122,212	122,927
Norwegian krone	552	4,099	4,651
Sterling	(125)	31,438	31,313
Swedish krona	80	15,690	15,770
Swiss franc	1,896	29,832	31,728
	3,691	207,077	210,768

Threadneedle European ex-UK Growth Fund

Notes to the financial statements

(continued)

(c) Liquidity risk – The main liability of the Fund is the redemption of shares that investors wish to sell. The Fund's assets comprise mainly realisable securities, which can readily be sold. In exceptional circumstances the ACD with prior agreement of the Depositary may suspend dealing for a period of 28 days which may be extended further with FSA approval. The ACD may also in certain circumstances require a redeeming shareholder, in lieu of payment, to be transferred property of the Fund.

(d) Counterparty risk – The risk of entering an arrangement with a counterparty, which is itself subject to financial risks which may affect its ability to trade as a going concern. The ACD maintains a list of approved counterparties. The list is regularly monitored and revised for changes based on the counterparty credit-worthiness, market reputation and expectations of future financial performance. Transactions will only be opened with financial intermediaries on the approved counterparties list.

(e) Fair value of financial assets and liabilities – there is no difference between the value of the financial assets and liabilities as shown in the balance sheet and their fair value.

(f) Hedged Share Class – the Hedged Share Class within Threadneedle European ex-UK Growth Fund is designed to mitigate currency risk, by limiting the impact of exchange rate movements between the base currency (sterling) and the currencies in which the assets of that Fund are denominated. The effects of hedging will be reflected in the value and the currencies in which the assets of that Fund are of this Class. The cost and expenses associated with the hedging transactions, and any benefits of those transactions will accrue to Shareholders in this Class only.

14 PORTFOLIO TRANSACTION COSTS

	2011 £000	2010 £000
Analysis of total purchases costs		
Purchases in year before transaction costs	281,759	408,469
Commissions	514	675
Taxes	72	1
Total purchases costs	586	676
Gross purchases total	282,345	409,145
Analysis of total sales costs		
Gross sales before transaction costs	329,842	299,879
Commissions	(558)	(720)
Taxes	–	(1)
Total sales costs	(558)	(721)
Total sales net of transaction costs	329,284	299,158

Threadneedle Japan Growth Fund

Investment Report

Investment Objectives and Policies

To achieve long-term capital growth from investments principally in Japanese equities. Investment may also occur in other transferable securities, money market instruments, deposits, cash and near cash, derivative instruments and forward transactions and units in collective investment schemes when deemed appropriate.

The Fund will normally be invested in a range of Japanese companies to maximise the return whilst moderating the risk of equity investment at any particular point in the economic and business cycle. The Fund may from time to time use derivatives for the purposes of efficient portfolio management only, although derivatives may be used for investment purposes on not less than 60 days' notice to investors.

Market Overview

2011 proved a challenging year for global equities. Sentiment was dominated by the crisis in the eurozone and the slowdown in the world economy. Additionally, markets had to contend with political unrest in parts of North Africa and the Middle East. On the other side of the globe, the Japanese earthquake and tsunami disrupted economic activity and led to a shortage of manufacturing components. Elsewhere, investors debated whether the Chinese authorities could successfully engineer a soft landing for China.

In early April, Portugal became the third member of the eurozone to request a rescue package from the IMF and EU, while in May it was already evident that Greece would require additional funding. At the start of July markets were cheered by news that the Greek government had passed a series of new austerity measures, thereby

securing the next tranche of the country's initial bailout package.

Powers were also granted to the European Financial Stability Facility (EFSF) to buy the debt of financially stressed nations. Unfortunately markets subsequently slipped back, with August seeing concerns spread to Italy, which accounts for just under a quarter of all eurozone sovereign debt. October saw a strong rebound in risk assets when additional measures were proposed to tackle the Greek debt crisis. However, the better tone was punctured by subsequent political machinations in Greece.

Within the UK, sentiment was boosted by the announcement of a further £75bn of quantitative easing. Towards the end of the reporting period, equity markets rallied strongly as leading central banks unveiled a co-ordinated plan to boost liquidity. Markets were also buoyed by an EU summit in December calling for increased fiscal integration. The European Central Bank then undertook its biggest-ever liquidity operation, further alleviating fears of a second credit crunch.

Throughout the period interest rates in the US, UK and Japan remained at historic lows to support economic activity. Two earlier rises in European rates were reversed in the fourth quarter, so that by the end of the year they had returned to 1%. Interest rates were also cut in several emerging markets, helping to offset the impact of slower growth in the developed world.

Over the reporting period government bonds performed well, with UK gilts achieving a particularly strong return. US treasuries also performed strongly despite the downgrade in the credit rating for the US from AAA to AA+. In Europe, bonds issued by core nations such as Germany posted good returns although those from peripheral countries suffered in the wake of the eurozone

sovereign debt crisis. Elsewhere, it was also a positive year for emerging market and investment grade corporate bonds but lower-rated, higher yielding areas of the corporate bond market weakened.

Outlook

In the short term, equity markets are likely to see further volatility against the backdrop of a slower global economy and the eurozone debt problems. However, companies with strong franchises and robust balance sheets, should outperform in a challenging economic climate. Moreover, it is encouraging to see that many companies are returning cash to shareholders through higher dividends and share buybacks. Overall, equity valuations continue to look attractive by historical comparison and also relative to other asset classes. In fixed income, we prefer the prospects for higher yielding asset classes over the major government bond markets, where yields have fallen to historically low levels.

Change of Management

Threadneedle Asset Management Limited took over the investment management of the Fund on 1st November 2011. The Fund invested as per the investment objective and policy stated in the prospectus throughout the year. The investment team continues to manage the Fund actively in the pursuit of seeking risk-adjusted returns. The investment landscape in 2012 remains far from certain; however, Threadneedle's investment team of over 130 investment professionals constantly shares ideas and information to gain fresh perspectives and new insights that other investors who work in isolation might never discover.

Details of the Fund's major purchases and sales in the year are disclosed on page 58.

STATEMENT OF TOTAL RETURN

for the accounting period 1st January 2011 to 31st December 2011

	Notes	2011 £000	2010 £000
Income			
Net capital (losses)/gains	2	(8,702)	5,504
Revenue	3	1,575	274
Expenses	4	(73)	(39)
Net revenue before taxation		1,502	235
Taxation	5	(110)	(19)
Net revenue after taxation for the year		1,392	216
Total return before accumulations		(7,310)	5,720
Finance costs: accumulations	6	(1,392)	(216)
Change in net assets attributable to shareholders from investment activities		(8,702)	5,504

BALANCE SHEET

as at 31st December 2011

	Notes	2011 £000	2010 £000
Assets			
Investment assets		58,215	46,369
Debtors	7	72	153
Cash and bank balances		1,027	416
Total other assets		1,099	569
Total assets		59,314	46,938
Liabilities			
Creditors	8	20	164
Bank overdrafts		–	119
Total liabilities		20	283
Net assets attributable to shareholders		59,294	46,655

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 1st January 2011 to 31st December 2011

	2011 £000	2010 £000
Opening net assets attributable to shareholders	46,655	11,957
Amounts receivable on creation of shares	60,758	30,312
Amounts payable on cancellation of shares	(40,979)	(1,593)
	19,779	28,719
Dilution levy	75	72
Change in net assets attributable to shareholders from investment activities (see Statement of total return above)	(8,702)	5,504
Retained distributions on accumulation shares	1,487	403
Closing net assets attributable to shareholders	59,294	46,655

DISTRIBUTION TABLES

for the accounting period 1st January 2011 to 31st December 2011

Group Accumulation Shares

Interim Accumulation (in pence per share)

	Net Income	Equalisation (note 1)	2011 Accumulation Paid	2010 Accumulation Paid
Group				
1	1.2016	–	1.2016	1.0069
2	0.3536	0.8480	1.2016	1.0069

Group 2: shares purchased during a distribution period

Institutional Accumulation Shares

Interim Accumulation (in pence per share)

	Net Income	Equalisation (note 1)	2011 Accumulation Paid	2010 Accumulation Paid
Group				
1	0.8477	–	0.8477	0.6361
2	0.0000	0.8477	0.8477	0.6361

Group 2: shares purchased during a distribution period

Group Accumulation Shares

Final Accumulation (in pence per share)

	Net Income	Equalisation (note 1)	2011 Accumulation Payable	2010 Accumulation Paid
Group				
1	1.3099	–	1.3099	0.8940
2	0.0990	1.2109	1.3099	0.8940

Group 2: shares purchased during a distribution period

Threadneedle Japan Growth Fund

DISTRIBUTION TABLES

(continued)

Institutional Accumulation Shares

Final Accumulation (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Accumulation Payable	2010 Accumulation Paid
1	0.9841	–	0.9841	0.5628
2	0.9841	0.0000	0.9841	0.5628

Group 2: shares purchased during a distribution period

Threadneedle Japan Growth Fund

Notes to the financial statements

for the accounting period 1st January 2011 to 31st December 2011

1 ACCOUNTING POLICIES

The accounting policies for the Fund are the same as those disclosed in the aggregated financial statements on page 5.

2 NET CAPITAL (LOSSES)/GAINS

The net capital (losses)/gains on investments during the year comprise:

	2011 £000	2010 £000
Currency gains/(losses)	66	(75)
Non-derivative securities	(8,744)	5,591
Security transaction charges	(24)	(12)
Net capital (losses)/gains	(8,702)	5,504

3 REVENUE

	2011 £000	2010 £000
Overseas dividends	1,575	274
Total revenue	1,575	274

4 EXPENSES

	2011 £000	2010 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	–	1
	–	1
Payable to the Depositary or associates of the Depositary, and the agents of either of them:		
Depositary fees	13	4
Safe custody fees	12	2
Administration fee	23	20
	48	26
Other expenses:		
Audit fee	8	8
Registration fees	17	4
	25	12
Total expenses	73	39

5 TAXATION

	2011 £000	2010 £000
a) Analysis of charge in year:		
Overseas withholding tax	110	19
Total current tax (note 5b)	110	19
b) Factors affecting current taxation charge for year:		
Net revenue before taxation	1,502	235
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	300	47
Effects of:		
Revenue not subject to taxation	(315)	(55)
Current year expenses not utilised	15	8
Overseas withholding tax	110	19
Current tax charge for year (note 5a)	110	19

c) Deferred tax

At 31st December 2011, there are surplus management expenses of £113,000 (2010: £38,000). It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore a deferred tax asset of £23,000 (2010: £8,000) has not been recognised.

6 FINANCE COSTS

The accumulations take account of amounts received on the issue of shares and amounts deducted on the cancellation of shares, and comprise:

	2011 £000	2010 £000
Interim accumulations	838	104
Final accumulations	649	299
	1,487	403
Add: Amounts deducted on cancellation of shares	351	11
Deduct: Amounts received on issue of shares	(446)	(198)
Net accumulation for the year	1,392	216

7 DEBTORS

	2011 £000	2010 £000
Sales awaiting settlement	–	135
Accrued revenue	72	18
Total debtors	72	153

8 CREDITORS

	2011 £000	2010 £000
Purchases awaiting settlement	–	149
Accrued expenses	20	15
Amounts payable to ACD	–	–
Total creditors	20	164

Threadneedle Japan Growth Fund

Notes to the financial statements

(continued)

9 RELATED PARTY TRANSACTIONS

With effect from 1st November 2011, Threadneedle Investment Services Limited, as ACD, is a related party and acts as principal in respect of all transactions of shares in the Fund.

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

Further analysis of the amounts due to and from, and payable to the ACDs can be found within the financial statements of this Fund (Notes 4 and 8). All transactions in the period were entered into in the ordinary course of business on normal commercial terms.

Until 1st November 2011, Liverpool Victoria Portfolio Managers Limited was regarded as the controlling party of the Company in respect of the operations of the Company. Liverpool Victoria Portfolio Managers Limited, was a related party and acted as principal on all transactions of shares in the Company.

All transactions in the period were entered into in the ordinary course of business on normal commercial terms.

As at 31st December 2011, 100% (2010: 100%) of shares were held or controlled by the Liverpool Victoria group of companies.

10 CONTINGENT LIABILITIES

There were no contingent liabilities at the balance sheet date (2010: nil).

11 FINANCIAL INSTRUMENTS

In pursuing their investment objectives, the Funds may hold a number of financial instruments, comprising:

- equity shares and debt instruments, fixed income securities, and floating rate securities.
- cash, liquid resources and short-term debtors and creditors.
- borrowings to meet redemption and settlement mismatches.
- derivatives and forward currency transactions for the purposes of efficient portfolio management.

12 RISKS OF FINANCIAL INSTRUMENTS

The ACD uses a risk management process, as reviewed by the Depositary, enabling it to monitor and measure as frequently as appropriate the risk of the Scheme's underlying investments, derivative and forward positions and their contribution to the overall risk profile of the Fund.

The details of the risk management process are notified to the FSA. The risks arising from the Fund's financial instruments are market price, foreign currency, liquidity and credit risks.

The ACD reviews (and agrees with the Depositary) policies for managing each of these risks as summarised below. The policies have remained unchanged throughout the year to which these financial statements relate:

(a) Market price risk – arises mainly from the uncertainty about future prices of financial instruments held. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements.

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

(b) Foreign currency risk – the revenue and capital value of the Fund's investments can be affected by foreign currency translation movements since some of the Fund's assets are denominated in currencies other than sterling.

The ACD has identified three principal areas where foreign currency risk could impact the Fund, where movements in exchange rates affect the value of investments, short term timing differences and the revenue received.

The Fund may be subject to short term exposure to exchange rate movements, for instance where the date of an investment purchase and the date when the settlement occurs are different. To reduce this risk, foreign currency contracts are generally executed when the initial transaction takes place.

Revenue is received in currencies other than sterling and hence movements in exchange rates can affect the sterling value of this revenue. To minimise this risk, all revenue receipts are converted to sterling on, or shortly after, the date of receipt.

At the year end date a portion of the net assets of the Fund was denominated in currencies other than sterling with the effect that the balance sheet and total return can be affected by exchange rate movement.

As the reporting currency is in sterling, there is no currency exposure connected to sterling. However, the amount of sterling is included to enable the table to be reconciled back to the balance sheet.

	Monetary exposures	Non-monetary exposures	Total
	£000	£000	£000
Currency 2011			
Japanese yen	1,048	58,215	59,263
Sterling	31	–	31
	1,079	58,215	59,294

	£000	£000	£000
Currency 2010			
Japanese yen	75	46,369	46,444
Sterling	211	–	211
	286	46,369	46,655

(c) Liquidity risk – The main liability of the Fund is the redemption of shares that investors wish to sell. The Fund's assets comprise mainly realisable securities, which can readily be sold. In exceptional circumstances the ACD with prior agreement of the Depositary may suspend dealing for a period of 28 days which may be extended further with FSA approval. The ACD may also in certain circumstances require a redeeming shareholder, in lieu of payment, to be transferred property of the Fund.

