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ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS  
THREADNEEDLE INVESTMENT FUNDS ICVC  
MARCH 2017

# THREADNEEDLE INVESTMENT FUNDS ICVC



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

*\*These pages, together with the investment reports of the individual funds comprise the Authorised Corporate Director's Report.*



## Company Information

### Company

Threadneedle Investment Funds ICVC (the Company)  
Registered Number IC000002

### Registered Office

Cannon Place, 78 Cannon Street, London EC4N 6AG

### Director

There is a sole director, the Authorised Corporate Director (the ACD), which is Threadneedle Investment Services Limited.

### Board of Directors of the ACD

K Cates (non-executive) (Appointed to the Board on 29 March 2016)  
C Fleming (Resigned from the Board 29 April 2016)  
T Gillbanks (Resigned from the Board on 31 March 2017)  
D Jordison  
D Kremer (Appointed to the Board on 22 July 2016)  
A Roughead (non-executive)  
L Weatherup (Appointed to the Board on 11 July 2016)



## Authorised Corporate Director's Report

The ACD, Threadneedle Investment Services Limited, has pleasure in presenting the Annual Report and Financial Statements for Threadneedle Investment Funds ICVC for the 12 months to 7 March 2017.

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](http://columbiathreadneedle.com) for further information about Columbia Threadneedle Investments.

Thank you for your continued support.



**L Weatherup**  
Director

### DIRECTORS STATEMENTS

In accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes (COLL) Sourcebook, we hereby certify the Annual Report and Financial Statements for each of the funds listed on page 1 (contents page) on behalf of the directors of Threadneedle Investment Services Limited.

**L Weatherup**  
Director

**D Jordison**  
Director

14 June 2017



# Notes to the Annual Reports and Financial Statements for Threadneedle Investment Funds ICVC

## Notes to the financial statements

for the accounting period 8 March 2016 to 7 March 2017

### 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.

#### (b) Basis of valuation of investments

The investments of the funds are valued at fair market prices at 12 noon of the accounting period (UK time). Investments are stated at their fair value which generally is the bid valuation of each security.

These bid values are sourced from independent pricing sources; to the extent that an independent pricing source is not available then quotes are obtained from a broker. Where the ACD deems that these valuations are unrepresentative of a fair valuation of the security, a fair valuation adjustment is applied based upon the ACD's opinion of fair value.

The last dealing point in the year has been used for the purposes of preparing the report and financial statements and in the ACD's opinion there have been no material movements in the funds between the last dealing point and close of business on the balance sheet date.

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

Derivatives are valued based on counterparty valuations, appropriate pricing models and the ACD's opinion of fair value.

#### (c) Exchange rates

Assets and liabilities expressed in foreign currencies at the end of the accounting period are translated into sterling at the exchange rates ruling at 12 noon (UK time), being the valuation point on the last working day of the accounting period.

Transactions denominated in a foreign currency are translated into sterling at the exchange rates ruling at the date of the transaction.

#### (d) Derivatives

The return in respect of any derivative transaction is treated as capital or revenue depending on the motive and circumstances of the transaction. Where positions are undertaken to protect or enhance capital the returns are capital and where they are generating or protecting revenue the returns are revenue. Where positions generate total returns the returns are apportioned between capital and income to reflect the nature of the transaction. Ongoing premiums on credit default swaps are charged or credited to revenue/expenses on an accruals basis, depending on whether protection is bought or sold.

Any capital gains/losses are included within net capital gains/(losses) and any revenue or expense is included within revenue or interest payable and similar charges respectively in the statement of total return.

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

The revenue return element in respect of futures is calculated by reference to the quoted yield of the index upon which the future is based compared to LIBOR. The revenue so calculated may represent revenue or expenses in a fund's financial statements, in accordance with whether the fund has held a net long or short position, when considering the accounting period as a whole. The revenue or expense position is reversed where LIBOR exceeds the quoted yield of the relevant index.

Cash held at future brokers as margin is reflected separately within cash and bank balances.

#### (e) Recognition of revenue

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

- Dividends on quoted equities and preference shares are recognised when the security is traded ex-dividend.
- Dividends, interest and other income receivable include any withholding taxes but exclude any other taxes such as attributable tax credits.
- Special dividends are treated as either revenue or capital depending on the facts of each particular case.
- Stock dividends are recognised as revenue on the basis of the market value of the shares at the date they are quoted ex-dividend.
- Interest on debt securities and bank and short-term deposits is recognised on an earned basis.
- In the case of debt securities any difference between acquisition cost and maturity value is recognised as revenue over the life of the security using the effective yield basis of calculating amortisation.
- Distributions from Collective Investment Schemes (CIS) are recognised when the security is quoted ex-dividend.

- Underwriting commission is recognised when the issue takes place, except where the fund is required to take up all or some of the shares underwritten, in which case an appropriate proportion of the commission is deducted from the cost of those shares.

- Underwriting commission is treated as revenue except for the proportion that is deducted from the cost of shares, which is capital.

- Equalisation on distributions received is treated as a repayment of capital and deducted from the cost of the investment.

- Dividends from U.S. Real Estate Investment Trusts (REITs) include a capital element. Upon receipt, a provision equivalent to 30% of the dividend is made in capital. On an annual basis, once the actual information has been published in the market, the provision will be amended to reflect actual split between capital and revenue.

#### (f) Treatment of expenses (including management expenses)

All expenses other than those relating to the purchase and sale of investments, are included in expenses, in the Statement of Total Return. Expenses are recognised on an accrual basis and include irrecoverable VAT where appropriate.

#### (g) Fee rebate

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

#### (h) Allocation of revenue and expenses to multiple share classes

The allocation of revenue and expenses to each share class is based upon the proportion of the fund's capital net assets attributable to each share class, on the day the revenue is earned or the expense is suffered.

Revenue equalisation, annual management charge and registration fees are specific to each share class.

#### (i) Equalisation policy

The funds operate equalisation to ensure the level of distributable income for any share class is not affected by the issue or cancellation of shares.

#### (j) Allocation of return on hedged share classes

Hedged share classes allow the ACD to use currency hedging transactions to reduce the effect of exchange rate fluctuations between the Reference Currency or Reference Currencies and the Hedged Currency (for further definitions refer to page 353). Where undertaken, the allocation of return in relation to hedging transactions is applied in respect of that hedged share class only.

#### (k) Deferred tax

Deferred tax liabilities are provided in full in respect of all items for which recognition falls in different accounting periods for accounting and taxation purposes and deferred tax assets are recognised to the extent that they are considered recoverable.

Further analysis of the deferred tax assets can be found within the financial statements of the individual funds.

### 2 DISTRIBUTION POLICIES

- (a) In accordance with the Collective Investment Schemes Sourcebook, where the revenue from investments exceeds the expenses and taxation for any share class, a distribution will be made from that share class. Should expenses and taxation exceed revenue for any share class, there will be no distribution for that share class and a transfer from capital will be made to cover the shortfall.

Revenue attributable to Accumulation shareholders is retained at the end of each distribution period and represents a reinvestment of revenue.

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

- Monthly Extra Income Fund (Except the Class 1 EUR Hedged – Income shareclass which does not use a fixed rate distribution).
- UK Monthly Income Fund
- All other monthly distributing funds do not use a fixed rate.

- (c) Where distributions are unclaimed for a period of six years these are brought back into the relevant fund as capital.

- (d) The ACD's charges in respect of the following funds are added back for the purpose of determining the amount available for distribution:

- Dollar Bond Fund
- Emerging Market Bond Fund



# Notes to the Annual Reports and Financial Statements for Threadneedle Investment Funds ICVC

## Notes to the financial statements

(continued)

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

- (e) Corporation tax relief is applicable only where the transfer of the benefit is between the revenue and capital property of at least two different share classes of the fund. Previously, corporation tax relief could apply between the revenue and capital property of the same share class of the fund.

### 3 RISK MANAGEMENT POLICIES

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

The funds may also enter into a range of derivative transactions whose purpose is efficient portfolio management. In addition the funds only execute derivative contracts where both the derivative instrument and the counterparty have been approved by the ACD.

The ACD has a Risk Management Policy (RMP\*), which is reviewed by the Depositary. The processes detailed within are designed to monitor and measure as frequently as appropriate the risk of the funds' underlying investments, derivative and forward positions and their contribution to the overall risk profile of the funds. The RMP document is also provided to the Financial Conduct Authority (FCA). The ACD reviews (and agrees with the Depositary) policies for managing each of these risks.

The main risks arising from financial instruments and the ACD's policies for managing these risks are stated below. These policies have been consistent for both the current and prior period to which these financial statements relate.

#### Market price risk

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

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

The funds' investment portfolios are exposed to market price fluctuations, which are monitored by the ACD as per the policies as set out in the Prospectus.

The investment guidelines and investment and borrowing powers set out in the Instrument of Incorporation, the Prospectus and in the Financial Conduct Authority's Collective Investment Schemes Sourcebook describe the nature of the market price risk to which the fund will be exposed.

The value of the investment can fall as well as rise and investors might not get back the sum originally invested, especially if investments are not held for the long term.

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

The investment guidelines and investment and borrowing powers are set out in the instrument of incorporation and the prospectus.

#### Liquidity risk

Liquidity risk is the risk that the funds cannot raise sufficient cash to meet its liabilities when due. One of the key factors influencing this will be the ability to sell investments at, or close to, the fair value without a significant loss being realised. Under normal circumstances, the funds will remain close to fully invested. However, where circumstances require: either because a view of illiquid securities

markets or high levels of cancellations in the funds, the funds may hold cash and/or more liquid assets.

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

The ACD manages the funds' cash to ensure they can meet their liabilities. The ACD receives daily reports of subscriptions and cancellations enabling the ACD to raise cash from the funds' portfolios in order to meet cancellation requests. In addition the ACD monitors market liquidity of all securities, with particular focus on the Floating Rate Note (FRN) market, seeking to ensure the funds maintain sufficient liquidity to meet known and potential cancellation activity. Fund cash balances are monitored daily by the ACD and Administrator.

Where investments cannot be realised in time to meet any potential liability, the funds may borrow up to 10% of their value to ensure settlement. All of the funds' financial liabilities are payable on demand or in less than one year.

In exceptional circumstances the ACD, with the prior agreement of the Depositary, may suspend dealing for a period of 28 days which may be extended further with FCA approval. The ACD may also, in certain circumstances, require a redeeming shareholder, in lieu of payment, to be transferred property of the fund.

#### Credit risk/Counterparty risk

Credit risk is the risk that the counterparty in a financial transaction will fail to fulfil their obligation or commitment. Credit risk arises from three main sources. Firstly, the possibility that the issuer of a security will be unable to pay interest and principal in a timely manner. Secondly, for asset backed investments (including FRNs) there is the possibility of default of the issuer and default in the underlying assets meaning that the fund may not receive back the full principal originally invested. Thirdly, there is counterparty risk, which is the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the fund has fulfilled its responsibilities, which could result in the funds suffering a loss.

In order to manage credit risk the funds are subject to investment limits for issuers of securities. Issuer credit ratings are evaluated periodically and an approved issuer list is maintained and monitored. In addition the funds only buy and sell investments through brokers which have been approved by the ACD as an acceptable counterparty and limits are set and monitored to cover the exposure to any individual broker. Changes in broker's financial ratings are periodically reviewed.

The funds may invest in what are considered riskier bonds (below investment grade, i.e., credit ratings lower than BBB-). This brings the potential for increased risk of default and could affect both the income and the capital value of the fund. Further details can be found in the portfolio statement of the individual funds.

#### Interest rate risk

Interest rate risk is the risk that the value of the funds' investments will fluctuate as a result of changes in interest rates. The funds invest in floating rate securities. The income of these funds may be affected by changes in interest rates relevant to particular securities or as a result of the ACD being unable to secure similar returns on the expiry of contracts or sale of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movements in the future.

Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates.

The interest rate risk profile for the funds are shown in their notes to the financial statements, contained within the full financial statements.

#### Currency risk

Foreign currency risk is the risk that the value of the funds' investments will fluctuate as a result of changes in foreign currency exchange rates. For those funds where a proportion of the net assets of the fund are denominated in currencies other than the fund's base currency, the balance sheet can be affected by movements in exchange rates. The ACD monitors the foreign currency exposure of the funds and may seek to manage exposure to currency movements by using forward exchange contracts or by hedging the value of investments that are priced in other currencies. Hedged Share Classes are available to investors as set out in the Important Information – Characteristics of Shares section on page 352. The currency risk profile for the relevant funds is shown in their notes to the financial statements, contained within the full financial statements.

### 4 CROSS HOLDINGS

There were no cross holdings in the current or prior year for any funds within the umbrella company.

\*The RMP available on request from the client services team contact details on page 357.



## Threadneedle UK Fund

### Investment Report

#### Investment Objective

To achieve capital growth.

#### Investment Policy

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

#### Performance of Income Class 1 Shares\*

Over the twelve months to 7 March 2017, the published share price of the Threadneedle UK Fund has risen from 117.87p to 138.87p.

Looking at performance within its peer group, the total return on the fund for the twelve months ending 28 February 2017, including net reinvested income, is +19.09% as compared to a median return of +19.07% over the same period. For information the FTSE All-Share Total Return Index returned +22.81% over the same period.

#### Market Overview and Portfolio Activity

UK equities posted double-digit returns in the review period, overcoming Brexit-induced volatility. Overseas earners led the post-vote rally as sterling slumped. Markets also cheered Theresa May's swift appointment as the new prime minister, as well as the Bank of England's (BoE) stimulus measures in August (rate cuts, cheaper bank funding and more quantitative easing). In November, Donald Trump's unexpected victory led to a market rotation; investors favoured cyclical stocks over defensive stocks. (Cyclical stocks are generally those issued by companies whose earnings

rise and fall with changes in economic conditions. By contrast, firms which issue defensive stocks aim to generate stable earnings and dividends for shareholders even when times are bad). As we expected, the Chancellor announced higher infrastructure spending in the Autumn Statement. Energy stocks got a boost towards the end of 2016 as OPEC members surprised markets by reaching an agreement to cut output; non OPEC-members later expressed their willingness to join in.

Major post-referendum economic indicators were initially bleak but later readings showed Brexit slowdown fears were premature. Notably, GDP growth for Q3 and Q4 2016 exceeded estimates. However, recent indicators suggest some weakness in consumer spending. Inflation has trended higher and stood at 1.8% in January.

Brexit remained in focus even after the vote and the potential loss of unfettered access to the EU single market pushed sterling to 30-year lows in October. The currency later rebounded but moved closer to October's lows in early March as the House of Lords debated the bill to trigger Article 50.

New additions over the period included Land Securities, Informa and ITV. Land Securities has a high-quality property portfolio of long, well-diversified inflation-protected leases. We believe it has a robust business model showing ongoing improvements in various areas. In the case of ITV, we were encouraged by management's upbeat outlook. Brexit jitters had an adverse short-term impact but the shares started to recover at the end of 2016, fuelled by the prospect of mergers and acquisitions activity in the sector.

We topped up some of our existing holdings, chiefly GlaxoSmithKline. Despite speculation about drug pricing in the

US, we feel the firm has a strong foothold in areas where prices are already competitive. We also added to CRH and participated in Melrose Industries' rights issue, which funded its successful purchase of Nortek. We believe there is likely to be significant upside from the original valuation if Melrose executes its plan of turning around Nortek.

Sales included Phoenix Group, which was a relatively small position in the fund. We also sold ARM Holdings after its acquisition by SoftBank Group. Other exits included IMI and RPC Group. We feel IMI is now quite richly-valued, in the context of its industry and the pressure on global capex. RPC now has a greater focus on acquisitions and we are uncertain about the quality of earnings these may generate.

UK equities still offer 'cheap' exposure to the wider global economy and an attractive, growing income stream.

Expectations for the UK's economic growth in 2017 have now risen towards pre-Brexit levels but there are concerns over consumers' ability to power growth. The BoE should hopefully look through the twin transient headwinds of sterling's depreciation and higher energy prices and leave rates unchanged.

Corporate balance sheets remain strong. We expect sterling's fall to support earnings growth and dividend cover. Hence, UK equities are likely to maintain attractive yields relative to gilts and cash. We are looking at the defensive growth areas of the market for incremental purchases.

Volatile markets will undoubtedly create more opportunities for investors with long-term views who are willing and able to focus on companies' inherent strengths.

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2016 to 7 March 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains/(losses)	2	306,504	(74,393)
Revenue	3	61,519	55,644
Expenses	4	(19,548)	(19,653)
Interest payable and similar charges	5	(3)	(1)
Net revenue before taxation		41,968	35,990
Taxation	6	—	—
Net revenue after taxation		41,968	35,990
<b>Total return before distributions</b>		<b>348,472</b>	<b>(38,403)</b>
Distributions	7	(41,971)	(36,024)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>306,501</b>	<b>(74,427)</b>

### BALANCE SHEET

as at 7 March 2017

	Notes	2017 £000	2016 £000
<b>Assets:</b>			
<b>Fixed assets:</b>			
Investments		2,137,361	1,657,032
<b>Current assets:</b>			
Debtors	8	196,274	12,843
Cash and bank balances	9	2	27,555
<b>Total assets</b>		<b>2,333,637</b>	<b>1,697,430</b>
<b>Liabilities:</b>			
<b>Investment liabilities</b>		(1)	(475)
<b>Creditors:</b>			
Bank overdrafts	9	(4,494)	—
Distribution payable		(8,876)	(6,184)
Other creditors	10	(158,598)	(6,048)
<b>Total liabilities</b>		<b>(171,969)</b>	<b>(12,707)</b>
<b>Net assets attributable to shareholders</b>		<b>2,161,668</b>	<b>1,684,723</b>

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

for the accounting period 8 March 2016 to 7 March 2017

	2017 £000	2016 £000
<b>Opening net assets attributable to shareholders</b>	<b>1,684,723</b>	<b>1,968,799</b>
Amounts receivable on the issue of shares	628,078	395,841
Amounts payable on the cancellation of shares	(473,326)	(615,722)
	154,752	(219,881)
Dilution adjustment	1,233	176
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	306,501	(74,427)
Retained distribution on accumulation shares	14,447	10,039
Unclaimed distributions	12	17
<b>Closing net assets attributable to shareholders</b>	<b>2,161,668</b>	<b>1,684,723</b>

### DISTRIBUTION TABLE

for the accounting period 8 March 2016 to 7 March 2017

Dividend distribution in pence per share

#### Class 1 – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	1.7330	—	1.7330	1.4992
08/09/16 to 07/03/17	0.4837	—	0.4837	0.3315
<b>Group 2</b>				
08/03/16 to 07/09/16	0.8597	0.8733	1.7330	1.4992
08/09/16 to 07/03/17	0.4079	0.0758	0.4837	0.3315
<b>Total distributions in the period</b>			<b>2.2167</b>	<b>1.8307</b>

#### Class 1 – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	1.5440	—	1.5440	1.3143
08/09/16 to 07/03/17	0.4378	—	0.4378	0.2976
<b>Group 2</b>				
08/03/16 to 07/09/16	0.8709	0.6731	1.5440	1.3143
08/09/16 to 07/03/17	0.3118	0.1260	0.4378	0.2976
<b>Total distributions in the period</b>			<b>1.9818</b>	<b>1.6119</b>

\*In pound Sterling and against UK peer group.



# Threadneedle UK Fund

## DISTRIBUTION TABLE

(continued)

### Class 2 – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	2.0933	–	2.0933	1.8755
08/09/16 to 07/03/17	0.8594	–	0.8594	0.6652
<b>Group 2</b>				
08/03/16 to 07/09/16	0.9813	1.1120	2.0933	1.8755
08/09/16 to 07/03/17	0.0451	0.8143	0.8594	0.6652
<b>Total distributions in the period</b>			<b>2.9527</b>	<b>2.5407</b>

### Class 2 – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	1.5229	–	1.5229	1.3343
08/09/16 to 07/03/17	0.6351	–	0.6351	0.4812
<b>Group 2</b>				
08/03/16 to 07/09/16	0.6541	0.8688	1.5229	1.3343
08/09/16 to 07/03/17	0.4261	0.2090	0.6351	0.4812
<b>Total distributions in the period</b>			<b>2.1580</b>	<b>1.8155</b>

### Class X – Income shares\*

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	2.2114	–	2.2114	0.9963
08/09/16 to 07/03/17	1.2319	–	1.2319	1.0156
<b>Group 2</b>				
08/03/16 to 07/09/16	0.9792	1.2322	2.2114	0.9963
08/09/16 to 07/03/17	0.8722	0.3597	1.2319	1.0156
<b>Total distributions in the period</b>			<b>3.4433</b>	<b>2.0119</b>

### Class X – Accumulation shares\*

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	2.2073	–	2.2073	
08/09/16 to 07/03/17	1.3162	–	1.3162	
<b>Group 2</b>				
08/03/16 to 07/09/16	2.2073	–	2.2073	
08/09/16 to 07/03/17	0.5214	0.7948	1.3162	
<b>Total distributions in the period</b>			<b>3.5235</b>	

### Class Z – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	2.4543	–	2.4543	2.2149
08/09/16 to 07/03/17	1.1057	–	1.1057	0.8750
<b>Group 2</b>				
08/03/16 to 07/09/16	1.1296	1.3247	2.4543	2.2149
08/09/16 to 07/03/17	0.5651	0.5406	1.1057	0.8750
<b>Total distributions in the period</b>			<b>3.5600</b>	<b>3.0899</b>

### Class Z – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	2.6517	–	2.6517	2.3358
08/09/16 to 07/03/17	1.2153	–	1.2153	0.9390
<b>Group 2</b>				
08/03/16 to 07/09/16	1.1763	1.4754	2.6517	2.3358
08/09/16 to 07/03/17	0.7426	0.4727	1.2153	0.9390
<b>Total distributions in the period</b>			<b>3.8670</b>	<b>3.2748</b>

### Class Z CHF Hedged – Accumulation shares\*

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	2.1282	–	2.1282	0.1925
08/09/16 to 07/03/17	1.0442	–	1.0442	0.6986
<b>Group 2</b>				
08/03/16 to 07/09/16	0.8055	1.3227	2.1282	0.1925
08/09/16 to 07/03/17	0.5341	0.5101	1.0442	0.6986
<b>Total distributions in the period</b>			<b>3.1724</b>	<b>0.8911</b>

### Class Z EUR Hedged – Accumulation shares\*

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	2.1771	–	2.1771	0.1931
08/09/16 to 07/03/17	1.0507	–	1.0507	0.7125
<b>Group 2</b>				
08/03/16 to 07/09/16	0.6645	1.5126	2.1771	0.1931
08/09/16 to 07/03/17	0.4714	0.5793	1.0507	0.7125
<b>Total distributions in the period</b>			<b>3.2278</b>	<b>0.9056</b>

### Class Z USD Hedged – Accumulation shares\*

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	2.1421	–	2.1421	0.1887
08/09/16 to 07/03/17	1.0961	–	1.0961	0.7125
<b>Group 2</b>				
08/03/16 to 07/09/16	0.7958	1.3463	2.1421	0.1887
08/09/16 to 07/03/17	0.5917	0.5044	1.0961	0.7125
<b>Total distributions in the period</b>			<b>3.2382</b>	<b>0.9012</b>

Group 2: shares purchased during a distribution period.

\*For launch dates, refer to the footnotes after the comparative tables.

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.



## Threadneedle UK Fund

### Comparative Table Disclosure

	Class 1 – Income shares			Class 1 – Accumulation shares		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015 <sup>1</sup>
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	117.46	123.06	116.23	104.66	107.93	100.00
Return before operating charges (p)	25.15	(1.81)	10.32	22.50	(1.58)	8.80
Operating charges (p)	(2.05)	(1.96)	(1.90)	(1.81)	(1.69)	(0.87)
Return after operating charges (p)*	23.10	(3.77)	8.42	20.69	(3.27)	7.93
Distributions (p)	(2.22)	(1.83)	(1.59)	(1.98)	(1.61)	(1.37)
Retained distributions on accumulation shares (p)	–	–	–	1.98	1.61	1.37
Closing net asset value per share (p)	138.34	117.46	123.06	125.35	104.66	107.93
*after direct transaction costs of (p)	0.24	0.12	0.27	0.21	0.11	0.12
<b>Performance</b>						
Return after charges (%)	19.67	(3.06)	7.24	19.77	(3.03)	7.93
<b>Other information</b>						
Closing net asset value (£000)	443,921	471,917	616,349	2,256	4,701	217
Closing number of shares	320,891,671	401,768,277	500,868,365	1,799,947	4,491,629	200,988
Operating charges (%)**	1.62	1.64	1.66	1.63	1.64	1.69 <sup>1</sup>
Direct transaction costs (%)***	0.20	0.10	0.24	0.20	0.10	0.24
<b>Prices</b>						
Highest share price (p)	139.40	127.36	123.55	125.86	111.70	107.99
Lowest share price (p)	113.60	106.04	103.27	101.21	94.22	90.24

  

	Class 2 – Income shares			Class 2 – Accumulation shares		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	117.62	123.25	116.40	85.53	87.69	81.22
Return before operating charges (p)	25.24	(1.83)	10.37	18.48	(1.26)	7.32
Operating charges (p)	(1.33)	(1.26)	(1.21)	(0.98)	(0.90)	(0.85)
Return after operating charges (p)*	23.91	(3.09)	9.16	17.50	(2.16)	6.47
Distributions (p)	(2.95)	(2.54)	(2.31)	(2.16)	(1.82)	(1.62)
Retained distributions on accumulation shares (p)	–	–	–	2.16	1.82	1.62
Closing net asset value per share (p)	138.58	117.62	123.25	103.03	85.53	87.69
*after direct transaction costs of (p)	0.24	0.12	0.28	0.18	0.09	0.19
<b>Performance</b>						
Return after charges (%)	20.33	(2.51)	7.87	20.46	(2.46)	7.97
<b>Other information</b>						
Closing net asset value (£000)	472,576	319,802	350,709	216,423	111,786	239,493
Closing number of shares	341,025,084	271,889,513	284,540,421	210,048,849	130,692,863	273,106,637
Operating charges (%)**	1.05	1.05	1.05	1.05	1.05	1.05
Direct transaction costs (%)***	0.20	0.10	0.24	0.20	0.10	0.24
<b>Prices</b>						
Highest share price (p)	140.00	127.75	124.10	103.45	90.88	87.74
Lowest share price (p)	113.96	106.45	103.48	82.87	76.97	73.16



## Threadneedle UK Fund

### Comparative Table Disclosure

(continued)

	Class X – Income shares		Class X – Accumulation shares
	07/03/2017	07/03/2016 <sup>2</sup>	07/03/2017 <sup>3</sup>
<b>Change in net assets per share</b>			
Opening net asset value per share (p)	95.66	100.00	100.00
Return before operating charges (p)	20.60	(2.28)	20.72
Operating charges (p)	(0.05)	(0.05)	(0.05)
Return after operating charges (p)*	20.55	(2.33)	20.67
Distributions (p)	(3.44)	(2.01)	(3.52)
Retained distributions on accumulation shares (p)	–	–	3.52
Closing net asset value per share (p)	112.77	95.66	120.67
*after direct transaction costs of (p)	0.20	0.09	0.22
<b>Performance</b>			
Return after charges (%)	21.48	(2.33)	20.67
<b>Other information</b>			
Closing net asset value (£000)	44,941	16,501	32,749
Closing number of shares	39,852,395	17,249,775	27,140,136
Operating charges (%)**	0.05	0.05 <sup>†</sup>	0.04 <sup>†</sup>
Direct transaction costs (%)***	0.20	0.10	0.20
<b>Prices</b>			
Highest share price (p)	114.45	101.27	121.14
Lowest share price (p)	92.96	86.94	96.37

  

	Class Z – Income shares			Class Z – Accumulation shares		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	129.22	135.41	127.89	139.61	142.81	131.99
Return before operating charges (p)	27.75	(2.02)	11.37	30.19	(2.05)	11.91
Operating charges (p)	(1.15)	(1.08)	(1.05)	(1.25)	(1.15)	(1.09)
Return after operating charges (p)*	26.60	(3.10)	10.32	28.94	(3.20)	10.82
Distributions (p)	(3.56)	(3.09)	(2.80)	(3.87)	(3.27)	(2.91)
Retained distributions on accumulation shares (p)	–	–	–	3.87	3.27	2.91
Closing net asset value per share (p)	152.26	129.22	135.41	168.55	139.61	142.81
*after direct transaction costs of (p)	0.27	0.13	0.30	0.29	0.14	0.32
<b>Performance</b>						
Return after charges (%)	20.59	(2.29)	8.07	20.73	(2.24)	8.20
<b>Other information</b>						
Closing net asset value (£000)	537,314	423,542	490,613	373,266	269,814	271,418
Closing number of shares	352,902,254	327,778,376	362,308,892	221,451,666	193,261,009	190,059,227
Operating charges (%)**	0.82	0.82	0.83	0.82	0.82	0.83
Direct transaction costs (%)***	0.20	0.10	0.24	0.20	0.10	0.24
<b>Prices</b>						
Highest share price (p)	153.98	140.42	136.49	169.24	148.08	142.89
Lowest share price (p)	125.27	117.06	113.71	135.35	125.62	119.04



## Threadneedle UK Fund

### Comparative Table Disclosure

(continued)

	Class Z CHF Hedged – Accumulation shares		Class Z EUR Hedged – Accumulation shares	
	07/03/2017	07/03/2016 <sup>4</sup>	07/03/2017	07/03/2016 <sup>5</sup>
<b>Change in net assets per share</b>				
Opening net asset value per share (p)	106.84	100.00	109.24	100.00
Return before operating charges (p)	39.62	8.01	38.27	10.06
Operating charges (p)	(1.03)	(1.17)	(1.05)	(0.82)
Return after operating charges (p)*	38.59	6.84	37.22	9.24
Distributions (p)	(3.17)	(0.89)	(3.23)	(0.91)
Retained distributions on accumulation shares (p)	3.17	0.89	3.23	0.91
Closing net asset value per share (p)	145.43	106.84	146.46	109.24
*after direct transaction costs of (p)	0.24	0.14	0.24	0.10
<b>Performance</b>				
Return after charges (%)	36.12	6.84	34.07	9.24
<b>Other information</b>				
Closing net asset value (£000)	5,874	6,193	12,438	14,758
Closing number of shares	4,039,078	5,796,349	8,492,277	13,510,364
Operating charges (%)**	0.82	0.83 <sup>†</sup>	0.82	0.83 <sup>†</sup>
Direct transaction costs (%)***	0.20	0.10	0.20	0.10
<b>Prices</b>				
Highest share price (p)	145.89	109.10	146.51	111.00
Lowest share price (p)	104.86	95.85	108.65	96.52
	Class Z USD Hedged – Accumulation shares			
	07/03/2017	07/03/2016 <sup>6</sup>		
<b>Change in net assets per share</b>				
Opening net asset value per share (p)	109.82	100.00		
Return before operating charges (p)	46.55	10.65		
Operating charges (p)	(1.04)	(0.83)		
Return after operating charges (p)*	45.51	9.82		
Distributions (p)	(3.24)	(0.90)		
Retained distributions on accumulation shares (p)	3.24	0.90		
Closing net asset value per share (p)	155.33	109.82		
*after direct transaction costs of (p)	0.24	0.10		
<b>Performance</b>				
Return after charges (%)	41.44	9.82		
<b>Other information</b>				
Closing net asset value (£000)	19,910	45,709		
Closing number of shares	12,817,700	41,621,060		
Operating charges (%)**	0.82	0.83 <sup>†</sup>		
Direct transaction costs (%)***	0.20	0.10		
<b>Prices</b>				
Highest share price (p)	155.48	111.97		
Lowest share price (p)	107.11	93.37		

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.

\*\*The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit [columbiathreadneedle.com/fees](http://columbiathreadneedle.com/fees).

\*\*\*Transaction costs have not been reduced by any amounts collected from dilution levies/adjustments.

<sup>1</sup>Class 1 – Accumulation shares commenced 11 September 2014.

<sup>2</sup>Class X – Income shares commenced 10 June 2015.

<sup>3</sup>Class X – Accumulation shares commenced 16 March 2016.

<sup>4</sup>Class Z CHF Hedged – Accumulation shares commenced 19 August 2015.

<sup>5</sup>Class Z EUR Hedged – Accumulation shares commenced 19 August 2015.

<sup>6</sup>Class Z USD Hedged – Accumulation shares commenced 19 August 2015.

<sup>†</sup>The Ongoing Charges Figure is annualised based on the fees incurred since commencement date.



## Threadneedle UK Fund

### Notes to the financial statements

for the accounting period 8 March 2016 to 7 March 2017

#### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 5 and 6.

#### 2 NET CAPITAL GAINS/(LOSSES)

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

	2017 £000	2016 £000
Non-derivative securities	298,906	(78,905)
Forward currency contracts	7,729	4,417
Other (losses)/gains	(129)	97
Transaction costs	(2)	(2)
Net capital gains/(losses)	306,504	(74,393)

#### 3 REVENUE

	2017 £000	2016 £000
UK dividends	61,362	55,554
Interest on short term investments	31	38
Bank interest	14	14
Underwriting commission	112	38
Total revenue	61,519	55,644

#### 4 EXPENSES

	2017 £000	2016 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(18,089)	(18,147)
Registration fees	(1,200)	(1,267)
	(19,289)	(19,414)
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depositary's fees	(195)	(168)
Safe custody fees	(46)	(52)
	(241)	(220)
Other expenses:		
Regulatory fees	(5)	(6)
Audit fees	(11)	(13)
Professional fees	(2)	—
	(18)	(19)
Total expenses*	(19,548)	(19,653)

\*Including irrecoverable VAT where applicable.

#### 5 INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £000	2016 £000
Interest payable	(3)	(1)
Total interest payable & similar charges	(3)	(1)

#### 6 TAXATION

	2017 £000	2016 £000
<b>a) Analysis of charge in period</b>		
Total current tax (note 6b)	—	—
Total tax charge for the period	—	—
<b>b) Factors affecting taxation charge for period</b>		
Net revenue before taxation	41,968	35,990
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(8,394)	(7,198)

Effects of:

Revenue not subject to taxation	12,165	11,072
Excess expenses	(3,771)	(3,867)
Retail Distribution Review (RDR) conversion transfer from capital	—	(7)
Current tax charge for period (note 6a)	—	—

The fund has not recognised a deferred tax asset of £62,833,498 (2016: £59,062,838) arising as a result of having unutilised management expenses. The movement in deferred tax asset may not agree to the excess expenses figure quoted above due to prior year adjustments. It is unlikely that these expenses will be utilised in future years.

#### 7 DISTRIBUTIONS

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

	2017 £000	2016 £000
Interim	29,807	26,121
Final	13,538	9,074
	43,345	35,195
Add: Revenue deducted on the cancellation of shares	2,627	2,243
Deduct: Revenue received on the creation of shares	(4,001)	(1,414)
Net distribution for the period	41,971	36,024
Net revenue after taxation	41,968	35,990
Equalisation on conversion	3	33
Undistributed revenue brought forward	—	1
Total distributions	41,971	36,024

Details of the distribution per share are set out in the table on pages 7 to 8.

#### 8 DEBTORS

	2017 £000	2016 £000
Amounts receivable for the issue of shares	187,369	4,743
Sales awaiting settlement	—	706
Accrued revenue	8,905	7,394
Total debtors	196,274	12,843

#### 9 CASH AND BANK BALANCES

	2017 £000	2016 £000
Amounts held at futures clearing houses and brokers	—	70
Cash and bank balances	2	27,485
	2	27,555
Bank overdrafts	(4,494)	—
Total cash and bank balances	(4,492)	27,555

#### 10 OTHER CREDITORS

	2017 £000	2016 £000
Amounts payable for the cancellation of shares	(2,511)	(4,261)
Purchases awaiting settlement	(154,130)	—
Accrued expenses	(43)	(34)
Amounts payable to ACD	(1,914)	(1,753)
Total other creditors	(158,598)	(6,048)

#### 11 DILUTION ADJUSTMENT

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



## Threadneedle UK Fund

### Notes to the financial statements

(continued)

#### 12 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, as ACD, is a related party and acts as principal in respect of all transactions of shares in the fund.

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

Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 8 and 10.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 10.

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

#### 13 SHAREHOLDER FUNDS

Threadneedle UK Fund currently has four share classes; Class 1, Class 2, Class X and Class Z shares. The charges on each share class are as follows:

##### Annual management charge

Class 1 shares	1.50%
Class 2 shares	1.00%
Class X shares	N/A*
Class Z shares	0.75%

##### Registration fees

Class 1 shares	0.110%
Class 2 shares	0.035%
Class X shares	0.035%
Class Z shares	0.060%

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 9 to 11. The distribution per share class is given in the distribution table on pages 7 to 8.

All classes have the same rights on winding up.

\*X Shares are not subject to an Annual Management Charge.

##### Reconciliation of shares

	2017
<b>Class 1 – Income shares</b>	
Opening shares	401,768,277
Shares issued	25,389,821
Shares redeemed	(102,516,678)
Net conversions	(3,749,749)
Closing shares	320,891,671
<b>Class 1 – Accumulation shares</b>	
Opening shares	4,491,629
Shares issued	1,416,388
Shares redeemed	(4,109,364)
Net conversions	1,294
Closing shares	1,799,947
<b>Class 2 – Income shares</b>	
Opening shares	271,889,513
Shares issued	151,026,755
Shares redeemed	(81,873,730)
Net conversions	(17,454)
Closing shares	341,025,084
<b>Class 2 – Accumulation shares</b>	
Opening shares	130,692,863
Shares issued	176,715,776
Shares redeemed	(96,726,764)
Net conversions	(633,026)
Closing shares	210,048,849
<b>Class X – Income shares</b>	
Opening shares	17,249,775
Shares issued	23,086,487
Shares redeemed	(483,867)
Net conversions	–
Closing shares	39,852,395

2017

##### Class X – Accumulation shares\*

Opening shares	–
Shares issued	27,140,136
Shares redeemed	–
Net conversions	–
Closing shares	27,140,136

##### Class Z – Income shares

Opening shares	327,778,376
Shares issued	58,256,446
Shares redeemed	(37,324,775)
Net conversions	4,192,207
Closing shares	352,902,254

##### Class Z – Accumulation shares

Opening shares	193,261,009
Shares issued	53,615,496
Shares redeemed	(25,105,512)
Net conversions	(319,327)
Closing shares	221,451,666

##### Class Z CHF Hedged – Accumulation shares

Opening shares	5,796,349
Shares issued	1,738,807
Shares redeemed	(3,496,078)
Net conversions	–
Closing shares	4,039,078

##### Class Z EUR Hedged – Accumulation shares

Opening shares	13,510,364
Shares issued	3,152,083
Shares redeemed	(8,170,170)
Net conversions	–
Closing shares	8,492,277

##### Class Z USD Hedged – Accumulation shares

Opening shares	41,621,060
Shares issued	5,438,920
Shares redeemed	(34,242,280)
Net conversions	–
Closing shares	12,817,700

\*For launch dates, refer to the footnotes after the comparative tables.

#### 14 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 6.

##### Market price risk sensitivity

A 5% market movement applied to the fund would result in an increase or decrease on net asset value of the fund by 4.71% (2016: 4.81%).

##### Currency exposures

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

	Monetary exposures	Non-monetary exposures	Total
	£000	£000	£000
<b>Currency 2017</b>			
Euro	132	12,221	12,353
Swiss Franc	7	5,773	5,780
US Dollar	1,478	19,499	20,977
<b>Currency 2016</b>			
Euro	29	14,357	14,386
Swiss Franc	(6,179)	6,033	(146)
US Dollar	1,709	44,459	46,168



## Threadneedle UK Fund

### Notes to the financial statements

(continued)

#### Currency sensitivity

As the fund has no material currency exposure, no sensitivity analysis has been shown (2016: same).

#### Credit/Counterparty exposure

The following details exposure to counterparties obtained through the use of derivatives:

	Forward Foreign Exchange Contracts Exposure	Collateral Pledged
2017	£000	£000
Counterparty		
J.P.Morgan	869	–
2016	£000	£000
Counterparty		
J.P.Morgan	–	70

The fund held £490,000 (2016: £530,000) of collateral received from the fund's counterparties. The collateral held was in the form of cash. Collateral received is not owned by the fund and therefore is not included in the fund's cash balance. Positive exposure represents the fund's exposure to that counterparty and not the fund's holdings with that counterparty.

#### Interest rate risk

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

#### Interest rate risk profile of financial assets and financial liabilities

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

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
Currency 2017	£000	£000	£000	£000
Euro	1	–	12,381	12,382
Swiss Franc	–	–	5,791	5,791
UK Sterling	–	–	2,331,201	2,331,201
US Dollar	1	–	21,124	21,125
Currency 2016	£000	£000	£000	£000
Euro	3	–	14,484	14,487
Swiss Franc	–	–	6,073	6,073
UK Sterling	27,545	–	1,668,354	1,695,899
US Dollar	7	–	47,327	47,334
	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
Currency 2017	£000	£000	£000	£000
Euro	–	–	(29)	(29)
Swiss Franc	–	–	(11)	(11)
UK Sterling	(4,494)	–	(204,149)	(208,643)
US Dollar	–	–	(148)	(148)
Currency 2016	£000	£000	£000	£000
Euro	–	–	(101)	(101)
Swiss Franc	–	–	(6,219)	(6,219)
UK Sterling	–	–	(71,584)	(71,584)
US Dollar	–	–	(1,166)	(1,166)

#### Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances (2016: same).

#### Derivative risks

Other than equities which do not have maturity dates, non interest-bearing assets relate to forward foreign exchange contracts. Derivatives including forward foreign exchange contracts are employed when they are the cheapest and most efficient method of gaining exposure. This increases the risk profile of the fund and may result in a higher degree of volatility. All open positions are regularly reviewed by the fund manager. The fund has entered into various forward foreign exchange contracts during this accounting period. Such contracts commit the

fund to future deliveries or receipts, typically three months forward, of assets and liabilities, at prices decided at the point of striking the contract. They therefore allow the fund manager to limit risk, or to enhance fund performance in return for the acceptance of greater risk.

At 7 March 2017, the fund had outstanding forward foreign exchange contracts with an asset value of £870,000 (2016: £2,000) and a liability value of £1,000 (2016: £475,000).

### 15 FAIR VALUE DISCLOSURE

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

**Level 1** – Quoted prices for identical instruments in active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

**Level 2** – Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investments schemes.

**Level 3** – Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

	2017		2016	
Valuation technique	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	2,136,491	–	1,657,030	–
Level 2	870	(1)	2	(475)
	2,137,361	(1)	1,657,032	(475)

### 16 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2016: Nil).

### 17 PORTFOLIO TRANSACTION COSTS

#### 7 March 2017

	Value £000	Commissions £000	%	Taxes £000	%
<b>Purchases</b>					
Equities	548,111	334	0.06	2,842	0.52
Corporate actions	11,302	–	–	–	–
<b>Total</b>	<b>559,413</b>	<b>334</b>		<b>2,842</b>	

#### Gross purchases total:

	Value £000	Commissions £000	%	Taxes £000	%
<b>Sales</b>					
Equities	361,417	318	0.09	–	–
Corporate actions	20,935	–	–	–	–
<b>Total</b>	<b>382,352</b>	<b>318</b>		<b>–</b>	

#### Total sales net of transaction costs:

**382,034**

#### Transaction costs as a percentage of average Net Assets

Commissions:	0.04%
Taxes:	0.16%

#### 7 March 2016

	Value £000	Commissions £000	%	Taxes £000	%
<b>Purchases</b>					
Equities	256,384	254	0.10	1,281	0.50
Corporate actions	3,956	–	–	–	–
<b>Total</b>	<b>260,340</b>	<b>254</b>		<b>1,281</b>	

#### Gross purchases total:

**261,875**



## Threadneedle UK Fund

### Notes to the financial statements

(continued)

Sales	Value	Commissions		Taxes	
	£000	£000	%	£000	%
Equities	451,251	264	0.06	1	0.00
Corporate actions	36,758	—	—	—	—
<b>Total</b>	<b>488,009</b>	<b>264</b>		<b>1</b>	

**Total sales net of transaction costs: 487,744**

#### Transaction costs as a percentage of average Net Assets

Commissions:	0.03%
Taxes:	0.07%

Portfolio transaction costs are incurred by the fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

**Direct transaction costs:** Broker commissions, fees and taxes.

**Indirect transaction costs:** 'Dealing spread' – the difference between the buying and selling prices of the fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.07% (7 March 2016: 0.13%), being the difference between the respective bid and offer prices for the fund's investments.

### 18 SECURITIES FINANCING TRANSACTIONS REGULATION

Additional disclosures are required where the fund invests in securities financing transactions (SFTs). For the year ended 7 March 2017 the fund has not invested in SFTs and will not be making additional disclosures.



## Threadneedle UK Select Fund

### Investment Report

#### Investment Objective

To achieve above average capital growth.

#### Investment Policy

The ACD's investment policy is to invest the assets of the Fund for growth, through a concentrated, actively managed portfolio. The select investment approach means that the ACD has the flexibility to take significant stock and sector positions which may lead to increased levels of volatility. The portfolio will consist primarily of equities of companies domiciled in the UK, or which have significant UK operations. If the ACD considers it desirable, it may further invest in other securities (including fixed interest securities, other equities and money market securities).

#### Performance of Income Class 1 Shares\*

Over the twelve months to 7 March 2017, the published share price of the Threadneedle UK Select Fund has risen from 115.40p to 128.74p.

Looking at performance within its peer group, the total return on the fund for the twelve months ending 28 February 2017, including net reinvested income, is +11.95% as compared to a median return of +19.07% over the same period. For information the FTSE All-Share Total Return Index returned +22.81% over the same period.

#### Market Overview and Portfolio Activity

UK equities posted double-digit returns in the review period, overcoming Brexit-induced volatility. Overseas earners led the post-vote rally as sterling slumped. Markets also cheered

Theresa May's swift appointment as the new prime minister, as well as the Bank of England's (BoE) stimulus measures in August (rate cuts, cheaper bank funding and more quantitative easing). In November, Donald Trump's unexpected victory led to a market rotation; investors favoured cyclical stocks over defensive stocks. (Cyclical stocks are generally those issued by companies whose earnings rise and fall with changes in economic conditions. By contrast, firms which issue defensive stocks aim to generate stable earnings and dividends for shareholders even when times are bad). As we expected, the Chancellor announced higher infrastructure spending in the Autumn Statement. Energy stocks got a boost towards the end of 2016 as OPEC members surprised markets by reaching an agreement to cut output; non OPEC-members later expressed their willingness to join in.

Major post-referendum economic indicators were initially bleak but later readings showed Brexit slowdown fears were premature. Notably, GDP growth for Q3 and Q4 2016 exceeded estimates. However, recent indicators suggest some weakness in consumer spending. Inflation has trended higher and stood at 1.8% in January.

Brexit remained in focus even after the vote and the potential loss of unfettered access to the EU single market pushed sterling to 30-year lows in October. The currency later rebounded but moved closer to October's lows in early March as the House of Lords debated the bill to trigger Article 50.

We opened several new positions over the review period, notably Rio Tinto. In our view, this is effectively the only mining company worth investing in, as the valuation looks attractive at

current commodity prices. The company is using its very strong near-term cash flow to reduce expensive debt. We also like the increasingly oligopolistic market structure in the iron ore market; the key players are now stressing that they are more interested in returns and profitability than in volume growth. Other new additions included Standard Chartered, Barclays, RELX and SAGE.

Among sales, we exited WPP, TUI and Wolseley. We also sold out of our position in BT. The firm's shares suffered after the revelation of a greater-than-expected loss due to accounting fraud in its Italian subsidiary. We also trimmed some of our existing positions such as Royal Dutch Shell and Prudential.

UK equities still offer 'cheap' exposure to the wider global economy and an attractive, growing income stream.

Expectations for the UK's economic growth in 2017 have now risen towards pre-Brexit levels but there are concerns over consumers' ability to power growth. The BoE should hopefully look through the twin transient headwinds of sterling's depreciation and higher energy prices and leave rates unchanged.

Corporate balance sheets remain strong. We expect sterling's fall to support earnings growth and dividend cover. Hence, UK equities are likely to maintain attractive yields relative to gilts and cash. We are looking at the defensive growth areas of the market for incremental purchases.

Volatile markets will undoubtedly create more opportunities for investors with long-term views who are willing and able to focus on companies' inherent strengths.

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2016 to 7 March 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains/(losses)	2	24,527	(6,144)
Revenue	3	7,717	7,392
Expenses	4	(3,011)	(2,957)
Interest payable and similar charges	5	(1)	—
Net revenue before taxation		4,705	4,435
Taxation	6	(34)	—
Net revenue after taxation		4,671	4,435
<b>Total return before distributions</b>		<b>29,198</b>	<b>(1,709)</b>
Distributions	7	(4,672)	(4,442)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>24,526</b>	<b>(6,151)</b>

### BALANCE SHEET

as at 7 March 2017

	Notes	2017 £000	2016 £000
<b>Assets:</b>			
<b>Fixed assets:</b>			
Investments		230,247	204,902
<b>Current assets:</b>			
Debtors	8	4,042	1,959
Cash and bank balances		7,797	6,300
<b>Total assets</b>		<b>242,086</b>	<b>213,161</b>
<b>Liabilities:</b>			
<b>Creditors:</b>			
Distribution payable		(1,362)	(1,053)
Other creditors	9	(3,570)	(2,505)
<b>Total liabilities</b>		<b>(4,932)</b>	<b>(3,558)</b>
<b>Net assets attributable to shareholders</b>		<b>237,154</b>	<b>209,603</b>

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

for the accounting period 8 March 2016 to 7 March 2017

	2017 £000	2016 £000
<b>Opening net assets attributable to shareholders</b>	<b>209,603</b>	<b>216,457</b>
Amounts receivable on the issue of shares	34,714	25,114
Amounts payable on the cancellation of shares	(31,698)	(25,825)
	3,016	(711)
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	24,526	(6,151)
Retained distribution on accumulation shares	4	—
Unclaimed distributions	5	8
<b>Closing net assets attributable to shareholders</b>	<b>237,154</b>	<b>209,603</b>

### DISTRIBUTION TABLE

for the accounting period 8 March 2016 to 7 March 2017

Dividend distribution in pence per share

#### Class 1 – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	1.6557	—	1.6557	1.7392
08/09/16 to 07/03/17	0.5426	—	0.5426	0.4228
<b>Group 2</b>				
08/03/16 to 07/09/16	0.7356	0.9201	1.6557	1.7392
08/09/16 to 07/03/17	0.4699	0.0727	0.5426	0.4228
<b>Total distributions in the period</b>			<b>2.1983</b>	<b>2.1620</b>

#### Class 2 – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	2.0307	—	2.0307	2.1174
08/09/16 to 07/03/17	0.9199	—	0.9199	0.7789
<b>Group 2</b>				
08/03/16 to 07/09/16	1.0838	0.9469	2.0307	2.1174
08/09/16 to 07/03/17	0.6529	0.2670	0.9199	0.7789
<b>Total distributions in the period</b>			<b>2.9506</b>	<b>2.8963</b>

\*In pound Sterling and against UK peer group.



## Threadneedle UK Select Fund

### DISTRIBUTION TABLE

(continued)

#### Class X – Accumulation shares\*

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017
<b>Group 1</b>			
08/03/16 to 07/09/16	2.2123	–	2.2123
08/09/16 to 07/03/17	1.3576	–	1.3576
<b>Group 2</b>			
08/03/16 to 07/09/16	2.2123	–	2.2123
08/09/16 to 07/03/17	0.6876	0.6700	1.3576
<b>Total distributions in the period</b>			<b>3.5699</b>

#### Class Z – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	2.5607	–	2.5607	2.6658
08/09/16 to 07/03/17	1.2307	–	1.2307	1.0549
<b>Group 2</b>				
08/03/16 to 07/09/16	1.1104	1.4503	2.5607	2.6658
08/09/16 to 07/03/17	0.7786	0.4521	1.2307	1.0549
<b>Total distributions in the period</b>			<b>3.7914</b>	<b>3.7207</b>

Group 2: shares purchased during a distribution period.

\*For launch dates, refer to the footnotes after the comparative tables.

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.



## Threadneedle UK Select Fund

### Comparative Table Disclosure

	Class 1 – Income shares			Class 2 – Income shares		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	114.87	118.42	108.69	115.29	118.87	109.07
Return before operating charges (p)	17.44	0.56	13.50	17.54	0.56	13.60
Operating charges (p)	(2.00)	(1.95)	(1.81)	(1.27)	(1.24)	(1.16)
Return after operating charges (p)*	15.44	(1.39)	11.69	16.27	(0.68)	12.44
Distributions (p)	(2.20)	(2.16)	(1.96)	(2.95)	(2.90)	(2.64)
Retained distributions on accumulation shares (p)	–	–	–	–	–	–
Closing net asset value per share (p)	128.11	114.87	118.42	128.61	115.29	118.87
*after direct transaction costs of (p)	0.43	0.29	0.34	0.43	0.29	0.34
<b>Performance</b>						
Return after charges (%)	13.44	(1.17)	10.76	14.11	(0.57)	11.41
<b>Other information</b>						
Closing net asset value (£000)	121,552	122,488	131,931	87,616	72,088	74,387
Closing number of shares	94,879,509	106,628,097	111,407,468	68,127,890	62,529,863	62,577,176
Operating charges (%)**	1.67	1.67	1.67	1.06	1.06	1.06
Direct transaction costs (%)***	0.36	0.25	0.32	0.36	0.25	0.32
<b>Prices</b>						
Highest share price (p)	128.74	122.78	118.81	129.61	123.42	119.60
Lowest share price (p)	107.46	106.11	99.13	108.05	106.78	99.56

  

	Class X – Accumulation shares	Class Z – Income shares		
	07/03/2017 <sup>1</sup>	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>				
Opening net asset value per share (p)	100.00	138.22	142.52	130.78
Return before operating charges (p)	14.59	21.04	0.66	16.32
Operating charges (p)	(0.05)	(1.27)	(1.24)	(1.17)
Return after operating charges (p)*	14.54	19.77	(0.58)	15.15
Distributions (p)	(3.57)	(3.79)	(3.72)	(3.41)
Retained distributions on accumulation shares (p)	3.57	–	–	–
Closing net asset value per share (p)	114.54	154.20	138.22	142.52
*after direct transaction costs of (p)	0.40	0.52	0.35	0.41
<b>Performance</b>				
Return after charges (%)	14.54	14.30	(0.41)	11.58
<b>Other information</b>				
Closing net asset value (£000)	319	27,667	15,027	10,139
Closing number of shares	277,927	17,942,218	10,871,883	7,113,640
Operating charges (%)**	0.05 <sup>1</sup>	0.88	0.88	0.89
Direct transaction costs (%)***	0.36	0.36	0.25	0.32
<b>Prices</b>				
Highest share price (p)	114.60	155.53	148.03	143.53
Lowest share price (p)	93.32	129.61	128.11	119.39

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.

\*\*The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit [columbiathreadneedle.com/fees](http://columbiathreadneedle.com/fees).

\*\*\*Transaction costs have not been reduced by any amounts collected from dilution levies/adjustments.

<sup>1</sup>Class X – Accumulation shares commenced 16 March 2016.

<sup>1</sup>The Ongoing Charges Figure is annualised based on the fees incurred since commencement date.



## Threadneedle UK Select Fund

### Notes to the financial statements

for the accounting period 8 March 2016 to 7 March 2017

#### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 5 and 6.

#### 2 NET CAPITAL GAINS/(LOSSES)

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

	2017 £000	2016 £000
Non-derivative securities	24,530	(6,155)
Other gains	—	11
Transaction costs	(3)	—
Net capital gains/(losses)	24,527	(6,144)

#### 3 REVENUE

	2017 £000	2016 £000
UK dividends	7,674	7,371
Overseas dividends	23	4
Interest on short term investments	6	10
Bank interest	7	7
Underwriting commission	7	—
Total revenue	7,717	7,392

#### 4 EXPENSES

	2017 £000	2016 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(2,731)	(2,683)
Registration fees	(229)	(224)
	(2,960)	(2,907)
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depository's fees	(23)	(20)
Safe custody fees	(13)	(14)
	(36)	(34)
Other expenses:		
Regulatory fees	(5)	(6)
Audit fees	(8)	(10)
Professional fees	(2)	—
	(15)	(16)
Total expenses*	(3,011)	(2,957)

\*Including irrecoverable VAT where applicable.

#### 5 INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £000	2016 £000
Interest payable	(1)	—
Total interest payable & similar charges	(1)	—

#### 6 TAXATION

	2017 £000	2016 £000
<b>a) Analysis of charge in period</b>		
Overseas taxes	(34)	—
Total current tax (note 6b)	(34)	—
Total tax charge for the period	(34)	—
<b>b) Factors affecting taxation charge for period</b>		
Net revenue before taxation	4,705	4,435
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(941)	(887)

Effects of:

Revenue not subject to taxation	1,516	1,459
Overseas taxes	(34)	—
Excess expenses	(575)	(571)
Retail Distribution Review (RDR) conversion transfer from capital	—	(1)
Current tax charge for period (note 6a)	(34)	—

The fund has not recognised a deferred tax asset of £10,945,162 (2016: £10,370,751) arising as a result of having unutilised management expenses. The movement in deferred tax asset may not agree to the excess expenses figure quoted above due to prior year adjustments. It is unlikely that these expenses will be utilised in future years.

#### 7 DISTRIBUTIONS

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

	2017 £000	2016 £000
Interim	3,346	3,331
Final	1,366	1,052
	4,712	4,383
Add: Revenue deducted on the cancellation of shares	162	153
Deduct: Revenue received on the creation of shares	(202)	(94)
Net distribution for the period	4,672	4,442
Net revenue after taxation	4,671	4,435
Equalisation on conversion	1	7
Total distributions	4,672	4,442

Details of the distribution per share are set out in the table on pages 16 to 17.

#### 8 DEBTORS

	2017 £000	2016 £000
Amounts receivable for the issue of shares	280	749
Sales awaiting settlement	2,500	133
Accrued revenue	1,233	1,018
Foreign withholding tax recoverable	29	59
Total debtors	4,042	1,959

#### 9 OTHER CREDITORS

	2017 £000	2016 £000
Amounts payable for the cancellation of shares	(179)	(1,221)
Purchases awaiting settlement	(3,079)	(994)
Accrued expenses	(14)	(10)
Amounts payable to ACD	(298)	(280)
Total other creditors	(3,570)	(2,505)

#### 10 DILUTION ADJUSTMENT

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

#### 11 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, as ACD, is a related party and acts as principal in respect of all transactions of shares in the fund.

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

Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 8 and 9.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 9.

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



## Threadneedle UK Select Fund

### Notes to the financial statements

(continued)

#### 12 SHAREHOLDER FUNDS

Threadneedle UK Select Fund currently has four share classes; Class 1, Class 2, Class X and Class Z shares. The charges on each share class are as follows:

##### Annual management charge

Class 1 shares	1.50%
Class 2 shares	1.00%
Class X shares	N/A*
Class Z shares	0.75%

##### Registration fees

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

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on page 18. The distribution per share class is given in the distribution table on pages 16 to 17. All classes have the same rights on winding up.

\*X Shares are not subject to an Annual Management Charge.

##### Reconciliation of shares

	2017
<b>Class 1 – Income shares</b>	
Opening shares	106,628,097
Shares issued	2,779,631
Shares redeemed	(13,907,308)
Net conversions	(620,911)
Closing shares	94,879,509
<b>Class 2 – Income shares</b>	
Opening shares	62,529,863
Shares issued	17,450,233
Shares redeemed	(11,329,640)
Net conversions	(522,566)
Closing shares	68,127,890
<b>Class X – Accumulation shares*</b>	
Opening shares	–
Shares issued	293,501
Shares redeemed	(15,574)
Net conversions	–
Closing shares	277,927
<b>Class Z – Income shares</b>	
Opening shares	10,871,883
Shares issued	7,373,823
Shares redeemed	(1,254,289)
Net conversions	950,801
Closing shares	17,942,218

\*For launch dates, refer to the footnotes after the comparative tables.

#### 13 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 6.

##### Market price risk sensitivity

A 5% market movement applied to the fund would result in an increase or decrease on net asset value of the fund by 4.66% (2016: 4.83%).

##### Currency exposures

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

	Monetary exposures	Non-monetary exposures	Total
Currency 2017	£000	£000	£000
Euro	212	–	212
US Dollar	253	–	253

Currency 2016	£000	£000	£000
Euro	223	–	223
Swiss Franc	(1,053)	–	(1,053)
US Dollar	356	–	356

##### Currency sensitivity

As the fund has no material currency exposure, no sensitivity analysis has been shown (2016: same).

##### Credit/Counterparty exposure

As at the balance sheet date there is no derivative exposure or collateral to disclose (2016: same).

The fund did not hold any collateral received from the fund's counterparties in either the current or prior year.

##### Interest rate risk

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

##### Interest rate risk profile of financial assets and financial liabilities

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

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
Currency 2017	£000	£000	£000	£000
Euro	183	–	29	212
UK Sterling	7,614	–	234,007	241,621
US Dollar	–	–	253	253
Currency 2016	£000	£000	£000	£000
Euro	164	–	59	223
UK Sterling	6,136	–	206,446	212,582
US Dollar	–	–	356	356
	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
Currency 2017	£000	£000	£000	£000
UK Sterling	–	–	(4,932)	(4,932)
Currency 2016	£000	£000	£000	£000
Swiss Franc	–	–	(1,053)	(1,053)
UK Sterling	–	–	(2,505)	(2,505)

##### Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances (2016: same).

##### Derivative risks

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

#### 14 FAIR VALUE DISCLOSURE

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

**Level 1** – Quoted prices for identical instruments in active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

**Level 2** – Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investments schemes.

**Level 3** – Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.



## Threadneedle UK Select Fund

### Notes to the financial statements

(continued)

Valuation technique	2017		2016	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	230,247	—	204,902	—
	230,247	—	204,902	—

### 15 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2016: Nil).

### 16 PORTFOLIO TRANSACTION COSTS

#### 7 March 2017

	Value £000	Commissions		Taxes	
	£000	£000	%	£000	%
<b>Purchases</b>					
Equities	112,837	122	0.11	547	0.48
Corporate actions	739	—	—	—	—
<b>Total</b>	<b>113,576</b>	<b>122</b>		<b>547</b>	

**Gross purchases total:** **114,245**

	Value £000	Commissions		Taxes	
	£000	£000	%	£000	%
<b>Sales</b>					
Equities	112,256	116	0.10	—	—
Corporate actions	1,291	—	—	—	—
<b>Total</b>	<b>113,547</b>	<b>116</b>		<b>—</b>	

**Total sales net of transaction costs:** **113,431**

#### Transaction costs as a percentage of average Net Assets

Commissions:	0.11%
Taxes:	0.25%

#### 7 March 2016

	Value £000	Commissions		Taxes	
	£000	£000	%	£000	%
<b>Purchases</b>					
Equities	75,181	83	0.11	353	0.47
<b>Total</b>	<b>75,181</b>	<b>83</b>		<b>353</b>	

**Gross purchases total:** **75,617**

	Value £000	Commissions		Taxes	
	£000	£000	%	£000	%
<b>Sales</b>					
Equities	66,056	78	0.12	—	—
Corporate actions	2,895	—	—	—	—
<b>Total</b>	<b>68,951</b>	<b>78</b>		<b>—</b>	

**Total sales net of transaction costs:** **68,873**

#### Transaction costs as a percentage of average Net Assets

Commissions:	0.08%
Taxes:	0.17%

Portfolio transaction costs are incurred by the fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

**Direct transaction costs:** Broker commissions, fees and taxes.

**Indirect transaction costs:** 'Dealing spread' – the difference between the buying and selling prices of the fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.13% (7 March 2016: 0.18%), being the difference between the respective bid and offer prices for the fund's investments.

### 17 SECURITIES FINANCING TRANSACTIONS REGULATION

Additional disclosures are required where the fund invests in securities financing transactions (SFTs). For the year ended 7 March 2017 the fund has not invested in SFTs and will not be making additional disclosures.



## Threadneedle UK Smaller Companies Fund

### Investment Report

#### Investment Objective

To achieve capital growth.

#### Investment Policy

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

If the ACD considers it desirable it may further invest up to one third of the total assets of the Fund in other securities (including fixed interest securities, other equities and money market securities). For liquidity purposes it may invest in cash and near cash.

#### Performance of Income Class 1 Shares\*

Over the twelve months to 7 March 2017, the published share price of the Threadneedle UK Smaller Companies Fund has risen from 244.64p to 284.51p.

Looking at performance within its peer group, the total return on the fund for the twelve months ending 28 February 2017, including net reinvested income, is +17.16% as compared to a median return of +19.59% over the same period. For information the Numis Smaller Companies (ex Investment Trusts) Index returned +21.22% over the same period.

#### Market Overview and Portfolio Activity

UK equities posted double-digit returns in the year under review, overcoming Brexit-induced headwinds. Smaller companies lagged their large-cap counterparts in the run-up to and immediate aftermath of the vote; falling bond yields and doubts over the prospects for domestically-oriented UK companies in a post-Brexit world made investors wary of small-caps. However, as the third quarter of 2016 progressed, small-caps recovered

somewhat. Equities were supported by Theresa May's swift appointment as the new prime minister, as well as the Bank of England's (BoE) stimulus measures in August.

The post-referendum recovery was initially characterised by a divergence between cyclical stocks (generally, stocks issued by companies whose earnings rise and fall with changes in economic conditions) and overseas earners; the latter led the rally as sterling's fall proved supportive. However, cyclical stocks got a boost as Donald Trump's unexpected election victory caused investors to price in higher US growth. Towards the end of the review period, an uptick in mergers and acquisitions (M&A) activity supported small-caps and the Numis Smaller Companies index (excluding investment companies) hit a record high in January.

Major post-referendum economic indicators were initially bleak but later readings showed Brexit slowdown fears were premature. Notably, GDP growth for Q3 and Q4 2016 exceeded estimates. However, recent indicators suggest some weakness in consumer spending. Inflation has trended higher and stood at 1.8% in January.

We opened a new position in Vectura as part of a move to broaden our exposure to economically unrelated areas, such as pharmaceuticals and technology. Other new additions included Just Eat and Restaurant Group. Just Eat has a very strong business model with a lot of potential in the medium term. The fund previously held Restaurant Group but sold out at a profit. The company's direction had seemed unclear but it now has an impressive new management team in place, prompting us to reinvest in the belief that the business is on the road to recovery.

We participated in the IPO of Xafinity; in our view, it has a strong recurring revenue base from pension administration services while retaining significant potential to advise on improving the defined benefit pension schemes of small and medium-sized enterprises (SMEs). Oxford Instruments was also a new holding; the management has taken positive steps to refocus the business and pay down debt. We also topped up some of our existing holdings, notably Ascential.

Among sales, we trimmed our holding in Scapa Group and sold out of our position in Home Retail Group following the purchase by Sainsbury's. Having earlier established a holding in Ithaca, the North Sea oil company, we exited the position after the firm received a bid from its largest shareholder DKL Investments. Lavendon was another company that was sold after it received a takeover bid. Virgin Money was sold after the post-Brexit rally and its exclusion from the benchmark index. Other sales included Xchanging.

UK GDP growth has been far more resilient than the market or the BoE anticipated and we expect the UK to enjoy solid growth in 2017. With unemployment low, interest rates remaining lower for longer and inflation unlikely to rise dramatically, the UK consumer is likely to remain more resilient than the market expects. Meanwhile, the rebalancing of the UK economy should continue.

We are monitoring data closely and believe that the slip in consumer confidence, against continued strength in unsecured lending, will be an interesting area to watch.

The UK smaller companies asset class remains cheap relative to the wider UK market and we expect this gap to close with continued good trading and accelerating M&A activity.

