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INTERIM REPORT AND UNAUDITED FINANCIAL STATEMENTS
THREADNEEDLE MANAGED FUNDS
NOVEMBER 2020

THREADNEEDLE MANAGED FUNDS

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**These pages, together with the investment reports, Director's Statements, Comparative Table Disclosure, Reconciliation of units and portfolio statements of the individual funds comprise the Authorised Fund Manager's Report.*

Introduction

These Interim Reports and Unaudited Financial Statements cover the 6 months to 15 November 2020 and review the performance and market background for five of the unit trusts in the Threadneedle Managed Funds range. These comprise the Threadneedle Managed Equity Fund, Threadneedle Managed Equity Focused Fund, Threadneedle Managed Equity & Bond Fund, Threadneedle Managed Bond Focused Fund, Threadneedle Managed Bond Fund.

We hope that you find the report informative. Should you require any further information regarding any aspect of your investment, or about our other products, we would be pleased to help. Alternatively, you may find it helpful to visit columbiathreadneedle.com for further information about Columbia Threadneedle Investments.

Thank you for your continued support.

A handwritten signature in dark ink, appearing to read 'L Weatherup', with a stylized flourish at the end.

L Weatherup

Director

Threadneedle Managed Equity Fund

Investment Report

Investment Objective and Policy

The Fund aims to achieve long term capital growth. It looks to outperform a composite index over rolling 3-year periods, after the deduction of charges. This composite index comprises:

- 60% MSCI ACWI ex UK Index
- 25% FTSE All-Share Index
- 7% Bloomberg Barclays Global Aggregate ex GBP (GBP Hedged) Index
- 3% Bloomberg Barclays Sterling Aggregate Index
- 5% Sterling Overnight Index Average (SONIA)

The Fund is actively managed, and invests at least 80% of its assets in other funds.

The Fund usually invests in other Threadneedle funds, however, funds managed by companies outside the Threadneedle group may also be held, when this is considered appropriate. These funds may invest worldwide.

The Fund focuses on investment in funds providing exposure to equities (company shares), with only limited exposure taken to bonds (including corporate and government bonds).

The balance of the exposure to these different asset types may vary over time, however, equity exposure usually exceeds two-thirds of the Fund's value, under normal market conditions.

The Fund may also hold money market instruments, deposits, cash, and near cash.

Derivatives may be used with the aim of reducing risk or managing the Fund more efficiently, and up to 20% of the value of the Fund may be invested in funds that use derivatives for investment purposes.

The composite index is representative of the Fund's investment exposure, and provides a suitably weighted target benchmark of global equities (excluding the UK), UK equities, investment grade bonds (hedged to sterling), investment grade sterling-denominated bonds, and cash, against which Fund performance will be evaluated over time.

The fund will always invest so as to be eligible as an ISA investment.

Review

This report covers the period from 16 May 2020 to 15 November 2020.

Fund Performance

During the period under review the offer price of Class A units rose by 16.67% from 198.60p to 231.70p.

During the period under review the offer price of Class B units rose by 16.75% from 205.40p to 239.80p.

Looking at performance within its peer group (the UK IA – Flexible Investment Sector), the total return on the trust for the six months ending 31 October 2020, including net reinvested income, is +6.78% as compared to a median return of +6.37% over the same period. (Source: Morningstar, bid to bid, income reinvested for a UK basic rate taxpayer).

As of the 7 May, this Fund is now measured against a Composite Benchmark (MSCI ACWI ex UK Index 60%, FTSE All-Share Index 25%, Bloomberg Barclays Global Aggregate ex GBP (Hedged to GBP) Index 7%, SONIA 5%, Bloomberg Barclays Sterling Aggregate Index 3%) however there is not sufficient history to show 6 months.

Market Overview and Portfolio Activity

Global equities continued their recovery from the coronavirus-related sell-off and recorded strong gains over the review period.

For much of the period, risk assets were supported by the unprecedented policy response from central banks and governments at the height of the market turmoil. Sentiment was also bolstered by declining COVID-19 incidences and the easing of lockdown measures in some countries also played their part. This led to a recovery in economic activity, and investors were also encouraged by better-than-expected corporate earnings.

Caution returned to equity markets in September and October, amid fears of a second wave of the virus, the failure of the US Congress to approve a fresh round of stimulus measures and the looming US presidential election. Profit-taking in large-cap US technology companies spilled over into other sectors and regions. Corporate bonds held up better in the turbulence, however.

Risk assets returned to favour in November, particularly economically sensitive sectors. Sentiment was bolstered by Joe Biden's victory in the US presidential election given his support for further fiscal stimulus. Meanwhile, encouraging phase-three results for Pfizer's coronavirus vaccine boosted optimism that an end to COVID-19 may be in sight.

In fixed income, investment-grade (IG) and high-yield (HY) corporate bonds advanced over the six months as a whole, helped by tightening credit spreads (the yield premium offered by corporate bonds over "risk free" government bonds of the same maturity). The performance of government bonds was mixed: yields

(which move inversely to price) on German bunds fell over the period, while those on UK gilts and US Treasuries rose.

Despite the positive sentiment towards risk assets, yields on US, UK and German government bonds – which are perceived as safe havens – remained anchored until August, thanks to the accommodative monetary policy landscape. UK government bonds were also supported by fears of a no-deal Brexit. In August however, a rise in US Treasury yields spilled over into other markets. This was triggered by the Federal Reserve's announcement that it would now target an average inflation rate, allowing it to rise above 2% to make up for time spent below that level. Yields rose in response as investors anticipated higher future inflation.

Over the remainder of the period, yields on UK and US government bonds rose, amid expectations of increased fiscal stimulus in these countries, while those on German bunds fell as rising COVID-19 cases fanned fears about the European economy.

In developed-market equities, the US led the way for much of the period, helped by improvements in employment and spending data. The performance of the technology sector was particularly notable; these stocks benefited from the pandemic-driven shift towards online services. However, the presidential election result and the positive vaccine news prompted some unwinding of this performance later on, as investors rotated away from technology stocks. Europe ex UK underperformed, as economic data remained subdued. Disagreement between EU leaders over the size and scope of a jointly financed relief package was also a headwind, before it was finally approved in July. UK stocks fared worst. The market was hurt by its high exposure to energy and financial stocks, which underperformed. Meanwhile, concern about a no-deal Brexit resurfaced amid reports of disagreement in negotiations with the EU.

Japanese equities made modest gains. The period was notable for the surprise resignation of Prime Minister Shinzo Abe in August. However, the swift appointment of Yoshihide Suga – an ally of Abe and prominent in the implementation of the key 'Abenomics' economic reform initiatives – allayed market concerns. Despite ongoing US-China trade tensions, China was a standout performer, recording robust double-digit gains as the economic recovery gathered strength. The strong gains of Chinese equities, along with weakness in the US dollar helped emerging markets (EM) outperform in aggregate.

During the six-month period under review, we made adjustments to both the equity and fixed-income portions of the portfolio. Overall, we reduced equities and topped up the exposure to bonds.

Within the equity segment, we modestly increased the global equity allocation, but lowered our regional allocations. The biggest portfolio adjustment was to lower the weighting in the US. We also reduced exposure to Japanese, UK, European and EM equities. Equity markets and credit spreads had recouped much of what had been lost, denting their valuation case. Taking some risk off the table felt prudent, given mounting uncertainty around geopolitical tensions, the US election and a resurgence in coronavirus cases across Europe.

Within fixed income, we added to short-dated European HY bonds. Given that much of the market healing in terms of spread tightening has now occurred, high yield has the advantage of higher carry. We also added to IG bonds as spreads here compensated investors well for the increased credit risk associated with the COVID-19 crisis.

The COVID-19 crisis has undoubtedly been a huge near-term shock to economic activity and corporate balance sheets; how to reconcile this with buoyant financial asset markets has been a key area of focus for us. But of course, what matters for forward-looking markets is how the world emerges in 2021 and 2022. Our base case remains for the global economy to continue on a path of tentative – occasionally interrupted – reopening, and for policy to stay extremely accommodative, enabling different regions to return to pre-virus levels of GDP from the end of 2022 and beyond. This view leaves us comfortable owning quality risk assets, even as the rebound in credit and equities has dented the valuation case. Thus, portfolios remain exposed to equity and credit risk. As the pace of the recovery will affect regions, industries, and companies differently, we believe active management remains critical to adding value through asset allocation and security selection.

Directors' Statement

In accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes (COLL) Sourcebook, we hereby certify the Interim Report and Unaudited Financial Statements on behalf of the Directors of Threadneedle Investment Services Limited.



L Weatherup
Director

13 January 2021



R Vincent
Director

Threadneedle Managed Equity Fund

STATEMENT OF TOTAL RETURN

for the accounting period 16 May 2020 to 15 November 2020

| | 2020 £000 | 2019 £000 |
|--|---------------|---------------|
| Income | | |
| Net capital gains | 64,987 | 22,788 |
| Revenue | 2,745 | 2,861 |
| Expenses | (2,208) | (2,677) |
| Net revenue before taxation | 537 | 184 |
| Taxation | — | — |
| Net revenue after taxation | 537 | 184 |
| Total return before distributions | 65,524 | 22,972 |
| Distributions | (126) | (59) |
| Change in net assets attributable to unitholders from investment activities | 65,398 | 22,913 |

BALANCE SHEET

as at 15 November 2020

| | 2020 £000 | May 2020 £000 |
|---|----------------|------------------|
| Assets: | | |
| Fixed assets: | | |
| Investments | 450,009 | 393,414 |
| Current assets: | | |
| Debtors | 3,072 | 1,059 |
| Cash and bank balances | 2,334 | 838 |
| Total assets | 455,415 | 395,311 |
| Liabilities: | | |
| Investment liabilities | — | (334) |
| Creditors: | | |
| Distribution payable | (141) | (272) |
| Other creditors | (1,842) | (908) |
| Total liabilities | (1,983) | (1,514) |
| Net assets attributable to unitholders | 453,432 | 393,797 |

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the accounting period 16 May 2020 to 15 November 2020

| | 2020 £000 | 2019 £000 |
|---|----------------|----------------|
| Opening net assets attributable to unitholders | 393,797 | 400,977 |
| Amounts receivable on the issue of units | 28,881 | 10,385 |
| Amounts payable on the cancellation of units | (34,644) | (21,902) |
| | (5,763) | (11,517) |
| Change in net assets attributable to unitholders from investment activities (see statement of total return above) | 65,398 | 22,913 |
| Closing net assets attributable to unitholders | 453,432 | 412,373 |

The comparatives used within the Statement of Change in Net Assets Attributable to Unitholders are for the corresponding period of the previous year. Therefore the opening net assets attributable to unitholders for the current year are at 15 May 2020 whilst the figure disclosed in the comparatives' closing net assets attributable to unitholders is at 15 November 2019.

DISTRIBUTION TABLE

for the accounting period 16 May 2020 to 15 November 2020

Dividend distribution in pence per unit

Class T – Income units

| Distribution Period | Revenue | Equalisation | Distribution Paid/Payable 2020 | Distribution Paid 2019 |
|--|---------|--------------|--------------------------------|------------------------|
| Group 1 | | | | |
| 16/05/20 to 15/11/20 | 0.3750 | — | 0.3750 | 0.1466 |
| Group 2 | | | | |
| 16/05/20 to 15/11/20 | 0.3372 | 0.0378 | 0.3750 | 0.1466 |
| Total distributions in the period | | | 0.3750 | 0.1466 |

Group 2: units purchased during a distribution period.

Threadneedle Managed Equity Fund

Comparative Table Disclosure

| | Class A – Accumulation units | | | Class B – Accumulation units | | |
|--|------------------------------|------------|------------|------------------------------|------------|------------|
| | 15/11/2020 | 15/05/2020 | 15/05/2019 | 15/11/2020 | 15/05/2020 | 15/05/2019 |
| Change in net assets per unit | | | | | | |
| Opening net asset value per unit (p) | 198.58 | 197.24 | 197.83 | 205.33 | 203.44 | 203.62 |
| Return before operating charges (p) | 34.61 | 4.38 | 2.51 | 35.80 | 4.50 | 2.51 |
| Operating charges (p) | (1.52) | (3.04) | (3.10) | (1.35) | (2.61) | (2.69) |
| Return after operating charges (p)* | 33.09 | 1.34 | (0.59) | 34.45 | 1.89 | (0.18) |
| Distributions (p) | – | (0.56) | (1.54) | – | (1.13) | (2.02) |
| Retained distributions on accumulation units (p) | – | 0.56 | 1.54 | – | 1.13 | 2.02 |
| Closing net asset value per unit (p) | 231.67 | 198.58 | 197.24 | 239.78 | 205.33 | 203.44 |
| *after direct transaction costs of (p) | – | – | – | – | – | – |
| Performance | | | | | | |
| Return after charges (%) | 16.66 | 0.68 | (0.30) | 16.78 | 0.93 | (0.09) |
| Other information | | | | | | |
| Closing net asset value (£000) | 138,494 | 129,415 | 158,283 | 136,683 | 120,594 | 123,490 |
| Closing number of units | 59,780,400 | 65,169,111 | 80,248,181 | 57,002,605 | 58,732,507 | 60,702,091 |
| Operating charges (%)** | 1.39 [†] | 1.48 | 1.60 | 1.19 [†] | 1.23 | 1.35 |
| Direct transaction costs (%) | – | – | – | – | – | – |
| Prices | | | | | | |
| Highest unit price (p) | 233.30 | 224.70 | 211.20 | 241.50 | 228.40 | 209.60 |
| Lowest unit price (p) | 198.60 | 176.30 | 178.00 | 205.40 | 182.20 | 183.40 |

| | Class T – Income units | | | Class Z – Accumulation units | | |
|--|------------------------|------------|------------|------------------------------|------------|------------|
| | 15/11/2020 | 15/05/2020 | 15/05/2019 | 15/11/2020 | 15/05/2020 | 15/05/2019 |
| Change in net assets per unit | | | | | | |
| Opening net asset value per unit (p) | 129.33 | 128.85 | 130.28 | 146.78 | 144.90 | 144.65 |
| Return before operating charges (p) | 22.57 | 2.85 | 1.56 | 25.62 | 3.23 | 1.67 |
| Operating charges (p) | (0.60) | (1.51) | (1.60) | (0.68) | (1.35) | (1.42) |
| Return after operating charges (p)* | 21.97 | 1.34 | (0.04) | 24.94 | 1.88 | 0.25 |
| Distributions (p) | (0.38) | (0.86) | (1.39) | – | (1.34) | (1.83) |
| Retained distributions on accumulation units (p) | – | – | – | – | 1.34 | 1.83 |
| Closing net asset value per unit (p) | 150.92 | 129.33 | 128.85 | 171.72 | 146.78 | 144.90 |
| *after direct transaction costs of (p) | – | – | – | – | – | – |
| Performance | | | | | | |
| Return after charges (%) | 16.99 | 1.04 | (0.03) | 16.99 | 1.30 | 0.17 |
| Other information | | | | | | |
| Closing net asset value (£000) | 56,559 | 49,524 | 52,412 | 121,696 | 94,264 | 66,792 |
| Closing number of units | 37,477,161 | 38,292,282 | 40,677,695 | 70,870,416 | 64,220,947 | 46,094,095 |
| Operating charges (%)** | 0.85 [†] | 1.12 | 1.25 | 0.84 [†] | 0.89 | 1.00 |
| Direct transaction costs (%) | – | – | – | – | – | – |
| Prices | | | | | | |
| Highest unit price (p) | 152.40 | 144.60 | 134.10 | 173.00 | 163.10 | 149.00 |
| Lowest unit price (p) | 130.10 | 115.40 | 117.10 | 146.80 | 130.20 | 130.50 |

**The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a unit class of a fund based on the financial year's expenses and may vary from year to year. It includes charges such as the fund's annual management charge, registration fee, custody fees and distribution cost but ordinarily excludes the costs of buying or selling assets for the fund (unless these assets are shares of another fund). The Key Investor Information Document (KIID) contains the current OCF. The calculation includes the fund's share of the expenses of the underlying fund less any fee rebates received. The share of the costs of the underlying funds may fluctuate due to changes in investment decisions, which may be required as a result of changes in market conditions. For a more detailed breakdown please visit columbiathreadneedle.com/fees.