(d) Counterparty risk – The risk of entering an arrangement with a counterparty, which is itself subject to financial risks which may affect its ability to trade as a going concern. The manager maintains a list of approved counterparties. The list is regularly monitored and revised for changes based on the counterparty credit-worthiness, market reputation and expectations of future financial performance. Transactions will only be opened with financial intermediaries on the approved counterparties list.

(e) Fair value of financial assets and liabilities – there is no difference between the value of the financial assets and liabilities as shown in the balance sheet and their fair value.

13 PORTFOLIO TRANSACTION COSTS

	2011 £000	2010 £000
Analysis of total purchases costs		
Purchases in year before transaction costs	68,678	37,239
Commissions	36,763	8
Total purchases costs	36,763	8
Gross purchases total	105,441	37,247
Analysis of total sales costs		
Gross sales before transaction costs	118,566	8,301
Commissions	(33,714)	(7)
Total sales costs	(33,714)	(7)
Total sales net of transaction costs	84,852	8,294

Threadneedle Pacific ex-Japan Growth Fund

Investment Report

Investment Objectives and Policies

To achieve long-term capital growth from investments principally in Far East equities, excluding Japan. Investment may also occur in other transferable securities, money market instruments, deposits, cash and near cash, derivative instruments and forward transactions and units in collective investment schemes when deemed appropriate.

The Fund will normally be invested in a range of Far East markets to maximise the return whilst moderating the risk of equity investment at any particular point in the economic and business cycle. The Fund may from time to time use derivatives for the purposes of efficient portfolio management only, although derivatives may be used for investment purposes on not less than 60 days' notice to investors.

Market Overview

2011 proved a challenging year for global equities. Sentiment was dominated by the crisis in the eurozone and the slowdown in the world economy. Additionally, markets had to contend with political unrest in parts of North Africa and the Middle East. On the other side of the globe, the Japanese earthquake and tsunami disrupted economic activity and led to a shortage of manufacturing components. Elsewhere, investors debated whether the Chinese authorities could successfully engineer a soft landing for China.

In early April, Portugal became the third member of the eurozone to request a rescue package from the IMF and EU, while in May it was already evident that Greece would require additional funding. At the start of July markets were cheered by news that the Greek government had passed a series of new austerity measures, thereby

securing the next tranche of the country's initial bailout package.

Powers were also granted to the European Financial Stability Facility (EFSF) to buy the debt of financially stressed nations. Unfortunately markets subsequently slipped back, with August seeing concerns spread to Italy, which accounts for just under a quarter of all eurozone sovereign debt. October saw a strong rebound in risk assets when additional measures were proposed to tackle the Greek debt crisis. However, the better tone was punctured by subsequent political machinations in Greece.

Within the UK, sentiment was boosted by the announcement of a further £75bn of quantitative easing. Towards the end of the reporting period, equity markets rallied strongly as leading central banks unveiled a co-ordinated plan to boost liquidity. Markets were also buoyed by an EU summit in December calling for increased fiscal integration. The European Central Bank then undertook its biggest-ever liquidity operation, further alleviating fears of a second credit crunch.

Throughout the period interest rates in the US, UK and Japan remained at historic lows to support economic activity. Two earlier rises in European rates were reversed in the fourth quarter, so that by the end of the year they had returned to 1%. Interest rates were also cut in several emerging markets, helping to offset the impact of slower growth in the developed world.

Over the reporting period government bonds performed well, with UK gilts achieving a particularly strong return. US treasuries also performed strongly despite the downgrade in the credit rating for the US from AAA to AA+. In Europe, bonds issued by core nations such as Germany posted good returns although those from peripheral countries suffered in the wake of the eurozone

sovereign debt crisis. Elsewhere, it was also a positive year for emerging market and investment grade corporate bonds but lower-rated, higher yielding areas of the corporate bond market weakened.

Outlook

In the short term, equity markets are likely to see further volatility against the backdrop of a slower global economy and the eurozone debt problems. However, companies with strong franchises and robust balance sheets, should outperform in a challenging economic climate. Moreover, it is encouraging to see that many companies are returning cash to shareholders through higher dividends and share buybacks. Overall, equity valuations continue to look attractive by historical comparison and also relative to other asset classes. In fixed income, we prefer the prospects for higher yielding asset classes over the major government bond markets, where yields have fallen to historically low levels.

Change of Management

Threadneedle Asset Management Limited took over the investment management of the Fund on 1st November 2011. The Fund invested as per the investment objective and policy stated in the prospectus throughout the year. The investment team continues to manage the Fund actively in the pursuit of seeking risk-adjusted returns. The investment landscape in 2012 remains far from certain; however, Threadneedle's investment team of over 130 investment professionals constantly shares ideas and information to gain fresh perspectives and new insights that other investors who work in isolation might never discover.

Details of the Fund's major purchases and sales in the year are disclosed on page 58.

STATEMENT OF TOTAL RETURN

for the accounting period 1st January 2011 to 31st December 2011

	Notes	2011 £000	2010 £000
Income			
Net capital (losses)/gains	2	(4,399)	6,178
Revenue	3	591	630
Expenses	4	(60)	(70)
Finance costs: interest	6	(1)	—
Net revenue before taxation		530	560
Taxation	5	(39)	(38)
Net revenue after taxation		491	522
Total return before accumulations		(3,908)	6,700
Finance costs: accumulations	6	(491)	(523)
Change in net assets attributable to shareholders from investment activities		(4,399)	6,177

BALANCE SHEET

as at 31st December 2011

	Notes	2011 £000	2010 £000
Assets			
Investment assets		23,542	33,711
Debtors	8	84	8
Cash and bank balances		748	1,315
Total other assets		832	1,323
Total assets		24,374	35,034
Liabilities			
Creditors	9	182	30
Total liabilities		182	30
Net assets attributable to shareholders		24,192	35,004

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 1st January 2011 to 31st December 2011

	2011 £000	2010 £000
Opening net assets attributable to shareholders	35,004	23,129
Amounts receivable on creation of shares	7,289	10,256
Amounts payable on cancellation of shares	(14,226)	(5,065)
	(6,937)	5,191
Dilution levy	24	3
Change in net assets attributable to shareholders from investment activities (see Statement of total return above)	(4,399)	6,177
Retained distributions on accumulation shares	500	504
Closing net assets attributable to shareholders	24,192	35,004

DISTRIBUTION TABLES

for the accounting period 1st January 2011 to 31st December 2011

Group Accumulation Shares

Interim Accumulation (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Accumulation Paid	2010 Accumulation Paid
1	4.3437	—	4.3437	3.4206
2	4.3437	0.0000	4.3437	3.4206

Group 2: shares purchased during a distribution period

Institutional Accumulation Shares

Interim Accumulation (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Accumulation Paid	2010 Accumulation Paid
1	1.9056	—	1.9056	1.4547
2	1.4086	0.4970	1.9056	1.4547

Group 2: shares purchased during a distribution period

Group Accumulation Shares

Final Accumulation (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Accumulation Payable	2010 Accumulation Paid
1	3.2011	—	3.2011	2.9973
2	0.0937	3.1074	3.2011	2.9973

Group 2: shares purchased during a distribution period

Threadneedle Pacific ex-Japan Growth Fund

DISTRIBUTION TABLES

(continued)

Institutional Accumulation Shares

Final Accumulation (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Accumulation Payable	2010 Accumulation Paid
1	1.3014	–	1.3014	1.1753
2	0.6619	0.6395	1.3014	1.1753

Group 2: shares purchased during a distribution period

Threadneedle Pacific ex-Japan Growth Fund

Notes to the financial statements

for the accounting period 1st January 2011 to 31st December 2011

1 ACCOUNTING POLICIES

The accounting policies for the Fund are the same as those disclosed in the aggregated financial statements on page 5.

2 NET CAPITAL (LOSSES)/GAINS

The net capital (losses)/gains on investments during the year comprise:

	2011 £000	2010 £000
Non-derivative securities	(4,238)	6,187
Derivative contracts	40	28
Other (losses)/gains	(162)	24
Transaction costs	(39)	(61)
Net capital (losses)/gains	(4,399)	6,178

3 REVENUE

	2011 £000	2010 £000
UK dividends	8	4
Overseas dividends	573	613
Bank interest	1	–
Stock dividends	9	13
Total revenue	591	630

4 EXPENSES

	2011 £000	2010 £000
Payable to the ACD or associates of the ACD, and agents of either of them:		
Annual management charge	5	4
	5	4
Payable to the Depositary or associates of the Depositary, and the agents of either of them:		
Depositary fees	4	9
Safe custody fees	12	14
Administration fee	26	26
	42	49
Other expenses:		
Audit fee	8	8
Registration fees	5	9
	13	17
Total expenses	60	70

5 TAXATION

	2011 £000	2010 £000
a) Analysis of charge in year:		
Overseas withholding tax	39	38
Total current tax (note 5b)	39	38
b) Factors affecting current taxation charge for year:		
Net revenue before taxation	530	560
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	106	112
Effects of:		
Revenue not subject to taxation	(118)	(126)
Overseas withholding tax	39	38
Current year expenses not utilised	12	14
Current tax charge for year (note 5a)	39	38

c) Deferred tax

At 31st December 2011 there are surplus management expenses of £131,000 (2010: £71,000). It is unlikely the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore a Deferred Tax Asset of £26,000 (2010: £14,000) has not been recognised.

6 FINANCE COSTS

The accumulations take account of amounts received on the issue of shares and amounts deducted on the cancellation of shares, and comprise:

	2011 £000	2010 £000
Interim accumulations	245	224
Final accumulations	255	280
	500	504
Add: Amounts deducted on cancellation of shares	67	24
Deduct: Amounts received on issue of shares	(76)	(5)
Net accumulation for the year	491	523
Interest	1	–
Total finance costs	492	523

7 MOVEMENTS BETWEEN NET REVENUE AND ACCUMULATIONS

	2011 £000	2010 £000
Net revenue after taxation	491	522
WHT payable on stock dividend charged to capital	–	1
Net accumulation for the year	491	523

8 DEBTORS

	2011 £000	2010 £000
Accrued revenue	11	8
Sales awaiting settlement	73	–
Total debtors	84	8

Threadneedle Pacific ex-Japan Growth Fund

Notes to the financial statements

(continued)

9 CREDITORS

	2011 £000	2010 £000
Accrued expenses	19	29
Amounts payable to ACD	1	–
Corporation tax payable	–	1
Purchases awaiting settlement	162	–
Total creditors	182	30

10 RELATED PARTY TRANSACTIONS

With effect from 1st November 2011, Threadneedle Investment Services Limited, as ACD, is a related party and acts as principal in respect of all transactions of shares in the Fund.

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

Further analysis of the amounts due to and from, and payable to the ACD can be found within the financial statements of this Fund (Notes 4 and 9). All transactions in the period were entered into in the ordinary course of business on normal commercial terms.

Until 1st November 2011, Liverpool Victoria Portfolio Managers Limited was regarded as the controlling party of the Company in respect of the operations of the Company.

Liverpool Victoria Portfolio Managers Limited, was a related party and acted as principal on all transactions of shares in the Company. All transactions in the period were entered into in the ordinary course of business on normal commercial terms.

As at 31st December 2011, 100% (2010: 100%) of shares were held or controlled by the Liverpool Victoria group of companies.

11 CONTINGENT LIABILITIES

There were no contingent liabilities at the balance sheet date (2010: nil).

12 FINANCIAL INSTRUMENTS

In pursuing their investment objectives, the Fund may hold a number of financial instruments, comprising:

- equity shares and debt instruments, fixed income securities, and floating rate securities.
- cash, liquid resources and short-term debtors and creditors.
- borrowings to meet redemption and settlement mismatches.
- derivatives and forward currency transactions for the purposes of efficient portfolio management.

13 RISKS OF FINANCIAL INSTRUMENTS

The ACD uses a risk management process, as reviewed by the Depositary, enabling it to monitor and measure as frequently as appropriate the risk of the Scheme's underlying investments, derivative and forward positions and their contribution to the overall risk profile of the Funds.

The details of the risk management process are notified to the FSA. The risks arising from the Fund's financial instruments are market price, foreign currency, liquidity and counterparty risks.

The ACD reviews (and agrees with the Depositary) policies for managing each of these risks as summarised below. The policies have remained unchanged throughout the year to which these financial statements relate:

(a) Market price risk – arises mainly from the uncertainty about future prices of financial instruments held. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements.

The ACD meets regularly to consider the asset allocation of the portfolio in order to minimise the risk associated with particular industry sectors whilst continuing to follow the investment objective.

An individual fund manager has responsibility for monitoring the existing portfolio selected in accordance with the overall asset allocation parameters and seeks to ensure that individual stocks also meet the risk reward profile that is acceptable.

(b) Foreign currency risk – the revenue and capital value of the Funds' investments can be affected by foreign currency translation movements since some of the Fund's assets are denominated in currencies other than sterling.

The ACD has identified three principal areas where foreign currency risk could impact the Fund, where movements in exchange rates affect the value of investments, short term timing differences and the revenue received.

The Fund may be subject to short term exposure to exchange rate movements, for instance where the date of an investment purchase and the date when the settlement occurs are different. To reduce this risk, foreign currency contracts are generally executed when the initial transaction takes place.

Revenue is received in currencies other than sterling and hence movements in exchange rates can affect the sterling value of this revenue. To minimise this risk, all revenue receipts are converted to sterling on, or shortly after, the date of receipt.

At the year end date a substantial portion of the net assets of the Fund was denominated in currencies other than sterling with the effect that the balance sheet and total return can be affected by exchange rate movement.

As the reporting currency is in sterling, there is no currency exposure connected to sterling. However, the amount of sterling is included to enable the table to be reconciled back to the balance sheet.