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2016 to 7 March 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains	2	25,276	17,779
Revenue	3	3,082	3,436
Expenses	4	(1,983)	(2,068)
Interest payable and similar charges	5	(1)	(1)
Net revenue before taxation		1,098	1,367
Taxation	6	–	(31)
Net revenue after taxation		1,098	1,336
<b>Total return before distributions</b>		<b>26,374</b>	<b>19,115</b>
Distributions	7	(1,164)	(1,380)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>25,210</b>	<b>17,735</b>

### BALANCE SHEET

as at 7 March 2017

	Notes	2017 £000	2016 £000
<b>Assets:</b>			
<b>Fixed assets:</b>			
Investments		183,550	175,343
<b>Current assets:</b>			
Debtors	8	1,357	814
Cash and bank balances		1,375	1,195
<b>Total assets</b>		<b>186,282</b>	<b>177,352</b>
<b>Liabilities:</b>			
<b>Creditors:</b>			
Distribution payable		(189)	(260)
Other creditors	9	(2,781)	(2,120)
<b>Total liabilities</b>		<b>(2,970)</b>	<b>(2,380)</b>
<b>Net assets attributable to shareholders</b>		<b>183,312</b>	<b>174,972</b>

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

for the accounting period 8 March 2016 to 7 March 2017

	2017 £000	2016 £000
<b>Opening net assets attributable to shareholders</b>	<b>174,972</b>	<b>145,255</b>
Amounts receivable on the issue of shares	27,342	65,917
Amounts payable on the cancellation of shares	(44,584)	(54,735)
	(17,242)	11,182
Dilution adjustment	177	543
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	25,210	17,735
Retained distribution on accumulation shares	194	255
Unclaimed distributions	1	2
<b>Closing net assets attributable to shareholders</b>	<b>183,312</b>	<b>174,972</b>

### DISTRIBUTION TABLE

for the accounting period 8 March 2016 to 7 March 2017

Dividend distribution in pence per share

#### Class 1 – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	0.8199	–	0.8199	0.9774
08/09/16 to 07/03/17	–	–	–	–
<b>Group 2</b>				
08/03/16 to 07/09/16	0.3849	0.4350	0.8199	0.9774
08/09/16 to 07/03/17	–	–	–	–
<b>Total distributions in the period</b>			<b>0.8199</b>	<b>0.9774</b>

#### Class 2 – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	1.5882	–	1.5882	1.7109
08/09/16 to 07/03/17	0.4575	–	0.4575	0.5635
<b>Group 2</b>				
08/03/16 to 07/09/16	0.4559	1.1323	1.5882	1.7109
08/09/16 to 07/03/17	–	0.4575	0.4575	0.5635
<b>Total distributions in the period</b>			<b>2.0457</b>	<b>2.2744</b>

\*In pound Sterling and against UK peer group.



## Threadneedle UK Smaller Companies Fund

### DISTRIBUTION TABLE

(continued)

#### Class X – Income shares\*

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	1.1983	–	1.1983	0.5596
08/09/16 to 07/03/17	0.7495	–	0.7495	0.7428
<b>Group 2</b>				
08/03/16 to 07/09/16	0.9683	0.2300	1.1983	0.5596
08/09/16 to 07/03/17	0.7495	–	0.7495	0.7428
<b>Total distributions in the period</b>			<b>1.9478</b>	<b>1.3024</b>

#### Class Z – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	1.2210	–	1.2210	1.2968
08/09/16 to 07/03/17	0.4666	–	0.4666	0.5260
<b>Group 2</b>				
08/03/16 to 07/09/16	0.7033	0.5177	1.2210	1.2968
08/09/16 to 07/03/17	–	0.4666	0.4666	0.5260
<b>Total distributions in the period</b>			<b>1.6876</b>	<b>1.8228</b>

#### Class Z – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	1.0210	–	1.0210	1.0725
08/09/16 to 07/03/17	0.3929	–	0.3929	0.4385
<b>Group 2</b>				
08/03/16 to 07/09/16	0.3331	0.6879	1.0210	1.0725
08/09/16 to 07/03/17	0.0024	0.3905	0.3929	0.4385
<b>Total distributions in the period</b>			<b>1.4139</b>	<b>1.5110</b>

Group 2: shares purchased during a distribution period.

\*For launch dates, refer to the footnotes after the comparative tables.

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.



## Threadneedle UK Smaller Companies Fund

### Comparative Table Disclosure

	Class 1 – Income shares			Class 2 – Income shares		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	242.84	215.98	212.60	245.52	218.19	214.31
Return before operating charges (p)	44.60	31.81	7.35	45.24	32.17	7.47
Operating charges (p)	(4.22)	(3.98)	(3.46)	(2.71)	(2.57)	(2.21)
Return after operating charges (p)*	40.38	27.83	3.89	42.53	29.60	5.26
Distributions (p)	(0.82)	(0.97)	(0.51)	(2.05)	(2.27)	(1.38)
Retained distributions on accumulation shares (p)	–	–	–	–	–	–
Closing net asset value per share (p)	282.40	242.84	215.98	286.00	245.52	218.19
*after direct transaction costs of (p)	0.64	0.60	0.51	0.64	0.61	0.52
<b>Performance</b>						
Return after charges (%)	16.63	12.89	1.83	17.32	13.57	2.45
<b>Other information</b>						
Closing net asset value (£000)	51,808	49,977	44,601	91,321	93,995	70,580
Closing number of shares	18,345,720	20,580,604	20,650,297	31,930,773	38,283,583	32,348,206
Operating charges (%)**	1.67	1.68	1.69	1.06	1.07	1.07
Direct transaction costs (%)***	0.25	0.25	0.25	0.25	0.25	0.25
<b>Prices</b>						
Highest share price (p)	285.66	251.33	217.88	289.70	254.40	220.30
Lowest share price (p)	215.56	214.33	187.73	218.39	216.53	189.38

  

	Class X – Income shares		Class Z – Income shares	
	07/03/2017	07/03/2016 <sup>1</sup>	07/03/2017	07/03/2016
<b>Change in net assets per share</b>				
Opening net asset value per share (p)	104.09	100.00	166.10	147.61
Return before operating charges (p)	19.28	5.44	30.63	21.76
Operating charges (p)	(0.07)	(0.05)	(1.53)	(1.45)
Return after operating charges (p)*	19.21	5.39	29.10	20.31
Distributions (p)	(1.95)	(1.30)	(1.69)	(1.82)
Retained distributions on accumulation shares (p)	–	–	–	–
Closing net asset value per share (p)	121.35	104.09	193.51	166.10
*after direct transaction costs of (p)	0.26	0.20	0.44	0.41
<b>Performance</b>				
Return after charges (%)	18.46	5.39	17.52	13.76
<b>Other information</b>				
Closing net asset value (£000)	32	842	17,945	12,178
Closing number of shares	26,664	809,296	9,273,257	7,331,407
Operating charges (%)**	0.07	0.07 <sup>†</sup>	0.88	0.89
Direct transaction costs (%)***	0.25	0.25	0.25	0.25
<b>Prices</b>				
Highest share price (p)	123.44	108.18	196.16	172.20
Lowest share price (p)	92.91	98.64	147.84	146.49



## Threadneedle UK Smaller Companies Fund

### Comparative Table Disclosure

(continued)

	Class Z – Accumulation shares		
	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>			
Opening net asset value per share (p)	138.91	122.07	118.82
Return before operating charges (p)	25.71	18.04	4.29
Operating charges (p)	(1.28)	(1.20)	(1.04)
Return after operating charges (p)*	24.43	16.84	3.25
Distributions (p)	(1.41)	(1.51)	(1.05)
Retained distributions on accumulation shares (p)	1.41	1.51	1.05
Closing net asset value per share (p)	163.34	138.91	122.07
*after direct transaction costs of (p)	0.37	0.34	0.29
<b>Performance</b>			
Return after charges (%)	17.59	13.80	2.74
<b>Other information</b>			
Closing net asset value (£000)	22,206	17,980	22,311
Closing number of shares	13,594,653	12,943,507	18,276,580
Operating charges (%)**	0.88	0.89	0.89
Direct transaction costs (%)***	0.25	0.25	0.25
<b>Prices</b>			
Highest share price (p)	165.18	143.55	123.13
Lowest share price (p)	123.63	121.14	105.77

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.

\*\*The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit [columbiathreadneedle.com/fees](http://columbiathreadneedle.com/fees).

\*\*\*Transaction costs have not been reduced by any amounts collected from dilution levies/adjustments.

<sup>1</sup>Class X – Income shares commenced 10 June 2015.

<sup>2</sup>The Ongoing Charges Figure is annualised based on the fees incurred since commencement date.



## Threadneedle UK Smaller Companies Fund

### Notes to the financial statements

for the accounting period 8 March 2016 to 7 March 2017

#### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 5 and 6.

#### 2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2017 £000	2016 £000
Non-derivative securities	25,279	17,780
Other gains	1	1
Transaction costs	(4)	(2)
Net capital gains	25,276	17,779

#### 3 REVENUE

	2017 £000	2016 £000
UK dividends	3,069	3,263
Overseas dividends	1	119
Bank interest	9	12
Underwriting commission	3	42
Total revenue	3,082	3,436

#### 4 EXPENSES

	2017 £000	2016 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(1,800)	(1,880)
Registration fees	(138)	(142)
	(1,938)	(2,022)
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depositary's fees	(18)	(17)
Safe custody fees	(12)	(13)
	(30)	(30)
Other expenses:		
Regulatory fees	(5)	(6)
Audit fees	(8)	(10)
Professional fees	(2)	–
	(15)	(16)
Total expenses*	(1,983)	(2,068)

\*Including irrecoverable VAT where applicable.

#### 5 INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £000	2016 £000
Interest payable	(1)	(1)
Total interest payable & similar charges	(1)	(1)

#### 6 TAXATION

	2017 £000	2016 £000
<b>a) Analysis of charge in period</b>		
Overseas taxes	–	(31)
Total current tax (note 6b)	–	(31)
Total tax charge for the period	–	(31)
<b>b) Factors affecting taxation charge for period</b>		
Net revenue before taxation	1,098	1,367
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(220)	(273)

Effects of:

Revenue not subject to taxation	583	628
Overseas taxes	–	(31)
Overseas tax expensed	–	3
Excess expenses	(363)	(357)
Retail Distribution Review (RDR) conversion transfer from capital	–	(1)
Current tax charge for period (note 6a)	–	(31)

The fund has not recognised a deferred tax asset of £5,703,161 (2016: £5,340,127) arising as a result of having unutilised management expenses. The movement in deferred tax asset may not agree to the excess expenses figure quoted above due to prior year adjustments. It is unlikely that these expenses will be utilised in future years.

#### 7 DISTRIBUTIONS

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

	2017 £000	2016 £000
Interim	903	1,084
Final	243	317
	1,146	1,401
Add: Revenue deducted on the cancellation of shares	97	130
Deduct: Revenue received on the creation of shares	(79)	(151)
Net distribution for the period	1,164	1,380
Net revenue after taxation	1,098	1,336
Equalisation on conversion	1	5
Shortfall transfer from capital to revenue	65	39
Total distributions	1,164	1,380

Details of the distribution per share and any share class with a shortfall are set out in the table on pages 22 to 23.

#### 8 DEBTORS

	2017 £000	2016 £000
Amounts receivable for the issue of shares	127	551
Sales awaiting settlement	1,133	85
Accrued revenue	97	178
Total debtors	1,357	814

#### 9 OTHER CREDITORS

	2017 £000	2016 £000
Amounts payable for the cancellation of shares	(228)	(1,909)
Purchases awaiting settlement	(2,334)	–
Accrued expenses	(13)	(10)
Amounts payable to ACD	(206)	(201)
Total other creditors	(2,781)	(2,120)

#### 10 DILUTION ADJUSTMENT

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

#### 11 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, as ACD, is a related party and acts as principal in respect of all transactions of shares in the fund.

The aggregate monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 8 and 9.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 9.

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



## Threadneedle UK Smaller Companies Fund

### Notes to the financial statements

(continued)

#### 12 SHAREHOLDER FUNDS

Threadneedle UK Smaller Companies Fund currently has four share classes; Class 1, Class 2, Class X and Class Z shares. The charges on each share class are as follows:

##### Annual management charge

Class 1 shares	1.50%
Class 2 shares	1.00%
Class X shares	N/A*
Class Z shares	0.75%

##### Registration fees

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

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 24 to 25. The distribution per share class is given in the distribution table on pages 22 to 23.

All classes have the same rights on winding up.

\*X Shares are not subject to an Annual Management Charge.

##### Reconciliation of shares

	2017
<b>Class 1 – Income shares</b>	
Opening shares	20,580,604
Shares issued	1,834,217
Shares redeemed	(3,816,827)
Net conversions	(252,274)
Closing shares	18,345,720
<b>Class 2 – Income shares</b>	
Opening shares	38,283,583
Shares issued	4,388,264
Shares redeemed	(10,685,263)
Net conversions	(55,811)
Closing shares	31,930,773
<b>Class X – Income shares</b>	
Opening shares	809,296
Shares issued	173,977
Shares redeemed	(956,609)
Net conversions	–
Closing shares	26,664
<b>Class Z – Income shares</b>	
Opening shares	7,331,407
Shares issued	4,492,186
Shares redeemed	(3,011,518)
Net conversions	461,182
Closing shares	9,273,257
<b>Class Z – Accumulation shares</b>	
Opening shares	12,943,507
Shares issued	2,372,062
Shares redeemed	(1,708,606)
Net conversions	(12,310)
Closing shares	13,594,653

#### 13 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 6.

##### Market price risk sensitivity

A 5% market movement applied to the fund would result in an increase or decrease on net asset value of the fund by 4.05% (2016: 3.98%).

##### Currency exposures

At the balance sheet date there are no material assets denominated in currencies other than Sterling.

	Monetary exposures	Non-monetary exposures	Total
	£000	£000	£000
<b>Currency 2016</b>			
Swiss Franc	(260)	–	(260)

##### Currency sensitivity

As the fund has no material currency exposure, no sensitivity analysis has been shown (2016: same).

##### Credit/Counterparty exposure

As at the balance sheet date there is no derivative exposure or collateral to disclose (2016: same).

The fund did not hold any collateral received from the fund's counterparties in either the current or prior year.

##### Interest rate risk

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

##### Interest rate risk profile of financial assets and financial liabilities

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

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
<b>Currency 2017</b>	£000	£000	£000	£000
UK Sterling	1,375	–	184,907	186,282
<b>Currency 2016</b>	£000	£000	£000	£000
UK Sterling	1,195	–	176,157	177,352
	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
<b>Currency 2017</b>	£000	£000	£000	£000
UK Sterling	–	–	(2,970)	(2,970)
<b>Currency 2016</b>	£000	£000	£000	£000
Swiss Franc	–	–	(260)	(260)
UK Sterling	–	–	(2,120)	(2,120)

##### Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances (2016: same).

##### Derivative risks

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

#### 14 FAIR VALUE DISCLOSURE

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

**Level 1** – Quoted prices for identical instruments in active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

**Level 2** – Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investments schemes.

**Level 3** – Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

	2017		2016	
Valuation technique	Assets	Liabilities	Assets	Liabilities
	£000	£000	£000	£000
Level 1	183,107	–	175,343	–
Level 3	443	–	–	–
	183,550	–	175,343	–

#### 15 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2016: Nil).



## Threadneedle UK Smaller Companies Fund

### Notes to the financial statements

(continued)

#### 16 PORTFOLIO TRANSACTION COSTS

##### 7 March 2017

	Value £000	Commissions £000	%	Taxes £000	%
<b>Purchases</b>					
Equities	80,721	82	0.10	226	0.28
Corporate actions	223	—	—	—	—
<b>Total</b>	<b>80,944</b>	<b>82</b>		<b>226</b>	

##### Gross purchases total:

**81,252**

	Value £000	Commissions £000	%	Taxes £000	%
<b>Sales</b>					
Equities	90,007	107	0.12	—	—
Corporate actions	8,423	—	—	—	—
<b>Total</b>	<b>98,430</b>	<b>107</b>		<b>—</b>	

##### Total sales net of transaction costs:

**98,323**

##### Transaction costs as a percentage of average Net Assets

Commissions:	0.11%
Taxes:	0.14%

##### 7 March 2016

	Value £000	Commissions £000	%	Taxes £000	%
<b>Purchases</b>					
Equities	90,763	74	0.08	263	0.29
Corporate actions	2,950	—	—	—	—
<b>Total</b>	<b>93,713</b>	<b>74</b>		<b>263</b>	

##### Gross purchases total:

**94,050**

	Value £000	Commissions £000	%	Taxes £000	%
<b>Sales</b>					
Equities	75,119	96	0.13	—	—
Corporate actions	7,072	—	—	—	—
<b>Total</b>	<b>82,191</b>	<b>96</b>		<b>—</b>	

##### Total sales net of transaction costs:

**82,095**

##### Transaction costs as a percentage of average Net Assets

Commissions:	0.10%
Taxes:	0.15%

Portfolio transaction costs are incurred by the fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

**Direct transaction costs:** Broker commissions, fees and taxes.

**Indirect transaction costs:** 'Dealing spread' – the difference between the buying and selling prices of the fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 1.47% (7 March 2016: 1.46%), being the difference between the respective bid and offer prices for the fund's investments.

#### 17 SECURITIES FINANCING TRANSACTIONS REGULATION

Additional disclosures are required where the fund invests in securities financing transactions (SFTs). For the year ended 7 March 2017 the fund has not invested in SFTs and will not be making additional disclosures.

#### 18 POST BALANCE SHEET EVENT

Subsequent to the year end, market fluctuations have resulted in changes to the NAV as described in the table below:

Share class	Net asset value per share (£)		
	7 March 2017	7 June 2017	% Movement
Class 1 – Income shares	2.8451	3.2550	14.41
Class 2 – Income shares	2.8859	3.3016	14.40
Class X – Income shares	1.2301	1.4044	14.17
Class Z – Income shares	1.9542	2.2348	14.36
Class Z – Accumulation shares	1.6456	1.8864	14.63



## Threadneedle UK Growth & Income Fund

### Investment Report

#### Investment Objective

To provide long term capital growth with a reasonable and growing income.

#### Investment Policy

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

#### Performance of Income Class 1 Shares\*

Over the twelve months to 7 March 2017, the published share price of the Threadneedle UK Growth & Income Fund has risen from 82.13p to 94.60p.

Looking at performance within its peer group, the total return on the fund for the twelve months ending 28 February 2017, including net reinvested income, is +18.14% as compared to a median return of +19.07% over the same period. For information the FTSE All-Share Total Return Index returned +22.81% over the same period.

#### Market Overview and Portfolio Activity

UK equities posted double-digit returns in the review period, overcoming Brexit-induced volatility. Overseas earners led the post-vote rally as sterling slumped. Markets also cheered Theresa May's swift appointment as the new prime minister, as well as the Bank of England's stimulus measures in August (rate cuts, cheaper bank funding and more quantitative easing). In November, Donald Trump's unexpected victory led to a market rotation; investors favoured cyclical stocks over defensive stocks. (Cyclical stocks are generally those issued by companies whose earnings rise and fall with changes in economic conditions. By contrast, firms which issue defensive stocks aim to generate stable earnings and dividends for shareholders even when times are bad). As we expected, the

Chancellor announced higher infrastructure spending in the Autumn Statement. Energy stocks got a boost towards the end of 2016 as OPEC members surprised markets by reaching an agreement to cut output; non OPEC-members later expressed their willingness to join in.

Major post-referendum economic indicators were initially bleak but later readings showed Brexit slowdown fears were premature. Notably, GDP growth for Q3 and Q4 2016 exceeded estimates. However, recent indicators suggest some weakness in consumer spending. Inflation has trended higher and stood at 1.8% in January.

Brexit remained in focus even after the vote and the potential loss of unfettered access to the EU single market pushed sterling to 30-year lows in October. The currency later rebounded but moved closer to October's lows in early March as the House of Lords debated the bill to trigger Article 50.

New additions included Restaurant Group and recruitment company Hays. Restaurant Group's direction had previously seemed unclear but it now has in place an impressive new management team, and we invested on the premise that the business is on the road to recovery. We feel Hays is trading at a valuation that isn't reflecting the firm's growth potential in Europe and Australia. The company is also supported by a strong balance sheet.

We topped up some of our existing holdings, notably Pearson, Marks & Spencer and Wm Morrison. Pearson's shares declined sharply in January as the company issued its sixth profit warning in four years and announced plans to spin off Penguin Random House. Having supported the company's restructuring intentions, we have been disappointed by this outcome. Nevertheless, both free-cash flow and dividend yield appear attractive at the current price, although earnings visibility appears to be lacking.

In our view, Marks & Spencer has some interesting levers to pull although many are fearful of the structural issues facing UK retail

companies. We believe continued progress in top-line figures and decisions to close stores in unprofitable locations and cut costs could be a positive catalyst. Recently, Wm Morrison has significantly upgraded its profit before tax guidance for 2017 while retaining its fairly conservative guidance for net debt.

We participated in the rights issues of Cobham and industrial turnaround specialists Melrose Industries. The Melrose issue served to fund its acquisition of Nortek. We believe there is likely to be significant upside from the original valuation if Melrose the company executes its plan of turning around Nortek.

Notable sales included Home Retail Group, following its takeover by Sainsbury's.

Recently, financials and other stocks that stand to gain from reflation and a stronger dollar have rallied at the expense of bond proxies. Despite this, we still have a positive view on bond proxies that have strong balance sheets and good growth potential.

We remain cautious on banks; bad debts are at cyclical lows and core earnings and net interest margins have already recovered well. We are also not keen on commodity companies.

In our view, mergers and acquisitions will remain a theme – particularly in the UK where the weakness of sterling makes domestic stocks even more attractive to overseas buyers. We believe Brexit could be a rebalancing opportunity for the UK economy. Furthermore, income remains a key driver of total returns in equities and the market still offers some great contrarian value opportunities.

We will avoid buying stocks which are popular because of strong recent performance and focus instead on bottom-up stock picking. As patient, conviction investors, it is possible to utilise market volatility to add to favoured names at attractive valuations, while making sure that our portfolio construction remains focused on risk-adjusted returns.

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2016 to 7 March 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains/(losses)	2	56,070	(18,366)
Revenue	3	13,387	10,986
Expenses	4	(4,612)	(4,298)
Interest payable and similar charges	5	(1)	(1)
Net revenue before taxation		8,774	6,687
Taxation	6	–	–
Net revenue after taxation		8,774	6,687
<b>Total return before distributions</b>		<b>64,844</b>	<b>(11,679)</b>
Distributions	7	(12,965)	(10,626)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>51,879</b>	<b>(22,305)</b>

### BALANCE SHEET

as at 7 March 2017

	Notes	2017 £000	2016 £000
<b>Assets:</b>			
<b>Fixed assets:</b>			
Investments		418,371	298,878
<b>Current assets:</b>			
Debtors	8	3,246	2,728
Cash and bank balances		21	1,761
<b>Total assets</b>		<b>421,638</b>	<b>303,367</b>
<b>Liabilities:</b>			
<b>Creditors:</b>			
Bank overdrafts		(15)	–
Distribution payable		(5,275)	(3,980)
Other creditors	9	(999)	(1,719)
<b>Total liabilities</b>		<b>(6,289)</b>	<b>(5,699)</b>
<b>Net assets attributable to shareholders</b>		<b>415,349</b>	<b>297,668</b>

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

for the accounting period 8 March 2016 to 7 March 2017

	2017 £000	2016 £000
<b>Opening net assets attributable to shareholders</b>	<b>297,668</b>	<b>317,578</b>
Amounts receivable on the issue of shares	108,592	41,592
Amounts payable on the cancellation of shares	(42,992)	(39,208)
	65,600	2,384
Dilution adjustment	191	–
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	51,879	(22,305)
Unclaimed distributions	11	11
<b>Closing net assets attributable to shareholders</b>	<b>415,349</b>	<b>297,668</b>

### DISTRIBUTION TABLE

for the accounting period 8 March 2016 to 7 March 2017

Dividend distribution in pence per share

#### Class 1 – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	2.0036	–	2.0036	1.8175
08/09/16 to 07/03/17	1.1817	–	1.1817	1.0776
<b>Group 2</b>				
08/03/16 to 07/09/16	1.2294	0.7742	2.0036	1.8175
08/09/16 to 07/03/17	0.7036	0.4781	1.1817	1.0776
<b>Total distributions in the period</b>			<b>3.1853</b>	<b>2.8951</b>

#### Class 2 – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	2.2377	–	2.2377	2.0237
08/09/16 to 07/03/17	1.3392	–	1.3392	1.2150
<b>Group 2</b>				
08/03/16 to 07/09/16	0.6906	1.5471	2.2377	2.0237
08/09/16 to 07/03/17	1.0110	0.3282	1.3392	1.2150
<b>Total distributions in the period</b>			<b>3.5769</b>	<b>3.2387</b>

\*In pound Sterling and against UK peer group.



## Threadneedle UK Growth & Income Fund

### DISTRIBUTION TABLE

(continued)

#### Class Z – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	3.2027	–	3.2027	2.8830
08/09/16 to 07/03/17	1.8963	–	1.8963	1.7163
<b>Group 2</b>				
08/03/16 to 07/09/16	2.0254	1.1773	3.2027	2.8830
08/09/16 to 07/03/17	1.3148	0.5815	1.8963	1.7163
<b>Total distributions in the period</b>			<b>5.0990</b>	<b>4.5993</b>

Group 2: shares purchased during a distribution period.

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.



## Threadneedle UK Growth & Income Fund

### Comparative Table Disclosure

	Class 1 – Income shares			Class 2 – Income shares		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	80.93	87.26	84.33	88.84	95.32	91.65
Return before operating charges (p)	17.02	(2.06)	7.05	18.74	(2.27)	7.71
Operating charges (p)	(1.42)	(1.37)	(1.34)	(1.02)	(0.97)	(0.95)
Return after operating charges (p)*	15.60	(3.43)	5.71	17.72	(3.24)	6.76
Distributions (p)	(3.19)	(2.90)	(2.78)	(3.58)	(3.24)	(3.09)
Closing net asset value per share (p)	93.34	80.93	87.26	102.98	88.84	95.32
*after direct transaction costs of (p)	0.10	0.01	0.04	0.11	0.01	0.04
<b>Performance</b>						
Return after charges (%)	19.28	(3.93)	6.77	19.95	(3.40)	7.38
<b>Other information</b>						
Closing net asset value (£000)	191,457	177,547	224,905	59,168	48,674	53,085
Closing number of shares	205,121,749	219,391,544	257,729,631	57,456,100	54,788,058	55,692,863
Operating charges (%)**	1.63	1.63	1.63	1.06	1.06	1.06
Direct transaction costs (%)***	0.12	0.04	0.04	0.12	0.04	0.04
<b>Prices</b>						
Highest share price (p)	94.69	89.33	88.33	104.50	97.70	96.51
Lowest share price (p)	79.11	75.37	74.41	86.99	82.74	81.12

  

	Class Z – Income shares		
	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>			
Opening net asset value per share (p)	129.11	138.17	132.51
Return before operating charges (p)	27.26	(3.30)	11.19
Operating charges (p)	(1.23)	(1.16)	(1.15)
Return after operating charges (p)*	26.03	(4.46)	10.04
Distributions (p)	(5.10)	(4.60)	(4.38)
Closing net asset value per share (p)	150.04	129.11	138.17
*after direct transaction costs of (p)	0.16	0.01	0.06
<b>Performance</b>			
Return after charges (%)	20.16	(3.23)	7.58
<b>Other information</b>			
Closing net asset value (£000)	164,724	71,447	39,588
Closing number of shares	109,787,343	55,338,568	28,651,343
Operating charges (%)**	0.88	0.88	0.88
Direct transaction costs (%)***	0.12	0.04	0.04
<b>Prices</b>			
Highest share price (p)	155.20	141.68	139.85
Lowest share price (p)	126.47	120.18	117.47

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.

\*\*The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit [columbiathreadneedle.com/fees](http://columbiathreadneedle.com/fees).

\*\*\*Transaction costs have not been reduced by any amounts collected from dilution levies/adjustments.



# Threadneedle UK Growth & Income Fund

## Notes to the financial statements

for the accounting period 8 March 2016 to 7 March 2017

### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 5 and 6.

### 2 NET CAPITAL GAINS/(LOSSES)

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

	2017 £000	2016 £000
Non-derivative securities	56,086	(18,371)
Other (losses)/gains	(15)	6
Transaction costs	(1)	(1)
Net capital gains/(losses)	56,070	(18,366)

### 3 REVENUE

	2017 £000	2016 £000
UK dividends	13,332	10,972
Overseas dividends	13	6
Interest on short term investments	3	3
Bank interest	7	5
Underwriting commission	32	—
Total revenue	13,387	10,986

### 4 EXPENSES

	2017 £000	2016 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(4,192)	(3,939)
Registration fees	(351)	(298)
	(4,543)	(4,237)
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depositary's fees	(38)	(30)
Safe custody fees	(16)	(16)
	(54)	(46)
Other expenses:		
Regulatory fees	(5)	(5)
Audit fees	(8)	(10)
Professional fees	(2)	—
	(15)	(15)
Total expenses*	(4,612)	(4,298)

\*Including irrecoverable VAT where applicable.

### 5 INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £000	2016 £000
Interest payable	(1)	(1)
Total interest payable & similar charges	(1)	(1)

### 6 TAXATION

	2017 £000	2016 £000
<b>a) Analysis of charge in period</b>		
Total current tax (note 6b)	—	—
Total tax charge for the period	—	—
<b>b) Factors affecting taxation charge for period</b>		
Net revenue before taxation	8,774	6,687
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(1,755)	(1,337)
Effects of:		
Revenue not subject to taxation	2,667	2,194
Excess expenses	(912)	(857)
Current tax charge for period (note 6a)	—	—

The fund has not recognised a deferred tax asset of £16,187,594 (2016: £15,275,847) arising as a result of having unutilised management expenses. The movement in deferred tax asset may not agree to the excess expenses figure quoted above due to prior year adjustments. It is unlikely that these expenses will be utilised in future years.

### 7 DISTRIBUTIONS

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

	2017 £000	2016 £000
Interim	7,856	6,669
Final	5,275	3,980
	13,131	10,649
Add: Revenue deducted on the cancellation of shares	423	297
Deduct: Revenue received on the creation of shares	(589)	(320)
Net distribution for the period	12,965	10,626
Net revenue after taxation	8,774	6,687
Annual management charge to capital	4,192	3,939
Undistributed revenue carried forward	(1)	—
Total distributions	12,965	10,626

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

### 8 DEBTORS

	2017 £000	2016 £000
Amounts receivable for the issue of shares	1,230	964
Sales awaiting settlement	—	226
Accrued revenue	2,016	1,538
Total debtors	3,246	2,728

### 9 OTHER CREDITORS

	2017 £000	2016 £000
Amounts payable for the cancellation of shares	(404)	(703)
Purchases awaiting settlement	(91)	(616)
Accrued expenses	(16)	(11)
Amounts payable to ACD	(488)	(389)
Total other creditors	(999)	(1,719)

### 10 DILUTION ADJUSTMENT

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

### 11 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, as ACD, is a related party and acts as principal in respect of all transactions of shares in the fund.

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

Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 8 and 9.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 9.

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

### 12 SHAREHOLDER FUNDS

Threadneedle UK Growth & Income Fund currently has three share classes; Class 1, Class 2 and Class Z shares. The charges on each share class are as follows:

Annual management charge	
Class 1 shares	1.50%
Class 2 shares	1.00%
Class Z shares	0.75%



## Threadneedle UK Growth & Income Fund

### Notes to the financial statements

(continued)

#### Registration fees

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

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on page 31. The distribution per share class is given in the distribution table on pages 29 to 30. All classes have the same rights on winding up.

#### Reconciliation of shares

	2017
<b>Class 1 – Income shares</b>	
Opening shares	219,391,544
Shares issued	10,146,603
Shares redeemed	(22,790,717)
Net conversions	(1,625,681)
Closing shares	205,121,749
<b>Class 2 – Income shares</b>	
Opening shares	54,788,058
Shares issued	13,786,908
Shares redeemed	(11,013,331)
Net conversions	(105,535)
Closing shares	57,456,100
<b>Class Z – Income shares</b>	
Opening shares	55,338,568
Shares issued	62,643,935
Shares redeemed	(9,284,337)
Net conversions	1,089,177
Closing shares	109,787,343

### 13 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 6.

#### Market price risk sensitivity

A 5% market movement applied to the fund would result in an increase or decrease on net asset value of the fund by 4.31% (2016: 4.40%).

#### Currency exposures

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

	Monetary exposures	Non- monetary exposures	Total
	£000	£000	£000
<b>Currency 2017</b>			
Euro	11	–	11
US Dollar	281	–	281
<b>Currency 2016</b>			
Euro	10	–	10
US Dollar	220	–	220

#### Currency sensitivity

As the fund has no material currency exposure, no sensitivity analysis has been shown (2016: same).

#### Credit/Counterparty exposure

As at the balance sheet date there is no derivative exposure or collateral to disclose (2016: same).

The fund did not hold any collateral received from the fund's counterparties in either the current or prior year.

#### Interest rate risk

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

#### Interest rate risk profile of financial assets and financial liabilities

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

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
	£000	£000	£000	£000
<b>Currency 2017</b>				
Euro	11	–	–	11
UK Sterling	–	–	421,346	421,346
US Dollar	10	–	271	281
<b>Currency 2016</b>				
Euro	10	–	–	10
UK Sterling	1,742	–	301,395	303,137
US Dollar	9	–	211	220
	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
	£000	£000	£000	£000
<b>Currency 2017</b>				
UK Sterling	(15)	–	(6,274)	(6,289)
<b>Currency 2016</b>				
UK Sterling	–	–	(5,699)	(5,699)

#### Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances (2016: same).

#### Derivative risks

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

### 14 FAIR VALUE DISCLOSURE

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

**Level 1** – Quoted prices for identical instruments in active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

**Level 2** – Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investments schemes.

**Level 3** – Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

	2017		2016	
	Assets	Liabilities	Assets	Liabilities
	£000	£000	£000	£000
<b>Valuation technique</b>				
Level 1	418,371	–	298,878	–
	418,371	–	298,878	–

### 15 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2016: Nil).

### 16 PORTFOLIO TRANSACTION COSTS

#### 7 March 2017

	Value £000	Commissions £000	%	Taxes £000	%
<b>Purchases</b>					
Equities	70,616	62	0.09	350	0.50
Corporate actions	3,351	–	–	–	–
<b>Total</b>	<b>73,967</b>	<b>62</b>		<b>350</b>	
<b>Gross purchases total:</b>	<b>74,379</b>				



## Threadneedle UK Growth & Income Fund

### Notes to the financial statements

(continued)

Sales	Value £000	Commissions £000	%	Taxes £000	%
Equities	10,590	3	0.03	–	–
Corporate actions	386	–	–	–	–
<b>Total</b>	<b>10,976</b>	<b>3</b>		<b>–</b>	

**Total sales net of transaction costs: 10,973**

#### Transaction costs as a percentage of average Net Assets

Commissions:	0.02%
Taxes:	0.10%

**7 March 2016**

Purchases	Value £000	Commissions £000	%	Taxes £000	%
Equities	19,276	19	0.10	96	0.50
<b>Total</b>	<b>19,276</b>	<b>19</b>		<b>96</b>	

**Gross purchases total: 19,391**

Sales	Value £000	Commissions £000	%	Taxes £000	%
Equities	15,775	4	0.03	–	–
Corporate actions	5,550	–	–	–	–
<b>Total</b>	<b>21,325</b>	<b>4</b>		<b>–</b>	

**Total sales net of transaction costs: 21,321**

#### Transaction costs as a percentage of average Net Assets

Commissions:	0.01%
Taxes:	0.03%

Portfolio transaction costs are incurred by the fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

**Direct transaction costs:** Broker commissions, fees and taxes.

**Indirect transaction costs:** 'Dealing spread' – the difference between the buying and selling prices of the fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.16% (7 March 2016: 0.32%), being the difference between the respective bid and offer prices for the fund's investments.

### 17 SECURITIES FINANCING TRANSACTIONS REGULATION

Additional disclosures are required where the fund invests in securities financing transactions (SFTs). For the year ended 7 March 2017 the fund has not invested in SFTs and will not be making additional disclosures.



## Threadneedle UK Equity Income Fund

### Investment Report

#### Investment Objective

To achieve an above average rate of income combined with sound prospects for capital growth.

#### Investment Policy

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

#### Performance of Income Class 1 Shares\*

Over the twelve months to 7 March 2017, the published share price of the Threadneedle UK Equity Income Fund has risen from 86.13p to 98.42p.

Looking at performance within its peer group, the total return on the fund for the twelve months ending 28 February 2017, including net reinvested income, is +17.39% as compared to a median return of +14.84% over the same period. For information the FTSE All-Share Total Return Index returned +22.81% over the same period.

#### Market Overview and Portfolio Activity

UK equities posted double-digit returns in the review period, overcoming Brexit-induced volatility. Overseas earners led the post-vote rally as sterling slumped. Markets also cheered Theresa May's swift appointment as the new prime minister, as well as the Bank of England's stimulus measures in August (rate cuts, cheaper bank funding and more quantitative easing). In November, Donald Trump's unexpected victory led to a market rotation; investors favoured cyclical stocks over defensive stocks. (Cyclical stocks are generally those issued by companies whose earnings rise and fall with changes in economic conditions. By contrast, firms which issue defensive stocks aim to generate stable earnings and dividends for shareholders

even when times are bad). As we expected, the Chancellor announced higher infrastructure spending in the Autumn Statement. Energy stocks got a boost towards the end of 2016 as OPEC members surprised markets by reaching an agreement to cut output; non-OPEC members later expressed their willingness to join in.

Major post-referendum economic indicators were initially bleak but later readings showed Brexit slowdown fears were premature. Notably, GDP growth for Q3 and Q4 2016 exceeded estimates. However, recent indicators suggest some weakness in consumer spending. Inflation has trended higher and stood at 1.8% in January. Brexit remained in focus even after the vote and the potential loss of unfettered access to the EU single market pushed sterling to 30-year lows in October. The currency later rebounded but moved closer to October's lows in early March as the House of Lords debated the bill to trigger Article 50.

We took advantage of share price weakness to add to ITV. Brexit jitters had an adverse short-term impact but the shares started to recover at the end of 2016, fuelled by the prospect of mergers and acquisitions (M&A) activity in the media sector.

The holding in Pearson was also topped up during the year. The company's shares declined sharply in January as the company issued its sixth profit warning in four years and announced plans to spin off Penguin Random House. Having supported the company's restructuring intentions, we have been disappointed by this outcome. Nevertheless, both free-cash flow and dividend yield appear attractive at the current price, although earnings visibility appears to be lacking.

We also participated in Melrose Industries' rights issue, which funded its successful purchase of Nortek. We believe there should be significant upside from the original valuation if Melrose executes its plan of turning around Nortek.

Elsewhere, we added to Marks & Spencer; while many are fearful of the structural issues facing UK retail companies, we believe the company has some interesting levers to pull. In our view, continued progress in top-line figures and decisions to close stores in unprofitable locations and cut costs could be positive catalysts.

Following the EU referendum, we booked some profits in large-cap overseas earners such as Imperial Brands, AstraZeneca, GlaxoSmithKline and Royal Dutch Shell, as the Brexit-induced fall in sterling was perceived to be positive for these companies. However, we are still supportive of these stocks. Despite the speculation about drug pricing in the US, we feel AstraZeneca and GlaxoSmithKline have strong footholds in areas where prices are already competitive.

Recently, financials and other stocks that stand to gain from reflation and a stronger dollar have rallied at the expense of bond proxies. Despite this, we still have a positive view on bond proxies that have strong balance sheets and good growth potential.

We remain cautious on banks; bad debts are at cyclical lows and core earnings and net interest margins have already recovered well. We are also not keen on commodity companies.

In our view, M&A will remain a theme – particularly in the UK where the weakness of sterling makes domestic stocks even more attractive to overseas buyers. We believe Brexit could be a rebalancing opportunity for the UK economy. Furthermore, income remains a key driver of total returns in equities and the market still offers some great contrarian value opportunities.

We will avoid buying stocks which are popular because of strong recent performance and focus instead on bottom-up stock picking. As patient, conviction investors, it is possible to utilise market volatility to add to favoured names at attractive valuations, while making sure that our portfolio construction remains focused on risk-adjusted returns.

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2016 to 7 March 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains/(losses)	2	512,198	(225,647)
Revenue	3	143,248	136,461
Expenses	4	(34,466)	(35,395)
Interest payable and similar charges	5	(6)	(9)
Net revenue before taxation		108,776	101,057
Taxation	6	–	–
Net revenue after taxation		108,776	101,057
<b>Total return before distributions</b>		<b>620,974</b>	<b>(124,590)</b>
Distributions	7	(140,483)	(133,735)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>480,491</b>	<b>(258,325)</b>

### BALANCE SHEET

as at 7 March 2017

	Notes	2017 £000	2016 £000
<b>Assets:</b>			
<b>Fixed assets:</b>			
Investments		3,732,864	3,173,957
<b>Current assets:</b>			
Debtors	8	26,330	37,892
Cash and bank balances		273	104
<b>Total assets</b>		<b>3,759,467</b>	<b>3,211,953</b>
<b>Liabilities:</b>			
<b>Investment liabilities</b>		(6)	(69)
<b>Creditors:</b>			
Distribution payable		(18,369)	(18,001)
Other creditors	9	(7,802)	(17,065)
<b>Total liabilities</b>		<b>(26,177)</b>	<b>(35,135)</b>
<b>Net assets attributable to shareholders</b>		<b>3,733,290</b>	<b>3,176,818</b>

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

for the accounting period 8 March 2016 to 7 March 2017

	2017 £000	2016 £000
<b>Opening net assets attributable to shareholders</b>	<b>3,176,818</b>	<b>3,420,606</b>
Amounts receivable on the issue of shares	338,704	412,785
Amounts payable on the cancellation of shares	(299,335)	(428,159)
	39,369	(15,374)
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	480,491	(258,325)
Retained distribution on accumulation shares	36,592	29,889
Unclaimed distributions	20	22
<b>Closing net assets attributable to shareholders</b>	<b>3,733,290</b>	<b>3,176,818</b>

### DISTRIBUTION TABLE

for the accounting period 8 March 2016 to 7 March 2017

Dividend distribution in pence per share

#### Class 1 – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/06/16	1.2907	–	1.2907	1.3162
08/06/16 to 07/09/16	0.8931	–	0.8931	0.8459
08/09/16 to 07/12/16	0.8605	–	0.8605	0.7617
08/12/16 to 07/03/17	0.6635	–	0.6635	0.6297
<b>Group 2</b>				
08/03/16 to 07/06/16	0.9096	0.3811	1.2907	1.3162
08/06/16 to 07/09/16	0.4509	0.4422	0.8931	0.8459
08/09/16 to 07/12/16	0.3659	0.4946	0.8605	0.7617
08/12/16 to 07/03/17	0.4350	0.2285	0.6635	0.6297
<b>Total distributions in the period</b>			<b>3.7078</b>	<b>3.5535</b>

\*In pound Sterling and against UK peer group.



# Threadneedle UK Equity Income Fund

## DISTRIBUTION TABLE

(continued)

### Class 1 – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/06/16	1.6714	–	1.6714	1.6371
08/06/16 to 07/09/16	1.1735	–	1.1735	1.0659
08/09/16 to 07/12/16	1.1416	–	1.1416	0.9705
08/12/16 to 07/03/17	0.8886	–	0.8886	0.8093
<b>Group 2</b>				
08/03/16 to 07/06/16	0.9755	0.6959	1.6714	1.6371
08/06/16 to 07/09/16	0.6700	0.5035	1.1735	1.0659
08/09/16 to 07/12/16	0.5194	0.6222	1.1416	0.9705
08/12/16 to 07/03/17	0.6021	0.2865	0.8886	0.8093
<b>Total distributions in the period</b>			<b>4.8751</b>	<b>4.4828</b>

### Class 1 CHF Hedged – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/06/16	1.6573	–	1.6573	1.5926
08/06/16 to 07/09/16	1.2534	–	1.2534	0.9980
08/09/16 to 07/12/16	1.2728	–	1.2728	0.8973
08/12/16 to 07/03/17	0.9730	–	0.9730	0.7858
<b>Group 2</b>				
08/03/16 to 07/06/16	1.6573	–	1.6573	1.5926
08/06/16 to 07/09/16	0.2861	0.9673	1.2534	0.9980
08/09/16 to 07/12/16	0.8889	0.3839	1.2728	0.8973
08/12/16 to 07/03/17	0.7530	0.2200	0.9730	0.7858
<b>Total distributions in the period</b>			<b>5.1565</b>	<b>4.2737</b>

### Class 1 EUR Hedged – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/06/16	1.4841	–	1.4841	1.3383
08/06/16 to 07/09/16	1.1113	–	1.1113	0.8640
08/09/16 to 07/12/16	1.1250	–	1.1250	0.7900
08/12/16 to 07/03/17	0.8486	–	0.8486	0.7025
<b>Group 2</b>				
08/03/16 to 07/06/16	1.1041	0.3800	1.4841	1.3383
08/06/16 to 07/09/16	0.6040	0.5073	1.1113	0.8640
08/09/16 to 07/12/16	0.6682	0.4568	1.1250	0.7900
08/12/16 to 07/03/17	0.6757	0.1729	0.8486	0.7025
<b>Total distributions in the period</b>			<b>4.5690</b>	<b>3.6948</b>

### Class 1 USD Hedged – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/06/16	1.8439	–	1.8439	1.7177
08/06/16 to 07/09/16	1.4020	–	1.4020	1.0860
08/09/16 to 07/12/16	1.4532	–	1.4532	1.0114
08/12/16 to 07/03/17	1.1448	–	1.1448	0.8923
<b>Group 2</b>				
08/03/16 to 07/06/16	1.8439	–	1.8439	1.7177
08/06/16 to 07/09/16	0.5842	0.8178	1.4020	1.0860
08/09/16 to 07/12/16	1.1732	0.2800	1.4532	1.0114
08/12/16 to 07/03/17	0.6122	0.5326	1.1448	0.8923
<b>Total distributions in the period</b>			<b>5.8439</b>	<b>4.7074</b>

### Class 2 – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/06/16	1.4418	–	1.4418	1.4637
08/06/16 to 07/09/16	1.0049	–	1.0049	0.9467
08/09/16 to 07/12/16	0.9705	–	0.9705	0.8555
08/12/16 to 07/03/17	0.7540	–	0.7540	0.7111
<b>Group 2</b>				
08/03/16 to 07/06/16	0.7018	0.7400	1.4418	1.4637
08/06/16 to 07/09/16	0.4548	0.5501	1.0049	0.9467
08/09/16 to 07/12/16	0.4593	0.5112	0.9705	0.8555
08/12/16 to 07/03/17	0.6017	0.1523	0.7540	0.7111
<b>Total distributions in the period</b>			<b>4.1712</b>	<b>3.9770</b>

### Class 2 – Accumulation shares\*

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/06/16	0.6233	–	0.6233	
08/06/16 to 07/09/16	1.0776	–	1.0776	
08/09/16 to 07/12/16	1.0458	–	1.0458	
08/12/16 to 07/03/17	0.8204	–	0.8204	
<b>Group 2</b>				
08/03/16 to 07/06/16	0.6233	–	0.6233	
08/06/16 to 07/09/16	0.0276	1.0500	1.0776	
08/09/16 to 07/12/16	0.7692	0.2766	1.0458	
08/12/16 to 07/03/17	0.7332	0.0872	0.8204	
<b>Total distributions in the period</b>			<b>3.5671</b>	

### Class X – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/06/16	1.5616	–	1.5616	1.5695
08/06/16 to 07/09/16	1.0908	–	1.0908	1.0176
08/09/16 to 07/12/16	1.0561	–	1.0561	0.9221
08/12/16 to 07/03/17	0.8230	–	0.8230	0.7683
<b>Group 2</b>				
08/03/16 to 07/06/16	1.1370	0.4246	1.5616	1.5695
08/06/16 to 07/09/16	0.4068	0.6840	1.0908	1.0176
08/09/16 to 07/12/16	0.4351	0.6210	1.0561	0.9221
08/12/16 to 07/03/17	0.6883	0.1347	0.8230	0.7683
<b>Total distributions in the period</b>			<b>4.5315</b>	<b>4.2775</b>

### Class Z – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/06/16	1.9126	–	1.9126	1.9363
08/06/16 to 07/09/16	1.3310	–	1.3310	1.2497
08/09/16 to 07/12/16	1.2859	–	1.2859	1.1304
08/12/16 to 07/03/17	0.9978	–	0.9978	0.9389
<b>Group 2</b>				
08/03/16 to 07/06/16	1.1395	0.7731	1.9126	1.9363
08/06/16 to 07/09/16	0.6963	0.6347	1.3310	1.2497
08/09/16 to 07/12/16	0.6060	0.6799	1.2859	1.1304
08/12/16 to 07/03/17	0.6941	0.3037	0.9978	0.9389
<b>Total distributions in the period</b>			<b>5.5273</b>	<b>5.2553</b>

### Class Z – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/06/16	2.1911	–	2.1911	2.1298
08/06/16 to 07/09/16	1.5476	–	1.5476	1.3954
08/09/16 to 07/12/16	1.5096	–	1.5096	1.2741
08/12/16 to 07/03/17	1.1828	–	1.1828	1.0676
<b>Group 2</b>				
08/03/16 to 07/06/16	1.3595	0.8316	2.1911	2.1298
08/06/16 to 07/09/16	0.8022	0.7454	1.5476	1.3954
08/09/16 to 07/12/16	0.6920	0.8176	1.5096	1.2741
08/12/16 to 07/03/17	0.8002	0.3826	1.1828	1.0676
<b>Total distributions in the period</b>			<b>6.4311</b>	<b>5.8669</b>

### Class Z CHF Hedged – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/06/16	1.6886	–	1.6886	1.6190
08/06/16 to 07/09/16	1.2852	–	1.2852	1.0209
08/09/16 to 07/12/16	1.3094	–	1.3094	0.9203
08/12/16 to 07/03/17	1.0075	–	1.0075	0.8054
<b>Group 2</b>				
08/03/16 to 07/06/16	0.2586	1.4300	1.6886	1.6190
08/06/16 to 07/09/16	–	1.2852	1.2852	1.0209
08/09/16 to 07/12/16	0.8905	0.4189	1.3094	0.9203
08/12/16 to 07/03/17	0.7430	0.2645	1.0075	0.8054
<b>Total distributions in the period</b>			<b>5.2907</b>	<b>4.3656</b>

### Class Z EUR Hedged – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/06/16	1.5530	–	1.5530	1.3904
08/06/16 to 07/09/16	1.1700	–	1.1700	0.9033
08/09/16 to 07/12/16	1.1875	–	1.1875	0.8280
08/12/16 to 07/03/17	0.9015	–	0.9015	0.7396
<b>Group 2</b>				
08/03/16 to 07/06/16	1.0214	0.5316	1.5530	1.3904
08/06/16 to 07/09/16	0.3449	0.8251	1.1700	0.9033
08/09/16 to 07/12/16	0.7255	0.4620	1.1875	0.8280
08/12/16 to 07/03/17	0.5650	0.3365	0.9015	0.7396
<b>Total distributions in the period</b>			<b>4.8120</b>	<b>3.8613</b>

### Class Z USD Hedged – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/06/16	1.8895	–	1.8895	1.7467
08/06/16 to 07/09/16	1.4456	–	1.4456	1.1112
08/09/16 to 07/12/16	1.5022	–	1.5022	1.0378
08/12/16 to 07/03/17	1.1914	–	1.1914	0.9200
<b>Group 2</b>				
08/03/16 to 07/06/16	0.6313	1.2582	1.8895	1.7467
08/06/16 to 07/09/16	–	1.4456	1.4456	1.1112
08/09/16 to 07/12/16	1.1874	0.3148	1.5022	1.0378
08/12/16 to 07/03/17	0.7113	0.4801	1.1914	0.9200
<b>Total distributions in the period</b>			<b>6.0287</b>	<b>4.8157</b>

Group 2: shares purchased during a distribution period.

\*For launch dates, refer to the footnotes after the comparative tables.

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.



## Threadneedle UK Equity Income Fund

### Comparative Table Disclosure

	Class 1 – Income shares			Class 1 – Accumulation shares		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	85.44	92.83	88.84	110.62	115.45	106.06
Return before operating charges (p)	17.44	(2.40)	9.09	23.06	(3.02)	11.11
Operating charges (p)	(1.47)	(1.44)	(1.42)	(1.95)	(1.81)	(1.72)
Return after operating charges (p)*	15.97	(3.84)	7.67	21.11	(4.83)	9.39
Distributions (p)	(3.71)	(3.55)	(3.68)	(4.88)	(4.48)	(4.46)
Retained distributions on accumulation shares (p)	–	–	–	4.88	4.48	4.46
Closing net asset value per share (p)	97.70	85.44	92.83	131.73	110.62	115.45
*after direct transaction costs of (p)	0.02	0.08	0.16	0.03	0.10	0.20
<b>Performance</b>						
Return after charges (%)	18.69	(4.14)	8.63	19.08	(4.18)	8.85
<b>Other information</b>						
Closing net asset value (£000)	458,628	508,687	861,518	252,136	178,048	187,107
Closing number of shares	469,440,679	595,397,128	928,109,075	191,403,198	160,948,493	162,067,425
Operating charges (%)**	1.62	1.62	1.62	1.62	1.62	1.62
Direct transaction costs (%)***	0.03	–	0.18	0.03	–	0.18
<b>Prices</b>						
Highest share price (p)	98.49	94.97	93.65	131.90	118.11	115.53
Lowest share price (p)	81.88	79.20	79.34	107.59	101.80	97.10
	Class 1 CHF Hedged – Accumulation shares			Class 1 EUR Hedged – Accumulation shares		
	07/03/2017	07/03/2016	07/03/2015 <sup>1</sup>	07/03/2017	07/03/2016	07/03/2015 <sup>2</sup>
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	108.88	109.35	100.00	96.96	94.37	100.00
Return before operating charges (p)	39.38	1.25	10.87	33.08	4.08	(3.93)
Operating charges (p)	(2.14)	(1.72)	(1.52)	(1.86)	(1.49)	(1.70)
Return after operating charges (p)*	37.24	(0.47)	9.35	31.22	2.59	(5.63)
Distributions (p)	(5.16)	(4.27)	(3.97)	(4.57)	(3.69)	(3.81)
Retained distributions on accumulation shares (p)	5.16	4.27	3.97	4.57	3.69	3.81
Closing net asset value per share (p)	146.12	108.88	109.35	128.18	96.96	94.37
*after direct transaction costs of (p)	0.03	0.10	0.17	0.03	0.08	0.17
<b>Performance</b>						
Return after charges (%)	34.20	(0.43)	9.35	32.20	2.74	(5.63)
<b>Other information</b>						
Closing net asset value (£000)	544	156	22	919	509	159
Closing number of shares	372,574	143,446	20,001	717,119	524,870	167,920
Operating charges (%)**	1.62	1.62	1.63 <sup>1</sup>	1.61	1.62	1.85 <sup>1</sup>
Direct transaction costs (%)***	0.03	–	0.18	0.03	–	0.18
<b>Prices</b>						
Highest share price (p)	146.20	116.14	121.22	129.07	99.37	102.26
Lowest share price (p)	106.17	98.29	90.92	95.82	86.17	88.00



## Threadneedle UK Equity Income Fund

### Comparative Table Disclosure

(continued)

	Class 1 USD Hedged – Accumulation shares			Class 2 – Income shares		
	07/03/2017	07/03/2016	07/03/2015 <sup>3</sup>	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	124.24	121.14	100.00	94.15	101.78	96.92
Return before operating charges (p)	51.13	5.00	22.76	19.27	(2.62)	9.96
Operating charges (p)	(2.44)	(1.90)	(1.62)	(1.05)	(1.03)	(1.00)
Return after operating charges (p)*	48.69	3.10	21.14	18.22	(3.65)	8.96
Distributions (p)	(5.84)	(4.71)	(4.12)	(4.17)	(3.98)	(4.10)
Retained distributions on accumulation shares (p)	5.84	4.71	4.12	–	–	–
Closing net asset value per share (p)	172.93	124.24	121.14	108.20	94.15	101.78
*after direct transaction costs of (p)	0.04	0.11	0.19	0.02	0.09	0.18
<b>Performance</b>						
Return after charges (%)	39.19	2.56	21.14	19.35	(3.59)	9.24
<b>Other information</b>						
Closing net asset value (£000)	1,122	317	307	355,996	398,882	657,054
Closing number of shares	648,658	255,546	253,636	329,006,664	423,656,379	645,557,387
Operating charges (%)**	1.62	1.62	1.60 <sup>1</sup>	1.05	1.05	1.05
Direct transaction costs (%)***	0.03	0.09	0.18	0.03	0.09	0.18
<b>Prices</b>						
Highest share price (p)	173.03	128.46	121.80	109.09	104.22	102.71
Lowest share price (p)	120.02	107.66	96.48	90.36	87.26	86.84

  

	Class 2 – Accumulation shares	Class X – Income shares		
	07/03/2017 <sup>4</sup>	07/03/2017	07/03/2016	07/03/2015 <sup>5</sup>
<b>Change in net assets per share</b>				
Opening net asset value per share (p)	100.00	101.82	108.97	100.00
Return before operating charges (p)	19.54	20.95	(2.82)	11.34
Operating charges (p)	(1.01)	(0.06)	(0.05)	(0.03)
Return after operating charges (p)*	18.53	20.89	(2.87)	11.31
Distributions (p)	(3.57)	(4.53)	(4.28)	(2.34)
Retained distributions on accumulation shares (p)	3.57	–	–	–
Closing net asset value per share (p)	118.53	118.18	101.82	108.97
*after direct transaction costs of (p)	0.03	0.03	0.10	0.12
<b>Performance</b>				
Return after charges (%)	18.53	20.52	(2.63)	11.31
<b>Other information</b>				
Closing net asset value (£000)	207	1,174	213	97
Closing number of shares	174,211	993,784	209,057	88,576
Operating charges (%)**	1.05 <sup>1</sup>	0.05	0.05	0.04 <sup>1</sup>
Direct transaction costs (%)***	0.03	0.03	0.09	0.18
<b>Prices</b>				
Highest share price (p)	118.68	119.15	111.84	109.96
Lowest share price (p)	96.40	97.99	94.30	92.61



## Threadneedle UK Equity Income Fund

### Comparative Table Disclosure

(continued)

	Class Z – Income shares			Class Z – Accumulation shares		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	125.38	135.20	128.42	143.63	148.70	135.52
Return before operating charges (p)	25.70	(3.50)	13.22	30.07	(3.89)	14.30
Operating charges (p)	(1.10)	(1.06)	(1.04)	(1.29)	(1.18)	(1.12)
Return after operating charges (p)*	24.60	(4.56)	12.18	28.78	(5.07)	13.18
Distributions (p)	(5.53)	(5.26)	(5.40)	(6.43)	(5.87)	(5.79)
Retained distributions on accumulation shares (p)	–	–	–	6.43	5.87	5.79
Closing net asset value per share (p)	144.45	125.38	135.20	172.41	143.63	148.70
*after direct transaction costs of (p)	0.03	0.12	0.24	0.04	0.13	0.26
<b>Performance</b>						
Return after charges (%)	19.62	(3.37)	9.48	20.04	(3.41)	9.73
<b>Other information</b>						
Closing net asset value (£000)	1,848,080	1,500,600	1,232,257	799,277	582,998	474,468
Closing number of shares	1,279,367,778	1,196,884,492	911,462,315	463,595,811	405,898,161	319,073,132
Operating charges (%)**	0.82	0.82	0.82	0.82	0.82	0.82
Direct transaction costs (%)***	0.03	0.09	0.18	0.03	0.09	0.18
<b>Prices</b>						
Highest share price (p)	145.63	138.51	136.42	172.62	152.34	148.80
Lowest share price (p)	120.40	116.17	115.23	140.00	132.10	124.68
	Class Z CHF Hedged – Accumulation shares			Class Z EUR Hedged – Accumulation shares		
	07/03/2017	07/03/2016	07/03/2015 <sup>5</sup>	07/03/2017	07/03/2016	07/03/2015 <sup>7</sup>
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	109.89	110.13	100.00	100.49	97.10	100.00
Return before operating charges (p)	40.02	0.65	10.90	34.41	4.17	(2.17)
Operating charges (p)	(1.12)	(0.89)	(0.77)	(0.98)	(0.78)	(0.73)
Return after operating charges (p)*	38.90	(0.24)	10.13	33.43	3.39	(2.90)
Distributions (p)	(5.29)	(4.37)	(4.03)	(4.81)	(3.86)	(3.92)
Retained distributions on accumulation shares (p)	5.29	4.37	4.03	4.81	3.86	3.92
Closing net asset value per share (p)	148.79	109.89	110.13	133.92	100.49	97.10
*after direct transaction costs of (p)	0.03	0.10	0.18	0.03	0.09	0.17
<b>Performance</b>						
Return after charges (%)	35.40	(0.22)	10.13	33.27	3.49	(2.90)
<b>Other information</b>						
Closing net asset value (£000)	714	93	2,743	12,484	4,736	3,789
Closing number of shares	479,914	84,322	2,490,585	9,321,764	4,712,878	3,902,389
Operating charges (%)**	0.82	0.82	0.81 <sup>†</sup>	0.82	0.82	0.81 <sup>†</sup>
Direct transaction costs (%)***	0.03	0.09	0.18	0.03	0.09	0.18
<b>Prices</b>						
Highest share price (p)	148.88	117.01	121.96	134.41	102.97	102.35
Lowest share price (p)	107.34	99.43	91.32	99.47	89.09	90.26



## Threadneedle UK Equity Income Fund

### Comparative Table Disclosure

(continued)

	Class Z USD Hedged – Accumulation shares		
	07/03/2017	07/03/2016	07/03/2015 <sup>5</sup>
<b>Change in net assets per share</b>			
Opening net asset value per share (p)	126.10	121.98	100.00
Return before operating charges (p)	52.10	5.10	22.80
Operating charges (p)	(1.24)	(0.98)	(0.82)
Return after operating charges (p)*	50.86	4.12	21.98
Distributions (p)	(6.03)	(4.82)	(4.18)
Retained distributions on accumulation shares (p)	6.03	4.82	4.18
Closing net asset value per share (p)	176.96	126.10	121.98
*after direct transaction costs of (p)	0.04	0.11	0.19
<b>Performance</b>			
Return after charges (%)	40.33	3.38	21.98
<b>Other information</b>			
Closing net asset value (£000)	2,009	1,579	1,085
Closing number of shares	1,135,384	1,252,625	889,669
Operating charges (%)**	0.82	0.82	0.81 <sup>1</sup>
Direct transaction costs (%)***	0.03	0.09	0.18
<b>Prices</b>			
Highest share price (p)	177.07	129.52	122.65
Lowest share price (p)	121.97	108.79	96.51

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.

\*\*The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit [columbiathreadneedle.com/fees](http://columbiathreadneedle.com/fees).

\*\*\*Transaction costs have not been reduced by any amounts collected from dilution levies/adjustments.

<sup>1</sup>Class 1 CHF Hedged – Accumulation shares commenced 3 April 2014.

<sup>2</sup>Class 1 EUR Hedged – Accumulation shares commenced 3 April 2014.

<sup>3</sup>Class 1 USD Hedged – Accumulation shares commenced 3 April 2014.

<sup>4</sup>Class 2 – Accumulation shares commenced 28 April 2016.

<sup>5</sup>Class X – Income shares commenced 28 July 2014.

<sup>6</sup>Class Z CHF Hedged – Accumulation shares commenced 3 April 2014.

<sup>7</sup>Class Z EUR Hedged – Accumulation shares commenced 3 April 2014.

<sup>8</sup>Class Z USD Hedged – Accumulation shares commenced 3 April 2014.

<sup>1</sup>The Ongoing Charges Figure is annualised based on the fees incurred since commencement date.



# Threadneedle UK Equity Income Fund

## Notes to the financial statements

for the accounting period 8 March 2016 to 7 March 2017

### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 5 and 6.

### 2 NET CAPITAL GAINS/(LOSSES)

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

	2017 £000	2016 £000
Non-derivative securities	511,279	(226,081)
Forward currency contracts	1,084	395
Other (losses)/gains	(164)	42
Transaction costs	(1)	(3)
Net capital gains/(losses)	512,198	(225,647)

### 3 REVENUE

	2017 £000	2016 £000
UK dividends	139,163	132,567
Overseas dividends	3,682	3,772
Interest on short term investments	9	20
Bank interest	21	29
Underwriting commission	373	73
Total revenue	143,248	136,461

### 4 EXPENSES

	2017 £000	2016 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(31,707)	(32,674)
Registration fees	(2,296)	(2,291)
	(34,003)	(34,965)
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depositary's fees	(364)	(318)
Safe custody fees	(80)	(92)
	(444)	(410)
Other expenses:		
Regulatory fees	(5)	(6)
Audit fees	(12)	(14)
Professional fees	(2)	—
	(19)	(20)
Total expenses*	(34,466)	(35,395)

\*Including irrecoverable VAT where applicable.

### 5 INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £000	2016 £000
Interest payable	(6)	(9)
Total interest payable & similar charges	(6)	(9)

### 6 TAXATION

	2017 £000	2016 £000
<b>a) Analysis of charge in period</b>		
Total current tax (note 6b)	—	—
Total tax charge for the period	—	—
<b>b) Factors affecting taxation charge for period</b>		
Net revenue before taxation	108,776	101,057
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(21,755)	(20,211)
Effects of:		
Revenue not subject to taxation	28,544	27,246
Excess expenses	(6,789)	(7,032)
Retail Distribution Review (RDR) conversion transfer from capital	—	(3)
Current tax charge for period (note 6a)	—	—

The fund has not recognised a deferred tax asset of £45,738,490 (2016: £38,949,365) arising as a result of having unutilised management expenses. The movement in deferred tax asset may not agree to the excess expenses figure quoted above due to prior year adjustments. It is unlikely that these expenses will be utilised in future years.

### 7 DISTRIBUTIONS

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

	2017 £000	2016 £000
Interim	115,158	110,821
Final	25,674	23,691
	140,832	134,512
Add: Revenue deducted on the cancellation of shares	1,272	1,399
Deduct: Revenue received on the creation of shares	(1,621)	(2,176)
Net distribution for the period	140,483	133,735
Net revenue after taxation	108,776	101,057
Annual management charge to capital	31,707	32,674
Equalisation on conversion	2	5
Undistributed revenue carried forward	(2)	(1)
Total distributions	140,483	133,735

Details of the distribution per share are set out in the table on pages 35 to 36.

### 8 DEBTORS

	2017 £000	2016 £000
Amounts receivable for the issue of shares	4,730	15,331
Sales awaiting settlement	—	3,163
Accrued revenue	21,600	19,398
Total debtors	26,330	37,892

### 9 OTHER CREDITORS

	2017 £000	2016 £000
Amounts payable for the cancellation of shares	(3,433)	(13,125)
Purchases awaiting settlement	(842)	(754)
Accrued expenses	(71)	(55)
Amounts payable to ACD	(3,456)	(3,131)
Total other creditors	(7,802)	(17,065)

### 10 DILUTION ADJUSTMENT

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

### 11 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, as ACD, is a related party and acts as principal in respect of all transactions of shares in the fund.

The aggregate monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 8 and 9.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 9.

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



## Threadneedle UK Equity Income Fund

### Notes to the financial statements

(continued)

#### 12 SHAREHOLDER FUNDS

Threadneedle UK Equity Income Fund currently has four share classes; Class 1, Class 2, Class X and Class Z shares. The charges on each share class are as follows:

##### Annual management charge

Class 1 shares	1.50%
Class 2 shares	1.00%
Class X shares	N/A*
Class Z shares	0.75%

##### Registration fees

Class 1 shares	0.110%
Class 2 shares	0.035%
Class X shares	0.035%
Class Z shares	0.060%

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 37 to 40. The distribution per share class is given in the distribution table on pages 35 to 36.

All classes have the same rights on winding up.

\*X Shares are not subject to an Annual Management Charge.