[†]The Ongoing Charges Figure is annualised based on the fees incurred during the accounting period or since commencement date.

Threadneedle Managed Equity Fund

Notes to the financial statements

for the accounting period 16 May 2020 to 15 November 2020

1 ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of investments, in compliance with FRS 102 and in accordance with the Statement of Recommended Practice for Authorised Funds (SORP) issued by the Investment Management Association in May 2014.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 15 May 2020 and are described in those financial statements.

(b) Notes

In accordance with the guidelines of the SORP the fund has taken advantage of the facility not to provide further notes to the financial statements.

2 RECONCILIATION OF UNITS

| | 2020 |
|-------------------------------------|-------------|
| Class A – Accumulation units | |
| Opening units | 65,169,111 |
| Units issued | 360,136 |
| Units redeemed | (5,570,774) |
| Net conversions | (178,073) |
| Closing units | 59,780,400 |
| Class B – Accumulation units | |
| Opening units | 58,732,507 |
| Units issued | 1,629,422 |
| Units redeemed | (3,347,880) |
| Net conversions | (11,444) |
| Closing units | 57,002,605 |
| Class T – Income units | |
| Opening units | 38,292,282 |
| Units issued | 277,494 |
| Units redeemed | (1,092,615) |
| Net conversions | – |
| Closing units | 37,477,161 |
| Class Z – Accumulation units | |
| Opening units | 64,220,947 |
| Units issued | 8,687,739 |
| Units redeemed | (2,295,005) |
| Net conversions | 256,735 |
| Closing units | 70,870,416 |

Threadneedle Managed Equity Fund

Portfolio Statement

as at 15 November 2020

| Holding | Investment | Value £000 | % of Net Asset Value | Holding | Investment | Value £000 | % of Net Asset Value |
|--|---|----------------|----------------------------|--|---|----------------|----------------------------|
| COLLECTIVE INVESTMENT SCHEMES 99.21% (99.89%) | | | | Overseas bond 6.23% (6.39%) | | | |
| | UK equity 24.30% (24.54%) | | | 18,712 | Threadneedle (Lux) – European Short-Term High Yield Bond Fund | 1,934 | 0.43 |
| 1,439,439 | Threadneedle UK Absolute Alpha Fund | 1,381 | 0.31 | 85,161 | Threadneedle (Lux) – Flexible Asian Bond Fund | 856 | 0.19 |
| 1,190,066 | Threadneedle UK Equity Alpha Income Fund | 1,228 | 0.27 | 753,288 | Threadneedle (Lux) – Global Corporate Bond | 8,695 | 1.92 |
| 91,803 | Threadneedle UK Equity Income Fund | 290 | 0.06 | 85,124 | Threadneedle (Lux) – Global Emerging Market Short-Term Bonds | 725 | 0.16 |
| 3,532,627 | Threadneedle UK Extended Alpha Fund | 7,814 | 1.72 | 542,143 | Threadneedle Dollar Bond Fund | 654 | 0.15 |
| 56,778,036 | Threadneedle UK Fund | 68,452 | 15.10 | 1,138,292 | Threadneedle Emerging Market Bond Fund | 1,544 | 0.34 |
| 367,643 | Threadneedle UK Growth & Income Fund | 362 | 0.08 | 954,789 | Threadneedle Emerging Market Local Fund | 2,234 | 0.49 |
| 3,933,355 | Threadneedle UK Mid 250 Fund | 5,047 | 1.11 | 7,334,041 | Threadneedle Global Bond Fund | 9,443 | 2.08 |
| 20,571,519 | Threadneedle UK Select Fund | 23,349 | 5.15 | 1,630,313 | Threadneedle High Yield Bond Fund | 2,143 | 0.47 |
| 1,947,460 | Threadneedle UK Smaller Companies Fund | 2,267 | 0.50 | | Total overseas bond | 28,228 | 6.23 |
| | Total UK equity | 110,190 | 24.30 | | Total collective investment schemes | 449,823 | 99.21 |
| | UK bond 4.26% (3.41%) | | | DERIVATIVES 0.04% (-0.07%) | | | |
| 232,086 | Threadneedle Sterling Bond Fund | 286 | 0.06 | | Forward Foreign Exchange Contracts 0.04% (-0.07%) | | |
| 7,983,383 | Threadneedle Sterling Corporate Bond Fund | 10,654 | 2.35 | | Sell JPY 270,000,000 | | |
| 2,786,945 | Threadneedle Sterling Short-Dated Corporate Bond Fund | 3,213 | 0.71 | | Buy GBP 1,984,320 HSBC | 30 | 0.01 |
| 5,059,693 | Threadneedle Sterling Short-Term Money Market Fund | 5,167 | 1.14 | | Sell EUR 2,875,000 | | |
| | Total UK bond | 19,320 | 4.26 | | Buy GBP 2,607,053 UBS | 24 | – |
| | Overseas equity 64.42% (65.55%) | | | | Sell USD 9,660,000 | | |
| 133,380 | Threadneedle (Lux) – American Absolute Alpha | 1,380 | 0.30 | | Buy GBP 7,463,067 UBS | 132 | 0.03 |
| 1,486,623 | Threadneedle (Lux) – Asia Contrarian Equity Fund | 14,763 | 3.26 | | Total Derivatives | 186 | 0.04 |
| 434,845 | Threadneedle (Lux) – Asian Equity Income Fund | 4,321 | 0.95 | Total value of investments | | 450,009 | 99.25 |
| 183,582 | Threadneedle (Lux) – Global Smaller Companies Fund | 2,514 | 0.55 | Net other assets (0.18%) | | 3,423 | 0.75 |
| 86,177 | Threadneedle (Lux) – Pan European Absolute Alpha | 1,186 | 0.26 | Net assets | | 453,432 | 100.00 |
| 651,686 | Threadneedle (Lux) – Pan European Smaller Companies | 8,536 | 1.89 | <i>May 2020 comparatives in brackets.</i> | | | |
| 13,790,634 | Threadneedle American Fund | 71,052 | 15.67 | Total Purchases and Sales | | | |
| 34,935,406 | Threadneedle American Select Fund | 80,987 | 17.86 | <i>for the accounting period 16 May 2020 to 15 November 2020</i> | | | |
| 9,500,999 | Threadneedle Asia Fund | 21,318 | 4.70 | | | 2020 | 2019 |
| 4,263,253 | Threadneedle European Fund | 7,022 | 1.55 | | | £000 | £000 |
| 3,566,445 | Threadneedle European Select Fund | 6,571 | 1.45 | Total purchases for the period | | 13,494 | 410,554 |
| 4,076,057 | Threadneedle European Smaller Companies Fund | 5,167 | 1.14 | Total sales for the period | | 24,085 | 423,582 |
| 3,990,072 | Threadneedle Global Emerging Markets Equity Fund | 6,033 | 1.33 | | | | |
| 6,882,777 | Threadneedle Global Extended Alpha Fund | 15,256 | 3.37 | | | | |
| 11,063,348 | Threadneedle Global Focus Fund | 15,150 | 3.34 | | | | |
| 9,856,242 | Threadneedle Japan Fund | 19,391 | 4.28 | | | | |
| 1,053,247 | Threadneedle Latin America Fund | 1,049 | 0.23 | | | | |
| 5,928,533 | Threadneedle Pan European Focus Fund | 10,389 | 2.29 | | | | |
| | Total overseas equity | 292,085 | 64.42 | | | | |

Threadneedle Managed Equity Focused Fund

Investment Report

Investment Objective and Policy

The Fund aims to provide a combination of long term capital growth and some income. It looks to outperform a composite index over rolling 3-year periods, after the deduction of charges. This composite index comprises:

- 50% MSCI ACWI ex UK Index
- 22.5% FTSE All-Share Index
- 15.5% Bloomberg Barclays Global Aggregate ex GBP (GBP Hedged) Index
- 7% Bloomberg Barclays Sterling Aggregate Index
- 5% Sterling Overnight Index Average (SONIA)

The Fund is actively managed, and invests at least 80% of its assets in other funds.

The Fund usually invests in other Threadneedle funds, however, funds managed by companies outside the Threadneedle group may also be held, when this is considered appropriate. These funds may invest worldwide.

The Fund focuses on investment in funds providing exposure to equities (company shares), but also has some exposure to bonds (including corporate and government bonds).

The balance of the exposure to these different asset types may vary over time, however, equity exposure is usually between 50-85% of the Fund's value, under normal market conditions.

The Fund may also hold money market instruments, deposits, cash, and near cash. Derivatives may be used with the aim of reducing risk or managing the Fund more efficiently, and up to 20% of the value of the Fund may be invested in funds that use derivatives for investment purposes.

The composite index is representative of the Fund's investment exposure, and provides a suitably weighted target benchmark of global equities (excluding the UK), UK equities, investment grade bonds (hedged to sterling), investment grade sterling-denominated bonds, and cash, against which Fund performance will be evaluated over time.

The fund will always invest so as to be eligible as an ISA investment.

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Fund Performance

During the period under review the offer price of Class A units rose by 14.40% from 168.00p to 192.20p.

During the period under review the offer price of Class B units rose by 14.57% from 173.70p to 199.00p.

Looking at performance within its peer group (the UK IA – Mixed Investment 40-85% Shares Sector), the total return on the trust for the six months ending 31 October 2020, including net reinvested income, is +5.76% as compared to a median return of +5.77% over the same period. (Source: Morningstar, bid to bid, income reinvested for a UK basic rate taxpayer).

As of the 7 May, this Fund is now measured against a Composite Benchmark (MSCI ACWI ex UK Index 50%, FTSE All-Share Index 22.5%, Bloomberg Barclays Global Aggregate ex GBP (Hedged to GBP) Index 15.5%, Bloomberg Barclays Sterling Aggregate Index 7%, SONIA 5%) however there is not sufficient history to show 6 months.

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Global equities continued their recovery from the coronavirus-related sell-off and recorded strong gains over the review period.

For much of the period, risk assets were supported by the unprecedented policy response from central banks and governments at the height of the market turmoil. Sentiment was also bolstered by declining COVID-19 incidences and the easing of lockdown measures in some countries also played their part. This led to a recovery in economic activity, and investors were also encouraged by better-than-expected corporate earnings.

Caution returned to equity markets in September and October, amid fears of a second wave of the virus, the failure of the US Congress to approve a fresh round of stimulus measures and the looming US presidential election. Profit-taking in large-cap US technology companies spilled over into other sectors and regions. Corporate bonds held up better in the turbulence, however.

Risk assets returned to favour in November, particularly economically sensitive sectors. Sentiment was bolstered by Joe Biden's victory in the US presidential election given his support for further fiscal stimulus. Meanwhile, encouraging phase-three results for Pfizer's coronavirus vaccine boosted optimism that an end to COVID-19 may be in sight.

In fixed income, investment-grade (IG) and high-yield (HY) corporate bonds advanced over the six months as a whole, helped by tightening credit spreads (the yield premium offered by corporate bonds over "risk free" government bonds of the same maturity).

The performance of government bonds was mixed: yields (which move inversely to price) on German bunds fell over the period, while those on UK gilts and US Treasuries rose.

Despite the positive sentiment towards risk assets, yields on US, UK and German government bonds – which are perceived as safe havens – remained anchored until August, thanks to the accommodative monetary policy landscape. UK government bonds were also supported by fears of a no-deal Brexit. In August however, a rise in US Treasury yields spilled over into other markets. This was triggered by the Federal Reserve's announcement that it would now target an average inflation rate, allowing it to rise above 2% to make up for time spent below that level. Yields rose in response as investors anticipated higher future inflation.

Over the remainder of the period, yields on UK and US government bonds rose, amid expectations of increased fiscal stimulus in these countries, while those on German bunds fell as rising COVID-19 cases fanned fears about the European economy.

In developed-market equities, the US led the way for much of the period, helped by improvements in employment and spending data. The performance of the technology sector was particularly notable; these stocks benefited from the pandemic-driven shift towards online services. However, the presidential election result and the positive vaccine news prompted some unwinding of this performance later on, as investors rotated away from technology stocks. Europe ex UK underperformed, as economic data remained subdued. Disagreement between EU leaders over the size and scope of a jointly financed relief package was also a headwind, before it was finally approved in July. UK stocks fared worst. The market was hurt by its high exposure to energy and financial stocks, which underperformed. Meanwhile, concern about a no-deal Brexit resurfaced amid reports of disagreement in negotiations with the EU.

Japanese equities made modest gains. The period was notable for the surprise resignation of Prime Minister Shinzo Abe in August. However, the swift appointment of Yoshihide Suga – an ally of Abe and prominent in the implementation of the key 'Abenomics' economic reform initiatives – allayed market concerns. Despite ongoing US-China trade tensions, China was a standout performer, recording robust double-digit gains as the economic recovery gathered strength. The strong gains of Chinese equities, along with weakness in the US dollar helped emerging markets (EM) outperform in aggregate.