	Monetary exposures £000	Non- monetary exposures £000	Total £000
Currency 2011			
Australian dollar	–	4,499	4,499
Hong Kong dollar	8	7,794	7,802
Indonesian rupiah	–	1,175	1,175
Korean won	–	3,549	3,549
Malaysian ringgit	–	653	653
Philippine peso	1	509	510
Singapore dollar	4	981	985
Sterling	4	–	4
Taiwanese dollar	55	1,858	1,913
Thai baht	–	894	894
US dollar	578	1,630	2,208
	650	23,542	24,192

	£000	£000	£000
Currency 2010			
Australian dollar	56	6,676	6,732
Hong Kong dollar	152	9,905	10,057
Indonesian rupiah	–	546	546
Korean won	4	4,958	4,962
Malaysian ringgit	–	461	461
New Zealand dollar	–	245	245
Singapore dollar	4	1,667	1,671
Sterling	315	–	315
Taiwanese dollar	440	2,607	3,047
Thai baht	–	1,203	1,203
US dollar	322	5,443	5,765
	1,293	33,711	35,004

Threadneedle Pacific ex-Japan Growth Fund

Notes to the financial statements

(continued)

(c) Liquidity risk – The main liability of the Fund is the redemption of shares that investors wish to sell. The Fund's assets comprise mainly realisable securities, which can readily be sold. In exceptional circumstances the ACD with prior agreement of the Depositary may suspend dealing for a period of 28 days which may be extended further with FSA approval. The ACD may also in certain circumstances require a redeeming shareholder, in lieu of payment, to be transferred property of the Fund.

(d) Counterparty risk – The risk of entering an arrangement with a counterparty, which is itself subject to financial risks which may affect its ability to trade as a going concern. The ACD maintains a list of approved counterparties. The list is regularly monitored and revised for changes based on the counterparty credit-worthiness, market reputation and expectations of future financial performance. Transactions will only be opened with financial intermediaries on the approved counterparties list.

(e) Fair value of financial assets and liabilities – there is no difference between the value of the financial assets and liabilities as shown in the balance sheet and their fair value.

14 PORTFOLIO TRANSACTION COSTS

	2011 £000	2010 £000
Analysis of total purchases costs		
Purchases in year before transaction costs	33,317	27,200
Commissions	27	31
Taxes	10	11
Total purchases costs	37	42
Gross purchases total	33,354	27,242
Analysis of total sales costs		
Gross sales before transaction costs	39,280	22,450
Commissions	(51)	(26)
Taxes	(19)	(29)
Total sales costs	(70)	(55)
Total sales net of transaction costs	39,210	22,395

Threadneedle US Equity Income Fund

Investment Report

Investment Objectives and Policies

The objective of the Fund is to achieve a high level of income combined with the potential for long-term capital growth.

The Fund will invest principally in a portfolio of US equities, unconstrained by company size or sector classification. The Fund may also invest in other transferable securities, collective investment schemes, money market instruments, deposits, and cash and near cash when deemed appropriate.

The Fund may from time to time use derivatives for the purpose of efficient portfolio management only, although derivatives may be used for investment purposes on not less than 60 days notice to investors.

Market Overview

2011 proved a challenging year for global equities. Sentiment was dominated by the crisis in the eurozone and the slowdown in the world economy. Additionally, markets had to contend with political unrest in parts of North Africa and the Middle East. On the other side of the globe, the Japanese earthquake and tsunami disrupted economic activity and led to a shortage of manufacturing components. Elsewhere, investors debated whether the Chinese authorities could successfully engineer a soft landing for China.

In early April, Portugal became the third member of the eurozone to request a rescue package from the IMF and EU, while in May it was already evident that Greece would require additional funding. At the start of July markets were cheered by news that the Greek government had passed a series of new austerity measures, thereby securing the next tranche of the country's initial bailout package.

Powers were also granted to the European Financial Stability Facility (EFSF) to buy the debt of financially stressed nations. Unfortunately markets subsequently slipped back, with August seeing concerns spread to Italy, which accounts for just under a quarter of all eurozone sovereign debt. October saw a strong rebound in risk assets when additional measures were proposed to tackle the Greek debt crisis. However, the better tone was punctured by subsequent political machinations in Greece.

Within the UK, sentiment was boosted by the announcement of a further £75bn of quantitative easing. Towards the end of the reporting period, equity markets rallied strongly as leading central banks unveiled a co-ordinated plan to boost liquidity. Markets were also buoyed by an EU summit in December calling for increased fiscal integration. The European Central Bank then undertook its biggest-ever liquidity operation, further alleviating fears of a second credit crunch.

Throughout the period interest rates in the US, UK and Japan remained at historic lows to support economic activity. Two earlier rises in European rates were reversed in the fourth quarter, so that by the end of the year they had returned to 1%. Interest rates were also cut in several emerging markets, helping to offset the impact of slower growth in the developed world.

Over the reporting period government bonds performed well, with UK gilts achieving a particularly strong return. US treasuries also performed strongly despite the downgrade in the credit rating for the US from AAA to AA+. In Europe, bonds issued by core nations such as Germany posted good returns although those from peripheral countries suffered in the wake of the eurozone sovereign debt crisis. Elsewhere, it was also a positive

year for emerging market and investment grade corporate bonds but lower-rated, higher yielding areas of the corporate bond market weakened.

Outlook

In the short term, equity markets are likely to see further volatility against the backdrop of a slower global economy and the eurozone debt problems. However, companies with strong franchises and robust balance sheets, should outperform in a challenging economic climate. Moreover, it is encouraging to see that many companies are returning cash to shareholders through higher dividends and share buybacks. Overall, equity valuations continue to look attractive by historical comparison and also relative to other asset classes. In fixed income, we prefer the prospects for higher yielding asset classes over the major government bond markets, where yields have fallen to historically low levels.

Change of Management

Threadneedle Asset Management Limited took over the investment management of the Fund on 1st November 2011. The Fund invested as per the investment objective and policy stated in the prospectus throughout the year. The investment team continues to manage the Fund actively in the pursuit of seeking risk-adjusted returns. The investment landscape in 2012 remains far from certain; however, Threadneedle's investment team of over 130 investment professionals constantly shares ideas and information to gain fresh perspectives and new insights that other investors who work in isolation might never discover.

Details of the Fund's major purchases and sales in the year are disclosed on page 58.

STATEMENT OF TOTAL RETURN

for the period 31st May 2011 to 31st December 2011

	Notes	2011 £'000
Income		
Net capital gains	2	2,563
Revenue	3	2,123
Expenses	4	(57)
Net revenue before taxation		2,066
Taxation	5	(273)
Net revenue after taxation for the period		1,793
Total return before distributions		4,356
Finance costs: distributions	6	(1,848)
Change in net assets attributable to shareholders from investment activities		2,508

BALANCE SHEET

as at 31st December 2011

Assets	Notes	2011 £000
Investment assets		115,394
Debtors	8	125
Cash and bank balances		2,536
Total other assets		2,661
Total assets		118,055
Liabilities		
Creditors	9	20
Bank overdrafts		10
Distribution payable on income shares		866
Total liabilities		896
Net assets attributable to shareholders		117,159

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the period 31st May 2011 to 31st December 2011

	2011 £000
Opening net assets attributable to shareholders	-
Amounts receivable on creation of shares	146,919
Amounts payable on cancellation of shares	(32,357)
	114,562
Dilution levy	89
Change in net assets attributable to shareholders from investment activities (see Statement of total return above)	2,508
Closing net assets attributable to shareholders	117,159

DISTRIBUTION TABLES

for the accounting period 31st May 2011 to 31st December 2011

Group Income Share

Interim Distribution (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Distribution Paid
1	0.1977	-	0.1977
2	0.1620	0.0357	0.1977

Group 2: shares purchased during a distribution period

Institutional Income Shares

Interim Distribution (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Distribution Paid
1	0.1964	-	0.1964
2	0.1964	-	0.1964

Group 2: shares purchased during a distribution period

Group Income Share

Second Interim Distribution (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Distribution Paid
1	0.5765	-	0.5765
2	0.5765	-	0.5765

Group 2: shares purchased during a distribution period

Threadneedle US Equity Income Fund

DISTRIBUTION TABLES

(continued)

Institutional Income Shares

Second Interim Distribution (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Distribution Paid
1	0.5772	–	0.5772
2	0.5772	–	0.5772

Group 2: shares purchased during a distribution period

Group Income Share

Final Distribution (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Distribution Payable
1	0.7682	–	0.7682
2	0.1937	0.5745	0.7682

Group 2: shares purchased during a distribution period

Institutional Income Shares

Final Distribution (in pence per share)

Group	Net Income	Equalisation (note 1)	2011 Distribution Payable
1	0.7661	–	0.7661
2	0.7661	–	0.7661

Group 2: shares purchased during a distribution period

Threadneedle US Equity Income Fund

Notes to the financial statements

for the accounting period 31st May 2011 to 31st December 2011

1 ACCOUNTING POLICIES

The accounting policies for the Fund are the same as those disclosed in the aggregated financial statements on page 5.

2 NET CAPITAL GAINS

The net capital gains on investments during the period comprise:

	2011 £000
Non-derivative securities	2,384
Currency gains	181
Transaction costs	(2)
Net capital gains	<u>2,563</u>

3 REVENUE

	2011 £000
Overseas dividends	2,123
Total revenue	<u>2,123</u>

4 EXPENSES

	2011 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:	
Annual management charge	—
	<u>—</u>
Payable to the Depositary or associates of the Depositary, and the agents of either of them:	
Depositary fees	13
Safe custody fees	8
Administration fees	12
	<u>33</u>
Other expenses:	
Audit fee	8
Registration fees	16
	<u>24</u>
Total expenses	<u>57</u>

5 TAXATION

	2011 £000
a) Analysis of charge in period:	
Corporation tax	—
Overseas withholding tax	273
Total current tax (note 5b)	<u>273</u>
b) Factors affecting current taxation charge for period:	
Net revenue before taxation	2,066
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	413
Effects of:	
Revenue not subject to taxation	(422)
Current period expenses not utilised	9
Overseas withholding tax	273
Current tax charge for period (note 5a)	<u>273</u>
c) Deferred tax	

At 31st December 2011 there are surplus management expenses of £44,000. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore a Deferred Tax Asset of £9,000 has not been recognised.

6 FINANCE COSTS

The distributions take account of amounts received on the issue of shares and amounts deducted on the cancellation of shares, and comprise:

	2011 £000
Interim distributions	882
Final distributions	866
	<u>1,748</u>
Add: Amounts deducted on cancellation of shares	194
Deduct: Amounts received on issue of shares	(94)
Net distribution for the period	1,848
Interest	—
Total finance costs	<u>1,848</u>

7 MOVEMENTS BETWEEN NET REVENUE AND DISTRIBUTIONS

	2011 £000
Net revenue after taxation	1,793
Expenses charged to capital	57
Corporation Tax charged to capital	(2)
Net distribution for the period	<u>1,848</u>

8 DEBTORS

	2011 £000
Accrued revenue	125
Total debtors	<u>125</u>

9 CREDITORS

	2011 £000
Accrued expenses	20
Total creditors	<u>20</u>

10 RELATED PARTY TRANSACTIONS

With effect from 1st November 2011, Threadneedle Investment Services Limited, as ACD, is a related party and acts as principal in respect of all transactions of shares in the Fund.

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

Further analysis of the amounts due to and from, and payable to the ACD can be found within the financial statements of this Fund (Notes 4 and 9). All transactions in the period were entered into in the ordinary course of business on normal commercial terms. Until 1st November 2011, Liverpool Victoria Portfolio Managers Limited was regarded as the controlling party of the Company in respect of the operations of the Company.

Liverpool Victoria Portfolio Managers Limited, was a related party and acted as principal on all transactions of shares in the Company. All transactions in the period were entered into in the ordinary course of business on normal commercial terms.

As at 31st December 2011, 99.99% (2010: N/A) of shares were held or controlled by the Liverpool Victoria group of companies.

11 CONTINGENT LIABILITIES

There were no contingent liabilities at the balance sheet date (2010: nil).

Threadneedle US Equity Income Fund

Notes to the financial statements

(continued)

12 FINANCIAL INSTRUMENTS

In pursuing their investment objectives, the Fund may hold a number of financial instruments, comprising:

- equity shares and debt instruments, fixed income securities, and floating rate securities.
- cash, liquid resources and short-term debtors and creditors.
- borrowings to meet redemption and settlement mismatches.
- derivatives and forward currency transactions for the purposes of efficient portfolio management.

13 RISKS OF FINANCIAL INSTRUMENTS

The ACD uses a risk management process, as reviewed by the Depositary, enabling it to monitor and measure as frequently as appropriate the risk of the Scheme's underlying investments, derivative and forward positions and their contribution to the overall risk profile of the Fund.

The details of the risk management process are notified to the FSA. The risks arising from the Fund's financial instruments are market price, foreign currency and liquidity risks.

The ACD reviews (and agrees with the Depositary) policies for managing each of these risks as summarised below. The policies have remained unchanged throughout the year to which these financial statements relate:

(a) Market price risk – arises mainly from the uncertainty about future prices of financial instruments held. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements.

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

(b) Foreign currency risk – the revenue and capital value of the Fund's investments can be affected by foreign currency translation movements since some of the Fund's assets are denominated in currencies other than sterling.

The ACD has identified three principal areas where foreign currency risk could impact the Fund, where movements in exchange rates affect the value of investments, short term timing differences and the revenue received.

The Fund may be subject to short term exposure to exchange rate movements, for instance where the date of an investment purchase and the date when the settlement occurs are different. To reduce this risk, foreign currency contracts are generally executed when the initial transaction takes place.

Revenue is received in currencies other than sterling and hence movements in exchange rates can affect the sterling value of this revenue. To minimise this risk, all revenue receipts are converted to sterling on, or shortly after, the date of receipt.

At the year end date a portion of the net assets of the Fund was denominated in currencies other than sterling with the effect that the balance sheet and total return can be affected by exchange rate movement.

As the reporting currency is in sterling, there is no currency exposure connected to sterling. However, the amount of sterling is included to enable the table to be reconciled back to the balance sheet.

	Monetary exposures	Non- monetary exposures	Total
Currency 2011	£000	£000	£000
Sterling	(896)	1,116	220
US dollar	2,661	114,278	116,939
	1,765	115,394	117,159

(c) Liquidity risk – The main liability of the Fund is the redemption of shares that investors wish to sell. The Fund's assets comprise mainly realisable securities, which can readily be sold. In exceptional circumstances the ACD with prior agreement of the Depositary may suspend dealing for a period of 28 days which may be extended further with FSA approval. The ACD may also in certain circumstances require a redeeming shareholder, in lieu of payment, to be transferred property of the Fund.

(d) Counterparty risk – The risk of entering an arrangement with a counterparty, which is itself subject to financial risks which may affect its ability to trade as a going concern. The Manager maintains a list of approved counterparties. The list is regularly monitored and revised for changes based on the counterparty credit-worthiness, market reputation and expectations of future financial performance. Transactions will only be opened with financial intermediaries on the approved counterparties list.