##### Reconciliation of shares

2017

##### Class 1 – Income shares

Opening shares	595,397,128
Shares issued	37,001,824
Shares redeemed	(84,576,672)
Net conversions	(78,381,601)
Closing shares	469,440,679

##### Class 1 – Accumulation shares

Opening shares	160,948,493
Shares issued	24,947,842
Shares redeemed	(13,443,824)
Net conversions	18,950,687
Closing shares	191,403,198

##### Class 1 CHF Hedged – Accumulation shares

Opening shares	143,446
Shares issued	229,128
Shares redeemed	–
Net conversions	–
Closing shares	372,574

##### Class 1 EUR Hedged – Accumulation shares

Opening shares	524,870
Shares issued	1,163,309
Shares redeemed	(271,074)
Net conversions	(699,986)
Closing shares	717,119

##### Class 1 USD Hedged – Accumulation shares

Opening shares	255,546
Shares issued	408,172
Shares redeemed	(15,060)
Net conversions	–
Closing shares	648,658

##### Class 2 – Income shares

Opening shares	423,656,379
Shares issued	34,187,423
Shares redeemed	(109,848,741)
Net conversions	(18,988,397)
Closing shares	329,006,664

##### Class 2 – Accumulation shares\*

Opening shares	–
Shares issued	84,100
Shares redeemed	–
Net conversions	90,111
Closing shares	174,211

##### Class X – Income shares

Opening shares	209,057
Shares issued	804,266
Shares redeemed	(19,539)
Net conversions	–
Closing shares	993,784

##### Class Z – Income shares

Opening shares	1,196,884,492
Shares issued	105,597,633
Shares redeemed	(55,878,856)
Net conversions	32,764,509
Closing shares	1,279,367,778

##### Class Z – Accumulation shares

Opening shares	405,898,161
Shares issued	53,922,363
Shares redeemed	(11,220,957)
Net conversions	14,996,244
Closing shares	463,595,811

##### Class Z CHF Hedged – Accumulation shares

Opening shares	84,322
Shares issued	441,744
Shares redeemed	(46,152)
Net conversions	–
Closing shares	479,914

##### Class Z EUR Hedged – Accumulation shares

Opening shares	4,712,878
Shares issued	7,363,002
Shares redeemed	(3,424,359)
Net conversions	670,243
Closing shares	9,321,764

##### Class Z USD Hedged – Accumulation shares

Opening shares	1,252,625
Shares issued	1,776,615
Shares redeemed	(1,893,856)
Net conversions	–
Closing shares	1,135,384

\*For launch dates, refer to the footnotes after the comparative tables.

#### 13 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 6.

##### Market price risk sensitivity

A 5% market movement applied to the fund would result in an increase or decrease on net asset value of the fund by 4.89% (2016: 5%).

##### Currency exposures

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

	Monetary exposures	Non-monetary exposures	Total
	£000	£000	£000
<b>Currency 2017</b>			
Euro	168	13,119	13,287
Swiss Franc	(4)	1,235	1,231
US Dollar	2,487	3,069	5,556
<b>Currency 2016</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Euro	–	5,183	5,183
Swiss Franc	–	246	246
US Dollar	2,291	1,870	4,161

##### Currency sensitivity

As the fund has no material currency exposure, no sensitivity analysis has been shown (2016: same).



## Threadneedle UK Equity Income Fund

### Notes to the financial statements

(continued)

#### Credit/Counterparty exposure

The following details exposure to counterparties obtained through the use of derivatives:

	Forward Foreign Exchange Contracts Exposure
2017	£000
Counterparty	
J.P. Morgan	450

As at the prior balance sheet date there is no derivative exposure to disclose. The fund held £170,000 (2016: £270,000) of collateral received from the fund's counterparties. The collateral held was in the form of cash. Collateral received is not owned by the fund and therefore is not included in the fund's cash balance. Positive exposure represents the fund's exposure to that counterparty and not the fund's holdings with that counterparty.

#### Interest rate risk

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

#### Interest rate risk profile of financial assets and financial liabilities

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

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
Currency 2017	£000	£000	£000	£000
Euro	3	—	15,077	15,080
Swiss Franc	—	—	1,240	1,240
UK Sterling	270	—	3,756,085	3,756,355
US Dollar	—	—	5,559	5,559
Currency 2016	£000	£000	£000	£000
Euro	—	—	5,183	5,183
Swiss Franc	—	—	246	246
UK Sterling	104	—	3,209,879	3,209,983
US Dollar	—	—	4,481	4,481

  

	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
Currency 2017	£000	£000	£000	£000
Euro	—	—	(1,793)	(1,793)
Swiss Franc	—	—	(9)	(9)
UK Sterling	—	—	(43,139)	(43,139)
US Dollar	—	—	(3)	(3)
Currency 2016	£000	£000	£000	£000
UK Sterling	—	—	(42,755)	(42,755)
US Dollar	—	—	(320)	(320)

#### Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances (2016: same).

#### Derivative risks

Other than equities which do not have maturity dates, non interest-bearing assets relate to forward foreign exchange contracts. Derivatives including forward foreign exchange contracts are employed when they are the cheapest and most efficient method of gaining exposure. This increases the risk profile of the fund and may result in a higher degree of volatility. All open positions are regularly reviewed by the fund manager. The fund has entered into various forward foreign exchange contracts during this accounting period. Such contracts commit the fund to future deliveries or receipts, typically three months forward, of assets and liabilities, at prices decided at the point of striking the contract. They therefore allow the fund manager to limit risk, or to enhance fund performance in return for the acceptance of greater risk.

At 7 March 2017, the fund had outstanding forward foreign exchange contracts with an asset value of £456,000 (2016: £5,000) and a liability value of £6,000 (2016: £69,000).

### 14 FAIR VALUE DISCLOSURE

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

**Level 1** – Quoted prices for identical instruments in active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

**Level 2** – Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investments schemes.

**Level 3** – Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

	2017		2016	
Valuation technique	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	3,732,408	—	3,173,952	—
Level 2	456	(6)	5	(69)
	3,732,864	(6)	3,173,957	(69)

### 15 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2016: Nil).

### 16 PORTFOLIO TRANSACTION COSTS

7 March 2017					
	Value £000	Commissions £000	%	Taxes £000	%
Purchases					
Equities	132,319	143	0.11	625	0.47
Corporate actions	41,170	—	—	—	—
<b>Total</b>	<b>173,489</b>	<b>143</b>		<b>625</b>	
<b>Gross purchases total:</b>	<b>174,257</b>				
	Value £000	Commissions £000	%	Taxes £000	%
Sales					
Equities	126,551	56	0.04	—	—
Corporate actions	585	—	—	—	—
<b>Total</b>	<b>127,136</b>	<b>56</b>			
<b>Total sales net of transaction costs:</b>	<b>127,080</b>				
<b>Transaction costs as a percentage of average Net Assets</b>					
Commissions:	0.01%				
Taxes:	0.02%				

  

7 March 2016					
	Value £000	Commissions £000	%	Taxes £000	%
Purchases					
Equities	465,891	506	0.11	2,289	0.49
Corporate actions	5,819	—	—	—	—
<b>Total</b>	<b>471,710</b>	<b>506</b>		<b>2,289</b>	
<b>Gross purchases total:</b>	<b>474,505</b>				
	Value £000	Commissions £000	%	Taxes £000	%
Sales					
Equities	473,641	234	0.05	—	—
Corporate actions	32,181	—	—	—	—
<b>Total</b>	<b>505,822</b>	<b>234</b>			
<b>Total sales net of transaction costs:</b>	<b>505,588</b>				
<b>Transaction costs as a percentage of average Net Assets</b>					
Commissions:	0.02%				
Taxes:	0.07%				



## Threadneedle UK Equity Income Fund

### Notes to the financial statements

*(continued)*

Portfolio transaction costs are incurred by the fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

**Direct transaction costs:** Broker commissions, fees and taxes.

**Indirect transaction costs:** 'Dealing spread' – the difference between the buying and selling prices of the fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.12% (7 March 2016: 0.16%), being the difference between the respective bid and offer prices for the fund's investments.

### 17 SECURITIES FINANCING TRANSACTIONS REGULATION

Additional disclosures are required where the fund invests in securities financing transactions (SFTs). For the year ended 7 March 2017 the fund has not invested in SFTs and will not be making additional disclosures.



## Threadneedle UK Monthly Income Fund

### Investment Report

#### Investment Objective

To achieve an above average income combined with sound prospects for capital growth. Income will be paid monthly.

#### Investment Policy

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

#### Performance of Income Class 1 Shares\*

Over the twelve months to 7 March 2017, the published share price of the Threadneedle UK Monthly Income Fund has risen from 73.04p to 78.71p.

Looking at performance within its peer group, the total return on the fund for the twelve months ending 28 February 2017, including net reinvested income, is +11.23% as compared to a median return of +14.84% over the same period. For information the FTSE All-Share Total Return Index returned +22.81% over the same period.

#### Market Overview and Portfolio Activity

The major development of the last year has been the increasing rejection in developed western countries of the post-war consensus around socially liberal and politically conservative global elites and unfettered free market capitalism, which was epitomised by growth in global trade. This erupted with narrow, but unexpected, majorities in favour of the UK's historic vote in June for Brexit (which ended 40 years of increasingly close political and economic European integration and led to the resignation of David Cameron and the appointment of Theresa May) and the election of Donald Trump

in the US in November. Trump contested on a Republican ticket, but with essentially an anti-establishment, 'make America great again' platform.

These changes occurred against an economic backdrop which saw, eight years after the collapse of Lehman Brothers, the culmination of the most accommodative global monetary conditions ever seen. These conditions had driven US 10-year Treasury yields (effectively the world's risk-free rate) to unprecedented lows; the return of capital, rather than the return on capital, came to dominate in a period in which the spectre of deflation overhung every move made by major global central banks. Although the UK witnessed one final interest rate cut in the immediate aftermath of the Brexit vote, a subsequent second increase in US rates was the more significant change directionally. The hope now is that fiscal policy will progressively supersede monetary policy. However, the scale of ongoing government budget deficits and legacy national debt/GDP levels, which are approaching peace-time record levels, does severely limit the amount of room for manoeuvre.

Post-referendum domestic economic growth remained more resilient than expected. Despite this, the pound fell by approximately 16%. A sense of 'phoney war' prevailed ahead of the expected triggering of Brexit at the end of March as debates raged about the longer-term consequences of the biggest change in Britain's economic orientation for 40 years.

The UK market (in which approximately 75% of profits are earned overseas) remained relatively steady ahead of the Brexit vote. It then dipped only to rise strongly, ending the period up (as measured by the FTSE All-Share) by 17.6% as the mechanistic impact of translating foreign profits back into sterling was discounted.

Within the fund, turnover during the year was higher than usual. This largely reflected a reduction in 'bond proxies' – we scaled down National Grid and exited SSE – and an increased weighting in financials where new holdings were established in Standard Chartered and Barclays.

Corporate profitability expectations, which were under pressure ahead of Brexit, rebounded. This helped to improve market dividend cover from a relatively low base level of 1.6x (notwithstanding that corporate balance sheets once again remained strong, underpinning the quality of the UK's traditionally strong dividend paying culture).

As detailed at the interim stage, the fund's monthly distributions for the Class 1 shares rose to 0.24 pence per share, up from 0.23 pence per share. This completes six consecutive years where these payments have risen by 0.01 pence per share per month from a base of 0.18 pence per share. For the newer Z class shares, the increase was to 0.41 pence per share from 0.39 pence per share (and 0.37 pence before that).

For the year as a whole, the fund's total dividend increased by 5.0%, for a second consecutive year. On an ex-dividend basis at year-end, both the Class 1 and Z shares yielded 4.2%.

The fund's dividend has now increased cumulatively over 6 years by 47% (6.6% per annum). Over 12 years – a period which encompasses the global financial crisis – it is up 75% (4.8% per annum).

In the forthcoming year, the fund's monthly payments should increase to 0.25 and 0.47 pence per share for the Class 1 and Z shares, respectively.

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2016 to 7 March 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains/(losses)	2	53,061	(38,466)
Revenue	3	26,679	26,751
Expenses	4	(8,778)	(9,487)
Interest payable and similar charges	5	–	(1)
Net revenue before taxation		17,901	17,263
Taxation	6	–	–
Net revenue after taxation		17,901	17,263
Total return before distributions		70,962	(21,203)
Distributions	7	(25,929)	(25,973)
Change in net assets attributable to shareholders from investment activities		45,033	(47,176)

### BALANCE SHEET

as at 7 March 2017

	Notes	2017 £000	2016 £000
<b>Assets:</b>			
<b>Fixed assets:</b>			
Investments		592,216	556,710
<b>Current assets:</b>			
Debtors	8	3,744	6,904
Cash and bank balances		6,626	30,033
Total assets		602,586	593,647
<b>Liabilities:</b>			
<b>Creditors:</b>			
Distribution payable		(4,987)	(4,858)
Other creditors	9	(1,332)	(7,085)
Total liabilities		(6,319)	(11,943)
Net assets attributable to shareholders		596,267	581,704

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

for the accounting period 8 March 2016 to 7 March 2017

	2017 £000	2016 £000
Opening net assets attributable to shareholders	581,704	673,385
Amounts receivable on the issue of shares	18,997	19,246
Amounts payable on the cancellation of shares	(49,589)	(63,872)
	(30,592)	(44,626)
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	45,033	(47,176)
Unclaimed distributions	122	121
Closing net assets attributable to shareholders	596,267	581,704

### DISTRIBUTION TABLE

for the accounting period 8 March 2016 to 7 March 2017

Dividend distribution in pence per share

#### Class 1 – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/04/16	0.2400	–	0.2400	0.2300
08/04/16 to 07/05/16	0.2400	–	0.2400	0.2300
08/05/16 to 07/06/16	0.2400	–	0.2400	0.2300
08/06/16 to 07/07/16	0.2400	–	0.2400	0.2300
08/07/16 to 07/08/16	0.2400	–	0.2400	0.2300
08/08/16 to 07/09/16	0.2400	–	0.2400	0.2300
08/09/16 to 07/10/16	0.2400	–	0.2400	0.2300
08/10/16 to 07/11/16	0.2400	–	0.2400	0.2300
08/11/16 to 07/12/16	0.2400	–	0.2400	0.2300
08/12/16 to 07/01/17	0.2400	–	0.2400	0.2300
08/01/17 to 07/02/17	0.2400	–	0.2400	0.2300
08/02/17 to 07/03/17	0.6479	–	0.6479	0.6001

\*In pound Sterling and against UK peer group.



## Threadneedle UK Monthly Income Fund

### DISTRIBUTION TABLE

(continued)

#### Class 1 – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 2</b>				
08/03/16 to 07/04/16	0.0935	0.1465	0.2400	0.2300
08/04/16 to 07/05/16	–	0.2400	0.2400	0.2300
08/05/16 to 07/06/16	–	0.2400	0.2400	0.2300
08/06/16 to 07/07/16	–	0.2400	0.2400	0.2300
08/07/16 to 07/08/16	–	0.2400	0.2400	0.2300
08/08/16 to 07/09/16	–	0.2400	0.2400	0.2300
08/09/16 to 07/10/16	–	0.2400	0.2400	0.2300
08/10/16 to 07/11/16	–	0.2400	0.2400	0.2300
08/11/16 to 07/12/16	–	0.2400	0.2400	0.2300
08/12/16 to 07/01/17	–	0.2400	0.2400	0.2300
08/01/17 to 07/02/17	–	0.2400	0.2400	0.2300
08/02/17 to 07/03/17	0.0669	0.5810	0.6479	0.6001
<b>Total distributions in the period</b>			<b>3.2879</b>	<b>3.1301</b>

#### Class 2 – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/04/16	0.3500	–	0.3500	0.3300
08/04/16 to 07/05/16	0.3500	–	0.3500	0.3300
08/05/16 to 07/06/16	0.3500	–	0.3500	0.3300
08/06/16 to 07/07/16	0.3500	–	0.3500	0.3300
08/07/16 to 07/08/16	0.3500	–	0.3500	0.3300
08/08/16 to 07/09/16	0.3500	–	0.3500	0.3300
08/09/16 to 07/10/16	0.3500	–	0.3500	0.3300
08/10/16 to 07/11/16	0.3500	–	0.3500	0.3300
08/11/16 to 07/12/16	0.3500	–	0.3500	0.3300
08/12/16 to 07/01/17	0.3500	–	0.3500	0.3300
08/01/17 to 07/02/17	0.3500	–	0.3500	0.3300
08/02/17 to 07/03/17	1.0131	–	1.0131	0.9818
<b>Group 2</b>				
08/03/16 to 07/04/16	0.1000	0.2500	0.3500	0.3300
08/04/16 to 07/05/16	–	0.3500	0.3500	0.3300
08/05/16 to 07/06/16	0.3500	–	0.3500	0.3300
08/06/16 to 07/07/16	0.3500	–	0.3500	0.3300
08/07/16 to 07/08/16	0.3500	–	0.3500	0.3300
08/08/16 to 07/09/16	0.3500	–	0.3500	0.3300
08/09/16 to 07/10/16	0.3500	–	0.3500	0.3300
08/10/16 to 07/11/16	–	0.3500	0.3500	0.3300
08/11/16 to 07/12/16	–	0.3500	0.3500	0.3300
08/12/16 to 07/01/17	–	0.3500	0.3500	0.3300
08/01/17 to 07/02/17	0.3500	–	0.3500	0.3300
08/02/17 to 07/03/17	1.0131	–	1.0131	0.9818
<b>Total distributions in the period</b>			<b>4.8631</b>	<b>4.6118</b>

#### Class Z – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/04/16	0.4100	–	0.4100	0.3900
08/04/16 to 07/05/16	0.4100	–	0.4100	0.3900
08/05/16 to 07/06/16	0.4100	–	0.4100	0.3900
08/06/16 to 07/07/16	0.4100	–	0.4100	0.3900
08/07/16 to 07/08/16	0.4100	–	0.4100	0.3900
08/08/16 to 07/09/16	0.4100	–	0.4100	0.3900
08/09/16 to 07/10/16	0.4100	–	0.4100	0.3900
08/10/16 to 07/11/16	0.4100	–	0.4100	0.3900
08/11/16 to 07/12/16	0.4100	–	0.4100	0.3900
08/12/16 to 07/01/17	0.4100	–	0.4100	0.3900
08/01/17 to 07/02/17	0.4100	–	0.4100	0.3900
08/02/17 to 07/03/17	1.1634	–	1.1634	1.0701
<b>Group 2</b>				
08/03/16 to 07/04/16	0.1861	0.2239	0.4100	0.3900
08/04/16 to 07/05/16	–	0.4100	0.4100	0.3900
08/05/16 to 07/06/16	–	0.4100	0.4100	0.3900
08/06/16 to 07/07/16	–	0.4100	0.4100	0.3900
08/07/16 to 07/08/16	–	0.4100	0.4100	0.3900
08/08/16 to 07/09/16	–	0.4100	0.4100	0.3900
08/09/16 to 07/10/16	–	0.4100	0.4100	0.3900
08/10/16 to 07/11/16	–	0.4100	0.4100	0.3900
08/11/16 to 07/12/16	–	0.4100	0.4100	0.3900
08/12/16 to 07/01/17	–	0.4100	0.4100	0.3900
08/01/17 to 07/02/17	–	0.4100	0.4100	0.3900
08/02/17 to 07/03/17	0.2119	0.9515	1.1634	1.0701
<b>Total distributions in the period</b>			<b>5.6734</b>	<b>5.3601</b>

Group 2: shares purchased during a distribution period.

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.



## Threadneedle UK Monthly Income Fund

### Comparative Table Disclosure

	Class 1 – Income shares			Class 2 – Income shares		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	72.37	78.15	74.47	104.96	112.79	106.94
Return before operating charges (p)	10.14	(1.43)	7.85	14.76	(2.06)	11.33
Operating charges (p)	(1.23)	(1.22)	(1.19)	(1.16)	(1.16)	(1.10)
Return after operating charges (p)*	8.91	(2.65)	6.66	13.60	(3.22)	10.23
Distributions (p)	(3.29)	(3.13)	(2.98)	(4.86)	(4.61)	(4.38)
Closing net asset value per share (p)	77.99	72.37	78.15	113.70	104.96	112.79
*after direct transaction costs of (p)	0.12	0.09	0.08	0.17	0.13	0.12
<b>Performance</b>						
Return after charges (%)	12.31	(3.39)	8.94	12.96	(2.85)	9.57
<b>Other information</b>						
Closing net asset value (£000)	484,630	471,259	584,897	73	71	96
Closing number of shares	621,396,134	651,220,731	748,453,204	64,357	67,820	84,986
Operating charges (%)**	1.63	1.62	1.62	1.06	1.06	1.04
Direct transaction costs (%)***	0.15	0.12	0.11	0.15	0.12	0.11
<b>Prices</b>						
Highest share price (p)	79.32	79.83	78.78	115.42	115.37	113.75
Lowest share price (p)	68.89	68.03	67.38	100.09	98.74	97.08

  

	Class Z – Income shares		
	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>			
Opening net asset value per share (p)	124.42	133.36	126.14
Return before operating charges (p)	17.50	(2.46)	13.39
Operating charges (p)	(1.14)	(1.12)	(1.10)
Return after operating charges (p)*	16.36	(3.58)	12.29
Distributions (p)	(5.67)	(5.36)	(5.07)
Closing net asset value per share (p)	135.11	124.42	133.36
*after direct transaction costs of (p)	0.20	0.16	0.14
<b>Performance</b>			
Return after charges (%)	13.15	(2.68)	9.74
<b>Other information</b>			
Closing net asset value (£000)	111,564	110,374	88,392
Closing number of shares	82,571,843	88,709,827	66,279,654
Operating charges (%)**	0.88	0.87	0.88
Direct transaction costs (%)***	0.15	0.12	0.11
<b>Prices</b>			
Highest share price (p)	136.99	136.46	134.48
Lowest share price (p)	118.73	116.94	114.67

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.

\*\*The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit [columbiathreadneedle.com/fees](http://columbiathreadneedle.com/fees).

\*\*\*Transaction costs have not been reduced by any amounts collected from dilution levies/adjustments.



# Threadneedle UK Monthly Income Fund

## Notes to the financial statements

for the accounting period 8 March 2016 to 7 March 2017

### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 5 and 6.

### 2 NET CAPITAL GAINS/(LOSSES)

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

	2017 £000	2016 £000
Non-derivative securities	53,100	(38,469)
Other (losses)/gains	(38)	5
Transaction costs	(1)	(2)
Net capital gains/(losses)	53,061	(38,466)

### 3 REVENUE

	2017 £000	2016 £000
UK dividends	26,501	26,616
Overseas dividends	43	47
Interest on short term investments	20	40
Bank interest	27	48
Underwriting commission	88	—
Total revenue	26,679	26,751

### 4 EXPENSES

	2017 £000	2016 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(8,029)	(8,702)
Registration fees	(651)	(686)
	(8,680)	(9,388)
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depositary's fees	(63)	(60)
Safe custody fees	(20)	(24)
	(83)	(84)
Other expenses:		
Regulatory fees	(5)	(5)
Audit fees	(8)	(10)
Professional fees	(2)	—
	(15)	(15)
Total expenses*	(8,778)	(9,487)

\*Including irrecoverable VAT where applicable.

### 5 INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £000	2016 £000
Interest	—	(1)
Total interest payable & similar charges	—	(1)

### 6 TAXATION

	2017 £000	2016 £000
<b>a) Analysis of charge in period</b>		
Total current tax (note 6b)	—	—
Total tax charge for the period	—	—
<b>b) Factors affecting taxation charge for period</b>		
Net revenue before taxation	17,901	17,263
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(3,580)	(3,453)
Effects of:		
Revenue not subject to taxation	5,201	5,257
Excess expenses	(1,621)	(1,803)
Retail Distribution Review (RDR) conversion transfer from capital	—	(1)
Current tax charge for period (note 6a)	—	—

The fund has not recognised a deferred tax asset of £40,754,129 (2016: £39,132,767) arising as a result of having unutilised management expenses. The movement in deferred tax asset may not agree to the excess expenses figure quoted above due to prior year adjustments. It is unlikely that these expenses will be utilised in future years.

### 7 DISTRIBUTIONS

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

	2017 £000	2016 £000
Interim	20,739	20,872
Final	4,987	4,858
	25,726	25,730
Add: Revenue deducted on the cancellation of shares	334	370
Deduct: Revenue received on the creation of shares	(131)	(127)
Net distribution for the period	25,929	25,973
Net revenue after taxation	17,901	17,263
Annual management charge to capital	8,029	8,702
Equalisation on conversion	—	8
Undistributed revenue carried forward	(1)	—
Total distributions	25,929	25,973

Details of the distribution per share are set out in the table on pages 45 and 46.

### 8 DEBTORS

	2017 £000	2016 £000
Amounts receivable for the issue of shares	646	3,694
Sales awaiting settlement	—	311
Accrued revenue	3,098	2,899
Total debtors	3,744	6,904

### 9 OTHER CREDITORS

	2017 £000	2016 £000
Amounts payable for the cancellation of shares	(352)	(3,913)
Purchases awaiting settlement	(124)	(2,316)
Accrued expenses	(19)	(16)
Amounts payable to ACD	(837)	(840)
Total other creditors	(1,332)	(7,085)

### 10 DILUTION ADJUSTMENT

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

### 11 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, as ACD, is a related party and acts as principal in respect of all transactions of shares in the fund.

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

Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 8 and 9.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 9.

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

### 12 SHAREHOLDER FUNDS

Threadneedle UK Monthly Income Fund currently has three share classes; Class 1, Class 2 and Class Z shares. The charges on each share class are as follows:

Annual management charge	
Class 1 shares	1.50%
Class 2 shares	1.00%
Class Z shares	0.75%



## Threadneedle UK Monthly Income Fund

### Notes to the financial statements

(continued)

#### Registration fees

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

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on page 47. The distribution per share class is given in the distribution table on pages 45 to 46. All classes have the same rights on winding up.

#### Reconciliation of shares

	2017
<b>Class 1 – Income shares</b>	
Opening shares	651,220,731
Shares issued	19,088,082
Shares redeemed	(44,801,385)
Net conversions	(4,111,294)
Closing shares	621,396,134
<b>Class 2 – Income shares</b>	
Opening shares	67,820
Shares issued	9,615
Shares redeemed	(19,326)
Net conversions	6,248
Closing shares	64,357
<b>Class Z – Income shares</b>	
Opening shares	88,709,827
Shares issued	3,783,232
Shares redeemed	(12,302,772)
Net conversions	2,381,556
Closing shares	82,571,843

### 13 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 6.

#### Market price risk sensitivity

A 5% market movement applied to the fund would result in an increase or decrease on net asset value of the fund by 5.05% (2016: 4.70%).

#### Currency exposures

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

	Monetary exposures	Non- monetary exposures	Total
	£000	£000	£000
<b>Currency 2017</b>			
US Dollar	1,125	–	1,125
<b>Currency 2016</b>			
US Dollar	857	–	857

#### Currency sensitivity

As the fund has no material currency exposure, no sensitivity analysis has been shown (2016: same).

#### Credit/Counterparty exposure

As at the balance sheet date there is no derivative exposure or collateral to disclose (2016: same).

The fund did not hold any collateral received from the fund's counterparties in either the current or prior year.

#### Interest rate risk

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

#### Interest rate risk profile of financial assets and financial liabilities

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

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
	£000	£000	£000	£000
<b>Currency 2017</b>				
UK Sterling	6,626	–	594,835	601,461
US Dollar	–	–	1,125	1,125
<b>Currency 2016</b>				
UK Sterling	30,033	–	562,757	592,790
US Dollar	–	–	857	857
	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
	£000	£000	£000	£000
<b>Currency 2017</b>				
UK Sterling	–	–	(6,319)	(6,319)
<b>Currency 2016</b>				
UK Sterling	–	–	(11,943)	(11,943)

#### Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances (2016: same).

#### Derivative risks

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

### 14 FAIR VALUE DISCLOSURE

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

**Level 1** – Quoted prices for identical instruments in active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

**Level 2** – Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investments schemes.

**Level 3** – Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

	2017		2016	
Valuation technique	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	592,216	–	556,710	–
	592,216	–	556,710	–

### 15 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2016: Nil).

### 16 PORTFOLIO TRANSACTION COSTS

#### 7 March 2017

	Value £000	Commissions £000	%	Taxes £000	%
<b>Purchases</b>					
Equities	127,760	136	0.11	612	0.48
Corporate actions	7,821	–	–	–	–
<b>Total</b>	<b>135,581</b>	<b>136</b>		<b>612</b>	
<b>Gross purchases total:</b>	<b>136,329</b>				



## Threadneedle UK Monthly Income Fund

### Notes to the financial statements

(continued)

Sales	Value £000	Commissions £000	%	Taxes £000	%
Equities	150,704	157	0.10	–	–
Corporate actions	3,375	–	–	–	–
<b>Total</b>	<b>154,079</b>	<b>157</b>		<b>–</b>	

**Total sales net of transaction costs: 153,922**

#### Transaction costs as a percentage of average Net Assets

Commissions:	0.05%
Taxes:	0.10%

#### 7 March 2016

Purchases	Value £000	Commissions £000	%	Taxes £000	%
Equities	101,931	120	0.12	439	0.43
<b>Total</b>	<b>101,931</b>	<b>120</b>		<b>439</b>	

**Gross purchases total: 102,490**

Sales	Value £000	Commissions £000	%	Taxes £000	%
Equities	157,084	197	0.13	–	–
Corporate actions	11,062	–	–	–	–
<b>Total</b>	<b>168,146</b>	<b>197</b>		<b>–</b>	

**Total sales net of transaction costs: 167,949**

#### Transaction costs as a percentage of average Net Assets

Commissions:	0.05%
Taxes:	0.07%

Portfolio transaction costs are incurred by the fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

**Direct transaction costs:** Broker commissions, fees and taxes.

**Indirect transaction costs:** 'Dealing spread' – the difference between the buying and selling prices of the fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.19% (7 March 2016: 0.22%), being the difference between the respective bid and offer prices for the fund's investments.

### 17 SECURITIES FINANCING TRANSACTIONS REGULATION

Additional disclosures are required where the fund invests in securities financing transactions (SFTs). For the year ended 7 March 2017 the fund has not invested in SFTs and will not be making additional disclosures.



## Threadneedle Monthly Extra Income Fund

### Investment Report

#### Investment Objective

To achieve a high level of income with prospects of capital growth. Income will be paid monthly.

#### Investment Policy

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

#### Performance of Income Class 1 Shares\*

Over the twelve months to 7 March 2017, the published share price of the Threadneedle Monthly Extra Income Fund has risen from 73.00p to 82.07p.

Looking at performance within its peer group, the total return on the fund for the twelve months ending 28 February 2017, including net reinvested income, is +16.15% as compared to a median return of +15.21% over the same period. In view of the nature of the fund, and its investment remit, there is no directly comparable market index.

#### Market Overview and Portfolio Activity

UK equities posted double-digit returns in the review period, overcoming Brexit-induced volatility. Overseas earners led the post-vote rally as sterling slumped. Markets also cheered the new prime minister's swift appointment, and the Bank of England's stimulus measures in August. In November, Donald Trump's unexpected victory led to a market rotation in favour of cyclical stocks (generally, stocks issued by companies whose earnings rise and fall with changes in economic conditions); energy stocks got a boost towards the end of 2016 as OPEC members surprised markets by reaching an agreement to cut output; non OPEC-members later expressed their willingness to join in.

Major post-referendum indicators were initially bleak but later readings showed Brexit slowdown fears were premature. However, recent

indicators suggest some weakness in consumer spending. Inflation has trended higher and stood at 1.8% in January.

The potential loss of unfettered access to the EU single market pushed sterling to 30-year lows in October. The currency later rebounded but moved closer to October's lows in early March as the House of Lords debated the bill to trigger Article 50.

During the review period, we topped up some equity holdings, notably Pearson, ITV and Marks & Spencer. Pearson's shares declined sharply in January as the company issued its sixth profit warning in four years and announced plans to spin off Penguin Random House. Having supported the company's restructuring intentions, we have been disappointed by this outcome. Nevertheless, both free-cash flow and dividend yield appear attractive at the current price, although earnings visibility appears to be lacking.

While many are fearful of the structural issues facing UK retail companies, we believe Marks & Spencer has some interesting levers to pull. For ITV, we were encouraged by management's upbeat outlook despite the adverse short-term impact of Brexit jitters. Furthermore, we participated in the rights issue of Phoenix Group Holdings, which funded its purchase of Abbey Life.

Among sales, we trimmed AstraZeneca, GlaxoSmithKline and Imperial Brands (previously Imperial Tobacco Group), although these still remain high-conviction holdings. Despite speculation about drug pricing in the US, we feel both pharmaceutical firms have strong footholds in areas where prices are already competitive. We exited Home Retail Group after the purchase by Sainsbury's.

Within fixed income, in the first half of the review period, we maintained a short duration (interest-rate risk) position and marginally long position in credit risk. We rotated towards defensive sectors (regulated utilities and consumer goods). Examples of such purchases include RWE and British American Tobacco. We also added some senior bank risk to the

portfolio but were somewhat cautious on the sector given its maturing phase of the cycle.

Later in the period, we moved to a neutral credit risk position and retained a defensive interest rate position given low government bond yields. We believed higher quality bonds offer better relative value. We added to positions in Heathrow and purchased a new issue from National Express. Following a strong run, we exited Columbia Pipeline as credit spreads in the sector tightened over 2016. In Verizon and Williams Partners, we switched our exposure from longer-dated to shorter-dated bonds, thereby reducing risk.

Recently, financials and other stocks that could benefit from reflation and a stronger dollar have rallied at the expense of bond proxies. Despite this, we still have a positive view on bond proxies that have strong fundamentals and growth prospects. By contrast, we remain cautious on banks and commodity companies.

In our view, mergers and acquisitions will remain a theme – particularly in the UK where sterling's weakness makes domestic stocks attractive to overseas buyers. We believe Brexit could be a rebalancing opportunity for the UK economy. Furthermore, income remains a key driver of total returns in equities and the market still offers some great contrarian value opportunities.

We will continue to avoid momentum trades while focusing on bottom-up stock picking. As patient, conviction investors, we will use market volatility to add to favoured names at attractive valuations, while being keenly aware of risk-adjusted returns.

For fixed income, we believe European investment grade bonds are strong enough to overcome risks that could arise from lower policy support. A changing policy outlook could provide challenges in the coming year, but this risk may be largely mitigated by fundamental demand for income and corporate bonds from elsewhere and largely supportive credit metrics. Political risk, due to Trump's trade wpolicy and European elections, poses a greater threat to credit markets in our view.

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2016 to 7 March 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains/(losses)	2	50,683	(25,187)
Revenue	3	15,835	16,848
Expenses	4	(3,831)	(4,049)
Interest payable and similar charges	5	(1)	(1)
Net revenue before taxation		12,003	12,798
Taxation	6	–	–
Net revenue after taxation		12,003	12,798
<b>Total return before distributions</b>		<b>62,686</b>	<b>(12,389)</b>
Distributions	7	(15,265)	(16,272)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>47,421</b>	<b>(28,661)</b>

### BALANCE SHEET

as at 7 March 2017

	Notes	2017 £000	2016 £000
<b>Assets:</b>			
<b>Fixed assets:</b>			
Investments		388,791	371,216
<b>Current assets:</b>			
Debtors	8	5,952	6,023
Cash and bank balances	9	63	535
<b>Total assets</b>		<b>394,806</b>	<b>377,774</b>
<b>Liabilities:</b>			
<b>Investment liabilities</b>		(51)	(49)
<b>Creditors:</b>			
Bank overdrafts	9	(337)	–
Distribution payable		(2,262)	(3,072)
Other creditors	10	(2,630)	(2,447)
<b>Total liabilities</b>		<b>(5,280)</b>	<b>(5,568)</b>
<b>Net assets attributable to shareholders</b>		<b>389,526</b>	<b>372,206</b>

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

for the accounting period 8 March 2016 to 7 March 2017

	2017 £000	2016 £000
<b>Opening net assets attributable to shareholders</b>	<b>372,206</b>	<b>373,803</b>
Amounts receivable on the issue of shares	32,544	102,694
Amounts payable on the cancellation of shares	(63,751)	(11,025)
Amounts payable on inspecie transfers	–	(66,187)
	(31,207)	25,482
Dilution adjustment	32	122
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	47,421	(28,661)
Retained distribution on accumulation shares	1,073	1,458
Unclaimed distributions	1	2
<b>Closing net assets attributable to shareholders</b>	<b>389,526</b>	<b>372,206</b>

### DISTRIBUTION TABLE

for the accounting period 8 March 2016 to 7 March 2017

Dividend distribution in pence per share

#### Class 1 – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/04/16	0.2300	–	0.2300	0.2200
08/04/16 to 07/05/16	0.2300	–	0.2300	0.2200
08/05/16 to 07/06/16	0.2300	–	0.2300	0.2200
08/06/16 to 07/07/16	0.2300	–	0.2300	0.2200
08/07/16 to 07/08/16	0.2300	–	0.2300	0.2200
08/08/16 to 07/09/16	0.2300	–	0.2300	0.2200
08/09/16 to 07/10/16	0.2300	–	0.2300	0.2200
08/10/16 to 07/11/16	0.2300	–	0.2300	0.2200
08/11/16 to 07/12/16	0.2300	–	0.2300	0.2200
08/12/16 to 07/01/17	0.2300	–	0.2300	0.2200
08/01/17 to 07/02/17	0.2300	–	0.2300	0.2200
08/02/17 to 07/03/17	0.5129	–	0.5129	0.6531

\*In pound Sterling and against UK peer group.



# Threadneedle Monthly Extra Income Fund

## DISTRIBUTION TABLE

(continued)

### Class 1 – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 2</b>				
08/03/16 to 07/04/16	0.1242	0.1058	0.2300	0.2200
08/04/16 to 07/05/16	–	0.2300	0.2300	0.2200
08/05/16 to 07/06/16	–	0.2300	0.2300	0.2200
08/06/16 to 07/07/16	–	0.2300	0.2300	0.2200
08/07/16 to 07/08/16	–	0.2300	0.2300	0.2200
08/08/16 to 07/09/16	–	0.2300	0.2300	0.2200
08/09/16 to 07/10/16	–	0.2300	0.2300	0.2200
08/10/16 to 07/11/16	–	0.2300	0.2300	0.2200
08/11/16 to 07/12/16	–	0.2300	0.2300	0.2200
08/12/16 to 07/01/17	–	0.2300	0.2300	0.2200
08/01/17 to 07/02/17	–	0.2300	0.2300	0.2200
08/02/17 to 07/03/17	0.1272	0.3857	0.5129	0.6531
<b>Total distributions in the period</b>			<b>3.0429</b>	<b>3.0731</b>

### Class 1 EUR Hedged – Income shares\*

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/04/16	0.4151	–	0.4151	
08/04/16 to 07/05/16	0.5096	–	0.5096	0.3735
08/05/16 to 07/06/16	0.5284	–	0.5284	0.3302
08/06/16 to 07/07/16	0.4040	–	0.4040	0.2758
08/07/16 to 07/08/16	0.1156	–	0.1156	0.1655
08/08/16 to 07/09/16	0.6090	–	0.6090	0.5193
08/09/16 to 07/10/16	0.2874	–	0.2874	0.2122
08/10/16 to 07/11/16	0.3954	–	0.3954	0.2324
08/11/16 to 07/12/16	0.3662	–	0.3662	0.3720
08/12/16 to 07/01/17	0.1716	–	0.1716	0.1331
08/01/17 to 07/02/17	0.1091	–	0.1091	0.1965
08/02/17 to 07/03/17	0.5837	–	0.5837	0.4546
<b>Group 2</b>				
08/03/16 to 07/04/16	0.3196	0.0955	0.4151	
08/04/16 to 07/05/16	0.3004	0.2092	0.5096	0.3735
08/05/16 to 07/06/16	0.2516	0.2768	0.5284	0.3302
08/06/16 to 07/07/16	0.1862	0.2178	0.4040	0.2758
08/07/16 to 07/08/16	0.0863	0.0293	0.1156	0.1655
08/08/16 to 07/09/16	0.1011	0.5079	0.6090	0.5193
08/09/16 to 07/10/16	0.0677	0.2197	0.2874	0.2122
08/10/16 to 07/11/16	0.2394	0.1560	0.3954	0.2324
08/11/16 to 07/12/16	0.1279	0.2383	0.3662	0.3720
08/12/16 to 07/01/17	0.0587	0.1129	0.1716	0.1331
08/01/17 to 07/02/17	0.0628	0.0463	0.1091	0.1965
08/02/17 to 07/03/17	0.0408	0.5429	0.5837	0.4546
<b>Total distributions in the period</b>			<b>4.4951</b>	<b>3.2651</b>

### Class Z – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/04/16	0.3900	–	0.3900	0.3700
08/04/16 to 07/05/16	0.3900	–	0.3900	0.3700
08/05/16 to 07/06/16	0.3900	–	0.3900	0.3700
08/06/16 to 07/07/16	0.3900	–	0.3900	0.3700
08/07/16 to 07/08/16	0.3900	–	0.3900	0.3700
08/08/16 to 07/09/16	0.3900	–	0.3900	0.3700
08/09/16 to 07/10/16	0.3900	–	0.3900	0.3700
08/10/16 to 07/11/16	0.3900	–	0.3900	0.3700
08/11/16 to 07/12/16	0.3900	–	0.3900	0.3700
08/12/16 to 07/01/17	0.3900	–	0.3900	0.3700
08/01/17 to 07/02/17	0.3900	–	0.3900	0.3700
08/02/17 to 07/03/17	0.8541	–	0.8541	1.1009
<b>Group 2</b>				
08/03/16 to 07/04/16	0.2247	0.1653	0.3900	0.3700
08/04/16 to 07/05/16	0.0451	0.3449	0.3900	0.3700
08/05/16 to 07/06/16	–	0.3900	0.3900	0.3700
08/06/16 to 07/07/16	–	0.3900	0.3900	0.3700
08/07/16 to 07/08/16	–	0.3900	0.3900	0.3700
08/08/16 to 07/09/16	–	0.3900	0.3900	0.3700
08/09/16 to 07/10/16	–	0.3900	0.3900	0.3700
08/10/16 to 07/11/16	–	0.3900	0.3900	0.3700
08/11/16 to 07/12/16	–	0.3900	0.3900	0.3700
08/12/16 to 07/01/17	–	0.3900	0.3900	0.3700
08/01/17 to 07/02/17	–	0.3900	0.3900	0.3700
08/02/17 to 07/03/17	0.2339	0.6202	0.8541	1.1009
<b>Total distributions in the period</b>			<b>5.1441</b>	<b>5.1709</b>

### Class Z – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/04/16	0.3400	–	0.3400	0.3100
08/04/16 to 07/05/16	0.3400	–	0.3400	0.3100
08/05/16 to 07/06/16	0.3400	–	0.3400	0.3100
08/06/16 to 07/07/16	0.3400	–	0.3400	0.3100
08/07/16 to 07/08/16	0.3400	–	0.3400	0.3100
08/08/16 to 07/09/16	0.3400	–	0.3400	0.3100
08/09/16 to 07/10/16	0.3400	–	0.3400	0.3100
08/10/16 to 07/11/16	0.3400	–	0.3400	0.3100
08/11/16 to 07/12/16	0.3400	–	0.3400	0.3100
08/12/16 to 07/01/17	0.3400	–	0.3400	0.3100
08/01/17 to 07/02/17	0.3400	–	0.3400	0.3100
08/02/17 to 07/03/17	0.7489	–	0.7489	0.8868
<b>Group 2</b>				
08/03/16 to 07/04/16	0.2413	0.0987	0.3400	0.3100
08/04/16 to 07/05/16	0.1151	0.2249	0.3400	0.3100
08/05/16 to 07/06/16	–	0.3400	0.3400	0.3100
08/06/16 to 07/07/16	–	0.3400	0.3400	0.3100
08/07/16 to 07/08/16	–	0.3400	0.3400	0.3100
08/08/16 to 07/09/16	–	0.3400	0.3400	0.3100
08/09/16 to 07/10/16	–	0.3400	0.3400	0.3100
08/10/16 to 07/11/16	–	0.3400	0.3400	0.3100
08/11/16 to 07/12/16	–	0.3400	0.3400	0.3100
08/12/16 to 07/01/17	–	0.3400	0.3400	0.3100
08/01/17 to 07/02/17	–	0.3400	0.3400	0.3100
08/02/17 to 07/03/17	0.1923	0.5566	0.7489	0.8868
<b>Total distributions in the period</b>			<b>4.4889</b>	<b>4.2968</b>

Group 2: shares purchased during a distribution period.

\*For launch dates, refer to the footnotes after the comparative tables.

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.



## Threadneedle Monthly Extra Income Fund

### Comparative Table Disclosure

	Class 1 – Income shares			Class 1 EUR Hedged – Income shares	
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016 <sup>1</sup>
<b>Change in net assets per share</b>					
Opening net asset value per share (p)	72.21	77.68	74.29	100.44	100.00
Return before operating charges (p)	13.33	(1.37)	7.42	31.22	4.87
Operating charges (p)	(1.06)	(1.03)	(1.02)	(1.63)	(1.16)
Return after operating charges (p)*	12.27	(2.40)	6.40	29.59	3.71
Distributions (p)	(3.04)	(3.07)	(3.01)	(4.50)	(3.27)
Retained distributions on accumulation shares (p)	–	–	–	–	–
Closing net asset value per share (p)	81.44	72.21	77.68	125.53	100.44
*after direct transaction costs of (p)	0.02	0.09	0.17	0.03	0.09
<b>Performance</b>					
Return after charges (%)	16.99	(3.09)	8.61	29.46	3.71
<b>Other information</b>					
Closing net asset value (£000)	159,236	151,819	178,449	2,054	317
Closing number of shares	195,516,352	210,256,240	229,718,845	1,636,021	315,746
Operating charges (%)**	1.38	1.38	1.38	1.38	1.40
Direct transaction costs (%)***	0.03	0.11	0.22	0.03	0.11
<b>Prices</b>					
Highest share price (p)	82.13	79.84	78.49	129.02	103.33
Lowest share price (p)	70.98	68.36	68.55	99.27	90.80

  

	Class Z – Income shares			Class Z – Accumulation shares		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015 <sup>2</sup>
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	122.67	131.14	124.71	105.45	108.21	100.00
Return before operating charges (p)	22.60	(2.38)	12.40	19.75	(1.99)	8.65
Operating charges (p)	(0.96)	(0.92)	(0.91)	(0.83)	(0.77)	(0.44)
Return after operating charges (p)*	21.64	(3.30)	11.49	18.92	(2.76)	8.21
Distributions (p)	(5.14)	(5.17)	(5.06)	(4.49)	(4.30)	(2.19)
Retained distributions on accumulation shares (p)	–	–	–	4.49	4.30	2.19
Closing net asset value per share (p)	139.17	122.67	131.14	124.37	105.45	108.21
*after direct transaction costs of (p)	0.04	0.14	0.28	0.03	0.12	0.14
<b>Performance</b>						
Return after charges (%)	17.64	(2.52)	9.21	17.94	(2.55)	8.21
<b>Other information</b>						
Closing net asset value (£000)	203,577	189,075	176,350	24,659	30,995	19,004
Closing number of shares	146,279,143	154,139,317	134,474,952	19,826,888	29,392,226	17,562,842
Operating charges (%)**	0.73	0.73	0.73	0.73	0.73	0.73 <sup>1</sup>
Direct transaction costs (%)***	0.03	0.11	0.22	0.03	0.11	0.22
<b>Prices</b>						
Highest share price (p)	140.31	134.82	132.54	124.63	111.31	108.36
Lowest share price (p)	120.73	116.04	115.49	104.77	98.88	93.38

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.

\*\*The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit [columbiathreadneedle.com/fees](http://columbiathreadneedle.com/fees).

\*\*\*Transaction costs have not been reduced by any amounts collected from dilution levies/adjustments.

<sup>1</sup>Class 1 EUR Hedged – Income shares commenced 29 April 2015.

<sup>2</sup>Class Z – Accumulation shares commenced 20 August 2014.

<sup>3</sup>The Ongoing Charges Figure is annualised based on the fees incurred since commencement date.



# Threadneedle Monthly Extra Income Fund

## Notes to the financial statements

for the accounting period 8 March 2016 to 7 March 2017

### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 5 and 6.

### 2 NET CAPITAL GAINS/(LOSSES)

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

	2017 £000	2016 £000
Non-derivative securities	51,791	(24,676)
Forward currency contracts	(1,138)	(645)
Other gains	33	136
Transaction costs	(3)	(2)
Net capital gains/(losses)	50,683	(25,187)

### 3 REVENUE

	2017 £000	2016 £000
UK dividends	12,557	13,376
Overseas dividends	11	10
Interest on debt securities	3,225	3,448
Interest on short term investments	1	7
Bank interest	6	7
Underwriting commission	35	—
Total revenue	15,835	16,848

### 4 EXPENSES

	2017 £000	2016 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(3,328)	(3,527)
Registration fees	(424)	(442)
	(3,752)	(3,969)
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depositary's fees	(41)	(39)
Safe custody fees	(19)	(21)
	(60)	(60)
Other expenses:		
Regulatory fees	(5)	(5)
Audit fees	(12)	(15)
Professional fees	(2)	—
	(19)	(20)
Total expenses*	(3,831)	(4,049)

\*Including irrecoverable VAT where applicable.

### 5 INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £000	2016 £000
Interest payable	(1)	(1)
Total interest payable & similar charges	(1)	(1)

### 6 TAXATION

	2017 £000	2016 £000
<b>a) Analysis of charge in period</b>		
Total current tax (note 6b)	—	—
Total tax charge for the period	—	—
<b>b) Factors affecting taxation charge for period</b>		
Net revenue before taxation	12,003	12,798
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(2,401)	(2,560)

Effects of:

Revenue not subject to taxation	2,485	2,655
Excess expenses	(84)	(95)
Current tax charge for period (note 6a)	—	—

The fund has not recognised a deferred tax asset of £377,777 (2016: £293,293) arising as a result of having unutilised management expenses. The movement in deferred tax asset may not agree to the excess expenses figure quoted above due to prior year adjustments. It is unlikely that these expenses will be utilised in future years.

### 7 DISTRIBUTIONS

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

	2017 £000	2016 £000
Interim	12,690	13,158
Final	2,410	3,332
	15,100	16,490
Add: Revenue deducted on the cancellation of shares	322	423
Deduct: Revenue received on the creation of shares	(157)	(641)
Net distribution for the period	15,265	16,272
Net revenue after taxation	12,003	12,798
Annual management charge to capital	3,328	3,527
Tax relief on capitalised fees	(66)	(50)
Equalisation on conversion	—	(3)
Total distributions	15,265	16,272

Details of the distribution per share are set out in the table on pages 51 to 52.

### 8 DEBTORS

	2017 £000	2016 £000
Amounts receivable for the issue of shares	668	2,330
Sales awaiting settlement	2,059	297
Accrued revenue	3,225	3,396
Total debtors	5,952	6,023

### 9 CASH AND BANK BALANCES

	2017 £000	2016 £000
Amounts held at futures clearing houses and brokers	—	120
Cash and bank balances	63	415
	63	535
Bank overdrafts	(337)	—
Total cash and bank balances	(274)	535

### 10 OTHER CREDITORS

	2017 £000	2016 £000
Amounts payable for the cancellation of shares	(349)	(1,740)
Purchases awaiting settlement	(1,866)	(302)
Accrued expenses	(21)	(16)
Amounts payable to ACD	(362)	(357)
Corporation tax payable	(32)	(32)
Total other creditors	(2,630)	(2,447)

### 11 DILUTION ADJUSTMENT

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



## Threadneedle Monthly Extra Income Fund

### Notes to the financial statements

(continued)

#### 12 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, as ACD, is a related party and acts as principal in respect of all transactions of shares in the fund.

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

Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 8 and 10.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 10.

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

#### 13 SHAREHOLDER FUNDS

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

##### Annual management charge

Class 1 shares	1.25%
Class Z shares	0.60%

##### Registration fees

Class 1 shares	0.110%
Class Z shares	0.110%

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on page 53. The distribution per share class is given in the distribution table on pages 51 to 52. All classes have the same rights on winding up.

##### Reconciliation of shares

	2017
<b>Class 1 – Income shares</b>	
Opening shares	210,256,240
Shares issued	8,588,431
Shares redeemed	(19,764,386)
Net conversions	(3,563,933)
Closing shares	195,516,352
<b>Class 1 EUR Hedged – Income shares</b>	
Opening shares	315,746
Shares issued	1,571,218
Shares redeemed	(250,943)
Net conversions	–
Closing shares	1,636,021
<b>Class Z – Income shares</b>	
Opening shares	154,139,317
Shares issued	17,575,332
Shares redeemed	(27,453,834)
Net conversions	2,018,328
Closing shares	146,279,143
<b>Class Z – Accumulation shares</b>	
Opening shares	29,392,226
Shares issued	1,177,878
Shares redeemed	(10,833,526)
Net conversions	90,310
Closing shares	19,826,888

#### 14 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 6.

##### Market price risk sensitivity

A 5% market movement applied to the equity proportion of the fund would result in an increase or decrease on this portion of the fund by 3.24% (2016: 3.46%). A 1.00% interest rate movement applied to the bond proportion of the fund would result in an increase or decrease on this portion of the fund by 1.45% (2016: 1.36%).

##### Currency exposures

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

	Monetary exposures £000	Non-monetary exposures £000	Total £000
<b>Currency 2017</b>			
Euro	150	1,892	2,042
US Dollar	521	(309)	212
<b>Currency 2016</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Euro	135	203	338
US Dollar	305	(59)	246

##### Currency sensitivity

As the fund has no material currency exposure, no sensitivity analysis has been shown (2016: same).

##### Credit/Counterparty exposure

The following details exposure to counterparties obtained through the use of derivatives:

	Forward Foreign Exchange Contracts Exposure £000	Collateral Pledged £000
<b>2017</b>		
<b>Counterparty</b>		
J.P. Morgan	53	–
<b>2016</b>		
<b>Counterparty</b>	<b>£000</b>	<b>£000</b>
Citigroup	20	–
RBS	–	120

The fund held £30,000 (2016: £Nil) of collateral received from the fund's counterparties. The collateral held was in the form of cash. Collateral received is not owned by the fund and therefore is not included in the fund's cash balance. Positive exposure represents the fund's exposure to that counterparty and not the fund's holdings with that counterparty.

##### Interest rate risk

The fund's floating rate investments earn interest which is variable, based on LIBOR or its overseas equivalent.

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

##### Interest rate risk profile of financial assets and financial liabilities

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

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
<b>Currency 2017</b>				
Euro	1,597	2,194	2,144	5,935
UK Sterling	11,316	60,952	322,171	394,439
US Dollar	677	2,929	1,599	5,205
<b>Currency 2016</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Euro	1,989	1,142	435	3,566
UK Sterling	14,293	53,247	309,945	377,485
US Dollar	711	3,956	286	4,953
	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
<b>Currency 2017</b>				
Euro	–	–	(3,893)	(3,893)
UK Sterling	(337)	–	(6,830)	(7,167)
US Dollar	–	–	(4,993)	(4,993)
<b>Currency 2016</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Euro	–	–	(3,228)	(3,228)
UK Sterling	–	–	(5,863)	(5,863)
US Dollar	–	–	(4,707)	(4,707)

##### Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances (2016: same).



## Threadneedle Monthly Extra Income Fund

### Notes to the financial statements

(continued)

#### Derivative risks

Non interest-bearing assets relate to forward foreign exchange contracts. Derivatives including forward foreign exchange contracts are employed when they are the cheapest and most efficient method of gaining exposure. This increases the risk profile of the fund and may result in a higher degree of volatility. All open positions are regularly reviewed by the fund manager. The fund has entered into various forward foreign exchange contracts during this accounting period. Such contracts commit the fund to future deliveries or receipts, typically three months forward, of assets and liabilities, at prices decided at the point of striking the contract. They therefore allow the fund manager to limit risk, or to enhance fund performance in return for the acceptance of greater risk.

At 7 March 2017, the fund had outstanding forward foreign exchange contracts with an asset value of £53,000 (2016: £22,000) and a liability value of £51,000 (2016: £49,000).

#### 15 FAIR VALUE DISCLOSURE

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

**Level 1** – Quoted prices for identical instruments in active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

**Level 2** – Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investments schemes.

**Level 3** – Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

Valuation technique	2017		2016	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	309,439	–	301,862	–
Level 2	79,350	(51)	69,345	(49)
Level 3	2	–	9	–
	<u>388,791</u>	<u>(51)</u>	<u>371,216</u>	<u>(49)</u>

Included within Level 1, are debt securities of £300,000 (2016: £5,471,000). The valuation of some highly liquid exchange-traded debt securities (G7 sovereign debt, supranational debt or certain corporate bonds) is sufficiently close to a binding quoted price to categorise at this level.

#### 16 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2016: Nil).

#### 17 PORTFOLIO TRANSACTION COSTS

##### 7 March 2017

Purchases	Value £000	Commissions		Taxes	
	£000	%	£000	%	
Bonds	44,635	–	–	–	–
Equities	17,136	18	0.11	79	0.46
Corporate actions	3,800	–	–	–	–
<b>Total</b>	<b>65,571</b>	<b>18</b>		<b>79</b>	

**Gross purchases total:** 65,668

Sales	Value £000	Commissions		Taxes	
	£000	%	£000	%	
Bonds	46,944	–	–	–	–
Equities	52,057	13	0.02	–	–
Corporate actions	475	–	–	–	–
<b>Total</b>	<b>99,476</b>	<b>13</b>		<b>–</b>	

**Total sales net of transaction costs:** 99,463

##### Transaction costs as a percentage of average Net Assets

Commissions:	0.01%
Taxes:	0.02%

##### 7 March 2016

Purchases	Value £000	Commissions		Taxes	
	£000	%	£000	%	
Bonds	47,837	–	–	–	–
Equities	76,799	87	0.11	367	0.48
<b>Total</b>	<b>124,636</b>	<b>87</b>		<b>367</b>	

**Gross purchases total:** 125,090

Sales	Value £000	Commissions		Taxes	
	£000	%	£000	%	
Bonds	27,183	–	–	–	–
Equities	4,829	6	0.13	–	–
In specie transactions	60,818	–	–	–	–
Corporate actions	3,005	–	–	–	–
<b>Total</b>	<b>95,835</b>	<b>6</b>		<b>–</b>	

**Total sales net of transaction costs:** 95,829

##### Transaction costs as a percentage of average Net Assets

Commissions:	0.02%
Taxes:	0.09%

Portfolio transaction costs are incurred by the fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

**Direct transaction costs:** Broker commissions, fees and taxes.

**Indirect transaction costs:** 'Dealing spread' – the difference between the buying and selling prices of the fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.28% (7 March 2016: 0.35%), being the difference between the respective bid and offer prices for the fund's investments.

#### 18 SECURITIES FINANCING TRANSACTIONS REGULATION

Additional disclosures are required where the fund invests in securities financing transactions (SFTs). For the year ended 7 March 2017 the fund has not invested in SFTs and will not be making additional disclosures.



## Threadneedle UK Corporate Bond Fund

### Investment Report

#### Investment Objective

To achieve a high level of income.

#### Investment Policy

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

#### Performance of Income Class 1 Shares\*

Over the twelve months to 7 March 2017, the published share price of the Threadneedle UK Corporate Bond Fund has risen from 57.27p to 62.16p.

Looking at performance within its peer group, the total return on the fund for the twelve months ending 28 February 2017, including net reinvested income, is +11.94% as compared to a median return of +10.88% over the same period. The fund return equates approximately to +13.19% gross of tax and charges\*\*. For information the iBoxx £ Non-Gilts (Linked with UBS Warburg All Stocks Investment Grade Index pre 30/06/2003) gave a total return of +11.14% for the same period.

#### Market Overview and Portfolio Activity

UK corporate bond returns were strongly positive in the 12 months under review, comfortably outperforming gilts. The period was marked by two political shocks that drove large market moves. The first was the UK's unexpected decision, in

June, to leave the EU, while the second was Donald Trump's victory in November's US presidential election.

The vote for "Brexit" saw 10-year gilt yields fall to record lows as investors sought havens. Credit spreads widened, having tightened earlier in anticipation of the inclusion, from June, of corporate bonds in the European Central Bank's (ECB) purchase programme. Subsequently, though, sterling credit markets resumed their tightening trend. Among factors influencing sentiment was a raft of stimulus measures from the Bank of England (including a corporate-bond purchase programme) and continued monetary easing from other key central banks.

Although Trump's win was initially greeted with alarm, risk assets soon rallied, to the detriment of core bonds, as markets expected higher US inflation and faster rate hikes. Investment grade corporate credit also suffered during the so-called "Trumpflation trade" but held up better than gilts. Over the year as a whole, credit spreads tightened meaningfully (by 50 basis points) and the asset class delivered excess returns of over 6% over gilts.

As government bond yields remain close to historic lows. We have maintained a relatively defensive duration position – meaning a relatively low sensitivity to changes in the interest-rate outlook – and have reduced our marginally long position in credit risk to neutral.

We rotated the fund's positioning thematically towards more defensive sectors such as regulated utilities and consumer

goods. Examples of such purchases include RWE and British American Tobacco. RWE had a material change to its credit outlook as it reorganised itself, moving its bond liabilities closer to its regulated businesses and away from its riskier non-regulated businesses. We also continued to implement our positive outlook on midstream pipelines via Plains All America Pipelines, Williams Partners and Kinder Morgan. More recently, we have seen higher quality bonds as offering better value owing to recent compression in credit spreads.

Post-referendum data continues to suggest that the UK economy is faring better than many had feared. The longer-term impact remains to be seen, however. The manner of the UK's eventual exit remains obscure. We expect business investment to suffer as the Brexit saga drags on and consumption to weaken as rising inflation squeezes real incomes. Much uncertainty remains around the timing of these effects. Meanwhile, corporate credit remains supported by easy monetary policy and what are reasonable market valuations (spreads). However, this is somewhat tempered by more equity-friendly behaviour and signs of deteriorating credit quality.

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2016 to 7 March 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains/(losses)	2	56,683	(27,389)
Revenue	3	29,151	30,023
Expenses	4	(4,204)	(3,947)
Interest payable and similar charges	5	(344)	(653)
Net revenue before taxation		24,603	25,423
Taxation	6	–	–
Net revenue after taxation		24,603	25,423
<b>Total return before distributions</b>		<b>81,286</b>	<b>(1,966)</b>
Distributions	7	(24,602)	(25,429)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>56,684</b>	<b>(27,395)</b>

### BALANCE SHEET

as at 7 March 2017

	Notes	2017 £000	2016 £000
<b>Assets:</b>			
<b>Fixed assets:</b>			
Investments		900,001	576,635
<b>Current assets:</b>			
Debtors	8	30,567	14,921
Cash and bank balances	9	33,227	6,944
<b>Total assets</b>		<b>963,795</b>	<b>598,500</b>
<b>Liabilities:</b>			
<b>Investment liabilities</b>		(947)	(4,110)
<b>Creditors:</b>			
Bank overdrafts	9	(128)	(313)
Distribution payable		(4,392)	(3,030)
Other creditors	10	(13,672)	(7,770)
<b>Total liabilities</b>		<b>(19,139)</b>	<b>(15,223)</b>
<b>Net assets attributable to shareholders</b>		<b>944,656</b>	<b>583,277</b>

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

for the accounting period 8 March 2016 to 7 March 2017

	2017 £000	2016 £000
<b>Opening net assets attributable to shareholders</b>	<b>583,277</b>	<b>737,592</b>
Amounts receivable on the issue of shares	295,884	97,831
Amounts payable on the cancellation of shares	(206,031)	(240,011)
Amounts receivable on inspecie transfers	200,287	–
	290,140	(142,180)
Dilution adjustment	566	649
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	56,684	(27,395)
Retained distribution on accumulation shares	13,978	14,600
Unclaimed distributions	11	11
<b>Closing net assets attributable to shareholders</b>	<b>944,656</b>	<b>583,277</b>

### DISTRIBUTION TABLE

for the accounting period 8 March 2016 to 7 March 2017

Interest distribution in pence per share

#### Class 1 – Income shares<sup>†</sup>

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>						
08/03/16 to 07/06/16	0.5161	0.1032	0.4129	–	0.4129	0.4071
08/06/16 to 07/09/16	0.4738	0.0948	0.3790	–	0.3790	0.4113
08/09/16 to 07/12/16	0.4453	0.0891	0.3562	–	0.3562	0.4045
08/12/16 to 07/03/17	0.4184	–	–	–	0.4184	0.4131
<b>Group 2</b>						
08/03/16 to 07/06/16	0.1546	0.0309	0.1237	0.2892	0.4129	0.4071
08/06/16 to 07/09/16	0.2629	0.0526	0.2103	0.1687	0.3790	0.4113
08/09/16 to 07/12/16	0.1194	0.0239	0.0955	0.2607	0.3562	0.4045
08/12/16 to 07/03/17	0.1733	–	–	0.2451	0.4184	0.4131
<b>Total distributions in the period</b>					<b>1.5665</b>	<b>1.6360</b>

\*In pound Sterling and against UK peer group.