During the six-month period under review, we made adjustments to both the equity and fixed-income portions of the portfolio. Overall, we reduced equities and topped up the exposure to bonds.

Within the equity segment, we modestly increased the global equity allocation, but lowered our regional allocations. The biggest portfolio adjustment was to lower the weighting in the US. We also reduced exposure to UK, Japanese, European, Asian and EM equities. Equity markets and credit spreads had recouped much of what had been lost, denting their valuation case. Taking some risk off the table felt prudent, given mounting uncertainty around geopolitical tensions, the US election and a resurgence in coronavirus cases across Europe.

Within fixed income, we added to short-dated European high-yield bonds. Given that much of the market healing in terms of spread tightening has now occurred, high yield has the advantage of higher carry. We also added to our IG allocation as spreads here compensated investors well for the increased credit risk associated with the COVID-19 crisis.

The COVID-19 crisis has undoubtedly been a huge near-term shock to economic activity and corporate balance sheets; how to reconcile this with buoyant financial asset markets has been a key area of focus for us. But of course, what matters for forward-looking markets is how the world emerges in 2021 and 2022. Our base case remains for the global economy to continue on a path of tentative – occasionally interrupted – reopening, and for policy to stay extremely accommodative, enabling different regions to return to pre-virus levels of GDP from the end of 2022 and beyond. This view leaves us comfortable owning quality risk assets, even as the rebound in credit and equities has dented the valuation case. Thus, portfolios remain exposed to equity and credit risk. As the pace of the recovery will affect regions, industries, and companies differently, we believe active management remains critical to adding value through asset allocation and security selection.

Directors' Statement

In accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes (COLL) Sourcebook, we hereby certify the Interim Report and Unaudited Financial Statements on behalf of the Directors of Threadneedle Investment Services Limited.



L Weatherup
Director
13 January 2021



R Vincent
Director

Threadneedle Managed Equity Focused Fund

STATEMENT OF TOTAL RETURN

for the accounting period 16 May 2020 to 15 November 2020

| | 2020 £000 | 2019 £000 |
|--|----------------|---------------|
| Income | | |
| Net capital gains | 99,440 | 36,512 |
| Revenue | 5,641 | 7,432 |
| Expenses | (3,693) | (4,737) |
| Net revenue before taxation | 1,948 | 2,695 |
| Taxation | — | — |
| Net revenue after taxation | 1,948 | 2,695 |
| Total return before equalisation | 101,388 | 39,207 |
| Equalisation | (2) | (23) |
| Change in net assets attributable to unitholders from investment activities | 101,386 | 39,184 |

BALANCE SHEET

as at 15 November 2020

| | 2020 £000 | May 2020 £000 |
|---|----------------|---------------------|
| Assets: | | |
| Fixed assets: | | |
| Investments | 773,049 | 708,941 |
| Current assets: | | |
| Debtors | 9,505 | 3,374 |
| Cash and bank balances | 1,061 | 952 |
| Total assets | 783,615 | 713,267 |
| Liabilities: | | |
| Investment liabilities | — | (890) |
| Creditors: | | |
| Other creditors | (4,495) | (2,065) |
| Total liabilities | (4,495) | (2,955) |
| Net assets attributable to unitholders | 779,120 | 710,312 |

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the accounting period 16 May 2020 to 15 November 2020

| | 2020 £000 | 2019 £000 |
|---|----------------|----------------|
| Opening net assets attributable to unitholders | 710,312 | 761,987 |
| Amounts receivable on the issue of units | 36,486 | 11,207 |
| Amounts payable on the cancellation of units | (69,064) | (38,046) |
| | (32,578) | (26,839) |
| Change in net assets attributable to unitholders from investment activities (see statement of total return above) | 101,386 | 39,184 |
| Closing net assets attributable to unitholders | 779,120 | 774,332 |

The comparatives used within the Statement of Change in Net Assets Attributable to Unitholders are for the corresponding period of the previous year. Therefore the opening net assets attributable to unitholders for the current year are at 15 May 2020 whilst the figure disclosed in the comparatives' closing net assets attributable to unitholders is at 15 November 2019.

Threadneedle Managed Equity Focused Fund

Comparative Table Disclosure

| | Class A – Accumulation units | | | Class B – Accumulation units | | |
|--|------------------------------|-------------|-------------|------------------------------|-------------|-------------|
| | 15/11/2020 | 15/05/2020 | 15/05/2019 | 15/11/2020 | 15/05/2020 | 15/05/2019 |
| Change in net assets per unit | | | | | | |
| Opening net asset value per unit (p) | 167.97 | 170.19 | 170.55 | 173.69 | 175.55 | 175.57 |
| Return before operating charges (p) | 25.42 | 0.28 | 2.22 | 26.30 | 0.27 | 2.20 |
| Operating charges (p) | (1.22) | (2.50) | (2.58) | (1.07) | (2.13) | (2.22) |
| Return after operating charges (p)* | 24.20 | (2.22) | (0.36) | 25.23 | (1.86) | (0.02) |
| Distributions (p) | – | (1.12) | (1.51) | – | (1.61) | (1.90) |
| Retained distributions on accumulation units (p) | – | 1.12 | 1.51 | – | 1.61 | 1.90 |
| Closing net asset value per unit (p) | 192.17 | 167.97 | 170.19 | 198.92 | 173.69 | 175.55 |
| *after direct transaction costs of (p) | – | – | – | – | – | – |
| Performance | | | | | | |
| Return after charges (%) | 14.41 | (1.30) | (0.21) | 14.53 | (1.06) | (0.01) |
| Other information | | | | | | |
| Closing net asset value (£000) | 196,126 | 184,377 | 255,395 | 299,762 | 282,581 | 318,207 |
| Closing number of units | 102,056,237 | 109,767,719 | 150,063,395 | 150,695,409 | 162,691,063 | 181,260,720 |
| Operating charges (%)** | 1.33 [†] | 1.42 | 1.54 | 1.13 [†] | 1.17 | 1.29 |
| Direct transaction costs (%) | – | – | – | – | – | – |
| Prices | | | | | | |
| Highest unit price (p) | 193.40 | 192.80 | 181.60 | 200.10 | 195.10 | 180.30 |
| Lowest unit price (p) | 168.00 | 148.40 | 154.60 | 173.70 | 153.40 | 159.30 |

| | Class Z – Accumulation units | | |
|--|------------------------------|-------------|-------------|
| | 15/11/2020 | 15/05/2020 | 15/05/2019 |
| Change in net assets per unit | | | |
| Opening net asset value per unit (p) | 136.10 | 137.08 | 136.71 |
| Return before operating charges (p) | 20.63 | 0.19 | 1.63 |
| Operating charges (p) | (0.58) | (1.17) | (1.26) |
| Return after operating charges (p)* | 20.05 | (0.98) | 0.37 |
| Distributions (p) | – | (1.76) | (1.86) |
| Retained distributions on accumulation units (p) | – | 1.76 | 1.86 |
| Closing net asset value per unit (p) | 156.15 | 136.10 | 137.08 |
| *after direct transaction costs of (p) | – | – | – |
| Performance | | | |
| Return after charges (%) | 14.73 | (0.71) | 0.27 |
| Other information | | | |
| Closing net asset value (£000) | 283,232 | 243,354 | 188,385 |
| Closing number of units | 181,389,244 | 178,801,760 | 137,431,757 |
| Operating charges (%)** | 0.78 [†] | 0.83 | 0.94 |
| Direct transaction costs (%) | – | – | – |
| Prices | | | |
| Highest unit price (p) | 157.10 | 152.70 | 140.50 |
| Lowest unit price (p) | 136.20 | 120.10 | 124.30 |

**The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a unit class of a fund based on the financial year's expenses and may vary from year to year. It includes charges such as the fund's annual management charge, registration fee, custody fees and distribution cost but ordinarily excludes the costs of buying or selling assets for the fund (unless these assets are shares of another fund). The Key Investor Information Document (KIID) contains the current OCF. The calculation includes the fund's share of the expenses of the underlying fund less any fee rebates received. The share of the costs of the underlying funds may fluctuate due to changes in investment decisions, which may be required as a result of changes in market conditions. For a more detailed breakdown please visit columbiathreadneedle.com/fees.

[†]The Ongoing Charges Figure is annualised based on the fees incurred during the accounting period or since commencement date.

Threadneedle Managed Equity Focused Fund

Notes to the financial statements

for the accounting period 16 May 2020 to 15 November 2020

1 ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of investments, in compliance with FRS 102 and in accordance with the Statement of Recommended Practice for Authorised Funds (SORP) issued by the Investment Management Association in May 2014.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 15 May 2020 and are described in those financial statements.

(b) Notes

In accordance with the guidelines of the SORP the fund has taken advantage of the facility not to provide further notes to the financial statements.

2 RECONCILIATION OF UNITS

| | 2020 |
|-------------------------------------|--------------|
| Class A – Accumulation units | |
| Opening units | 109,767,719 |
| Units issued | 281,563 |
| Units redeemed | (7,918,019) |
| Net conversions | (75,026) |
| Closing units | 102,056,237 |
| Class B – Accumulation units | |
| Opening units | 162,691,063 |
| Units issued | 1,549,524 |
| Units redeemed | (13,479,091) |
| Net conversions | (66,087) |
| Closing units | 150,695,409 |
| Class Z – Accumulation units | |
| Opening units | 178,801,760 |
| Units issued | 8,919,878 |
| Units redeemed | (6,509,163) |
| Net conversions | 176,769 |
| Closing units | 181,389,244 |

Threadneedle Managed Equity & Bond Fund

Investment Report

Investment Objective and Policy

The Fund aims to provide a combination of long-term capital growth and income. It looks to outperform a composite index over rolling 3-year periods, after the deduction of charges. This composite index comprises:

- 35% MSCI ACWI ex UK Index
- 31.5% Bloomberg Barclays Global Aggregate ex GBP (GBP Hedged) Index
- 15% FTSE All-Share Index
- 13.5% Bloomberg Barclays Sterling Aggregate Index
- 5% Sterling Overnight Index Average (SONIA)

The Fund is actively managed, and invests at least 80% of its assets in other funds.

The Fund usually invests in other Threadneedle funds, however, funds managed by companies outside the Threadneedle group may also be held, when this is considered appropriate. These funds may invest worldwide.

The Fund focuses on investment in funds providing exposure to equities (company shares), and bonds (including corporate and government bonds).

The balance of the exposure to these different asset types may vary over time, however, equity exposure will usually not exceed 60% of the Fund's value, with at least 30% exposure maintained to bonds, under normal market conditions.

The Fund may also hold money market instruments, deposits, cash, and near cash.

Derivatives may be used with the aim of reducing risk or managing the Fund more efficiently, and up to 20% of the value of the Fund may be invested in funds that use derivatives for investment purposes.

The composite index is representative of the Fund's investment exposure, and provides a suitably weighted target benchmark of global equities (excluding the UK), investment grade bonds (hedged to sterling), UK equities, investment grade sterling-denominated bonds, and cash, against which Fund performance will be evaluated over time.

The fund will always invest so as to be eligible as an ISA investment.

Review

This report covers the period from 16 May 2020 to 15 November 2020.

Fund Performance

During the period under review the offer price of Class A units rose by 10.72% from 154.90p to 171.50p.

During the period under review the offer price of Class B units rose by 10.83% from 159.70p to 177.00p.

Looking at performance within its peer group (the UK IA – Mixed Investment 20-60% Shares Sector), the total return on the trust for the six months ending 31 October 2020, including net reinvested income, is +4.93% as compared to a median return of +4.37% over the same period. (Source: Morningstar, bid to bid, income reinvested for a UK basic rate taxpayer).

As of the 7 May, this Fund is now measured against a Composite Benchmark (MSCI ACWI ex UK Index 35%, Bloomberg Barclays Global Aggregate ex GBP (Hedged to GBP) Index 31.5%, FTSE All-Share Index 15%, Bloomberg Barclays Sterling Aggregate Index 13.5%, SONIA 5%) however there is not sufficient history to show 6 months.

Market Overview and Portfolio Activity

Global equities continued their recovery from the coronavirus-related sell-off and recorded strong gains over the review period.

For much of the period, risk assets were supported by the unprecedented policy response from central banks and governments at the height of the market turmoil. Sentiment was also bolstered by declining COVID-19 incidences and the easing of lockdown measures in some countries also played their part. This led to a recovery in economic activity, and investors were also encouraged by better-than-expected corporate earnings.

Caution returned to equity markets in September and October, amid fears of a second wave of the virus, the failure of the US Congress to approve a fresh round of stimulus measures and the looming US presidential election. Profit-taking in large-cap US technology companies spilled over into other sectors and regions. Corporate bonds held up better in the turbulence, however.

Risk assets returned to favour in November, particularly economically sensitive sectors. Sentiment was bolstered by Joe Biden's victory in the US presidential election given his support for further fiscal stimulus. Meanwhile, encouraging phase-three results for Pfizer's coronavirus vaccine boosted optimism that an end to COVID-19 may be in sight.

In fixed income, investment-grade (IG) and high-yield (HY) corporate bonds advanced over the six months as a whole, helped by tightening credit spreads (the yield premium

offered by corporate bonds over "risk free" government bonds of the same maturity). The performance of government bonds was mixed: yields (which move inversely to price) on German bunds fell over the period, while those on UK gilts and US Treasuries rose.

Despite the positive sentiment towards risk assets, yields on US, UK and German government bonds – which are perceived as safe havens – remained anchored until August, thanks to the accommodative monetary policy landscape. UK government bonds were also supported by fears of a no-deal Brexit. In August however, a rise in US Treasury yields spilled over into other markets. This was triggered by the Federal Reserve's announcement that it would now target an average inflation rate, allowing it to rise above 2% to make up for time spent below that level. Yields rose in response as investors anticipated higher future inflation.

Over the remainder of the period, yields on UK and US government bonds rose, amid expectations of increased fiscal stimulus in these countries, while those on German bunds fell as rising COVID-19 cases fanned fears about the European economy.

In developed-market equities, the US led the way for much of the period, helped by improvements in employment and spending data. The performance of the technology sector was particularly notable; these stocks benefited from the pandemic-driven shift towards online services. However, the presidential election result and the positive vaccine news prompted some unwinding of this performance later on, as investors rotated away from technology stocks. Europe ex UK underperformed, as economic data remained subdued. Disagreement between EU leaders over the size and scope of a jointly financed relief package was also a headwind, before it was finally approved in July. UK stocks fared worst. The market was hurt by its high exposure to energy and financial stocks, which underperformed. Meanwhile, concern about a no-deal Brexit resurfaced amid reports of disagreement in negotiations with the EU.