(e) Fair value of financial assets and liabilities – there is no difference between the value of the financial assets and liabilities as shown in the balance sheet and their fair value.

14 PORTFOLIO TRANSACTION COSTS

	2011 £000
Analysis of total purchases costs	
Purchases in period before transaction costs	173,742
Commissions	29
Taxes	6
Total purchases costs	35
Gross purchases total	173,777
Analysis of total sales costs	
Gross sales before transaction costs	60,803
Commissions	(36)
Total sales costs	(36)
Total sales net of transaction costs	60,767

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 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 year. 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 in Respect of the Scheme

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 in accordance with the Financial Services Authority's Collective Investment Scheme Sourcebook ("The Sourcebook"), the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the OEIC Regulations) and the Company's Instrument of Incorporation and Prospectus, 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.

Report of the Depositary to the Shareholders of the Threadneedle Investment Funds II ICVC ("the Company") for the year ended 31st December 2011

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 Company, acting through 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 income in accordance with the Sourcebook and, where applicable, the OEIC Regulations, the instrument of incorporation and Prospectus of the Company, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

HSBC Bank plc
London

17th February 2012

Independent Auditor's Report to the Members of Threadneedle Investment Funds II ICVC

We have audited the financial statements of the Threadneedle Investment Funds II ICVC ("the Company") for the year ended 31st December 2011 which comprise the Aggregated Statement of Total Return, the Aggregated Statement of Change in Net Assets Attributable to Shareholders, the Aggregated Balance Sheet and the related notes 1 to 14 together with the Statement of Total Return, the Statement of Change in Net Assets Attributable to Shareholders, Balance Sheet and the related notes for each sub-fund and the Distribution Tables. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the Financial Services Authority. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the authorised corporate director (ACD) and auditor

As explained more fully in the ACD's responsibilities statement set out on page 37, the ACD 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.

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 ACD; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report and audited financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Company and of its sub-funds as at 31st December 2011 and of the net revenue and the net losses on the scheme property of the Company and its sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Opinion on other matters prescribed by the rules of the Collective Investment Schemes Sourcebook of the Financial Services Authority

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the Financial Services Authority and the Instrument of Incorporation;
- the information given in the ACD's report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- there is nothing to indicate that proper accounting records have not been kept or that the financial statements are not in agreement with those records; and
- we have received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit

Edinburgh
17th February 2012

Ernst & Young LLP
Statutory Auditor

Threadneedle UK Equity Income Fund

Portfolio statement

as at 31st December 2011

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
Aerospace & Defence – 4.50% (2.98%)				General Retailers – 1.50% (3.55%)			
172,444	Aero Inventory*	–	–	625,721	Marks & Spencer	1,939	1.50
680,446	BAE Systems	1,936	1.50	Healthcare Equipment & Services – 0.00% (1.05%)			
709,053	Cobham	1,300	1.01	Household Goods & Textiles – 0.75% (3.69%)			
344,532	Rolls Royce	2,570	1.99	228,970	James Halstead	962	0.75
		5,806	4.50	Industrial Engineering – 3.11% (3.91%)			
Automobiles & Parts – 1.20% (0.00%)				265,820	IMI	2,010	1.56
843,896	GKN	1,544	1.20	586,781	Melrose	1,995	1.55
Banks – 0.00% (5.45%)						4,005	3.11
Chemicals – 1.80% (0.97%)				Industrial Metals – 0.00% (0.51%)			
126,080	Johnson Matthey	2,315	1.80	Industrial Transportation – 0.22% (0.00%)			
Construction & Materials – 0.75% (1.12%)				462,600	Wincanton	289	0.22
47,991	Kier Group	646	0.50	Leisure Goods – 0.00% (0.52%)			
54,200	Morgan Sindall	322	0.25	Life Insurance – 5.52% (0.94%)			
		968	0.75	758,015	Aviva	2,276	1.77
Electricity – 0.00% (0.52%)				164,359	Chesnara	286	0.22
Electronic & Electrical Equipment – 1.26% (1.09%)				4,425,457	Legal & General	4,549	3.53
401,858	Halma	1,328	1.03			7,111	5.52
31,395	Oxford Instruments	298	0.23	Media & Entertainment – 6.64% (2.95%)			
		1,626	1.26	2,619,821	ITV	1,783	1.38
Equity Investment Instruments – 0.00% (1.34%)				187,327	Pearson	2,265	1.76
Financial Services – 1.19% (10.21%)				871,200	Reed Elsevier	4,508	3.50
483,261	H&T	1,532	1.19			8,556	6.64
Fixed Line Telecommunications – 5.85% (2.61%)				Mining – 0.00% (9.78%)			
3,948,295	BT Group	7,537	5.85	Non-Life Insurance – 3.01% (4.46%)			
Food & Drug Retailers – 2.91% (0.98%)				3,683,490	Royal & Sun Alliance Insurance Group	3,875	3.01
890,765	Booker	659	0.51	Oil & Gas Producers – 11.15% (8.88%)			
946,830	Morrison (Wm) Supermarkets	3,088	2.40	505,560	BG	6,959	5.40
		3,747	2.91	301,865	Royal Dutch Shell 'B'	7,406	5.75
Food Producers & Processors – 4.05% (1.37%)						14,365	11.15
241,291	Unilever	5,217	4.05	Oil Equipment & Services – 0.00% (3.16%)			
Gas, Water & Multiutilities – 6.10% (2.70%)				Pharmaceuticals & Biotechnology – 11.77% (4.62%)			
1,830,440	Centrica	5,294	4.11	267,686	AstraZeneca	7,946	6.17
200,428	National Grid	1,251	0.97	490,665	GlaxoSmithKline	7,218	5.60
185,132	Pennon Group	1,319	1.02			15,164	11.77
		7,864	6.10	Software & Computer Services – 0.45% (0.00%)			
General Industrials – 2.30% (0.00%)				248,056	Misys	576	0.45
665,872	Smith (David S)	1,318	1.02				
180,400	Smiths Group	1,648	1.28				
		2,966	2.30				

Threadneedle UK Equity Income Fund

Portfolio statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
Support Services – 4.76% (3.40%)			
237,687	Atkins (WS)	1,473	1.14
634,075	Electrocomponents	1,193	0.92
766,895	Smiths News	627	0.49
1,612,686	St.Ives	1,322	1.03
71,320	Wolseley	1,519	1.18
		6,134	4.76
Tobacco – 9.12% (7.50%)			
242,979	British American Tobacco	7,424	5.76
177,706	Imperial Tobacco	4,327	3.36
		11,751	9.12
Travel & Leisure – 8.07% (3.03%)			
799,120	Compass	4,863	3.77
128,332	Go-Ahead	1,772	1.37
927,660	Stagecoach	2,515	1.95
303,312	Wetherspoon (JD)	1,259	0.98
		10,409	8.07
Corporate Bonds – 0.43% (4.40%)			
£704,000	Amlin 6.5% 19/12/2026	552	0.43
Options – 0.00% (0.07%)			
Market Value of Investments – 98.41% (97.76%)		126,810	98.41
Net Other Assets		2,044	1.59
Total Net Assets		128,854	100.00

The calculation of the % net asset value may not sum to 100% due to rounding.

Comparative figures shown in brackets relate to 31st December 2010.

*Suspended Security – not an approved security.

Note: All assets are securities and admitted to official exchanges unless otherwise stated.

Threadneedle UK Growth Fund

Portfolio statement

as at 31st December 2011

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
Aerospace & Defence – 4.87% (2.91%)				Leisure Goods – 0.00% (0.86%)			
924,934	Aero Inventory*	–	–				
435,268	Rolls Royce	3,247	2.12				
286,327	Ultra Electronics Holdings	4,226	2.75	2,899,964	Legal & General	2,981	1.94
		7,473	4.87				
Automobiles & Parts – 1.49% (0.88%)				Life Assurance – 1.94% (0.68%)			
1,247,821	GKN	2,283	1.49				
Banks – 2.53% (10.00%)				Media & Entertainment – 9.57% (4.65%)			
275,740	Standard Chartered	3,885	2.53	347,286	British Sky Broadcasting Group	2,544	1.66
Beverages – 0.00% (1.94%)				444,232	Pearson	5,371	3.50
Chemicals – 4.45% (1.07%)				1,006,724	Reed Elsevier	5,210	3.40
171,830	Johnson Matthey	3,155	2.06	229,639	WPP	1,551	1.01
335,243	Victrex	3,674	2.39			14,676	9.57
		6,829	4.45	Mining – 5.63% (8.02%)			
Construction & Materials – 0.00% (1.15%)				360,879	Antofagasta	4,385	2.86
Electronic & Electrical Equipment – 3.19% (0.92%)				136,120	Rio Tinto	4,254	2.77
617,337	Domino Printing	3,124	2.04			8,639	5.63
534,383	Halma	1,766	1.15	Mobile Telecommunications – 5.41% (0.92%)			
		4,890	3.19	4,637,789	Vodafone	8,297	5.41
Equity Investment Instruments – 1.51% (5.86%)				Non-Life Insurance – 0.00% (4.38%)			
708,915	Polar Capital Technology Trust	2,311	1.51	Oil & Gas – 16.06% (11.67%)			
Financial Services – 0.13% (6.84%)				562,414	BG	7,742	5.05
63,563	H&T	201	0.13	1,507,427	BP	6,931	4.52
Fixed Line Telecommunications – 4.26% (1.66%)				406,563	Premier Oil	1,472	0.96
3,422,895	British Telecom	6,534	4.26	144,508	Royal Dutch Shell 'B'	3,545	2.31
Food Producers & Processors – 3.01% (4.36%)				354,276	Tullow Oil	4,946	3.22
213,911	Unilever	4,625	3.01			24,636	16.06
General Retailers – 0.00% (1.73%)				Oil Equipment & Services – 2.68% (2.80%)			
Gas, Water & Multiutilities – 1.65% (1.91%)				209,099	AMEC	1,892	1.23
876,785	Centrica	2,536	1.65	296,249	Hunting	2,222	1.45
General Industrials – 1.44% (0.00%)						4,114	2.68
242,578	Smiths Group	2,216	1.44	Pharmaceuticals & Biotechnology – 8.64% (4.27%)			
Healthcare Equipment & Services – 0.00% (1.03%)				168,160	AstraZeneca	4,992	3.25
Household Goods – 0.00% (2.38%)				562,540	GlaxoSmithKline	8,275	5.39
Industrial Engineering – 5.15% (4.74%)						13,267	8.64
385,172	Fenner	1,537	1.00	Personal Goods – 0.00% (1.06%)			
154,213	Rotork	2,972	1.94	Real Estate – 1.00% (0.00%)			
166,625	Weir Group	3,386	2.21	98,276	Derwent London	1,526	1.00
		7,895	5.15	Software & Computer Services – 0.00% (0.97%)			
				Support Services – 1.01% (1.55%)			
				457,938	Diploma	1,556	1.01
				Tobacco – 6.26% (2.91%)			
				212,992	British American Tobacco	6,508	4.24
				127,002	Imperial Tobacco	3,092	2.02
						9,600	6.26

Threadneedle UK Growth Fund

Portfolio statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
	Travel & Leisure – 4.34% (4.10%)		
853,285	Compass	5,192	3.38
543,526	Stagecoach	1,473	0.96
		6,665	4.34
	Technology Hardware & Equipment – 1.12% (0.92%)		
1,471,482	Spirent Communications	1,725	1.12
	Options – 0.00% (0.08%)		
Market Value of Investments – 97.34% (99.22%)		149,360	97.34
Net Other Assets		4,089	2.66
Total Net Assets		153,449	100.00

The calculation of the % net asset value may not sum to 100% due to rounding.

Comparative figures shown in brackets relate to 31st December 2010.

*Suspended Security – not an approved security.

Note: All assets are securities and admitted to official exchanges unless otherwise stated.

Threadneedle European ex-UK Growth Fund

Portfolio statement

as at 31st December 2011

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
22,828	Austria – 0.92% (1.25%) Lenzing	1,191	0.92	261,805	Italy – 2.25% (1.07%) Fiat Industrial	1,434	1.10
				54,645	Saipem	1,495	1.15
						2,929	2.25
82,196	Belgium – 3.66% (0.74%) AB InBev	3,228	2.49				
57,846	Umicore	1,514	1.17		Luxembourg – 0.00% (3.35%)		
		4,742	3.66		Netherlands – 5.84% (5.98%)		
				102,391	ASML Holdings	2,760	2.13
	Denmark – 3.94% (0.00%)			96,149	EADS	1,929	1.49
99,657	Novozymes	1,971	1.52	312,128	ING Groep Certificates	1,441	1.11
42,313	Novo Nordisk 'B'	3,138	2.42	42,189	Vopak	1,441	1.11
		5,109	3.94			7,571	5.84
	Finland – 4.00% (4.53%)				Norway – 2.15% (6.35%)		
94,967	Fortum Corporation	1,288	0.99	445,231	Den Norske Bank	2,797	2.15
72,950	Kone 'B'	2,416	1.86				
95,394	Sampo Oyj	1,499	1.15		Portugal – 0.96% (0.00%)		
		5,203	4.00	131,726	Galp Energia SGPS	1,258	0.96
	France – 19.28% (21.71%)				Spain – 4.77% (9.71%)		
50,454	Air Liquide	3,993	3.07	187,298	Amadeus IT Holdings	1,941	1.49
69,200	BNP Paribas	1,737	1.34	403,250	BBV Argentaria	2,206	1.70
130,417	Edenred	2,054	1.58	104,556	Repsol YPF	2,058	1.58
78,264	Eutelsat Communications	1,958	1.51			6,205	4.77
91,940	Legrand Promesses	1,896	1.46				
21,191	LVMH	1,909	1.47		Sweden – 7.53% (9.69%)		
32,066	Michelin	1,213	0.93	188,921	Atlas Copco 'A'	2,592	2.00
91,879	Publicis Groupe	2,705	2.08	46,298	Elekta AB-B	1,298	1.00
63,384	Sagem	1,220	0.94	83,823	Getinge	1,361	1.05
96,084	Schneider Electric	3,192	2.46	180,803	SHB 'A'	3,070	2.36
42,656	Sodexo	1,973	1.52	63,637	Swedish Match	1,448	1.12
36,381	Total	1,195	0.92			9,769	7.53
		25,045	19.28				
	Germany – 19.44% (15.34%)				Switzerland – 19.06% (16.72%)		
46,601	Allianz (registered)	2,866	2.21	155,464	Credit Suisse (registered)	2,353	1.81
55,996	BASF	2,510	1.93	19,755	Kuehne & Nagel	1,440	1.11
15,546	Boss (Hugo) Preference	739	0.57	222,332	Nestle (registered)	8,234	6.34
12,273	Brenntag	734	0.57	106,367	Novartis	3,921	3.02
112,832	Daimler AG	3,193	2.46	1,793	SGS Surveillance	1,912	1.47
48,419	Deutsche Boerse	1,631	1.26	1,607	Sika AG 'B'	1,945	1.50
61,457	Fresenius Medical Care	2,696	2.08	14,320	Syngenta	2,701	2.08
80,629	Kabel Deutschland Holdings	2,641	2.03	9,314	The Swatch Group 'B'	2,242	1.73
39,358	Muenchener Ruecker	3,106	2.39			24,748	19.06
103,370	SAP	3,530	2.72				
16,440	Volkswagen Preference	1,582	1.22				
		25,228	19.44				
	Ireland – 4.66% (1.07%)						
57,805	Irish Continental	704	0.54				
92,406	Kerry Group 'A' (London listed)	2,175	1.67				
1,026,755	Ryanair	3,183	2.45				
		6,062	4.66				