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



# Threadneedle UK Corporate Bond Fund

## DISTRIBUTION TABLE

(continued)

### Class 1 – Accumulation shares\*\*

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Revenue Accumulated 2016/2017
<b>Group 1</b>					
08/09/16 to 07/12/16	0.4449	0.0890	0.3559	–	0.3559
08/12/16 to 07/03/17	0.6853			–	0.6853
<b>Group 2</b>					
08/09/16 to 07/12/16	0.4449	0.0890	0.3559	–	0.3559
08/12/16 to 07/03/17	0.2406			0.4447	0.6853
<b>Total distributions in the period</b>					<b>1.0412</b>

### Class 1 – Gross Income shares

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/06/16	0.5165	–	0.5165	0.5091
08/06/16 to 07/09/16	0.4739	–	0.4739	0.5144
08/09/16 to 07/12/16	0.4454	–	0.4454	0.5059
08/12/16 to 07/03/17	0.4187	–	0.4187	0.5166
<b>Group 2</b>				
08/03/16 to 07/06/16	0.0676	0.4489	0.5165	0.5091
08/06/16 to 07/09/16	0.2053	0.2686	0.4739	0.5144
08/09/16 to 07/12/16	0.1380	0.3074	0.4454	0.5059
08/12/16 to 07/03/17	0.1684	0.2503	0.4187	0.5166
<b>Total distributions in the period</b>			<b>1.8545</b>	<b>2.0460</b>

### Class 2 – Income shares†

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>						
08/03/16 to 07/06/16	0.5710	0.1142	0.4568	–	0.4568	0.4516
08/06/16 to 07/09/16	0.5311	0.1062	0.4249	–	0.4249	0.4548
08/09/16 to 07/12/16	0.5021	0.1004	0.4017	–	0.4017	0.4471
08/12/16 to 07/03/17	0.4742			–	0.4742	0.4553
<b>Group 2</b>						
08/03/16 to 07/06/16	0.2600	0.0520	0.2080	0.2488	0.4568	0.4516
08/06/16 to 07/09/16	0.2716	0.0543	0.2173	0.2076	0.4249	0.4548
08/09/16 to 07/12/16	0.2230	0.0446	0.1784	0.2233	0.4017	0.4471
08/12/16 to 07/03/17	0.2247			0.2495	0.4742	0.4553
<b>Total distributions in the period</b>					<b>1.7576</b>	<b>1.8088</b>

### Class 2 – Gross accumulation shares

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Gross Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/06/16	1.0395	–	1.0395	0.9885
08/06/16 to 07/09/16	0.9764	–	0.9764	1.0048
08/09/16 to 07/12/16	0.9307	–	0.9307	0.9980
08/12/16 to 07/03/17	0.8863	–	0.8863	1.0263
<b>Group 2</b>				
08/03/16 to 07/06/16	0.1871	0.8524	1.0395	0.9885
08/06/16 to 07/09/16	0.3561	0.6203	0.9764	1.0048
08/09/16 to 07/12/16	0.5040	0.4267	0.9307	0.9980
08/12/16 to 07/03/17	0.2311	0.6552	0.8863	1.0263
<b>Total distributions in the period</b>			<b>3.8329</b>	<b>4.0176</b>

### Class 3 – Gross accumulation shares\*

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Gross Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/06/16	0.8873	–	0.8873	–
08/06/16 to 07/09/16	0.8033	–	0.8033	–
08/09/16 to 07/12/16	0.7623	–	0.7623	0.3583
08/12/16 to 07/03/17	0.7203	–	0.7203	0.8770
<b>Group 2</b>				
08/03/16 to 07/06/16	0.8873	–	0.8873	–
08/06/16 to 07/09/16	0.8033	–	0.8033	–
08/09/16 to 07/12/16	0.7623	–	0.7623	0.3583
08/12/16 to 07/03/17	0.7203	–	0.7203	0.8770
<b>Total distributions in the period</b>			<b>3.1732</b>	<b>1.2353</b>

### Class L – Income shares\*\*†

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2016/2017
<b>Group 1</b>					
08/09/16 to 07/12/16	0.5171	0.1034	0.4137	–	0.4137
08/12/16 to 07/03/17	0.7969			–	0.7969
<b>Group 2</b>					
08/09/16 to 07/12/16	0.5171	0.1034	0.4137	–	0.4137
08/12/16 to 07/03/17	0.3370			0.4599	0.7969
<b>Total distributions in the period</b>					<b>1.2106</b>

### Class L – Accumulation shares\*\*

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Revenue Accumulated 2016/2017
<b>Group 1</b>					
08/09/16 to 07/12/16	0.5171	0.1034	0.4137	–	0.4137
08/12/16 to 07/03/17	0.8003			–	0.8003
<b>Group 2</b>					
08/09/16 to 07/12/16	0.0086	0.0017	0.0069	0.4068	0.4137
08/12/16 to 07/03/17	0.3248			0.4755	0.8003
<b>Total distributions in the period</b>					<b>1.2140</b>

### Class L – Gross income shares\*

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/09/16 to 07/12/16	0.5171	–	0.5171	
08/12/16 to 07/03/17	0.7970	–	0.7970	
<b>Group 2</b>				
08/09/16 to 07/12/16	0.0524	0.4647	0.5171	
08/12/16 to 07/03/17	0.4111	0.3859	0.7970	
<b>Total distributions in the period</b>			<b>1.3141</b>	
<b>Class X – Gross income shares</b>				
Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/06/16	1.1305	–	1.1305	1.1214
08/06/16 to 07/09/16	1.0679	–	1.0679	1.1248
08/09/16 to 07/12/16	1.0160	–	1.0160	1.1063
08/12/16 to 07/03/17	0.9640	–	0.9640	1.1238
<b>Group 2</b>				
08/03/16 to 07/06/16	0.6643	0.4662	1.1305	1.1214
08/06/16 to 07/09/16	1.0679	–	1.0679	1.1248
08/09/16 to 07/12/16	1.1317	0.8843	1.0160	1.1063
08/12/16 to 07/03/17	0.9640	–	0.9640	1.1238
<b>Total distributions in the period</b>			<b>4.1784</b>	<b>4.4763</b>

### Class X – Gross accumulation shares\*

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017
<b>Group 1</b>			
08/03/16 to 07/06/16	1.0176	–	1.0176
08/06/16 to 07/09/16	1.0716	–	1.0716
08/09/16 to 07/12/16	1.0333	–	1.0333
08/12/16 to 07/03/17	0.9838	–	0.9838
<b>Group 2</b>			
08/03/16 to 07/06/16	1.0176	–	1.0176
08/06/16 to 07/09/16	1.0716	–	1.0716
08/09/16 to 07/12/16	1.0333	–	1.0333
08/12/16 to 07/03/17	0.3799	0.6039	0.9838
<b>Total distributions in the period</b>			<b>4.1063</b>

Group 2: shares purchased during a distribution period.

\*For launch dates, refer to the footnotes after the comparative tables.

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.

†Distributions paid before 6 April 2017 have been paid net.



## Threadneedle UK Corporate Bond Fund

### Comparative Table Disclosure

	Class 1 – Income shares			Class 1 – Accumulation shares
	07/03/2017	07/03/2016	07/03/2015	07/03/2017 <sup>1</sup>
<b>Change in net assets per share</b>				
Opening net asset value per share (p)	56.62	58.92	56.29	100.00
Return before operating charges (p)	7.30	0.28	5.30	1.85
Operating charges (p)	(0.56)	(0.53)	(0.53)	(0.38)
Return after operating charges (p)*	6.74	(0.25)	4.77	1.47
Distributions (p)	(1.85)	(2.05)	(2.14)	(1.13)
Retained distributions on accumulation shares (p)**	–	–	–	1.04
Closing net asset value per share (p)	61.51	56.62	58.92	101.38
*after direct transaction costs of (p)	–	–	–	–
<b>Performance</b>				
Return after charges (%)	11.90	(0.42)	8.47	1.47
<b>Other information</b>				
Closing net asset value (£000)	46,072	48,074	68,741	67
Closing number of shares	74,897,533	84,907,929	116,660,630	65,755
Operating charges (%)***	0.92	0.92	0.92	0.96 <sup>†</sup>
Direct transaction costs (%)****	–	–	–	–
<b>Prices</b>				
Highest share price (p)	63.55	60.27	60.83	101.75
Lowest share price (p)	56.93	56.44	56.38	97.74

  

	Class 1 – Gross income shares <sup>§</sup>			Class 2 – Income shares		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	56.65	58.96	56.33	56.70	59.01	56.38
Return before operating charges (p)	7.31	0.27	5.30	7.33	0.28	5.31
Operating charges (p)	(0.56)	(0.53)	(0.53)	(0.34)	(0.33)	(0.33)
Return after operating charges (p)*	6.75	(0.26)	4.77	6.99	(0.05)	4.98
Distributions (p)	(1.85)	(2.05)	(2.14)	(2.08)	(2.26)	(2.35)
Retained distributions on accumulation shares (p)**	–	–	–	–	–	–
Closing net asset value per share (p)	61.55	56.65	58.96	61.61	56.70	59.01
*after direct transaction costs of (p)	–	–	–	–	–	–
<b>Performance</b>						
Return after charges (%)	11.92	(0.44)	8.47	12.33	(0.08)	8.83
<b>Other information</b>						
Closing net asset value (£000)	21,163	16,727	14,151	228,123	197,270	186,413
Closing number of shares	34,384,379	29,526,436	24,003,177	370,284,218	347,903,398	315,886,273
Operating charges (%)***	0.92	0.92	0.92	0.56	0.56	0.56
Direct transaction costs (%)****	–	–	–	–	–	–
<b>Prices</b>						
Highest share price (p)	63.67	60.33	60.93	63.68	60.37	60.95
Lowest share price (p)	56.97	56.55	56.43	57.02	56.55	56.47



## Threadneedle UK Corporate Bond Fund

### Comparative Table Disclosure

(continued)

	Class 2 – Gross accumulation shares <sup>§</sup>			Class 3 – Gross accumulation shares <sup>§</sup>	
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016 <sup>2</sup>
<b>Change in net assets per share</b>					
Opening net asset value per share (p)	103.23	103.33	94.81	99.50	100.00
Return before operating charges (p)	13.43	0.48	9.08	12.89	0.51
Operating charges (p)	(0.63)	(0.58)	(0.56)	(1.10)	(1.01)
Return after operating charges (p)*	12.80	(0.10)	8.52	11.79	(0.50)
Distributions (p)	(3.83)	(4.02)	(4.02)	(3.17)	(1.24)
Retained distributions on accumulation shares (p)**	3.83	4.02	4.02	3.17	1.24
Closing net asset value per share (p)	116.03	103.23	103.33	111.29	99.50
*after direct transaction costs of (p)	–	–	–	–	–
<b>Performance</b>					
Return after charges (%)	12.40	(0.10)	8.99	11.85	(0.50)
<b>Other information</b>					
Closing net asset value (£000)	375,617	320,965	468,152	3	3
Closing number of shares	323,725,313	310,922,470	453,086,380	3,000	3,000
Operating charges (%)***	0.56	0.56	0.56	1.02	1.01 <sup>†</sup>
Direct transaction costs (%)****	–	–	–	–	–
<b>Prices</b>					
Highest share price (p)	117.24	105.74	105.86	112.73	101.18
Lowest share price (p)	103.81	101.42	95.01	100.04	98.42
	Class L – Income shares			Class L – Accumulation shares	
	07/03/2017 <sup>3</sup>			07/03/2017 <sup>4</sup>	
<b>Change in net assets per share</b>					
Opening net asset value per share (p)	100.00			100.00	
Return before operating charges (p)	1.84			1.86	
Operating charges (p)	(0.19)			(0.19)	
Return after operating charges (p)*	1.65			1.67	
Distributions (p)	(1.31)			(1.32)	
Retained distributions on accumulation shares (p)**	–			1.21	
Closing net asset value per share (p)	100.34			101.56	
*after direct transaction costs of (p)	–			–	
<b>Performance</b>					
Return after charges (%)	1.65			1.67	
<b>Other information</b>					
Closing net asset value (£000)	589			11,697	
Closing number of shares	587,242			11,517,039	
Operating charges (%)***	0.47 <sup>†</sup>			0.47 <sup>†</sup>	
Direct transaction costs (%)****	–			–	
<b>Prices</b>					
Highest share price (p)	101.51			101.93	
Lowest share price (p)	97.71			97.78	



## Threadneedle UK Corporate Bond Fund

### Comparative Table Disclosure

(continued)

	Class L – Gross income shares <sup>5</sup>		Class X – Gross income shares <sup>5</sup>		
	07/03/2017 <sup>5</sup>		07/03/2017	07/03/2016	07/03/2015 <sup>5</sup>
<b>Change in net assets per share</b>					
Opening net asset value per share (p)	100.00		99.38	103.43	100.00
Return before operating charges (p)	1.84		12.86	0.49	6.23
Operating charges (p)	(0.19)		(0.06)	(0.06)	(0.04)
Return after operating charges (p)*	1.65		12.80	0.43	6.19
Distributions (p)	(1.31)		(4.18)	(4.48)	(2.76)
Retained distributions on accumulation shares (p)**	–		–	–	–
Closing net asset value per share (p)	100.34		108.00	99.38	103.43
*after direct transaction costs of (p)	–		–	–	–
<b>Performance</b>					
Return after charges (%)	1.65		12.88	0.42	6.19
<b>Other information</b>					
Closing net asset value (£000)	218,524		650	238	135
Closing number of shares	217,788,097		602,107	239,682	130,316
Operating charges (%)***	0.47 <sup>†</sup>		0.06	0.06	0.06 <sup>†</sup>
Direct transaction costs (%)****	–		–	–	–
<b>Prices</b>					
Highest share price (p)	101.51		111.92	105.88	107.03
Lowest share price (p)	97.71		99.94	99.37	99.78
<b>Class X – Gross accumulation shares<sup>5</sup></b>					
<b>07/03/2017<sup>†</sup></b>					
<b>Change in net assets per share</b>					
Opening net asset value per share (p)	100.00				
Return before operating charges (p)	11.02				
Operating charges (p)	(0.05)				
Return after operating charges (p)*	10.97				
Distributions (p)	(4.11)				
Retained distributions on accumulation shares (p)**	4.11				
Closing net asset value per share (p)	110.97				
*after direct transaction costs of (p)	–				
<b>Performance</b>					
Return after charges (%)	10.97				
<b>Other information</b>					
Closing net asset value (£000)	42,151				
Closing number of shares	37,984,213				
Operating charges (%)***	0.05 <sup>†</sup>				
Direct transaction costs (%)****	–				
<b>Prices</b>					
Highest share price (p)	111.82				
Lowest share price (p)	100.00				

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.

\*\*Any difference between the distributions and the retained distributions on accumulation shares is due to the tax withheld.

\*\*\*The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit [columbiathreadneedle.com/fees](http://columbiathreadneedle.com/fees).

\*\*\*\*Transaction costs have not been reduced by any amounts collected from dilution levies/adjustments.

<sup>5</sup>Only available to eligible investors.

<sup>1</sup>Class 1 – Accumulation shares commenced 12 October 2016.

<sup>2</sup>Class 3 – Gross accumulation shares commenced 28 October 2015.

<sup>3</sup>Class L – Income shares commenced 12 October 2016.

<sup>4</sup>Class L – Accumulation shares commenced 12 October 2016.

<sup>5</sup>Class L – Gross income shares commenced 12 October 2016.

<sup>6</sup>Class X – Gross income shares commenced 28 July 2014.

<sup>7</sup>Class X – Gross accumulation shares commenced 16 March 2016.

<sup>†</sup>The Ongoing Charges Figure is annualised based on the fees incurred since commencement date.



# Threadneedle UK Corporate Bond Fund

## Notes to the financial statements

for the accounting period 8 March 2016 to 7 March 2017

### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 5 and 6.

### 2 NET CAPITAL GAINS/(LOSSES)

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

	2017 £000	2016 £000
Non-derivative securities	63,160	(24,115)
Derivative contracts	3,701	(232)
Forward currency contracts	(9,964)	(3,218)
Other (losses)/gains	(212)	177
Transaction costs	(2)	(1)
Net capital gains/(losses)	56,683	(27,389)

### 3 REVENUE

	2017 £000	2016 £000
Interest on debt securities	29,109	29,982
Interest on short term investments	21	26
Bank interest	21	15
Total revenue	29,151	30,023

### 4 EXPENSES

	2017 £000	2016 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(3,733)	(3,502)
Registration fees	(333)	(319)
	(4,066)	(3,821)
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depositary's fees	(78)	(64)
Safe custody fees	(44)	(46)
	(122)	(110)
Other expenses:		
Regulatory fees	(5)	(6)
Audit fees	(9)	(10)
Professional fees	(2)	—
	(16)	(16)
Total expenses*	(4,204)	(3,947)

\*Including irrecoverable VAT where applicable.

### 5 INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £000	2016 £000
Interest payable	(11)	(4)
Derivative expense	(333)	(649)
Total interest payable & similar charges	(344)	(653)

### 6 TAXATION

	2017 £000	2016 £000
<b>a) Analysis of charge in period</b>		
Total current tax (note 6b)	—	—
Total tax charge for the period	—	—
<b>b) Factors affecting taxation charge for period</b>		
Net revenue before taxation	24,603	25,423
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(4,921)	(5,085)
Effects of:		
Distributions treated as tax deductible	4,921	5,086
Retail Distribution Review (RDR) conversion transfer from capital	—	(1)
Current tax charge for period (note 6a)	—	—

Interest distributions have been made in respect of all distributions during the period. Income tax at 20% on net share classes paid prior to 6 April 2017 will be accounted for on shareholders' behalf to HM Revenue & Customs.

### 7 DISTRIBUTIONS

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

	2017 £000	2016 £000
Interim	17,641	17,454
Final	8,677	7,199
	26,318	24,653
Add: Revenue deducted on the cancellation of shares	704	1,106
Deduct: Revenue received on the creation of shares	(2,420)	(330)
Net distribution for the period	24,602	25,429
Net revenue after taxation	24,603	25,423
Equalisation on conversion	—	6
Undistributed revenue carried forward	(1)	—
Total distributions	24,602	25,429

Details of the distribution per share are set out in the table on pages 57 to 58.

### 8 DEBTORS

	2017 £000	2016 £000
Amounts receivable for the issue of shares	2,416	3,158
Sales awaiting settlement	11,192	—
Accrued revenue	16,959	11,763
Total debtors	30,567	14,921

### 9 CASH AND BANK BALANCES

	2017 £000	2016 £000
Amounts held at futures clearing houses and brokers	2,951	2,887
Cash and bank balances	30,276	4,057
	33,227	6,944
Cash overdrafts at broker	(128)	(313)
Total cash and bank balances	33,099	6,631

### 10 OTHER CREDITORS

	2017 £000	2016 £000
Amounts payable for the cancellation of shares	(280)	(5,301)
Purchases awaiting settlement	(12,911)	(2,113)
Accrued expenses	(29)	(21)
Amounts payable to ACD	(452)	(335)
Total other creditors	(13,672)	(7,770)

### 11 DILUTION ADJUSTMENT

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

### 12 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, as ACD, is a related party and acts as principal in respect of all transactions of shares in the fund.

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

Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 8 and 10.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 10.

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



## Threadneedle UK Corporate Bond Fund

### Notes to the financial statements

(continued)

#### 13 SHAREHOLDER FUNDS

Threadneedle UK Corporate Bond Fund currently has five share classes; Class 1, Class 2, Class 3, Class L and Class X shares. The charges on each share class are as follows:

##### Annual management charge

Class 1 shares	0.75%
Class 2 shares	0.50%
Class 3 shares	1.00%
Class L shares	0.40%
Class X shares	N/A*

##### Registration fees

Class 1 shares	0.150%
Class 2 shares	0.035%
Class 3 shares	0.035%
Class L shares	0.035%
Class X shares	0.035%

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 59 to 61. The distribution per share class is given in the distribution table on pages 57 to 58.

All classes have the same rights on winding up.

\*X Shares are not subject to an Annual Management Charge.

##### Reconciliation of shares

	2017
<b>Class 1 – Income shares</b>	
Opening shares	84,907,929
Shares issued	6,804,369
Shares redeemed	(16,023,770)
Net conversions	(790,995)
Closing shares	74,897,533
<b>Class 1 – Accumulation shares*</b>	
Opening shares	–
Shares issued	222,684
Shares redeemed	(156,929)
Net conversions	–
Closing shares	65,755
<b>Class 1 – Gross income shares</b>	
Opening shares	29,526,436
Shares issued	7,112,804
Shares redeemed	(2,182,854)
Net conversions	(72,007)
Closing shares	34,384,379
<b>Class 2 – Income shares</b>	
Opening shares	347,903,398
Shares issued	59,750,829
Shares redeemed	(38,237,630)
Net conversions	867,621
Closing shares	370,284,218
<b>Class 2 – Gross accumulation shares</b>	
Opening shares	310,922,470
Shares issued	159,415,112
Shares redeemed	(146,615,898)
Net conversions	3,629
Closing shares	323,725,313
<b>Class 3 – Gross accumulation shares</b>	
Opening shares	3,000
Shares issued	–
Shares redeemed	–
Net conversions	–
Closing shares	3,000

2017

##### Class L – Income shares\*

Opening shares	–
Shares issued	619,386
Shares redeemed	(43,237)
Net conversions	11,093
Closing shares	587,242

##### Class L – Accumulation shares\*

Opening shares	–
Shares issued	12,239,879
Shares redeemed	(722,840)
Net conversions	–
Closing shares	11,517,039

##### Class L – Gross income shares\*

Opening shares	–
Shares issued	222,311,243
Shares redeemed	(4,504,169)
Net conversions	(18,977)
Closing shares	217,788,097

##### Class X – Gross income shares

Opening shares	239,682
Shares issued	362,425
Shares redeemed	–
Net conversions	–
Closing shares	602,107

##### Class X – Gross accumulation shares\*

Opening shares	–
Shares issued	37,984,213
Shares redeemed	–
Net conversions	–
Closing shares	37,984,213

\*For launch dates, refer to the footnotes after the comparative tables.

#### 14 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 6.

##### Market price risk sensitivity

A 1.00% interest rate movement applied to the fixed income proportion of the fund would result in an increase or decrease on the net asset value of the fund by 6.80% (2016: 6.80%).

##### Currency exposures

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

	Monetary exposures	Non-monetary exposures	Total
	£000	£000	£000
<b>Currency 2017</b>			
Euro	2,164	(2,282)	(118)
US Dollar	5,491	(4,759)	732
<b>Currency 2016</b>	£000	£000	£000
Euro	732	(848)	(116)
US Dollar	919	245	1,164

##### Currency sensitivity

As the fund has no material currency exposure, no sensitivity analysis has been shown (2016: same).



## Threadneedle UK Corporate Bond Fund

### Notes to the financial statements

(continued)

#### Credit/Counterparty exposure

The following details exposure to counterparties obtained through the use of derivatives:

	Futures and Options Exposure £000	Forward Foreign Exchange Contracts Exposure £000	Collateral Pledged £000
<b>2017</b>			
<b>Counterparty</b>			
UBS	823	—	1,867
<b>2016</b>			
<b>Counterparty</b>			
Bank of Scotland	—	66	—
Citigroup	—	—	1,400
Goldman Sachs	—	26	—
HSBC	—	27	—
UBS	345	—	—

The fund held £30,000 (2016: £110,000) of collateral received from the fund's counterparties. The collateral held was in the form of cash. Collateral received is not owned by the fund and therefore is not included in the fund's cash balance.

Positive exposure represents the fund's exposure to that counterparty and not the fund's holdings with that counterparty.

#### Analysis of investments by credit ratings

	2017		2016	
	Value £000	% of Investment	Value £000	% of Investment
AAA	22,326	2.48	18,318	3.20
Aaa	8,511	0.95	7,201	1.26
AA+	1,517	0.17	10,369	1.81
Aa1u	31,758	3.53	32,668	5.71
AA	29,817	3.32	12,897	2.25
Aa2	1,800	0.20	1,197	0.21
AA–	25,004	2.78	6,187	1.08
A+	5,952	0.66	26,546	4.64
A1	4,020	0.45	—	—
A	71,932	8.00	30,211	5.28
A2	2,415	0.27	1,728	0.30
A–	101,204	11.26	67,993	11.88
BBB+	206,357	22.95	106,384	18.58
Baa1	11,767	1.31	3,910	0.68
BBB	122,793	13.66	98,090	17.13
Baa2	11,927	1.33	5,164	0.90
BBB–	93,371	10.38	42,279	7.38
Baa3	29,348	3.26	17,053	2.98
BB+	45,342	5.04	21,667	3.78
Ba1	—	—	2,855	0.50
BB	5,656	0.63	14,101	2.46
BB–	24,086	2.68	15,033	2.64
Ba3	842	0.09	1,226	0.21
B+	5,102	0.57	6,483	1.13
B	4,333	0.48	3,042	0.53
CCC+	2,239	0.25	850	0.15
Ca	—	—	2,045	0.36
Not Rated	29,759	3.31	20,393	3.56
Derivatives	(124)	(0.01)	(3,365)	(0.59)
	899,054	100.00	572,525	100.00

The derivative positions do not have a significant impact on the risk profile.

#### Interest rate risk

The fund's floating rate investments earn interest which is variable, based on LIBOR or its overseas equivalent.

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

#### Interest rate risk profile of financial assets and financial liabilities

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

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
<b>Currency 2017</b>				
Euro	15,249	14,301	515	30,065
UK Sterling	161,183	683,067	117,856	962,106
US Dollar	9,474	49,130	5,779	64,383
<b>Currency 2016</b>				
Euro	13,784	9,955	4,090	27,829
UK Sterling	118,677	403,471	81,193	603,341
US Dollar	6,528	30,419	7,817	44,764
	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
<b>Currency 2017</b>				
Euro	(129)	—	(30,054)	(30,183)
UK Sterling	—	—	(18,064)	(18,064)
US Dollar	—	—	(63,651)	(63,651)
<b>Currency 2016</b>				
Euro	(312)	—	(27,633)	(27,945)
UK Sterling	—	—	(21,112)	(21,112)
US Dollar	(1)	—	(43,599)	(43,600)

#### Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances (2016: same).

#### Derivative risks

Non interest-bearing assets relate to forward foreign exchange contracts and futures and options. Derivatives including forward foreign exchange contracts and futures and options are employed when they are the cheapest and most efficient method of gaining exposure. This increases the risk profile of the fund and may result in a higher degree of volatility. All open positions are regularly reviewed by the fund manager. The fund has entered into various forward foreign exchange contracts and futures and options during this accounting period. Such contracts commit the fund to future deliveries or receipts, typically three months forward, of assets and liabilities, at prices decided at the point of striking the contract. They therefore allow the fund manager to limit risk, or to enhance fund performance in return for the acceptance of greater risk.

At 7 March 2017, the fund had outstanding forward foreign exchange contracts and futures and options with an asset value of £823,000 (2016: £745,000) and a liability value of £947,000 (2016: £4,110,000).

### 15 FAIR VALUE DISCLOSURE

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

**Level 1** – Quoted prices for identical instruments in active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

**Level 2** – Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investments schemes.

**Level 3** – Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.



## Threadneedle UK Corporate Bond Fund

### Notes to the financial statements

(continued)

Valuation technique	2017		2016	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	32,581	—	33,222	(209)
Level 2	867,309	(947)	542,452	(3,901)
Level 3	111	—	961	—
	<u>900,001</u>	<u>(947)</u>	<u>576,635</u>	<u>(4,110)</u>

Included within Level 1, are debt securities of £31,758,000 (2016: £32,668,000). The valuation of some highly liquid exchange-traded debt securities (G7 sovereign debt, supranational debt or certain corporate bonds) is sufficiently close to a binding quoted price to categorise at this level.

### 16 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2016: Nil).

### 17 PORTFOLIO TRANSACTION COSTS

#### 7 March 2017

Purchases	Value £000	Commissions		Taxes	
	£000	£000	%	£000	%
Bonds	495,477	—	—	—	—
In specie transactions	198,649	—	—	—	—
<b>Total</b>	<b>694,126</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

**Gross purchases total:** 694,126

Sales	Value £000	Commissions		Taxes	
	£000	£000	%	£000	%
Bonds	428,248	—	—	—	—
Corporate actions	2,558	—	—	—	—
<b>Total</b>	<b>430,806</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

**Total sales net of transaction costs:** 430,806

#### Transaction costs as a percentage of average Net Assets

Commissions: 0.00%  
Taxes: 0.00%

**Commissions**  
**£000**

**Futures and Options** 8

#### 7 March 2016

Purchases	Value £000	Commissions		Taxes	
	£000	£000	%	£000	%
Bonds	245,316	—	—	—	—
<b>Total</b>	<b>245,316</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

**Gross purchases total:** 245,316

Sales	Value £000	Commissions		Taxes	
	£000	£000	%	£000	%
Bonds	362,106	—	—	—	—
Corporate actions	1,404	—	—	—	—
<b>Total</b>	<b>363,510</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

**Total sales net of transaction costs:** 363,510

#### Transaction costs as a percentage of average Net Assets

Commissions: 0.00%  
Taxes: 0.00%

**Commissions**  
**£000**

**Futures and Options** 8

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

Portfolio transaction costs are incurred by the fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

**Direct transaction costs:** Broker commissions, fees and taxes.

**Indirect transaction costs:** 'Dealing spread' – the difference between the buying and selling prices of the fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.77% (7 March 2016: 0.85%), being the difference between the respective bid and offer prices for the fund's investments.

### 18 SECURITIES FINANCING TRANSACTIONS REGULATION

Additional disclosures are required where the fund invests in securities financing transactions (SFTs). For the year ended 7 March 2017 the fund has not invested in SFTs and will not be making additional disclosures.



## Threadneedle Sterling Bond Fund

### Investment Report

#### Investment Objective

To achieve total return primarily by way of income with some capital growth.

#### Investment Policy

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

If the ACD considers it desirable it may further invest up to one third of the total assets of the Fund in other securities (including other fixed interest securities and money market securities). For liquidity purposes it may invest in cash and near cash.

#### Performance of Income Class 1 Shares\*

Over the twelve months to 7 March 2017, the published share price of the Threadneedle Sterling Bond Fund has risen from 55.74p to 57.98p.

Looking at performance within its peer group, the total return on the fund for the twelve months ending 28 February 2017, including net reinvested income, is +5.03% as compared to a median return of +5.87% over the same period. The fund return equates approximately to +6.30% gross of tax and charges\*\*. For information the FTSE All Stocks Index gave a total return of +6.14% for the same period.

#### Market Overview and Portfolio Activity

The period under review was a positive one for gilts, which produced a total return of over 6% in the 12 months to the end of February as measured by the FTSE Actuaries UK Gilts All Stocks index.

The year was marked by two political shocks that drove large market moves. The first was the UK's unexpected decision, in June, to leave the EU, while the second was Donald Trump's victory in the November US presidential election.

The first half of the period was dominated by anticipation of and reaction to the Brexit referendum on 23 June. In the event, the pound slumped to a 31-year low against the dollar and the 10-year gilt yield fell below 1% for the first time ever. Meanwhile, Prime Minister David Cameron resigned, sparking fears of a political vacuum. After unexpectedly holding fire at its July meeting, the Bank of England announced a stimulus package in August. This comprised a cut in the base rate to a record low of 0.25%, more gilt purchases, a renewed corporate-bond-buying programme, and a bank-funding scheme. The rate cut was widely anticipated but the rest exceeded expectations, sending gilt yields to fresh lows.

If the Brexit shock pushed yields down, Trump's victory had the opposite effect: although the outcome was initially greeted with alarm, risk assets soon rallied to the detriment of core bonds, as markets factored in higher US inflation – and faster interest-rate hikes in response.

We had always planned to be flat in duration (interest-rate risk) moving into the Brexit vote; therefore, after a sharp rally early in June, we took down the long-held overweight in gilt duration to a neutral position. Once the shock result was in, we ceased trading for a day before adding some duration at the 10-year point.

Activity in July was limited as we were content with the portfolio's post-referendum positioning following a small move long at the end of June. Overall duration was fairly consistent around 0.3 years long.

In the middle of October, Brexit-related concerns saw us adopt a short duration position. In the second half of the month, we further reduced relative duration to -0.25 years (by selling 10-years) as we thought the sell-off that was in progress would persist; however, markets then rallied and we built duration back up to -0.2% by buying 5-year bonds. Duration moved up slightly over the remainder of the month to finish -0.1 years short of the index.

We moved to a flat duration position in the run-up to the US election. This was retained until mid November, when we took it down to -0.2 years. We expected fiscal easing measures announced in the Autumn Statement to underwhelm the market and thus provide a boost to gilt prices. Consequently, we moved to a flat relative duration ahead of the Chancellor's statement and to 0.3 years afterwards.

By early December the portfolio was 0.4 years long. It was long across the yield curve except in the ultra-long segment, where it remained short. In mid-December, we cut the portfolio's relative duration to 0.2 years long as bond markets were weak. Gilts subsequently rallied, and by the end of 2016 we had increased duration slightly, to 0.25 years long.

In January we participated in the Debt Management Office's syndication of ultra-long (2057) gilts. This saw relative duration rise slightly. Early in February we booked some profits on this, with a view that the DMO's auction of 30-year gilts on 9 February would present an opportunity to re-enter long positions. Later we increased relative duration to 0.4 years by adding in the 10-year area, when yields hit 1.30%. We maintained this long duration position through to the end of the period as yields were pushed downwards by a combination of investor positioning (short covering) and worries about political uncertainty in Europe.

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2016 to 7 March 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains	2	16,338	12,002
Revenue	3	4,600	3,883
Expenses	4	(3,350)	(2,338)
Interest payable and similar charges	5	(2)	(1)
Net revenue before taxation		1,248	1,544
Taxation	6	–	–
Net revenue after taxation		1,248	1,544
Total return before distributions		17,586	13,546
Distributions	7	(4,066)	(3,518)
Change in net assets attributable to shareholders from investment activities		13,520	10,028

### BALANCE SHEET

as at 7 March 2017

	Notes	2017 £000	2016 £000
<b>Assets:</b>			
<b>Fixed assets:</b>			
Investments		324,179	330,481
<b>Current assets:</b>			
Debtors	8	1,659	1,826
Cash and bank balances		680	4,337
Total assets		326,518	336,644
<b>Liabilities:</b>			
<b>Investment liabilities</b>		–	(89)
<b>Creditors:</b>			
Distribution payable		(1,080)	(1,696)
Other creditors	9	(673)	(464)
Total liabilities		(1,753)	(2,249)
Net assets attributable to shareholders		324,765	334,395

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

for the accounting period 8 March 2016 to 7 March 2017

	2017 £000	2016 £000
Opening net assets attributable to shareholders	334,395	142,763
Amounts receivable on the issue of shares	160,648	260,200
Amounts payable on the cancellation of shares	(185,497)	(80,236)
	(24,849)	179,964
Dilution adjustment	31	24
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	13,520	10,028
Retained distribution on accumulation shares	1,668	1,616
Closing net assets attributable to shareholders	324,765	334,395

### DISTRIBUTION TABLE

for the accounting period 8 March 2016 to 7 March 2017

Interest distribution in pence per share

#### Class 1 – Income shares<sup>†</sup>

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>						
08/03/16 to 07/09/16	0.3923	0.0785	0.3138	–	0.3138	0.3440
08/09/16 to 07/03/17	0.3034	–	–	–	0.3034	0.3475
<b>Group 2</b>						
08/03/16 to 07/09/16	0.1950	0.0390	0.1560	0.1578	0.3138	0.3440
08/09/16 to 07/03/17	0.1749	–	–	0.1285	0.3034	0.3475
<b>Total distributions in the period</b>					<b>0.6172</b>	<b>0.6915</b>

#### Class 1 – Gross accumulation shares

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Gross Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	0.8242	–	0.8242	0.8894
08/09/16 to 07/03/17	0.6416	–	0.6416	0.9004
<b>Group 2</b>				
08/03/16 to 07/09/16	0.2487	0.5755	0.8242	0.8894
08/09/16 to 07/03/17	0.3241	0.3175	0.6416	0.9004
<b>Total distributions in the period</b>			<b>1.4658</b>	<b>1.7898</b>

\*In pound Sterling and against UK peer group.

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



# Threadneedle Sterling Bond Fund

## DISTRIBUTION TABLE

(continued)

### Class X – Gross income shares

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	0.8800	–	0.8800	0.9293
08/09/16 to 07/03/17	0.7086	–	0.7086	0.9456
<b>Group 2</b>				
08/03/16 to 07/09/16	0.8800	–	0.8800	0.9293
08/09/16 to 07/03/17	0.7086	–	0.7086	0.9456
<b>Total distributions in the period</b>			<b>1.5886</b>	<b>1.8749</b>

### Class X – Gross accumulation shares\*

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017
<b>Group 1</b>			
08/03/16 to 07/09/16	0.7553	–	0.7553
08/09/16 to 07/03/17	0.6320	–	0.6320
<b>Group 2</b>			
08/03/16 to 07/09/16	0.7553	–	0.7553
08/09/16 to 07/03/17	0.1751	0.4569	0.6320
<b>Total distributions in the period</b>			<b>1.3873</b>

### Class Z – Income shares†

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>						
08/03/16 to 07/09/16	0.7760	0.1552	0.6208	–	0.6208	0.6729
08/09/16 to 07/03/17	0.6051			–	0.6051	0.6817
<b>Group 2</b>						
08/03/16 to 07/09/16	0.3559	0.0712	0.2847	0.3361	0.6208	0.6729
08/09/16 to 07/03/17	0.4238			0.1813	0.6051	0.6817
<b>Total distributions in the period</b>					<b>1.2259</b>	<b>1.3546</b>

### Class Z – Gross accumulation shares

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Gross Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	0.8268	–	0.8268	0.8827
08/09/16 to 07/03/17	0.6508	–	0.6508	0.9049
<b>Group 2</b>				
08/03/16 to 07/09/16	0.3277	0.4991	0.8268	0.8827
08/09/16 to 07/03/17	0.3073	0.3435	0.6508	0.9049
<b>Total distributions in the period</b>			<b>1.4776</b>	<b>1.7876</b>

Group 2: shares purchased during a distribution period.

\*For launch dates, refer to the footnotes after the comparative tables.

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.

†Distributions paid before 6 April 2017 have been paid net.



## Threadneedle Sterling Bond Fund

### Comparative Table Disclosure

	Class 1 – Income shares			Class 1 – Gross accumulation shares <sup>§</sup>		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	55.37	53.26	50.12	116.33	110.15	101.63
Return before operating charges (p)	3.66	3.61	4.79	7.63	7.50	9.79
Operating charges (p)	(0.67)	(0.64)	(0.62)	(1.43)	(1.32)	(1.27)
Return after operating charges (p)*	2.99	2.97	4.17	6.20	6.18	8.52
Distributions (p)	(0.70)	(0.86)	(1.03)	(1.47)	(1.79)	(2.10)
Retained distributions on accumulation shares (p)**	–	–	–	1.47	1.79	2.10
Closing net asset value per share (p)	57.66	55.37	53.26	122.53	116.33	110.15
*after direct transaction costs of (p)	–	–	–	–	–	–
<b>Performance</b>						
Return after charges (%)	5.40	5.58	8.32	5.33	5.61	8.38
<b>Other information</b>						
Closing net asset value (£000)	187,043	196,198	85,210	22,470	69,556	52,164
Closing number of shares	324,416,218	354,321,167	159,993,721	18,338,201	59,792,671	47,358,734
Operating charges (%)***	1.17	1.17	1.18	1.17	1.17	1.18
Direct transaction costs (%)****	–	–	–	–	–	–
<b>Prices</b>						
Highest share price (p)	61.89	56.97	57.10	130.19	118.90	117.15
Lowest share price (p)	54.64	52.56	49.99	114.85	108.83	101.38
	Class X – Gross income shares <sup>§</sup>			Class X – Gross accumulation shares <sup>§</sup>		
	07/03/2017	07/03/2016	07/03/2015 <sup>1</sup>	07/03/2017 <sup>2</sup>		
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	111.13	105.81	100.00	100.00		
Return before operating charges (p)	7.36	7.24	7.16	6.65		
Operating charges (p)	(0.02)	(0.05)	(0.05)	(0.05)		
Return after operating charges (p)*	7.34	7.19	7.11	6.60		
Distributions (p)	(1.59)	(1.87)	(1.30)	(1.39)		
Retained distributions on accumulation shares (p)**	–	–	–	1.39		
Closing net asset value per share (p)	116.88	111.13	105.81	106.60		
*after direct transaction costs of (p)	–	–	–	–		
<b>Performance</b>						
Return after charges (%)	6.60	6.80	7.11	6.60		
<b>Other information</b>						
Closing net asset value (£000)	3	3	34	19,344		
Closing number of shares	3,000	3,000	31,982	18,146,953		
Operating charges (%)***	0.02	0.05	0.07 <sup>1</sup>	0.05 <sup>1</sup>		
Direct transaction costs (%)****	–	–	–	–		
<b>Prices</b>						
Highest share price (p)	125.06	114.46	113.54	112.58		
Lowest share price (p)	109.88	104.96	99.97	98.92		



## Threadneedle Sterling Bond Fund

### Comparative Table Disclosure

(continued)

	Class Z – Income shares			Class Z – Gross accumulation shares <sup>5</sup>		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	106.30	101.63	95.06	113.16	106.47	97.61
Return before operating charges (p)	7.02	6.91	9.12	7.44	7.27	9.42
Operating charges (p)	(0.59)	(0.55)	(0.55)	(0.63)	(0.58)	(0.56)
Return after operating charges (p)*	6.43	6.36	8.57	6.81	6.69	8.86
Distributions (p)	(1.38)	(1.69)	(2.00)	(1.48)	(1.79)	(2.06)
Retained distributions on accumulation shares (p)**	–	–	–	1.48	1.79	2.06
Closing net asset value per share (p)	111.35	106.30	101.63	119.97	113.16	106.47
*after direct transaction costs of (p)	–	–	–	–	–	–
<b>Performance</b>						
Return after charges (%)	6.05	6.26	9.02	6.02	6.28	9.08
<b>Other information</b>						
Closing net asset value (£000)	17,528	25,111	5,167	78,377	43,527	188
Closing number of shares	15,740,931	23,622,616	5,084,545	65,333,205	38,465,741	176,506
Operating charges (%)***	0.53	0.53	0.54	0.53	0.53	0.54
Direct transaction costs (%)****	–	–	–	–	–	–
<b>Prices</b>						
Highest share price (p)	119.18	109.33	108.91	127.03	115.61	113.17
Lowest share price (p)	104.99	100.52	94.82	111.81	105.43	97.38

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.

\*\*Any difference between the distributions and the retained distributions on accumulation shares is due to the tax withheld.

\*\*\*The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit [columbiathreadneedle.com/fees](http://columbiathreadneedle.com/fees).

\*\*\*\*Transaction costs have not been reduced by any amounts collected from dilution levies/adjustments.

<sup>1</sup>Only available to eligible investors.

<sup>2</sup>Class X – Gross income shares commenced 28 July 2014.

<sup>3</sup>Class X – Gross accumulation shares commenced 16 March 2016.

<sup>4</sup>The Ongoing Charges Figure is annualised based on the fees incurred since commencement date.



# Threadneedle Sterling Bond Fund

## Notes to the financial statements

for the accounting period 8 March 2016 to 7 March 2017

### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 5 and 6.

### 2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2017 £000	2016 £000
Non-derivative securities	16,657	12,009
Forward currency contracts	(135)	(46)
Other (losses)/gains	(182)	41
Transaction costs	(2)	(2)
Net capital gains	16,338	12,002

### 3 REVENUE

	2017 £000	2016 £000
Interest on debt securities	4,586	3,869
Bank interest	14	14
Total revenue	4,600	3,883

### 4 EXPENSES

	2017 £000	2016 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(2,818)	(1,973)
Registration fees	(465)	(315)
	(3,283)	(2,288)
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depositary's fees	(35)	(21)
Safe custody fees	(17)	(14)
	(52)	(35)
Other expenses:		
Regulatory fees	(4)	(5)
Audit fees	(9)	(10)
Professional fees	(2)	—
	(15)	(15)
Total expenses*	(3,350)	(2,338)

\*Including irrecoverable VAT where applicable.

### 5 INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £000	2016 £000
Interest payable	(2)	(1)
Total interest payable & similar charges	(2)	(1)

### 6 TAXATION

	2017 £000	2016 £000
<b>a) Analysis of charge in period</b>		
Total current tax (note 6b)	—	—
Total tax charge for the period	—	—
<b>b) Factors affecting taxation charge for period</b>		
Net revenue before taxation	1,248	1,544
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(250)	(309)
Effects of:		
Excess expenses	250	309
Current tax charge for period (note 6a)	—	—

The fund has not recognised a deferred tax asset of £6,548,006 (2016: £6,797,637) arising as a result of having unutilised management expenses. The movement in deferred tax asset may not agree to the excess expenses figure quoted above due to prior year adjustments. It is unlikely that these expenses will be utilised in future years.

Interest distributions have been made in respect of all distributions during the period. Income tax at 20% on net share classes paid prior to 6 April 2017 will be accounted for on shareholders' behalf to HM Revenue & Customs.

### 7 DISTRIBUTIONS

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

	2017 £000	2016 £000
Interim	2,175	1,765
Final	2,033	2,584
	4,208	4,349
Add: Revenue deducted on the cancellation of shares	442	244
Deduct: Revenue received on the creation of shares	(584)	(1,075)
Net distribution for the period	4,066	3,518
Net revenue after taxation	1,248	1,544
Annual management charge to capital	2,818	1,973
Equalisation on conversion	—	1
Total distributions	4,066	3,518

Details of the distribution per share are set out in the table on pages 66 to 67.

### 8 DEBTORS

	2017 £000	2016 £000
Amounts receivable for the issue of shares	882	814
Accrued revenue	777	1,012
Total debtors	1,659	1,826

### 9 OTHER CREDITORS

	2017 £000	2016 £000
Amounts payable for the cancellation of shares	(380)	(117)
Accrued expenses	(16)	(12)
Amounts payable to ACD	(277)	(335)
Total other creditors	(673)	(464)

### 10 DILUTION ADJUSTMENT

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

### 11 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, as ACD, is a related party and acts as principal in respect of all transactions of shares in the fund.

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

Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 8 and 9.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 9.

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



## Threadneedle Sterling Bond Fund

### Notes to the financial statements

(continued)

#### 12 SHAREHOLDER FUNDS

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

##### Annual management charge

Class 1 shares	1.00%
Class X shares	N/A*
Class Z shares	0.40%

##### Registration fees

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

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 68 to 69. The distribution per share class is given in the distribution table on pages 66 to 67.

All classes have the same rights on winding up.

\*X Shares are not subject to an Annual Management Charge.

##### Reconciliation of shares

	2017
<b>Class 1 – Income shares</b>	
Opening shares	354,321,167
Shares issued	36,907,717
Shares redeemed	(66,769,607)
Net conversions	(43,059)
Closing shares	324,416,218
<b>Class 1 – Gross accumulation shares</b>	
Opening shares	59,792,671
Shares issued	58,231,343
Shares redeemed	(99,653,068)
Net conversions	(32,745)
Closing shares	18,338,201
<b>Class X – Gross income shares</b>	
Opening shares	3,000
Shares issued	–
Shares redeemed	–
Net conversions	–
Closing shares	3,000
<b>Class X – Gross accumulation shares*</b>	
Opening shares	–
Shares issued	18,499,764
Shares redeemed	(352,811)
Net conversions	–
Closing shares	18,146,953
<b>Class Z – Income shares</b>	
Opening shares	23,622,616
Shares issued	7,450,265
Shares redeemed	(15,284,740)
Net conversions	(47,210)
Closing shares	15,740,931
<b>Class Z – Gross accumulation shares</b>	
Opening shares	38,465,741
Shares issued	33,727,144
Shares redeemed	(6,958,525)
Net conversions	98,845
Closing shares	65,333,205

\*For launch dates, refer to the footnotes after the comparative tables.

#### 13 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 6.

##### Market price risk sensitivity

A 1.00% interest rate movement applied to the fixed income proportion of the fund would result in an increase or decrease on the net asset value of the fund by 11.30% (2016: 10.80%).

##### Currency exposures

At the balance sheet date there are no material assets denominated in currencies other than Sterling.

A portion of the net assets of the fund were denominated in currencies other than Sterling, with the effect that the balance sheet and total return could have been affected by currency movements.

	Monetary exposures £000	Non-monetary exposures £000	Total £000
<b>Currency 2016</b>			
US Dollar	15	(3)	12

##### Currency sensitivity

As the fund has no material currency exposure, no sensitivity analysis has been shown (2016: same).

##### Credit/Counterparty exposure

The following details exposure to counterparties obtained through the use of derivatives:

As at the balance sheet date there is no derivative exposure or collateral to disclose.

	2016	Forward Foreign Exchange Contracts Exposure £000
<b>Counterparty</b>		
Citigroup		27
Goldman Sachs		1
HSBC		2

The fund did not hold any collateral received from the fund's counterparties in either the current or prior year.

Positive exposure represents the fund's exposure to that counterparty and not the fund's holdings with that counterparty.

##### Analysis of investments by credit ratings

	2017		2016	
	Value £000	% of Investment	Value £000	% of Investment
AAA	9,072	2.80	8,029	2.43
Aaa	6,433	1.99	1,665	0.50
AA+	3,797	1.17	5,967	1.81
Aa1u	294,231	90.76	314,790	95.28
AA	6,853	2.11	–	–
Aa1e	3,793	1.17	–	–
Derivatives	–	–	(59)	(0.02)
	324,179	100.00	330,392	100.00

The derivative positions do not have a significant impact on the risk profile

##### Interest rate risk

The fund's floating rate investments earn interest which is variable, based on LIBOR or its overseas equivalent.

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

##### Interest rate risk profile of financial assets and financial liabilities

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

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
<b>Currency 2017</b>				
UK Sterling	680	324,179	1,659	326,518
<b>Currency 2016</b>				
UK Sterling	4,337	328,786	6,108	339,231
US Dollar	–	1,665	2,732	4,397



## Threadneedle Sterling Bond Fund

### Notes to the financial statements

(continued)

	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
Currency 2017	£000	£000	£000	£000
UK Sterling	—	—	(1,753)	(1,753)
Currency 2016	£000	£000	£000	£000
UK Sterling	—	—	(4,848)	(4,848)
US Dollar	—	—	(4,385)	(4,385)

#### Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances (2016: same).

#### Derivative risks

Non interest-bearing assets relate to forward foreign exchange contracts. Derivatives including forward foreign exchange contracts are employed when they are the cheapest and most efficient method of gaining exposure. This increases the risk profile of the fund and may result in a higher degree of volatility. All open positions are regularly reviewed by the fund manager. The fund has entered into various forward foreign exchange contracts during this accounting period. Such contracts commit the fund to future deliveries or receipts, typically three months forward, of assets and liabilities, at prices decided at the point of striking the contract. They therefore allow the fund manager to limit risk, or to enhance fund performance in return for the acceptance of greater risk.

At 7 March 2017, the fund had outstanding forward foreign exchange contracts with an asset value of £Nil (2016: £30,000) and a liability value of £Nil (2016: £89,000).

### 14 FAIR VALUE DISCLOSURE

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

**Level 1** – Quoted prices for identical instruments in active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

**Level 2** – Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investments schemes.

**Level 3** – Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

Valuation technique	2017		2016	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	300,146	—	316,455	—
Level 2	24,033	—	14,026	(89)
	324,179	—	330,481	(89)

Included within Level 1, are debt securities of £300,146,000 (2016: £316,455,000). The valuation of some highly liquid exchange-traded debt securities (G7 sovereign debt, supranational debt or certain corporate bonds) is sufficiently close to a binding quoted price to categorise at this level.

### 15 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2016: Nil).

### 16 PORTFOLIO TRANSACTION COSTS

The total cost of bond purchases during the period was £585,637,344 (2016: £532,599,736) and proceeds received from bond sales were £605,952,676 (2016: £355,808,024). No commission or taxes was incurred on purchases or sales in the current year (2016: £Nil).

Portfolio transaction costs are incurred by the fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

**Direct transaction costs:** Broker commissions, fees and taxes.

**Indirect transaction costs:** 'Dealing spread' – the difference between the buying and selling prices of the fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.08% (7 March 2016: 0.05%), being the difference between the respective bid and offer prices for the fund's investments.

### 17 SECURITIES FINANCING TRANSACTIONS REGULATION

Additional disclosures are required where the fund invests in securities financing transactions (SFTs). For the year ended 7 March 2017 the fund has not invested in SFTs and will not be making additional disclosures.



## Threadneedle Sterling Fund\*\*

### Investment Report

#### Investment Objective

To achieve a high level of capital security and provide income.

#### Investment Policy

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

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

#### Performance of Income Class 1 Shares\*

Over the twelve months to 7 March 2017, the published share price of the Threadneedle Sterling Fund has fallen from 99.91p to 99.86p.

The total return on the fund for the twelve months ending 28 February 2017, including net reinvested income, is -0.05%. (Source: Threadneedle, bid-bid, net income reinvested).

#### Market Overview and Portfolio Activity

The 12 months under review were a volatile but strong period for UK stocks and bonds. It was a challenging time for sterling, though, which fell heavily against all its major peers. The year saw further monetary easing across much of the developed

world, set against tightening in the US. However, investors will likely remember it primarily for two political shocks that had a large bearing on markets: the UK's referendum decision, in June, to leave the European Union and, in November, Donald Trump's victory in the US presidential election.

Of the two, the so called "Brexit" vote unsurprisingly had the bigger impact on sterling. In the immediate aftermath, the currency slumped to a 31-year low against the dollar, and the 10-year gilt yield fell below 1% for the first time. After a brief sell-off, the UK stock market rallied as investors' worst fears about the impact of Brexit subsided and the weak pound aided the UK's many overseas earners.

In early August, the Bank of England (BoE) responded to the vote by cutting the base rate to 0.25% and expanding the scale and scope of its quantitative easing programme. After some initial weakness, though, post-Brexit economic readings have largely confounded gloomy expectations. Nevertheless, the pound has remained weak given concerns that the UK appears to be heading for a "hard" Brexit (i.e. losing access to the EU single market).

The final months of 2016 were dominated by the US presidential election. After Trump's victory, the dollar surged in anticipation that his policies would drive up US growth and inflation, thereby prompting a sharper trajectory for interest rates in the coming years. Safe-haven investments such as UK gilts weakened markedly while stocks embarked on a so-called "Trump rally" that was to extend throughout the remainder of the review period. With US economic data continuing to point to solid growth, the quarter-point rate rise announced at the US Federal Reserve's December meeting was already priced in by the time it arrived.

Sterling's weakness is starting to show up in higher UK inflation figures. In February 2017 it was revealed that UK

consumer price inflation had risen to 1.8%, its highest since June 2014. Despite this, however, and although the BoE raised its 2017 and 2018 growth forecasts, it also reduced its estimated "equilibrium unemployment rate" (the lowest unemployment can go without raising inflation). This suggests that the Bank was still in no rush to hike rates as the review period drew to a close.

Following the Brexit vote, indications from the BoE that rates might have to be cut prompted us to extend fund's weighted average maturity so that it stood at 69 days compared with 43 days at the start of the year. The weighted average yield therefore fell from 53% to roughly 49% at the halfway point. With interest rates likely to remain unchanged for the foreseeable future and the yield curve out to one year relatively flat, we have kept the positioning broadly unchanged over the second half of the period. The weighted average maturity of the fund is currently 62 days. Following the 25-basis-point cut in rates in August the weighted average yield has decreased to 0.29% as the maturities were renewed at the lower rates.

At the end of the period, the holdings comprised approximately 67% in bank certificates of deposit, 12% in short-dated bank deposits, 17% in euro commercial paper issued by banks or supranationals (i.e. government-backed issuers) and 4% in UK government-issued Treasury bills.

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

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2016 to 7 March 2017

	Notes	2017 £000	2016 £000
Income			
Net capital (losses)/gains	2	(19)	6
Revenue	3	1,415	1,096
Expenses	4	(1,018)	(644)
Net revenue before taxation		397	452
Taxation	5	—	—
Net revenue after taxation		397	452
<b>Total return before distributions</b>		<b>378</b>	<b>458</b>
Distributions	6	(462)	(458)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>(84)</b>	<b>—</b>

### BALANCE SHEET

as at 7 March 2017

	Notes	2017 £000	2016 £000
<b>Assets:</b>			
<b>Fixed assets:</b>			
Investments		406,490	235,569
<b>Current assets:</b>			
Debtors	7	177	189
Cash and bank balances		53,647	30,577
<b>Total assets</b>		<b>460,314</b>	<b>266,335</b>
<b>Liabilities:</b>			
<b>Creditors:</b>			
Distribution payable		(125)	(262)
Other creditors	8	(365)	(90)
<b>Total liabilities</b>		<b>(490)</b>	<b>(352)</b>
<b>Net assets attributable to shareholders</b>		<b>459,824</b>	<b>265,983</b>

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

for the accounting period 8 March 2016 to 7 March 2017

	2017 £000	2016 £000
<b>Opening net assets attributable to shareholders</b>	<b>265,983</b>	<b>160,163</b>
Amounts receivable on the issue of shares	336,753	204,017
Amounts payable on the cancellation of shares	(193,715)	(98,197)
Amounts receivable on inspecie transfers	50,682	—
	193,720	105,820
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	(84)	—
Retained distribution on accumulation shares	205	—
<b>Closing net assets attributable to shareholders</b>	<b>459,824</b>	<b>265,983</b>

### DISTRIBUTION TABLE

for the accounting period 8 March 2016 to 7 March 2017

Interest distribution in pence per share

#### Class 1 – Income shares†

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>						
08/03/16 to 07/09/16	0.1186	0.0237	0.0949	—	0.0949	0.0750
08/09/16 to 07/03/17	0.0422	—	—	—	0.0422	0.0932
<b>Group 2</b>						
08/03/16 to 07/09/16	0.0529	0.0106	0.0423	0.0526	0.0949	0.0750
08/09/16 to 07/03/17	0.0172	—	—	0.0250	0.0422	0.0932
<b>Total distributions in the period</b>					<b>0.1371</b>	<b>0.1682</b>

#### Class 2 – Accumulation shares\*

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017
<b>Group 1</b>			
08/09/16 to 07/03/17	0.0365	—	0.0365
<b>Group 2</b>			
08/09/16 to 07/03/17	0.0117	0.0248	0.0365
<b>Total distributions in the period</b>			<b>0.0365</b>

#### Class 3 – Gross accumulation shares\*

There is no distribution for the accounting period 8 March 2016 to 7 March 2017, as expenses exceed revenue (2016: Nil).

\*In pound Sterling and against UK peer group.

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



## Threadneedle Sterling Fund

### DISTRIBUTION TABLE

(continued)

#### Class X – Gross accumulation shares\*

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017
<b>Group 1</b>			
08/03/16 to 07/09/16	0.2363	–	0.2363
08/09/16 to 07/03/17	0.1646	–	0.1646
<b>Group 2</b>			
08/03/16 to 07/09/16	0.2363	–	0.2363
08/09/16 to 07/03/17	0.0312	0.1334	0.1646
<b>Total distributions in the period</b>			<b>0.4009</b>

Group 2: shares purchased during a distribution period.

\*For launch dates, refer to the footnotes after the comparative tables.

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.

<sup>1</sup>Distributions paid before 6 April 2017 have been paid net.



## Threadneedle Sterling Fund

### Comparative Table Disclosure

	Class 1 – Income shares			Class 2 – Accumulation shares
	07/03/2017	07/03/2016	07/03/2015	07/03/2017 <sup>1</sup>
<b>Change in net assets per share</b>				
Opening net asset value per share (p)	99.82	99.81	99.82	100.00
Return before operating charges (p)	0.43	0.50	0.46	0.12
Operating charges (p)	(0.28)	(0.28)	(0.28)	(0.10)
Return after operating charges (p)*	0.15	0.22	0.18	0.02
Distributions (p)	(0.16)	(0.21)	(0.19)	(0.04)
Retained distributions on accumulation shares (p)**	–	–	–	0.04
Closing net asset value per share (p)	99.81	99.82	99.81	100.02
*after direct transaction costs of (p)	–	–	–	–
<b>Performance</b>				
Return after charges (%)	0.15	0.22	0.18	0.02
<b>Other information</b>				
Closing net asset value (£000)	296,801	224,539	160,163	49,032
Closing number of shares	297,352,012	224,954,864	160,468,613	49,020,940
Operating charges (%)***	0.28	0.28	0.28	0.26 <sup>†</sup>
Direct transaction costs (%)****	–	–	–	–
<b>Prices</b>				
Highest share price (p)	99.92	99.91	99.90	100.02
Lowest share price (p)	99.82	99.82	99.82	100.00
	Class 3 – Gross accumulation shares <sup>5</sup>			Class X – Gross accumulation shares <sup>5</sup>
	07/03/2017	07/03/2016 <sup>2</sup>	07/03/2017 <sup>3</sup>	
<b>Change in net assets per share</b>				
Opening net asset value per share (p)	99.95	100.00	100.00	
Return before operating charges (p)	0.44	0.19	0.44	
Operating charges (p)	(0.66)	(0.24)	(0.05)	
Return after operating charges (p)*	(0.22)	(0.05)	0.39	
Distributions (p)	–	–	(0.40)	
Retained distributions on accumulation shares (p)**	–	–	0.40	
Closing net asset value per share (p)	99.73	99.95	100.39	
*after direct transaction costs of (p)	–	–	–	
<b>Performance</b>				
Return after charges (%)	(0.22)	(0.05)	0.39	
<b>Other information</b>				
Closing net asset value (£000)	3	41,444	113,988	
Closing number of shares	3,000	41,464,121	113,546,450	
Operating charges (%)***	0.66	0.67 <sup>†</sup>	0.05 <sup>†</sup>	
Direct transaction costs (%)****	–	–	–	
<b>Prices</b>				
Highest share price (p)	99.95	100.00	100.39	
Lowest share price (p)	99.73	99.95	100.00	

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.

\*\*Any difference between the distributions and the retained distributions on accumulation shares is due to the tax withheld.

\*\*\*The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit [columbiathreadneedle.com/fees](http://columbiathreadneedle.com/fees).

\*\*\*\*Transaction costs have not been reduced by any amounts collected from dilution levies/adjustments.

<sup>1</sup>Only available to eligible investors.

<sup>2</sup>Class 2 – Accumulation shares commenced 12 October 2016.

<sup>3</sup>Class 3 – Gross accumulation shares commenced 28 October 2015.

<sup>4</sup>Class X – Gross accumulation shares commenced 16 March 2016.

<sup>†</sup>The Ongoing Charges Figure is annualised based on the fees incurred since commencement date.



# Threadneedle Sterling Fund

## Notes to the financial statements

for the accounting period 8 March 2016 to 7 March 2017

### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 5 and 6.

### 2 NET CAPITAL (LOSSES)/GAINS

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

	2017 £000	2016 £000
Non-derivative securities	(19)	6
Net capital (losses)/gains	(19)	6

### 3 REVENUE

	2017 £000	2016 £000
Interest on debt securities	1,332	993
Interest on short term investments	77	101
Bank interest	6	2
Total revenue	1,415	1,096

### 4 EXPENSES

	2017 £000	2016 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(636)	(361)
Registration fees	(320)	(238)
	(956)	(599)
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depositary's fees	(36)	(21)
Safe custody fees	(18)	(15)
	(54)	(36)
Other expenses:		
Audit fees	(8)	(9)
	(8)	(9)
Total expenses*	(1,018)	(644)

\*Including irrecoverable VAT where applicable.

### 5 TAXATION

	2017 £000	2016 £000
<b>a) Analysis of charge in period</b>		
Total current tax (note 5b)	—	—
Total tax charge for the period	—	—
<b>b) Factors affecting taxation charge for period</b>		
Net revenue before taxation	397	452
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(80)	(90)
Effects of:		
Distributions treated as tax deductible	80	90
Current tax charge for period (note 5a)	—	—

Interest distributions have been made in respect of all distributions during the period. Income tax at 20% on net share classes paid prior to 6 April 2017 will be accounted for on shareholders' behalf to HM Revenue & Customs.

### 6 DISTRIBUTIONS

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

	2017 £000	2016 £000
Interim	296	205
Final	330	264
	626	469
Add: Revenue deducted on the cancellation of shares	61	41
Deduct: Revenue received on the creation of shares	(225)	(52)
Net distribution for the period	462	458
Net revenue after taxation	397	452
Shortfall transfer from capital to revenue	65	6
Total distributions	462	458

Details of the distribution per share and any share class with a shortfall are set out in the table on pages 73 to 74.

### 7 DEBTORS

	2017 £000	2016 £000
Amounts receivable for the issue of shares	—	2
Accrued revenue	177	187
Total debtors	177	189

### 8 OTHER CREDITORS

	2017 £000	2016 £000
Amounts payable for the cancellation of shares	(259)	—
Accrued expenses	(17)	(11)
Amounts payable to ACD	(89)	(79)
Total other creditors	(365)	(90)

### 9 DILUTION ADJUSTMENT

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

### 10 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, as ACD, is a related party and acts as principal in respect of all transactions of shares in the fund.

The aggregate monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 7 and 8.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 8.

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

### 11 SHAREHOLDER FUNDS

Threadneedle Sterling Fund currently has four share classes; Class 1, Class 2, Class 3 and Class X shares. The charges on each share class are as follows:

#### Annual management charge

Class 1 shares	0.15%*
Class 2 shares	0.20%
Class 3 shares	0.60%
Class X shares	N/A**

#### Registration fees

Class 1 shares	0.110%
Class 2 shares	0.035%
Class 3 shares	0.035%
Class X shares	0.035%



## Threadneedle Sterling Fund

### Notes to the financial statements

(continued)

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on page 75. The distribution per share class is given in the distribution table on pages 73 to 74. All classes have the same rights on winding up.

*\*The lower annual management charge of 0.15% is charged at the ACD's discretion subject to market conditions and can be increased to a maximum of the 0.5% fee disclosed in the prospectus.*

*\*\*X Shares are not subject to an Annual Management Charge.*

#### Reconciliation of shares

	2017
<b>Class 1 – Income shares</b>	
Opening shares	224,954,864
Shares issued	218,728,141
Shares redeemed	(146,330,993)
Net conversions	–
Closing shares	297,352,012
<b>Class 2 – Accumulation shares*</b>	
Opening shares	–
Shares issued	53,512,040
Shares redeemed	(4,491,100)
Net conversions	–
Closing shares	49,020,940
<b>Class 3 – Gross accumulation shares</b>	
Opening shares	41,464,121
Shares issued	1,439,082
Shares redeemed	(42,900,203)
Net conversions	–
Closing shares	3,000
<b>Class X – Gross accumulation shares*</b>	
Opening shares	–
Shares issued	113,887,503
Shares redeemed	(341,053)
Net conversions	–
Closing shares	113,546,450

*\*For launch dates, refer to the footnotes after the comparative tables.*

### 12 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 6.

#### Market price risk sensitivity

A 1.00% interest rate movement applied to the fixed income proportion of the fund would result in an increase or decrease on the net asset value of the fund by 0.00% (2016: 0.00%).

#### Currency exposures

At the balance sheet date there are no material assets denominated in currencies other than Sterling (2016: same).

#### Currency sensitivity

As the fund has no material currency exposure, no sensitivity analysis has been shown (2016: same).

#### Credit/Counterparty exposure

As at the balance sheet date there is no derivative exposure or collateral to disclose (2016: same).

The fund did not hold any collateral received from the fund's counterparties in either the current or prior year.

#### Interest rate risk

The fund's floating rate investments earn interest which is variable, based on LIBOR or its overseas equivalent.

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

#### Interest rate risk profile of financial assets and financial liabilities

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

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
<b>Currency 2017</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
UK Sterling	53,647	406,490	177	460,314
<b>Currency 2016</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
UK Sterling	30,577	235,569	189	266,335

  

	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
<b>Currency 2017</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
UK Sterling	–	–	(490)	(490)
<b>Currency 2016</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
UK Sterling	–	–	(352)	(352)

#### Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances (2016: same).

### 13 FAIR VALUE DISCLOSURE

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

**Level 1** – Quoted prices for identical instruments in active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

**Level 2** – Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investments schemes.

**Level 3** – Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

	2017		2016	
Valuation technique	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	406,490	–	235,569	–
	406,490	–	235,569	–

Included within Level 1, are debt securities of £16,324,000 (2016: £18,994,000). The valuation of some highly liquid exchange-traded debt securities (G7 sovereign debt, supranational debt or certain corporate bonds) is sufficiently close to a binding quoted price to categorise at this level.

### 14 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2016: Nil).



## Threadneedle Sterling Fund

### Notes to the financial statements

(continued)

#### 15 PORTFOLIO TRANSACTION COSTS

##### 7 March 2017

	Value £000	Commissions £000	%	Taxes £000	%
<b>Purchases</b>					
Bonds	1,125,215	—	—	—	—
In specie transactions	28,809	—	—	—	—
<b>Total</b>	<b>1,154,024</b>	<b>—</b>		<b>—</b>	

**Gross purchases total:** **1,154,024**

	Value £000	Commissions £000	%	Taxes £000	%
<b>Sales</b>					
Bonds	983,442	—	—	—	—
<b>Total</b>	<b>983,442</b>	<b>—</b>		<b>—</b>	

**Total sales net of transaction costs:** **983,442**

##### Transaction costs as a percentage of average Net Assets

Commissions:	0.00%
Taxes:	0.00%

##### 7 March 2016

	Value £000	Commissions £000	%	Taxes £000	%
<b>Purchases</b>					
Bonds	703,234	—	—	—	—
<b>Total</b>	<b>703,234</b>	<b>—</b>		<b>—</b>	

**Gross purchases total:** **703,234**

	Value £000	Commissions £000	%	Taxes £000	%
<b>Sales</b>					
Bonds	606,100	—	—	—	—
<b>Total</b>	<b>606,100</b>	<b>—</b>		<b>—</b>	

**Total sales net of transaction costs:** **606,100**

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

Portfolio transaction costs are incurred by the fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

**Direct transaction costs:** Broker commissions, fees and taxes.

**Indirect transaction costs:** 'Dealing spread' – the difference between the buying and selling prices of the fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.00% (7 March 2016: 0.01%), being the difference between the respective bid and offer prices for the fund's investments.

#### 16 SECURITIES FINANCING TRANSACTIONS REGULATION

Additional disclosures are required where the fund invests in securities financing transactions (SFTs). For the year ended 7 March 2017 the fund has not invested in SFTs and will not be making additional disclosures.



## Threadneedle European Fund

### Investment Report

#### Investment Objective

To achieve capital growth.

#### Investment Policy

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

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

Over the twelve months to 7 March 2017, the published share price of the Threadneedle European Fund has risen from 178.75p to 210.36p.