Japanese equities made modest gains. The period was notable for the surprise resignation of Prime Minister Shinzo Abe in August. However, the swift appointment of Yoshihide Suga – an ally of Abe and prominent in the implementation of the key 'Abenomics' economic reform initiatives – allayed market concerns. Despite ongoing US-China trade tensions, China was a standout performer, recording robust double-digit gains as the economic recovery gathered strength. The strong gains of Chinese equities, along with weakness in the US dollar helped emerging markets (EM) outperform in aggregate.

During the six-month period under review, we made adjustments to both the equity and fixed-income portions of the portfolio. Overall, we reduced the equity position and topped up the exposure to bonds.

Within the equity segment, we modestly increased the global equity allocation, but lowered our regional allocations. The biggest portfolio adjustment was to lower the weighting in the US. We also reduced exposure to UK, European, Japanese, EM and Asian equities. Equity markets and credit spreads had recouped much of what had been lost, denting their valuation case. Taking some risk off the table felt prudent, given mounting uncertainty around geopolitical tensions, the US election and a resurgence in coronavirus cases across Europe.

Within fixed income, we added to European high-yield bonds. Given that much of the market healing in terms of spread tightening has now occurred, high yield has the advantage of higher carry. We also topped up the IG allocation, albeit more modestly.

The COVID-19 crisis has undoubtedly been a huge near-term shock to economic activity and corporate balance sheets; how to reconcile this with buoyant financial asset markets has been a key area of focus for us. But of course, what matters for forward-looking markets is how the world emerges in 2021 and 2022. Our base case remains for the global economy to continue on a path of tentative – occasionally interrupted – reopening, and for policy to stay extremely accommodative, enabling different regions to return to pre-virus levels of GDP from the end of 2022 and beyond. This view leaves us comfortable owning quality risk assets, even as the rebound in credit and equities has dented the valuation case. Thus, portfolios remain exposed to equity and credit risk. As the pace of the recovery will affect regions, industries, and companies differently, we believe active management remains critical to adding value through asset allocation and security selection.

Directors' Statement

In accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes (COLL) Sourcebook, we hereby certify the Interim Report and Unaudited Financial Statements on behalf of the Directors of Threadneedle Investment Services Limited.



L Weatherup
Director
13 January 2021



R Vincent
Director

Threadneedle Managed Equity & Bond Fund

STATEMENT OF TOTAL RETURN

for the accounting period 16 May 2020 to 15 November 2020

| | 2020 £000 | 2019 £000 |
|--|----------------|---------------|
| Income | | |
| Net capital gains | 143,001 | 61,554 |
| Revenue | 10,152 | 13,613 |
| Expenses | (5,912) | (6,580) |
| Interest payable and similar charges | – | (1) |
| Net revenue before taxation | 4,240 | 7,032 |
| Taxation | (133) | (429) |
| Net revenue after taxation | 4,107 | 6,603 |
| Total return before distributions | 147,108 | 68,157 |
| Distributions | (322) | (388) |
| Change in net assets attributable to unitholders from investment activities | 146,786 | 67,769 |

BALANCE SHEET

as at 15 November 2020

| | 2020 £000 | May 2020 £000 |
|---|------------------|---------------------|
| Assets: | | |
| Fixed assets: | | |
| Investments | 1,445,835 | 1,372,555 |
| Current assets: | | |
| Debtors | 17,232 | 7,923 |
| Cash and bank balances | 3,589 | 5,681 |
| Total assets | 1,466,656 | 1,386,159 |
| Liabilities: | | |
| Investment liabilities | – | (4,719) |
| Creditors: | | |
| Distribution payable | (326) | (511) |
| Other creditors | (12,167) | (5,669) |
| Total liabilities | (12,493) | (10,899) |
| Net assets attributable to unitholders | 1,454,163 | 1,375,260 |

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the accounting period 16 May 2020 to 15 November 2020

| | 2020 £000 | 2019 £000 |
|---|------------------|------------------|
| Opening net assets attributable to unitholders | 1,375,260 | 1,393,957 |
| Amounts receivable on the issue of units | 92,354 | 45,064 |
| Amounts payable on the cancellation of units | (160,237) | (61,328) |
| | (67,883) | (16,264) |
| Change in net assets attributable to unitholders from investment activities (see statement of total return above) | 146,786 | 67,769 |
| Closing net assets attributable to unitholders | 1,454,163 | 1,445,462 |

The comparatives used within the Statement of Change in Net Assets Attributable to Unitholders are for the corresponding period of the previous year. Therefore the opening net assets attributable to unitholders for the current year are at 15 May 2020 whilst the figure disclosed in the comparatives' closing net assets attributable to unitholders is at 15 November 2019.

DISTRIBUTION TABLE

for the accounting period 16 May 2020 to 15 November 2020

Dividend distribution in pence per unit

Class T – Income units

| Distribution Period | Revenue | Equalisation | Distribution Paid/Payable 2020 | Distribution Paid 2019 |
|--|---------|--------------|--------------------------------|------------------------|
| Group 1 | | | | |
| 16/05/20 to 15/11/20 | 0.4487 | – | 0.4487 | 0.4853 |
| Group 2 | | | | |
| 16/05/20 to 15/11/20 | 0.3728 | 0.0759 | 0.4487 | 0.4853 |
| Total distributions in the period | | | 0.4487 | 0.4853 |

Group 2: units purchased during a distribution period.

Threadneedle Managed Equity & Bond Fund

Comparative Table Disclosure

| | Class A – Accumulation units | | | Class B – Accumulation units | | |
|--|------------------------------|-------------|-------------|------------------------------|-------------|-------------|
| | 15/11/2020 | 15/05/2020 | 15/05/2019 | 15/11/2020 | 15/05/2020 | 15/05/2019 |
| Change in net assets per unit | | | | | | |
| Opening net asset value per unit (p) | 154.80 | 153.47 | 152.10 | 159.65 | 157.97 | 156.25 |
| Return before operating charges (p) | 17.70 | 3.29 | 3.42 | 18.23 | 3.29 | 3.44 |
| Operating charges (p) | (1.02) | (1.96) | (2.05) | (0.92) | (1.61) | (1.72) |
| Return after operating charges (p)* | 16.68 | 1.33 | 1.37 | 17.31 | 1.68 | 1.72 |
| Distributions (p) | – | (1.29) | (1.42) | – | (1.66) | (1.77) |
| Retained distributions on accumulation units (p) | – | 1.29 | 1.42 | – | 1.66 | 1.77 |
| Closing net asset value per unit (p) | 171.48 | 154.80 | 153.47 | 176.96 | 159.65 | 157.97 |
| *after direct transaction costs of (p) | – | – | – | – | – | – |
| Performance | | | | | | |
| Return after charges (%) | 10.78 | 0.87 | 0.90 | 10.84 | 1.06 | 1.10 |
| Other information | | | | | | |
| Closing net asset value (£000) | 191,702 | 197,349 | 256,466 | 431,243 | 420,591 | 437,021 |
| Closing number of units | 111,794,622 | 127,485,766 | 167,107,945 | 243,691,186 | 263,439,463 | 276,647,346 |
| Operating charges (%)** | 1.23 [†] | 1.23 | 1.36 | 1.08 [†] | 0.98 | 1.11 |
| Direct transaction costs (%) | – | – | – | – | – | – |
| Prices | | | | | | |
| Highest unit price (p) | 172.50 | 171.50 | 161.60 | 178.00 | 172.90 | 160.10 |
| Lowest unit price (p) | 154.90 | 140.50 | 143.50 | 159.70 | 144.90 | 147.60 |
| | Class T – Income units | | | Class Z – Accumulation units | | |
| | 15/11/2020 | 15/05/2020 | 15/05/2019 | 15/11/2020 | 15/05/2020 | 15/05/2019 |
| Change in net assets per unit | | | | | | |
| Opening net asset value per unit (p) | 116.56 | 116.52 | 116.59 | 130.33 | 128.60 | 126.84 |
| Return before operating charges (p) | 13.28 | 2.47 | 2.54 | 14.85 | 2.57 | 2.72 |
| Operating charges (p) | (0.46) | (1.25) | (1.34) | (0.51) | (0.84) | (0.96) |
| Return after operating charges (p)* | 12.82 | 1.22 | 1.20 | 14.34 | 1.73 | 1.76 |
| Distributions (p) | (0.45) | (1.18) | (1.27) | – | (1.73) | (1.79) |
| Retained distributions on accumulation units (p) | – | – | – | – | 1.73 | 1.79 |
| Closing net asset value per unit (p) | 128.93 | 116.56 | 116.52 | 144.67 | 130.33 | 128.60 |
| *after direct transaction costs of (p) | – | – | – | – | – | – |
| Performance | | | | | | |
| Return after charges (%) | 11.00 | 1.05 | 1.03 | 11.00 | 1.35 | 1.39 |
| Other information | | | | | | |
| Closing net asset value (£000) | 93,762 | 86,140 | 90,751 | 737,456 | 671,180 | 609,719 |
| Closing number of units | 72,722,056 | 73,899,052 | 77,883,460 | 509,761,719 | 514,975,434 | 474,130,217 |
| Operating charges (%)** | 0.73 [†] | 1.03 | 1.16 | 0.73 [†] | 0.63 | 0.76 |
| Direct transaction costs (%) | – | – | – | – | – | – |
| Prices | | | | | | |
| Highest unit price (p) | 130.20 | 127.00 | 119.50 | 145.50 | 141.10 | 130.10 |
| Lowest unit price (p) | 117.30 | 106.40 | 109.50 | 130.40 | 118.20 | 120.00 |

**The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a unit class of a fund based on the financial year's expenses and may vary from year to year. It includes charges such as the fund's annual management charge, registration fee, custody fees and distribution cost but ordinarily excludes the costs of buying or selling assets for the fund (unless these assets are shares of another fund). The Key Investor Information Document (KIID) contains the current OCF. The calculation includes the fund's share of the expenses of the underlying fund less any fee rebates received. The share of the costs of the underlying funds may fluctuate due to changes in investment decisions, which may be required as a result of changes in market conditions. For a more detailed breakdown please visit columbiathreadneedle.com/fees.

[†]The Ongoing Charges Figure is annualised based on the fees incurred during the accounting period or since commencement date.

Threadneedle Managed Equity & Bond Fund

Notes to the financial statements

for the accounting period 16 May 2020 to 15 November 2020

1 ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of investments, in compliance with FRS 102 and in accordance with the Statement of Recommended Practice for Authorised Funds (SORP) issued by the Investment Management Association in May 2014.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 15 May 2020 and are described in those financial statements.

(b) Notes

In accordance with the guidelines of the SORP the fund has taken advantage of the facility not to provide further notes to the financial statements.

2 RECONCILIATION OF UNITS

| | 2020 |
|-------------------------------------|--------------|
| Class A – Accumulation units | |
| Opening units | 127,485,766 |
| Units issued | 923,510 |
| Units redeemed | (16,611,514) |
| Net conversions | (3,140) |
| Closing units | 111,794,622 |
| Class B – Accumulation units | |
| Opening units | 263,439,463 |
| Units issued | 955,007 |
| Units redeemed | (20,674,474) |
| Net conversions | (28,810) |
| Closing units | 243,691,186 |
| Class T – Income units | |
| Opening units | 73,899,052 |
| Units issued | 678,418 |
| Units redeemed | (1,849,872) |
| Net conversions | (5,542) |
| Closing units | 72,722,056 |
| Class Z – Accumulation units | |
| Opening units | 514,975,434 |
| Units issued | 12,541,024 |
| Units redeemed | (17,798,692) |
| Net conversions | 43,953 |
| Closing units | 509,761,719 |

Threadneedle Managed Equity & Bond Fund

Portfolio Statement

as at 15 November 2020

| Holding | Investment | Value £000 | % of Net Asset Value | Holding | Investment | Value £000 | % of Net Asset Value |
|--|---|----------------|----------------------------|-----------------------------------|--|------------------|----------------------------|
| COLLECTIVE INVESTMENT SCHEMES 99.19% (99.80%) | | | | | | | |
| | UK equity 14.55% (14.87%) | | | 12,187,622 | Threadneedle Emerging Market Bond Fund | 16,530 | 1.14 |
| 4,022,027 | Threadneedle UK Absolute Alpha Fund | 3,860 | 0.27 | 6,496,746 | Threadneedle Emerging Market Local Fund | 15,202 | 1.05 |
| 29,441,851 | Threadneedle UK Equity Alpha Income Fund | 30,369 | 2.09 | 160,201,133 | Threadneedle Global Bond Fund | 206,259 | 14.18 |
| 560,759 | Threadneedle UK Equity Income Fund | 1,769 | 0.12 | 9,113,370 | Threadneedle High Yield Bond Fund | 11,981 | 0.82 |
| 111,705,213 | Threadneedle UK Fund | 134,672 | 9.26 | 5,149,094 | Threadneedle Strategic Bond Fund | 5,691 | 0.39 |
| 25,942,513 | Threadneedle UK Growth & Income Fund | 25,569 | 1.76 | | Total overseas bond | 342,108 | 23.54 |
| 2,753,199 | Threadneedle UK Mid 250 Fund | 3,533 | 0.24 | | Total collective investment schemes | 1,442,399 | 99.19 |
| 10,059,488 | Threadneedle UK Smaller Companies Fund | 11,709 | 0.81 | | | | |
| | Total UK equity | 211,481 | 14.55 | DERIVATIVES 0.24% (-0.34%) | | | |
| | UK bond 21.69% (22.13%) | | | | Forward foreign exchange contracts 0.24% (-0.34%) | | |
| 97,079,254 | Threadneedle Sterling Bond Fund | 119,631 | 8.23 | | Sell USD 157,000,000 | | |
| 69,587,681 | Threadneedle Sterling Corporate Bond Fund | 92,865 | 6.39 | | Buy GBP 121,294,155 UBS | 2,139 | 0.15 |
| 73,353,423 | Threadneedle Sterling Short-Dated Corporate Bond Fund | 84,577 | 5.82 | | Sell JPY 5,475,000,000 | | |
| 17,806,825 | Threadneedle Sterling Short-Term Money Market Fund | 18,183 | 1.25 | | Buy GBP 40,237,607 HSBC | 607 | 0.04 |
| | Total UK bond | 315,256 | 21.69 | | Sell EUR 81,750,000 | | |
| | Overseas equity 39.41% (39.16%) | | | | Buy GBP 74,130,982 UBS | 690 | 0.05 |
| 489,418 | Threadneedle (Lux) – American Absolute Alpha | 5,065 | 0.35 | | Total derivatives | 3,436 | 0.24 |
| 616,987 | Threadneedle (Lux) – Asia Contrarian Equity Fund | 6,127 | 0.42 | Total value of investments | | 1,445,835 | 99.43 |
| 356,260 | Threadneedle (Lux) – Asian Equity Income Fund | 3,540 | 0.24 | Net other assets (0.54%) | | 8,328 | 0.57 |
| 667,398 | Threadneedle (Lux) – Global Smaller Companies Fund | 9,141 | 0.62 | Net assets | | 1,454,163 | 100.00 |
| 353,671 | Threadneedle (Lux) – Pan European Absolute Alpha | 4,868 | 0.33 | | | | |
| 38,423,875 | Threadneedle American Fund | 197,967 | 13.61 | | | | |
| 12,131,561 | Threadneedle American Select Fund | 28,123 | 1.93 | | | | |
| 16,381,041 | Threadneedle Asia Fund | 36,756 | 2.53 | | | | |
| 25,961,741 | Threadneedle European Fund | 42,764 | 2.94 | | | | |
| 10,005,520 | Threadneedle European Smaller Companies Fund | 12,684 | 0.87 | | | | |
| 22,772,368 | Threadneedle Global Emerging Markets Equity Fund | 34,430 | 2.37 | | | | |
| 66,289,496 | Threadneedle Global Select Fund | 157,212 | 10.80 | | | | |
| 16,751,219 | Threadneedle Japan Fund | 32,956 | 2.27 | | | | |
| 1,929,204 | Threadneedle Latin America Fund | 1,921 | 0.13 | | | | |
| | Total overseas equity | 573,554 | 39.41 | | | | |
| | Overseas bond 23.54% (23.64%) | | | | | | |
| 1,720,818 | Threadneedle (Lux) – European Corporate Bond Fund | 19,580 | 1.35 | | | | |
| 84,371 | Threadneedle (Lux) – European Short-Term High Yield Bond Fund | 8,722 | 0.60 | | | | |
| 978,267 | Threadneedle (Lux) – Flexible Asian Bond Fund | 9,832 | 0.68 | | | | |
| 3,322,889 | Threadneedle (Lux) – Global Corporate Bond | 38,356 | 2.64 | | | | |
| 932,704 | Threadneedle (Lux) – Global Emerging Market Short-Term Bonds | 7,943 | 0.55 | | | | |
| 1,666,912 | Threadneedle Dollar Bond Fund | 2,012 | 0.14 | | | | |