Threadneedle European ex-UK Growth Fund

Portfolio statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
	United States – 0.00% (1.02%)		
	Forward FX Contracts – (0.00%) ((0.28)%)		
	Bought Swiss Franc 81,398:		
	Sold Sterling 55,898	–	–
	Bought Danish Krone 107,030:		
	Sold Sterling 12,021	–	–
	Bought Euro 254,523:		
	Sold Sterling 212,501	–	–
	Bought Sterling 1,023,456:		
	Sold Swedish Krona 11,009,494	(6)	–
	Bought Sterling 2,318,641:		
	Sold Swiss Franc 3,377,748	(2)	–
	Bought Sterling 275,879:		
	Sold Norwegian Kroner 2,553,339	2	–
	Bought Sterling 498,650:		
	Sold Danish Krone 4,433,956	–	–
	Bought Sterling 8,814,447:		
	Sold Euro 10,551,246	4	–
	Bought Norwegian Kroner 61,917:		
	Sold Sterling 6,651	–	–
	Bought Swedish Krona 263,797:		
	Sold Sterling 24,674	–	–
		(2)	–
Market Value of Investments*	98.46% (98.25%)	127,855	98.46
Net Other Assets		2,005	1.54
Total Net Assets		129,860	100.00

The calculation of the % net asset value may not sum to 100% due to rounding.

Comparative figures shown in brackets relate to 31st December 2010.

*This figure includes derivative liabilities.

Note: All assets are securities and admitted to official exchanges unless otherwise stated.

Threadneedle Japan Growth Fund

Portfolio statement

as at 31st December 2011

Holding	Investment	Value £000	% of Net Asset Value
Automobiles & Parts – 10.98% (13.44%)			
27,700	Aisin Seiki	507	0.86
89,300	Honda Motor	1,748	2.95
260,000	Isuzu Motors	772	1.30
56,900	NHK Spring	323	0.54
183,000	Nissan Motor	1,056	1.78
47,000	Showa	174	0.29
90,500	Toyota Motor	1,935	3.26
		6,515	10.98
Banks – 5.82% (5.78%)			
91,000	Bank of Yokohama	276	0.47
142,000	Chiba Bank	587	0.99
298,000	Chou Mitsui	561	0.95
219,200	Mizuho Financial	190	0.32
102,700	Sumitomo Mitsui	1,835	3.09
		3,449	5.82
Beverages – 0.25% (0.00%)			
19,000	Kirin Holdings	148	0.25
Building Materials & Construction – 2.57% (3.93%)			
91,000	Asahi Glass	490	0.83
26,600	Nichiha	184	0.31
285,000	Taiheiyo Cement	349	0.59
306,000	Taisei	497	0.84
		1,520	2.57
Chemicals – 6.97% (4.94%)			
157,000	Asahi Kasei	607	1.02
163,000	Denki Kagaku Kogyo	387	0.65
226,000	DIC	264	0.44
40,600	Hitachi Chemical	459	0.77
36,400	JSR	431	0.73
142,000	Kureha Chemical	453	0.76
65,000	Sekisui Chemical	344	0.58
12,700	Shin-Etsu Chemical	401	0.68
191,000	Showa Denko	248	0.42
105,000	Sumitomo Bakelite	377	0.64
47,000	Tokai Carbon	164	0.28
		4,135	6.97
Electronic Appliances & Components – 8.46% (14.57%)			
121,000	Dainippon Screen Manufacturing Company	655	1.10
27,300	DTS	204	0.34
274,000	Hitachi	923	1.56
11,000	Horiba	213	0.36
60,500	Hoya	836	1.41
10,500	Kyocera	542	0.91
4,400	Murata Manufacturing	145	0.24
10,600	Nidec	591	1.00
65,000	Toshiba	171	0.29
53,000	Yamatake Corporation	740	1.25
		5,020	8.46
Electricity – 0.42% (0.00%)			
25,200	Kansai Electric Power	248	0.42

Holding	Investment	Value £000	% of Net Asset Value
Engineering & Machinery – 1.90% (2.88%)			
42,700	Makita Corporation	887	1.50
44,000	Shimadzu	239	0.40
		1,126	1.90
Fishery, Agriculture & Forestry – 0.65% (1.12%)			
27,700	Nippon Paper	388	0.65
Foods – 1.93% (0.40%)			
9,700	Cocokara Fine	161	0.27
27,800	Fuji Oil	255	0.43
18,200	Lawson	729	1.23
		1,145	1.93
Gas, Water & Multiutilities – 2.69% (0.00%)			
370,000	Osaka Gas	938	1.58
224,000	Tokyo Gas	661	1.11
		1,599	2.69
General Retailers – 9.91% (12.20%)			
102,400	Isetan Mitsukoshi Holdings	689	1.16
75,000	Itochu	489	0.82
19,700	Kakaku.com	463	0.78
106,100	Mitsui & Company	1,059	1.79
9,700	Ryohin Keikaku	304	0.51
62,200	Seven and I Holdings	1,112	1.88
93,300	Sumitomo Corporation	810	1.37
19,800	United Arrows	245	0.41
16,190	Yamada Denki	707	1.19
		5,878	9.91
Household Goods & Textiles – 1.21% (0.41%)			
126,000	Sekisui House	717	1.21
Industrial Engineering – 8.74% (6.77%)			
26,900	Daikin Industries	473	0.80
108,000	Dowa Mining	438	0.74
20,000	Eagle Industry	101	0.17
7,600	Fanuc	746	1.26
391,000	Kawasaki Heavy Industries	626	1.05
35,700	Komatsu	535	0.90
205,000	Mitsubishi Electric	1,261	2.13
36,500	OSG	295	0.50
5,000	SMC	518	0.87
57,000	Tsubakimoto Chain	189	0.32
		5,182	8.74
Information Technology – 0.00% (3.19%)			
Leisure & Hotels – 2.77% (3.85%)			
13,200	Daiichikoshu	160	0.27
33,200	Nikon	474	0.80
11,400	Nintendo	1,007	1.70
		1,641	2.77
Media – 0.31% (0.00%)			
30,800	Moshi Mosho Hotline	186	0.31

Threadneedle Japan Growth Fund

Portfolio statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
	Mining – 0.74% (1.54%)				Telecommunication – 4.07% (3.96%)		
53,000	Sumitomo Metal Mining	437	0.74	33,400	Nippon Telegraph & Telephone	1,096	1.85
				1,116	NTT DoCoMo	1,316	2.22
						2,412	4.07
	Mobile Telecommunications – 1.21% (1.82%)				Tobacco 0.65% – (1.53%)		
93	KDDI	384	0.65	127	Japan Tobacco	383	0.65
17,500	Softbank	331	0.56				
		715	1.21				
	Non-Life Insurance – 1.11% (0.93%)				Transport – 2.06% (3.70%)		
46,300	Tokio Marine Holdings	658	1.11	20,500	East Japan Railway	837	1.41
				71,000	Mitsui Soko	172	0.29
	Oil & Gas Producers – 1.64% (0.00%)			130,000	Nippon Yusen KK	213	0.36
251,000	JX Holdings	973	1.64			1,222	2.06
					Market Value of Investments – 98.18% (99.39%)	58,215	98.18
	Personal Goods – 1.54% (0.00%)				Net Other Assets	1,079	1.82
59,300	Asics Corporation	429	0.72		Total Net Assets	59,294	100.00
41,400	Shiseido	488	0.82				
		917	1.54				
	Pharmaceuticals & Biotechnology – 4.81% (2.90%)						
125,000	Kyowa Hakko Kogyo	982	1.66				
17,000	Nippon Shinyaku	135	0.23				
27,200	Santen Pharmaceutical	719	1.21				
35,800	Shionogi & Co	295	0.50				
11,100	Takeda Pharmaceutical Company	313	0.53				
39,500	Mitsubishi Tanabe	401	0.68				
		2,845	4.81				
	Real Estate – 2.34% (2.42%)						
92,000	Mitsubishi Estate	882	1.49				
54,000	Mitsui Fudosan	505	0.85				
		1,387	2.34				
	Software & Computer Services – 2.04% (0.39%)						
20,900	Itochu Techno-Science	602	1.02				
296	NTT Data	606	1.02				
		1,208	2.04				
	Speciality & Other Finance – 5.27% (5.74%)						
714,700	Mitsubishi UFJ Financial	1,948	3.29				
1,576	Monex	148	0.25				
14,270	Orix	756	1.27				
45,300	T&D Holdings	271	0.46				
		3,123	5.27				
	Steel & Other Metals – 1.22% (0.98%)						
38,000	Hitachi Metals	265	0.45				
24,900	Yamato Kogyo	459	0.77				
		724	1.22				
	Technology Hardware & Equipment – 3.90% (0.00%)						
64,400	Canon	1,831	3.09				
14,800	Tokyo Electron	483	0.81				
		2,314	3.90				

The calculation of the % net asset value may not sum to 100% due to rounding.

Comparative figures shown in brackets relate to 31st December 2010.

Note: All assets are securities and admitted to official exchanges unless otherwise stated.

Threadneedle Pacific ex-Japan Growth Fund

Portfolio statement

as at 31st December 2011

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
Australia – 18.60% (19.08%)				India – 3.12% (8.63%)			
47,148	Australia and New Zealand Banking	633	2.62	6,741	HDFC Bank ADR	112	0.46
23,030	BHP Billiton	520	2.15	11,078	ICICI Bank ADR	187	0.77
36,929	CocaCola Amatil	277	1.15	10,290	Infosys Technologies ADR	340	1.41
24,310	Commonwealth Bank of Australia	784	3.24	10,606	Tata Motors ADR	115	0.48
56,686	Fortescue Metals Group	158	0.65			754	3.12
28,980	Iluka Resources	293	1.21				
28,907	National Australia Bank	443	1.83				
23,197	Newcrest Mining	450	1.86				
9,057	Rio Tinto	358	1.48				
23,111	Santos	184	0.76				
20,650	Wesfarmers	399	1.65				
		4,499	18.60				
Bermuda – 1.53% (4.53%)							
208,000	Brilliance China						
	Automotive Holdings	145	0.60				
7,450	Jardine Matheson	226	0.93				
		371	1.53				
Cayman Islands – 2.92% (2.12%)							
2,664	Baidu.com ADR	197	0.81				
14,308	New Oriental Education & Technology Group ADR	219	0.91				
161,600	Sands China	291	1.20				
		707	2.92				
China – 8.21% (13.47%)							
1,242,000	Agricultural Bank of China	343	1.42				
90,500	Anhui Conch Cement	173	0.72				
578,000	China BlueChemical	280	1.16				
987,000	Industrial & Commercial Bank of China	378	1.56				
256,000	PetroChina Company 'H'	205	0.85				
47,500	Ping An Insurance	201	0.83				
154,000	Yanzhou Coal Mining 'H'	212	0.88				
136,000	Zhuzhou CSR Times Electric 'H'	192	0.79				
		1,984	8.21				
Hong Kong – 15.50% (11.28%)							
225,600	AIA Group	453	1.87				
249,000	Belle International	279	1.15				
132,000	BOC Hong Kong Holdings	202	0.83				
16,000	Cheung Kong Holdings	122	0.50				
156,000	China Overseas Land & Investments	168	0.69				
310,000	China Unicom	421	1.74				
460,000	CNOOC	518	2.14				
138,000	ENN Energy Holdings	283	1.17				
185,000	Golden Eagle Retail Group	252	1.04				
68,000	Hang Lung Properties	124	0.51				
250,000	Li & Fung	297	1.23				
67,800	Prada	197	0.81				
34,000	Sun Hung Kai Properties	274	1.13				
57,000	Wharf Holdings	166	0.69				
		3,756	15.50				
Indonesia – 4.85% (1.56%)							
				26,500	Astra International	139	0.57
				753,038	Bank Mandiri	359	1.48
				285,500	Bank Rakyat Indonesia	137	0.57
				58,000	Gudang Garam	257	1.06
				349,000	Semen Gresik (Persero)	283	1.17
						1,175	4.85
Korea – 14.69% (14.16%)							
				7,070	Hana Financial Holdings	140	0.58
				3,107	Hyundai Department Store	280	1.16
				959	Hyundai Heavy Industries	137	0.57
				2,455	Hyundai Mobis	398	1.65
				3,119	Hyundai Motor	369	1.53
				2,729	Hyundai Steel	145	0.60
				1,313	LG Chemicals	232	0.96
				776	LG Household & Healthcare	210	0.87
				1,897	Samsung Electronics	1,116	4.61
				2,562	Samsung Engineering	286	1.18
				10,690	Shinhan Financial Group	236	0.98
						3,549	14.69
Luxembourg – 6.69% (0.00%)							
				532,800	DB X-Trackers CSI300 Index 2D ETF	270	1.12
				48,050	DB X-Trackers MSCI Taiwan HKD Index ETF	491	2.03
				14,962	DB X-Trackers S&P CNX Nifty ETF	857	3.54
						1,618	6.69
Malaysia – 2.70% (1.31%)							
				270,000	Axiata Group Berhad	279	1.15
				168,100	Genting	374	1.55
				29	Sime Darby Berhad	–	–
						653	2.70
New Zealand – 0.00% (0.70%)							
Philippines – 2.11% (0.00%)							
				57,180	Ayala Corporation	261	1.08
				2,702,000	PNOC Energy Development	248	1.03
						509	2.11
Singapore – 4.05% (4.77%)							
				34,300	Keppel Corporation	158	0.65
				78,394	Overseas-Chinese Banking Corporation	305	1.26
				229,000	Singapore Telecommunications	351	1.45
				22,000	United Overseas Bank	167	0.69
						981	4.05

Threadneedle Pacific ex-Japan Growth Fund

Portfolio statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
	Taiwan – 8.64% (7.43%)		
430,521	Advanced Semiconductor Engineering	237	0.98
603,000	Chinatrust Financial Holding	243	1.00
111,000	Formosa Chemical & Fibre	189	0.78
313,489	Fubon Financial Holding	214	0.88
230,829	Hon Hai Precision Industry	407	1.68
7,000	HTC	74	0.31
307,181	Taiwan Semiconductor Manufacturing	494	2.04
27,949	Taiwan Semiconductor Manufacturing ADR	234	0.97
		2,092	8.64
	Thailand – 3.70% (3.43%)		
18,750	Banpu	205	0.85
117,200	Kasikornbank	291	1.20
167,900	Siam Commercial Bank (foreign)	398	1.65
		894	3.70
	Derivatives – 0.00% (0.04%)		
	Warrants – 0.00% (3.80%)		
	Market Value of Investments 97.31% (96.31%)	23,542	97.31
	Net Other Assets	650	2.69
	Total Net Assets	24,192	100.00

The calculation of the % net asset value may not sum to 100% due to rounding.