Looking at the sterling performance within its peer group, the total return on the fund for the twelve months ending 28 February 2017, including net reinvested income, is +14.71% as compared to a median return of +21.82% over the same period. For information the FTSE World Europe ex UK (GBP) Index returned +27.26% over the same period.

#### Market Overview and Portfolio Activity

This was a strong year for European markets. Economic data in the eurozone provided grounds for optimism, as did a firmer oil price and some more positive economic news from China, a key export market. Investors were also heartened by news that the European Central Bank (ECB) had unleashed a further round of measures designed to stimulate the economy and drive inflation upwards; the asset-purchase scheme was later extended in an

attempt to offset economic headwinds and prevent additional uncertainty during political elections.

Markets received a shock in June when the UK voted to leave the EU, introducing a period of political and economic uncertainty, and boosting support for anti-EU and anti-euro factions elsewhere. Mindful of recessionary risks, the Bank of England provided economic support, which helped to reassure investors.

The eurozone's composite purchasing managers' index (PMI) remained in expansionary territory throughout the year, and ended on a particularly firm note. Inflation has been low in recent years, but edged up to 1.8% in the eurozone – just below the 2% target set by the ECB. The rise was partly due to higher food and fuel costs. Corporate deal activity gathered momentum; plans for several high-profile mergers and acquisitions were announced towards the year end.

The US election caused some market jitters. However, Donald Trump's victory sparked an equity-market rally, particularly in cyclical stocks (generally, stocks issued by companies whose earnings rise and fall with changes in economic conditions); he plans to stimulate the US economy, an important export market for European companies (although they may suffer from his protectionism). The US Federal Reserve increased interest rates, bolstering financial stocks – the prospect of looser regulation under Trump's presidency also supported the sector.

In Italy, Prime Minister Renzi resigned after his proposals were rejected in a constitutional referendum, and the government prepared to bail out one of the country's largest financial institutions, Banca Monte dei Paschi di Siena. However, the post-Brexit wave of political upheavals did not extend to elections

in Austria and the Netherlands, as more moderate candidates prevailed.

Major transactions included opening new positions in BNP Paribas and Royal Dutch Shell. French bank BNP Paribas stands to benefit from higher growth, interest rates and bond yields, all of which are likely to come through in due course. Oil prices have firmed from multi-year lows, which should boost Royal Dutch Shell's earnings. Sales included the position in Bayer (pharmaceuticals and chemicals); we were not satisfied that the proposed acquisition of seeds and agrichemicals firm Monsanto would represent good value for shareholders. We also reduced several positions including pharmaceutical firms Novartis and Roche – these are relatively defensive stocks.

Market volatility continues in the wake of the Brexit vote, Trump's election victory and Italy's referendum – it will take time before the full political, financial and economic repercussions become clear. There is also the risk of anti-EU political contagion with elections due in France and Germany. Of particular importance has been the rise in long-term bond yields, especially in the US (Trump's policies could lead to a reflationary trend). This has hampered the performance of bond proxies and boosted many financial stocks in recent months. The oil price and China's economic outlook have also affected equity markets.

However, volatile markets provide us with investment opportunities. Mergers and acquisitions activity may gather momentum, while quantitative easing, relatively low energy prices and loose credit conditions continue to support the trading environment for European companies. We continue to favour companies with robust earnings prospects and pricing power.

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2016 to 7 March 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains/(losses)	2	110,847	(9,391)
Revenue	3	18,593	16,101
Expenses	4	(9,348)	(9,265)
Interest payable and similar charges	5	(22)	(7)
Net revenue before taxation		9,223	6,829
Taxation	6	(954)	(904)
Net revenue after taxation		8,269	5,925
<b>Total return before distributions</b>		<b>119,116</b>	<b>(3,466)</b>
Distributions	7	(8,270)	(5,915)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>110,846</b>	<b>(9,381)</b>

### BALANCE SHEET

as at 7 March 2017

	Notes	2017 £000	2016 £000
<b>Assets:</b>			
<b>Fixed assets:</b>			
Investments		740,496	714,682
<b>Current assets:</b>			
Debtors	8	5,062	4,425
Cash and bank balances		627	12,003
<b>Total assets</b>		<b>746,185</b>	<b>731,110</b>
<b>Liabilities:</b>			
<b>Investment liabilities</b>		(3)	–
<b>Creditors:</b>			
Distribution payable		(5)	(3)
Other creditors	9	(5,245)	(2,341)
<b>Total liabilities</b>		<b>(5,253)</b>	<b>(2,344)</b>
<b>Net assets attributable to shareholders</b>		<b>740,932</b>	<b>728,766</b>

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

for the accounting period 8 March 2016 to 7 March 2017

	2017 £000	2016 £000
<b>Opening net assets attributable to shareholders</b>	<b>728,766</b>	<b>663,332</b>
Amounts receivable on the issue of shares	170,948	134,643
Amounts payable on the cancellation of shares	(277,427)	(116,281)
Amounts receivable on inspecie transfers	–	50,509
	(106,479)	68,871
Dilution adjustment	114	32
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	110,846	(9,381)
Retained distribution on accumulation shares	7,685	5,912
<b>Closing net assets attributable to shareholders</b>	<b>740,932</b>	<b>728,766</b>

### DISTRIBUTION TABLE

for the accounting period 8 March 2016 to 7 March 2017

Dividend distribution in pence per share

#### Class 1 – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b> 08/03/16 to 07/03/17	1.2744	–	1.2744	1.0042
<b>Group 2</b> 08/03/16 to 07/03/17	–	1.2744	1.2744	1.0042
<b>Total distributions in the period</b>	<b>1.2744</b>		<b>1.2744</b>	<b>1.0042</b>

#### Class 2 – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b> 08/03/16 to 07/03/17	2.7565	–	2.7565	1.9511
<b>Group 2</b> 08/03/16 to 07/03/17	0.1964	2.5601	2.7565	1.9511
<b>Total distributions in the period</b>	<b>2.7565</b>		<b>2.7565</b>	<b>1.9511</b>

\*In pound Sterling and against UK peer group.



## Threadneedle European Fund

### DISTRIBUTION TABLE

(continued)

#### Class X – Accumulation shares\*

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	2.4548	—	2.4548	0.6253
<b>Group 2</b>				
08/03/16 to 07/03/17	0.1590	2.2958	2.4548	0.6253
<b>Total distributions in the period</b>			<b>2.4548</b>	<b>0.6253</b>

#### Class Z – Income shares

Distribution Period	Revenue	Equalisation	Distribution Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	1.7451	—	1.7451	1.0778
<b>Group 2</b>				
08/03/16 to 07/03/17	0.8777	0.8674	1.7451	1.0778
<b>Total distributions in the period</b>			<b>1.7451</b>	<b>1.0778</b>

#### Class Z – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	2.2288	—	2.2288	1.5401
<b>Group 2</b>				
08/03/16 to 07/03/17	0.4056	1.8232	2.2288	1.5401
<b>Total distributions in the period</b>			<b>2.2288</b>	<b>1.5401</b>

Group 2: shares purchased during a distribution period.

Equalisation was introduced with effect from 8 March 2016.

\*For launch dates, refer to the footnotes after the comparative tables.

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.



## Threadneedle European Fund

### Comparative Table Disclosure

	Class 1 – Accumulation shares			Class 2 – Accumulation shares		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	178.68	180.04	167.65	199.21	199.49	184.62
Return before operating charges (p)	34.90	1.67	15.14	39.02	1.85	16.80
Operating charges (p)	(3.27)	(3.03)	(2.75)	(2.32)	(2.13)	(1.93)
Return after operating charges (p)*	31.63	(1.36)	12.39	36.70	(0.28)	14.87
Distributions (p)	(1.27)	(1.00)	(0.96)	(2.76)	(1.95)	(2.19)
Retained distributions on accumulation shares (p)	1.27	1.00	0.96	2.76	1.95	2.19
Closing net asset value per share (p)	210.31	178.68	180.04	235.91	199.21	199.49
*after direct transaction costs of (p)	0.42	0.37	0.32	0.47	0.41	0.36
<b>Performance</b>						
Return after charges (%)	17.70	(0.76)	7.39	18.42	(0.14)	8.05
<b>Other information</b>						
Closing net asset value (£000)	316,254	297,729	306,019	319,929	412,304	345,497
Closing number of shares	150,376,673	166,623,173	169,975,215	135,616,138	206,972,593	173,194,071
Operating charges (%)**	1.68	1.67	1.67	1.07	1.06	1.06
Direct transaction costs (%)***	0.21	0.20	0.19	0.21	0.20	0.19
<b>Prices</b>						
Highest share price (p)	210.36	193.05	180.19	235.96	214.04	199.65
Lowest share price (p)	176.98	164.84	145.95	197.56	183.70	161.33

  

	Class X – Accumulation shares		Class Z – Income shares		
	07/03/2017	07/03/2016 <sup>1</sup>	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>					
Opening net asset value per share (p)	98.57	100.00	110.77	111.81	103.60
Return before operating charges (p)	19.41	(1.42)	21.72	1.03	9.47
Operating charges (p)	(0.07)	(0.01)	(1.08)	(0.99)	(0.90)
Return after operating charges (p)*	19.34	(1.43)	20.64	0.04	8.57
Distributions (p)	(2.45)	(0.63)	(1.75)	(1.08)	(0.36)
Retained distributions on accumulation shares (p)	2.45	0.63	–	–	–
Closing net asset value per share (p)	117.91	98.57	129.66	110.77	111.81
*after direct transaction costs of (p)	0.25	0.15	0.26	0.23	0.20
<b>Performance</b>					
Return after charges (%)	19.62	(1.43)	18.63	0.04	8.27
<b>Other information</b>					
Closing net asset value (£000)	85,483	3	363	322	153
Closing number of shares	72,497,914	3,000	279,762	290,079	136,965
Operating charges (%)**	0.06	0.02 <sup>†</sup>	0.89	0.88	0.88
Direct transaction costs (%)***	0.21	0.20	0.21	0.20	0.19
<b>Prices</b>					
Highest share price (p)	117.94	103.46	131.44	119.98	112.18
Lowest share price (p)	97.96	90.84	109.89	103.13	90.63



## Threadneedle European Fund

### Comparative Table Disclosure

(continued)

	Class Z – Accumulation shares		
	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>			
Opening net asset value per share (p)	141.49	141.43	130.66
Return before operating charges (p)	27.73	1.32	11.92
Operating charges (p)	(1.38)	(1.26)	(1.15)
Return after operating charges (p)*	26.35	0.06	10.77
Distributions (p)	(2.23)	(1.54)	(1.92)
Retained distributions on accumulation shares (p)	2.23	1.54	1.92
Closing net asset value per share (p)	167.84	141.49	141.43
*after direct transaction costs of (p)	0.33	0.29	0.25
<b>Performance</b>			
Return after charges (%)	18.62	0.04	8.24
<b>Other information</b>			
Closing net asset value (£000)	18,903	18,408	11,663
Closing number of shares	11,261,904	13,010,521	8,245,838
Operating charges (%)**	0.89	0.88	0.89
Direct transaction costs (%)***	0.21	0.20	0.19
<b>Prices</b>			
Highest share price (p)	167.88	151.78	141.55
Lowest share price (p)	140.36	130.46	114.31

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.

\*\*The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit [columbiathreadneedle.com/fees](http://columbiathreadneedle.com/fees).

\*\*\*Transaction costs have not been reduced by any amounts collected from dilution levies/adjustments.

<sup>1</sup>Class X – Accumulation shares commenced 10 June 2015.

<sup>1</sup>The Ongoing Charges Figure is annualised based on the fees incurred since commencement date.



# Threadneedle European Fund

## Notes to the financial statements

for the accounting period 8 March 2016 to 7 March 2017

### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 5 and 6.

### 2 NET CAPITAL GAINS/(LOSSES)

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

	2017 £000	2016 £000
Non-derivative securities	109,985	(9,816)
Forward currency contracts	(520)	(50)
Other gains	1,390	485
Transaction costs	(8)	(10)
Net capital gains/(losses)	110,847	(9,391)

### 3 REVENUE

	2017 £000	2016 £000
UK dividends	104	26
Overseas dividends	18,428	16,035
Interest on debt securities	—	2
Interest on short term investments	—	(2)
Bank interest	61	40
Total revenue	18,593	16,101

### 4 EXPENSES

	2017 £000	2016 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(8,556)	(8,508)
Registration fees	(606)	(612)
	(9,162)	(9,120)
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depositary's fees	(77)	(67)
Safe custody fees	(47)	(48)
	(124)	(115)
Other expenses:		
Regulatory fees	(5)	(20)
Audit fees	(8)	(10)
Audit fees – non-audit services	(21)	—
Professional fees	(28)	—
	(62)	(30)
Total expenses*	(9,348)	(9,265)

\*Including irrecoverable VAT where applicable.

### 5 INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £000	2016 £000
Interest payable	(22)	(7)
Total interest payable & similar charges	(22)	(7)

### 6 TAXATION

	2017 £000	2016 £000
<b>a) Analysis of charge in period</b>		
Overseas taxes	(954)	(904)
Total current tax (note 6b)	(954)	(904)
Total tax charge for the period	(954)	(904)
<b>b) Factors affecting taxation charge for period</b>		
Net revenue before taxation	9,223	6,829
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(1,845)	(1,366)

Effects of:

Revenue not subject to taxation	3,639	3,200
Overseas taxes	(954)	(904)
Excess expenses	(1,794)	(1,830)
Retail Distribution Review (RDR) conversion		
transfer from capital	—	(4)
Current tax charge for period (note 6a)	(954)	(904)

The fund has not recognised a deferred tax asset of £8,239,093 (2016: £6,457,290) arising as a result of having unutilised management expenses. The movement in deferred tax asset may not agree to the excess expenses figure quoted above due to prior year adjustments. It is unlikely that these expenses will be utilised in future years.

### 7 DISTRIBUTIONS

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

	2017 £000	2016 £000
Final	7,690	5,915
	7,690	5,915
Add: Revenue deducted on the cancellation of shares*	3,220	—
Deduct: Revenue received on the creation of shares*	(2,640)	—
Net distribution for the period	8,270	5,915
Net revenue after taxation	8,269	5,925
Equalisation on conversion	1	(10)
Total distributions	8,270	5,915

Details of the distribution per share are set out in the table on pages 79 to 80.

\*Equalisation was introduced with effect from 8 March 2016.

### 8 DEBTORS

	2017 £000	2016 £000
Amounts receivable for the issue of shares	550	742
Sales awaiting settlement	2,083	1,923
Accrued revenue	399	156
Foreign withholding tax recoverable*	2,030	1,604
Total debtors	5,062	4,425

\*As per a Memorandum of Understanding ("MOU") between the governments of Switzerland and the U.K., a U.K. OEIC is entitled to reclaim Swiss withholding tax ("WHT") that is suffered on dividend income payments. However since October 2016 the Swiss Tax Authority (STA) have requested additional information to support these reclaims and, whilst the Fund continues to be eligible, our claims have not currently been accepted as we have not currently been able to satisfy the detailed information requested due largely to data protection issues. As at 7 March 2017 within foreign withholding tax recoverable we continue to accrue for the refunds which amount to £1,094,360 which represents 0.15% of the overall NAV. We are monitoring the situation with the STA and should our view on recovery change, for example, if claims are formally rejected, the accruals may be written off.

### 9 OTHER CREDITORS

	2017 £000	2016 £000
Amounts payable for the cancellation of shares	(1,019)	(1,425)
Purchases awaiting settlement	(3,383)	—
Accrued expenses	(27)	(23)
Amounts payable to ACD	(816)	(893)
Total other creditors	(5,245)	(2,341)

### 10 DILUTION ADJUSTMENT

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



# Threadneedle European Fund

## Notes to the financial statements

(continued)

### 11 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, as ACD, is a related party and acts as principal in respect of all transactions of shares in the fund.

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

Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 8 and 9.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 9.

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

### 12 SHAREHOLDER FUNDS

Threadneedle European Fund currently has four share classes; Class 1, Class 2, Class X and Class Z shares. The charges on each share class are as follows:

#### Annual management charge

Class 1 shares	1.50%
Class 2 shares	1.00%
Class X shares	N/A*
Class Z shares	0.75%

#### Registration fees

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

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 81 to 82. The distribution per share class is given in the distribution table on pages 79 to 80.

All classes have the same rights on winding up.

\*X Shares are not subject to an Annual Management Charge.

#### Reconciliation of shares

	2017
<b>Class 1 – Accumulation shares</b>	
Opening shares	166,623,173
Shares issued	13,318,881
Shares redeemed	(29,341,803)
Net conversions	(223,578)
Closing shares	150,376,673
<b>Class 2 – Accumulation shares</b>	
Opening shares	206,972,593
Shares issued	28,515,053
Shares redeemed	(99,884,859)
Net conversions	13,351
Closing shares	135,616,138
<b>Class X – Accumulation shares</b>	
Opening shares	3,000
Shares issued	73,087,974
Shares redeemed	(593,060)
Net conversions	–
Closing shares	72,497,914
<b>Class Z – Income shares</b>	
Opening shares	290,079
Shares issued	77,941
Shares redeemed	(88,258)
Net conversions	–
Closing shares	279,762
<b>Class Z – Accumulation shares</b>	
Opening shares	13,010,521
Shares issued	797,829
Shares redeemed	(2,809,378)
Net conversions	262,932
Closing shares	11,261,904

### 13 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 6.

#### Market price risk sensitivity

A 5% market movement applied to the fund would result in an increase or decrease on net asset value of the fund by 4.90% (2016: 4.77%).

#### Currency exposures

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

	Monetary exposures	Non-monetary exposures	Total
	£000	£000	£000
<b>Currency 2017</b>			
Danish Krone	67	41,289	41,356
Euro	(297)	540,052	539,755
Norwegian Krone	–	12,720	12,720
Swedish Krona	6	69,830	69,836
Swiss Franc	1,483	76,164	77,647
US Dollar	258	–	258
<b>Currency 2016</b>			
Danish Krone	96	40,386	40,482
Euro	13,159	523,382	536,541
Norwegian Krone	121	–	121
Swedish Krona	40	64,453	64,493
Swiss Franc	1,507	86,461	87,968
US Dollar	30	–	30

#### Currency sensitivity analysis

The fund has a material exposure to the following currencies. The table shows how the fund value will increase or decrease based on the movement in the currency (equivalent to the currency movement in the year).

	Currency movement	Fund movement
	%	%
<b>Currency 2017</b>		
Euro	10.88	7.94
Swiss Franc	12.82	1.34
<b>Currency 2016</b>		
Euro	6.74	4.97
Swiss Franc	4.27	0.52

#### Credit/Counterparty exposure

As at the balance sheet date there is no derivative exposure or collateral to disclose (2016: same).

The fund did not hold any collateral received from the fund's counterparties in either the current or prior year.

#### Interest rate risk

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

#### Interest rate risk profile of financial assets and financial liabilities

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

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
	£000	£000	£000	£000
<b>Currency 2017</b>				
Danish Krone	–	–	41,932	41,932
Euro	–	–	543,003	543,003
Norwegian Krone	–	–	12,720	12,720
Swedish Krona	–	–	69,836	69,836
Swiss Franc	389	–	77,258	77,647
UK Sterling	238	–	988	1,226
US Dollar	–	–	258	258



## Threadneedle European Fund

### Notes to the financial statements

(continued)

Currency 2016	£000	£000	£000	£000
Danish Krone	—	—	40,482	40,482
Euro	11,291	—	526,259	537,550
Norwegian Krone	—	—	121	121
Swedish Krona	—	—	64,493	64,493
Swiss Franc	628	—	87,343	87,971
UK Sterling	54	—	1,753	1,807
US Dollar	30	—	—	30

  

	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
Currency 2017	£000	£000	£000	£000
Danish Krone	—	—	(576)	(576)
Euro	—	—	(3,248)	(3,248)
UK Sterling	—	—	(1,866)	(1,866)

  

Currency 2016	£000	£000	£000	£000
Euro	—	—	(1,009)	(1,009)
Swiss Franc	—	—	(3)	(3)
UK Sterling	—	—	(2,676)	(2,676)

#### Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances (2016: same).

#### Derivative risks

Other than equities which do not have maturity dates, non interest-bearing assets relate to forward foreign exchange contracts. Derivatives including forward foreign exchange contracts are employed when they are the cheapest and most efficient method of gaining exposure. This increases the risk profile of the fund and may result in a higher degree of volatility. All open positions are regularly reviewed by the fund manager. The fund has entered into various forward foreign exchange contracts during this accounting period. Such contracts commit the fund to future deliveries or receipts, typically three months forward, of assets and liabilities, at prices decided at the point of striking the contract. They therefore allow the fund manager to limit risk, or to enhance fund performance in return for the acceptance of greater risk.

At 7 March 2017, the fund had outstanding forward foreign exchange contracts with an asset value of £Nil (2016: £Nil) and a liability value of £3,000 (2016: £Nil).

### 14 FAIR VALUE DISCLOSURE

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

**Level 1** – Quoted prices for identical instruments in active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

**Level 2** – Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investments schemes.

**Level 3** – Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

	2017		2016	
Valuation technique	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	740,496	—	714,682	—
Level 2	—	(3)	—	—
	740,496	(3)	714,682	—

### 15 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2016: Nil).

### 16 PORTFOLIO TRANSACTION COSTS

#### 7 March 2017

	Value £000	Commissions £000	%	Taxes £000	%
Purchases					
Equities	549,177	480	0.09	594	0.11
<b>Total</b>	<b>549,177</b>	<b>480</b>		<b>594</b>	

#### Gross purchases total:

	Value £000	Commissions £000	%	Taxes £000	%
Sales					
Equities	634,381	494	0.08	—	—
Corporate actions	534	—	—	—	—
<b>Total</b>	<b>634,915</b>	<b>494</b>		<b>—</b>	

#### Total sales net of transaction costs:

**634,421**

#### Transaction costs as a percentage of average Net Assets

Commissions: 0.13%  
Taxes: 0.08%

#### 7 March 2016

	Value £000	Commissions £000	%	Taxes £000	%
Purchases					
Equities	484,184	426	0.09	555	0.11
In specie transactions	50,509	—	—	—	—
<b>Total</b>	<b>534,693</b>	<b>426</b>		<b>555</b>	

#### Gross purchases total:

	Value £000	Commissions £000	%	Taxes £000	%
Sales					
Equities	471,265	434	0.09	—	—
Corporate actions	1,042	—	—	—	—
<b>Total</b>	<b>472,307</b>	<b>434</b>		<b>—</b>	

#### Total sales net of transaction costs:

**471,873**

#### Transaction costs as a percentage of average Net Assets

Commissions: 0.12%  
Taxes: 0.08%

Portfolio transaction costs are incurred by the fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

**Direct transaction costs:** Broker commissions, fees and taxes.

**Indirect transaction costs:** 'Dealing spread' – the difference between the buying and selling prices of the fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.05% (7 March 2016: 0.08%), being the difference between the respective bid and offer prices for the fund's investments.

### 17 SECURITIES FINANCING TRANSACTIONS REGULATION

Additional disclosures are required where the fund invests in securities financing transactions (SFTs). For the year ended 7 March 2017 the fund has not invested in SFTs and will not be making additional disclosures.



## Threadneedle European Select Fund

### Investment Report

#### Investment Objective

To achieve above average capital growth.

#### Investment Policy

The ACD's investment policy is to invest the assets of the Fund mainly in a relatively concentrated portfolio of equities of companies domiciled in Continental Europe or which have significant Continental European operations. The select investment approach means that the ACD has the flexibility to take significant stock and sector positions which may lead to increased levels of volatility. If the ACD considers it desirable, it may further invest in other securities (including fixed interest securities, other equities and money market securities).

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

Over the twelve months to 7 March 2017, the published share price of the Threadneedle European Select Fund has risen from 222.56p to 267.95p.

Looking at the sterling performance within its peer group, the total return on the fund for the twelve months ending 28 February 2017, including net reinvested income, is +17.81% as compared to a median return of +21.82% over the same period. For information the FTSE World Europe ex UK (GBP) Index returned +27.26% over the same period.

#### Market Overview and Portfolio Activity

This was a strong year for European markets. Economic data in the eurozone provided grounds for optimism, as did a firmer oil price and some more positive economic news from China, a key export market. Investors were also heartened by news that the European

Central Bank (ECB) had unleashed a further round of measures designed to stimulate the economy and drive inflation upwards; the asset-purchase scheme was later extended in an attempt to offset economic headwinds and prevent additional uncertainty during political elections.

Markets received a shock in June when the UK voted to leave the EU, introducing a period of political and economic uncertainty, and boosting support for anti-EU and anti-euro factions elsewhere. Mindful of recessionary risks, the Bank of England provided economic support, which helped to reassure investors.

The eurozone's composite purchasing managers' index (PMI) remained in expansionary territory throughout the year, and ended on a particularly firm note. Inflation has been low in recent years, but edged up to 1.8% in the eurozone – just below the 2% target set by the ECB. The rise was partly due to higher food and fuel costs. Corporate deal activity gathered momentum; plans for several high-profile mergers and acquisitions were announced towards the year end.

The US election caused some market jitters. However, Donald Trump's victory sparked an equity-market rally, particularly in cyclical stocks (generally, stocks issued by companies whose earnings rise and fall with changes in economic conditions); he plans to stimulate the US economy, an important export market for European companies (although they may suffer from his protectionism). The US Federal Reserve increased interest rates, bolstering financial stocks – the prospect of looser regulation under Trump's presidency also supported the sector.

In Italy, Prime Minister Renzi resigned after his proposals were rejected in a constitutional referendum, and the government prepared to bail out one of the country's largest financial institutions,

Banca Monte dei Paschi di Siena. However, the post-Brexit wave of political upheavals did not extend to elections in Austria and the Netherlands, as more moderate candidates prevailed.

Major transactions included opening new positions in BASF, Dassault Systèmes and Deutsche Telekom. A stronger oil price should enhance BASF's earnings, and growth in the company's core chemicals business is encouraging. Dassault Systèmes has a leading position in 3D design software, and attractive growth prospects. Deutsche Telekom's US business is gaining market share, and its German business is benefiting from market consolidation.

We sold the position in Bayer; we were not satisfied that the proposed acquisition of seeds and agrichemicals firm Monsanto would represent good value for shareholders. Other sales included food group Nestlé, a relatively defensive stock.

Market volatility continues in the wake of the Brexit vote, Trump's election victory and Italy's referendum – it will take time before the full political, financial and economic repercussions become clear. There is also the risk of anti-EU political contagion with elections due in France and Germany. Of particular importance has been the rise in long-term bond yields, especially in the US (Trump's policies could lead to a reflationary trend). This has hampered the performance of bond proxies and boosted many financial stocks in recent months. The oil price and China's economic outlook have also affected equity markets.

However, volatile markets provide us with investment opportunities. Mergers and acquisitions activity may gather momentum, while quantitative easing, relatively low energy prices and loose credit conditions continue to support the trading environment for European companies. We continue to favour companies with robust earnings prospects and pricing power.

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2016 to 7 March 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains/(losses)	2	566,548	(67,057)
Revenue	3	72,198	66,432
Expenses	4	(37,138)	(34,948)
Interest payable and similar charges	5	(280)	(101)
Net revenue before taxation		34,780	31,383
Taxation	6	(4,602)	(5,941)
Net revenue after taxation		30,178	25,442
<b>Total return before distributions</b>		<b>596,726</b>	<b>(41,615)</b>
Distributions	7	(30,268)	(25,757)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>566,458</b>	<b>(67,372)</b>

### BALANCE SHEET

as at 7 March 2017

	Notes	2017 £000	2016 £000
<b>Assets:</b>			
<b>Fixed assets:</b>			
Investments		2,865,953	3,039,612
<b>Current assets:</b>			
Debtors	8	12,949	44,035
Cash and bank balances	9	16,820	36,314
<b>Total assets</b>		<b>2,895,722</b>	<b>3,119,961</b>
<b>Liabilities:</b>			
<b>Investment liabilities</b>		(322)	(1)
<b>Creditors:</b>			
Distribution payable		(1,362)	(2,958)
Other creditors	10	(7,225)	(34,474)
<b>Total liabilities</b>		<b>(8,909)</b>	<b>(37,433)</b>
<b>Net assets attributable to shareholders</b>		<b>2,886,813</b>	<b>3,082,528</b>

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

for the accounting period 8 March 2016 to 7 March 2017

	2017 £000	2016 £000
<b>Opening net assets attributable to shareholders</b>	<b>3,082,528</b>	<b>2,592,114</b>
Amounts receivable on the issue of shares	439,524	965,055
Amounts payable on the cancellation of shares	(1,223,043)	(430,068)
	(783,519)	534,987
Dilution adjustment	219	–
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	566,458	(67,372)
Retained distribution on accumulation shares	21,127	22,799
<b>Closing net assets attributable to shareholders</b>	<b>2,886,813</b>	<b>3,082,528</b>

### DISTRIBUTION TABLE

for the accounting period 8 March 2016 to 7 March 2017

Dividend distribution in pence per share

#### Class 1 – Income shares\*

Distribution Period	Revenue	Equalisation	Distribution Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	0.4240	–	0.4240	–
<b>Group 2</b>				
08/03/16 to 07/03/17	–	0.4240	0.4240	–
<b>Total distributions in the period</b>			<b>0.4240</b>	<b>–</b>

#### Class 1 – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	0.9805	–	0.9805	1.1491
<b>Group 2</b>				
08/03/16 to 07/03/17	–	0.9805	0.9805	1.1491
<b>Total distributions in the period</b>			<b>0.9805</b>	<b>1.1491</b>

#### Class 1 SGD Hedged – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	0.5553	–	0.5553	–
<b>Group 2</b>				
08/03/16 to 07/03/17	–	0.5553	0.5553	–
<b>Total distributions in the period</b>			<b>0.5553</b>	<b>–</b>

\*In pound Sterling and against UK peer group.



## Threadneedle European Select Fund

### DISTRIBUTION TABLE

(continued)

#### Class 1 USD Hedged – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	0.4494	—	0.4494	0.1977
<b>Group 2</b>				
08/03/16 to 07/03/17	—	0.4494	0.4494	0.1977
<b>Total distributions in the period</b>			<b>0.4494</b>	<b>0.1977</b>

#### Class 2 – Income shares

Distribution Period	Revenue	Equalisation	Distribution Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	1.5415	—	1.5415	1.6920
<b>Group 2</b>				
08/03/16 to 07/03/17	0.2182	1.3233	1.5415	1.6920
<b>Total distributions in the period</b>			<b>1.5415</b>	<b>1.6920</b>

#### Class 2 – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	2.6697	—	2.6697	2.3843
<b>Group 2</b>				
08/03/16 to 07/03/17	0.2820	2.3877	2.6697	2.3843
<b>Total distributions in the period</b>			<b>2.6697</b>	<b>2.3843</b>

#### Class 2 USD Hedged – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	1.1776	—	1.1776	0.5289
<b>Group 2</b>				
08/03/16 to 07/03/17	—	1.1776	1.1776	0.5289
<b>Total distributions in the period</b>			<b>1.1776</b>	<b>0.5289</b>

#### Class X – Accumulation shares\*

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	2.1860	—	2.1860	0.4290
<b>Group 2</b>				
08/03/16 to 07/03/17	0.9373	1.2487	2.1860	0.4290
<b>Total distributions in the period</b>			<b>2.1860</b>	<b>0.4290</b>

#### Class Z – Income shares

Distribution Period	Revenue	Equalisation	Distribution Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	1.5283	—	1.5283	0.8417
<b>Group 2</b>				
08/03/16 to 07/03/17	0.3074	1.2209	1.5283	0.8417
<b>Total distributions in the period</b>			<b>1.5283</b>	<b>0.8417</b>

#### Class Z – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	1.9067	—	1.9067	1.6026
<b>Group 2</b>				
08/03/16 to 07/03/17	0.2835	1.6232	1.9067	1.6026
<b>Total distributions in the period</b>			<b>1.9067</b>	<b>1.6026</b>

Group 2: shares purchased during a distribution period.

Equalisation was introduced with effect from 8 March 2016.

\*For launch dates, refer to the footnotes after the comparative tables.

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.



## Threadneedle European Select Fund

### Comparative Table Disclosure

	Class 1 – Income shares		Class 1 – Accumulation shares		
	07/03/2017	07/03/2016 <sup>1</sup>	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>					
Opening net asset value per share (p)	96.23	100.00	222.47	225.64	204.36
Return before operating charges (p)	21.36	(2.43)	49.41	0.51	24.71
Operating charges (p)	(1.73)	(1.34)	(4.01)	(3.68)	(3.43)
Return after operating charges (p)*	19.63	(3.77)	45.40	(3.17)	21.28
Distributions (p)	(0.42)	–	(0.98)	(1.15)	(1.76)
Retained distributions on accumulation shares (p)	–	–	0.98	1.15	1.76
Closing net asset value per share (p)	115.44	96.23	267.87	222.47	225.64
*after direct transaction costs of (p)	0.16	0.09	0.37	0.24	0.19
<b>Performance</b>					
Return after charges (%)	20.40	(3.77)	20.41	(1.40)	10.41
<b>Other information</b>					
Closing net asset value (£000)	2,219	1,930	1,022,097	960,456	1,049,203
Closing number of shares	1,922,302	2,006,135	381,570,993	431,717,328	464,997,789
Operating charges (%)**	1.63	1.63 <sup>†</sup>	1.63	1.64	1.67
Direct transaction costs (%)***	0.15	0.11	0.15	0.11	0.09
<b>Prices</b>					
Highest share price (p)	115.90	101.44	267.95	241.17	225.71
Lowest share price (p)	94.76	89.61	219.09	207.16	183.42

	Class 1 SGD Hedged – Accumulation shares			Class 1 USD Hedged – Accumulation shares		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015 <sup>2</sup>
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	130.09	133.06	102.99	112.51	114.89	100.00
Return before operating charges (p)	34.29	(0.88)	31.91	32.33	(0.53)	15.15
Operating charges (p)	(2.33)	(2.09)	(1.84)	(2.02)	(1.85)	(0.26)
Return after operating charges (p)*	31.96	(2.97)	30.07	30.31	(2.38)	14.89
Distributions (p)	(0.56)	–	(0.15)	(0.45)	(0.20)	(0.10)
Retained distributions on accumulation shares (p)	0.56	–	0.15	0.45	0.20	0.10
Closing net asset value per share (p)	162.05	130.09	133.06	142.82	112.51	114.89
*after direct transaction costs of (p)	0.22	0.14	0.10	0.19	0.12	0.01
<b>Performance</b>						
Return after charges (%)	24.57	(2.23)	29.20	26.94	(2.07)	14.89
<b>Other information</b>						
Closing net asset value (£000)	38,893	74,713	3,326	10,179	11,114	222
Closing number of shares	24,000,866	57,432,647	2,499,783	7,127,197	9,877,632	193,240
Operating charges (%)**	1.63	1.63	1.66	1.63	1.64	1.63 <sup>†</sup>
Direct transaction costs (%)***	0.15	0.11	0.09	0.15	0.11	0.09
<b>Prices</b>						
Highest share price (p)	162.09	147.87	133.10	142.89	127.51	115.65
Lowest share price (p)	125.87	113.70	99.82	108.54	101.03	99.54



## Threadneedle European Select Fund

### Comparative Table Disclosure

(continued)

	Class 2 – Income shares			Class 2 – Accumulation shares		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	143.23	146.13	133.35	248.04	250.09	225.11
Return before operating charges (p)	31.87	0.33	16.21	55.23	0.59	27.39
Operating charges (p)	(1.64)	(1.54)	(1.42)	(2.90)	(2.64)	(2.41)
Return after operating charges (p)*	30.23	(1.21)	14.79	52.33	(2.05)	24.98
Distributions (p)	(1.54)	(1.69)	(2.01)	(2.67)	(2.38)	(3.24)
Retained distributions on accumulation shares (p)	–	–	–	2.67	2.38	3.24
Closing net asset value per share (p)	171.92	143.23	146.13	300.37	248.04	250.09
*after direct transaction costs of (p)	0.24	0.16	0.12	0.41	0.27	0.21
<b>Performance</b>						
Return after charges (%)	21.11	(0.83)	11.09	21.10	(0.82)	11.10
<b>Other information</b>						
Closing net asset value (£000)	23,649	192,660	214,862	698,969	887,707	746,996
Closing number of shares	13,756,276	134,507,786	147,035,940	232,701,017	357,884,606	298,693,791
Operating charges (%)**	1.05	1.06	1.06	1.06	1.06	1.06
Direct transaction costs (%)***	0.15	0.11	0.09	0.15	0.11	0.09
<b>Prices</b>						
Highest share price (p)	173.51	156.29	148.19	300.46	267.47	250.16
Lowest share price (p)	141.22	134.90	120.14	244.55	230.88	202.81

	Class 2 USD Hedged – Accumulation shares			Class X – Accumulation shares	
	07/03/2017	07/03/2016	07/03/2015 <sup>3</sup>	07/03/2017	07/03/2016 <sup>4</sup>
<b>Change in net assets per share</b>					
Opening net asset value per share (p)	113.42	114.98	100.00	99.80	100.00
Return before operating charges (p)	32.72	(0.36)	15.15	22.34	(0.16)
Operating charges (p)	(1.34)	(1.20)	(0.17)	(0.07)	(0.04)
Return after operating charges (p)*	31.38	(1.56)	14.98	22.27	(0.20)
Distributions (p)	(1.18)	(0.53)	(0.14)	(2.19)	(0.43)
Retained distributions on accumulation shares (p)	1.18	0.53	0.14	2.19	0.43
Closing net asset value per share (p)	144.80	113.42	114.98	122.07	99.80
*after direct transaction costs of (p)	0.19	0.12	0.01	0.17	0.08
<b>Performance</b>					
Return after charges (%)	27.67	(1.36)	14.98	22.31	(0.20)
<b>Other information</b>					
Closing net asset value (£000)	31,857	26,009	4,472	44,254	19,977
Closing number of shares	22,000,553	22,932,416	3,889,575	36,252,507	20,015,986
Operating charges (%)**	1.06	1.06	1.05 <sup>1</sup>	0.06	0.06 <sup>1</sup>
Direct transaction costs (%)***	0.15	0.11	0.09	0.15	0.11
<b>Prices</b>					
Highest share price (p)	144.84	127.78	115.77	122.11	103.67
Lowest share price (p)	109.54	101.46	99.54	98.59	92.84



## Threadneedle European Select Fund

### Comparative Table Disclosure

(continued)

	Class Z – Income shares			Class Z – Accumulation shares		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	115.26	116.80	105.73	143.80	144.66	129.92
Return before operating charges (p)	25.69	0.26	12.87	32.04	0.34	15.83
Operating charges (p)	(1.06)	(0.96)	(0.88)	(1.32)	(1.20)	(1.09)
Return after operating charges (p)*	24.63	(0.70)	11.99	30.72	(0.86)	14.74
Distributions (p)	(1.53)	(0.84)	(0.92)	(1.91)	(1.60)	(1.30)
Retained distributions on accumulation shares (p)	–	–	–	1.91	1.60	1.30
Closing net asset value per share (p)	138.36	115.26	116.80	174.52	143.80	144.66
*after direct transaction costs of (p)	0.19	0.13	0.10	0.24	0.16	0.12
<b>Performance</b>						
Return after charges (%)	21.37	(0.60)	11.34	21.36	(0.59)	11.35
<b>Other information</b>						
Closing net asset value (£000)	103,327	93,394	35,978	911,369	814,568	537,055
Closing number of shares	74,679,528	81,030,843	30,803,828	522,202,689	566,474,742	371,253,438
Operating charges (%)**	0.83	0.83	0.82	0.83	0.83	0.83
Direct transaction costs (%)***	0.15	0.11	0.09	0.15	0.11	0.09
<b>Prices</b>						
Highest share price (p)	139.93	124.95	117.75	174.58	154.75	144.70
Lowest share price (p)	113.68	108.05	95.38	141.83	133.83	117.21

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.

\*\*The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit [columbiathreadneedle.com/fees](http://columbiathreadneedle.com/fees).

\*\*\*Transaction costs have not been reduced by any amounts collected from dilution levies/adjustments.

<sup>1</sup>Class 1 – Income shares commenced 29 April 2015.

<sup>2</sup>Class 1 USD Hedged – Accumulation shares commenced 14 January 2015.

<sup>3</sup>Class 2 USD Hedged – Accumulation shares commenced 14 January 2015.

<sup>4</sup>Class X – Accumulation shares commenced 10 June 2015.

<sup>5</sup>The Ongoing Charges Figure is annualised based on the fees incurred since commencement date.



## Threadneedle European Select Fund

### Notes to the financial statements

for the accounting period 8 March 2016 to 7 March 2017

#### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 5 and 6.

#### 2 NET CAPITAL GAINS/(LOSSES)

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

	2017 £000	2016 £000
Non-derivative securities	555,567	(71,714)
Forward currency contracts	4,164	55
Other gains	6,821	4,607
Transaction costs	(4)	(5)
Net capital gains/(losses)	566,548	(67,057)

#### 3 REVENUE

	2017 £000	2016 £000
Overseas dividends	72,080	66,305
Interest on debt securities	6	—
Bank interest	112	127
Total revenue	72,198	66,432

#### 4 EXPENSES

	2017 £000	2016 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(34,373)	(32,311)
Registration fees	(2,162)	(2,152)
	(36,535)	(34,463)
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depositary's fees	(337)	(278)
Safe custody fees	(184)	(169)
	(521)	(447)
Other expenses:		
Regulatory fees	(5)	(25)
Audit fees	(11)	(13)
Audit fees – non-audit services	(24)	—
Professional fees	(42)	—
	(82)	(38)
Total expenses*	(37,138)	(34,948)

\*Including irrecoverable VAT where applicable.

#### 5 INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £000	2016 £000
Interest payable	(280)	(101)
Total interest payable & similar charges	(280)	(101)

#### 6 TAXATION

	2017 £000	2016 £000
<b>a) Analysis of charge in period</b>		
Overseas taxes	(4,602)	(5,941)
Total current tax (note 6b)	(4,602)	(5,941)
Total tax charge for the period	(4,602)	(5,941)
<b>b) Factors affecting taxation charge for period</b>		
Net revenue before taxation	34,780	31,383
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(6,956)	(6,277)

Effects of:

Revenue not subject to taxation	14,180	13,235
Overseas taxes	(4,602)	(5,941)
Excess expenses	(7,206)	(6,900)
Retail Distribution Review (RDR) conversion transfer from capital	(18)	(58)
Current tax charge for period (note 6a)	(4,602)	(5,941)

The fund has not recognised a deferred tax asset of £30,737,974 (2016: £23,531,692) arising as a result of having unutilised management expenses. The movement in deferred tax asset may not agree to the excess expenses figure quoted above due to prior year adjustments. It is unlikely that these expenses will be utilised in future years.

#### 7 DISTRIBUTIONS

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

	2017 £000	2016 £000
Final	22,489	25,757
	22,489	25,757
Add: Revenue deducted on the cancellation of shares*	11,757	—
Deduct: Revenue received on the creation of shares*	(3,978)	—
Net distribution for the period	30,268	25,757
Net revenue after taxation	30,178	25,442
Equalisation on conversion	90	282
Shortfall transfer from capital to revenue	—	33
Undistributed revenue brought forward	1	1
Undistributed revenue carried forward	(1)	(1)
Total distributions	30,268	25,757

Details of the distribution per share and any share class with a shortfall are set out in the table on pages 86 to 87.

\*Equalisation was introduced with effect from 8 March 2016.

#### 8 DEBTORS

	2017 £000	2016 £000
Amounts receivable for the issue of shares	2,017	25,931
Sales awaiting settlement	—	11,500
Accrued revenue	2,272	1,219
Foreign withholding tax recoverable*	8,660	5,385
Total debtors	12,949	44,035

\*As per a Memorandum of Understanding ("MOU") between the governments of Switzerland and the U.K., a U.K. OEIC is entitled to reclaim Swiss withholding tax ("WHT") that is suffered on dividend income payments. However since October 2016 the Swiss Tax Authority (STA) have requested additional information to support these reclaims and, whilst the Fund continues to be eligible, our claims have not currently been accepted as we have not currently been able to satisfy the detailed information requested due largely to data protection issues. As at 7 March 2017 within foreign withholding tax recoverable we continue to accrue for the refunds which amount to £3,831,157 which represents 0.13% of the overall NAV. We are monitoring the situation with the STA and should our view on recovery change, for example, if claims are formally rejected, the accruals may be written off.

#### 9 CASH AND BANK BALANCES

	2017 £000	2016 £000
Amounts held at futures clearing houses and brokers	356	—
Cash and bank balances	16,464	36,314
Total cash and bank balances	16,820	36,314



## Threadneedle European Select Fund

### Notes to the financial statements

(continued)

#### 10 OTHER CREDITORS

	2017 £000	2016 £000
Amounts payable for the cancellation of shares	(3,957)	(17,653)
Purchases awaiting settlement	–	(13,306)
Accrued expenses	(79)	(67)
Amounts payable to ACD	(3,189)	(3,448)
Total other creditors	(7,225)	(34,474)

#### 11 DILUTION ADJUSTMENT

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

#### 12 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, as ACD, is a related party and acts as principal in respect of all transactions of shares in the fund.

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

Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 8 and 10.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 10.

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

#### 13 SHAREHOLDER FUNDS

Threadneedle European Select Fund currently has four share classes; Class 1, Class 2, Class X and Class Z shares. The charges on each share class are as follows:

<b>Annual management charge</b>	
Class 1 shares	1.50%
Class 2 shares	1.00%
Class X shares	N/A*
Class Z shares	0.75%
<b>Registration fees</b>	
Class 1 shares	0.110%
Class 2 shares	0.035%
Class X shares	0.035%
Class Z shares	0.060%

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 88 to 90. The distribution per share class is given in the distribution table on pages 86 to 87.

All classes have the same rights on winding up.

\*X Shares are not subject to an Annual Management Charge.

#### Reconciliation of shares

	2017
<b>Class 1 – Income shares</b>	
Opening shares	2,006,135
Shares issued	944,611
Shares redeemed	(1,039,802)
Net conversions	11,358
Closing shares	1,922,302
<b>Class 1 – Accumulation shares</b>	
Opening shares	431,717,328
Shares issued	5,022,768
Shares redeemed	(46,155,524)
Net conversions	(9,013,579)
Closing shares	381,570,993

<b>Class 1 SGD Hedged – Accumulation shares</b>	
Opening shares	57,432,647
Shares issued	2,179,711
Shares redeemed	(35,611,492)
Net conversions	–
Closing shares	24,000,866

<b>Class 1 USD Hedged – Accumulation shares</b>	
Opening shares	9,877,632
Shares issued	1,518,276
Shares redeemed	(4,268,711)
Net conversions	–
Closing shares	7,127,197

<b>Class 2 – Income shares</b>	
Opening shares	134,507,786
Shares issued	292,877
Shares redeemed	(120,983,615)
Net conversions	(60,772)
Closing shares	13,756,276

<b>Class 2 – Accumulation shares</b>	
Opening shares	357,884,606
Shares issued	110,989,297
Shares redeemed	(232,697,485)
Net conversions	(3,475,401)
Closing shares	232,701,017

<b>Class 2 USD Hedged – Accumulation shares</b>	
Opening shares	22,932,416
Shares issued	345,620
Shares redeemed	(1,277,483)
Net conversions	–
Closing shares	22,000,553

<b>Class X – Accumulation shares</b>	
Opening shares	20,015,986
Shares issued	27,284,514
Shares redeemed	(11,047,993)
Net conversions	–
Closing shares	36,252,507

<b>Class Z – Income shares</b>	
Opening shares	81,030,843
Shares issued	11,525,203
Shares redeemed	(18,144,787)
Net conversions	268,269
Closing shares	74,679,528

<b>Class Z – Accumulation shares</b>	
Opening shares	566,474,742
Shares issued	50,308,628
Shares redeemed	(114,300,921)
Net conversions	19,720,240
Closing shares	522,202,689

#### 14 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 6.

##### Market price risk sensitivity

A 5% market movement applied to the fund would result in an increase or decrease on net asset value of the fund by 4.38% (2016: 4.31%).

##### Currency exposures

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



## Threadneedle European Select Fund

### Notes to the financial statements

(continued)

	Monetary exposures	Non- monetary exposures	Total
	£000	£000	£000
<b>Currency 2017</b>			
Danish Krone	923	44,610	45,533
Euro	21,592	2,088,106	2,109,698
Norwegian Krone	—	35,657	35,657
Singapore Dollar	(1,638)	39,530	37,892
Swedish Krona	—	249,490	249,490
Swiss Franc	4,825	305,591	310,416
US Dollar	(375)	101,892	101,517
<b>Currency 2016</b>			
Danish Krone	11,956	123,901	135,857
Euro	45,563	1,902,213	1,947,776
Norwegian Krone	150	—	150
Singapore Dollar	29	72,998	73,027
Swedish Krona	(6,236)	323,325	317,089
Swiss Franc	3,513	533,918	537,431
US Dollar	225	83,256	83,481

#### Currency sensitivity analysis

The fund has a material exposure to the following currencies. The table shows how the fund value will increase or decrease based on the movement in the currency (equivalent to the currency movement in the year).

	Currency movement	Fund movement
	%	%
<b>Currency 2017</b>		
Euro	10.88	7.95
Swiss Franc	12.82	1.38
<b>Currency 2016</b>		
Euro	6.74	4.26
Swedish Krona	5.52	0.57
Swiss Franc	4.27	0.74

#### Credit/Counterparty exposure

The following details exposure to counterparties obtained through the use of derivatives:

	Forward Foreign Exchange Contracts Exposure	Collateral Pledged
	£000	£000
<b>2017</b>		
<b>Counterparty</b>		
J.P. Morgan	—	356
<b>2016</b>		
<b>Counterparty</b>		
J.P. Morgan	1,868	—

The fund did not hold any collateral received from the fund's counterparties in the current year (2016: £673,000). The collateral held was in the form of cash. Collateral received is not owned by the fund and therefore is not included in the fund's cash balance.

Positive exposure represents the fund's exposure to that counterparty and not the fund's holdings with that counterparty.

#### Interest rate risk

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

#### Interest rate risk profile of financial assets and financial liabilities

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

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
	£000	£000	£000	£000
<b>Currency 2017</b>				
Danish Krone	—	—	45,533	45,533
Euro	15,414	—	2,177,058	2,192,472
Norwegian Krone	—	—	35,657	35,657
Singapore Dollar	11	—	39,694	39,705
Swedish Krona	—	—	249,490	249,490
Swiss Franc	994	—	309,422	310,416
UK Sterling	112	—	2,772	2,884
US Dollar	289	—	102,255	102,544
<b>Currency 2016</b>				
Danish Krone	—	—	135,857	135,857
Euro	34,940	—	2,027,867	2,062,807
Norwegian Krone	—	—	150	150
Singapore Dollar	3	—	73,160	73,163
Swedish Krona	—	—	323,613	323,613
Swiss Franc	1,155	—	536,276	537,431
UK Sterling	48	—	25,714	25,762
US Dollar	188	—	83,554	83,742
	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
	£000	£000	£000	£000
<b>Currency 2017</b>				
Euro	—	—	(82,774)	(82,774)
Singapore Dollar	—	—	(1,813)	(1,813)
UK Sterling	—	—	(6,274)	(6,274)
US Dollar	—	—	(1,027)	(1,027)
<b>Currency 2016</b>				
Euro	—	—	(115,031)	(115,031)
Singapore Dollar	—	—	(136)	(136)
Swedish Krona	—	—	(6,524)	(6,524)
UK Sterling	—	—	(38,045)	(38,045)
US Dollar	—	—	(261)	(261)

#### Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances (2016: same).

#### Derivative risks

Other than equities which do not have maturity dates, non interest-bearing assets relate to forward foreign exchange contracts. Derivatives including forward foreign exchange contracts are employed when they are the cheapest and most efficient method of gaining exposure. This increases the risk profile of the fund and may result in a higher degree of volatility. All open positions are regularly reviewed by the fund manager. The fund has entered into various forward foreign exchange contracts during this accounting period. Such contracts commit the fund to future deliveries or receipts, typically three months forward, of assets and liabilities, at prices decided at the point of striking the contract. They therefore allow the fund manager to limit risk, or to enhance fund performance in return for the acceptance of greater risk.

At 7 March 2017, the fund had outstanding forward foreign exchange contracts with an asset value of £2,000 (2016: £1,869,000) and a liability value of £322,000 (2016: £1,000).



## Threadneedle European Select Fund

### Notes to the financial statements

(continued)

#### 15 FAIR VALUE DISCLOSURE

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

**Level 1** – Quoted prices for identical instruments in active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

**Level 2** – Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investments schemes.

**Level 3** – Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

Valuation technique	2017		2016	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	2,865,951	–	3,037,743	–
Level 2	2	(322)	1,869	(1)
	<u>2,865,953</u>	<u>(322)</u>	<u>3,039,612</u>	<u>(1)</u>

#### 16 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2016: Nil).

#### 17 PORTFOLIO TRANSACTION COSTS

##### 7 March 2017

Purchases	Value £000	Commissions £000	%	Taxes £000	%
Equities	1,261,539	1,158	0.00	1,662	0.00
Corporate actions	7,897	–	–	–	–
<b>Total</b>	<b>1,269,436</b>	<b>1,158</b>		<b>1,662</b>	

Gross purchases total: 1,272,256

Sales	Value £000	Commissions £000	%	Taxes £000	%
Equities	2,000,136	1,978	0.00	–	–
Corporate actions	1,458	–	–	–	–
<b>Total</b>	<b>2,001,594</b>	<b>1,978</b>		<b>–</b>	

Total sales net of transaction costs: 1,999,616

##### Transaction costs as a percentage of average Net Assets

Commissions:	0.10%
Taxes:	0.05%

##### 7 March 2016

Purchases	Value £000	Commissions £000	%	Taxes £000	%
Equities	1,451,889	1,416	0.10	826	0.06
<b>Total</b>	<b>1,451,889</b>	<b>1,416</b>		<b>826</b>	

Gross purchases total: 1,454,131

Sales	Value £000	Commissions £000	%	Taxes £000	%
Equities	892,099	894	0.10	1	0.00
Corporate actions	3,669	–	–	–	–
<b>Total</b>	<b>895,768</b>	<b>894</b>		<b>1</b>	

Total sales net of transaction costs: 894,873

##### Transaction costs as a percentage of average Net Assets

Commissions:	0.08%
Taxes:	0.03%

Portfolio transaction costs are incurred by the fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

**Direct transaction costs:** Broker commissions, fees and taxes.

**Indirect transaction costs:** 'Dealing spread' – the difference between the buying and selling prices of the fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.06% (7 March 2016: 0.08%), being the difference between the respective bid and offer prices for the fund's investments.

#### 18 SECURITIES FINANCING TRANSACTIONS REGULATION

Additional disclosures are required where the fund invests in securities financing transactions (SFTs). For the year ended 7 March 2017 the fund has not invested in SFTs and will not be making additional disclosures.

#### 19 POST BALANCE SHEET EVENT

Subsequent to the year end, market fluctuations have resulted in changes to the NAV as described in the table below:

Share class	Net asset value per share (£)		
	7 March 2017	7 June 2017	% Movement
Class 1 – Income shares	1.1590	1.2767	10.16
Class 1 – Accumulation shares	2.6795	2.9626	10.57
Class 2 – Accumulation shares	3.0046	3.3270	10.73
Class X – Accumulation shares	1.2211	1.3555	11.01
Class Z – Accumulation shares	1.7458	1.9341	10.79



## Threadneedle European Smaller Companies Fund

### Investment Report

#### Investment Objective

To achieve capital growth.

#### Investment Policy

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

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

Over the twelve months to 7 March 2017, the published share price of the Threadneedle European Smaller Companies Fund has risen from 582.88p to 730.59p.

Looking at the sterling performance within its peer group, the total return on the fund for the twelve months ending 28 February 2017, including net reinvested income, is +22.69% as compared to a median return of +24.64% over the same period. For information the HSBC European Smaller Companies ex UK Index returned +32.77% over the same period.

#### Market Overview and Portfolio Activity

This was a strong year for European markets. Economic data in the eurozone provided grounds for optimism, as did a firmer oil price and some more positive economic news from China, a key export market. Investors were also heartened by news that the European Central Bank (ECB) had unleashed a further round of measures designed to stimulate the economy and drive inflation upwards; the asset-purchase scheme was later extended in an attempt to

offset economic headwinds and prevent additional uncertainty during political elections.

Markets received a shock in June when the UK voted to leave the EU, introducing a period of political and economic uncertainty, and boosting support for anti-EU and anti-euro factions elsewhere. Mindful of recessionary risks, the Bank of England provided economic support, which helped to reassure investors.

The eurozone's composite purchasing managers' index (PMI) remained in expansionary territory throughout the year, and ended on a particularly firm note. Inflation has been low in recent years, but edged up to 1.8% in the eurozone – just below the 2% target set by the ECB. The rise was partly due to higher food and fuel costs. Corporate deal activity gathered momentum; plans for several high-profile mergers and acquisitions were announced towards the year end.

The US election caused some market jitters. However, Donald Trump's victory sparked an equity-market rally, particularly in cyclical stocks (generally, stocks issued by companies whose earnings rise and fall with changes in economic conditions); he plans to stimulate the US economy, an important export market for European companies (although they may suffer from his protectionism). The US Federal Reserve increased interest rates, bolstering financial stocks – the prospect of looser regulation under Trump's presidency also supported the sector.

In Italy, Prime Minister Renzi resigned after his proposals were rejected in a constitutional referendum, and the government prepared to bail out one of the country's largest financial institutions, Banca Monte dei Paschi di Siena. However, the post-Brexit wave of political upheavals did not extend to elections in Austria and the Netherlands, as more moderate candidates prevailed.

We took advantage of share-price weakness to establish a holding in Scandinavian insurance company Tryg. Other major transactions included opening new positions in Takeaway.com and Zooplus. Takeaway.com is well-placed to benefit from the trend towards eating convenience food at home. Zooplus is an online retailer of pet supplies, and should gain from any upturn in consumer expenditure.

We sold Banca Generali amid mounting political uncertainty – the Italian banking system is under strain. Other sales included Braas Monier Building Group, following a share-price rally; the German roofing-materials firm had received a takeover bid from US-quoted Standard Industries. Eurotunnel was another sale; sterling's depreciation may deter UK tourists from travelling abroad and the threat of terrorist attacks remains high.

Market volatility continues in the wake of the Brexit vote, Trump's election victory and Italy's referendum – it will take time before the full political, financial and economic repercussions become clear. There is also the risk of anti-EU political contagion with elections due in France and Germany. Of particular importance has been the rise in long-term bond yields, especially in the US (Trump's policies could lead to a reflationary trend). This has hampered the performance of bond proxies and boosted many financial stocks in recent months. The oil price and China's economic outlook have also affected equity markets.

However, volatile markets provide us with investment opportunities. Mergers and acquisitions activity may gather momentum, while quantitative easing, relatively low energy prices and loose credit conditions continue to support the trading environment for European companies. We continue to favour companies with robust earnings prospects and pricing power.

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2016 to 7 March 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains	2	344,969	148,625
Revenue	3	28,143	21,379
Expenses	4	(21,363)	(17,265)
Interest payable and similar charges	5	(111)	(44)
Net revenue before taxation		6,669	4,070
Taxation	6	(1,656)	(457)
Net revenue after taxation		5,013	3,613
<b>Total return before distributions</b>		<b>349,982</b>	<b>152,238</b>
Distributions	7	(5,040)	(3,760)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>344,942</b>	<b>148,478</b>

### BALANCE SHEET

as at 7 March 2017

	Notes	2017 £000	2016 £000
<b>Assets:</b>			
<b>Fixed assets:</b>			
Investments		1,681,466	1,370,593
<b>Current assets:</b>			
Debtors	8	3,509	10,123
Cash and bank balances		41,730	10,549
<b>Total assets</b>		<b>1,726,705</b>	<b>1,391,265</b>
<b>Liabilities:</b>			
<b>Investment liabilities</b>		(14)	(1)
<b>Creditors:</b>			
Distribution payable		(92)	(43)
Other creditors	9	(8,932)	(8,412)
<b>Total liabilities</b>		<b>(9,038)</b>	<b>(8,456)</b>
<b>Net assets attributable to shareholders</b>		<b>1,717,667</b>	<b>1,382,809</b>

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

for the accounting period 8 March 2016 to 7 March 2017

	2017 £000	2016 £000
<b>Opening net assets attributable to shareholders</b>	<b>1,382,809</b>	<b>1,119,153</b>
Amounts receivable on the issue of shares	319,106	278,851
Amounts payable on the cancellation of shares	(333,483)	(167,496)
	(14,377)	111,355
Dilution adjustment	117	106
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	344,942	148,478
Retained distribution on accumulation shares	4,176	3,717
<b>Closing net assets attributable to shareholders</b>	<b>1,717,667</b>	<b>1,382,809</b>

### DISTRIBUTION TABLE

for the accounting period 8 March 2016 to 7 March 2017

Dividend distribution in pence per share

#### Class 1 – Income shares

Distribution Period	Revenue	Equalisation	Distribution Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	0.1764	–	0.1764	–
<b>Group 2</b>				
08/03/16 to 07/03/17	–	0.1764	0.1764	–
<b>Total distributions in the period</b>			<b>0.1764</b>	<b>–</b>

#### Class 1 – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	0.1624	–	0.1624	0.1888
<b>Group 2</b>				
08/03/16 to 07/03/17	–	0.1624	0.1624	0.1888
<b>Total distributions in the period</b>			<b>0.1624</b>	<b>0.1888</b>

#### Class 1 CHF Hedged – Accumulation shares\*

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	0.0140	–	0.0140	–
<b>Group 2</b>				
08/03/16 to 07/03/17	–	0.0140	0.0140	–
<b>Total distributions in the period</b>			<b>0.0140</b>	<b>–</b>

\*In pound Sterling and against UK peer group.



## Threadneedle European Smaller Companies Fund

### DISTRIBUTION TABLE

(continued)

#### Class Z – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	4.6340	–	4.6340	3.5486
<b>Group 2</b>				
08/03/16 to 07/03/17	0.3106	4.3234	4.6340	3.5486
<b>Total distributions in the period</b>			<b>4.6340</b>	<b>3.5486</b>

#### Class Z – Income shares

Distribution Period	Revenue	Equalisation	Distribution Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	1.1475	–	1.1475	0.9235
<b>Group 2</b>				
08/03/16 to 07/03/17	–	1.1475	1.1475	0.9235
<b>Total distributions in the period</b>			<b>1.1475</b>	<b>0.9235</b>

#### Class Z – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	1.2442	–	1.2442	0.9752
<b>Group 2</b>				
08/03/16 to 07/03/17	0.2019	1.0423	1.2442	0.9752
<b>Total distributions in the period</b>			<b>1.2442</b>	<b>0.9752</b>

#### Class Z CHF Hedged – Accumulation shares\*

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	0.9384	–	0.9384	–
<b>Group 2</b>				
08/03/16 to 07/03/17	0.9284	0.0100	0.9384	–
<b>Total distributions in the period</b>			<b>0.9384</b>	<b>–</b>

Group 2: shares purchased during a distribution period.

Equalisation was introduced with effect from 8 March 2016.

\*For launch dates, refer to the footnotes after the comparative tables.

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.



## Threadneedle European Smaller Companies Fund

### Comparative Table Disclosure

	Class 1 – Income shares			Class 1 – Accumulation shares		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	566.89	502.44	494.22	582.03	515.72	500.27
Return before operating charges (p)	154.63	73.31	23.21	158.72	75.39	23.47
Operating charges (p)	(10.64)	(8.86)	(7.95)	(10.89)	(9.08)	(8.02)
Return after operating charges (p)*	143.99	64.45	15.26	147.83	66.31	15.45
Distributions (p)	(0.18)	–	(7.04)	(0.16)	(0.19)	(1.44)
Retained distributions on accumulation shares (p)	–	–	–	0.16	0.19	1.44
Closing net asset value per share (p)	710.70	566.89	502.44	729.86	582.03	515.72
*after direct transaction costs of (p)	0.40	0.61	0.59	0.41	0.62	0.59
<b>Performance</b>						
Return after charges (%)	25.40	12.83	3.09	25.40	12.86	3.09
<b>Other information</b>						
Closing net asset value (£000)	22,964	16,087	11,892	1,065,302	799,648	696,617
Closing number of shares	3,231,135	2,837,793	2,366,959	145,959,714	137,389,702	135,076,940
Operating charges (%)**	1.67	1.67	1.67	1.67	1.67	1.67
Direct transaction costs (%)***	0.06	0.12	0.13	0.06	0.12	0.13
<b>Prices</b>						
Highest share price (p)	711.58	572.84	510.13	730.59	588.14	516.38
Lowest share price (p)	559.28	484.06	415.34	574.21	502.88	420.42
	Class 1 CHF Hedged – Accumulation shares			Class 2 – Accumulation shares		
	07/03/2017	07/03/2016 <sup>1</sup>		07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	103.34	100.00		647.63	570.33	549.87
Return before operating charges (p)	30.09	4.52		177.18	83.70	26.08
Operating charges (p)	(1.90)	(1.18)		(7.68)	(6.40)	(5.62)
Return after operating charges (p)*	28.19	3.34		169.50	77.30	20.46
Distributions (p)	(0.01)	–		(4.63)	(3.55)	(4.97)
Retained distributions on accumulation shares (p)	0.01	–		4.63	3.55	4.97
Closing net asset value per share (p)	131.53	103.34		817.13	647.63	570.33
*after direct transaction costs of (p)	0.07	0.08		0.45	0.69	0.65
<b>Performance</b>						
Return after charges (%)	27.28	3.34		26.17	13.55	3.72
<b>Other information</b>						
Closing net asset value (£000)	196	313		334,659	329,966	265,022
Closing number of shares	148,890	303,271		40,955,479	50,949,654	46,467,878
Operating charges (%)**	1.66	1.68 <sup>†</sup>		1.06	1.06	1.06
Direct transaction costs (%)***	0.06	0.12		0.06	0.12	0.13
<b>Prices</b>						
Highest share price (p)	131.69	105.37		817.94	654.36	571.05
Lowest share price (p)	101.48	92.18		638.96	556.16	463.83



## Threadneedle European Smaller Companies Fund

### Comparative Table Disclosure

(continued)

	Class Z – Income shares			Class Z – Accumulation shares		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	125.83	111.44	107.38	136.33	119.85	115.35
Return before operating charges (p)	34.48	16.35	5.20	37.34	17.60	5.48
Operating charges (p)	(1.26)	(1.04)	(0.91)	(1.35)	(1.12)	(0.98)
Return after operating charges (p)*	33.22	15.31	4.29	35.99	16.48	4.50
Distributions (p)	(1.15)	(0.92)	(0.23)	(1.24)	(0.98)	(1.83)
Retained distributions on accumulation shares (p)	–	–	–	1.24	0.98	1.83
Closing net asset value per share (p)	157.90	125.83	111.44	172.32	136.33	119.85
*after direct transaction costs of (p)	0.09	0.14	0.13	0.10	0.15	0.14
<b>Performance</b>						
Return after charges (%)	26.40	13.74	4.00	26.40	13.75	3.90
<b>Other information</b>						
Closing net asset value (£000)	11,790	5,855	4,521	282,260	230,620	141,101
Closing number of shares	7,466,765	4,652,971	4,056,632	163,804,006	169,157,024	117,730,628
Operating charges (%)**	0.88	0.88	0.88	0.88	0.88	0.88
Direct transaction costs (%)***	0.06	0.12	0.13	0.06	0.12	0.13
<b>Prices</b>						
Highest share price (p)	159.20	128.08	111.81	172.49	137.75	120.00
Lowest share price (p)	124.15	108.67	90.75	134.51	116.88	97.40
<b>Class Z CHF Hedged – Accumulation shares</b>						
	07/03/2017	07/03/2016 <sup>2</sup>				
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	103.79	100.00				
Return before operating charges (p)	30.43	4.41				
Operating charges (p)	(1.04)	(0.62)				
Return after operating charges (p)*	29.39	3.79				
Distributions (p)	(0.94)	–				
Retained distributions on accumulation shares (p)	0.94	–				
Closing net asset value per share (p)	133.18	103.79				
*after direct transaction costs of (p)	0.07	0.08				
<b>Performance</b>						
Return after charges (%)	28.32	3.79				
<b>Other information</b>						
Closing net asset value (£000)	496	320				
Closing number of shares	372,501	307,501				
Operating charges (%)**	0.88	0.88 <sup>1</sup>				
Direct transaction costs (%)***	0.06	0.12				
<b>Prices</b>						
Highest share price (p)	133.32	105.73				
Lowest share price (p)	102.08	92.31				

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.