May 2020 comparatives in brackets.

Total Purchases and Sales

for the accounting period 16 May 2020 to 15 November 2020

| | 2020 £000 | 2019 £000 |
|--------------------------------|--------------|--------------|
| Total purchases for the period | 96,265 | 1,452,453 |
| Total sales for the period | 168,757 | 1,467,099 |

Threadneedle Managed Bond Focused Fund

Investment Report

Investment Objective and Policy

The Fund aims to provide a combination of income and long-term capital growth. It looks to outperform a composite index over rolling 3-year periods, after the deduction of charges. This composite index comprises:

- 47.5% Bloomberg Barclays Global Aggregate ex GBP (GBP Hedged) Index
- 20% Bloomberg Barclays Sterling Aggregate Index
- 20% MSCI ACWI ex UK Index
- 7.5% FTSE All-Share Index
- 5% Sterling Overnight Index Average (SONIA)

The Fund is actively managed, and invests at least 80% of its assets in other funds.

The Fund usually invests in other Threadneedle funds, however, funds managed by companies outside the Threadneedle group may also be held, when this is considered appropriate. These funds may invest worldwide.

The Fund focuses on investment in funds providing exposure to bonds (including corporate and government bonds), and to a lesser extent, funds investing in equities (company shares), particularly the shares of UK companies.

The balance of the exposure between these different asset types may vary over time, however, equity exposure will usually not exceed 35% of the Fund's value, under normal market conditions.

The Fund may also hold money market instruments, deposits, cash, and near cash.

Derivatives may be used with the aim of reducing risk or managing the Fund more efficiently, and up to 20% of the value of the Fund may be invested in funds that use derivatives for investment purposes.

The composite index is representative of the Fund's investment exposure, and provides a suitably weighted target benchmark of global investment grade bonds (hedged to sterling), investment grade sterling-denominated bonds, global equities (excluding the UK), UK equities, and cash, against which Fund performance can be evaluated over time.

The fund will always invest so as to be eligible as an ISA investment.

Review

This report covers the period from 16 May 2020 to 15 November 2020.

Fund Performance

During the period under review the offer price of Class A units rose by 6.86% from 118.00p to 126.10p.

During the period under review the offer price of Class B units rose by 6.97% from 122.00p to 130.50p.

The total return on the trust for the six months ending 31 October 2020, including net reinvested income, is +3.79%. Over the same period the median return of the peer group (UK IA – Mixed Investment 0-35% Shares Sector) was +3.32%. (Source: Morningstar, bid to bid, income reinvested for a UK basic rate taxpayer).

As of the 7 May, this Fund is now measured against a Composite Benchmark (Bloomberg Barclays Global Aggregate ex GBP (Hedged to GBP) Index 47.5%, Bloomberg Barclays Sterling Aggregate Index 20%, MSCI ACWI ex UK Index 20%, FTSE All-Share 7.5%, SONIA 5%) however there is not sufficient history to show 6 months.

Market Overview and Portfolio Activity

Global equities continued their recovery from the coronavirus-related sell-off and recorded strong gains over the review period.

For much of the period, risk assets were supported by the unprecedented policy response from central banks and governments at the height of the market turmoil. Sentiment was also bolstered by declining COVID-19 incidences and the easing of lockdown measures in some countries also played their part. This led to a recovery in economic activity, and investors were also encouraged by better-than-expected corporate earnings.

Caution returned to equity markets in September and October, amid fears of a second wave of the virus, the failure of the US Congress to approve a fresh round of stimulus measures and the looming US presidential election. Profit-taking in large-cap US technology companies spilled over into other sectors and regions. Corporate bonds held up better in the turbulence, however.

Risk assets returned to favour in November, particularly economically sensitive sectors. Sentiment was bolstered by Joe Biden's victory in the US presidential election given his support for further fiscal stimulus. Meanwhile, encouraging phase-three results for Pfizer's coronavirus vaccine boosted optimism that an end to COVID-19 may be in sight.

In fixed income, investment-grade (IG) and high-yield (HY) corporate bonds advanced over the six months as a whole, helped by tightening credit spreads (the yield premium offered by corporate bonds over "risk free" government bonds of the same maturity). The performance of government bonds was mixed: yields (which move inversely to price) on German bunds fell over the period, while those on UK gilts and US Treasuries rose.

Despite the positive sentiment towards risk assets, yields on US, UK and German government bonds – which are perceived as safe havens – remained anchored until August, thanks to the accommodative monetary policy landscape. UK government bonds were also supported by fears of a no-deal Brexit. In August however, a rise in US Treasury yields spilled over into other markets. This was triggered by the Federal Reserve's announcement that it would now target an average inflation rate, allowing it to rise above 2% to make up for time spent below that level. Yields rose in response as investors anticipated higher future inflation.

Over the remainder of the period, yields on UK and US government bonds rose, amid expectations of increased fiscal stimulus in these countries, while those on German bunds fell as rising COVID-19 cases fanned fears about the European economy.

In developed-market equities, the US led the way for much of the period, helped by improvements in employment and spending data. The performance of the technology sector was particularly notable; these stocks benefited from the pandemic-driven shift towards online services. However, the presidential election result and the positive vaccine news prompted some unwinding of this performance later on, as investors rotated away from technology stocks. Europe ex UK underperformed, as economic data remained subdued. Disagreement between EU leaders over the size and scope of a jointly financed relief package was also a headwind, before it was finally approved in July. UK stocks fared worst. The market was hurt by its high exposure to energy and financial stocks, which underperformed. Meanwhile, concern about a no-deal Brexit resurfaced amid reports of disagreement in negotiations with the EU.

Japanese equities made modest gains. The period was notable for the surprise resignation of Prime Minister Shinzo Abe in August. However, the swift appointment of Yoshihide Suga – an ally of Abe and prominent in the implementation of the key 'Abenomics' economic reform initiatives – allayed market concerns. Despite ongoing US-China trade tensions, China was a standout performer, recording robust double-digit gains as the economic recovery gathered strength. The strong gains of Chinese equities, along with weakness in the US dollar helped emerging markets (EM) outperform in aggregate.

During the six-month period under review, we made adjustments to both the equity and fixed-income portions of the portfolio. Overall, we reduced the equity position and topped up the exposure to bonds.

Within the dominant fixed income component, we topped up the allocations to overseas and UK government bonds. We also added to European high-yield bonds. Given that much of the market healing in terms of spread tightening has now occurred, high yield has the advantage of higher carry. Within IG, we switched some funds from a global fund to a UK-focused fund. We also increased exposure to the Threadneedle Dollar Bond Fund.

Within the equity segment, we modestly increased the global equity allocation, but lowered our regional allocations. The biggest portfolio adjustment was to lower the weightings in the US and UK. We also reduced exposure to Japanese, Asian, European and EM equities. Equity markets and credit spreads had recouped much of what had been lost, denting their valuation case. Taking some risk off the table felt prudent, given mounting uncertainty around geopolitical tensions, the US election and a resurgence in coronavirus cases across Europe.

The COVID-19 crisis has undoubtedly been a huge near-term shock to economic activity and corporate balance sheets; how to reconcile this with buoyant financial asset markets has been a key area of focus for us. But of course, what matters for forward-looking markets is how the world emerges in 2021 and 2022. Our base case remains for the global economy to continue on a path of tentative – occasionally interrupted – reopening, and for policy to stay extremely accommodative, enabling different regions to return to pre-virus levels of GDP from the end of 2022 and beyond. This view leaves us comfortable owning quality risk assets, even as the rebound in credit and equities has dented the valuation case. Thus, portfolios remain exposed to equity and credit risk. As the pace of the recovery will affect regions, industries, and companies differently, we believe active management remains critical to adding value through asset allocation and security selection.

Directors' Statement

In accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes (COLL) Sourcebook, we hereby certify the Interim Report and Unaudited Financial Statements on behalf of the Directors of Threadneedle Investment Services Limited.



L Weatherup
Director
13 January 2021



R Vincent
Director

Threadneedle Managed Bond Focused Fund

STATEMENT OF TOTAL RETURN

for the accounting period 16 May 2020 to 15 November 2020

| | 2020 £000 | 2019 £000 |
|--|---------------|---------------|
| Income | | |
| Net capital gains | 18,289 | 10,295 |
| Revenue | 2,331 | 3,346 |
| Expenses | (1,206) | (1,528) |
| Net revenue before taxation | 1,125 | 1,818 |
| Taxation | — | (20) |
| Net revenue after taxation | 1,125 | 1,798 |
| Total return before equalisation | 19,414 | 12,093 |
| Equalisation | 27 | (105) |
| Change in net assets attributable to unitholders from investment activities | 19,441 | 11,988 |

BALANCE SHEET

as at 15 November 2020

| | 2020 £000 | May 2020 £000 |
|---|----------------|---------------------|
| Assets: | | |
| Fixed assets: | | |
| Investments | 295,544 | 278,373 |
| Current assets: | | |
| Debtors | 3,555 | 1,028 |
| Cash and bank balances | 2,982 | 1,592 |
| Total assets | 302,081 | 280,993 |
| Liabilities: | | |
| Investment liabilities | — | (1,686) |
| Creditors: | | |
| Distribution payable | — | (1) |
| Other creditors | (2,885) | (799) |
| Total liabilities | (2,885) | (2,486) |
| Net assets attributable to unitholders | 299,196 | 278,507 |

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the accounting period 16 May 2020 to 15 November 2020

| | 2020 £000 | 2019 £000 |
|---|----------------|----------------|
| Opening net assets attributable to unitholders | 278,507 | 296,597 |
| Amounts receivable on the issue of units | 27,475 | 11,058 |
| Amounts payable on the cancellation of units | (26,227) | (35,079) |
| | 1,248 | (24,021) |
| Change in net assets attributable to unitholders from investment activities (see statement of total return above) | 19,441 | 11,988 |
| Closing net assets attributable to unitholders | 299,196 | 284,564 |

The comparatives used within the Statement of Change in Net Assets Attributable to Unitholders are for the corresponding period of the previous year. Therefore the opening net assets attributable to unitholders for the current year are at 15 May 2020 whilst the figure disclosed in the comparatives' closing net assets attributable to unitholders is at 15 November 2019.