Comparative figures shown in brackets relate to 31st December 2010.

Note: All assets are securities and admitted to official exchanges unless otherwise stated.

Threadneedle US Equity Income Fund

Portfolio statement

as at 31st December 2011

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
	Bermuda 1.58%				Fixed Line Telecommunications – 3.58%		
	Non-Life Insurance – 1.58%			106,183	AT&T	2,063	1.76
89,368	Axis Capital Holdings	1,854	1.58	82,431	Verizon Communications	2,127	1.82
						4,190	3.58
	Ireland 4.93%				Food & Drug Retailers – 1.18%		
	Support Services – 2.50%			72,883	Sysco	1,385	1.18
84,377	Accenture	2,927	2.50		Food Producers – 1.47%		
	Non-Life Insurance – 0.98%			71,197	Kraft Foods	1,728	1.47
46,078	Willis Group Holdings	1,153	0.98		Forestry & Paper – 1.26%		
	Technology Hardware & Equipment – 1.45%			77,349	International Paper	1,477	1.26
166,386	Seagate Technology	1,699	1.45		Gas, Water & Multiutilities – 1.95%		
		5,779	4.93	114,635	Spectra Energy Corporation	2,279	1.95
	Switzerland 0.96%				General Industrials – 2.20%		
	Non-Life Insurance – 0.96%			221,314	General Electric	2,578	2.20
24,808	ACE	1,128	0.96		General Retailers – 5.80%		
	United Kingdom 0.95%			153,782	Lowes Companies	2,544	2.17
	Travel & Leisure – 0.95%			33,268	TJX Companies	1,401	1.20
52,518	Carnival	1,116	0.95	73,713	Wal Mart Stores	2,849	2.43
						6,794	5.80
	United States 90.07%				Industrial Engineering – 2.02%		
	Aerospace & Defence – 4.03%			32,066	Dover	1,207	1.03
53,757	General Dynamics	2,318	1.98	43,462	Graco	1,155	0.99
50,565	United Technologies	2,405	2.05			2,362	2.02
		4,723	4.03		Industrial Metals – 1.42%		
	Banks – 2.55%			70,823	Freeport – McMoRan Copper & Gold	1,668	1.42
138,548	JP Morgan Chase & Company	2,983	2.55		Industrial Transportation – 1.51%		
	Beverages – 2.57%			51,245	Ryder System	1,765	1.51
66,524	Coca-Cola	3,008	2.57		Leisure Goods – 2.28%		
	Chemicals – 1.02%			86,998	Mattel	1,565	1.34
21,869	Air Products & Chemicals	1,198	1.02	29,946	Polaris Industries	1,103	0.94
						2,668	2.28
	Construction & Materials – 1.93%				Life Insurance – 1.02%		
39,169	Sherwin Williams	2,263	1.93	42,675	Aflac	1,190	1.02
	Electricity – 0.96%				Oil & Gas Producers – 10.45%		
32,528	Dominion Resources	1,122	0.96	48,665	Chevron	3,369	2.88
	Electronic & Electrical Equipment – 1.09%			83,254	Conoco Phillips	3,909	3.34
29,525	Hubbell B	1,280	1.09	96,792	Marathon Oil Company	1,827	1.56
	Financial Services – 5.78%			31,914	Marathon Petroleum Corporation	684	0.58
34,508	American Express	1,056	0.90	33,801	Murphy Oil	1,213	1.04
92,443	T Rowe Price Group	3,417	2.92	20,321	Occidental Petroleum	1,227	1.05
193,451	Western Union	2,297	1.96			12,229	10.45
		6,770	5.78				

Threadneedle US Equity Income Fund

Portfolio statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
Pharmaceuticals & Biotechnology – 12.44%			
118,123	Abbott Laboratories	4,288	3.66
98,404	Bristol Myers Squibb	2,236	1.91
82,210	Eli Lilly	2,198	1.88
95,847	Johnson & Johnson	4,069	3.47
127,739	Pfizer	1,786	1.52
		14,577	12.44
Software & Computer Services – 3.90%			
38,099	International Business Machines	4,570	3.90
Support Services – 1.97%			
157,042	Deluxe	2,309	1.97
Technology Hardware & Equipment – 7.78%			
64,788	Harris	1,512	1.29
139,564	Intel	2,207	1.88
46,367	KLA Tencor	1,457	1.24
38,180	Qualcomm	1,350	1.15
137,918	Texas Instruments	2,606	2.22
		9,132	7.78
Tobacco – 5.32%			
34,777	Lorillard	2,576	2.20
71,762	Philip Morris International	3,657	3.12
		6,233	5.32
Travel & Leisure – 2.59%			
44,009	Darden Restaurants	1,297	1.11
26,767	McDonald's	1,739	1.48
		3,036	2.59
		105,517	90.07
Market Value of Investments 98.49%		115,394	98.49
Net Other Assets		1,765	1.51
Total Net Assets		117,159	100.00

The calculation of the % net asset value may not sum to 100% due to rounding.

Note: All assets are securities and admitted to official exchanges unless otherwise stated.

Comparative Tables

	Net asset value £	Net asset value pence per share p	No. of shares in issue	Calendar Year	Distribution History Pence per Share p	Share Price Range	
Net Asset Value						Highest p	Lowest p
Threadneedle UK Equity Income Fund				2009			
for the year ended 31st December 2009				*Retail Income Share Class	5.7592	117.30	86.24
*Retail Income Share Class	35,426	114.55	30,925	*Group Accumulation Share Class	5.8511	122.60	86.32
*Group Accumulation Share Class	82,093,078	121.92	67,330,842	*Institutional Accumulation Share Class	5.8470	122.07	86.28
*Institutional Accumulation Share Class	1,214	121.40	1,000	*Second Retail Income Share Class	5.7475	116.84	86.29
*Second Retail Income Share Class	6,775	114.12	5,937	2010			
for the year ended 31st December 2010				Retail Income Share Class	4.8292	133.10	109.80
Retail Income Share Class	1,015,596	130.99	775,320	Group Accumulation Share Class	5.1999	148.20	117.70
Group Accumulation Share Class	119,280,528	146.59	81,368,097	Institutional Accumulation Share Class	5.1711	146.80	117.20
Institutional Accumulation Share Class	1,166,788	145.25	803,278	**Institutional Income Share Class	1.7483	122.70	100.00
**Institutional Income Share Class	9,308,894	120.77	7,707,809	Second Retail Income Share Class	4.8030	131.83	109.01
Second Retail Income Share Class	383,670	129.77	295,657	2011			
for the year ended 31st December 2011				Retail Income Share Class	5.6178	137.00	109.10
Retail Income Share Class	415,132	121.03	342,997	Group Accumulation Share Class	6.4084	158.20	127.80
Group Accumulation Share Class	117,428,540	142.89	82,183,674	Institutional Accumulation Share Class	6.3381	156.40	126.20
Institutional Accumulation Share Class	1,557,998	141.00	1,104,974	Institutional Income Share Class	5.1883	126.60	100.90
Institutional Income Share Class	8,770,298	112.14	7,820,766	Second Retail Income Share Class	5.5546	135.40	107.70
Second Retail Income Share Class	682,299	119.44	571,246	<i>*The Fund and the Retail Income, Group Accumulation, Institutional Accumulation and Second Retail Income share classes were launched on 28th January 2009.</i>			
				<i>**The Institutional Income Share Class was launched on 25th May 2010.</i>			
Threadneedle UK Growth Fund				2007			
for the year ended 31st December 2009				Retail Accumulation Share Class	3.9336	135.30	117.90
Retail Accumulation Share Class	19,495,750	107.75	18,094,109	*Group Accumulation Share Class	6.2369	214.60	186.60
Group Accumulation Share Class	241,375,044	174.76	138,120,814	2008			
Institutional Accumulation Share Class	1,466,088	127.30	1,151,691	Retail Accumulation Share Class	3.8006	181.20	72.77
**Second Retail Accumulation Share Class	10,373	103.73	10,000	*Group Accumulation Share Class	7.9301	209.80	116.60
for the year ended 31st December 2010				**Institutional Accumulation Share Class	0.8048	106.00	89.11
Retail Accumulation Share Class	8,716,923	126.92	6,867,792	2009			
Group Accumulation Share Class	174,705,768	207.96	84,009,959	Retail Accumulation Share Class	2.6484	108.30	72.69
Institutional Accumulation Share Class	1,755,232	150.67	1,164,947	Group Accumulation Share Class	5.7703	175.70	116.90
Second Retail Accumulation Share Class	69,712	121.63	57,315	Institutional Accumulation Share Class	3.6128	128.00	85.57
for the year ended 31st December 2011				***Second Retail Accumulation Share Class	–	104.30	99.94
Retail Accumulation Share Class	7,107,233	120.97	5,875,313	2010			
Group Accumulation Share Class	144,565,456	200.19	72,213,412	Retail Accumulation Share Class	1.8909	128.30	101.90
Institutional Accumulation Share Class	1,728,835	144.25	1,198,516	Group Accumulation Share Class	5.0864	210.20	165.50
Second Retail Accumulation Share Class	47,216	115.31	40,946	Institutional Accumulation Share Class	2.9524	152.30	120.50
				Second Retail Accumulation Share Class	1.4063	122.96	98.06
				2011			
				Retail Accumulation Share Class	2.8881	134.70	109.00
				Group Accumulation Share Class	6.7991	221.90	179.90
				Institutional Accumulation Share Class	4.1020	160.30	129.80
				Second Retail Accumulation Share Class	2.1692	128.75	104.02
				<i>*The Group Accumulation Share Class was launched 5th September 2002 and was known as the Institutional Accumulation Share Class until 3rd November 2008.</i>			
				<i>**The Institutional Accumulation Share Class was launched 3rd November 2008.</i>			
				<i>***The Second Retail Accumulation Share Class was launched 27th November 2009.</i>			

Comparative Tables

(continued)

Net Asset Value	Net asset value £	Net asset value pence per share p	No. of shares in issue	Calendar Year	Distribution History	Share Price Range	
					Pence per Share p	Highest p	Lowest p
Threadneedle European ex-UK Growth Fund					2007		
for the year ended 31st December 2009				Retail Accumulation Share Class	2.7663	253.10	213.10
Retail Accumulation Share Class	7,355,508	231.17	3,181,843	*Group Accumulation Share Class	4.6732	273.50	228.80
Group Accumulation Share Class	67,783,815	253.88	26,699,229	2008			
Institutional Accumulation Share Class	1,261,175	135.41	931,349	Retail Accumulation Share Class	5.7397	252.60	90.63
***Second Retail Accumulation Share Class	288,677	125.93	229,246	*Group Accumulation Share Class	7.7038	273.50	90.84
for the year ended 31st December 2010				**Institutional Accumulation Share Class	0.2173	113.42	89.43
Retail Accumulation Share Class	11,758,506	248.16	4,738,343	2009			
Group Accumulation Share Class	160,595,360	275.20	58,355,383	Retail Accumulation Share Class	3.6957	237.10	145.50
Institutional Accumulation Share Class	1,552,199	146.25	1,061,350	Group Accumulation Share Class	5.7633	260.00	158.80
Second Retail Accumulation Share Class	313,917	134.51	233,384	Institutional Accumulation Share Class	2.5824	138.80	84.99
****Institutional Income Share Class	28,154	119.43	23,574	***Second Retail Accumulation Share Class	1.6807	129.30	79.54
†Institutional Income GBP Hedged Share Class	36,520,005	107.57	33,950,713	2010			
for the year ended 31st December 2011				Retail Accumulation Share Class	1.4900	251.60	207.10
Retail Accumulation Share Class	2,061,272	206.02	1,000,522	Group Accumulation Share Class	4.1152	278.70	228.60
Group Accumulation Share Class	111,778,210	230.82	48,426,539	Institutional Accumulation Share Class	1.3169	148.20	121.80
Institutional Accumulation Share Class	1,269,690	121.98	1,040,861	Second Retail Accumulation Share Class	0.5101	136.50	112.50
Second Retail Accumulation Share Class	173,005	111.12	155,699	****Institutional Income Share Class	0.3255	121.30	99.68
Institutional Income Share Class	173,374	97.18	178,409	†Institutional Income GBP Hedged Share Class	0.2154	109.20	100.00
Institutional Income GBP Hedged Share Class	14,404,028	89.73	16,052,704	2011			
				Retail Accumulation Share Class	4.7230	267.50	189.70
				Group Accumulation Share Class	8.2799	297.60	211.90
				Institutional Accumulation Share Class	3.6279	157.90	112.20
				Second Retail Accumulation Share Class	2.1464	144.70	102.40
				Institutional Income Share Class	2.9664	128.90	89.80
				Institutional Income GBP Hedged Share Class	2.6260	112.30	79.89
					*The Group Accumulation Share Class was launched 5th September 2002 and was known as the Institutional Accumulation Share Class until 3rd November 2008.		
					**The Institutional Accumulation Share Class was launched 3rd November 2008.		
					***The Second Retail Accumulation Share Class was launched 28th January 2009.		
					****The Institutional Income Share Class was launched 25th May 2010.		
					†The Institutional Income GBP Hedged Share Class was launched 1st September 2010.		
Threadneedle Japan Growth Fund					2007		
for the year ended 31st December 2009				*Group Accumulation Share Class	1.3426	150.60	124.00
Group Accumulation Share Class	11,871,454	112.97	10,508,734	2008			
Institutional Accumulation Share Class	85,055	116.34	73,112	Group Accumulation Share Class	1.9578	135.22	88.15
for the year ended 31st December 2010				**Institutional Accumulation Share Class	0.1651	118.72	100.60
Group Accumulation Share Class	46,577,397	139.44	33,404,163	2009			
Institutional Accumulation Share Class	77,462	142.76	54,259	Group Accumulation Share Class	1.3335	120.70	89.75
for the year ended 31st December 2011				Institutional Accumulation Share Class	0.8803	124.50	92.73
Group Accumulation Share Class	59,218,847	119.70	49,472,089	2010			
Institutional Accumulation Share Class	74,990	121.87	61,531	Group Accumulation Share Class	1.9009	140.80	114.40
				Institutional Accumulation Share Class	1.1989	144.20	117.80
				2011			
				Group Accumulation Share Class	2.5115	143.90	115.30
				Institutional Accumulation Share Class	1.8318	147.20	117.60
					*The Group Accumulation Share Class was launched 5th September 2002 and was known as the Institutional Accumulation Share Class until 3rd November 2008.		
					**The Institutional Accumulation Share Class was launched 3rd November 2008.		