\*\*The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit [columbiathreadneedle.com/fees](http://columbiathreadneedle.com/fees).

\*\*\*Transaction costs have not been reduced by any amounts collected from dilution levies/adjustments.

<sup>1</sup>Class 1 CHF Hedged – Accumulation shares commenced 24 June 2015.

<sup>2</sup>Class Z CHF Hedged – Accumulation shares commenced 24 June 2015.

<sup>3</sup>The Ongoing Charges Figure is annualised based on the fees incurred since commencement date.



# Threadneedle European Smaller Companies Fund

## Notes to the financial statements

for the accounting period 8 March 2016 to 7 March 2017

### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 5 and 6.

### 2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2017 £000	2016 £000
Non-derivative securities	341,561	146,514
Forward currency contracts	(80)	286
Other gains	3,491	1,832
Transaction costs	(3)	(7)
Net capital gains	344,969	148,625

### 3 REVENUE

	2017 £000	2016 £000
UK dividends	—	464
Overseas dividends	28,048	20,773
Interest on debt securities	—	142
Bank interest	95	—
Total revenue	28,143	21,379

### 4 EXPENSES

	2017 £000	2016 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(19,263)	(15,592)
Registration fees	(1,802)	(1,438)
	(21,065)	(17,030)
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depositary's fees	(164)	(119)
Safe custody fees	(94)	(77)
	(258)	(196)
Other expenses:		
Regulatory fees	(5)	(28)
Audit fees	(10)	(11)
Audit fees – non-audit services	(18)	—
Professional fees	(7)	—
	(40)	(39)
Total expenses*	(21,363)	(17,265)

\*Including irrecoverable VAT where applicable.

### 5 INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £000	2016 £000
Interest payable	(111)	(44)
Total interest payable & similar charges	(111)	(44)

### 6 TAXATION

	2017 £000	2016 £000
<b>a) Analysis of charge in period</b>		
Overseas taxes	(1,656)	(457)
Total current tax (note 6b)	(1,656)	(457)
Total tax charge for the period	(1,656)	(457)
<b>b) Factors affecting taxation charge for period</b>		
Net revenue before taxation	6,669	4,070
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(1,334)	(814)
Effects of:		
Revenue not subject to taxation	5,518	4,213
Overseas taxes	(1,656)	(457)
Excess expenses	(4,178)	(3,370)

Retail Distribution Review (RDR)

conversion transfer from capital	(6)	(29)
Current tax charge for period (note 6a)	(1,656)	(457)

The fund has not recognised a deferred tax asset of £20,322,813 (2016: £16,150,684) arising as a result of having unutilised management expenses. The movement in deferred tax asset may not agree to the excess expenses figure quoted above due to prior year adjustments. It is unlikely that these expenses will be utilised in future years.

### 7 DISTRIBUTIONS

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

	2017 £000	2016 £000
Final	4,268	3,760
	4,268	3,760
Add: Revenue deducted on the cancellation of shares*	2,191	—
Deduct: Revenue received on the creation of shares*	(1,419)	—
Net distribution for the period	5,040	3,760
Net revenue after taxation	5,013	3,613
Equalisation on conversion	27	143
Shortfall transfer from capital to revenue	—	4
Total distributions	5,040	3,760

Details of the distribution per share and any share class with a shortfall are set out in the table on pages 95 to 96.

\*Equalisation was introduced with effect from 8 March 2016.

### 8 DEBTORS

	2017 £000	2016 £000
Amounts receivable for the issue of shares	838	7,279
Accrued revenue	75	396
Foreign withholding tax recoverable*	2,596	2,448
Total debtors	3,509	10,123

\*As per a Memorandum of Understanding ("MOU") between the governments of Switzerland and the U.K., a U.K. OEIC is entitled to reclaim Swiss withholding tax ("WHT") that is suffered on dividend income payments. However since October 2016 the Swiss Tax Authority (STA) have requested additional information to support these reclaims and, whilst the Fund continues to be eligible, our claims have not currently been accepted as we have not currently been able to satisfy the detailed information requested due largely to data protection issues. As at 7 March 2017 within foreign withholding tax recoverable we continue to accrue for the refunds which amount to £939,672 which represents 0.05% of the overall NAV. We are monitoring the situation with the STA and should our view on recovery change, for example, if claims are formally rejected, the accruals may be written off.

### 9 OTHER CREDITORS

	2017 £000	2016 £000
Amounts payable for the cancellation of shares	(6,662)	(6,420)
Purchases awaiting settlement	—	(157)
Accrued expenses	(47)	(36)
Amounts payable to ACD	(2,223)	(1,799)
Total other creditors	(8,932)	(8,412)

### 10 DILUTION ADJUSTMENT

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

### 11 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, as ACD, is a related party and acts as principal in respect of all transactions of shares in the fund.

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

Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 8 and 9.



# Threadneedle European Smaller Companies Fund

## Notes to the financial statements

(continued)

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 9.

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

### 12 SHAREHOLDER FUNDS

Threadneedle European Smaller Companies Fund currently has three share classes; Class 1, Class 2 and Class Z shares. The charges on each share class are as follows:

#### Annual management charge

Class 1 shares	1.50%
Class 2 shares	1.00%
Class Z shares	0.75%

#### Registration fees

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

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 97 to 98. The distribution per share class is given in the distribution table on pages 95 to 96.

All classes have the same rights on winding up.

#### Reconciliation of shares

	2017
<b>Class 1 – Income shares</b>	
Opening shares	2,837,793
Shares issued	1,230,756
Shares redeemed	(836,196)
Net conversions	(1,218)
Closing shares	3,231,135
<b>Class 1 – Accumulation shares</b>	
Opening shares	137,389,702
Shares issued	19,682,602
Shares redeemed	(10,671,901)
Net conversions	(440,689)
Closing shares	145,959,714
<b>Class 1 CHF Hedged – Accumulation shares</b>	
Opening shares	303,271
Shares issued	138,890
Shares redeemed	(293,271)
Net conversions	–
Closing shares	148,890
<b>Class 2 – Accumulation shares</b>	
Opening shares	50,949,654
Shares issued	13,199,188
Shares redeemed	(20,875,780)
Net conversions	(2,317,583)
Closing shares	40,955,479
<b>Class Z – Income shares</b>	
Opening shares	4,652,971
Shares issued	5,245,411
Shares redeemed	(2,440,199)
Net conversions	8,582
Closing shares	7,466,765
<b>Class Z – Accumulation shares</b>	
Opening shares	169,157,024
Shares issued	50,834,833
Shares redeemed	(69,057,216)
Net conversions	12,869,365
Closing shares	163,804,006
<b>Class Z CHF Hedged – Accumulation shares</b>	
Opening shares	307,501
Shares issued	65,000
Shares redeemed	–
Net conversions	–
Closing shares	372,501

### 13 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 6.

#### Market price risk sensitivity

A 5% market movement applied to the fund would result in an increase or decrease on net asset value of the fund by 4.27% (2016: 4.23%).

#### Currency exposures

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

	Monetary exposures	Non-monetary exposures	Total
	£000	£000	£000
<b>Currency 2017</b>			
Danish Krone	277	93,268	93,545
Euro	43,016	1,228,374	1,271,390
Norwegian Krone	17	–	17
Swedish Krona	121	194,904	195,025
Swiss Franc	940	146,912	147,852
US Dollar	–	17,303	17,303
<b>Currency 2016</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Danish Krone	141	72,972	73,113
Euro	11,339	1,010,419	1,021,758
Norwegian Krone	195	–	195
Swedish Krona	119	138,171	138,290
Swiss Franc	1,141	111,235	112,376
US Dollar	53	25,230	25,283

#### Currency sensitivity analysis

The fund has a material exposure to the following currencies. The table shows how the fund value will increase or decrease based on the movement in the currency (equivalent to the currency movement in the year).

	Currency movement	Fund movement
	%	%
<b>Currency 2017</b>		
Euro	10.88	8.05
Swedish Krona	9.00	1.02
<b>Currency 2016</b>		
	Currency movement	Fund movement
	%	%
Euro	6.74	4.98
Swedish Krona	5.52	0.55

#### Credit/Counterparty exposure

As at the balance sheet date there is no derivative exposure or collateral to disclose (2016: same).

The fund did not hold any collateral received from the fund's counterparties in either the current or prior year.

#### Interest rate risk

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

#### Interest rate risk profile of financial assets and financial liabilities

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

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
	£000	£000	£000	£000
<b>Currency 2017</b>				
Danish Krone	–	–	93,545	93,545
Euro	41,701	–	1,231,073	1,272,774
Norwegian Krone	–	–	17	17
Swedish Krona	–	–	195,025	195,025
Swiss Franc	–	–	147,852	147,852
UK Sterling	29	–	1,528	1,557
US Dollar	–	–	17,303	17,303



## Threadneedle European Smaller Companies Fund

### Notes to the financial statements

(continued)

Currency 2016	£000	£000	£000	£000
Danish Krone	–	–	73,113	73,113
Euro	10,270	–	1,014,025	1,024,295
Norwegian Krone	–	–	195	195
Swedish Krona	–	–	138,290	138,290
Swiss Franc	–	–	112,419	112,419
UK Sterling	224	–	21,471	21,695
US Dollar	53	–	25,230	25,283

	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
Currency 2017	£000	£000	£000	£000
Euro	–	–	(1,384)	(1,384)
UK Sterling	–	–	(9,022)	(9,022)
Currency 2016	£000	£000	£000	£000
Euro	–	–	(2,537)	(2,537)
Swiss Franc	–	–	(43)	(43)
UK Sterling	–	–	(9,901)	(9,901)

#### Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances (2016: same).

#### Derivative risks

Other than equities which do not have maturity dates, non interest-bearing assets relate to forward foreign exchange contracts. Derivatives including forward foreign exchange contracts are employed when they are the cheapest and most efficient method of gaining exposure. This increases the risk profile of the fund and may result in a higher degree of volatility. All open positions are regularly reviewed by the fund manager. The fund has entered into various forward foreign exchange contracts during this accounting period. Such contracts commit the fund to future deliveries or receipts, typically three months forward, of assets and liabilities, at prices decided at the point of striking the contract. They therefore allow the fund manager to limit risk, or to enhance fund performance in return for the acceptance of greater risk.

At 7 March 2017, the fund had outstanding forward foreign exchange contracts with an asset value of £Nil (2016: £Nil) and a liability value of £14,000 (2016: £1,000).

### 14 FAIR VALUE DISCLOSURE

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

**Level 1** – Quoted prices for identical instruments in active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

**Level 2** – Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investments schemes.

**Level 3** – Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

	2017		2016	
Valuation technique	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	1,681,466	–	1,370,593	–
Level 2	–	(14)	–	(1)
	1,681,466	(14)	1,370,593	(1)

### 15 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2016: Nil).

### 16 PORTFOLIO TRANSACTION COSTS

#### 7 March 2017

	Value £000	Commissions £000	%	Taxes £000	%
Purchases					
Equities	300,917	281	0.09	325	0.11
Corporate actions	8,898	–	–	–	–
<b>Total</b>	<b>309,815</b>	<b>281</b>		<b>325</b>	

Gross purchases total:

**310,421**

	Value £000	Commissions £000	%	Taxes £000	%
Sales					
Equities	340,542	356	0.10	–	–
Corporate actions	913	–	–	–	–
<b>Total</b>	<b>341,455</b>	<b>356</b>		<b>–</b>	

Total sales net of transaction costs: **341,099**

#### Transaction costs as a percentage of average Net Assets

Commissions:	0.04%
Taxes:	0.02%

#### 7 March 2016

	Value £000	Commissions £000	%	Taxes £000	%
Purchases					
Equities	468,160	452	0.10	562	0.12
Corporate actions	11,825	–	–	–	–
<b>Total</b>	<b>479,985</b>	<b>452</b>		<b>562</b>	

Gross purchases total:

**480,999**

	Value £000	Commissions £000	%	Taxes £000	%
Sales					
Equities	348,132	394	0.11	–	–
Corporate actions	4,688	–	–	–	–
<b>Total</b>	<b>352,820</b>	<b>394</b>		<b>–</b>	

Total sales net of transaction costs: **352,426**

#### Transaction costs as a percentage of average Net Assets

Commissions:	0.07%
Taxes:	0.05%

Portfolio transaction costs are incurred by the fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

**Direct transaction costs:** Broker commissions, fees and taxes.

**Indirect transaction costs:** 'Dealing spread' – the difference between the buying and selling prices of the fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.20% (7 March 2016: 0.29%), being the difference between the respective bid and offer prices for the fund's investments.

### 17 SECURITIES FINANCING TRANSACTIONS REGULATION

Additional disclosures are required where the fund invests in securities financing transactions (SFTs). For the year ended 7 March 2017 the fund has not invested in SFTs and will not be making additional disclosures.

### 18 POST BALANCE SHEET EVENT

Subsequent to the year end, market fluctuations have resulted in changes to the NAV as described in the table below:

	Net asset value per share (£)		
Share class	7 March 2017	7 June 2017	% Movement
Class 1 – Income shares	7.1158	8.0194	12.70
Class 1 – Accumulation shares	7.3059	8.2356	12.73
Class 1 CHF Hedged – Accumulation shares	1.3166	1.4670	11.42
Class 2 – Accumulation shares	8.1794	9.2345	12.90
Class Z – Income shares	1.5920	1.7853	12.14
Class Z – Accumulation shares	1.7249	1.9482	12.95
Class Z CHF Hedged – Accumulation shares	1.3331	1.4883	11.64



## Threadneedle Pan European Smaller Companies Fund

### Investment Report

#### Investment Objective

To achieve capital growth.

#### Investment Policy

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

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

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

Over the twelve months to 7 March 2017, the published share price of the Threadneedle Pan European Smaller Companies Fund has risen from 179.66p to 215.73p.

The total return on the fund for the twelve months ending 28 February 2017, including net reinvested income, is +17.95% as compared to a median return of +24.64% over the same period. For information the Euromoney Smaller Europe Inc UK Index gave a total return of +29.08% for the same period.

#### Market Overview and Portfolio Activity

This was a strong year for European markets. Economic data in the UK and the eurozone provided grounds for optimism, as did a firmer oil price and some more positive economic news from China, a key export market. Investors were also heartened by news that the European Central Bank (ECB) had unleashed a further round of measures designed to stimulate the economy and drive inflation upwards; the asset-purchase scheme was later extended in an attempt to offset economic headwinds and prevent additional uncertainty during political elections.

Markets received a shock in June when the UK voted to leave the EU, introducing a period of political and economic uncertainty, and boosting support for anti-EU and anti-euro factions elsewhere. Mindful of recessionary risks, the Bank of England (BoE) provided economic support, which helped to reassure investors.

The eurozone's composite purchasing managers' index (PMI) remained in expansionary territory throughout the year, and ended on a particularly firm note. UK GDP reached 1.8% for 2016, as consumers remained undeterred by Brexit-related uncertainty. Inflation has been low in recent years, but edged up to 1.8% in both the eurozone and the UK – just below the 2% targets set by the ECB and the BoE. The rise was partly due to higher food and fuel costs; inflation in the UK was also affected by sterling weakness following the Brexit vote. Corporate deal activity gathered momentum; plans for several high-profile mergers and acquisitions were announced towards the year end.

The US election caused some market jitters. However, Donald Trump's victory sparked an equity-market rally, particularly in cyclical stocks (generally, stocks issued by companies whose earnings rise and fall with changes in economic conditions); he plans to stimulate the US economy, an important export market for European companies (although they may suffer from his protectionism). The US Federal Reserve increased interest rates, bolstering financial stocks – the prospect of looser regulation under Trump's presidency also supported the sector.

In Italy, Prime Minister Renzi resigned after his proposals were rejected in a constitutional referendum, and the government prepared to bail out one of the country's largest financial institutions, Banca Monte dei Paschi di Siena. However, the post-Brexit wave of political upheavals did not extend to elections in Austria and the Netherlands, as more moderate candidates prevailed.

Major transactions included opening new positions in Big Yellow Group, Just Eat and Criteo. Big Yellow Group is a self-storage business, based in the UK; a new site rollout programme is bolstering growth. Just Eat is an online food-delivery platform; the company benefits from advantages of scale and operates internationally. Criteo is a fast-growing web-advertising business with a strong position in predictive search.

Sales included Aalberts and Braas Monier Building Group. Underlying markets are getting tougher for industrial firm Aalberts and the stock's valuation appeared stretched. We sold Braas Monier Building Group following a share-price rally; the German roofing-materials firm had received a takeover bid from US-quoted Standard Industries. Other sales included Banca Generali; the Italian banking system is under strain.

Market volatility continues in the wake of the Brexit vote, Trump's election victory and Italy's referendum – it will take time before the full political, financial and economic repercussions become clear. There is also the risk of anti-EU political contagion with elections due in France and Germany. Of particular importance has been the rise in long-term bond yields, especially in the US (Trump's policies could lead to a reflationary trend). This has hampered the performance of bond proxies and boosted many financial stocks in recent months. The oil price and China's economic outlook have also affected equity markets.

However, volatile markets provide us with investment opportunities. Mergers and acquisitions activity may gather momentum, while quantitative easing, relatively low energy prices and loose credit conditions continue to support the trading environment for European companies. In the UK, exporters and global businesses are likely to benefit from sterling's weakness. We continue to favour companies with robust earnings prospects and pricing power.

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2016 to 7 March 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains	2	287,701	111,955
Revenue	3	32,259	25,020
Expenses	4	(18,988)	(17,934)
Interest payable and similar charges	5	(70)	(48)
Net revenue before taxation		13,201	7,038
Taxation	6	(1,004)	(301)
Net revenue after taxation		12,197	6,737
<b>Total return before distributions</b>		<b>299,898</b>	<b>118,692</b>
Distributions	7	(12,206)	(6,779)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>287,692</b>	<b>111,913</b>

### BALANCE SHEET

as at 7 March 2017

	Notes	2017 £000	2016 £000
<b>Assets:</b>			
<b>Fixed assets:</b>			
Investments		1,556,884	1,672,810
<b>Current assets:</b>			
Debtors	8	7,794	4,677
Cash and bank balances	9	7,061	7,534
<b>Total assets</b>		<b>1,571,739</b>	<b>1,685,021</b>
<b>Liabilities:</b>			
<b>Investment liabilities</b>		(339)	(3)
<b>Creditors:</b>			
Bank overdrafts	9	(68)	–
Distribution payable		(1)	–
Other creditors	10	(14,890)	(8,532)
<b>Total liabilities</b>		<b>(15,298)</b>	<b>(8,535)</b>
<b>Net assets attributable to shareholders</b>		<b>1,556,441</b>	<b>1,676,486</b>

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

for the accounting period 8 March 2016 to 7 March 2017

	2017 £000	2016 £000
<b>Opening net assets attributable to shareholders</b>	<b>1,676,486</b>	<b>1,191,933</b>
Amounts receivable on the issue of shares	220,330	719,863
Amounts payable on the cancellation of shares	(639,272)	(356,112)
	(418,942)	363,751
Dilution adjustment	1,678	274
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	287,692	111,913
Retained distribution on accumulation shares	9,527	8,615
<b>Closing net assets attributable to shareholders</b>	<b>1,556,441</b>	<b>1,676,486</b>

### DISTRIBUTION TABLE

for the accounting period 8 March 2016 to 7 March 2017

Dividend distribution in pence per share

#### Class 1 – Income shares\*

Distribution Period	Revenue	Equalisation	Distribution Payable 2016/2017
<b>Group 1</b> 08/03/16 to 07/03/17	0.1999	–	0.1999
<b>Group 2</b> 08/03/16 to 07/03/17	–	0.1999	0.1999
<b>Total distributions in the period</b>			<b>0.1999</b>

#### Class 1 – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b> 08/03/16 to 07/03/17	0.3634	–	0.3634	0.1112
<b>Group 2</b> 08/03/16 to 07/03/17	–	0.3634	0.3634	0.1112
<b>Total distributions in the period</b>			<b>0.3634</b>	<b>0.1112</b>

\*In pound Sterling and against UK peer group.



# Threadneedle Pan European Smaller Companies Fund

## DISTRIBUTION TABLE

(continued)

### Class 1 CHF Hedged – Accumulation shares\*

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	0.1879	–	0.1879	–
<b>Group 2</b>				
08/03/16 to 07/03/17	–	0.1879	0.1879	–
<b>Total distributions in the period</b>			<b>0.1879</b>	<b>–</b>

### Class 1 USD Hedged – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	0.1871	–	0.1871	0.0692
<b>Group 2</b>				
08/03/16 to 07/03/17	–	0.1871	0.1871	0.0692
<b>Total distributions in the period</b>			<b>0.1871</b>	<b>0.0692</b>

### Class 2 – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	1.6700	–	1.6700	1.2463
<b>Group 2</b>				
08/03/16 to 07/03/17	0.0190	1.6510	1.6700	1.2463
<b>Total distributions in the period</b>			<b>1.6700</b>	<b>1.2463</b>

### Class X – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	2.4588	–	2.4588	1.9981
<b>Group 2</b>				
08/03/16 to 07/03/17	2.4588	–	2.4588	1.9981
<b>Total distributions in the period</b>			<b>2.4588</b>	<b>1.9981</b>

### Class Z – Income shares\*

Distribution Period	Revenue	Equalisation	Distribution Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	1.1295	–	1.1295	–
<b>Group 2</b>				
08/03/16 to 07/03/17	0.0695	1.0600	1.1295	–
<b>Total distributions in the period</b>			<b>1.1295</b>	<b>–</b>

### Class Z – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	1.4470	–	1.4470	1.1127
<b>Group 2</b>				
08/03/16 to 07/03/17	0.1103	1.3367	1.4470	1.1127
<b>Total distributions in the period</b>			<b>1.4470</b>	<b>1.1127</b>

### Class Z CHF Hedged – Accumulation shares\*

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	1.0443	–	1.0443	0.0344
<b>Group 2</b>				
08/03/16 to 07/03/17	–	1.0443	1.0443	0.0344
<b>Total distributions in the period</b>			<b>1.0443</b>	<b>0.0344</b>

### Class Z USD Hedged – Accumulation shares\*

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	1.0865	–	1.0865	–
<b>Group 2</b>				
08/03/16 to 07/03/17	0.0114	1.0751	1.0865	–
<b>Total distributions in the period</b>			<b>1.0865</b>	<b>–</b>

Group 2: shares purchased during a distribution period.

\*For launch dates, refer to the footnotes after the comparative tables.

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.



## Threadneedle Pan European Smaller Companies Fund

### Comparative Table Disclosure

	Class 1 – Income shares		Class 1 – Accumulation shares		
	07/03/2017 <sup>1</sup>		07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>					
Opening net asset value per share (p)	100.00		179.45	165.48	158.11
Return before operating charges (p)	24.54		40.13	16.86	9.90
Operating charges (p)	(1.86)		(3.25)	(2.89)	(2.53)
Return after operating charges (p)*	22.68		36.88	13.97	7.37
Distributions (p)	(0.20)		(0.36)	(0.11)	(0.39)
Retained distributions on accumulation shares (p)	–		0.36	0.11	0.39
Closing net asset value per share (p)	122.48		216.33	179.45	165.48
*after direct transaction costs of (p)	0.09		0.16	0.29	0.22
<b>Performance</b>					
Return after charges (%)	22.68		20.55	8.44	4.66
<b>Other information</b>					
Closing net asset value (£000)	234		562,041	598,797	462,222
Closing number of shares	191,150		259,801,294	333,684,421	279,330,342
Operating charges (%)**	1.66 <sup>†</sup>		1.67	1.67	1.67
Direct transaction costs (%)***	0.08		0.08	0.16	0.14
<b>Prices</b>					
Highest share price (p)	122.34		215.73	185.31	165.65
Lowest share price (p)	100.00		176.33	161.62	133.38
	Class 1 CHF Hedged – Accumulation shares		Class 1 USD Hedged – Accumulation shares		
	07/03/2017	07/03/2016 <sup>2</sup>	07/03/2017	07/03/2016	07/03/2015 <sup>3</sup>
<b>Change in net assets per share</b>					
Opening net asset value per share (p)	98.31	100.00	113.50	105.25	100.00
Return before operating charges (p)	23.75	(0.53)	32.42	10.08	5.29
Operating charges (p)	(1.81)	(1.16)	(2.04)	(1.83)	(0.04)
Return after operating charges (p)*	21.94	(1.69)	30.38	8.25	5.25
Distributions (p)	(0.19)	–	(0.19)	(0.07)	(0.01)
Retained distributions on accumulation shares (p)	0.19	–	0.19	0.07	0.01
Closing net asset value per share (p)	120.25	98.31	143.88	113.50	105.25
*after direct transaction costs of (p)	0.09	0.11	0.10	0.18	–
<b>Performance</b>					
Return after charges (%)	22.32	(1.69)	26.77	7.84	5.25
<b>Other information</b>					
Closing net asset value (£000)	314	100	43,333	70,233	1,815
Closing number of shares	261,069	101,228	30,117,937	61,880,360	1,724,265
Operating charges (%)**	1.67	1.69 <sup>†</sup>	1.67	1.67	1.49 <sup>†</sup>
Direct transaction costs (%)***	0.08	0.16	0.08	0.16	0.14
<b>Prices</b>					
Highest share price (p)	120.12	102.87	143.48	118.07	105.74
Lowest share price (p)	96.33	89.59	108.29	98.56	100.00



## Threadneedle Pan European Smaller Companies Fund

### Comparative Table Disclosure

(continued)

	Class 2 – Accumulation shares			Class X – Accumulation shares		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	191.51	175.51	166.67	124.84	113.27	106.51
Return before operating charges (p)	42.98	17.95	10.54	28.18	11.64	6.82
Operating charges (p)	(2.20)	(1.95)	(1.70)	(0.08)	(0.07)	(0.06)
Return after operating charges (p)*	40.78	16.00	8.84	28.10	11.57	6.76
Distributions (p)	(1.67)	(1.25)	(1.39)	(2.46)	(2.00)	(1.92)
Retained distributions on accumulation shares (p)	1.67	1.25	1.39	2.46	2.00	1.92
Closing net asset value per share (p)	232.29	191.51	175.51	152.94	124.84	113.27
*after direct transaction costs of (p)	0.17	0.30	0.23	0.11	0.20	0.15
<b>Performance</b>						
Return after charges (%)	21.29	9.12	5.30	22.51	10.21	6.35
<b>Other information</b>						
Closing net asset value (£000)	273,032	366,482	246,874	87,038	76,370	113,092
Closing number of shares	117,538,674	191,368,225	140,661,529	56,908,346	61,174,037	99,839,877
Operating charges (%)**	1.06	1.06	1.06	0.06	0.06	0.06
Direct transaction costs (%)***	0.08	0.16	0.14	0.08	0.16	0.14
<b>Prices</b>						
Highest share price (p)	231.65	197.53	175.70	152.52	128.53	113.39
Lowest share price (p)	188.19	171.43	141.13	122.68	110.65	90.73

	Class Z – Income shares		Class Z – Accumulation shares		
	07/03/2017	07/03/2016 <sup>4</sup>	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>					
Opening net asset value per share (p)	106.11	100.00	136.09	124.50	118.02
Return before operating charges (p)	23.84	6.49	30.56	12.74	7.48
Operating charges (p)	(1.02)	(0.38)	(1.30)	(1.15)	(1.00)
Return after operating charges (p)*	22.82	6.11	29.26	11.59	6.48
Distributions (p)	(1.13)	–	(1.45)	(1.11)	(1.19)
Retained distributions on accumulation shares (p)	–	–	1.45	1.11	1.19
Closing net asset value per share (p)	127.80	106.11	165.35	136.09	124.50
*after direct transaction costs of (p)	0.09	0.06	0.12	0.22	0.17
<b>Performance</b>					
Return after charges (%)	21.51	6.11	21.50	9.31	5.49
<b>Other information</b>					
Closing net asset value (£000)	82	42	586,806	561,806	367,930
Closing number of shares	64,001	40,001	354,878,865	412,834,424	295,526,612
Operating charges (%)**	0.88	0.98 <sup>†</sup>	0.88	0.88	0.88
Direct transaction costs (%)***	0.08	0.16	0.08	0.16	0.14
<b>Prices</b>					
Highest share price (p)	128.58	109.41	164.90	140.32	124.63
Lowest share price (p)	104.27	97.03	133.73	121.61	100.00



## Threadneedle Pan European Smaller Companies Fund

### Comparative Table Disclosure

(continued)

	Class Z CHF Hedged – Accumulation shares		Class Z USD Hedged – Accumulation shares	
	07/03/2017	07/03/2016 <sup>5</sup>	07/03/2017	07/03/2016 <sup>6</sup>
<b>Change in net assets per share</b>				
Opening net asset value per share (p)	98.86	100.00	105.54	100.00
Return before operating charges (p)	24.04	(0.53)	30.45	6.11
Operating charges (p)	(0.96)	(0.61)	(1.01)	(0.57)
Return after operating charges (p)*	23.08	(1.14)	29.44	5.54
Distributions (p)	(1.04)	(0.03)	(1.09)	–
Retained distributions on accumulation shares (p)	1.04	0.03	1.09	–
Closing net asset value per share (p)	121.94	98.86	134.98	105.54
*after direct transaction costs of (p)	0.09	0.11	0.09	0.10
<b>Performance</b>				
Return after charges (%)	23.35	(1.14)	27.89	5.54
<b>Other information</b>				
Closing net asset value (€000)	445	296	3,116	2,360
Closing number of shares	365,371	299,142	2,308,240	2,236,141
Operating charges (%)**	0.88	0.89 <sup>†</sup>	0.88	0.90 <sup>†</sup>
Direct transaction costs (%)***	0.08	0.16	0.08	0.16
<b>Prices</b>				
Highest share price (p)	121.74	103.35	134.60	109.64
Lowest share price (p)	97.02	90.04	100.80	91.34

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.

\*\*The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit [columbiathreadneedle.com/fees](http://columbiathreadneedle.com/fees).

\*\*\*Transaction costs have not been reduced by any amounts collected from dilution levies/adjustments.

<sup>1</sup>Class 1 – Income shares commenced 10 March 2016.

<sup>2</sup>Class 1 CHF Hedged – Accumulation shares commenced 24 June 2015.

<sup>3</sup>Class 1 USD Hedged – Accumulation shares commenced 25 February 2015.

<sup>4</sup>Class Z – Income shares commenced 13 October 2015.

<sup>5</sup>Class Z CHF Hedged – Accumulation shares commenced 24 June 2015.

<sup>6</sup>Class Z USD Hedged – Accumulation shares commenced 29 July 2015.

<sup>†</sup>The Ongoing Charges Figure is annualised based on the fees incurred since commencement date.



# Threadneedle Pan European Smaller Companies Fund

## Notes to the financial statements

for the accounting period 8 March 2016 to 7 March 2017

### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 5 and 6.

### 2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2017	2016
	£000	£000
Non-derivative securities	284,711	111,811
Forward currency contracts	1,998	(707)
Other gains	997	856
Transaction costs	(5)	(5)
Net capital gains	287,701	111,955

### 3 REVENUE

	2017	2016
	£000	£000
UK dividends	8,836	9,526
Overseas dividends	23,341	15,332
Interest on debt securities	5	4
Bank interest	77	79
Underwriting commission	–	79
Total revenue	32,259	25,020

### 4 EXPENSES

	2017	2016
	£000	£000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(17,008)	(16,073)
Registration fees	(1,698)	(1,607)
	(18,706)	(17,680)
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depositary's fees	(170)	(145)
Safe custody fees	(84)	(73)
	(254)	(218)
Other expenses:		
Regulatory fees	(5)	(22)
Audit fees	(12)	(14)
Audit fees – non-audit services	(9)	–
Professional fees	(2)	–
	(28)	(36)
Total expenses*	(18,988)	(17,934)

\*Including irrecoverable VAT where applicable.

### 5 INTEREST PAYABLE AND SIMILAR CHARGES

	2017	2016
	£000	£000
Interest payable	(70)	(48)
Total interest payable & similar charges	(70)	(48)

### 6 TAXATION

	2017	2016
	£000	£000
<b>a) Analysis of charge in period</b>		
Overseas taxes	(1,004)	(301)
Total current tax (note 6b)	(1,004)	(301)
Total tax charge for the period	(1,004)	(301)
<b>b) Factors affecting taxation charge for period</b>		
Net revenue before taxation	13,201	7,038
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(2,640)	(1,408)

Effects of:

Revenue not subject to taxation	6,319	4,911
Overseas taxes	(1,004)	(301)
Excess expenses	(3,677)	(3,495)
Retail Distribution Review (RDR) conversion transfer from capital	(2)	(8)
Current tax charge for period (note 6a)	(1,004)	(301)

The fund has not recognised a deferred tax asset of £14,582,553 (2016: £10,907,633) arising as a result of having unutilised management expenses. The movement in deferred tax asset may not agree to the excess expenses figure quoted above due to prior year adjustments. It is unlikely that these expenses will be utilised in future years.

### 7 DISTRIBUTIONS

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

	2017	2016
	£000	£000
Final	9,528	8,615
	9,528	8,615
Add: Revenue deducted on the cancellation of shares	4,393	2,438
Deduct: Revenue received on the creation of shares	(1,715)	(4,274)
Net distribution for the period	12,206	6,779
Net revenue after taxation	12,197	6,737
Equalisation on conversion	9	41
Shortfall transfer from capital to revenue	–	1
Total distributions	12,206	6,779

Details of the distribution per share and any share class with a shortfall are set out in the table on pages 102 to 103.

### 8 DEBTORS

	2017	2016
	£000	£000
Amounts receivable for the issue of shares	2,919	1,300
Sales awaiting settlement	2,529	1,301
Accrued revenue	121	190
Foreign withholding tax recoverable*	2,225	1,886
Total debtors	7,794	4,677

\*As per a Memorandum of Understanding ("MOU") between the governments of Switzerland and the U.K., a U.K. OEIC is entitled to reclaim Swiss withholding tax ("WHT") that is suffered on dividend income payments. However since October 2016 the Swiss Tax Authority (STA) have requested additional information to support these reclaims and, whilst the Fund continues to be eligible, our claims have not currently been accepted as we have not currently been able to satisfy the detailed information requested due largely to data protection issues. As at 7 March 2017 within foreign withholding tax recoverable we continue to accrue for the refunds which amount to £251,694 which represents 0.02% of the overall NAV. We are monitoring the situation with the STA and should our view on recovery change, for example, if claims are formally rejected, the accruals may be written off.

### 9 CASH AND BANK BALANCES

	2017	2016
	£000	£000
Amounts held at futures clearing houses and brokers	252	696
Cash and bank balances	6,809	6,838
	7,061	7,534
Bank overdrafts	(68)	–
Total cash and bank balances	6,993	7,534



## Threadneedle Pan European Smaller Companies Fund

### Notes to the financial statements

(continued)

#### 10 OTHER CREDITORS

	2017 £000	2016 £000
Amounts payable for the cancellation of shares	(6,383)	(3,499)
Purchases awaiting settlement	(6,769)	(3,086)
Accrued expenses	(46)	(37)
Amounts payable to ACD	(1,692)	(1,910)
Total other creditors	(14,890)	(8,532)

#### 11 DILUTION ADJUSTMENT

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

#### 12 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, as ACD, is a related party and acts as principal in respect of all transactions of shares in the fund.

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

Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 8 and 10.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 10.

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

#### 13 SHAREHOLDER FUNDS

Threadneedle Pan European Smaller Companies Fund currently has four share classes; Class 1, Class 2, Class X and Class Z shares. The charges on each share class are as follows:

##### Annual management charge

Class 1 shares	1.50%
Class 2 shares	1.00%
Class X shares	N/A*
Class Z shares	0.75%

##### Registration fees

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

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 104 to 106. The distribution per share class is given in the distribution table on pages 102 to 103.

All classes have the same rights on winding up.

\*X Shares are not subject to an Annual Management Charge.

##### Reconciliation of shares

	2017
<b>Class 1 – Income shares*</b>	
Opening shares	–
Shares issued	191,150
Shares redeemed	–
Net conversions	–
Closing shares	191,150
<b>Class 1 – Accumulation shares</b>	
Opening shares	333,684,421
Shares issued	52,290,391
Shares redeemed	(124,463,710)
Net conversions	(1,709,808)
Closing shares	259,801,294

<b>Class 1 CHF Hedged – Accumulation shares</b>	<b>2017</b>
Opening shares	101,228
Shares issued	235,068
Shares redeemed	(75,227)
Net conversions	–
Closing shares	261,069

<b>Class 1 USD Hedged – Accumulation shares</b>	
Opening shares	61,880,360
Shares issued	1,141,750
Shares redeemed	(32,547,615)
Net conversions	(356,558)
Closing shares	30,117,937

<b>Class 2 – Accumulation shares</b>	
Opening shares	191,368,225
Shares issued	18,809,890
Shares redeemed	(92,709,320)
Net conversions	69,879
Closing shares	117,538,674

<b>Class X – Accumulation shares</b>	
Opening shares	61,174,037
Shares issued	–
Shares redeemed	(4,265,691)
Net conversions	–
Closing shares	56,908,346

<b>Class Z – Income shares</b>	
Opening shares	40,001
Shares issued	24,000
Shares redeemed	–
Net conversions	–
Closing shares	64,001

<b>Class Z – Accumulation shares</b>	
Opening shares	412,834,424
Shares issued	50,856,348
Shares redeemed	(110,961,500)
Net conversions	2,149,593
Closing shares	354,878,865

<b>Class Z CHF Hedged – Accumulation shares</b>	
Opening shares	299,142
Shares issued	92,196
Shares redeemed	(25,967)
Net conversions	–
Closing shares	365,371

<b>Class Z USD Hedged – Accumulation shares</b>	
Opening shares	2,236,141
Shares issued	2,327,270
Shares redeemed	(2,638,359)
Net conversions	383,188
Closing shares	2,308,240

\*For launch dates, refer to the footnotes after the comparative tables.

#### 14 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 6.

##### Market price risk sensitivity

A 5% market movement applied to the fund would result in an increase or decrease on net asset value of the fund by 4.63% (2016: 4.59%).

##### Currency exposures

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



## Threadneedle Pan European Smaller Companies Fund

### Notes to the financial statements

(continued)

	Monetary exposures	Non- monetary exposures	Total
	£000	£000	£000
<b>Currency 2017</b>			
Danish Krone	412	62,999	63,411
Euro	11,104	920,967	932,071
Norwegian Krone	15	—	15
Swedish Krona	23	84,721	84,744
Swiss Franc	212	63,540	63,752
US Dollar	(2,239)	62,841	60,602
<b>Currency 2016</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Danish Krone	186	80,152	80,338
Euro	4,010	947,660	951,670
Norwegian Krone	204	—	204
Swedish Krona	20	71,810	71,830
Swiss Franc	456	39,990	40,446
US Dollar	61	90,547	90,608

#### Currency sensitivity analysis

The only material currency exposure of the fund is to the Euro. A movement of 10.88% (2016: 6.74%) in this currency (equivalent to the movement in the year) would result in a change in the fund value of 6.52% (2016: 3.83%).

#### Credit/Counterparty exposure

The following details exposure to counterparties obtained through the use of derivatives:

	Forward Foreign Exchange Contracts Exposure	Collateral Pledged
	£000	£000
<b>2017</b>		
<b>Counterparty</b>		
J.P. Morgan	—	252
<b>2016</b>		
<b>Counterparty</b>	<b>£000</b>	<b>£000</b>
Citigroup	1	—
J.P. Morgan	330	696

The fund did not hold any collateral received from the fund's counterparties in either the current or prior year.

Positive exposure represents the fund's exposure to that counterparty and not the fund's holdings with that counterparty.

#### Interest rate risk

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

#### Interest rate risk profile of financial assets and financial liabilities

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

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
	£000	£000	£000	£000
<b>Currency 2017</b>				
Danish Krone	—	—	63,411	63,411
Euro	7,053	—	976,235	983,288
Norwegian Krone	—	—	15	15
Swedish Krona	—	—	84,744	84,744
Swiss Franc	1	—	63,792	63,793
UK Sterling	—	—	364,518	364,518
US Dollar	7	—	65,839	65,846
<b>Currency 2016</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Danish Krone	—	—	80,338	80,338
Euro	5,953	—	1,023,298	1,029,251
Norwegian Krone	—	—	204	204
Swedish Krona	—	—	71,830	71,830
Swiss Franc	—	—	40,450	40,450
UK Sterling	1,522	—	446,476	447,998
US Dollar	61	—	91,465	91,526

	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
	£000	£000	£000	£000
<b>Currency 2017</b>				
Euro	—	—	(51,217)	(51,217)
Swiss Franc	—	—	(41)	(41)
UK Sterling	(68)	—	(12,604)	(12,672)
US Dollar	—	—	(5,244)	(5,244)
<b>Currency 2016</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Euro	—	—	(77,581)	(77,581)
Swiss Franc	—	—	(4)	(4)
UK Sterling	—	—	(6,608)	(6,608)
US Dollar	—	—	(918)	(918)

#### Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances (2016: same).

#### Derivative risks

Other than equities which do not have maturity dates, non interest-bearing assets relate to forward foreign exchange contracts. Derivatives including forward foreign exchange contracts are employed when they are the cheapest and most efficient method of gaining exposure. This increases the risk profile of the fund and may result in a higher degree of volatility. All open positions are regularly reviewed by the fund manager. The fund has entered into various forward foreign exchange contracts during this accounting period. Such contracts commit the fund to future deliveries or receipts, typically three months forward, of assets and liabilities, at prices decided at the point of striking the contract. They therefore allow the fund manager to limit risk, or to enhance fund performance in return for the acceptance of greater risk.

At 7 March 2017, the fund had outstanding forward foreign exchange contracts with an asset value of £2,000 (2016: £334,000) and a liability value of £339,000 (2016: £3,000).

### 15 FAIR VALUE DISCLOSURE

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

**Level 1** – Quoted prices for identical instruments in active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

**Level 2** – Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investments schemes.

**Level 3** – Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

	2017		2016	
	Assets	Liabilities	Assets	Liabilities
Valuation technique	£000	£000	£000	£000
Level 1	1,556,882	—	1,672,476	—
Level 2	2	(339)	334	(3)
	1,556,884	(339)	1,672,810	(3)

### 16 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2016: Nil).



## Threadneedle Pan European Smaller Companies Fund

### Notes to the financial statements

(continued)

#### 17 PORTFOLIO TRANSACTION COSTS

##### 7 March 2017

	Value £000	Commissions £000	%	Taxes £000	%
<b>Purchases</b>					
Equities	224,731	182	0.08	476	0.21
Corporate actions	7,218	—	—	—	—
<b>Total</b>	<b>231,949</b>	<b>182</b>		<b>476</b>	

##### Gross purchases total:

**232,607**

	Value £000	Commissions £000	%	Taxes £000	%
<b>Sales</b>					
Equities	633,412	621	0.10	—	—
Corporate actions	107	—	—	—	—
<b>Total</b>	<b>633,519</b>	<b>621</b>		<b>—</b>	

**Total sales net of transaction costs: 632,898**

##### Transaction costs as a percentage of average Net Assets

Commissions: 0.05%  
Taxes: 0.03%

##### 7 March 2016

	Value £000	Commissions £000	%	Taxes £000	%
<b>Purchases</b>					
Equities	716,035	725	0.10	1,390	0.19
Corporate actions	21,510	—	—	—	—
<b>Total</b>	<b>737,545</b>	<b>725</b>		<b>1,390</b>	

##### Gross purchases total:

**739,660**

	Value £000	Commissions £000	%	Taxes £000	%
<b>Sales</b>					
Equities	322,591	368	0.11	—	—
Corporate actions	16,281	—	—	—	—
<b>Total</b>	<b>338,872</b>	<b>368</b>		<b>—</b>	

**Total sales net of transaction costs: 338,504**

##### Transaction costs as a percentage of average Net Assets

Commissions: 0.07%  
Taxes: 0.09%

Portfolio transaction costs are incurred by the fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

**Direct transaction costs:** Broker commissions, fees and taxes.

**Indirect transaction costs:** 'Dealing spread' – the difference between the buying and selling prices of the fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.15% (7 March 2016: 0.24%), being the difference between the respective bid and offer prices for the fund's investments.

#### 19 POST BALANCE SHEET EVENT

Subsequent to the year end, market fluctuations have resulted in changes to the NAV as described in the table below:

Share class	Net asset value per share (£)		
	7 March 2017	7 June 2017	% Movement
Class 1 – Income shares	1.2234	1.3679	11.81
Class 1 – Accumulation shares	2.1573	2.4162	12.00
Class 1 CHF Hedged – Accumulation shares	1.1997	1.3275	10.65
Class 2 – Accumulation shares	2.3165	2.5984	12.17
Class X – Accumulation shares	1.5252	1.7152	12.46
Class Z – Income shares	1.2858	1.4302	11.23
Class Z – Accumulation shares	1.6490	1.8505	12.22
Class Z CHF Hedged – Accumulation shares	1.2160	1.3491	10.95

#### 18 SECURITIES FINANCING TRANSACTIONS REGULATION

Additional disclosures are required where the fund invests in securities financing transactions (SFTs). For the year ended 7 March 2017 the fund has not invested in SFTs and will not be making additional disclosures.



## Threadneedle Pan European Fund

### Investment Report

#### Investment Objective

To achieve capital growth.

#### Investment Policy

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

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

Over the twelve months to 7 March 2017, the published share price of the Threadneedle Pan European Fund has risen from 131.18p to 157.91p.

Looking at the sterling performance within its peer group, the total return on the fund for the twelve months ending 28 February 2017, including net reinvested income, is +17.57% as compared to a median return of +22.82% over the same period. For information the MSCI World Europe Index returned +26.34% over the same period.

#### Market Overview and Portfolio Activity

This was a strong year for European markets. Economic data in the UK and the eurozone provided grounds for optimism, as did a firmer oil price and some more positive economic news from China, a key export market. Investors were also heartened by news that the European Central Bank (ECB) had unleashed a further round of measures designed to stimulate the economy and drive inflation upwards; the asset-purchase scheme was later extended in an attempt to offset economic headwinds and prevent additional uncertainty during political elections.

Markets received a shock in June when the UK voted to leave the EU, introducing a period of political and economic uncertainty, and

boosting support for anti-EU and anti-euro factions elsewhere. Mindful of recessionary risks, the Bank of England (BoE) provided economic support, which helped to reassure investors.

The eurozone's composite purchasing managers' index (PMI) remained in expansionary territory throughout the year, and ended on a particularly firm note. UK GDP reached 1.8% for 2016, as consumers remained undeterred by Brexit-related uncertainty. Inflation has been low in recent years, but edged up to 1.8% in both the eurozone and the UK – just below the 2% targets set by the ECB and the BoE. The rise was partly due to higher food and fuel costs; inflation in the UK was also affected by sterling weakness following the Brexit vote. Corporate deal activity gathered momentum; plans for several high-profile mergers and acquisitions were announced towards the year end.

The US election caused some market jitters. However, Donald Trump's victory sparked an equity-market rally, particularly in cyclical companies whose earnings rise and fall with changes in economic conditions; he plans to stimulate the US economy, an important export market for European companies (although they may suffer from his protectionism). The US Federal Reserve increased interest rates, bolstering financial stocks – the prospect of looser regulation under Trump's presidency also supported the sector.

In Italy, Prime Minister Renzi resigned after his proposals were rejected in a constitutional referendum, and the government prepared to bail out one of the country's largest financial institutions, Banca Monte dei Paschi di Siena. However, the post-Brexit wave of political upheavals did not extend to elections in Austria and the Netherlands, as more moderate candidates prevailed.

Major transactions included opening new positions in BASF, Standard Chartered, BNP Paribas and Rio Tinto. A stronger oil price should enhance BASF's earnings, and growth in the company's

core chemicals business is encouraging. Standard Chartered was trading at an attractive valuation and the bank's asset quality is improving, while better prospects for long-bond yields in the eurozone should help support profitability for some banks, such as BNP Paribas. Trump's policies may generate higher growth in the US and increase the demand for raw materials, potentially boosting Rio Tinto's earnings; the company now has a more efficient operating structure, having undergone a period of restructuring.

We sold the holding in pharmaceutical firm Novartis, a relatively defensive stock. Other sales included ARM and the London Stock Exchange. Shares in UK technology firm ARM had risen strongly following a takeover bid from Japan's SoftBank, while the London Stock Exchange had rallied on news of a potential merger with Deutsche Boerse.

Market volatility continues in the wake of the Brexit vote, Trump's election victory and Italy's referendum – it will take time before the full political, financial and economic repercussions become clear. There is also the risk of anti-EU political contagion with elections due in France and Germany. Of particular importance has been the rise in long-term bond yields, especially in the US (Trump's policies could lead to a reflationary trend). This has hampered the performance of bond proxies and boosted many financial stocks in recent months. The oil price and China's economic outlook have also affected equity markets.

However, volatile markets provide us with investment opportunities. Mergers and acquisitions activity may gather momentum, while quantitative easing, relatively low energy prices and loose credit conditions continue to support the trading environment for European companies. In the UK, exporters and global businesses are likely to benefit from sterling's weakness. We continue to favour companies with robust earnings prospects and pricing power.

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2016 to 7 March 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains/(losses)	2	62,389	(20,722)
Revenue	3	10,055	10,040
Expenses	4	(3,670)	(4,159)
Interest payable and similar charges	5	(16)	(4)
Net revenue before taxation		6,369	5,877
Taxation	6	(415)	(416)
Net revenue after taxation		5,954	5,461
<b>Total return before distributions</b>		<b>68,343</b>	<b>(15,261)</b>
Distributions	7	(5,954)	(5,472)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>62,389</b>	<b>(20,733)</b>

### BALANCE SHEET

as at 7 March 2017

	Notes	2017 £000	2016 £000
<b>Assets:</b>			
<b>Fixed assets:</b>			
Investments		320,238	362,387
<b>Current assets:</b>			
Debtors	8	3,860	3,669
Cash and bank balances		509	2,747
<b>Total assets</b>		<b>324,607</b>	<b>368,803</b>
<b>Liabilities:</b>			
<b>Creditors:</b>			
Bank overdrafts		(2)	–
Other creditors	9	(8,713)	(5,189)
<b>Total liabilities</b>		<b>(8,715)</b>	<b>(5,189)</b>
<b>Net assets attributable to shareholders</b>		<b>315,892</b>	<b>363,614</b>

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

for the accounting period 8 March 2016 to 7 March 2017

	2017 £000	2016 £000
<b>Opening net assets attributable to shareholders</b>	<b>363,614</b>	<b>368,340</b>
Amounts receivable on the issue of shares	129,699	188,237
Amounts payable on the cancellation of shares	(244,256)	(125,732)
Amounts payable on inspecie transfers	–	(52,184)
	(114,557)	10,321
Dilution adjustment	239	214
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	62,389	(20,733)
Retained distribution on accumulation shares	4,207	5,472
<b>Closing net assets attributable to shareholders</b>	<b>315,892</b>	<b>363,614</b>

### DISTRIBUTION TABLE

for the accounting period 8 March 2016 to 7 March 2017

Dividend distribution in pence per share

#### Class 1 – Income shares\*

Distribution Period	Revenue	Equalisation	Distribution Payable 2016/2017
<b>Group 1</b>			
08/03/16 to 07/03/17	0.9253	–	0.9253
<b>Group 2</b>			
08/03/16 to 07/03/17	0.9253	–	0.9253
<b>Total distributions in the period</b>			<b>0.9253</b>

#### Class 1 – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	1.1809	–	1.1809	0.9029
<b>Group 2</b>				
08/03/16 to 07/03/17	–	1.1809	1.1809	0.9029
<b>Total distributions in the period</b>			<b>1.1809</b>	<b>0.9029</b>

#### Class 2 – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	2.2835	–	2.2835	2.7652
<b>Group 2</b>				
08/03/16 to 07/03/17	0.5155	1.7680	2.2835	2.7652
<b>Total distributions in the period</b>			<b>2.2835</b>	<b>2.7652</b>

\*In pound Sterling and against UK peer group.



## Threadneedle Pan European Fund

### DISTRIBUTION TABLE

(continued)

#### Class 2i – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	2.4716	–	2.4716	3.2913
<b>Group 2</b>				
08/03/16 to 07/03/17	2.4716	–	2.4716	3.2913
<b>Total distributions in the period</b>			<b>2.4716</b>	<b>3.2913</b>

#### Class X – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	3.7687	–	3.7687	3.2724
<b>Group 2</b>				
08/03/16 to 07/03/17	3.7687	–	3.7687	3.2724
<b>Total distributions in the period</b>			<b>3.7687</b>	<b>3.2724</b>

#### Class Z – Income shares

Distribution Period	Revenue	Equalisation	Distribution Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	1.9800	–	1.9800	1.9054
<b>Group 2</b>				
08/03/16 to 07/03/17	1.9800	–	1.9800	1.9054
<b>Total distributions in the period</b>			<b>1.9800</b>	<b>1.9054</b>

#### Class Z – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	2.4682	–	2.4682	2.0480
<b>Group 2</b>				
08/03/16 to 07/03/17	1.5527	0.9155	2.4682	2.0480
<b>Total distributions in the period</b>			<b>2.4682</b>	<b>2.0480</b>

Group 2: shares purchased during a distribution period.

Equalisation was introduced with effect from 8 March 2016.

\*For launch dates, refer to the footnotes after the comparative tables.

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.



## Threadneedle Pan European Fund

### Comparative Table Disclosure

	Class 1 – Income shares			Class 1 – Accumulation shares		
	07/03/2017 <sup>1</sup>			07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	100.00			131.13	137.65	131.18
Return before operating charges (p)	21.84			29.14	(4.27)	8.59
Operating charges (p)	(1.78)			(2.40)	(2.25)	(2.12)
Return after operating charges (p)*	20.06			26.74	(6.52)	6.47
Distributions (p)	(0.93)			(1.18)	(0.90)	(1.01)
Retained distributions on accumulation shares (p)	–			1.18	0.90	1.01
Closing net asset value per share (p)	119.13			157.87	131.13	137.65
*after direct transaction costs of (p)	0.30			0.39	0.42	0.45
<b>Performance</b>						
Return after charges (%)	20.06			20.39	(4.74)	4.93
<b>Other information</b>						
Closing net asset value (£000)	4			68,712	115,291	87,977
Closing number of shares	3,000			43,524,392	87,920,697	63,913,118
Operating charges (%)**	1.63 <sup>1</sup>			1.67	1.67	1.68
Direct transaction costs (%)***	0.28			0.28	0.31	0.35
<b>Prices</b>						
Highest share price (p)	120.08			157.91	144.43	137.71
Lowest share price (p)	98.41			129.46	120.10	112.26
	Class 2 – Accumulation shares			Class 2i – Accumulation shares		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	144.70	150.96	142.98	156.60	163.38	154.75
Return before operating charges (p)	32.27	(4.68)	9.46	34.91	(5.07)	10.25
Operating charges (p)	(1.69)	(1.58)	(1.48)	(1.81)	(1.71)	(1.62)
Return after operating charges (p)*	30.58	(6.26)	7.98	33.10	(6.78)	8.63
Distributions (p)	(2.28)	(2.77)	(1.53)	(2.47)	(3.29)	(13.16)
Retained distributions on accumulation shares (p)	2.28	2.77	1.53	2.47	3.29	13.16
Closing net asset value per share (p)	175.28	144.70	150.96	189.70	156.60	163.38
*after direct transaction costs of (p)	0.43	0.47	0.49	0.47	0.51	0.53
<b>Performance</b>						
Return after charges (%)	21.13	(4.15)	5.58	21.14	(4.15)	5.58
<b>Other information</b>						
Closing net asset value (£000)	155,723	140,990	197,590	181	349	549
Closing number of shares	88,844,283	97,438,913	130,890,817	95,650	222,944	335,825
Operating charges (%)**	1.06	1.06	1.07	1.06	1.06	1.08
Direct transaction costs (%)***	0.28	0.31	0.35	0.28	0.31	0.35
<b>Prices</b>						
Highest share price (p)	175.31	158.49	151.01	189.74	171.53	163.44
Lowest share price (p)	143.09	132.47	122.82	154.87	143.37	132.93



## Threadneedle Pan European Fund

### Comparative Table Disclosure

(continued)

	Class X – Accumulation shares			Class Z – Income shares		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	140.15	144.76	135.75	105.94	112.20	107.55
Return before operating charges (p)	31.41	(4.52)	9.10	23.65	(3.44)	7.12
Operating charges (p)	(0.09)	(0.09)	(0.09)	(0.94)	(0.91)	(0.84)
Return after operating charges (p)*	31.32	(4.61)	9.01	22.71	(4.35)	6.28
Distributions (p)	(3.77)	(3.27)	(3.22)	(1.98)	(1.91)	(1.63)
Retained distributions on accumulation shares (p)	3.77	3.27	3.22	–	–	–
Closing net asset value per share (p)	171.47	140.15	144.76	126.67	105.94	112.20
*after direct transaction costs of (p)	0.42	0.45	0.47	0.31	0.34	0.37
<b>Performance</b>						
Return after charges (%)	22.35	(3.18)	6.64	21.44	(3.88)	5.84
<b>Other information</b>						
Closing net asset value (£000)	44,554	46,654	46,539	1	8	1
Closing number of shares	25,983,987	33,289,784	32,149,636	1,000	7,508	1,000
Operating charges (%)**	0.06	0.06	0.07	0.83	0.84	0.81
Direct transaction costs (%)***	0.28	0.31	0.35	0.28	0.31	0.35
<b>Prices</b>						
Highest share price (p)	171.50	152.13	144.80	128.68	117.87	113.88
Lowest share price (p)	138.98	128.22	117.32	104.84	98.73	92.53

	Class Z – Accumulation shares		
	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>			
Opening net asset value per share (p)	139.30	145.08	137.17
Return before operating charges (p)	31.07	(4.53)	9.09
Operating charges (p)	(1.34)	(1.25)	(1.18)
Return after operating charges (p)*	29.73	(5.78)	7.91
Distributions (p)	(2.47)	(2.05)	(0.94)
Retained distributions on accumulation shares (p)	2.47	2.05	0.94
Closing net asset value per share (p)	169.03	139.30	145.08
*after direct transaction costs of (p)	0.41	0.45	0.47
<b>Performance</b>			
Return after charges (%)	21.34	(3.98)	5.77
<b>Other information</b>			
Closing net asset value (£000)	46,717	60,322	35,684
Closing number of shares	27,637,976	43,303,926	24,597,128
Operating charges (%)**	0.88	0.88	0.89
Direct transaction costs (%)***	0.28	0.31	0.35
<b>Prices</b>			
Highest share price (p)	169.07	152.34	145.12
Lowest share price (p)	137.82	127.52	117.96

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.

\*\*The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit [columbiathreadneedle.com/fees](http://columbiathreadneedle.com/fees).

\*\*\*Transaction costs have not been reduced by any amounts collected from dilution levies/adjustments.

<sup>1</sup>Class 1 – Income shares commenced 9 March 2016.

<sup>1</sup>The Ongoing Charges Figure is annualised based on the fees incurred since commencement date.



# Threadneedle Pan European Fund

## Notes to the financial statements

for the accounting period 8 March 2016 to 7 March 2017

### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 5 and 6.

### 2 NET CAPITAL GAINS/(LOSSES)

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

	2017 £000	2016 £000
Non-derivative securities	61,436	(20,403)
Forward currency contracts	18	(294)
Other gains/(losses)	941	(21)
Transaction costs	(6)	(4)
Net capital gains/(losses)	62,389	(20,722)

### 3 REVENUE

	2017 £000	2016 £000
UK dividends	4,374	3,935
Overseas dividends	5,663	6,083
Bank interest	18	22
Total revenue	10,055	10,040

### 4 EXPENSES

	2017 £000	2016 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(3,305)	(3,767)
Registration fees	(281)	(307)
	(3,586)	(4,074)
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depositary's fees	(39)	(37)
Safe custody fees	(24)	(27)
	(63)	(64)
Other expenses:		
Regulatory fees	(5)	(10)
Audit fees	(9)	(11)
Audit fees – non-audit services	(4)	–
Professional fees	(3)	–
	(21)	(21)
Total expenses*	(3,670)	(4,159)

\*Including irrecoverable VAT where applicable.

### 5 INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £000	2016 £000
Interest payable	(16)	(4)
Total interest payable & similar charges	(16)	(4)

### 6 TAXATION

	2017 £000	2016 £000
<b>a) Analysis of charge in period</b>		
Overseas taxes	(415)	(416)
Total current tax (note 6b)	(415)	(416)
Total tax charge for the period	(415)	(416)
<b>b) Factors affecting taxation charge for period</b>		
Net revenue before taxation	6,369	5,877
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(1,274)	(1,175)

Effects of:

Revenue not subject to taxation	1,986	1,998
Overseas taxes	(415)	(416)
Excess expenses	(712)	(821)
Retail Distribution Review (RDR) conversion transfer from capital	–	(2)
Current tax charge for period (note 6a)	(415)	(416)

The fund has not recognised a deferred tax asset of £3,321,706 (2016: £2,610,324) arising as a result of having unutilised management expenses. The movement in deferred tax asset may not agree to the excess expenses figure quoted above due to prior year adjustments. It is unlikely that these expenses will be utilised in future years.

### 7 DISTRIBUTIONS

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

	2017 £000	2016 £000
Final	4,207	5,472
	4,207	5,472
Add: Revenue deducted on the cancellation of shares*	2,616	–
Deduct: Revenue received on the creation of shares*	(869)	–
Net distribution for the period	5,954	5,472
Net revenue after taxation	5,954	5,461
Equalisation on conversion	–	11
Total distributions	5,954	5,472

Details of the distribution per share are set out in the table on pages 111 to 112.

\*\*Equalisation was introduced with effect from 8 March 2016.

### 8 DEBTORS

	2017 £000	2016 £000
Amounts receivable for the issue of shares	569	336
Sales awaiting settlement	2,037	2,090
Accrued revenue	583	624
Foreign withholding tax recoverable*	671	619
Total debtors	3,860	3,669

\*As per a Memorandum of Understanding ("MOU") between the governments of Switzerland and the U.K., a U.K. OEIC is entitled to reclaim Swiss withholding tax ("WHT") that is suffered on dividend income payments. However since October 2016 the Swiss Tax Authority (STA) have requested additional information to support these reclaims and, whilst the Fund continues to be eligible, our claims have not currently been accepted as we have not currently been able to satisfy the detailed information requested due largely to data protection issues. As at 7 March 2017 within foreign withholding tax recoverable we continue to accrue for the refunds which amount to £242,363 which represents 0.08% of the overall NAV. We are monitoring the situation with the STA and should our view on recovery change, for example, if claims are formally rejected, the accruals may be written off.

### 9 OTHER CREDITORS

	2017 £000	2016 £000
Amounts payable for the cancellation of shares	(6,914)	(1,075)
Purchases awaiting settlement	(1,473)	(3,719)
Accrued expenses	(18)	(16)
Amounts payable to ACD	(308)	(379)
Total other creditors	(8,713)	(5,189)

### 10 DILUTION ADJUSTMENT

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



# Threadneedle Pan European Fund

## Notes to the financial statements

(continued)

### 11 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, as ACD, is a related party and acts as principal in respect of all transactions of shares in the fund.

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

Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 8 and 9.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 9.

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

### 12 SHAREHOLDER FUNDS

Threadneedle Pan European Fund currently has five share classes; Class 1, Class 2, Class 2i, Class X and Class Z shares. The charges on each share class are as follows:

#### Annual management charge

Class 1 shares	1.50%
Class 2 shares	1.00%
Class 2i shares	1.00%
Class X shares	N/A*
Class Z shares	0.75%

#### Registration fees

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

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 113 to 114. The distribution per share class is given in the distribution table on pages 111 to 112.

All classes have the same rights on winding up.

\*X Shares are not subject to an Annual Management Charge.

#### Reconciliation of shares

	2017
<b>Class 1 – Income shares*</b>	
Opening shares	–
Shares issued	3,000
Shares redeemed	–
Net conversions	–
Closing shares	3,000

#### Class 1 – Accumulation shares

Opening shares	87,920,697
Shares issued	13,661,226
Shares redeemed	(57,998,945)
Net conversions	(58,586)
Closing shares	43,524,392

#### Class 2 – Accumulation shares

Opening shares	97,438,913
Shares issued	12,690,075
Shares redeemed	(21,284,705)
Net conversions	–
Closing shares	88,844,283

#### Class 2i – Accumulation shares

Opening shares	222,944
Shares issued	–
Shares redeemed	(127,294)
Net conversions	–
Closing shares	95,650

	2017
<b>Class X – Accumulation shares</b>	
Opening shares	33,289,784
Shares issued	–
Shares redeemed	(7,305,797)
Net conversions	–
Closing shares	25,983,987

#### Class Z – Income shares

Opening shares	7,508
Shares issued	–
Shares redeemed	(6,508)
Net conversions	–
Closing shares	1,000

#### Class Z – Accumulation shares

Opening shares	43,303,926
Shares issued	62,946,902
Shares redeemed	(78,667,970)
Net conversions	55,118
Closing shares	27,637,976

\*For launch dates, refer to the footnotes after the comparative tables.

### 13 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 6.

#### Market price risk sensitivity

A 5% market movement applied to the fund would result in an increase or decrease on net asset value of the fund by 5.02% (2016: 4.88%).

#### Currency exposures

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

	Monetary exposures	Non-monetary exposures	Total
	£000	£000	£000
<b>Currency 2017</b>			
Danish Krone	77	10,956	11,033
Euro	2,858	163,747	166,605
Norwegian Krone	33	–	33
Swedish Krona	18	11,473	11,491
Swiss Franc	243	29,191	29,434
US Dollar	264	–	264
<b>Currency 2016</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Danish Krone	28	15,970	15,998
Euro	(1,291)	178,795	177,504
Norwegian Krone	29	–	29
Swedish Krona	19	8,045	8,064
Swiss Franc	567	34,686	35,253
US Dollar	208	–	208

#### Currency sensitivity analysis

The only material currency exposure of the fund is to the Euro. A movement of 10.88% (2016: 6.74%) in this currency (equivalent to the movement in the year) would result in a change in the fund value of 5.74% (2016: 3.29%).

#### Credit/Counterparty exposure

As at the balance sheet date there is no derivative exposure or collateral to disclose (2016: same).

The fund did not hold any collateral received from the fund's counterparties in either the current or prior year.

#### Interest rate risk

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



## Threadneedle Pan European Fund

### Notes to the financial statements

(continued)

#### Interest rate risk profile of financial assets and financial liabilities

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

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
Currency 2017	£000	£000	£000	£000
Danish Krone	–	–	11,033	11,033
Euro	508	–	166,097	166,605
Norwegian Krone	–	–	33	33
Swedish Krona	1	–	11,490	11,491
Swiss Franc	–	–	29,434	29,434
UK Sterling	–	–	105,747	105,747
US Dollar	–	–	264	264
Currency 2016	£000	£000	£000	£000
Danish Krone	–	–	15,998	15,998
Euro	119	–	181,104	181,223
Norwegian Krone	–	–	29	29
Swedish Krona	–	–	8,064	8,064
Swiss Franc	245	–	35,008	35,253
UK Sterling	2,384	–	125,644	128,028
US Dollar	–	–	208	208

  

	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
Currency 2017	£000	£000	£000	£000
UK Sterling	(2)	–	(8,713)	(8,715)
Currency 2016	£000	£000	£000	£000
Euro	–	–	(3,719)	(3,719)
UK Sterling	–	–	(1,470)	(1,470)

#### Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances (2016: same).