Threadneedle Managed Bond Focused Fund

Comparative Table Disclosure

| | Class A – Accumulation units | | | Class A – Income units | | |
|--|------------------------------|------------|------------|------------------------|------------|------------|
| | 15/11/2020 | 15/05/2020 | 15/05/2019 | 15/11/2020 | 15/05/2020 | 15/05/2019 |
| Change in net assets per unit | | | | | | |
| Opening net asset value per unit (p) | 117.96 | 114.62 | 112.16 | 104.41 | 102.27 | 101.00 |
| Return before operating charges (p) | 8.81 | 4.84 | 3.97 | 7.80 | 4.31 | 3.58 |
| Operating charges (p) | (0.74) | (1.50) | (1.51) | (0.65) | (1.34) | (1.36) |
| Return after operating charges (p)* | 8.07 | 3.34 | 2.46 | 7.15 | 2.97 | 2.22 |
| Distributions (p) | – | (0.93) | (1.06) | – | (0.83) | (0.95) |
| Retained distributions on accumulation units (p) | – | 0.93 | 1.06 | – | – | – |
| Closing net asset value per unit (p) | 126.03 | 117.96 | 114.62 | 111.56 | 104.41 | 102.27 |
| *after direct transaction costs of (p) | – | – | – | – | – | – |
| Performance | | | | | | |
| Return after charges (%) | 6.84 | 2.91 | 2.19 | 6.85 | 2.90 | 2.20 |
| Other information | | | | | | |
| Closing net asset value (£000) | 61,322 | 64,970 | 89,292 | 126 | 118 | 651 |
| Closing number of units | 48,657,566 | 55,078,721 | 77,904,060 | 113,414 | 113,414 | 637,249 |
| Operating charges (%)** | 1.19 [†] | 1.26 | 1.35 | 1.19 [†] | 1.26 | 1.35 |
| Direct transaction costs (%) | – | – | – | – | – | – |
| Prices | | | | | | |
| Highest unit price (p) | 126.60 | 127.20 | 119.40 | 112.10 | 113.50 | 107.50 |
| Lowest unit price (p) | 118.00 | 109.50 | 108.80 | 105.20 | 97.63 | 97.96 |

| | Class B – Accumulation units | | | Class Z – Accumulation units | | |
|--|------------------------------|------------|-------------|------------------------------|------------|------------|
| | 15/11/2020 | 15/05/2020 | 15/05/2019 | 15/11/2020 | 15/05/2020 | 15/05/2019 |
| Change in net assets per unit | | | | | | |
| Opening net asset value per unit (p) | 121.94 | 118.19 | 115.37 | 127.74 | 123.38 | 120.00 |
| Return before operating charges (p) | 9.11 | 4.98 | 4.09 | 9.56 | 5.22 | 4.29 |
| Operating charges (p) | (0.63) | (1.23) | (1.27) | (0.46) | (0.86) | (0.91) |
| Return after operating charges (p)* | 8.48 | 3.75 | 2.82 | 9.10 | 4.36 | 3.38 |
| Distributions (p) | – | (1.27) | (1.38) | – | (1.78) | (1.86) |
| Retained distributions on accumulation units (p) | – | 1.27 | 1.38 | – | 1.78 | 1.86 |
| Closing net asset value per unit (p) | 130.42 | 121.94 | 118.19 | 136.84 | 127.74 | 123.38 |
| *after direct transaction costs of (p) | – | – | – | – | – | – |
| Performance | | | | | | |
| Return after charges (%) | 6.95 | 3.17 | 2.44 | 7.12 | 3.53 | 2.82 |
| Other information | | | | | | |
| Closing net asset value (£000) | 109,215 | 110,745 | 132,974 | 128,135 | 102,201 | 73,680 |
| Closing number of units | 83,742,899 | 90,821,170 | 112,507,662 | 93,637,169 | 80,004,247 | 59,718,799 |
| Operating charges (%)** | 0.99 [†] | 1.00 | 1.10 | 0.69 [†] | 0.67 | 0.76 |
| Direct transaction costs (%) | – | – | – | – | – | – |
| Prices | | | | | | |
| Highest unit price (p) | 131.00 | 126.90 | 118.70 | 137.50 | 132.90 | 123.90 |
| Lowest unit price (p) | 122.00 | 113.10 | 112.10 | 127.80 | 118.40 | 116.70 |

Threadneedle Managed Bond Focused Fund

Comparative Table Disclosure

(continued)

| | Class Z – Income units | |
|--|------------------------|-------------------------|
| | 15/11/2020 | 15/05/2020 ¹ |
| Change in net assets per unit | | |
| Opening net asset value per unit (p) | 100.85 | 100.00 |
| Return before operating charges (p) | 7.53 | 0.90 |
| Operating charges (p) | (0.36) | (0.05) |
| Return after operating charges (p)* | 7.17 | 0.85 |
| Distributions (p) | – | – |
| Retained distributions on accumulation units (p) | – | – |
| Closing net asset value per unit (p) | 108.02 | 100.85 |
| *after direct transaction costs of (p) | – | – |
| Performance | | |
| Return after charges (%) | 7.11 | 0.85 |
| Other information | | |
| Closing net asset value (£000) | 398 | 473 |
| Closing number of units | 368,601 | 469,126 |
| Operating charges (%)** | 0.69 ¹ | 0.77 ¹ |
| Direct transaction costs (%) | – | – |
| Prices | | |
| Highest unit price (p) | 108.50 | 101.50 |
| Lowest unit price (p) | 100.90 | 99.88 |

**The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a unit class of a fund based on the financial year's expenses and may vary from year to year. It includes charges such as the fund's annual management charge, registration fee, custody fees and distribution cost but ordinarily excludes the costs of buying or selling assets for the fund (unless these assets are shares of another fund). The Key Investor Information Document (KIID) contains the current OCF. The calculation includes the fund's share of the expenses of the underlying fund less any fee rebates received. The share of the costs of the underlying funds may fluctuate due to changes in investment decisions, which may be required as a result of changes in market conditions. For a more detailed breakdown please visit columbiathreadneedle.com/fees.

¹Commenced 21 April 2020.

¹The Ongoing Charges Figure is annualised based on the fees incurred during the accounting period or since commencement date.

Threadneedle Managed Bond Focused Fund

Notes to the financial statements

for the accounting period 16 May 2020 to 15 November 2020

1 ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of investments, in compliance with FRS 102 and in accordance with the Statement of Recommended Practice for Authorised Funds (SORP) issued by the Investment Management Association in May 2014.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 15 May 2020 and are described in those financial statements.

(b) Notes

In accordance with the guidelines of the SORP the fund has taken advantage of the facility not to provide further notes to the financial statements.

2 RECONCILIATION OF UNITS

| | 2020 |
|-------------------------------------|-------------|
| Class A – Accumulation units | |
| Opening units | 55,078,721 |
| Units issued | 200,430 |
| Units redeemed | (6,621,585) |
| Net conversions | – |
| Closing units | 48,657,566 |
| Class A – Income units | |
| Opening units | 113,414 |
| Units issued | – |
| Units redeemed | – |
| Net conversions | – |
| Closing units | 113,414 |
| Class B – Accumulation units | |
| Opening units | 90,821,170 |
| Units issued | 1,664,085 |
| Units redeemed | (8,742,356) |
| Net conversions | – |
| Closing units | 83,742,899 |
| Class Z – Accumulation units | |
| Opening units | 80,004,247 |
| Units issued | 13,865,392 |
| Units redeemed | (232,470) |
| Net conversions | – |
| Closing units | 93,637,169 |
| Class Z – Income units | |
| Opening units | 469,126 |
| Units issued | – |
| Units redeemed | (100,525) |
| Net conversions | – |
| Closing units | 368,601 |

as at 15 November 2020

| | | | % of | | | | % of |
|--|---|----------------|--------------------|-----------------------------------|--|----------------|--------------------|
| Holding | Investment | Value £000 | Net Asset Value | Holding | Investment | Value £000 | Net Asset Value |
| COLLECTIVE INVESTMENT SCHEMES 98.37% (99.96%) | | | | DERIVATIVES 0.41% (-0.61%) | | | |
| | UK equity 6.98% (7.60%) | | | | Forward foreign exchange contracts 0.41% (-0.61%) | | |
| 910,200 | Threadneedle UK Absolute Alpha Fund | 873 | 0.29 | | Sell EUR 31,000,000 | | |
| 94,682 | Threadneedle UK Equity Income Fund | 299 | 0.10 | | Buy GBP 28,111,739 Citigroup | 263 | 0.09 |
| 15,150,803 | Threadneedle UK Fund | 18,266 | 6.10 | | Sell USD 59,600,000 | | |
| 1,247,134 | Threadneedle UK Smaller Companies Fund | 1,452 | 0.49 | | Buy GBP 46,041,974 Citigroup | 808 | 0.27 |
| | Total UK equity | 20,890 | 6.98 | | Sell JPY 1,346,250,000 | | |
| | | | | | Buy GBP 9,894,056 HSBC | 149 | 0.05 |
| | | | | | Total derivatives | 1,220 | 0.41 |
| | UK bond 29.73% (30.41%) | | | | | | |
| 37,122,772 | Threadneedle Sterling Bond Fund | 45,746 | 15.29 | Total value of investments | | 295,544 | 98.78 |
| 23,369,084 | Threadneedle Sterling Corporate Bond Fund | 31,186 | 10.42 | Net other assets (0.65%) | | 3,652 | 1.22 |
| 5,791,902 | Threadneedle Sterling Short-Dated Corporate Bond Fund | 6,678 | 2.23 | Net assets | | 299,196 | 100.00 |
| 5,258,011 | Threadneedle Sterling Short-Term Money Market Fund | 5,369 | 1.79 | | | | |
| | Total UK bond | 88,979 | 29.73 | | | | |
| | | | | | <i>May 2020 comparatives in brackets.</i> | | |
| | Overseas equity 23.90% (23.29%) | | | Total Purchases and Sales | | | |
| | | | | | <i>for the accounting period 16 May 2020 to 15 November 2020</i> | | |
| 85,616 | Threadneedle (Lux) – American Absolute Alpha | 886 | 0.30 | | | 2020 | 2019 |
| 24,590 | Threadneedle (Lux) – Asia Contrarian Equity Fund | 244 | 0.08 | | | £000 | £000 |
| 151,542 | Threadneedle (Lux) – Global Smaller Companies Fund | 2,075 | 0.69 | Total purchases for the period | | 26,124 | 284,896 |
| 75,463 | Threadneedle (Lux) – Pan European Absolute Alpha | 1,039 | 0.35 | Total sales for the period | | 27,058 | 310,031 |
| 5,994,019 | Threadneedle American Fund | 30,882 | 10.32 | | | | |
| 4,010,625 | Threadneedle Asia Fund | 8,999 | 3.01 | | | | |
| 4,411,712 | Threadneedle European Fund | 7,267 | 2.43 | | | | |
| 1,460,306 | Threadneedle Global Emerging Markets Equity Fund | 2,208 | 0.74 | | | | |
| 5,512,339 | Threadneedle Global Select Fund | 13,073 | 4.37 | | | | |
| 2,446,195 | Threadneedle Japan Fund | 4,813 | 1.61 | | | | |
| | Total overseas equity | 71,486 | 23.90 | | | | |
| | Overseas bond 37.76% (38.66%) | | | | | | |
| 644,011 | Threadneedle (Lux) – European Corporate Bond Fund | 7,328 | 2.45 | | | | |
| 19,756 | Threadneedle (Lux) – European Short-Term High Yield Bond Fund | 2,042 | 0.68 | | | | |
| 299,986 | Threadneedle (Lux) – Flexible Asian Bond Fund | 3,015 | 1.01 | | | | |
| 923,300 | Threadneedle (Lux) – Global Corporate Bond | 10,658 | 3.56 | | | | |
| 204,400 | Threadneedle (Lux) – Global Emerging Market Short-Term Bonds | 1,741 | 0.58 | | | | |
| 13,973,118 | Threadneedle Dollar Bond Fund | 16,863 | 5.64 | | | | |
| 2,823,975 | Threadneedle Emerging Market Bond Fund | 3,830 | 1.28 | | | | |
| 1,234,703 | Threadneedle Emerging Market Local Fund | 2,889 | 0.97 | | | | |
| 7,673,734 | Threadneedle European Bond Fund | 8,858 | 2.96 | | | | |
| 40,337,039 | Threadneedle Global Bond Fund | 51,934 | 17.36 | | | | |
| 2,898,728 | Threadneedle High Yield Bond Fund | 3,811 | 1.27 | | | | |
| | Total overseas bond | 112,969 | 37.76 | | | | |
| | Total collective investment schemes | 294,324 | 98.37 | | | | |

Threadneedle Managed Bond Fund

Investment Report

Investment Objective and Policy

The Fund aims to provide income with potential for long term capital growth. It looks to outperform a composite index over rolling 3-year periods, after the deduction of charges. This composite index comprises:

- 56% Bloomberg Barclays Global Aggregate ex GBP (GBP Hedged) Index
- 24% Bloomberg Barclays Sterling Aggregate Index
- 10% MSCI ACWI ex UK Index
- 5% FTSE All-Share Index
- 5% Sterling Overnight Index Average (SONIA)

The Fund is actively managed, and invests at least 80% of its assets in other funds.

The Fund usually invests in other Threadneedle funds, however, funds managed by companies outside the Threadneedle group may also be held, when this is considered appropriate. These funds may invest worldwide.

The Fund focuses on investment in funds providing exposure to bonds (including corporate and government bonds), and to a lesser extent, funds investing in equities (company shares).

The balance of the exposure between these different asset types may vary over time, however, equity exposure will usually not exceed 20% of the Fund's value, under normal market conditions.

The Fund may also hold money market instruments, deposits, cash, and near cash.

Derivatives may be used with the aim of reducing risk or managing the Fund more efficiently, and up to 20% of the value of the Fund may be invested in funds that use derivatives for investment purposes.

The composite index is representative of the Fund's investment exposure, and provides a suitably weighted target benchmark of global investment grade bonds (hedged to sterling), investment grade sterling-denominated bonds, global equities (excluding the UK), UK equities, and cash, against which Fund performance can be evaluated over time.

The fund will always invest so as to be eligible as an ISA investment.

Review

This report covers the period from 16 May 2020 to 15 November 2020.

Fund Performance

During the period under review the offer price of Class A units rose by 4.83% from 103.60p to 108.60p.

During the period under review the offer price of Class B units rose by 4.86% from 107.00p to 112.20p.

The total return on the fund for the six months ending 31 October 2020, including net reinvested income, is +2.88%. Over the same period the median return of the peer group (Morningstar Category GBP Cautious Allocation) was +3.26%. (Source: Morningstar, bid to bid, income reinvested for a UK basic rate taxpayer).

As of the 7 May, this Fund is now measured against a Composite Benchmark (Bloomberg Barclays Global Aggregate ex GBP (Hedged to GBP) Index 56%, Bloomberg Barclays Sterling Aggregate Index 24%, MSCI ACWI ex UK Index 10%, FTSE All-Share 5%, SONIA 5%) however there is not sufficient history to show 6 months.

Market Overview and Portfolio Activity

Global equities continued their recovery from the coronavirus-related sell-off and recorded strong gains over the review period.

For much of the period, risk assets were supported by the unprecedented policy response from central banks and governments at the height of the market turmoil. Sentiment was also bolstered by declining COVID-19 incidences and the easing of lockdown measures in some countries also played their part. This led to a recovery in economic activity, and investors were also encouraged by better-than-expected corporate earnings.

Caution returned to equity markets in September and October, amid fears of a second wave of the virus, the failure of the US Congress to approve a fresh round of stimulus measures and the looming US presidential election. Profit-taking in large-cap US technology companies spilled over into other sectors and regions. Corporate bonds held up better in the turbulence, however.

Risk assets returned to favour in November, particularly economically sensitive sectors. Sentiment was bolstered by Joe Biden's victory in the US presidential election given his support for further fiscal stimulus. Meanwhile, encouraging phase-three results for Pfizer's coronavirus vaccine boosted optimism that an end to COVID-19 may be in sight.

In fixed income, investment-grade (IG) and high-yield (HY) corporate bonds advanced over the six months as a whole, helped by tightening credit spreads (the yield premium offered by corporate bonds over "risk free" government bonds of the same maturity). The performance of government bonds was mixed: yields (which move inversely to price) on German bunds fell over the period, while those on UK gilts and US Treasuries rose.