Comparative Tables

(continued)

Net Asset Value	Net asset value £	Net asset value pence per share p	No. of shares in issue	Calendar Year	Distribution History Pence per Share p	Share Price Range Highest p Lowest p
Threadneedle Pacific ex-Japan Growth Fund				2007		
for the year ended 31st December 2009				*Group Accumulation Share Class	4.6112	305.70 195.40
Group Accumulation Share Class	22,462,625	299.05	7,511,243	2008		
Institutional Accumulation Share Class	666,163	169.61	392,770	*Group Accumulation Share Class	5.2068	286.10 129.10
for the year ended 31st December 2010				**Institutional Accumulation Share Class	0.3212	110.00 87.30
Group Accumulation Share Class	34,042,657	371.62	9,160,615	2009		
Institutional Accumulation Share Class	961,697	209.60	458,820	Group Accumulation Share Class	4.7996	301.70 168.20
for the year ended 31st December 2011				Institutional Accumulation Share Class	2.1349	171.10 95.80
Group Accumulation Share Class	23,353,261	301.02	7,757,992	2010		
Institutional Accumulation Share Class	838,905	168.84	496,854	Group Accumulation Share Class	6.4179	373.60 277.10
				Institutional Accumulation Share Class	2.6300	210.70 157.10
				2011		
				Group Accumulation Share Class	7.5448	379.20 272.40
				Institutional Accumulation Share Class	3.2070	213.20 153.00
				* The Group Accumulation Share Class was launched 5th September 2002 and was known as the Institutional Accumulation Share Class until 3rd November 2008.		
				** The Institutional Accumulation Share Class was launched 3rd November 2008.		
Threadneedle US Equity Income				2011		
for the period ended 31st December 2011				Group Income Share Class	1.5424	104.70 84.98
Group Income Share Class	117,147,172	103.96	112,685,666	Institutional Income Share Class	1.5397	104.50 84.86
Institutional Income Share Class	11,394	103.58	11,000	The Group Income and Institutional Share Classes were launched 31st May 2011.		

Performance Summary

for the accounting period 1st January 2011 to 31st December 2011

Funds	Sector	Index	Retail Shares Net Return %	Institutional Shares Net Return %	Sector Median Net Return %	Index Total Return %
UK Equity Income	(IMA) UK Equity Income	FTSE All-Share*	-3.56	-3.09	-3.56	-3.46
UK Growth	(IMA) UK All Companies	FTSE All-Share*	-4.87	-4.43	-6.55	-3.46
European ex UK Growth	(IMA) Europe Excluding UK	FTSE World Europe ex UK*	-16.99	-16.60	-16.01	-14.71
Japan Growth	(IMA) Japan	FTSE Japan*	-14.13+	-14.64	-13.57	-12.91
Pacific ex-Japan Growth	(IMA) Asia Pacific Excluding Japan	FTSE All-World Asia Pacific x JP*	-18.99+	-19.43	-16.30	-14.84
US Equity Income‡	(IMA) North America	S&P 500*	-	-	-1.75	2.87

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.

‡ This Fund has not yet been running for a year.

+ This represents the "Group" shareclass of the Fund.

* Denotes official benchmark.

Net returns (source: Morningstar) are calculated using official 2pm prices, bid to bid basis with net income reinvested and are net of assumed fees and expenses but does not include any initial charges (unless otherwise stated). All data shown is in GBP.

Total Expense Ratio Summary

for the accounting period 1st January 2011 to 31st December 2011

Fund	Share Class	TER Comparatives %	
		2011	2010
UK Equity Income Fund	Retail Income	1.07%	1.08%
	Group Accumulation	0.07%	0.08%
	Institutional Accumulation	0.62%	0.62%
	Institutional Income	0.62%	0.64%
	Second Retail Income	1.57%	1.57%
UK Growth Fund	Retail Accumulation	1.06%	1.10%
	Group Accumulation	0.06%	0.09%
	Institutional Accumulation	0.61%	0.64%
	Second Retail Accumulation	1.56%	1.56%
European ex-UK Growth Fund	Retail Accumulation	1.10%	1.11%
	Group Accumulation	0.10%	0.10%
	Institutional Accumulation	0.65%	0.67%
	Second Retail Accumulation	1.60%	1.63%
	Institutional Income	0.65%	0.70%
	Institutional Income GBP Hedged	0.65%	0.66%
Japan Growth Fund	Group Accumulation	0.10%	0.23%
	Institutional Accumulation	0.66%	0.81%
Pacific ex-Japan Growth Fund	Group Accumulation	0.24%	0.25%
	Institutional Accumulation	0.80%	0.80%
US Equity Income Fund*	Group Income	0.08%	n/a
	Institutional Income	0.68%	n/a

*The TER as at 31st December 2011 has been annualised to reflect a full 12 month period.

Total Purchases and Sales

for the accounting period 1st January 2011 to 31st December 2011

Fund	£000
UK Equity Income Fund	
Total purchases for the year	178,010
Total sales for the year	167,807
UK Growth Fund	
Total purchases for the year	152,444
Total sales for the year	175,388
European ex-UK Growth Fund	
Total purchases for the year	282,345
Total sales for the year	329,284
Japan Growth Fund	
Total purchases for the year	105,441
Total sales for the year	84,852
Pacific ex-Japan Growth Fund	
Total purchases for the year	33,354
Total sales for the year	39,210
US Equity Income Fund	
Total purchases for the period	173,777
Total sales for the period	60,767

Top Ten Purchases and Sales

for the accounting period 1st January 2011 to 31st December 2011

Threadneedle UK Equity Income Fund

	£000		£000
	Purchases		Sales
Royal Dutch Shell 'B'	8,268	Standard Chartered	7,360
GlaxoSmithKline	6,844	Antofagasta	6,618
Antofagasta	5,307	BP	6,383
Unilever	5,000	Petrofac	5,674
Vodafone	4,926	BHP Billiton	5,155
BT Group	4,178	Rio Tinto	4,717
Imperial Tobacco	4,147	Vodafone	4,576
British Sky Broadcasting	3,735	Reckitt Benckiser	4,492
Legal & General	3,479	British Sky Broadcasting	4,024
AstraZeneca	3,443	Investor 'B' free	3,592
	<u>49,327</u>		<u>52,591</u>
Total purchases for the year	<u>178,010</u>	Total sales for the year	<u>167,807</u>

Threadneedle UK Growth Fund

	£000		£000
	Purchases		Sales
Vodafone	12,376	BP	8,145
GlaxoSmithKline	7,788	Diageo	5,993
BP	6,938	Vodafone	5,524
Rio Tinto	6,520	Petrofac	4,607
Weir Group	4,335	Centrica	4,572
Centrica	3,716	BMW	4,504
Schroders	3,548	Wells Fargo & Co	4,467
British Telecom	3,332	Barclays	4,287
British Sky Broadcasting	3,299	Rio Tinto	4,069
Royal Dutch Shell 'B'	3,257	BHP Billiton	3,894
	<u>55,109</u>		<u>50,062</u>
Total purchases for the year	<u>152,444</u>	Total sales for the year	<u>175,388</u>

Threadneedle European ex-UK Growth Fund

	£000		£000
	Purchases		Sales
Nestle (registered)	10,144	Roche	9,217
Swiss Reinsurance	8,137	Swiss Reinsurance	8,133
Novartis	7,730	BNP Paribas	7,850
ENI	7,156	Novartis	7,308
BBV Argentario	6,060	Total	7,289
AB InBev	5,826	Telefonica	6,636
Deutsche Telekom	5,717	ENI	6,605
BASF	5,710	Groupe Danone	6,574
IntesaBCI	5,507	Unilever	5,486
Gdf Suez	5,372	UBS	5,453
	<u>67,359</u>		<u>70,551</u>
Total purchases for the year	<u>282,345</u>	Total sales for the year	<u>329,284</u>

Top Ten Purchases and Sales

(continued)

Threadneedle Japan Growth Fund

	£000		£000
	Purchases		Sales
Toyota Motor	3,475	Toyota Motor	3,445
Nissan Motor	2,880	Nissan Motor	3,087
NTT DoCoMo	2,618	NTT DoCoMo	2,914
Mitsubishi UFJ Financial	2,390	Itochu	2,384
Sumitomo Mitsui	2,252	Sumitomo Mitsui	1,776
Canon	1,790	East Japan Railway	1,763
Honda Motor	1,678	JS Group	1,737
Nintendo	1,655	KDDI	1,723
Tokio Marine Holdings	1,587	Toshiba	1,669
Itochu	1,564	Hitachi High Technology	1,555
	<u>21,889</u>		<u>22,053</u>
Total purchases for the year	<u>105,441</u>	Total sales for the year	<u>84,852</u>

Threadneedle Pacific ex-Japan Fund

	£000		£000
	Purchases		Sales
DB X-Trackers S&P CNX Nifty ETF	1,495	BHP Billiton	1,100
Commonwealth Bank of Australia	760	Westpac Banking	1,062
National Australia Bank	693	China Construction Bank	963
Hyundai Motor	659	Wharf Holdings	934
Wharf Holdings	634	KB Financial	916
Taiwan Semiconductor Manufacturing	631	China National Building Material Company	827
DB X-Trackers MSCITaiwan HKD Index ETF	572	Samsung Electronics	822
Australia and New Zealand Banking	564	Industrial & Commercial Bank of China	769
Samsung Electronics	557	China Petroleum & Chemicals 'H'	675
DB X-Trackers CSI300 Index 2D ETF	532	Housing Development Finance P-Note 25/08/2014	664
	<u>7,097</u>		<u>8,732</u>
Total purchases for the year	<u>33,354</u>	Total sales for the year	<u>39,210</u>

Threadneedle US Equity Income Fund*

	£000		£000
	Purchases		Sales
International Business Machines	6,773	Intel	4,842
Intel	6,390	McGraw-Hill Companies	4,601
Abbott Laboratories	5,597	Moody's	3,722
Johnson & Johnson	5,541	Pfizer	3,480
Conoco Phillips	5,414	International Business Machines	3,193
Pfizer	5,188	Coach	2,118
Philip Morris International	4,965	Herbalife International	1,913
McGraw-Hill Companies	4,487	Buckle	1,863
T Rowe Price Group	4,287	Philip Morris International	1,810
Moody's	4,264	Abbott Laboratories	1,805
	<u>52,906</u>		<u>29,347</u>
Total purchases for the period	<u>173,777</u>	Total sales for the period	<u>60,767</u>

*for the period 31st May 2011 to 31st December 2011

Further Information

The Company

The Company, an open-ended investment company with variable capital, is an umbrella company currently consisting of six Funds. It is authorised and regulated by the Financial Services Authority, register number 188233. Incorporated in England and Wales No. IC24. Head Office: 60 St Mary Axe, London EC3A 8JQ.

As a sub-fund is not a legal entity, if the assets attributable to any sub-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 sub-funds of the Company.

The Authorised Corporate Director (ACD)

The ACD is the sole director of the Company and is responsible for all aspects of administration and management. The ACD is Threadneedle Investment Services Limited which is authorised and regulated by the Financial Services Authority, register number 190437. It is a member of the Investment Management Association. It is incorporated in England and Wales No. 03701768 and its registered office is 60 St Mary Axe London EC3A 8JQ. Please note its Administration address for all correspondence: PO BOX 10033, Chelmsford, CM99 2AL and our telephone number: 0845 113 0273 (calls may be recorded).

The ultimate holding company of the ACD is Ameriprise Financial Inc., a corporation incorporated in Delaware USA.

The Depositary

The Depositary acts as the custodian for all assets relating to the Company. The Depositary is HSBC Bank plc, 8 Canada Square, London, E14 5HQ and is authorised and regulated by the Financial Services Authority.

Minimum Holding/Transaction

In respect of Retail Shares and Second Retail Shares, shareholders investing monthly amounts can invest a minimum of £100 through the Threadneedle Regular Savings Facility. The minimum initial lump sum investment is £1,000, the minimum value of a shareholding is £500, and the minimum value of shares which may be the subject of any one subsequent transaction is £500. For Institutional Shares the minimum initial lump sum investment is £500,000, the minimum value of a shareholding is £50,000, and the minimum value of shares which may be the subject of any one subsequent transaction is £50,000.

Subscription Days

Shares may be purchased or sold on any business day. The price of shares is calculated daily. A forward pricing basis is used. Prices are published on our website (www.threadneedle.com) or by telephone on 0845 113 0273 (calls may be recorded).

Repurchase of Shares

Shareholders may offer all their shares for sale to the ACD. Alternatively, they may offer a lesser number for sale, provided they retain at least the minimum holding referred to above. All

sale instructions must be made to the ACD in writing. The shares will be purchased from the shareholder at the next valuation point and a contract note confirming the sale will be sent.

Dilution

The Company may suffer dilution (reduction) in the value of the Scheme Property as a result of the costs incurred in dealing in its investments and of any spread between the buying and selling prices of these investments. It is not, however, possible to predict accurately whether dilution will occur at any point in time.

In order to counter this, the ACD may require the payment of a dilution levy. In cases where a dilution levy is made the value of the capital of the scheme property will not be adversely affected by dilution. If charged, the dilution levy will be shown in addition to (but not part of) the price of Shares on their issue by the Company or sale by the ACD and as a deduction to the price of Shares on their cancellation by the Company or redemption by the ACD. The ACD has no entitlement to the dilution levy. It will either be paid into the Company, in the case of an issue of Shares by the Company or sale by the ACD, or retained in the Company in the case of a cancellation of Shares by the Company or a redemption by the ACD.