#### Derivative risks

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

### 14 FAIR VALUE DISCLOSURE

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

**Level 1** – Quoted prices for identical instruments in active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

**Level 2** – Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investments schemes.

**Level 3** – Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

	2017		2016	
Valuation technique	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	320,238	–	362,387	–
	320,238	–	362,387	–

### 15 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2016: Nil).

### 16 PORTFOLIO TRANSACTION COSTS

7 March 2017

	Value £000	Commissions £000	%	Taxes £000	%
Purchases					
Equities	227,644	199	0.09	570	0.25
<b>Total</b>	<b>227,644</b>	<b>199</b>		<b>570</b>	

Gross purchases total:

228,413

	Value £000	Commissions £000	%	Taxes £000	%
Sales					
Equities	327,526	221	0.07	–	–
Corporate actions	4,694	–	–	–	–
<b>Total</b>	<b>332,220</b>	<b>221</b>		<b>–</b>	

Total sales net of transaction costs:

331,999

Transaction costs as a percentage of average Net Assets

Commissions:

0.12%

Taxes:

0.16%

7 March 2016

	Value £000	Commissions £000	%	Taxes £000	%
Purchases					
Equities	288,091	274	0.10	731	0.25
<b>Total</b>	<b>288,091</b>	<b>274</b>		<b>731</b>	

Gross purchases total:

289,096

	Value £000	Commissions £000	%	Taxes £000	%
Sales					
Equities	211,858	189	0.09	–	–
In specie transactions	52,092	–	–	–	–
Corporate actions	4,850	–	–	–	–
<b>Total</b>	<b>268,800</b>	<b>189</b>		<b>–</b>	

Total sales net of transaction costs:

268,611

Transaction costs as a percentage of average Net Assets

Commissions:

0.12%

Taxes:

0.19%

Portfolio transaction costs are incurred by the fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

**Direct transaction costs:** Broker commissions, fees and taxes.

**Indirect transaction costs:** 'Dealing spread' – the difference between the buying and selling prices of the fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.04% (7 March 2016: 0.07%), being the difference between the respective bid and offer prices for the fund's investments.

### 17 SECURITIES FINANCING TRANSACTIONS REGULATION

Additional disclosures are required where the fund invests in securities financing transactions (SFTs). For the year ended 7 March 2017 the fund has not invested in SFTs and will not be making additional disclosures.



## Threadneedle European Bond Fund

### Investment Report

#### Investment Objective

To achieve total return primarily by way of income with some capital growth.

#### Investment Policy

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

#### Performance of Income Class 1 Shares\*

Over the twelve months to 7 March 2017, the published share price of the Threadneedle European Bond Fund has risen from 69.89p to 77.61p.

The sterling total return on the fund for the twelve months ending 28 February 2017, including net reinvested income, is +9.35%, which equates approximately to +11.84% gross of tax and charges\*\*. For information the Merrill Lynch Pan Europe Large Cap. Index returned +9.64% over the same period.

#### Market Overview and Portfolio Activity

Overall, the 12 months in review constituted a strong period for European bonds when considered in sterling terms. In local-currency terms, corporate and emerging-market government bonds outperformed developed government debt as investors were tempted further out of the risk spectrum in the search for higher income. Gilts were among notable exceptions to this trend.

Index-linked gilts easily outperformed the corporate market as investors sought protection against the higher inflation a "Brexit" vote would entail. After the UK's shock decision to leave the EU, conventional gilt yields fell to record lows on the correct assumption that the Bank of England (BoE) would respond by cutting interest rates and restarting its asset-purchase programme.

Indeed, central banks were a key driver of market direction generally. Despite having projected four hikes in 2016, the US Federal Reserve waited until December to pull the trigger, concerned primarily by international developments such as the Brexit referendum. Meanwhile, the European Central Bank (ECB) and the aforementioned BoE announced additional monetary stimulus. As well as cutting interest rates, both institutions expanded their government-bond purchases and, in a move that prompted a marked tightening in credit spreads, added the buying of corporate bonds to their stimulus efforts. In December, the ECB announced a nine-month extension to its asset-purchase programme (albeit at a reduced monthly level), with a revised completion date of December 2017, and removed the deposit floor for bond purchases. Political surprises were another primary determinant of market performance. If Brexit pulled yields down, another shock result – the election of Donald Trump in November – had the opposite effect, as investors factored in faster growth, higher inflation, and a steeper path for interest-rate hikes in the US.

Eurozone bonds had a weak start to 2017 amid stronger-than-expected growth, inflation and bond issuance. Eurozone GDP grew 0.4% in the fourth quarter (Q4) while annual inflation spiked to 1.8% in January, a near four-year high. UK inflation and growth were also higher than expected, with annual CPI inflation hitting 1.8% in January and Q4 GDP growing 0.7%.

The fund continued to hold a well-diversified allocation across sovereign, corporate and collateralised bonds, predominantly denominated in euros, but also in other European currencies. We generally maintained an underweight duration (interest-rate risk) position, but this was adjusted tactically over the year. We significantly increased the portfolio's existing investment-grade overweight in expectation that the central-bank actions described above would support a continued narrowing in spreads. Credit default-swap contracts were used to reduce the associated credit risk. On the other side, we reduced exposure to the high-yield market, and more marginally, to emerging-market debt. Within the underweight exposure to developed government bonds, we moved from long duration positions in UK gilts and German bunds to short effective durations following the Brexit-related rally in core bonds.

Towards the end of 2016, our view towards Italy was largely expressed via a short position in the country's 10-year bonds but a long position in Italian bonds maturing in 2047. Ahead of the decision by ratings agency DBRS to maintain Portugal's remaining investment-grade rating, we also felt that Portuguese government bonds would outperform Italian bonds. Thus, we tactically bought Portuguese bonds maturing in 2030 and sold Italian bonds of similar or shorter maturities.

More recently we have expressed a short position in Italy relative to Germany and continue to seek a widening due to both macroeconomic and political factors. Our positions in European rates more broadly are concentrated in the belly of the curve in anticipation of reduced demand for longer-dated government bonds as the ECB modifies – and eventually tapers – its asset purchase programme.

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2016 to 7 March 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains	2	18,944	5,935
Revenue	3	2,469	2,921
Expenses	4	(1,754)	(1,790)
Interest payable and similar charges	5	(723)	(303)
Net (expense)/revenue before taxation		(8)	828
Taxation	6	–	–
Net (expense)/revenue after taxation		(8)	828
<b>Total return before distributions</b>		<b>18,936</b>	<b>6,763</b>
Distributions	7	(1,474)	(2,342)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>17,462</b>	<b>4,421</b>

### BALANCE SHEET

as at 7 March 2017

	Notes	2017 £000	2016 £000
<b>Assets:</b>			
<b>Fixed assets:</b>			
Investments		139,475	132,392
<b>Current assets:</b>			
Debtors	8	1,606	4,255
Cash and bank balances	9	3,748	9,319
<b>Total assets</b>		<b>144,829</b>	<b>145,966</b>
<b>Liabilities:</b>			
<b>Investment liabilities</b>		<b>(1,650)</b>	<b>(468)</b>
<b>Creditors:</b>			
Bank overdrafts	9	–	(711)
Distribution payable		(125)	(300)
Other creditors	10	(890)	(1,684)
<b>Total liabilities</b>		<b>(2,665)</b>	<b>(3,163)</b>
<b>Net assets attributable to shareholders</b>		<b>142,164</b>	<b>142,803</b>

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

for the accounting period 8 March 2016 to 7 March 2017

	2017 £000	2016 £000
<b>Opening net assets attributable to shareholders</b>	<b>142,803</b>	<b>197,075</b>
Amounts receivable on the issue of shares	53,111	74,407
Amounts payable on the cancellation of shares	(72,374)	(134,594)
	(19,263)	(60,187)
Dilution adjustment	46	115
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	17,462	4,421
Retained distribution on accumulation shares	1,116	1,378
Unclaimed distributions	–	1
<b>Closing net assets attributable to shareholders</b>	<b>142,164</b>	<b>142,803</b>

### DISTRIBUTION TABLE

for the accounting period 8 March 2016 to 7 March 2017

Interest distribution in pence per share

#### Class 1 – Income shares†

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>						
08/03/16 to 07/09/16	0.4296	0.0859	0.3437	–	0.3437	0.4010
08/09/16 to 07/03/17	0.2967	–	–	–	0.2967	0.3773
<b>Group 2</b>						
08/03/16 to 07/09/16	–	–	–	0.3437	0.3437	0.4010
08/09/16 to 07/03/17	0.1269	–	–	0.1698	0.2967	0.3773
<b>Total distributions in the period</b>					<b>0.6404</b>	<b>0.7783</b>

#### Class 1 – Gross accumulation shares

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Gross Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	0.8354	–	0.8354	0.9608
08/09/16 to 07/03/17	0.5789	–	0.5789	0.9110
<b>Group 2</b>				
08/03/16 to 07/09/16	–	0.8354	0.8354	0.9608
08/09/16 to 07/03/17	0.2282	0.3507	0.5789	0.9110
<b>Total distributions in the period</b>			<b>1.4143</b>	<b>1.8718</b>

\*In pound Sterling and against UK peer group.

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



## Threadneedle European Bond Fund

### DISTRIBUTION TABLE

(continued)

#### Class 2 – Gross accumulation shares

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Gross Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	0.8367	–	0.8367	0.9358
08/09/16 to 07/03/17	0.6084	–	0.6084	0.8939
<b>Group 2</b>				
08/03/16 to 07/09/16	–	0.8367	0.8367	0.9358
08/09/16 to 07/03/17	0.5860	0.0224	0.6084	0.8939
<b>Total distributions in the period</b>			<b>1.4451</b>	<b>1.8297</b>

#### Class Z – Income shares<sup>†</sup>

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>						
08/03/16 to 07/09/16	0.6399	0.1280	0.5119	–	0.5119	0.5897
08/09/16 to 07/03/17	0.4562	–	–	–	0.4562	0.5566
<b>Group 2</b>						
08/03/16 to 07/09/16	–	–	–	0.5119	0.5119	0.5897
08/09/16 to 07/03/17	0.2546	–	–	0.2016	0.4562	0.5566
<b>Total distributions in the period</b>					<b>0.9681</b>	<b>1.1463</b>

Group 2: shares purchased during a distribution period.

<sup>†</sup>Distributions paid before 6 April 2017 have been paid net.

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.



## Threadneedle European Bond Fund

### Comparative Table Disclosure

	Class 1 – Income shares			Class 1 – Gross accumulation shares <sup>§</sup>		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	69.40	66.99	69.05	134.93	128.40	129.81
Return before operating charges (p)	9.40	4.17	0.10	18.27	8.05	0.14
Operating charges (p)	(0.90)	(0.79)	(0.82)	(1.76)	(1.52)	(1.55)
Return after operating charges (p)*	8.50	3.38	(0.72)	16.51	6.53	(1.41)
Distributions (p)	(0.73)	(0.97)	(1.34)	(1.41)	(1.87)	(2.52)
Retained distributions on accumulation shares (p)**	–	–	–	1.41	1.87	2.52
Closing net asset value per share (p)	77.17	69.40	66.99	151.44	134.93	128.40
*after direct transaction costs of (p)	–	–	–	–	–	–
<b>Performance</b>						
Return after charges (%)	12.25	5.05	(1.04)	12.24	5.09	(1.09)
<b>Other information</b>						
Closing net asset value (£000)	27,814	38,169	51,574	109,379	97,093	120,516
Closing number of shares	36,044,002	55,002,053	76,988,758	72,226,456	71,959,103	93,863,284
Operating charges (%)***	1.19	1.19	1.18	1.19	1.19	1.18
Direct transaction costs (%)****	–	–	–	–	–	–
<b>Prices</b>						
Highest share price (p)	82.08	71.18	71.36	160.50	137.63	135.75
Lowest share price (p)	69.20	63.04	66.86	134.64	120.97	128.14
	Class 2 – Gross accumulation shares <sup>§</sup>			Class Z – Income shares		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	122.70	116.05	110.78	99.77	95.82	98.28
Return before operating charges (p)	16.63	7.33	5.95	13.54	6.00	0.12
Operating charges (p)	(0.76)	(0.68)	(0.68)	(0.71)	(0.62)	(0.64)
Return after operating charges (p)*	15.87	6.65	5.27	12.83	5.38	(0.52)
Distributions (p)	(1.45)	(1.83)	(2.42)	(1.10)	(1.43)	(1.94)
Retained distributions on accumulation shares (p)**	1.45	1.83	2.42	–	–	–
Closing net asset value per share (p)	138.57	122.70	116.05	111.50	99.77	95.82
*after direct transaction costs of (p)	–	–	–	–	–	–
<b>Performance</b>						
Return after charges (%)	12.93	5.73	4.76	12.86	5.61	(0.53)
<b>Other information</b>						
Closing net asset value (£000)	375	1,900	11,800	4,596	5,641	13,185
Closing number of shares	270,733	1,548,216	10,168,488	4,121,693	5,654,070	13,760,645
Operating charges (%)***	0.56	0.59	0.57	0.65	0.65	0.64
Direct transaction costs (%)****	–	–	–	–	–	–
<b>Prices</b>						
Highest share price (p)	146.50	125.13	122.52	118.36	102.33	101.96
Lowest share price (p)	122.60	109.56	115.82	99.60	90.35	95.63

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.

\*\*Any difference between the distributions and the retained distributions on accumulation shares is due to the tax withheld.

\*\*\*The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit [columbiathreadneedle.com/fees](http://columbiathreadneedle.com/fees).

\*\*\*\*Transaction costs have not been reduced by any amounts collected from dilution levies/adjustments.

<sup>§</sup>Only available to eligible investors.



# Threadneedle European Bond Fund

## Notes to the financial statements

for the accounting period 8 March 2016 to 7 March 2017

### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 5 and 6.

### 2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2017 £000	2016 £000
Non-derivative securities	17,387	5,401
Derivative contracts	(560)	(850)
Forward currency contracts	801	1,200
Other gains	1,317	187
Transaction costs	(1)	(3)
Net capital gains	18,944	5,935

### 3 REVENUE

	2017 £000	2016 £000
Interest on debt securities	2,463	2,911
Bank interest	6	10
Total revenue	2,469	2,921

### 4 EXPENSES

	2017 £000	2016 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(1,482)	(1,514)
Registration fees	(223)	(228)
	(1,705)	(1,742)
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depositary's fees	(16)	(15)
Safe custody fees	(18)	(17)
	(34)	(32)
Other expenses:		
Regulatory fees	(5)	(6)
Audit fees	(9)	(10)
Professional fees	(1)	–
	(15)	(16)
Total expenses*	(1,754)	(1,790)

\*Including irrecoverable VAT where applicable.

### 5 INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £000	2016 £000
Interest payable	(33)	(19)
Derivative expense	(690)	(284)
Total interest payable & similar charges	(723)	(303)

### 6 TAXATION

	2017 £000	2016 £000
<b>a) Analysis of charge in period</b>		
Total current tax (note 6b)	–	–
Total tax charge for the period	–	–
<b>b) Factors affecting taxation charge for period</b>		
Net (expense)/revenue before taxation	(8)	828
Net (expense)/revenue before taxation multiplied by the standard rate of corporation tax of 20%	2	(166)
Effects of:		
Excess expenses	(2)	166
Current tax charge for period (note 6a)	–	–

The fund has not recognised a deferred tax asset of £2,236,730 (2016: £2,235,507) arising as a result of having unutilised management expenses. The movement in deferred tax asset may not agree to the excess expenses figure quoted above due to prior year adjustments. It is unlikely that these expenses will be utilised in future years.

Interest distributions have been made in respect of all distributions during the period. Income tax at 20% on net share classes paid prior to 6 April 2017 will be accounted for on shareholders' behalf to HM Revenue & Customs.

### 7 DISTRIBUTIONS

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

	2017 £000	2016 £000
Interim	878	1,006
Final	597	1,060
	1,475	2,066
Add: Revenue deducted on the cancellation of shares	185	513
Deduct: Revenue received on the creation of shares	(186)	(237)
Net distribution for the period	1,474	2,342
Net (expense)/revenue after taxation	(8)	828
Annual management charge to capital	1,482	1,514
Total distributions	1,474	2,342

Details of the distribution per share are set out in the table on pages 118 to 119.

### 8 DEBTORS

	2017 £000	2016 £000
Amounts receivable for the issue of shares	67	2,235
Sales awaiting settlement	161	442
Accrued revenue	1,378	1,578
Total debtors	1,606	4,255

### 9 CASH AND BANK BALANCES

	2017 £000	2016 £000
Amounts held at futures clearing houses and brokers	1,751	1,411
Cash and bank balances	1,997	7,908
	3,748	9,319
Cash overdrafts at broker	–	(711)
Total cash and bank balances	3,748	8,608

### 10 OTHER CREDITORS

	2017 £000	2016 £000
Amounts payable for the cancellation of shares	(221)	(871)
Purchases awaiting settlement	(503)	(645)
Accrued expenses	(14)	(11)
Amounts payable to ACD	(152)	(157)
Total other creditors	(890)	(1,684)

### 11 DILUTION ADJUSTMENT

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

### 12 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, as ACD, is a related party and acts as principal in respect of all transactions of shares in the fund.

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

Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 8 and 10.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 10.



## Threadneedle European Bond Fund

### Notes to the financial statements

(continued)

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

#### 13 SHAREHOLDER FUNDS

Threadneedle European Bond Fund currently has three share classes; Class 1, Class 2 and Class Z shares. The charges on each share class are as follows:

##### Annual management charge

Class 1 shares	1.00%
Class 2 shares	0.50%
Class Z shares	0.50%

##### Registration fees

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

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on page 120. The distribution per share class is given in the distribution table on pages 118 to 119.

All classes have the same rights on winding up.

##### Reconciliation of shares

	2017
<b>Class 1 – Income shares</b>	
Opening shares	55,002,053
Shares issued	2,142,002
Shares redeemed	(21,042,188)
Net conversions	(57,865)
Closing shares	36,044,002
<b>Class 1 – Gross accumulation shares</b>	
Opening shares	71,959,103
Shares issued	19,712,086
Shares redeemed	(19,444,733)
Net conversions	–
Closing shares	72,226,456
<b>Class 2 – Gross accumulation shares</b>	
Opening shares	1,548,216
Shares issued	13,820,224
Shares redeemed	(15,097,707)
Net conversions	–
Closing shares	270,733
<b>Class Z – Income shares</b>	
Opening shares	5,654,070
Shares issued	4,097,522
Shares redeemed	(5,670,145)
Net conversions	40,246
Closing shares	4,121,693

#### 14 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 6.

##### Market price risk sensitivity

A 1.00% interest rate movement applied to the fixed income proportion of the fund would result in an increase or decrease on the net asset value of the fund by 7.10% (2016: 6.80%).

##### Currency exposures

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

	Monetary exposures	Non- monetary exposures	Total
Currency 2017	£000	£000	£000
Euro	1,585	114,960	116,545
Swedish Krona	917	–	917

Currency 2016	£000	£000	£000
Danish Krone	12	–	12
Euro	7,212	107,966	115,178
Hungarian Forint	111	32	143
Swedish Krona	839	(53)	786
Swiss Franc	–	(76)	(76)

##### Currency sensitivity analysis

The only material currency exposure of the fund is to the Euro. A movement of 10.88% (2016: 6.74%) in this currency (equivalent to the movement in the year) would result in a change in the fund value of 8.92% (2016: 5.44%).

##### Credit/Counterparty exposure

The following details exposure to counterparties obtained through the use of derivatives:

2017	Forward Foreign Exchange Contracts Exposure	Collateral Pledged
Counterparty	£000	£000
Barclays	–	1,750
Goldman Sachs	22	–
UBS	299	–

2016	Forward Foreign Exchange Contracts Exposure	Collateral Pledged
Counterparty	£000	£000
Barclays	–	320
HSBC	36	–

The fund held £104,000 (2016: £Nil) of collateral received from the fund's counterparties. The collateral held was in the form of cash. Collateral received is not owned by the fund and therefore is not included in the fund's cash balance.

Positive exposure represents the fund's exposure to that counterparty and not the fund's holdings with that counterparty.

##### Analysis of investments by credit ratings

	2017		2016	
	Value £000	% of Investment	Value £000	% of Investment
AAA	5,729	4.16	6,271	4.75
Aaa	956	0.69	851	0.65
AaaU	8,294	6.02	10,219	7.75
AA+	–	–	680	0.52
Aa1	463	0.34	456	0.35
Aa1u	21,716	15.76	21,012	15.93
AA	7,540	5.47	3,645	2.76
Aa2u	24,659	17.89	4,777	3.62
AA–	3,612	2.62	6,500	4.93
A+	2,554	1.85	3,513	2.66
A1	–	–	346	0.26
A	6,198	4.50	1,134	0.86
A–	8,489	6.16	6,808	5.16
BBB+	13,892	10.08	14,377	10.90
Baa1	2,567	1.86	2,444	1.85
BBB	7,223	5.24	5,864	4.44
Baa2	335	0.24	825	0.63
Baa2u	3,283	2.38	11,626	8.81
BBB–	9,882	7.17	5,432	4.12
Baa3	846	0.61	2,194	1.66
Baa3e	329	0.24	–	–
BB+	3,960	2.87	10,550	8.00
Ba1	–	–	268	0.20
BB	87	0.06	834	0.63
Ba2	176	0.13	–	–
BB–	1,138	0.83	1,056	0.80
B+	391	0.28	674	0.51
B	–	–	107	0.08
CCC+	130	0.10	–	–
Ca	–	–	221	0.17
Not Rated	4,685	3.40	9,645	7.31
Derivatives	(1,309)	(0.95)	(405)	(0.31)
	137,825	100.00	131,924	100.00

The derivative positions do not have a significant impact on the risk profile.



## Threadneedle European Bond Fund

### Notes to the financial statements

(continued)

#### Interest rate risk

The fund's floating rate investments earn interest which is variable, based on LIBOR or its overseas equivalent.

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

#### Interest rate risk profile of financial assets and financial liabilities

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

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
Currency 2017	£000	£000	£000	£000
Euro	5,292	102,371	13,173	120,836
Swedish Krona	917	—	—	917
UK Sterling	5,764	28,538	2,550	36,852
Currency 2016	£000	£000	£000	£000
Danish Krone	—	1,356	12	1,368
Euro	11,022	89,322	20,954	121,298
Hungarian Forint	—	3,448	111	3,559
Swedish Krona	839	—	3,024	3,863
Swiss Franc	—	—	1,443	1,443
UK Sterling	4,960	30,701	2,659	38,320

  

	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
Currency 2017	£000	£000	£000	£000
Euro	—	—	(4,291)	(4,291)
UK Sterling	—	—	(12,150)	(12,150)
Currency 2016	£000	£000	£000	£000
Danish Krone	—	—	(1,356)	(1,356)
Euro	(711)	—	(5,409)	(6,120)
Hungarian Forint	—	—	(3,416)	(3,416)
Swedish Krona	—	—	(3,077)	(3,077)
Swiss Franc	—	—	(1,519)	(1,519)
UK Sterling	—	—	(11,560)	(11,560)

#### Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances (2016: same).

#### Derivative risks

Non interest-bearing assets relate to credit default swaps, forward foreign exchange contracts and futures and options. Derivatives including credit default swaps, forward foreign exchange contracts and futures and options are employed when they are the cheapest and most efficient method of gaining exposure. This increases the risk profile of the fund and may result in a higher degree of volatility. All open positions are regularly reviewed by the fund manager. The fund has entered into various credit default swaps, forward foreign exchange contracts and futures and options during this accounting period. Such contracts commit the fund to future deliveries or receipts, typically three months forward, of assets and liabilities, at prices decided at the point of striking the contract. They therefore allow the fund manager to limit risk, or to enhance fund performance in return for the acceptance of greater risk.

At 7 March 2017, the fund had outstanding credit default swaps, forward foreign exchange contracts and futures and options with an asset value of £341,000 (2016: £63,000) and a liability value of £1,650,000 (2016: £468,000).

### 15 FAIR VALUE DISCLOSURE

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

**Level 1** – Quoted prices for identical instruments in active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

**Level 2** – Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar

instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investments schemes.

**Level 3** – Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

	2017		2016	
Valuation technique	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	57,952	(1)	43,000	(6)
Level 2	81,521	(1,649)	89,325	(462)
Level 3	2	—	67	—
	139,475	(1,650)	132,392	(468)

Included within Level 1, are debt securities of £57,952,000 (2016: £42,996,000). The valuation of some highly liquid exchange-traded debt securities (G7 sovereign debt, supranational debt or certain corporate bonds) is sufficiently close to a binding quoted price to categorise at this level.

### 16 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2016: Nil).

### 17 PORTFOLIO TRANSACTION COSTS

#### 7 March 2017

	Value £000	Commissions £000	%	Taxes £000	%
Purchases					
Bonds	279,604	—	—	—	—
Total	279,604	—	—	—	—
Gross purchases total:	279,604				

	Value £000	Commissions £000	%	Taxes £000	%
Sales					
Bonds	288,991	—	—	—	—
Corporate actions	8	—	—	—	—
Total	288,999	—	—	—	—
Total sales net of transaction costs:	288,999				

#### Transaction costs as a percentage of average Net Assets

Commissions:	0.00%
Taxes:	0.00%
Commissions	£000
Futures and Options	5

#### 7 March 2016

	Value £000	Commissions £000	%	Taxes £000	%
Purchases					
Bonds	237,146	—	—	—	—
Total	237,146	—	—	—	—
Gross purchases total:	237,146				

	Value £000	Commissions £000	%	Taxes £000	%
Sales					
Bonds	301,836	—	—	—	—
Total	301,836	—	—	—	—
Total sales net of transaction costs:	301,836				

#### Transaction costs as a percentage of average Net Assets

Commissions:	0.00%
Taxes:	0.00%
Commissions	£000
Futures and Options	3



## Threadneedle European Bond Fund

### Notes to the financial statements

*(continued)*

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

Portfolio transaction costs are incurred by the fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

**Direct transaction costs:** Broker commissions, fees and taxes.

**Indirect transaction costs:** 'Dealing spread' – the difference between the buying and selling prices of the fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.38% (7 March 2016: 0.37%), being the difference between the respective bid and offer prices for the fund's investments.

### 18 SECURITIES FINANCING TRANSACTIONS REGULATION

Additional disclosures are required where the fund invests in securities financing transactions (SFTs). For the year ended 7 March 2017 the fund has not invested in SFTs and will not be making additional disclosures.



# Threadneedle European Corporate Bond Fund

## Investment Report

### Investment Objective

To achieve total return.

### Investment Policy

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

### Performance of Accumulation Class 1 Shares\*

Over the twelve months to 7 March 2017, the published share price of the Threadneedle European Corporate Bond Fund has risen from 92.64p to 108.27p.

Looking at performance within its peer group, the total return on the fund for the twelve months ending 28 February 2017, including net reinvested income, is +13.78%. The fund return equates approximately to +16.41% gross of tax and charges\*\*. For information the iBoxx European All Corporate Bond Index gave a total return of +14.22% for the same period.

### Market Overview and Portfolio Activity

European corporate bond returns were positive over the 12 months under review. The period saw a trend of credit spread tightening interspersed with two political shocks that drove large market moves. The first was the UK's unexpected decision, in June, to leave the EU, while the second was Donald Trump's victory in the November US presidential election. The European Central Bank (ECB) augmented its quantitative easing by increasing the size of its bond purchases from €60 billion to €80 billion per month and expanding the programme to include investment-grade (excluding financial) corporate bonds. In the later stages of the year, as the ECB began to taper its market activity, the yield on the 10-year German bund rose from 0.18% to end the period at 0.34%. Credit spreads tightened by around 25 basis points (bps), resulting in excess returns of 3.5% over bunds. The period was marked by two political shocks that drove large market moves.

We slightly reduced the amount of relative credit risk (beta) in the portfolio towards the end of 2016, due to the maturing stages of the credit cycle and tighter credit market spreads. We are now invested closer to neutral in terms of relative credit risk; although we believe the market is well supported, we do not expect spreads to tighten significantly from current levels. We also retain a short duration (interest-rate risk) position as government bond yields are at record lows.

Across markets, euro spreads were relatively richer than their sterling and dollar counterparts. As a result, we have allocated to and benefitted from holding non-euro bonds, particularly sterling short-dated corporate bonds, with currency risk fully hedged to euros.

We rotated the fund's positioning thematically towards more defensive sectors such as regulated utilities and consumer goods. Examples of such purchases include RWE and AB InBev. RWE had a material change to its credit outlook as it reorganised itself, moving its bond liabilities closer to its regulated businesses and away from its riskier non-regulated businesses. We also continued to purchase US pipelines which have limited direct exposure to commodity prices and therefore presented a sub-sector opportunity – examples include Kinder Morgan and APT. We are still seeing some relative value opportunities across currencies. For instance, we switched some of our Deutsche Bank holdings from EUR into USD to take advantage of issuer relative value.

Looking ahead, we see an environment of heightened political risks, potential policy change, more equity-friendly corporate behaviour and the possibility of normalising bond yields. This comes at a time when market valuations or spreads are materially tighter than they were in early 2016.

We believe the European investment grade universe is sufficiently robust to offset the structural risk that could arise from reducing policy support. Though a changing policy outlook will doubtless provide challenges in the coming year, these risks may be mitigated by fundamental demand for income and corporate bonds from elsewhere and largely supportive credit metrics. Political risks, as a result of both Trump's trade policy and the European election cycle, pose a greater threat to credit markets in our view.

## STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2016 to 7 March 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains	2	17,491	2,553
Revenue	3	2,761	1,677
Expenses	4	(1,279)	(697)
Interest payable and similar charges	5	(262)	(291)
Net revenue before taxation		1,220	689
Taxation	6	–	–
Net revenue after taxation		1,220	689
<b>Total return before distributions</b>		<b>18,711</b>	<b>3,242</b>
Distributions	7	(1,220)	(689)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>17,491</b>	<b>2,553</b>

## BALANCE SHEET

as at 7 March 2017

	Notes	2017 £000	2016 £000
<b>Assets:</b>			
<b>Fixed assets:</b>			
Investments		191,227	67,623
<b>Current assets:</b>			
Debtors	8	3,814	2,744
Cash and bank balances	9	1,547	1,466
<b>Total assets</b>		<b>196,588</b>	<b>71,833</b>
<b>Liabilities:</b>			
<b>Investment liabilities</b>		(274)	(235)
<b>Creditors:</b>			
Distribution payable		–	(44)
Other creditors	10	(2,258)	(1,941)
<b>Total liabilities</b>		<b>(2,532)</b>	<b>(2,220)</b>
<b>Net assets attributable to shareholders</b>		<b>194,056</b>	<b>69,613</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2016 to 7 March 2017

	2017 £000	2016 £000
<b>Opening net assets attributable to shareholders</b>	<b>69,613</b>	<b>74,777</b>
Amounts receivable on the issue of shares	151,463	21,484
Amounts payable on the cancellation of shares	(46,258)	(29,893)
	105,205	(8,409)
Dilution adjustment	211	88
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	17,491	2,553
Retained distribution on accumulation shares	1,536	604
<b>Closing net assets attributable to shareholders</b>	<b>194,056</b>	<b>69,613</b>

## DISTRIBUTION TABLE

for the accounting period 8 March 2016 to 7 March 2017

Interest distribution in pence per share

### Class 1 – Accumulation shares†

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Revenue Accumulated 2016/2017	Net Revenue Accumulated 2015/2016
<b>Group 1</b>						
08/03/16 to 07/09/16	0.3331	0.0666	0.2665	–	0.2665	0.3421
08/09/16 to 07/03/17	0.1921	–	–	–	0.1921	0.3231
<b>Group 2</b>						
08/03/16 to 07/09/16	0.1564	0.0313	0.1251	0.1414	0.2665	0.3421
08/09/16 to 07/03/17	0.0348	–	–	0.1573	0.1921	0.3231
<b>Total distributions in the period</b>					<b>0.4586</b>	<b>0.6652</b>

### Class 1 – Gross accumulation shares

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Gross Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	0.3616	–	0.3616	0.4504
08/09/16 to 07/03/17	0.2087	–	0.2087	0.4516
<b>Group 2</b>				
08/03/16 to 07/09/16	0.0999	0.2617	0.3616	0.4504
08/09/16 to 07/03/17	0.1158	0.0929	0.2087	0.4516
<b>Total distributions in the period</b>			<b>0.5703</b>	<b>0.9020</b>

\*In pound Sterling and against UK peer group.

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



## Threadneedle European Corporate Bond Fund

### DISTRIBUTION TABLE

(continued)

#### Class 2 – Gross accumulation shares

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Gross Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	0.8475	–	0.8475	1.3023
08/09/16 to 07/03/17	0.6883	–	0.6883	0.7531
<b>Group 2</b>				
08/03/16 to 07/09/16	0.3281	0.5194	0.8475	1.3023
08/09/16 to 07/03/17	0.4173	0.2710	0.6883	0.7531
<b>Total distributions in the period</b>			<b>1.5358</b>	<b>2.0554</b>

#### Class Z – Accumulation shares<sup>†</sup>

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Revenue Accumulated 2016/2017	Net Revenue Accumulated 2015/2016
<b>Group 1</b>						
08/03/16 to 07/09/16	0.6614	0.1323	0.5291	–	0.5291	0.5468
08/09/16 to 07/03/17	0.5211			–	0.5211	0.5256
<b>Group 2</b>						
08/03/16 to 07/09/16	0.3323	0.0665	0.2658	0.2633	0.5291	0.5468
08/09/16 to 07/03/17	0.2993			0.2218	0.5211	0.5256
<b>Total distributions in the period</b>					<b>1.0502</b>	<b>1.0724</b>

Group 2: shares purchased during a distribution period.

Equalisation was introduced with effect from 8 March 2016.

<sup>†</sup>Distributions paid before 6 April 2017 have been paid net.

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.



## Threadneedle European Corporate Bond Fund

### Comparative Table Disclosure

	Class 1 – Accumulation shares			Class 1 – Gross accumulation shares <sup>§</sup>		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	92.36	87.75	94.13	100.25	95.07	101.73
Return before operating charges (p)	16.98	5.84	(5.03)	18.43	6.30	(5.45)
Operating charges (p)	(1.24)	(1.07)	(1.12)	(1.36)	(1.12)	(1.21)
Return after operating charges (p)*	15.74	4.77	(6.15)	17.07	5.18	(6.66)
Distributions (p)	(0.53)	(0.83)	(1.15)	(0.57)	(0.90)	(1.44)
Retained distributions on accumulation shares (p)**	0.46	0.67	0.92	0.57	0.90	1.44
Closing net asset value per share (p)	108.03	92.36	87.75	117.32	100.25	95.07
*after direct transaction costs of (p)	–	–	–	–	–	–
<b>Performance</b>						
Return after charges (%)	17.04	5.44	(6.53)	17.03	5.45	(6.55)
<b>Other information</b>						
Closing net asset value (£000)	57,528	49,576	44,645	13,158	5,869	5,890
Closing number of shares	53,252,845	53,674,429	50,875,455	11,215,485	5,854,482	6,194,967
Operating charges (%)***	1.19	1.21	1.20	1.19	1.20	1.20
Direct transaction costs (%)****	–	–	–	–	–	–
<b>Prices</b>						
Highest share price (p)	113.44	94.07	95.44	123.22	102.10	103.23
Lowest share price (p)	92.33	82.78	87.73	100.21	89.74	95.04
	Class 2 – Gross accumulation shares <sup>§</sup>			Class Z – Accumulation shares		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	121.59	114.61	121.91	100.85	95.35	101.84
Return before operating charges (p)	22.41	7.61	(6.58)	18.54	6.44	(5.46)
Operating charges (p)	(0.81)	(0.63)	(0.72)	(0.75)	(0.67)	(0.67)
Return after operating charges (p)*	21.60	6.98	(7.30)	17.79	5.77	(6.13)
Distributions (p)	(1.54)	(2.06)	(2.11)	(1.18)	(1.34)	(1.79)
Retained distributions on accumulation shares (p)**	1.54	2.06	2.11	1.05	1.07	1.43
Closing net asset value per share (p)	143.19	121.59	114.61	118.51	100.85	95.35
*after direct transaction costs of (p)	–	–	–	–	–	–
<b>Performance</b>						
Return after charges (%)	17.76	6.09	(5.99)	17.64	6.05	(6.02)
<b>Other information</b>						
Closing net asset value (£000)	121,387	13,516	23,974	1,983	652	268
Closing number of shares	84,775,988	11,115,569	20,918,335	1,673,208	646,058	281,126
Operating charges (%)***	0.58	0.59	0.59	0.65	0.67	0.66
Direct transaction costs (%)****	–	–	–	–	–	–
<b>Prices</b>						
Highest share price (p)	150.00	123.81	124.30	124.17	102.65	103.48
Lowest share price (p)	121.55	108.42	114.57	100.81	90.09	95.33

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.

\*\*Any difference between the distributions and the retained distributions on accumulation shares is due to the tax withheld.

\*\*\*The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit [columbiathreadneedle.com/fees](http://columbiathreadneedle.com/fees).

\*\*\*\*Transaction costs have not been reduced by any amounts collected from dilution levies/adjustments.

<sup>§</sup>Only available to eligible investors.



# Threadneedle European Corporate Bond Fund

## Notes to the financial statements

for the accounting period 8 March 2016 to 7 March 2017

### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 5 and 6.

### 2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2017 £000	2016 £000
Non-derivative securities	14,656	1,376
Derivative contracts	470	261
Forward currency contracts	1,260	811
Other gains	1,108	106
Transaction costs	(3)	(1)
Net capital gains	17,491	2,553

### 3 REVENUE

	2017 £000	2016 £000
Interest on debt securities	2,755	1,674
Bank interest	6	3
Total revenue	2,761	1,677

### 4 EXPENSES

	2017 £000	2016 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(1,100)	(581)
Registration fees	(131)	(82)
	(1,231)	(663)
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depositary's fees	(17)	(6)
Safe custody fees	(16)	(12)
	(33)	(18)
Other expenses:		
Regulatory fees	(4)	(6)
Audit fees	(9)	(10)
Professional fees	(2)	—
	(15)	(16)
Total expenses*	(1,279)	(697)

\*Including irrecoverable VAT where applicable.

### 5 INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £000	2016 £000
Interest payable	(43)	(3)
Derivative expense	(219)	(288)
Total interest payable & similar charges	(262)	(291)

### 6 TAXATION

	2017 £000	2016 £000
<b>a) Analysis of charge in period</b>		
Total current tax (note 6b)	—	—
Total tax charge for the period	—	—
<b>b) Factors affecting taxation charge for period</b>		
Net revenue before taxation	1,220	689
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(244)	(138)
Effects of:		
Distributions treated as tax deductible	244	138
Current tax charge for period (note 6a)	—	—

Interest distributions have been made in respect of all distributions during the period. Income tax at 20% on net share classes paid prior to 6 April 2017 will be accounted for on shareholders' behalf to HM Revenue & Customs.

### 7 DISTRIBUTIONS

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

	2017 £000	2016 £000
Interim	856	358
Final	718	331
	1,574	689
Add: Revenue deducted on the cancellation of shares*	127	—
Deduct: Revenue received on the creation of shares*	(481)	—
Net distribution for the period	1,220	689

Details of the distribution per share are set out in the table on pages 125 to 126.

\*Equalisation was introduced with effect from 8 March 2016.

### 8 DEBTORS

	2017 £000	2016 £000
Amounts receivable for the issue of shares	1,653	660
Sales awaiting settlement	484	1,124
Accrued revenue	1,677	960
Total debtors	3,814	2,744

### 9 CASH AND BANK BALANCES

	2017 £000	2016 £000
Amounts held at futures clearing houses and brokers	410	116
Cash and bank balances	1,137	1,350
Total cash and bank balances	1,547	1,466

### 10 OTHER CREDITORS

	2017 £000	2016 £000
Amounts payable for the cancellation of shares	(61)	(229)
Purchases awaiting settlement	(2,044)	(1,633)
Accrued expenses	(15)	(9)
Amounts payable to ACD	(138)	(70)
Total other creditors	(2,258)	(1,941)

### 11 DILUTION ADJUSTMENT

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

### 12 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, as ACD, is a related party and acts as principal in respect of all transactions of shares in the fund.

The aggregate monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 8 and 10.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 10.

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



## Threadneedle European Corporate Bond Fund

### Notes to the financial statements

(continued)

#### 13 SHAREHOLDER FUNDS

Threadneedle European Corporate Bond Fund currently has three share classes; Class 1, Class 2 and Class Z shares. The charges on each share class are as follows:

##### Annual management charge

Class 1 shares	1.00%
Class 2 shares	0.50%
Class Z shares	0.50%

##### Registration fees

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

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on page 127. The distribution per share class is given in the distribution table on pages 125 to 126.

All classes have the same rights on winding up.

##### Reconciliation of shares

	2017
<b>Class 1 – Accumulation shares</b>	
Opening shares	53,674,429
Shares issued	1,432,431
Shares redeemed	(1,849,305)
Net conversions	(4,710)
Closing shares	53,252,845
<b>Class 1 – Gross accumulation shares</b>	
Opening shares	5,854,482
Shares issued	11,235,850
Shares redeemed	(5,874,847)
Net conversions	–
Closing shares	11,215,485
<b>Class 2 – Gross accumulation shares</b>	
Opening shares	11,115,569
Shares issued	99,587,709
Shares redeemed	(25,928,823)
Net conversions	1,533
Closing shares	84,775,988
<b>Class Z – Accumulation shares</b>	
Opening shares	646,058
Shares issued	2,845,926
Shares redeemed	(1,821,236)
Net conversions	2,460
Closing shares	1,673,208

#### 14 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 6.

##### Market price risk sensitivity

A 1.00% interest rate movement applied to the fixed income proportion of the fund would result in an increase or decrease on the net asset value of the fund by 4.90% (2016: 4.60%).

##### Currency exposures

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

	Monetary exposures	Non-monetary exposures	Total
	£000	£000	£000
<b>Currency 2017</b>			
Euro	(102)	192,433	192,331
US Dollar	168	13	181
<b>Currency 2016</b>			
Euro	1,763	67,918	69,681
US Dollar	60	73	133

##### Currency sensitivity analysis

The only material currency exposure of the fund is to the Euro. A movement of 10.88% (2016: 6.74%) in this currency (equivalent to the movement in the year) would result in a change in the fund value of 10.78% (2016: 6.75%).

##### Credit/Counterparty exposure

The following details exposure to counterparties obtained through the use of derivatives:

	Futures and Options Exposure	Forward Foreign Exchange Contracts Exposure	Collateral Pledged
2017	£000	£000	£000
<b>Counterparty</b>			
BNP Paribas	–	–	200
Citigroup	–	221	70
UBS	34	–	–
2016	£000	£000	£000
<b>Counterparty</b>			
Barclays	–	–	60
Citigroup	–	–	10
UBS	48	–	–

The fund did not hold any collateral received from the fund's counterparties in either the current or prior year.

Positive exposure represents the fund's exposure to that counterparty and not the fund's holdings with that counterparty.

##### Analysis of investments by credit ratings

	2017		2016	
	Value £000	% of Investment	Value £000	% of Investment
AAA	15,629	8.19	4,597	6.82
Aaa	3,104	1.63	–	–
Aaa+	11,455	6.00	2,155	3.20
AA	4,090	2.14	1,395	2.07
Aa2	557	0.29	–	–
Aa2e	–	–	281	0.42
AA–	6,609	3.46	78	0.11
A+	10,495	5.50	3,477	5.16
A1	543	0.28	483	0.72
A	7,608	3.98	3,378	5.01
A–	24,835	13.01	6,330	9.39
BBB+	40,183	21.04	9,615	14.27
Baa1	6,606	3.46	3,384	5.02
BBB	22,345	11.70	9,170	13.61
Baa2	1,431	0.75	2,114	3.14
BBB–	18,995	9.95	7,366	10.93
Baa3	1,914	1.00	2,653	3.94
Baa3e	1,364	0.71	–	–
BB+	3,985	2.09	2,963	4.40
Ba1	–	–	357	0.53
BB	920	0.48	1,578	2.34
Ba2	351	0.18	–	–
BB–	2,454	1.29	1,173	1.74
B+	619	0.32	828	1.23
B	588	0.31	570	0.85
CCC+	413	0.22	121	0.18
Ca	–	–	367	0.54
Not Rated	3,864	2.02	3,117	4.62
Derivatives	(4)	–	(162)	(0.24)
	190,953	100.00	67,388	100.00

The derivative positions do not have a significant impact on the risk profile.



## Threadneedle European Corporate Bond Fund

### Notes to the financial statements

(continued)

#### Interest rate risk

The fund's floating rate investments earn interest which is variable, based on LIBOR or its overseas equivalent.

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

#### Interest rate risk profile of financial assets and financial liabilities

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

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
Currency 2017	£000	£000	£000	£000
Euro	25,526	142,227	26,835	194,588
UK Sterling	9,403	8,273	2,066	19,742
US Dollar	1,660	5,414	135	7,209
Currency 2016	£000	£000	£000	£000
Euro	7,117	44,007	21,017	72,141
UK Sterling	3,806	8,517	1,007	13,330
US Dollar	1,894	3,678	1,049	6,621

	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
Currency 2017	£000	£000	£000	£000
Euro	—	—	(2,257)	(2,257)
UK Sterling	—	—	(18,198)	(18,198)
US Dollar	—	—	(7,028)	(7,028)
Currency 2016	£000	£000	£000	£000
Euro	—	—	(2,460)	(2,460)
UK Sterling	—	—	(13,531)	(13,531)
US Dollar	—	—	(6,488)	(6,488)

#### Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances (2016: same).

#### Derivative risks

Non interest-bearing assets relate to credit default swaps, forward foreign exchange contracts and futures and options. Derivatives including credit default swaps, forward foreign exchange contracts and futures and options are employed when they are the cheapest and most efficient method of gaining exposure. This increases the risk profile of the fund and may result in a higher degree of volatility. All open positions are regularly reviewed by the fund manager. The fund has entered into various credit default swaps, forward foreign exchange contracts and futures and options during this accounting period. Such contracts commit the fund to future deliveries or receipts, typically three months forward, of assets and liabilities, at prices decided at the point of striking the contract. They therefore allow the fund manager to limit risk, or to enhance fund performance in return for the acceptance of greater risk.

At 7 March 2017, the fund had outstanding credit default swaps, forward foreign exchange contracts and futures and options with an asset value of £270,000 (2016: £73,000) and a liability value of £274,000 (2016: £235,000).

### 15 FAIR VALUE DISCLOSURE

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

**Level 1** – Quoted prices for identical instruments in active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

**Level 2** – Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from

market data. This category will typically include debt securities and collective investments schemes.

**Level 3** – Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

	2017 Assets £000	2017 Liabilities £000	2016 Assets £000	2016 Liabilities £000
Valuation technique				
Level 1	11,502	(13)	2,204	(1)
Level 2	179,723	(261)	65,189	(234)
Level 3	2	—	230	—
	191,227	(274)	67,623	(235)

Included within Level 1, are debt securities of £11,455,000 (2016: £2,155,000). The valuation of some highly liquid exchange-traded debt securities (G7 sovereign debt, supranational debt or certain corporate bonds) is sufficiently close to a binding quoted price to categorise at this level.

### 16 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2016: Nil).

### 17 PORTFOLIO TRANSACTION COSTS

7 March 2017	Value £000	Commissions £000	%	Taxes £000	%
Purchases					
Bonds	274,535	—	—	—	—
Total	274,535	—	—	—	—
Gross purchases total:	274,535				
Sales					
Bonds	165,130	—	—	—	—
Corporate actions	8	—	—	—	—
Total	165,138	—	—	—	—
Total sales net of transaction costs:	165,138				

#### Transaction costs as a percentage of average Net Assets

Commissions: 0.00%

Taxes: 0.00%

Commissions £000
Futures and Options
2

7 March 2016	Value £000	Commissions £000	%	Taxes £000	%
Purchases					
Bonds	80,157	—	—	—	—
Total	80,157	—	—	—	—
Gross purchases total:	80,157				

Sales	Value £000	Commissions £000	%	Taxes £000	%
Bonds	83,925	—	—	—	—
Total	83,925	—	—	—	—
Total sales net of transaction costs:	83,925				

#### Transaction costs as a percentage of average Net Assets

Commissions: 0.00%

Taxes: 0.00%

Commissions £000
Futures and Options
1



## Threadneedle European Corporate Bond Fund

### Notes to the financial statements

*(continued)*

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

Portfolio transaction costs are incurred by the fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

**Direct transaction costs:** Broker commissions, fees and taxes.

**Indirect transaction costs:** 'Dealing spread' – the difference between the buying and selling prices of the fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.45% (7 March 2016: 0.61%), being the difference between the respective bid and offer prices for the fund's investments.

### 18 SECURITIES FINANCING TRANSACTIONS REGULATION

Additional disclosures are required where the fund invests in securities financing transactions (SFTs). For the year ended 7 March 2017 the fund has not invested in SFTs and will not be making additional disclosures.



## Threadneedle European High Yield Bond Fund

### Investment Report

#### Investment Objective

To achieve total return. Over time this will be predominantly by way of income.

#### Investment Policy

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

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

Over the twelve months to 7 March 2017, the published share price of the Threadneedle European High Yield Bond Fund has risen from 126.24p to 155.46p.

The sterling total return on the fund for the twelve months ending 28 February 2017, including net reinvested income, is +20.62%, which equates approximately to +23.69% gross of tax and charges\*\* and compares against a return of +24.74% for the Merrill Lynch European Currency High Yield Index 3% constrained ex sub-financials (100% hedged to euros). The gross returns equate to approximately +12.94% for the fund and +13.89% for the index when quoted in Euros\*\*.

#### Market Overview and Portfolio Activity

Following a period of volatility at the beginning of 2016, risk assets rallied strongly in March and April in response to rebounding

commodity prices (particularly oil), as well as renewed support from global central banks, positive developments in Greece and receding emerging market concerns.

Later in the period, markets were buffeted by a number of populist political upsets including the UK's Brexit vote in June and the November election of Donald Trump as the 45th US president. However, the impact of these events has so far been relatively benign and the rise of risk assets has continued broadly unabated. Global growth data has remained robust, with a deflationary outlook emanating from the US in response to the new administration, improving China data and increasingly sanguine economic numbers coming out of the eurozone. Consequently markets have responded to the increasing likelihood of an end to unconventional monetary policy, evident by the European Central Bank's slight policy tapering and more notably the US Federal Reserve, which committed to rate hikes in December 2016 and in March 2017.

Within this context, European high yield performed strongly over the 12 months under review, with significant additional support coming from technical market drivers in the latter part of 2016 and early 2017. These included strong inflows and limited net new supply in the primary market, largely driven by a spate of high yield issuers opting to refinance bond redemptions in the loan market. Overall the asset class returned 12.4% in local currency terms, helped by the compression of credit spreads to underlying government bonds, which tightened from 595 to 353 basis points.

In terms of fund activity, selected themes throughout the 12 months included adding to corporate hybrids such as RWE and Orange (both new purchases earlier in the year), along with KPN, given the attractive yield pick-up they offer over senior bonds. We also added to Credit Suisse and UBS following positive moves by Swiss

authorities on low-trigger contingent convertible bonds. We began to reduce some of our comparative underweight in the energy sector by building positions in names such as EnQuest. Finally, in the latter part of 2016 we selectively added to short duration (interest-rate risk) names such as Ceramtec, Viridian and Befesa Zinc. Against this major reductions included Heidelberg, which exited our index after returning to Investment Grade status, and certain UK names such as Pizza Express and Newlook.

Looking forward, Trump's election and pro-growth platform and hopes for greater emphasis on fiscal stimulus elsewhere have introduced some upside potential to the growth backdrop; corporate fundamentals remain generally sound, with default rates trending lower in the US and remaining at very low levels in Europe. Technicals remain broadly supportive, although less so than at the end of last year. Inflation pressures are building, however, and together with a potential end to unconventional monetary policy, are expected to result in higher yields and volatility in government bonds. Spreads have tightened further in Europe, nearing 'current-cycle' lows, especially in higher quality issuers. Geopolitical risks also remain elevated with potential threats on the horizon from upcoming European elections and Trump's trade and immigration initiatives.

European High Yield should continue to deliver attractive risk-adjusted returns, especially relative to other core fixed income products. However, in this low-return environment with elevated political risks, we continue to manage for downside risks. The fund is generally neutral-to-small underweight portfolio risk, and defensively positioned on a sector basis. We prefer higher quality single-B rated issuers and remain underweight in terms of interest rate risk versus the benchmark.

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2016 to 7 March 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains	2	121,266	4,927
Revenue	3	39,228	32,443
Expenses	4	(8,203)	(6,661)
Interest payable and similar charges	5	(250)	(91)
Net revenue before taxation		30,775	25,691
Taxation	6	—	—
Net revenue after taxation		30,775	25,691
<b>Total return before distributions</b>		<b>152,041</b>	<b>30,618</b>
Distributions	7	(30,776)	(25,691)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>121,265</b>	<b>4,927</b>

### BALANCE SHEET

as at 7 March 2017

	Notes	2017 £000	2016 £000
<b>Assets:</b>			
<b>Fixed assets:</b>			
Investments		736,730	527,987
<b>Current assets:</b>			
Debtors	8	13,466	13,636
Cash and bank balances	9	37,190	84,015
<b>Total assets</b>		<b>787,386</b>	<b>625,638</b>
<b>Liabilities:</b>			
<b>Investment liabilities</b>		(282)	(599)
<b>Creditors:</b>			
Distribution payable		(5,765)	(3,768)
Other creditors	10	(7,026)	(2,652)
<b>Total liabilities</b>		<b>(13,073)</b>	<b>(7,019)</b>
<b>Net assets attributable to shareholders</b>		<b>774,313</b>	<b>618,619</b>

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

for the accounting period 8 March 2016 to 7 March 2017

	2017 £000	2016 £000
<b>Opening net assets attributable to shareholders</b>	<b>618,619</b>	<b>574,739</b>
Amounts receivable on the issue of shares	238,143	376,569
Amounts payable on the cancellation of shares	(227,779)	(360,773)
	10,364	15,796
Dilution adjustment	369	1,248
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	121,265	4,927
Retained distribution on accumulation shares	23,696	21,909
<b>Closing net assets attributable to shareholders</b>	<b>774,313</b>	<b>618,619</b>

### DISTRIBUTION TABLE

for the accounting period 8 March 2016 to 7 March 2017

Interest distribution in pence per share

#### Class 1 – Accumulation shares<sup>†</sup>

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Net Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	5.4515	—	5.4515	4.1391
<b>Group 2</b>				
08/03/16 to 07/03/17	3.2666	2.1849	5.4515	4.1391
<b>Total distributions in the period</b>			<b>5.4515</b>	<b>4.1391</b>

#### Class 1 – Gross income shares

Distribution Period	Gross Revenue	Equalisation	Distribution Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	4.5548	—	4.5548	5.1702
<b>Group 2</b>				
08/03/16 to 07/03/17	2.3338	2.2210	4.5548	5.1702
<b>Total distributions in the period</b>			<b>4.5548</b>	<b>5.1702</b>

\*In pound Sterling and against UK peer group.

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



# Threadneedle European High Yield Bond Fund

## DISTRIBUTION TABLE

(continued)

### Class 1 USD Hedged – Monthly gross income shares\*

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/04/16	0.3802	—	0.3802	
08/04/16 to 07/05/16	0.2980	—	0.2980	
08/05/16 to 07/06/16	0.3081	—	0.3081	
08/06/16 to 07/07/16	0.4829	—	0.4829	
08/07/16 to 07/08/16	0.3565	—	0.3565	0.2502
08/08/16 to 07/09/16	0.3439	—	0.3439	0.3804
08/09/16 to 07/10/16	0.4426	—	0.4426	0.3499
08/10/16 to 07/11/16	0.3540	—	0.3540	0.1082
08/11/16 to 07/12/16	0.3081	—	0.3081	0.2191
08/12/16 to 07/01/17	0.4643	—	0.4643	0.2839
08/01/17 to 07/02/17	0.4137	—	0.4137	0.3772
08/02/17 to 07/03/17	0.3625	—	0.3625	0.3007
<b>Group 2</b>				
08/03/16 to 07/04/16	0.0807	0.2995	0.3802	
08/04/16 to 07/05/16	0.0384	0.2596	0.2980	
08/05/16 to 07/06/16	0.2281	0.0800	0.3081	
08/06/16 to 07/07/16	0.3029	0.1800	0.4829	
08/07/16 to 07/08/16	0.0538	0.3027	0.3565	0.2502
08/08/16 to 07/09/16	—	0.3439	0.3439	0.3804
08/09/16 to 07/10/16	0.3646	0.0780	0.4426	0.3499
08/10/16 to 07/11/16	0.3540	—	0.3540	0.1082
08/11/16 to 07/12/16	0.1140	0.1941	0.3081	0.2191
08/12/16 to 07/01/17	0.4643	—	0.4643	0.2839
08/01/17 to 07/02/17	0.4137	—	0.4137	0.3772
08/02/17 to 07/03/17	—	0.3625	0.3625	0.3007
<b>Total distributions in the period</b>			<b>4.5148</b>	<b>2.2696</b>

### Class 1 – Gross accumulation shares

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Gross Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	6.8265	—	6.8265	6.5424
<b>Group 2</b>				
08/03/16 to 07/03/17	3.3925	3.4340	6.8265	6.5424
<b>Total distributions in the period</b>			<b>6.8265</b>	<b>6.5424</b>

### Class 2 – Gross income shares

Distribution Period	Gross Revenue	Equalisation	Distribution Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	5.4597	—	5.4597	4.8965
<b>Group 2</b>				
08/03/16 to 07/03/17	4.0266	1.4331	5.4597	4.8965
<b>Total distributions in the period</b>			<b>5.4597</b>	<b>4.8965</b>

### Class 2 – Gross accumulation shares

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Gross Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	9.9806	—	9.9806	8.5212
<b>Group 2</b>				
08/03/16 to 07/03/17	5.0079	4.9727	9.9806	8.5212
<b>Total distributions in the period</b>			<b>9.9806</b>	<b>8.5212</b>

### Class 2 CHF Hedged – Gross accumulation shares

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Gross Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	6.4485	—	6.4485	9.8484
<b>Group 2</b>				
08/03/16 to 07/03/17	6.4485	—	6.4485	9.8484
<b>Total distributions in the period</b>			<b>6.4485</b>	<b>9.8484</b>

### Class X – Gross income shares\*

Distribution Period	Gross Revenue	Equalisation	Distribution Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	6.0849	—	6.0849	1.9416
<b>Group 2</b>				
08/03/16 to 07/03/17	3.8491	2.2358	6.0849	1.9416
<b>Total distributions in the period</b>			<b>6.0849</b>	<b>1.9416</b>

### Class X – Gross accumulation shares

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Gross Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	4.8819	—	4.8819	3.5362
<b>Group 2</b>				
08/03/16 to 07/03/17	0.2819	4.6000	4.8819	3.5362
<b>Total distributions in the period</b>			<b>4.8819</b>	<b>3.5362</b>

### Class Z – Accumulation shares†

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Net Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	5.0663	—	5.0663	3.3287
<b>Group 2</b>				
08/03/16 to 07/03/17	2.8570	2.2093	5.0663	3.3287
<b>Total distributions in the period</b>			<b>5.0663</b>	<b>3.3287</b>

### Class Z – Gross income shares

Distribution Period	Gross Revenue	Equalisation	Distribution Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	5.2318	—	5.2318	4.9214
<b>Group 2</b>				
08/03/16 to 07/03/17	2.9936	2.2382	5.2318	4.9214
<b>Total distributions in the period</b>			<b>5.2318</b>	<b>4.9214</b>

### Class Z CHF Hedged – Gross income shares\*

Distribution Period	Gross Revenue	Equalisation	Distribution Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	5.2741	—	5.2741	1.5677
<b>Group 2</b>				
08/03/16 to 07/03/17	3.1709	2.1032	5.2741	1.5677
<b>Total distributions in the period</b>			<b>5.2741</b>	<b>1.5677</b>

### Class Z – Gross accumulation shares

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Gross Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	6.0627	—	6.0627	4.9835
<b>Group 2</b>				
08/03/16 to 07/03/17	3.7401	2.3226	6.0627	4.9835
<b>Total distributions in the period</b>			<b>6.0627</b>	<b>4.9835</b>

### Class Z CHF Hedged – Gross accumulation shares\*

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Gross Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	5.3541	—	5.3541	1.0210
<b>Group 2</b>				
08/03/16 to 07/03/17	3.1707	2.1834	5.3541	1.0210
<b>Total distributions in the period</b>			<b>5.3541</b>	<b>1.0210</b>

### Class Z USD Hedged – Gross accumulation shares\*

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	
<b>Group 1</b>				
08/03/16 to 07/03/17	4.4014	—	4.4014	
<b>Group 2</b>				
08/03/16 to 07/03/17	4.4014	—	4.4014	
<b>Total distributions in the period</b>			<b>4.4014</b>	

Group 2: shares purchased during a distribution period.

\*For launch dates, refer to the footnotes after the comparative tables.

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.

†Distributions paid before 6 April 2017 have been paid net.



## Threadneedle European High Yield Bond Fund

### Comparative Table Disclosure

	Class 1 – Accumulation shares			Class 1 – Gross income shares <sup>§</sup>		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	125.54	120.73	134.11	104.67	104.83	124.74
Return before operating charges (p)	31.36	7.57	(9.44)	26.18	6.51	(9.48)
Operating charges (p)	(2.04)	(1.73)	(1.87)	(1.71)	(1.50)	(1.75)
Return after operating charges (p)*	29.32	5.84	(11.31)	24.47	5.01	(11.23)
Distributions (p)	(5.45)	(5.17)	(10.36)	(4.55)	(5.17)	(8.68)
Retained distributions on accumulation shares (p)**	5.45	4.14	8.29	–	–	–
Closing net asset value per share (p)	154.86	125.54	120.73	124.59	104.67	104.83
*after direct transaction costs of (p)	–	–	–	–	–	–
<b>Performance</b>						
Return after charges (%)	23.36	4.84	(8.43)	23.38	4.78	(9.00)
<b>Other information</b>						
Closing net asset value (£000)	13,224	15,955	18,761	26,195	14,608	18,721
Closing number of shares	8,539,135	12,709,160	15,539,346	21,024,098	13,955,827	17,858,591
Operating charges (%)***	1.42	1.43	1.43	1.42	1.42	1.43
Direct transaction costs (%)****	–	–	–	–	–	–
<b>Prices</b>						
Highest share price (p)	157.16	127.04	135.82	131.07	111.34	126.39
Lowest share price (p)	125.86	117.15	121.25	104.95	102.03	111.16
	Class 1 USD Hedged – Monthly gross income shares <sup>§</sup>			Class 1 – Gross accumulation shares <sup>§</sup>		
	07/03/2017	07/03/2016 <sup>†</sup>		07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	105.19	100.00		156.92	149.77	164.64
Return before operating charges (p)	32.55	8.44		39.22	9.29	(12.59)
Operating charges (p)	(1.71)	(0.98)		(2.57)	(2.14)	(2.28)
Return after operating charges (p)*	30.84	7.46		36.65	7.15	(14.87)
Distributions (p)	(4.51)	(2.27)		(6.83)	(6.54)	(7.11)
Retained distributions on accumulation shares (p)**	–	–		6.83	6.54	7.11
Closing net asset value per share (p)	131.52	105.19		193.57	156.92	149.77
*after direct transaction costs of (p)	–	–		–	–	–
<b>Performance</b>						
Return after charges (%)	29.32	7.46		23.36	4.77	(9.03)
<b>Other information</b>						
Closing net asset value (£000)	5,784	2,323		420,290	295,678	319,651
Closing number of shares	4,397,907	2,208,321		217,121,210	188,420,239	213,421,030
Operating charges (%)***	1.42	1.46 <sup>†</sup>		1.42	1.42	1.42
Direct transaction costs (%)****	–	–		–	–	–
<b>Prices</b>						
Highest share price (p)	132.43	107.00		196.46	158.75	166.79
Lowest share price (p)	104.02	97.76		157.33	145.75	150.38



## Threadneedle European High Yield Bond Fund

### Comparative Table Disclosure

(continued)

	Class 2 – Gross income shares <sup>§</sup>			Class 2 – Gross accumulation shares <sup>§</sup>		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	107.64	106.71	121.76	196.79	186.54	203.85
Return before operating charges (p)	26.98	6.70	(9.32)	49.31	11.78	(15.69)
Operating charges (p)	(1.00)	(0.87)	(0.96)	(1.83)	(1.53)	(1.62)
Return after operating charges (p)*	25.98	5.83	(10.28)	47.48	10.25	(17.31)
Distributions (p)	(5.46)	(4.90)	(4.77)	(9.98)	(8.52)	(13.77)
Retained distributions on accumulation shares (p)**	–	–	–	9.98	8.52	13.77
Closing net asset value per share (p)	128.16	107.64	106.71	244.27	196.79	186.54
*after direct transaction costs of (p)	–	–	–	–	–	–
<b>Performance</b>						
Return after charges (%)	24.14	5.46	(8.44)	24.13	5.49	(8.49)
<b>Other information</b>						
Closing net asset value (£000)	49,573	42,390	36,519	175,020	185,124	154,302
Closing number of shares	38,679,927	39,382,927	34,222,334	71,649,568	94,072,923	82,717,000
Operating charges (%)***	0.81	0.81	0.81	0.81	0.81	0.81
Direct transaction costs (%)****	–	–	–	–	–	–
<b>Prices</b>						
Highest share price (p)	135.32	113.82	123.40	247.38	199.05	206.53
Lowest share price (p)	107.93	104.10	107.20	197.30	181.94	187.32
	Class 2 CHF Hedged – Gross accumulation shares <sup>§</sup>			Class X – Gross income shares <sup>§</sup>		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016 <sup>2</sup>	
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	126.24	123.73	119.56	102.12	100.00	
Return before operating charges (p)	33.99	3.52	5.33	25.68	4.11	
Operating charges (p)	(1.19)	(1.01)	(1.16)	(0.07)	(0.05)	
Return after operating charges (p)*	32.80	2.51	4.17	25.61	4.06	
Distributions (p)	(6.45)	(9.85)	(8.66)	(6.08)	(1.94)	
Retained distributions on accumulation shares (p)**	6.45	9.85	8.66	–	–	
Closing net asset value per share (p)	159.04	126.24	123.73	121.65	102.12	
*after direct transaction costs of (p)	–	–	–	–	–	
<b>Performance</b>						
Return after charges (%)	25.98	2.03	3.49	25.08	4.06	
<b>Other information</b>						
Closing net asset value (£000)	216	171	277	48,410	28,502	
Closing number of shares	135,581	135,581	224,150	39,793,817	27,911,733	
Operating charges (%)***	0.81	0.81	0.81	0.06	0.07 <sup>†</sup>	
Direct transaction costs (%)****	–	–	–	–	–	
<b>Prices</b>						
Highest share price (p)	160.61	133.27	138.95	129.01	105.24	
Lowest share price (p)	126.15	119.04	115.30	102.40	95.81	



## Threadneedle European High Yield Bond Fund

### Comparative Table Disclosure

(continued)

	Class X – Gross accumulation shares <sup>§</sup>			Class Z – Accumulation shares		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	81.98	77.06	83.71	97.56	93.33	102.77
Return before operating charges (p)	20.59	4.97	(6.61)	24.47	5.75	(7.41)
Operating charges (p)	(0.06)	(0.05)	(0.04)	(0.82)	(0.69)	(0.73)
Return after operating charges (p)*	20.53	4.92	(6.65)	23.65	5.06	(8.14)
Distributions (p)	(4.88)	(3.54)	(30.14)	(5.07)	(4.16)	(6.52)
Retained distributions on accumulation shares (p)**	4.88	3.54	30.14	5.07	3.33	5.22
Closing net asset value per share (p)	102.51	81.98	77.06	121.21	97.56	93.33
*after direct transaction costs of (p)	–	–	–	–	–	–
<b>Performance</b>						
Return after charges (%)	25.04	6.38	(7.94)	24.24	5.42	(7.92)
<b>Other information</b>						
Closing net asset value (£000)	2,612	3,230	2,422	5,339	4,036	2,019
Closing number of shares	2,547,563	3,940,079	3,143,074	4,404,467	4,137,461	2,163,806
Operating charges (%)***	0.06	0.06	0.05	0.73	0.73	0.73
Direct transaction costs (%)****	–	–	–	–	–	–
<b>Prices</b>						
Highest share price (p)	103.54	82.90	84.84	122.72	98.70	104.65
Lowest share price (p)	82.19	75.47	77.48	97.81	90.73	93.72
	Class Z – Gross income shares <sup>§</sup>			Class Z CHF Hedged – Gross income shares <sup>§</sup>		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016 <sup>§</sup>	
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	101.40	100.76	117.61	101.45	100.00	
Return before operating charges (p)	25.39	6.30	(9.02)	27.36	3.47	
Operating charges (p)	(0.84)	(0.74)	(0.84)	(0.87)	(0.45)	
Return after operating charges (p)*	24.55	5.56	(9.86)	26.49	3.02	
Distributions (p)	(5.23)	(4.92)	(6.99)	(5.27)	(1.57)	
Retained distributions on accumulation shares (p)**	–	–	–	–	–	
Closing net asset value per share (p)	120.72	101.40	100.76	122.67	101.45	
*after direct transaction costs of (p)	–	–	–	–	–	
<b>Performance</b>						
Return after charges (%)	24.21	5.52	(8.38)	26.11	3.02	
<b>Other information</b>						
Closing net asset value (£000)	5,738	8,283	8,845	211	48	
Closing number of shares	4,753,175	8,168,294	8,778,823	172,031	47,266	
Operating charges (%)***	0.73	0.73	0.73	0.73	0.73 <sup>†</sup>	
Direct transaction costs (%)****	–	–	–	–	–	
<b>Prices</b>						
Highest share price (p)	127.52	107.53	119.41	129.18	104.57	
Lowest share price (p)	101.67	98.31	102.68	101.41	97.13	



## Threadneedle European High Yield Bond Fund

### Comparative Table Disclosure

(continued)

	Class Z – Gross accumulation shares <sup>§</sup>			Class Z CHF Hedged – Gross accumulation shares <sup>§</sup>	
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016 <sup>‡</sup>
<b>Change in net assets per share</b>					
Opening net asset value per share (p)	117.49	111.36	121.57	103.00	100.00
Return before operating charges (p)	29.43	6.95	(9.34)	27.78	3.46
Operating charges (p)	(0.99)	(0.82)	(0.87)	(0.88)	(0.46)
Return after operating charges (p)*	28.44	6.13	(10.21)	26.90	3.00
Distributions (p)	(6.06)	(4.98)	(8.23)	(5.35)	(1.02)
Retained distributions on accumulation shares (p)**	6.06	4.98	8.23	5.35	1.02
Closing net asset value per share (p)	145.93	117.49	111.36	129.90	103.00
*after direct transaction costs of (p)	–	–	–	–	–
<b>Performance</b>					
Return after charges (%)	24.21	5.50	(8.40)	26.12	3.00
<b>Other information</b>					
Closing net asset value (£000)	20,243	17,465	13,222	1,445	806
Closing number of shares	13,872,306	14,865,324	11,872,584	1,112,754	782,583
Operating charges (%)***	0.73	0.73	0.73	0.73	0.75 <sup>†</sup>
Direct transaction costs (%)****	–	–	–	–	–
<b>Prices</b>					
Highest share price (p)	147.73	118.84	123.18	131.15	104.55
Lowest share price (p)	117.80	108.64	111.82	102.97	97.14
<b>Class Z USD Hedged – Gross accumulation shares<sup>§</sup></b>					
	07/03/2017 <sup>§</sup>				
<b>Change in net assets per share</b>					
Opening net asset value per share (p)	100.00				
Return before operating charges (p)	29.69				
Operating charges (p)	(0.71)				
Return after operating charges (p)*	28.98				
Distributions (p)	(4.40)				
Retained distributions on accumulation shares (p)**	4.40				
Closing net asset value per share (p)	128.98				
*after direct transaction costs of (p)	–				
<b>Performance</b>					
Return after charges (%)	28.98				
<b>Other information</b>					
Closing net asset value (£000)	13				
Closing number of shares	10,000				
Operating charges (%)***	0.72 <sup>†</sup>				
Direct transaction costs (%)****	–				
<b>Prices</b>					
Highest share price (p)	129.50				
Lowest share price (p)	98.70				

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.