Despite the positive sentiment towards risk assets, yields on US, UK and German government bonds – which are perceived as safe havens – remained anchored until August, thanks to the accommodative monetary policy landscape. UK government bonds were also supported by fears of a no-deal Brexit. In August however, a rise in US Treasury yields spilled over into other markets. This was triggered by the Federal Reserve's announcement that it would now target an average inflation rate, allowing it to rise above 2% to make up for time spent below that level. Yields rose in response as investors anticipated higher future inflation.

Over the remainder of the period, yields on UK and US government bonds rose, amid expectations of increased fiscal stimulus in these countries, while those on German bunds fell as rising COVID-19 cases fanned fears about the European economy.

In developed-market equities, the US led the way for much of the period, helped by improvements in employment and spending data. The performance of the technology sector was particularly notable; these stocks benefited from the pandemic-driven shift towards online services. However, the presidential election result and the positive vaccine news prompted some unwinding of this performance later on, as investors rotated away from technology stocks. Europe ex UK underperformed, as economic data remained subdued. Disagreement between EU leaders over the size and scope of a jointly financed relief package was also a headwind, before it was finally approved in July. UK stocks fared worst. The market was hurt by its high exposure to energy and financial stocks, which underperformed. Meanwhile, concern about a no-deal Brexit resurfaced amid reports of disagreement in negotiations with the EU.

Japanese equities made modest gains. The period was notable for the surprise resignation of Prime Minister Shinzo Abe in August. However, the swift appointment of Yoshihide Suga – an ally of Abe and prominent in the implementation of the key 'Abenomics' economic reform initiatives – allayed market concerns. Despite ongoing US-China trade tensions, China was a standout performer, recording robust double-digit gains as the economic recovery gathered strength. The strong gains of Chinese equities, along with weakness in the US dollar helped emerging markets (EM) outperform in aggregate.

During the six-month period under review, we made adjustments to both the equity and fixed-income portions of the portfolio. Overall, we lowered exposure to both equities and bonds.

Within the dominant fixed-income component, we reduced the weightings in IG, gilts, EM and Asian bonds but topped up the allocation to European high-yield debt. Given that much of the market healing in terms of spread tightening has now occurred, high yield has the advantage of higher carry.

Within the equity segment, the biggest portfolio adjustments were to lower the weightings in the UK and US. We also modestly reduced exposure to Japanese, European and EM equities but increased the weighting in global equities. Equity markets and credit spreads had recouped much of what had been lost, denting their valuation case. Taking some risk off the table felt prudent, given mounting uncertainty around geopolitical tensions, the US election and a resurgence in coronavirus cases across Europe.

The COVID-19 crisis has undoubtedly been a huge near-term shock to economic activity and corporate balance sheets; how to reconcile this with buoyant financial asset markets has been a key area of focus for us. But of course, what matters for forward-looking markets is how the world emerges in 2021 and 2022. Our base case remains for the global economy to continue on a path of tentative – occasionally interrupted – reopening, and for policy to stay extremely accommodative, enabling different regions to return to pre-virus levels of GDP from the end of 2022 and beyond. This view leaves us comfortable owning quality risk assets, even as the rebound in credit and equities has dented the valuation case. Thus, portfolios remain exposed to equity and credit risk. As the pace of the recovery will affect regions, industries, and companies differently, we believe active management remains critical to adding value through asset allocation and security selection.

Directors' Statement

In accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes (COLL) Sourcebook, we hereby certify the Interim Report and Unaudited Financial Statements on behalf of the Directors of Threadneedle Investment Services Limited.



L Weatherup
Director

13 January 2021



R Vincent
Director

Threadneedle Managed Bond Fund

STATEMENT OF TOTAL RETURN

for the accounting period 16 May 2020 to 15 November 2020

| | 2020 £000 | 2019 £000 |
|--|---------------|--------------|
| Income | | |
| Net capital gains | 10,781 | 6,995 |
| Revenue | 2,027 | 2,231 |
| Expenses | (946) | (1,055) |
| Net revenue before taxation | 1,081 | 1,176 |
| Taxation | — | (14) |
| Net revenue after taxation | 1,081 | 1,162 |
| Total return before distributions | 11,862 | 8,157 |
| Distributions | (256) | (158) |
| Change in net assets attributable to unitholders from investment activities | 11,606 | 7,999 |

BALANCE SHEET

as at 15 November 2020

| | 2020 £000 | May 2020 £000 |
|---|----------------|---------------------|
| Assets: | | |
| Fixed assets: | | |
| Investments | 256,770 | 245,560 |
| Current assets: | | |
| Debtors | 1,765 | 1,020 |
| Cash and bank balances | 2,345 | 2,074 |
| Total assets | 260,880 | 248,654 |
| Liabilities: | | |
| Investment liabilities | — | (1,667) |
| Creditors: | | |
| Distribution payable | (255) | (169) |
| Other creditors | (2,304) | (4,449) |
| Total liabilities | (2,559) | (6,285) |
| Net assets attributable to unitholders | 258,321 | 242,369 |

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the accounting period 16 May 2020 to 15 November 2020

| | 2020 £000 | 2019 £000 |
|---|----------------|----------------|
| Opening net assets attributable to unitholders | 242,369 | 222,708 |
| Amounts receivable on the issue of units | 33,704 | 30,341 |
| Amounts payable on the cancellation of units | (29,358) | (16,417) |
| | 4,346 | 13,924 |
| Change in net assets attributable to unitholders from investment activities (see statement of total return above) | 11,606 | 7,999 |
| Closing net assets attributable to unitholders | 258,321 | 244,631 |

The comparatives used within the Statement of Change in Net Assets Attributable to Unitholders are for the corresponding period of the previous year. Therefore the opening net assets attributable to unitholders for the current year are at 15 May 2020 whilst the figure disclosed in the comparatives' closing net assets attributable to unitholders is at 15 November 2019.

DISTRIBUTION TABLE

for the accounting period 16 May 2020 to 15 November 2020

Interest distribution in pence per unit

Class T – Income units

| Distribution Period | Gross Revenue | Equalisation | Distribution Paid/Payable 2020 | Distribution Paid 2019 |
|--|---------------|--------------|--------------------------------|------------------------|
| Group 1 | | | | |
| 16/05/20 to 15/11/20 | 0.6211 | — | 0.6211 | 0.5660 |
| Group 2 | | | | |
| 16/05/20 to 15/11/20 | 0.5002 | 0.1209 | 0.6211 | 0.5660 |
| Total distributions in the period | | | 0.6211 | 0.5660 |

Group 2: units purchased during a distribution period.

Threadneedle Managed Bond Fund

Comparative Table Disclosure

| | Class A – Accumulation units | | | Class B – Accumulation units | | |
|--|------------------------------|------------|------------|------------------------------|-------------|------------|
| | 15/11/2020 | 15/05/2020 | 15/05/2019 | 15/11/2020 | 15/05/2020 | 15/05/2019 |
| Change in net assets per unit | | | | | | |
| Opening net asset value per unit (p) | 103.57 | 98.86 | 95.85 | 106.93 | 101.79 | 98.45 |
| Return before operating charges (p) | 5.54 | 5.90 | 4.15 | 5.73 | 6.13 | 4.26 |
| Operating charges (p) | (0.53) | (1.19) | (1.14) | (0.52) | (0.99) | (0.92) |
| Return after operating charges (p)* | 5.01 | 4.71 | 3.01 | 5.21 | 5.14 | 3.34 |
| Distributions (p) | – | (0.64) | (1.01) | – | (0.92) | (1.29) |
| Retained distributions on accumulation units (p) | – | 0.64 | 1.01 | – | 0.92 | 1.29 |
| Closing net asset value per unit (p) | 108.58 | 103.57 | 98.86 | 112.14 | 106.93 | 101.79 |
| *after direct transaction costs of (p) | – | – | – | – | – | – |
| Performance | | | | | | |
| Return after charges (%) | 4.84 | 4.76 | 3.14 | 4.87 | 5.05 | 3.39 |
| Other information | | | | | | |
| Closing net asset value (£000) | 28,802 | 31,764 | 37,568 | 120,944 | 113,121 | 95,985 |
| Closing number of units | 26,525,874 | 30,667,883 | 38,003,387 | 107,853,384 | 105,791,684 | 94,294,346 |
| Operating charges (%)** | 0.99 [†] | 1.16 | 1.18 | 0.94 [†] | 0.93 | 0.93 |
| Direct transaction costs (%) | – | – | – | – | – | – |
| Prices | | | | | | |
| Highest unit price (p) | 108.90 | 109.90 | 102.70 | 112.50 | 109.20 | 101.90 |
| Lowest unit price (p) | 103.60 | 96.46 | 93.97 | 107.00 | 99.55 | 96.62 |

| | Class T – Income units | | | Class Z – Accumulation units | | |
|--|------------------------|------------|------------|------------------------------|------------|------------|
| | 15/11/2020 | 15/05/2020 | 15/05/2019 | 15/11/2020 | 15/05/2020 | 15/05/2019 |
| Change in net assets per unit | | | | | | |
| Opening net asset value per unit (p) | 118.15 | 113.47 | 111.18 | 129.55 | 122.91 | 118.46 |
| Return before operating charges (p) | 6.33 | 6.78 | 4.78 | 6.95 | 7.38 | 5.14 |
| Operating charges (p) | (0.40) | (1.13) | (1.09) | (0.43) | (0.74) | (0.69) |
| Return after operating charges (p)* | 5.93 | 5.65 | 3.69 | 6.52 | 6.64 | 4.45 |
| Distributions (p) | (0.62) | (0.97) | (1.40) | – | (1.56) | (1.98) |
| Retained distributions on accumulation units (p) | – | – | – | – | 1.56 | 1.98 |
| Closing net asset value per unit (p) | 123.46 | 118.15 | 113.47 | 136.07 | 129.55 | 122.91 |
| *after direct transaction costs of (p) | – | – | – | – | – | – |
| Performance | | | | | | |
| Return after charges (%) | 5.02 | 4.98 | 3.32 | 5.03 | 5.40 | 3.76 |
| Other information | | | | | | |
| Closing net asset value (£000) | 50,678 | 49,232 | 49,931 | 57,897 | 48,252 | 39,224 |
| Closing number of units | 41,046,665 | 41,670,090 | 44,005,693 | 42,548,298 | 37,245,149 | 31,913,046 |
| Operating charges (%)** | 0.65 [†] | 0.96 | 0.98 | 0.64 [†] | 0.58 | 0.58 |
| Direct transaction costs (%) | – | – | – | – | – | – |
| Prices | | | | | | |
| Highest unit price (p) | 124.40 | 121.70 | 114.30 | 136.50 | 132.00 | 123.00 |
| Lowest unit price (p) | 118.60 | 110.40 | 109.10 | 129.60 | 120.60 | 116.50 |

**The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a unit class of a fund based on the financial year's expenses and may vary from year to year. It includes charges such as the fund's annual management charge, registration fee, custody fees and distribution cost but ordinarily excludes the costs of buying or selling assets for the fund (unless these assets are shares of another fund). The Key Investor Information Document (KIID) contains the current OCF. The calculation includes the fund's share of the expenses of the underlying fund less any fee rebates received. The share of the costs of the underlying funds may fluctuate due to changes in investment decisions, which may be required as a result of changes in market conditions. For a more detailed breakdown please visit columbiathreadneedle.com/fees.

[†]The Ongoing Charges Figure is annualised based on the fees incurred during the accounting period or since commencement date.

Threadneedle Managed Bond Fund

Notes to the financial statements

for the accounting period 16 May 2020 to 15 November 2020

1 ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of investments, in compliance with FRS 102 and in accordance with the Statement of Recommended Practice for Authorised Funds (SORP) issued by the Investment Management Association in May 2014.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 15 May 2020 and are described in those financial statements.

(b) Notes

In accordance with the guidelines of the SORP the fund has taken advantage of the facility not to provide further notes to the financial statements.

2 RECONCILIATION OF UNITS

| | 2020 |
|-------------------------------------|--------------|
| Class A – Accumulation units | |
| Opening units | 30,667,883 |
| Units issued | 133,339 |
| Units redeemed | (4,275,348) |
| Net conversions | — |
| Closing units | 26,525,874 |
| Class B – Accumulation units | |
| Opening units | 105,791,684 |
| Units issued | 16,590,838 |
| Units redeemed | (14,529,138) |
| Net conversions | — |
| Closing units | 107,853,384 |
| Class T – Income units | |
| Opening units | 41,670,090 |
| Units issued | 244,442 |
| Units redeemed | (862,301) |
| Net conversions | (5,566) |
| Closing units | 41,046,665 |
| Class Z – Accumulation units | |
| Opening units | 37,245,149 |
| Units issued | 7,270,169 |
| Units redeemed | (1,972,095) |
| Net conversions | 5,075 |
| Closing units | 42,548,298 |