The need to charge a dilution levy will depend on the volume of net purchases or redemptions, as described below. The ACD may charge a dilution levy on any purchase or redemption of Shares if, in its opinion, the existing Shareholders (for purchases) or continuing Shareholders (for redemptions) might otherwise materially be adversely affected. A dilution levy must be imposed only in a manner, that so far as practicable, is fair to all Shareholders or potential Shareholders.

In particular, the dilution levy may be charged in the following circumstances:

- if the Company is experiencing large levels of net purchases (i.e. purchases less redemptions) relative to its size;
- if the Company is experiencing large levels of net redemptions (i.e. redemptions less purchases) relative to its size;
- on "large deals". For these purposes, a large deal is defined as a purchase or a redemption in excess of £1,000,000 or 2% or more of the value of the Company whichever shall be lower;
- in any other case where the ACD is of the opinion that the interests of existing/continuing Shareholders and potential Shareholders require the imposition of a dilution levy.

In order to reduce the volatility in the rate of any dilution levy, the ACD may take account of the trend of the Company to expand or to contract; and the transactions in Shares at a particular Valuation Point.

Further Information

(continued)

The SDRT System

SDRT arises on the surrender (i.e. the redemption or switching) and certain transfers of Shares. The charge is 0.5% of the value of surrenders and transfers in each Fund each week reduced proportionately to the extent that during that week and the following week the:

- (a) investments held by the Fund are exempt assets that is, broadly, any assets other than UK equities and holdings in collective investment schemes subject to SDRT (this will reduce the charge to nil where a Fund is invested entirely in exempt assets); and
- (b) purchases of Shares are less by number than surrenders of Shares.

Transfers of Shares

Transfers of Shares from one Shareholder to another may be exempt from SDRT, depending on the circumstances. Shareholders transferring Shares should complete a stock transfer form in the normal way. Evidence of any exemption from SDRT should be submitted with the transfer in appropriate cases.

Frequency of SDRT Provision

With a view to protecting shareholders from a resulting diminution in the value of Shares, an authorised corporate director of an OEIC is permitted to require the payment of an SDRT provision as an addition to (but not as part of) the price of Shares when they are issued or purchased, and as a deduction when they are cancelled or redeemed.

The ACD has the discretion to charge the SDRT liability against the Scheme Property attributed to each Fund or Class as appropriate, or to charge an SDRT provision to outgoing Shareholders by way of an exit charge. The ACD must not retain any SDRT provision but will pay this in to the property of the relevant Fund.

The ACD reserves the right in exceptional circumstances to charge an SDRT provision on redemptions of shares and also to levy an SDRT provision on a transferee in the case of third party transfers.

The ACD's policy to charge SDRT to the relevant Fund in all cases means that it has not and does not expect to levy any SDRT provision charges.

Charges

Certain charges are levied to cover the operating costs of the ACD. An initial charge of 5.0% of the price paid to the depositary is levied when Retail Shares or Institutional Shares are created. The initial charge for Second Retail Shares is 4.0%. There is no initial charge for Group Shares.

An annual management charge is also levied as a percentage of the Net Asset Value represented by relevant share class. The percentage charge per annum is for Retail Shares: 1.0%; Institutional Shares: 0.55% except for the Threadneedle US Equity Income Fund where it is 0.60%, Group Shares: 0.0% and Second Retail Shares: 1.5%. In addition each Fund pays expenses for the professional services they receive – such as

safe custody, audit, regulatory and fund management advice. These charges are deducted daily from the income of the Fund.

All Classes have the same rights on winding up.

Accumulation

Income is accumulated by a transfer to the capital account of each Fund on the day following the record date, being the last day in each accounting period.

Income Share Class Distribution

An income distribution will be paid to income shareholders twice yearly on 28th February and 31st August, except the Threadneedle UK Equity Income Fund and the Threadneedle US Equity Income Funds which pay quarterly on 28th February, 31st May, 31st August and 30th November.

Reports

Short reports are sent to shareholders every six months. The full long-form report and accounts are available on request from Threadneedle Investment Services Limited, PO Box 10033, Chelmsford, CM99 2AL.

Taxation

The following is based on our understanding of current law and UK HM Revenue & Customs practice; changes can occur without warning. It does not describe the tax treatment of shareholders who are subject to special tax regimes or the detailed tax treatment of persons resident in jurisdictions other than the UK. All shareholders are advised to consult their professional advisers as to their tax position.

The Funds

Each Fund is treated as a separate open-ended investment company for tax purposes. The Funds may receive interest, dividend and interest from UK collective investment schemes and dividends in respect of investments in equities. The dividends and any part of the dividend distributions which relate to dividends are not subject to corporation tax in the Fund.

Each Fund is liable to UK corporation tax at the current rate on any other types of revenue after deducting management expenses, charges and the gross amount of any interest distributions. Non-UK revenue can suffer foreign tax where it arises.

Each Fund will pay any distributable revenue as dividend distributions (which will be automatically retained in the Fund in the case of accumulation Shares) on each relevant distribution date.

The Funds are generally exempt from UK corporation tax on capital gains realised on the disposal of investments (including interest-paying securities and derivatives) held within them.

Individual Shareholders

Dividend Distributions to UK Resident Individuals

Dividend distributions will be received by UK resident individual taxpayers with a 10% tax credit. United Kingdom resident individuals liable to income tax at the basic rate will have no further liability to tax. Higher rate taxpayers, will have to pay a further amount of income tax (equivalent to 25% of the amount received), as will additional rate taxpayers (where the further tax will be equivalent to approximately 36% of the amount received). Non-taxpayers may not reclaim the tax credits on dividend distributions paid.

Further Information

(continued)

Dividend Distributions to Non-UK Resident Individuals

Non-United Kingdom resident Shareholders will generally not be entitled to reclaim any part of the tax credit on a dividend distribution from HM Revenue & Customs although it will normally satisfy their UK tax liability on that income.

They may also be able to offset the tax credit against their liability to tax in their own country. This will depend on their personal circumstances and the terms of any double taxation agreement between their country of residence and the UK, and is only likely to be the case where income is distributed, not accumulated.

Capital Gains of UK Resident Individuals

Any gains arising on a disposal of shares by an individual shareholder who is resident or ordinarily resident in the UK are, depending on the shareholder's personal circumstances, subject to capital gains tax. Once an individual's aggregate chargeable gains for a tax year exceed the annual exempt amount for the year, the balance will be subject to capital gains tax at the applicable rate.

Part of any increase in value of accumulation Shares represents accumulated income (including income equalisation).

These amounts may be added to the acquisition cost when calculating the capital gain realised on their disposal.

Individual Shareholders will find further information in the HM Revenue & Customs Help Sheets for the capital gains tax pages of their tax returns.

It is possible to check HM Revenue and Customs up-to-date figures on capital gains tax rates at www.hmrc.gov.uk

Exchange Between Funds by UK Resident Individuals

An exchange of shares in one Fund for shares in any other Fund is treated as a redemption and issue and will for persons subject to UK taxation be a realisation for the purposes of capital gains tax.

Exchange between Shares Classes of the Same Fund by UK Resident Individuals

An exchange of one class of shares in one Fund for another class of shares in the same Fund will not constitute a realisation for the purposes of capital gains tax.

Corporate Shareholders

Dividend Distributions to UK Resident Companies

UK resident corporate shareholders who receive dividend distributions (whether or not they are accumulated) may have to divide them into two (in which case the division will be indicated on the tax voucher). Any part representing dividends received from a UK company will be treated as dividend income (that is, franked investment income) and no further tax will be due on it. The remainder will be received as an annual payment after deduction of income tax at the basic rate, and corporate shareholders may, depending on their circumstances, be liable to tax on the grossed up amount, with the benefit of the income tax credit attached or to reclaim part of the tax credit as shown on the tax voucher.

Dividend Distributions to Non-UK Resident Companies

Non-UK resident corporate shareholders resident in certain jurisdictions and directly or indirectly holding over 10% of the

voting power in the Company may be entitled, on receipt of dividend distributions, to payment of a very small tax credit by HM Revenue & Customs under an applicable double taxation agreement. In other cases, no tax credit will generally be due to the non-UK resident company.

Capital Gains of UK Resident Companies

Any gains (after taking account of indexation relief) arising to UK resident corporate shareholders on disposal of their shares will be subject to corporation tax.

Exchange between Funds by UK Resident Companies

An exchange of shares in one Fund for shares in any other Fund is treated as a redemption and issue and will for persons subject to UK taxation be a realisation for the purposes of capital gains tax.

Exchange between Share Classes of the Same Fund by UK Resident Companies

An exchange of one class of shares in one Fund for another class of shares in the same Fund will generally not constitute a realisation for the purposes of capital gains tax.

Non-Taxpayers Individuals

Individual non-taxpayers (including ISA investors) cannot reclaim the tax credit on dividend distributions (or accumulations).

Charities

Charities are not entitled to claim tax credits on dividend distributions.

Pension Funds

Pension Funds cannot reclaim the tax credit on dividend distributions.

Eu Savings Directive and other reporting requirements

As a result of the EU Council Directive on the taxation of savings income, EU Member States and some other jurisdictions are required to provide their tax authority with details of savings income (including income from and redemption proceeds of holdings in UCITS funds) paid by "paying agents" in a relevant jurisdiction to individuals resident in another one (or in some jurisdictions withhold tax instead). Any UK paying agent paying income or redemption proceeds to individuals resident in a relevant jurisdiction will be required to report such payments in the case of each Fund that invests over prescribed amounts in bonds and other interest-bearing assets. The ACD or other paying agent may require information from investors and prospective investors to enable them to fulfil their duties under these provisions. The ACD may also be required to report details of interest paid to United Kingdom residents.

Income Equalisation

Since each Fund operates equalisation, the first allocation made after the acquisition of Shares will include an amount of equalisation. This amount represents the ACD's best estimate of the income included in the price at which the Shares were acquired (subject to grouping where appropriate) and represents a capital repayment for UK tax purposes which should be deducted from the cost of the Shares in arriving at any capital gain realised on their subsequent disposal.

Further Information

(continued)

Prospectus

Further details concerning the Funds are contained in the Prospectus, which is available on request from the ACD.

Changes to the Prospectus

During the period 1st January 2011 to 31st December 2011 the significant changes to the Prospectus of the Company were as follows:

- the change of name of the Company from LV= Investment Funds I ICVC to Threadneedle Investment Funds II ICVC;
- a change of name of the existing sub-funds whereby the references to LV= are replaced with Threadneedle;
- the launch of the Threadneedle US Equity Income Fund; and
- the change of Authorised Corporate Director to Threadneedle Investment Services Limited and Investment Manager to Threadneedle Asset Management Limited.
- Threadneedle Pacific ex-Japan Growth Fund has changed its benchmark with effect from 1 January 2012 from FTSE AW Asia Pacific ex-Japan Index to MSCI AC Asia Pacific ex-Japan.

Changes to the Instrument of Incorporation

During the period 1st January 2011 to 31st December 2011 the significant changes to the Instrument of Incorporation of the Company were follows:

- the change of name of the Company from LV= Investment Funds I ICVC to Threadneedle Investment Funds II ICVC;
- a change of name of the existing sub-funds whereby the references to LV= are replaced with Threadneedle;
- the launch of the Threadneedle US Equity Income Fund; and
- the removal of the Chartered Trust Fund (CTF) Investor, CTF Shares and Liverpool Victoria CTF definitions and the removal of the CTF Accumulation Share Class.

Application for Shares

The first investment in to the Company can be made using a standard application form, available from Threadneedle Investment Services Limited, PO Box 10033, Chelmsford, CM99 2AL; telephone 0845 113 0273 (calls may be recorded) Additional investments can be made by letter or by telephone.

Shares in the Company can be bought or sold on a forward pricing basis. That is, if full instructions (and payment in the case of a request to buy shares) are received prior to 2pm on a business day, the price received will be the price calculated later that day. Instructions received after 2pm will be dealt with at the price calculated on the next business day.

Regulatory Disclosure and Constitution

This document has been issued by the Authorised Corporate Director of the Threadneedle Investment Funds II ICVC Threadneedle Investment Services Limited.

Threadneedle Investment Funds II ICVC ("the Company") is an Investment Company with Variable Capital incorporated under Regulation 14 (Authorisation) of the Open-Ended Investment Companies Regulations 2001. It is an umbrella company for the purposes of the rules of the Collective Investment Schemes Sourcebook (COLL) of the Financial Services Authority. The

Company is incorporated in England and Wales with registered number IC24 and authorised and regulated by the Financial Services Authority (register number 188233) with effect from 3rd March 1999.

The Company currently comprises of six securities Funds: Threadneedle UK Equity Income Fund, Threadneedle UK Growth Fund, Threadneedle European ex-UK Growth Fund, Threadneedle Japan Growth Fund, Threadneedle Pacific ex-Japan Growth Fund and US Equity Income Fund.

The value of investments held by the Funds and the revenue from them may go down as well as up, and when you redeem your shares you may not get back the amount you put in. When a Fund holds overseas investments, currency exchange rates will be an extra factor affecting its performance. If the investment growth for your Fund is less than the charges deducted, the value of your capital will go down.

As Funds within the Company are not legal entities in their own right, if the assets attributable to any Fund are insufficient to meet the liabilities attributable to it, any shortfall might have to be met out of the assets attributable to the other Funds of the Company. However, as at 31st December 2011, each of the Funds within the Company had sufficient assets in their own right to meet liabilities attributable to them individually.

The shareholders are not liable for the debts of the Company.

Publication of Prices

The daily prices of the shares in each class of shares in each Fund are currently published on our website (www.threadneedle.com) or can be obtained by telephone on 0845 113 0273 (please note calls may be recorded for training and monitoring purposes). We may also, at our sole discretion, decide to publish certain share prices on third party websites or publications.

Website Publication

The financial statements are published at threadneedle.com, which is a website maintained by Threadneedle Investment Services Limited. The maintenance and integrity of the website maintained by Threadneedle Investment Services Limited, so far as it relates to the Threadneedle Investment Funds II ICVC, is the responsibility of Threadneedle Investment Services Limited. The work carried out by the auditors does not involve consideration of the maintenance and integrity of this website and accordingly, the auditors accept no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

Directory

Investment Manager

Threadneedle Asset Management Limited
60 St Mary Axe, London EC3A 8JQ

Registrar

International Financial Data Services (UK) Limited
IFDS House,
St. Nicholas Lane,
Basildon,
Essex
SS15 5FS

Depository

HSBC Bank plc,
8 Canada Square,
London
E14 5HQ

Auditor

Ernst & Young LLP
Ten George Street,
Edinburgh
EH2 2DZ

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