Threadneedle Managed Bond Fund

Portfolio Statement

as at 15 November 2020

| Holding | Investment | Value £000 | % of Net Asset Value | Holding | Investment | Value £000 | % of Net Asset Value |
|---|---|----------------|----------------------------|-----------------------------------|--|----------------|----------------------------|
| COLLECTIVE INVESTMENT SCHEMES 98.90% (101.32%) | | | | DERIVATIVES 0.50% (-0.69%) | | | |
| | UK equity 4.54% (5.31%) | | | | Forward Foreign Exchange Contracts 0.50% (-0.69%) | | |
| 815,548 | Threadneedle UK Absolute Alpha Fund | 783 | 0.31 | | Sell EUR 29,000,000 | | |
| 42,293 | Threadneedle UK Equity Income Fund | 133 | 0.05 | | Buy GBP 26,298,079 Citigroup | 246 | 0.09 |
| 8,955,768 | Threadneedle UK Fund | 10,797 | 4.18 | | Sell USD 66,800,000 | | |
| | Total UK equity | 11,713 | 4.54 | | Buy GBP 51,604,092 Citigroup | 906 | 0.35 |
| | UK bond 33.37% (35.60%) | | | | Sell JPY 1,329,000,000 | | |
| 25,351,883 | Threadneedle Sterling Bond Fund | 31,241 | 12.09 | | Buy GBP 9,767,279 HSBC | 147 | 0.06 |
| 23,186,047 | Threadneedle Sterling Corporate Bond Fund | 30,942 | 11.98 | | Total derivatives | 1,299 | 0.50 |
| 79,133 | Threadneedle Sterling Short-Dated Corporate Bond Fund | 91 | 0.04 | | Total value of investments | 256,770 | 99.40 |
| 3,410,837 | Threadneedle Sterling Short-Term Money Market Fund | 3,483 | 1.35 | | Net other assets/(liabilities) (-0.63%) | 1,551 | 0.60 |
| 18,431,387 | Threadneedle UK Fixed Interest Fund | 20,438 | 7.91 | | Net assets | 258,321 | 100.00 |
| | Total UK bond | 86,195 | 33.37 | | <i>May 2020 comparatives in brackets.</i> | | |
| | Overseas equity 13.90% (13.25%) | | | | Total Purchases and Sales | | |
| 87,516 | Threadneedle (Lux) – American Absolute Alpha | 906 | 0.35 | | <i>for the accounting period 16 May 2020 to 15 November 2020</i> | | |
| 120,292 | Threadneedle (Lux) – Global Smaller Companies Fund | 1,648 | 0.64 | | | 2020 | 2019 |
| 62,541 | Threadneedle (Lux) – Pan European Absolute Alpha | 861 | 0.33 | | | £000 | £000 |
| 2,571,514 | Threadneedle American Fund | 13,249 | 5.13 | Total purchases for the period | 30,279 | 236,196 | |
| 2,241,671 | Threadneedle Asia Fund | 5,030 | 1.95 | Total sales for the period | 29,099 | 222,961 | |
| 1,853,151 | Threadneedle European Fund | 3,052 | 1.18 | | | | |
| 1,045,958 | Threadneedle Global Emerging Markets Equity Fund | 1,581 | 0.61 | | | | |
| 3,043,242 | Threadneedle Global Select Fund | 7,217 | 2.79 | | | | |
| 1,205,811 | Threadneedle Japan Fund | 2,372 | 0.92 | | | | |
| | Total overseas equity | 35,916 | 13.90 | | | | |
| | Overseas bond 47.09% (47.16%) | | | | | | |
| 613,590 | Threadneedle (Lux) – European Corporate Bond Fund | 6,982 | 2.70 | | | | |
| 17,950 | Threadneedle (Lux) – European Short-Term High Yield Bond Fund | 1,856 | 0.72 | | | | |
| 259,856 | Threadneedle (Lux) – Flexible Asian Bond Fund | 2,612 | 1.01 | | | | |
| 1,570,999 | Threadneedle (Lux) – Global Corporate Bond | 18,134 | 7.02 | | | | |
| 182,801 | Threadneedle (Lux) – Global Emerging Market Short-Term Bonds | 1,557 | 0.60 | | | | |
| 20,863,648 | Threadneedle Dollar Bond Fund | 25,178 | 9.75 | | | | |
| 2,864,449 | Threadneedle Emerging Market Bond Fund | 3,885 | 1.50 | | | | |
| 1,230,414 | Threadneedle Emerging Market Local Fund | 2,879 | 1.12 | | | | |
| 7,138,470 | Threadneedle European Bond Fund | 8,240 | 3.19 | | | | |
| 36,316,308 | Threadneedle Global Bond Fund | 46,757 | 18.10 | | | | |
| 2,712,883 | Threadneedle High Yield Bond Fund | 3,567 | 1.38 | | | | |
| | Total overseas bond | 121,647 | 47.09 | | | | |
| | Total collective investment schemes | 255,471 | 98.90 | | | | |

Risk and Reward Profiles

| Fund | Unit Class | SRRI* |
|---------------------------------------|------------------------------|-------|
| Managed Equity Fund | Class A – Accumulation units | 5 |
| | Class B – Accumulation units | 5 |
| | Class T – Income units | 5 |
| | Class Z – Accumulation units | 5 |
| Managed Equity Focused Fund | Class A – Accumulation units | 5 |
| | Class B – Accumulation units | 5 |
| | Class Z – Accumulation units | 5 |
| Managed Equity & Bond Fund | Class A – Accumulation units | 4 |
| | Class B – Accumulation units | 4 |
| | Class T – Income units | 4 |
| | Class Z – Accumulation units | 4 |
| Managed Bond Focused Fund | Class A – Accumulation units | 4 |
| | Class A – Income units | 4 |
| | Class B – Accumulation units | 4 |
| | Class Z – Accumulation units | 4 |
| | **Class Z – Income units | 4 |
| Managed Bond Fund | Class A – Accumulation units | 4 |
| | Class B – Accumulation units | 4 |
| | Class T – Income units | 4 |
| | Class Z – Accumulation units | 4 |

*As at 15 November 2020 the synthetic risk and reward indicator (SRRI) is explained in the table below:

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

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

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

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

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

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

**For launch dates, refer to the footnotes after the fund's comparative table.

The risk and reward profile of Managed Equity Focused Fund changed to a 5 for share classes A and B on 3 July 2020 and to a 5 for share class Z on 10 July 2020.

The risk and reward profile of Managed Bond Fund changed to a 4 for all share classes on 3 July 2020.

Important Information

General

Each fund is an authorised fund that has been set up in accordance with the rules contained in the Financial Conduct Authority's (FCA) Collective Investment Schemes sourcebook (COLL) and operates under Chapter 5 of the COLL Rules. Each fund is authorised as a "UK UCITS Scheme" for the purposes of the FCA rules.

The prospectus, which describes each of the funds in the Threadneedle Managed Funds range in detail, is available on request from Threadneedle Investment Services Limited, the Authorised Unit Trust Manager (Manager).

Key Investor Information Document – Subscription requirements

The KIID is a pre contractual document and investors have to confirm that they have read the latest KIID before making a subscription. Threadneedle has the right to reject a subscription if the investor does not confirm that they have read the latest KIID at the time of application. Investors can obtain the latest KIID from columbiathreadneedle.com.

Changes to the Prospectus

During the period from 16 May 2020 to 15 November 2020 there have been no changes made to the prospectus of the funds.

Changes to the Trust Deed

During the period from 16 May 2020 to 15 November 2020 there have been no changes made to the trust deeds of the funds.

Change to the Trustee

During the period from 16 May 2020 to 15 November 2020 there have been no changes made to the trustee of the funds.

Changes to the directors of the Manager

The following changes have been made to the directors of the Manager:

- Resignation of P Stone on 15 June 2020.

Brexit

The UK's departure from the European Union (EU) single market became effective from 1 January 2021 with the end of the Brexit transition period and the post-Brexit trade deal between the UK and EU taking effect at 11pm on 31 December 2020.

As a result of the UK leaving the EU, UK funds managed by a UK manager such as the funds will no longer qualify as European UCITS Schemes under the Undertakings for Collective Investment in Transferable Securities Directive (2009/65/EC) ("UCITS Directive") and can therefore no longer benefit from the passporting rights under the European UCITS regime. Under the UCITS Directive, both the collective investment funds and their managers must be established and registered or authorised in the EU in order to be able to market funds to retail and professional investors across the EU.

The funds, authorised as UK UCITS Schemes, still follow all the same rules and regulations as European UCITS Schemes, but they can no longer be marketed in the EEA States using a UCITS passport.

COVID 19

The coronavirus disease 2019 (COVID-19) public health crisis has become a pandemic that has resulted in, and may continue to result in, significant global economic and societal disruption and market volatility due to disruptions in market access, resource availability, facilities operations, imposition of tariffs, export controls and supply chain disruption, among others. Such disruptions may be caused, or exacerbated by, quarantines and travel restrictions, workforce displacement and loss in human and other resources. The uncertainty surrounding the magnitude, duration, reach, costs and effects of the global pandemic, as well as actions that have been or could be taken by governmental authorities or other third parties, present unknowns that are yet to unfold. The impacts, as well as the uncertainty over

impacts to come, of COVID-19 – and any other infectious illness outbreaks, epidemics and pandemics that may arise in the future – could negatively affect global economies and markets in ways that cannot necessarily be foreseen. In addition, the impact of infectious illness outbreaks and epidemics in emerging market countries may be greater due to generally less established healthcare systems, governments and financial markets. Public health crises caused by the COVID-19 outbreak may exacerbate other pre-existing political, social and economic risks in certain countries or globally. The disruptions caused by COVID-19 could prevent the funds from executing advantageous investment decisions in a timely manner and negatively impact the fund's ability to achieve their investment objectives. Any such event(s) could have a significant adverse impact on the value and risk profile of the funds.

Value Assessment Report

As required by the FCA we have carried out an annual Value Assessment Report and this report is available on our website as follows:

<https://www.columbiathreadneedle.co.uk/en/value-assessmentreport?it=Private>

<https://www.columbiathreadneedle.co.uk/en/value-assessmentreport?it=Intermediary>

<https://www.columbiathreadneedle.co.uk/en/value-assessmentreport?it=Institutional>

Characteristics of Units

The funds are authorised unit trust schemes and can issue the following types of units:

| Units | Minimum Investment | Eligibility |
|---------|--------------------|-------------------------|
| Class A | £2,000 | Retail investors |
| Class B | £5,000,000 | Non-retail investors |
| Class T | £2,000 | Eligible investors only |
| Class Z | £1,000,000 | Eligible investors only |

The limits for minimum initial investment, minimum subsequent investment and minimum holding of units may be waived at the discretion of the Manager. For further information please refer to the prospectus.

The Manager may at its discretion accept subscriptions lower than the minimum amount. If a holding is below the minimum holding the Manager has the discretion to require redemption of the entire holding. For further information please refer to the prospectus.

Charges and Prices

For the funds, two unit prices are quoted, the 'offer' price at which you buy units and the 'bid' price at which you sell them back to us. The difference between these two prices includes the initial charge and is called the bid/offer spread.

The fees and expenses of the Manager, Trustee, Registrar, Auditor and the FCA authorisation fee are payable by the funds.

Income Equalisation

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

Individual Savings Accounts

Throughout the accounting period the fund has satisfied the requirements of the Individual Savings Account Regulations 1998 (as amended).

It is the Manager's intention that the fund will be managed in such a way as to continue to meet this requirement.

Important Information

(continued)

Foreign Account Tax Compliance Act (FATCA)

Threadneedle and its funds (Threadneedle) have registered with the US Internal Revenue Service in accordance with FATCA and other current related legislation. Threadneedle has put in place appropriate processes and procedures to maintain its compliance with the statutory requirements, including ensuring that Threadneedle obtain the required certification from its clients and investors as necessary to mitigate any requirement upon Threadneedle to withhold or report such clients under the legislation. This registration and compliance process will ensure that Threadneedle will not suffer withholding tax under FATCA.

Common Reporting Standard (CRS)

The Common Reporting Standard ('CRS') has come into effect in stages, starting from 1 January 2016, was developed by the Organisation for Economic Co-operation and Development ('OECD'). The CRS has been

adopted in the UK by The International Tax Compliance Regulations 2015, and may require Threadneedle funds to report account holder information to HMRC about their shareholdings. HMRC will in turn pass this information onto the competent authorities with which it has an agreement.

Investor Reports

Annual long-form reports and financial statements of the Funds will be made available and published within four months of the close of each annual accounting period and half-yearly long report and financial statements will be published within two months of the close of each interim accounting period. The annual accounting period for the Funds ends on 15 May and the interim reporting period ends on 15 November. The reports will provide information on the performance of the funds, the market background, and details of each of the portfolios.

Key Risks of the Funds:

The following table below shows the key risks applying to each fund. A definition of the key risks can be found below.

| Funds/Key Risks | Investment | Investment in Funds | Currency | Issuer | Inflation | Interest Rate | Derivatives for EPM / Hedging | Volatility |
|--|------------|---------------------|----------|--------|-----------|---------------|-------------------------------|------------|
| Threadneedle Managed Equity Fund | X | X | X | | | | X | X |
| Threadneedle Managed Equity Focused Fund | X | X | X | X | X | X | X | X |
| Threadneedle Managed Equity & Bond Fund | X | X | X | X | X | X | X | X |
| Threadneedle Managed Bond Focused | X | X | X | X | X | X | X | X |
| Threadneedle Managed Bond Fund | X | X | X | X | X | X | X | X |

Description of the Key Risks:

Investment Risk: The value of investments can fall as well as rise and investors might not get back the sum originally invested.

Investment in Funds Risk: The investment policy allows the fund to invest principally in units of other collective investment schemes. Investors should consider the investment policy and asset composition in the underlying funds when assessing their portfolio exposure.

Currency Risk: Where investments are in assets that are denominated in multiple currencies, or currencies other than your own, changes in exchange rates may affect the value of the investments.

Issuer Risk: The fund invests in securities whose value would be significantly affected if the issuer refused, was unable to or was perceived to be unable to pay.

Inflation Risk: Most bond and cash funds offer limited capital growth potential and an income that is not linked to inflation. Inflation is likely to affect the value of capital and income over time.

Interest Rate Risk: Changes in interest rates are likely to affect the fund's value. In general, as interest rates rise, the price of a fixed rate bond will fall, and vice versa.

Derivatives for EPM / Hedging Risk: The investment policy of the fund allows it to invest in derivatives for the purposes of reducing risk or minimising the cost of transactions.

Volatility Risk: The fund may exhibit significant price volatility.

Further risks applicable to the fund can be found in the Prospectus.

Directory

Manager

Threadneedle Investment Services Limited
(Authorised and Regulated by the Financial Conduct Authority (FCA))

Registered Address and Head Office

Cannon Place
78 Cannon Street
London EC4N 6AG

Client Services Details

Address: Threadneedle Investment Services Limited
PO Box 10033,
Chelmsford, Essex CM99 2AL

Telephone UK Investors: (dealing & customer enquiries): 0800 953 0134*

Telephone non-UK Residents: (dealing & customer enquiries): +352 46 40 10 7020

Fax UK Investors (dealing): 0845 113 0274

Fax non-UK Investors (dealing): +352 2452 9807

Email (enquiries): questions@service.columbiathreadneedle.co.uk

Registrar

Threadneedle Investment Services Limited
Delegated to
SS&C Financial Services Europe Limited
(authorised and regulated by the FCA)
SS&C House
St Nicholas Lane
Basildon
Essex SS15 5FS

Directors of the Manager

K Cates (non-executive)
J Griffiths
A Roughead (non-executive)
P Stone (resigned from the Board on 15 June 2020)
R Vincent
L Weatherup

Investment Manager

Threadneedle Asset Management Limited
(Authorised and regulated by the FCA)

Registered Office

Cannon Place
78 Cannon Street
London EC4N 6AG

Trustee/Depository

Citibank Europe plc, UK Branch
(Authorised by the Prudential Regulatory Authority (PRA)
and regulated by the FCA and PRA)
Head Office and Registered Office
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

Legal Advisers

Eversheds Sutherland (International) LLP
One Wood Street
London EC2V 7WS

Independent Auditor

PricewaterhouseCoopers LLP
Atria One
144 Morrison Street
Edinburgh EH3 8EX

**Please note that calls and electronic communications may be recorded*

To find out more visit columbiathreadneedle.com



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