\*\*Any difference between the distributions and the retained distributions on accumulation shares is due to the tax withheld.

\*\*\*The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit [columbiathreadneedle.com/fees](http://columbiathreadneedle.com/fees).

\*\*\*\*Transaction costs have not been reduced by any amounts collected from dilution levies/adjustments.

<sup>§</sup>Only available to eligible investors.

<sup>†</sup>Class 1 USD Hedged – Monthly gross income shares commenced 15 July 2015.

<sup>‡</sup>Class X – Gross income shares commenced 10 June 2015.

<sup>§</sup>Class Z CHF Hedged – Gross income shares commenced 29 July 2015.

<sup>¶</sup>Class Z CHF Hedged – Gross accumulation shares commenced 29 July 2015.

<sup>||</sup>Class Z USD Hedged – Gross accumulation shares commenced 4 May 2016.

<sup>††</sup>The Ongoing Charges Figure is annualised based on the fees incurred since commencement date.



# Threadneedle European High Yield Bond Fund

## Notes to the financial statements

for the accounting period 8 March 2016 to 7 March 2017

### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 5 and 6.

### 2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2017 £000	2016 £000
Non-derivative securities	102,577	(11,490)
Derivative contracts	(503)	(15)
Forward currency contracts	14,414	12,692
Other gains	4,780	3,742
Transaction costs	(2)	(2)
Net capital gains	121,266	4,927

### 3 REVENUE

	2017 £000	2016 £000
Interest on debt securities	38,978	32,139
Derivative revenue	228	274
Bank interest	22	30
Total revenue	39,228	32,443

### 4 EXPENSES

	2017 £000	2016 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(7,282)	(5,930)
Registration fees	(772)	(610)
	(8,054)	(6,540)
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depositary's fees	(80)	(56)
Safe custody fees	(46)	(38)
	(126)	(94)
Other expenses:		
Regulatory fees	(5)	(6)
Audit fees	(17)	(21)
Professional fees	(1)	—
	(23)	(27)
Total expenses*	(8,203)	(6,661)

\*Including irrecoverable VAT where applicable.

### 5 INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £000	2016 £000
Interest payable	(250)	(91)
Total interest payable & similar charges	(250)	(91)

### 6 TAXATION

	2017 £000	2016 £000
<b>a) Analysis of charge in period</b>		
Total current tax (note 6b)	—	—
Total tax charge for the period	—	—
<b>b) Factors affecting taxation charge for period</b>		
Net revenue before taxation	30,775	25,691
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(6,155)	(5,138)
Effects of:		
Distributions treated as tax deductible	6,155	5,138
Current tax charge for period (note 6a)	—	—

Interest distributions have been made in respect of all distributions during the period. Income tax at 20% on net share classes paid prior to 6 April 2017 will be accounted for on shareholders' behalf to HM Revenue & Customs.

### 7 DISTRIBUTIONS

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

	2017 £000	2016 £000
Interim	151	15
Final	29,460	25,676
	29,611	25,691
Add: Revenue deducted on the cancellation of shares	5,718	5
Deduct: Revenue received on the creation of shares	(4,553)	(5)
Net distribution for the period	30,776	25,691
Net revenue after taxation	30,775	25,691
Equalisation on conversion	1	—
Total distributions	30,776	25,691

Details of the distribution per share are set out in the table on pages 132 to 133.

### 8 DEBTORS

	2017 £000	2016 £000
Amounts receivable for the issue of shares	2,359	2,865
Sales awaiting settlement	—	1,484
Accrued revenue	11,097	9,287
United Kingdom income tax recoverable	10	—
Total debtors	13,466	13,636

### 9 CASH AND BANK BALANCES

	2017 £000	2016 £000
Amounts held at futures clearing houses and brokers	190	1,538
Cash and bank balances	37,000	82,477
Total cash and bank balances	37,190	84,015

### 10 OTHER CREDITORS

	2017 £000	2016 £000
Amounts payable for the cancellation of shares	(1,206)	(418)
Purchases awaiting settlement	(4,954)	(1,558)
Accrued expenses	(36)	(25)
Amounts payable to ACD	(830)	(651)
Total other creditors	(7,026)	(2,652)

### 11 DILUTION ADJUSTMENT

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

### 12 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, as ACD, is a related party and acts as principal in respect of all transactions of shares in the fund.

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

Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 8 and 10.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 10.

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



## Threadneedle European High Yield Bond Fund

### Notes to the financial statements

(continued)

#### 13 SHAREHOLDER FUNDS

Threadneedle European High Yield Bond Fund currently has four share classes; Class 1, Class 2, Class X and Class Z shares. The charges on each share class are as follows:

##### Annual management charge

Class 1 shares	1.25%
Class 2 shares	0.75%
Class X shares	N/A*
Class Z shares	0.60%

##### Registration fees

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

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 134 to 137. The distribution per share class is given in the distribution table on pages 132 to 133.

All classes have the same rights on winding up.

\*X Shares are not subject to an Annual Management Charge.

##### Reconciliation of shares

	2017
<b>Class 1 – Accumulation shares</b>	
Opening shares	12,709,160
Shares issued	4,085,159
Shares redeemed	(7,786,529)
Net conversions	(468,655)
Closing shares	8,539,135
<b>Class 1 – Gross income shares</b>	
Opening shares	13,955,827
Shares issued	14,147,891
Shares redeemed	(7,062,229)
Net conversions	(17,391)
Closing shares	21,024,098
<b>Class 1 USD Hedged – Monthly gross income shares</b>	
Opening shares	2,208,321
Shares issued	2,589,882
Shares redeemed	(400,296)
Net conversions	–
Closing shares	4,397,907
<b>Class 1 – Gross accumulation shares</b>	
Opening shares	188,420,239
Shares issued	69,016,322
Shares redeemed	(39,941,424)
Net conversions	(373,927)
Closing shares	217,121,210
<b>Class 2 – Gross income shares</b>	
Opening shares	39,382,927
Shares issued	524,984
Shares redeemed	(1,227,984)
Net conversions	–
Closing shares	38,679,927
<b>Class 2 – Gross accumulation shares</b>	
Opening shares	94,072,923
Shares issued	20,518,551
Shares redeemed	(42,595,702)
Net conversions	(346,204)
Closing shares	71,649,568

	2017
<b>Class 2 CHF Hedged – Gross accumulation shares</b>	
Opening shares	135,581
Shares issued	–
Shares redeemed	–
Net conversions	–
Closing shares	135,581
<b>Class X – Gross income shares</b>	
Opening shares	27,911,733
Shares issued	27,522,731
Shares redeemed	(15,640,647)
Net conversions	–
Closing shares	39,793,817
<b>Class X – Gross accumulation shares</b>	
Opening shares	3,940,079
Shares issued	102,115
Shares redeemed	(1,494,631)
Net conversions	–
Closing shares	2,547,563
<b>Class Z – Accumulation shares</b>	
Opening shares	4,137,461
Shares issued	1,366,292
Shares redeemed	(1,697,500)
Net conversions	598,214
Closing shares	4,404,467
<b>Class Z – Gross income shares</b>	
Opening shares	8,168,294
Shares issued	1,118,928
Shares redeemed	(4,551,984)
Net conversions	17,937
Closing shares	4,753,175
<b>Class Z CHF Hedged – Gross income shares</b>	
Opening shares	47,266
Shares issued	124,765
Shares redeemed	–
Net conversions	–
Closing shares	172,031
<b>Class Z – Gross accumulation shares</b>	
Opening shares	14,865,324
Shares issued	7,018,407
Shares redeemed	(9,093,974)
Net conversions	1,082,549
Closing shares	13,872,306
<b>Class Z CHF Hedged – Gross accumulation shares</b>	
Opening shares	782,583
Shares issued	495,571
Shares redeemed	(165,400)
Net conversions	–
Closing shares	1,112,754
<b>Class Z USD Hedged – Gross accumulation shares*</b>	
Opening shares	–
Shares issued	10,000
Shares redeemed	–
Net conversions	–
Closing shares	10,000

\*For launch dates, refer to the footnotes after the comparative tables.



## Threadneedle European High Yield Bond Fund

### Notes to the financial statements

(continued)

#### 14 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 6.

##### Market price risk sensitivity

A 1.00% interest rate movement applied to the fixed income proportion of the fund would result in an increase or decrease on the net asset value of the fund by 2.90% (2016: 3.30%).

##### Currency exposures

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

	Monetary exposures	Non- monetary exposures	Total
	£000	£000	£000
<b>Currency 2017</b>			
Euro	34,143	735,899	770,042
Swiss Franc	649	1,411	2,060
US Dollar	1,802	4,812	6,614
<b>Currency 2016</b>			
Euro	69,411	548,927	618,338
Swiss Franc	149	922	1,071
US Dollar	4,457	(1,921)	2,536

##### Currency sensitivity analysis

The only material currency exposure of the fund is to the Euro. A movement of 10.88% (2016: 6.74%) in this currency (equivalent to the movement in the year) would result in a change in the fund value of 10.82% (2016: 6.74%).

##### Credit/Counterparty exposure

The following details exposure to counterparties obtained through the use of derivatives:

	Credit Default Swaps Exposure	Forward Foreign Exchange Contracts Exposure	Collateral Pledged
	£000	£000	£000
<b>2017</b>			
<b>Counterparty</b>			
Barclays	179	68	—
Citigroup	—	1,996	—
Goldman Sachs	148	—	—
HSBC	—	—	119
J.P. Morgan	—	—	69
Lloyds	—	202	—
UBS	—	2,015	—
<b>2016</b>			
<b>Counterparty</b>			
Barclays	154	—	—
Citigroup	225	152	230
Goldman Sachs	114	—	—
J.P. Morgan	—	—	1,308

The fund held £2,177,000 (2016: £651,000) of collateral received from the fund's counterparties. The collateral held was in the form of cash. Collateral received is not owned by the fund and therefore is not included in the fund's cash balance. Positive exposure represents the fund's exposure to that counterparty and not the fund's holdings with that counterparty.

##### Analysis of investments by credit ratings

	2017		2016	
	Value £000	% of Investment	Value £000	% of Investment
A–	4,340	0.59	—	—
BBB+	4,322	0.59	—	—
BBB	9,295	1.26	1,635	0.31
Baa2	3,565	0.48	3,355	0.64
BBB–	13,049	1.77	5,400	1.02
BB+	187,612	25.48	89,114	16.89
Ba1	3,228	0.44	18,100	3.43

	2017		2016	
	Value £000	% of Investment	Value £000	% of Investment
BB	105,590	14.34	68,391	12.97
Ba2	5,884	0.80	2,885	0.55
Ba2e	—	—	1,553	0.29
BB–	111,881	15.19	70,719	13.41
B+	50,144	6.81	69,191	13.12
B1	1,403	0.19	1,833	0.35
B	128,318	17.42	99,650	18.90
Ba3	2,693	0.37	4,799	0.91
B2	4,009	0.54	6,646	1.26
B2u	2,712	0.37	—	—
B–	41,641	5.65	28,729	5.45
B3u	—	—	2,078	0.39
CCC+	28,428	3.86	24,642	4.67
Caa1	—	—	481	0.09
CCC	2,260	0.31	—	—
Caa2	—	—	3,339	0.63
CCC–	992	0.13	872	0.17
Ca	3,361	0.46	6,033	1.14
Not Rated	17,390	2.36	17,695	3.36
Derivatives	4,331	0.59	248	0.05
	736,448	100.00	527,388	100.00

The derivative positions do not have a significant impact on the risk profile.

##### Interest rate risk

The fund's floating rate investments earn interest which is variable, based on LIBOR or its overseas equivalent.

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

##### Interest rate risk profile of financial assets and financial liabilities

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

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
	£000	£000	£000	£000
<b>Currency 2017</b>				
Euro	123,894	420,492	255,585	799,971
Swiss Franc	484	7,980	2,023	10,487
UK Sterling	39,531	126,319	14,631	180,481
US Dollar	10,610	39,998	14,109	64,717
<b>Currency 2016</b>				
Euro	105,385	311,101	208,494	624,980
Swiss Franc	7	5,771	1,235	7,013
UK Sterling	45,441	100,371	6,379	152,191
US Dollar	12,110	30,972	3,942	47,024
	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
	£000	£000	£000	£000
<b>Currency 2017</b>				
Euro	—	—	(29,929)	(29,929)
Swiss Franc	—	—	(8,427)	(8,427)
UK Sterling	—	—	(184,884)	(184,884)
US Dollar	—	—	(58,103)	(58,103)
<b>Currency 2016</b>				
Euro	—	—	(6,642)	(6,642)
Swiss Franc	—	—	(5,942)	(5,942)
UK Sterling	—	—	(155,517)	(155,517)
US Dollar	—	—	(44,488)	(44,488)

##### Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances (2016: same).



## Threadneedle European High Yield Bond Fund

### Notes to the financial statements

(continued)

#### Derivative risks

Non interest-bearing assets relate to credit default swaps and forward foreign exchange contracts. Derivatives including credit default swaps and forward foreign exchange contracts are employed when they are the cheapest and most efficient method of gaining exposure. This increases the risk profile of the fund and may result in a higher degree of volatility. All open positions are regularly reviewed by the fund manager. The fund has entered into various credit default swaps and forward foreign exchange contracts during this accounting period. Such contracts commit the fund to future deliveries or receipts, typically three months forward, of assets and liabilities, at prices decided at the point of striking the contract. They therefore allow the fund manager to limit risk, or to enhance fund performance in return for the acceptance of greater risk.

At 7 March 2017, the fund had outstanding credit default swaps and forward foreign exchange contracts with an asset value of £4,613,000 (2016: £847,000) and a liability value of £282,000 (2016: £599,000).

#### 15 FAIR VALUE DISCLOSURE

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

**Level 1** – Quoted prices for identical instruments in active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

**Level 2** – Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investments schemes.

**Level 3** – Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

Valuation technique	2017		2016	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 2	735,749	(282)	520,888	(599)
Level 3	981	–	7,099	–
	736,730	(282)	527,987	(599)

#### 16 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2016: Nil).

#### 17 PORTFOLIO TRANSACTION COSTS

7 March 2017

Purchases	Value £000	Commissions £000	%	Taxes £000	%
Bonds	346,738	–	–	–	–
<b>Total</b>	<b>346,738</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Gross purchases total:</b>	<b>346,738</b>				

Sales	Value £000	Commissions £000	%	Taxes £000	%
Bonds	237,626	–	–	–	–
Corporate actions	6,349	–	–	–	–
<b>Total</b>	<b>243,975</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

**Total sales net of transaction costs:** **243,975**

**Transaction costs as a percentage of average Net Assets**

Commissions: 0.00%  
Taxes: 0.00%

7 March 2016

Purchases	Value £000	Commissions £000	%	Taxes £000	%
Bonds	249,184	–	–	–	–
<b>Total</b>	<b>249,184</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

**Gross purchases total:** **249,184**

Sales	Value £000	Commissions £000	%	Taxes £000	%
Bonds	235,261	–	–	–	–
Corporate actions	3,550	–	–	–	–
<b>Total</b>	<b>238,811</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

**Total sales net of transaction costs:** **238,811**

**Transaction costs as a percentage of average Net Assets**

Commissions: 0.00%  
Taxes: 0.00%

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

Portfolio transaction costs are incurred by the fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

**Direct transaction costs:** Broker commissions, fees and taxes.

**Indirect transaction costs:** 'Dealing spread' – the difference between the buying and selling prices of the fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.84% (7 March 2016: 1.27%), being the difference between the respective bid and offer prices for the fund's investments.

#### 18 SECURITIES FINANCING TRANSACTIONS REGULATION

Additional disclosures are required where the fund invests in securities financing transactions (SFTs). For the year ended 7 March 2017 the fund has not invested in SFTs and will not be making additional disclosures.



## Threadneedle Strategic Bond Fund

### Investment Report

#### Investment Objective

To achieve total return principally by way of income. Income will be paid monthly.

#### Investment Policy

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

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

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

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

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

#### Performance of Income Class 1 Shares\*

Over the twelve months to 7 March 2017, the published share price of the Threadneedle Strategic Bond Fund has risen from 44.94p to 47.61p.

The total return on the fund for the twelve months ending 28 February 2017, including net reinvested income, is +10.47%, which equates approximately to +12.70% gross of tax and charges\*\*. This compares against a return of +10.09% for a composite index of 60% iBoxx Sterling Non Gilts Index and 40% Merrill Lynch European Currency High Yield Index 3% constrained B-BB (100% hedged to Sterling).

#### Market Overview and Portfolio Activity

Fixed-income market returns were strongly positive in the 12 months under review, comfortably outperforming gilts. The period was marked by two political shocks that drove large market moves. The first was the UK's unexpected decision, in June, to leave the EU, while the second was Donald Trump's victory in the November US presidential election.

The vote for "Brexit" saw 10-year gilt yields fall to record lows as investors sought havens. Credit spreads widened, having tightened earlier in anticipation of the inclusion, from June, of corporate bonds in the European Central Bank's (ECB) purchase programme. Subsequently, though, credit markets resumed their tightening trend. Among factors influencing sentiment was a raft of stimulus measures from the Bank of England (including a corporate-bond purchase programme) and continued monetary easing from other key central banks.

Although Trump's win was initially greeted with alarm, risk assets soon rallied, to the detriment of core bonds, as markets expected higher US inflation and faster rate hikes. Global growth data, however, has remained robust, with a reflatory outlook emanating from the US in response to the new administration, improving China data and increasingly sanguine economic numbers coming out of the Eurozone. As a result markets have moved to consider the increasing likelihood of an end to unconventional monetary policy, with a slight 'taper' from the ECB and more notably the US Federal Reserve committing to interest rate hikes in December 2016 and March 2017.

Over the year as a whole, investment grade credit spreads tightened meaningfully (by 50 basis points) and the asset class delivered excess returns of more than 6% over gilts. European High Yield returned 13% in total-return terms and saw credit spreads tighten by over 200 basis points.

As government bond yields remain close to historic lows. We have maintained a relatively defensive duration position – meaning a relatively low sensitivity to changes in the interest-rate outlook – and have reduced our long position in credit risk.

Within investment grade, we rotated the fund's positioning thematically towards more defensive sectors such as regulated utilities and consumer goods. Examples of such purchases include National Grid and AB InBev. We also continued to implement our positive outlook on midstream pipelines via Kinder Morgan. More recently, we have seen higher quality bonds as offering better value owing to recent compression in credit spreads.

Within high yield, selected themes throughout the 12 months included adding to corporate hybrids such as RWE and Orange (both new purchases earlier in the year), along with KPN, and Origin given the attractive yield pick-up they offer over senior bonds. We also added to Credit Suisse following positive moves by Swiss authorities on "low-trigger contingent convertible bonds".

Post-referendum data continues to suggest that the UK economy is faring better than many had feared. The longer-term impact remains to be seen, however. The manner of the UK's eventual exit remains obscure. We expect business investment to suffer as the Brexit saga drags on and consumption to weaken as rising inflation squeezes real incomes. Much uncertainty remains around the timing of these effects. Meanwhile, corporate credit remains supported by easy monetary policy and what are reasonable market valuations (spreads). However, this is somewhat tempered by more equity-friendly behaviour and signs of deteriorating credit quality.

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2016 to 7 March 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains/(losses)	2	18,336	(17,180)
Revenue	3	12,533	15,416
Expenses	4	(2,384)	(2,908)
Interest payable and similar charges	5	(1,745)	(2,304)
Net revenue before taxation		8,404	10,204
Taxation	6	—	—
Net revenue after taxation		8,404	10,204
<b>Total return before distributions</b>		<b>26,740</b>	<b>(6,976)</b>
Distributions	7	(10,501)	(12,783)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>16,239</b>	<b>(19,759)</b>

### BALANCE SHEET

as at 7 March 2017

	Notes	2017 £000	2016 £000
<b>Assets:</b>			
<b>Fixed assets:</b>			
Investments		245,623	249,026
<b>Current assets:</b>			
Debtors	8	7,563	8,626
Cash and bank balances	9	6,951	7,164
<b>Total assets</b>		<b>260,137</b>	<b>264,816</b>
<b>Liabilities:</b>			
<b>Investment liabilities</b>		(5,183)	(3,119)
<b>Creditors:</b>			
Bank overdrafts	9	(306)	(174)
Distribution payable		(624)	(852)
Other creditors	10	(8,201)	(4,715)
<b>Total liabilities</b>		<b>(14,314)</b>	<b>(8,860)</b>
<b>Net assets attributable to shareholders</b>		<b>245,823</b>	<b>255,956</b>

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

for the accounting period 8 March 2016 to 7 March 2017

	2017 £000	2016 £000
<b>Opening net assets attributable to shareholders</b>	<b>255,956</b>	<b>329,528</b>
Amounts receivable on the issue of shares	20,382	24,879
Amounts payable on the cancellation of shares	(50,988)	(83,733)
	(30,606)	(58,854)
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	16,239	(19,759)
Retained distribution on accumulation shares	4,229	5,037
Unclaimed distributions	5	4
<b>Closing net assets attributable to shareholders</b>	<b>245,823</b>	<b>255,956</b>

### DISTRIBUTION TABLE

for the accounting period 8 March 2016 to 7 March 2017

Interest distribution in pence per share

#### Class 1 – Income shares†

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>						
08/03/16 to 07/04/16	0.1751	0.0350	0.1401	—	0.1401	0.1346
08/04/16 to 07/05/16	0.1629	0.0326	0.1303	—	0.1303	0.1401
08/05/16 to 07/06/16	0.1599	0.0320	0.1279	—	0.1279	0.1343
08/06/16 to 07/07/16	0.1941	0.0388	0.1553	—	0.1553	0.1236
08/07/16 to 07/08/16	0.1555	0.0311	0.1244	—	0.1244	0.1328
08/08/16 to 07/09/16	0.1655	0.0331	0.1324	—	0.1324	0.1405
08/09/16 to 07/10/16	0.1699	0.0340	0.1359	—	0.1359	0.1251
08/10/16 to 07/11/16	0.1429	0.0286	0.1143	—	0.1143	0.1277
08/11/16 to 07/12/16	0.1249	0.0250	0.0999	—	0.0999	0.1344
08/12/16 to 07/01/17	0.1584	0.0317	0.1267	—	0.1267	0.1388
08/01/17 to 07/02/17	0.1475	0.0295	0.1180	—	0.1180	0.1588
08/02/17 to 07/03/17	0.1368	0.0274	0.1094	—	0.1094	0.1254

\*In pound Sterling and against UK peer group.

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



# Threadneedle Strategic Bond Fund

## DISTRIBUTION TABLE

(continued)

### Class 1 – Income shares†

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 2</b>						
08/03/16 to 07/04/16	0.0703	0.0141	0.0562	0.0839	0.1401	0.1346
08/04/16 to 07/05/16	0.0061	0.0012	0.0049	0.1254	0.1303	0.1401
08/05/16 to 07/06/16	0.0046	0.0009	0.0037	0.1242	0.1279	0.1343
08/06/16 to 07/07/16	0.0848	0.0170	0.0678	0.0875	0.1553	0.1236
08/07/16 to 07/08/16	0.0479	0.0096	0.0383	0.0861	0.1244	0.1328
08/08/16 to 07/09/16	0.1171	0.0234	0.0937	0.0387	0.1324	0.1405
08/09/16 to 07/10/16	0.0786	0.0157	0.0629	0.0730	0.1359	0.1251
08/10/16 to 07/11/16	0.0565	0.0113	0.0452	0.0691	0.1143	0.1277
08/11/16 to 07/12/16	0.0571	0.0114	0.0457	0.0542	0.0999	0.1344
08/12/16 to 07/01/17	0.0655	0.0131	0.0524	0.0743	0.1267	0.1388
08/01/17 to 07/02/17	0.0273	0.0055	0.0218	0.0962	0.1180	0.1588
08/02/17 to 07/03/17	0.1186	0.0237	0.0949	0.0145	0.1094	0.1254
<b>Total distributions in the period</b>					<b>1.5146</b>	<b>1.6161</b>

### Class 1 – Gross income shares

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/04/16	0.1755	–	0.1755	0.1685
08/04/16 to 07/05/16	0.1632	–	0.1632	0.1755
08/05/16 to 07/06/16	0.1602	–	0.1602	0.1682
08/06/16 to 07/07/16	0.1945	–	0.1945	0.1548
08/07/16 to 07/08/16	0.1558	–	0.1558	0.1663
08/08/16 to 07/09/16	0.1658	–	0.1658	0.1759
08/09/16 to 07/10/16	0.1701	–	0.1701	0.1567
08/10/16 to 07/11/16	0.1432	–	0.1432	0.1599
08/11/16 to 07/12/16	0.1250	–	0.1250	0.1684
08/12/16 to 07/01/17	0.1588	–	0.1588	0.1738
08/01/17 to 07/02/17	0.1477	–	0.1477	0.1989
08/02/17 to 07/03/17	0.1369	–	0.1369	0.1571
<b>Total distributions in the period</b>			<b>1.8967</b>	<b>2.0240</b>
<b>Group 2</b>				
08/03/16 to 07/04/16	0.0445	0.1310	0.1755	0.1685
08/04/16 to 07/05/16	0.0271	–	0.1361	0.1755
08/05/16 to 07/06/16	–	0.1602	0.1602	0.1682
08/06/16 to 07/07/16	0.0076	0.1869	0.1945	0.1548
08/07/16 to 07/08/16	0.0240	0.1318	0.1558	0.1663
08/08/16 to 07/09/16	–	0.1658	0.1759	0.1567
08/09/16 to 07/10/16	0.0269	0.1432	0.1701	0.1599
08/10/16 to 07/11/16	0.0529	0.0903	0.1432	0.1599
08/11/16 to 07/12/16	0.0060	0.1190	0.1250	0.1684
08/12/16 to 07/01/17	0.0435	0.1153	0.1588	0.1738
08/01/17 to 07/02/17	–	0.1477	0.1477	0.1989
08/02/17 to 07/03/17	–	0.1369	0.1369	0.1571
<b>Total distributions in the period</b>			<b>1.8967</b>	<b>2.0240</b>

### Class 2 – Income shares†

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>						
08/03/16 to 07/04/16	0.1930	0.0386	0.1544	–	0.1544	0.1478
08/04/16 to 07/05/16	0.1798	0.0360	0.1438	–	0.1438	0.1538
08/05/16 to 07/06/16	0.1769	0.0354	0.1415	–	0.1415	0.1476
08/06/16 to 07/07/16	0.2135	0.0427	0.1708	–	0.1708	0.1361
08/07/16 to 07/08/16	0.1719	0.0344	0.1375	–	0.1375	0.1461
08/08/16 to 07/09/16	0.1835	0.0367	0.1468	–	0.1468	0.1544
08/09/16 to 07/10/16	0.1876	0.0375	0.1501	–	0.1501	0.1379
08/10/16 to 07/11/16	0.1590	0.0318	0.1272	–	0.1272	0.1407
08/11/16 to 07/12/16	0.1393	0.0279	0.1114	–	0.1114	0.1479
08/12/16 to 07/01/17	0.1759	0.0352	0.1407	–	0.1407	0.1528
08/01/17 to 07/02/17	0.1640	0.0328	0.1312	–	0.1312	0.1742
08/02/17 to 07/03/17	0.1520	0.0304	0.1216	–	0.1216	0.1382
<b>Group 2</b>						
08/03/16 to 07/04/16	0.0213	0.0043	0.0170	0.1374	0.1544	0.1478
08/04/16 to 07/05/16	0.0150	0.0030	0.0120	0.1318	0.1438	0.1538
08/05/16 to 07/06/16	0.0011	0.0002	0.0009	0.1406	0.1415	0.1476
08/06/16 to 07/07/16	0.0268	0.0054	0.0214	0.1494	0.1708	0.1361
08/07/16 to 07/08/16	–	–	–	0.1375	0.1375	0.1461
08/08/16 to 07/09/16	0.0039	0.0008	0.0031	0.1437	0.1468	0.1544
08/09/16 to 07/10/16	0.0494	0.0099	0.0395	0.1106	0.1501	0.1379
08/10/16 to 07/11/16	0.0091	0.0018	0.0073	0.1199	0.1272	0.1407
08/11/16 to 07/12/16	0.0049	0.0010	0.0039	0.1075	0.1114	0.1479
08/12/16 to 07/01/17	0.0158	0.0032	0.0126	0.1281	0.1407	0.1528
08/01/17 to 07/02/17	0.0038	0.0008	0.0030	0.1282	0.1312	0.1742
08/02/17 to 07/03/17	0.0053	0.0011	0.0042	0.1174	0.1216	0.1382
<b>Total distributions in the period</b>					<b>1.6770</b>	<b>1.7775</b>

### Class 2 – Gross income shares

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/04/16	0.2038	–	0.2038	0.1952
08/04/16 to 07/05/16	0.1899	–	0.1899	0.2031
08/05/16 to 07/06/16	0.1868	–	0.1868	0.1949
08/06/16 to 07/07/16	0.2255	–	0.2255	0.1797
08/07/16 to 07/08/16	0.1816	–	0.1816	0.1930
08/08/16 to 07/09/16	0.1938	–	0.1938	0.2039
08/09/16 to 07/10/16	0.1984	–	0.1984	0.1819
08/10/16 to 07/11/16	0.1679	–	0.1679	0.1858
08/11/16 to 07/12/16	0.1471	–	0.1471	0.1954
08/12/16 to 07/01/17	0.1857	–	0.1857	0.2018
08/01/17 to 07/02/17	0.1732	–	0.1732	0.2300
08/02/17 to 07/03/17	0.1607	–	0.1607	0.1824
<b>Total distributions in the period</b>			<b>2.2144</b>	<b>2.3471</b>
<b>Group 2</b>				
08/03/16 to 07/04/16	0.0138	0.1900	0.2038	0.1952
08/04/16 to 07/05/16	0.1899	–	0.1899	0.2031
08/05/16 to 07/06/16	0.0885	0.0983	0.1868	0.1949
08/06/16 to 07/07/16	0.1560	0.0695	0.2255	0.1797
08/07/16 to 07/08/16	0.0695	0.1121	0.1816	0.1930
08/08/16 to 07/09/16	0.0338	0.1600	0.1938	0.2039
08/09/16 to 07/10/16	0.1494	0.0490	0.1984	0.1819
08/10/16 to 07/11/16	0.1679	–	0.1679	0.1858
08/11/16 to 07/12/16	0.1471	–	0.1471	0.1954
08/12/16 to 07/01/17	0.0157	0.1700	0.1857	0.2018
08/01/17 to 07/02/17	0.1732	–	0.1732	0.2300
08/02/17 to 07/03/17	0.0595	0.1012	0.1607	0.1824
<b>Total distributions in the period</b>			<b>2.2144</b>	<b>2.3471</b>

### Class 2 – Gross accumulation shares

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Gross Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/04/16	0.4186	–	0.4186	0.3835
08/04/16 to 07/05/16	0.3915	–	0.3915	0.3999
08/05/16 to 07/06/16	0.3864	–	0.3864	0.3857
08/06/16 to 07/07/16	0.4682	–	0.4682	0.3568
08/07/16 to 07/08/16	0.3788	–	0.3788	0.3844
08/08/16 to 07/09/16	0.4054	–	0.4054	0.4076
08/09/16 to 07/10/16	0.4165	–	0.4165	0.3652
08/10/16 to 07/11/16	0.3538	–	0.3538	0.3743
08/11/16 to 07/12/16	0.3110	–	0.3110	0.3948
08/12/16 to 07/01/17	0.3938	–	0.3938	0.4094
08/01/17 to 07/02/17	0.3686	–	0.3686	0.4686
08/02/17 to 07/03/17	0.3428	–	0.3428	0.3733
<b>Total distributions in the period</b>			<b>4.6354</b>	<b>4.7035</b>
<b>Group 2</b>				
08/03/16 to 07/04/16	0.4016	0.0170	0.4186	0.3835
08/04/16 to 07/05/16	0.2877	0.1038	0.3915	0.3999
08/05/16 to 07/06/16	0.2026	0.1838	0.3864	0.3857
08/06/16 to 07/07/16	0.1141	0.3541	0.4682	0.3568
08/07/16 to 07/08/16	0.2054	0.1734	0.3788	0.3844
08/08/16 to 07/09/16	0.0095	0.3959	0.4054	0.4076
08/09/16 to 07/10/16	0.2143	0.2022	0.4165	0.3652
08/10/16 to 07/11/16	0.1917	0.1621	0.3538	0.3743
08/11/16 to 07/12/16	0.2015	0.1095	0.3110	0.3948
08/12/16 to 07/01/17	0.1166	0.2772	0.3938	0.4094
08/01/17 to 07/02/17	0.1312	0.2374	0.3686	0.4686
08/02/17 to 07/03/17	0.1328	0.2100	0.3428	0.3733
<b>Total distributions in the period</b>			<b>4.6354</b>	<b>4.7035</b>

### Class Z – Income shares†

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>						
08/03/16 to 07/04/16	0.3780	0.0756	0.3024	–	0.3024	0.2888
08/04/16 to 07/05/16	0.3519	0.0704	0.2815	–	0.2815	0.3007
08/05/16 to 07/06/16	0.3459	0.0692	0.2767	–	0.2767	0.2885
08/06/16 to 07/07/16	0.4193	0.0839	0.3354	–	0.3354	0.2657
08/07/16 to 07/08/16	0.3365	0.0673	0.2692	–	0.2692	0.2855
08/08/16 to 07/09/16	0.3585	0.0717	0.2868	–	0.2868	0.3021
08/09/16 to 07/10/16	0.3679	0.0736	0.2943	–	0.2943	0.2692
08/10/16 to 07/11/16	0.3104	0.0621	0.2483	–	0.2483	0.2750
08/11/16 to 07/12/16	0.2714	0.0543	0.2171	–	0.2171	0.2896
08/12/16 to 07/01/17	0.3440	0.0688	0.2752	–	0.2752	0.2991
08/01/17 to 07/02/17	0.3205	0.0641	0.2564	–	0.2564	0.3419
08/02/17 to 07/03/17	0.2974	0.0595	0.2379	–	0.2379	0.2705
<b>Group 2</b>						
08/03/16 to 07/04/16	0.1539	0.0308	0.1231	0.1793	0.3024	0.2888
08/04/16 to 07/05/16	0.1493	0.0299	0.1194	0.1621	0.2815	0.3007
08/05/16 to 07/06/16	0.1070	0.0214	0.0856	0.1911	0.2767	0.2885
08/06/16 to 07/07/16	0.1388	0.0278	0.1110	0.2244	0.3354	0.2657
08/07/16 to 07/08/16	0.1356	0.0271	0.1085	0.1607	0.2692	0.2855
08/08/16 to 07/09/16	0.1634	0.0327	0.1307	0.1561	0.2868	0.3021
08/09/16 to 07/10/16	0.1000	0.0200	0.0800	0.2143	0.2943	0.2692
08/10/16 to 07/11/16	0.1279	0.0256	0.1023	0.1460	0.2483	0.2750
08/11/16 to 07/12/16	0.1169	0.0234	0.0935	0.1236	0.2171	0.2896
08/12/16 to 07/01/17	0.1964	0.0393	0.1571	0.1181	0.2752	0.



## Threadneedle Strategic Bond Fund

### DISTRIBUTION TABLE

(continued)

#### Class Z – Gross income shares

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/04/16	0.3780	–	0.3780	0.3609
08/04/16 to 07/05/16	0.3520	–	0.3520	0.3759
08/05/16 to 07/06/16	0.3458	–	0.3458	0.3605
08/06/16 to 07/07/16	0.4192	–	0.4192	0.3321
08/07/16 to 07/08/16	0.3365	–	0.3365	0.3571
08/08/16 to 07/09/16	0.3586	–	0.3586	0.3776
08/09/16 to 07/10/16	0.3678	–	0.3678	0.3364
08/10/16 to 07/11/16	0.3103	–	0.3103	0.3438
08/11/16 to 07/12/16	0.2714	–	0.2714	0.3619
08/12/16 to 07/01/17	0.3440	–	0.3440	0.3739
08/01/17 to 07/02/17	0.3205	–	0.3205	0.4274
08/02/17 to 07/03/17	0.2973	–	0.2973	0.3382
<b>Group 2</b>				
08/03/16 to 07/04/16	0.1468	0.2312	0.3780	0.3609
08/04/16 to 07/05/16	0.2450	0.1070	0.3520	0.3759
08/05/16 to 07/06/16	0.1497	0.1961	0.3458	0.3605
08/06/16 to 07/07/16	0.1975	0.2217	0.4192	0.3321
08/07/16 to 07/08/16	0.1230	0.2135	0.3365	0.3571
08/08/16 to 07/09/16	0.2098	0.1488	0.3586	0.3776
08/09/16 to 07/10/16	0.2837	0.0841	0.3678	0.3364
08/10/16 to 07/11/16	0.1932	0.1171	0.3103	0.3438
08/11/16 to 07/12/16	0.2422	0.0292	0.2714	0.3619
08/12/16 to 07/01/17	0.2220	0.1220	0.3440	0.3739
08/01/17 to 07/02/17	0.0299	0.2906	0.3205	0.4274
08/02/17 to 07/03/17	0.0921	0.2052	0.2973	0.3382
<b>Total distributions in the period</b>			<b>4.1014</b>	<b>4.3457</b>

#### Class Z – Gross accumulation shares

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Gross Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/04/16	0.4504	–	0.4504	0.4117
08/04/16 to 07/05/16	0.4210	–	0.4210	0.4301
08/05/16 to 07/06/16	0.4151	–	0.4151	0.4141
08/06/16 to 07/07/16	0.5049	–	0.5049	0.3823
08/07/16 to 07/08/16	0.4071	–	0.4071	0.4128
08/08/16 to 07/09/16	0.4352	–	0.4352	0.4383
08/09/16 to 07/10/16	0.4479	–	0.4479	0.3922
08/10/16 to 07/11/16	0.3794	–	0.3794	0.4019
08/11/16 to 07/12/16	0.3327	–	0.3327	0.4246
08/12/16 to 07/01/17	0.4230	–	0.4230	0.4402
08/01/17 to 07/02/17	0.3953	–	0.3953	0.5052
08/02/17 to 07/03/17	0.3680	–	0.3680	0.4015
<b>Group 2</b>				
08/03/16 to 07/04/16	0.1710	0.2794	0.4504	0.4117
08/04/16 to 07/05/16	0.3196	0.1014	0.4210	0.4301
08/05/16 to 07/06/16	0.3241	0.0910	0.4151	0.4141
08/06/16 to 07/07/16	0.4551	0.0498	0.5049	0.3823
08/07/16 to 07/08/16	0.3371	0.0700	0.4071	0.4128
08/08/16 to 07/09/16	0.0384	0.3968	0.4352	0.4383
08/09/16 to 07/10/16	0.1354	0.3125	0.4479	0.3922
08/10/16 to 07/11/16	0.1589	0.2205	0.3794	0.4019
08/11/16 to 07/12/16	0.1845	0.1482	0.3327	0.4246
08/12/16 to 07/01/17	0.1336	0.2894	0.4230	0.4402
08/01/17 to 07/02/17	0.1389	0.2564	0.3953	0.5052
08/02/17 to 07/03/17	0.2641	0.1039	0.3680	0.4015
<b>Total distributions in the period</b>			<b>4.9800</b>	<b>5.0549</b>

Group 2: shares purchased during a distribution period.

<sup>1</sup>Distributions paid before 6 April 2017 have been paid net.

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.



## Threadneedle Strategic Bond Fund

### Comparative Table Disclosure

	Class 1 – Income shares			Class 1 – Gross income shares <sup>5</sup>		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	44.58	47.97	48.15	44.66	48.06	48.24
Return before operating charges (p)	5.28	(0.71)	2.81	5.29	(0.72)	2.82
Operating charges (p)	(0.66)	(0.66)	(0.68)	(0.66)	(0.66)	(0.69)
Return after operating charges (p)*	4.62	(1.37)	2.13	4.63	(1.38)	2.13
Distributions (p)	(1.89)	(2.02)	(2.31)	(1.90)	(2.02)	(2.31)
Retained distributions on accumulation shares (p)**	–	–	–	–	–	–
Closing net asset value per share (p)	47.31	44.58	47.97	47.39	44.66	48.06
*after direct transaction costs of (p)	–	–	–	–	–	–
<b>Performance</b>						
Return after charges (%)	10.36	(2.86)	4.42	10.37	(2.87)	4.42
<b>Other information</b>						
Closing net asset value (£000)	38,890	43,946	95,733	20,802	19,888	27,498
Closing number of shares	82,205,604	98,577,878	199,582,947	43,892,083	44,531,498	57,221,271
Operating charges (%)***	1.42	1.42	1.42	1.42	1.42	1.42
Direct transaction costs (%)****	–	–	–	–	–	–
<b>Prices</b>						
Highest share price (p)	47.90	48.23	48.67	48.02	48.33	48.80
Lowest share price (p)	44.86	43.97	47.47	44.95	44.06	47.57

  

	Class 2 – Income shares			Class 2 – Gross income shares <sup>5</sup>		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	47.88	51.26	51.20	50.58	54.15	54.09
Return before operating charges (p)	5.69	(0.75)	3.00	6.00	(0.79)	3.16
Operating charges (p)	(0.41)	(0.41)	(0.42)	(0.43)	(0.43)	(0.44)
Return after operating charges (p)*	5.28	(1.16)	2.58	5.57	(1.22)	2.72
Distributions (p)	(2.10)	(2.22)	(2.52)	(2.21)	(2.35)	(2.66)
Retained distributions on accumulation shares (p)**	–	–	–	–	–	–
Closing net asset value per share (p)	51.06	47.88	51.26	53.94	50.58	54.15
*after direct transaction costs of (p)	–	–	–	–	–	–
<b>Performance</b>						
Return after charges (%)	11.03	(2.26)	5.04	11.01	(2.25)	5.03
<b>Other information</b>						
Closing net asset value (£000)	7,361	13,383	22,667	3,187	3,047	3,171
Closing number of shares	14,416,041	27,953,066	44,221,814	5,908,908	6,024,306	5,855,915
Operating charges (%)***	0.81	0.81	0.81	0.81	0.82	0.81
Direct transaction costs (%)****	–	–	–	–	–	–
<b>Prices</b>						
Highest share price (p)	51.58	51.55	51.82	54.52	54.47	54.79
Lowest share price (p)	48.18	47.21	50.67	50.90	49.88	53.54







# Threadneedle Strategic Bond Fund

## Notes to the financial statements

for the accounting period 8 March 2016 to 7 March 2017

### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 5 and 6.

### 2 NET CAPITAL GAINS/(LOSSES)

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

	2017 £000	2016 £000
Non-derivative securities	31,593	(9,166)
Derivative contracts	788	(356)
Forward currency contracts	(14,949)	(10,197)
Other gains	906	2,541
Transaction costs	(2)	(2)
Net capital gains/(losses)	18,336	(17,180)

### 3 REVENUE

	2017 £000	2016 £000
Interest on debt securities	12,516	15,395
Interest on short term investments	—	5
Bank interest	17	16
Total revenue	12,533	15,416

### 4 EXPENSES

	2017 £000	2016 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(2,097)	(2,579)
Registration fees	(221)	(259)
	(2,318)	(2,838)
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depositary's fees	(27)	(28)
Safe custody fees	(22)	(25)
	(49)	(53)
Other expenses:		
Regulatory fees	(5)	(11)
Audit fees	(10)	(6)
Professional fees	(2)	—
	(17)	(17)
Total expenses*	(2,384)	(2,908)

\*Including irrecoverable VAT where applicable.

### 5 INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £000	2016 £000
Interest payable	(9)	(6)
Derivative expense	(1,736)	(2,298)
Total interest payable & similar charges	(1,745)	(2,304)

### 6 TAXATION

	2017 £000	2016 £000
<b>a) Analysis of charge in period</b>		
Total current tax (note 6b)	—	—
Total tax charge for the period	—	—
<b>b) Factors affecting taxation charge for period</b>		
Net revenue before taxation	8,404	10,204
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(1,681)	(2,041)
Effects of:		
Excess expenses	1,681	2,041
Current tax charge for period (note 6a)	—	—

The fund has not recognised a deferred tax asset of £3,070,520 (2016: £4,751,377) arising as a result of having unutilised management expenses. The movement in deferred tax asset may not agree to the excess expenses figure quoted above due to prior year adjustments. It is unlikely that these expenses will be utilised in future years.

Interest distributions have been made in respect of all distributions during the period. Income tax at 20% on net share classes paid prior to 6 April 2017 will be accounted for on shareholders' behalf to HM Revenue & Customs.

### 7 DISTRIBUTIONS

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

	2017 £000	2016 £000
Interim	8,872	11,782
Final	1,591	912
	10,463	12,694
Add: Revenue deducted on the cancellation of shares	75	136
Deduct: Revenue received on the creation of shares	(37)	(47)
Net distribution for the period	10,501	12,783
Net revenue after taxation	8,404	10,204
Annual management charge to capital	2,097	2,579
Total distributions	10,501	12,783

Details of the distribution per share are set out in the table on pages 142 to 144.

### 8 DEBTORS

	2017 £000	2016 £000
Amounts receivable for the issue of shares	498	3,955
Sales awaiting settlement	3,069	—
Accrued revenue	3,996	4,671
Total debtors	7,563	8,626

### 9 CASH AND BANK BALANCES

	2017 £000	2016 £000
Amounts held at futures clearing houses and brokers	3,822	3,334
Cash and bank balances	3,129	3,830
	6,951	7,164
Bank overdrafts	(221)	—
Cash overdrafts at broker	(85)	(174)
Total cash and bank balances	6,645	6,990

### 10 OTHER CREDITORS

	2017 £000	2016 £000
Amounts payable for the cancellation of shares	(2,298)	(4,465)
Purchases awaiting settlement	(5,670)	—
Accrued expenses	(18)	(14)
Amounts payable to ACD	(215)	(236)
Total other creditors	(8,201)	(4,715)

### 11 DILUTION ADJUSTMENT

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

### 12 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, as ACD, is a related party and acts as principal in respect of all transactions of shares in the fund.

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

Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 8 and 10.



## Threadneedle Strategic Bond Fund

### Notes to the financial statements

(continued)

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 10.

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

#### 13 SHAREHOLDER FUNDS

Threadneedle Strategic Bond Fund currently has three share classes; Class 1, Class 2 and Class Z shares. The charges on each share class are as follows:

##### Annual management charge

Class 1 shares	1.25%
Class 2 shares	0.75%
Class Z shares	0.60%

##### Registration fees

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

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 145 to 146. The distribution per share class is given in the distribution table on pages 142 to 144.

All classes have the same rights on winding up.

##### Reconciliation of shares

	2017
<b>Class 1 – Income shares</b>	
Opening shares	98,577,878
Shares issued	11,056,651
Shares redeemed	(24,458,854)
Net conversions	(2,970,071)
Closing shares	82,205,604
<b>Class 1 – Gross income shares</b>	
Opening shares	44,531,498
Shares issued	371,644
Shares redeemed	(952,149)
Net conversions	(58,910)
Closing shares	43,892,083
<b>Class 2 – Income shares</b>	
Opening shares	27,953,066
Shares issued	86,378
Shares redeemed	(1,968,190)
Net conversions	(11,655,213)
Closing shares	14,416,041
<b>Class 2 – Gross income shares</b>	
Opening shares	6,024,306
Shares issued	17,637,869
Shares redeemed	(17,753,267)
Net conversions	–
Closing shares	5,908,908
<b>Class 2 – Gross accumulation shares</b>	
Opening shares	95,781,493
Shares issued	1,745,913
Shares redeemed	(12,793,722)
Net conversions	(1,467)
Closing shares	84,732,217
<b>Class Z – Income shares</b>	
Opening shares	63,738,999
Shares issued	1,612,540
Shares redeemed	(11,542,988)
Net conversions	7,249,243
Closing shares	61,057,794

<b>Class Z – Gross income shares</b>	2017
Opening shares	14,324,435
Shares issued	1,349,321
Shares redeemed	(2,958,063)
Net conversions	17,897
Closing shares	12,733,590

##### Class Z – Gross accumulation shares

Opening shares	1,583,685
Shares issued	590,582
Shares redeemed	(105,366)
Net conversions	1,341
Closing shares	2,070,242

#### 14 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 6.

##### Value at Risk (VaR) disclosure

VaR is used to measure the level of Global Exposure which the fund undertakes. VaR is measured in three variables: the amount of potential loss, the probability of that amount of loss, and the time frame.

The fund's VaR limit is 1.3 x benchmark<sup>1</sup> VaR and is measured using the covariance model based on a 99% confidence limit over a 1 month holding period, using the previous 180 weeks of data.

As at year end the fund's VaR was 2.46% (2016: 2.32%). This means that there is estimated to be a 1% chance that the fund could lose more than 2.46% (2016: 2.32%) of its value in a month.

At 7 March, 2017 the VaR utilisation was 94% (2016: 88%) (actual VaR/VaR limit). During the year ended 7 March, 2017 the lowest VaR utilisation was 84% (2016: 78%), the highest VaR utilisation was 110% (2016: 95%) and the average utilisation was 92% (2016: 87%).

On 1 April, 2017 the VaR limit of the fund was increased to 1.8 x benchmark VaR.

<sup>1</sup>The benchmark of the fund is shown on page 343.

##### Currency exposures

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

	Monetary exposures	Non-monetary exposures	Total
	£000	£000	£000
<b>Currency 2017</b>			
Australian Dollar	40	(58)	(18)
Euro	(217)	411	194
Japanese Yen	–	(38)	(38)
Swiss Franc	25	(26)	(1)
US Dollar	2,723	(159)	2,564
<b>Currency 2016</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Euro	3,329	(2,657)	672
Japanese Yen	–	(994)	(994)
Swiss Franc	5	(5)	–
US Dollar	687	(269)	418

##### Currency sensitivity

As the fund has no material currency exposure, no sensitivity analysis has been shown (2016: same).

##### Credit/Counterparty exposure

The following details exposure to counterparties obtained through the use of derivatives:

	Credit Default Swaps Exposure	Futures and Options Exposure	Forward Foreign Exchange Contracts Exposure	Collateral Pledged
	£000	£000	£000	£000
<b>2017 Counterparty</b>				
Barclays	484	–	–	490
Citigroup	–	–	16	–
Goldman Sachs	–	–	–	1,310
J.P. Morgan	87	–	–	–
RBS	–	–	–	1,250
UBS	–	134	–	260



## Threadneedle Strategic Bond Fund

### Notes to the financial statements

(continued)

2016	Credit Default Swaps Exposure £000	Futures and Options Exposure £000	Forward Foreign Exchange Contracts Exposure £000	Collateral Pledged £000
Counterparty				
Barclays	44	—	—	910
Citigroup	—	—	5	20
Credit Suisse	17	—	—	—
Goldman Sachs	241	—	—	—
J.P. Morgan	212	—	—	—
RBS	—	—	—	640

The fund held £90,000 (2016: £280,000) of collateral received from the fund's counterparties. The collateral held was in the form of cash. Collateral received is not owned by the fund and therefore is not included in the fund's cash balance. Positive exposure represents the fund's exposure to that counterparty and not the fund's holdings with that counterparty.

#### Analysis of investments by credit ratings

	2017		2016	
	Value £000	% of Investment	Value £000	% of Investment
AAA	—	—	2,656	1.08
Aaa	—	—	1,476	0.60
AA+	337	0.14	1,717	0.70
Aa1u	249	0.10	1,054	0.43
AA	3,068	1.28	2,614	1.06
AA-	1,266	0.53	1,392	0.57
A+	—	—	4,759	1.93
A	6,321	2.63	7,685	3.13
A-	12,904	5.37	16,381	6.66
A3	1,397	0.58	—	—
BBB+	34,190	14.22	26,781	10.89
Baa1	—	—	1,158	0.47
BBB	26,312	10.94	28,971	11.78
Baa2	4,010	1.67	1,190	0.48
BBB-	24,357	10.13	18,332	7.45
Baa3	5,456	2.27	3,202	1.30
Baa3e	864	0.36	—	—
BB+	26,498	11.02	22,319	9.08
Ba1	—	—	3,985	1.62
BB	17,442	7.25	14,758	6.00
Ba2	1,054	0.44	1,008	0.41
BB-	21,362	8.88	18,178	7.39
B+	10,074	4.19	16,095	6.54
B1	908	0.38	876	0.36
B	20,913	8.70	20,645	8.40
Ba3	776	0.32	1,031	0.42
B2	865	0.36	1,785	0.73
B2u	325	0.13	—	—
B-	8,131	3.38	7,271	2.96
B3	674	0.28	2,328	0.95
B3u	—	—	246	0.10
CCC+	4,677	1.95	5,029	2.05
Caa1	—	—	131	0.05
Caa2	—	—	832	0.34
CCC-	242	0.10	—	—
Ca	768	0.32	1,800	0.73
Not Rated	8,865	3.69	9,943	4.04
Derivatives	(3,865)	(1.61)	(1,721)	(0.70)
	240,440	100.00	245,907	100.00

The derivative positions do not have a significant impact on the risk profile.

#### Interest rate risk

The fund's floating rate investments earn interest which is variable, based on LIBOR or its overseas equivalent.

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

#### Interest rate risk profile of financial assets and financial liabilities

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

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
<b>Currency 2017</b>				
Australian Dollar	29	1,536	11	1,576
Euro	15,085	72,645	2,225	89,955
Swiss Franc	19	706	6	731
UK Sterling	38,055	97,586	117,353	252,994
US Dollar	7,717	17,875	3,736	29,328
<b>Currency 2016</b>				
Euro	11,207	73,250	2,273	86,730
Swiss Franc	2	409	5	416
UK Sterling	40,091	99,630	125,962	265,683
US Dollar	3,799	26,403	3,882	34,084

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
<b>Currency 2017</b>				
Australian Dollar	—	—	(1,594)	(1,594)
Euro	(85)	—	(89,676)	(89,761)
Japanese Yen	—	—	(38)	(38)
Swiss Franc	—	—	(732)	(732)
UK Sterling	(221)	—	(9,651)	(9,872)
US Dollar	—	—	(26,764)	(26,764)
<b>Currency 2016</b>				
Euro	(172)	—	(85,886)	(86,058)
Japanese Yen	—	—	(994)	(994)
Swiss Franc	—	—	(416)	(416)
UK Sterling	—	—	(9,823)	(9,823)
US Dollar	(1)	—	(33,666)	(33,666)

#### Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances (2016: same).

#### Derivative risks

Non interest-bearing assets relate to credit default swaps, forward foreign exchange contracts, futures and options and interest rate swaps. Derivatives including credit default swaps, forward foreign exchange contracts, futures and options and interest rate swaps are employed when they are the cheapest and most efficient method of gaining exposure. This increases the risk profile of the fund and may result in a higher degree of volatility. All open positions are regularly reviewed by the fund manager. The fund has entered into various credit default swaps, forward foreign exchange contracts, futures and options and interest rate swaps during this accounting period. Such contracts commit the fund to future deliveries or receipts, typically three months forward, of assets and liabilities, at prices decided at the point of striking the contract. They therefore allow the fund manager to limit risk, or to enhance fund performance in return for the acceptance of greater risk.

At 7 March 2017, the fund had outstanding credit default swaps, forward foreign exchange contracts, futures and options and interest rate swaps with an asset value of £1,318,000 (2016: £1,398,000) and a liability value of £5,183,000 (2016: £3,119,000).

### 15 FAIR VALUE DISCLOSURE

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

**Level 1** – Quoted prices for identical instruments in active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.



## Threadneedle Strategic Bond Fund

### Notes to the financial statements

(continued)

**Level 2** – Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investments schemes.

**Level 3** – Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

Valuation technique	2017		2016	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	451	(68)	1,446	(1,065)
Level 2	244,759	(5,115)	246,530	(2,054)
Level 3	413	–	1,050	–
	245,623	(5,183)	249,026	(3,119)

Included within Level 1, are debt securities of £249,000 (2016: £1,054,000). The valuation of some highly liquid exchange-traded debt securities (G7 sovereign debt, supranational debt or certain corporate bonds) is sufficiently close to a binding quoted price to categorise at this level.

### 16 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2016: Nil).

### 17 PORTFOLIO TRANSACTION COSTS

#### 7 March 2017

Purchases	Value £000	Commissions £000	%	Taxes £000	%
	£000	£000	%	£000	%
Bonds	151,723	–	–	–	–
<b>Total</b>	<b>151,723</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

**Gross purchases total:** **151,723**

Sales	Value £000	Commissions £000	%	Taxes £000	%
	£000	£000	%	£000	%
Bonds	183,284	–	–	–	–
Corporate actions	2,575	–	–	–	–
<b>Total</b>	<b>185,859</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

**Total sales net of transaction costs:** **185,859**

#### Transaction costs as a percentage of average Net Assets

Commissions: 0.00%  
Taxes: 0.00%

Commissions  
£000

**Futures and Options** **8**

#### 7 March 2016

Purchases	Value £000	Commissions £000	%	Taxes £000	%
	£000	£000	%	£000	%
Bonds	103,668	–	–	–	–
<b>Total</b>	<b>103,668</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

**Gross purchases total:** **103,668**

Sales	Value £000	Commissions £000	%	Taxes £000	%
	£000	£000	%	£000	%
Bonds	154,186	–	–	–	–
Corporate actions	1,275	–	–	–	–
<b>Total</b>	<b>155,461</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

**Total sales net of transaction costs:** **155,461**

#### Transaction costs as a percentage of average Net Assets

Commissions: 0.00%  
Taxes: 0.00%

Commissions  
£000

**Futures and Options** **9**

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

Portfolio transaction costs are incurred by the fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

**Direct transaction costs:** Broker commissions, fees and taxes.

**Indirect transaction costs:** 'Dealing spread' – the difference between the buying and selling prices of the fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.82% (7 March 2016: 1.08%), being the difference between the respective bid and offer prices for the fund's investments.

### 18 SECURITIES FINANCING TRANSACTIONS REGULATION

Additional disclosures are required where the fund invests in securities financing transactions (SFTs). For the year ended 7 March 2017 the fund has not invested in SFTs and will not be making additional disclosures.



## Threadneedle American Fund

### Investment Report

#### Investment Objective

To achieve capital growth.

#### Investment Policy

The ACD's investment policy is to invest the assets of the Fund primarily in the stock of medium to large companies domiciled in North America or which have significant North American operations. If the ACD considers it desirable, it may further invest in other securities (including fixed interest securities, other equities and money market securities).

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

Over the twelve months to 7 March 2017, the published share price of the Threadneedle American Fund has risen from 195.80p to 270.71p.

Looking at the sterling performance within its peer group, the total return on the fund for the twelve months ending 28 February 2017, including net reinvested income, is +34.94% as compared to a median return of +38.11% over the same period. For information the S&P 500 Composite Index returned +39.96% over the same period.

#### Market Overview and Portfolio Activity

In the 12 months to 7 March, the S&P 500 rose 21% in US dollar terms, moving higher in the second half of the year despite the surprising outcomes of the UK's EU referendum vote and the US presidential election. Although markets at the beginning of 2016 had expected bond yields to rise, by mid-2016, fears about the UK's Brexit vote saw US bond yields plunge below 1.4%. Domestically, US equities were volatile, vigorously swayed by the 8 November presidential election.

Donald Trump's surprise election victory brought a significant change to market leadership, as investors began to price in the implications of his policies. These include likely fiscal stimulus (especially on infrastructure), scope for corporation and personal tax cuts and the potential for overseas cash repatriation, but there are also risks posed by greater protectionism, faster inflation and a stronger dollar. Though markets fell in the election's immediate aftermath, a recovery rally soon took hold, sustaining momentum into March.

Speculation about the US Federal Reserve's intentions seesawed throughout the year, and it wasn't until December that interest rates were raised, by 25 basis points. Economic data continued to point to general expansion. Hiring trends were volatile, but in aggregate showed that the US economy continued to add jobs. Data from the Institute of Supply Management showed that services continued to expand, while the manufacturing sector recovered from weakness at the start of the year, driven by dollar strength and low oil prices. The same factors accounted for negative earnings growth in the first half of the year, and as the dollar weakened and oil prices rose, stabilisation and a return to growth were evident in the second half. Corporate earnings for the fourth quarter of 2016 continued to improve, growing more robustly than in prior quarters. During the period under review, consumer spending gathered pace; the period's final month was marked by buoyant business confidence measures, with a sharp rise in the National Federation of Independent Business (NFIB) Small Business Optimism index.

Against this volatile macro backdrop we applied a strategic change following the UK's Brexit vote. Our focus was on recalibrating the fund's style, factor and macro exposures to a more balanced position, in order to provide a more stable

platform for continued outperformance through stock selection. To that effect we began:

- Introducing a more domestic bias in the portfolio, which involved exiting positions in a number of companies, including PVH, a clothing company geared towards an international presence.
- Moderating energy and health sensitivities, which led to selling biopharmaceutical firm Incyte and buying Johnson & Johnson, whose business is diversified into consumer goods.
- Tempering our interest-rate sensitivity, with additions such as Berkshire Hathaway, an insurance and investment business, into the portfolio.
- Adding quality growth, particularly within the technology sector. New names to the portfolio include Facebook, which continues to demonstrate strong growth and success in monetising its user base.

Markets have reacted positively in recent months to the change of US administration, with optimism focusing on the impact of infrastructure spending, tax reform and deregulation. We believe that a pro-growth policy platform can drive better growth, both for earnings and for the real economy. Lower corporate tax rates in particular may boost company earnings, given that the US currently has one of the highest top rates of corporation tax in the world. However, we remain attentive to potential risks to growth including protectionism, a stronger dollar, inflation and curbs on immigration. We are also watching the prioritisation of different policies and the prospect of their progress through Congress into law. Looking at the market environment, we have long argued that tighter monetary policy will help drive stronger distinctions between winners and losers at the stock level. Therefore, regardless of policy outcomes, we believe that 2017 can offer a rich environment for active managers.

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2016 to 7 March 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains	2	637,936	15,512
Revenue	3	37,413	30,186
Expenses	4	(22,593)	(21,838)
Interest payable and similar charges	5	(1)	(1)
Net revenue before taxation		14,819	8,347
Taxation	6	(5,075)	(3,858)
Net revenue after taxation		9,744	4,489
<b>Total return before distributions</b>		<b>647,680</b>	<b>20,001</b>
Distributions	7	(9,762)	(5,893)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>637,918</b>	<b>14,108</b>

### BALANCE SHEET

as at 7 March 2017

	Notes	2017 £000	2016 £000
<b>Assets:</b>			
<b>Fixed assets:</b>			
Investments		2,114,984	1,791,639
<b>Current assets:</b>			
Debtors	8	61,689	78,538
Cash and bank balances		49,254	15,689
<b>Total assets</b>		<b>2,225,927</b>	<b>1,885,866</b>
<b>Liabilities:</b>			
<b>Investment liabilities</b>		(9)	(21)
<b>Creditors:</b>			
Distribution payable		(140)	(110)
Other creditors	9	(59,467)	(66,272)
<b>Total liabilities</b>		<b>(59,616)</b>	<b>(66,403)</b>
<b>Net assets attributable to shareholders</b>		<b>2,166,311</b>	<b>1,819,463</b>

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

for the accounting period 8 March 2016 to 7 March 2017

	2017 £000	2016 £000
<b>Opening net assets attributable to shareholders</b>	<b>1,819,463</b>	<b>1,996,049</b>
Amounts receivable on the issue of shares	270,527	165,567
Amounts payable on the cancellation of shares	(571,626)	(412,746)
Amounts receivable on in specie transfers	—	50,702
	(301,099)	(196,477)
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	637,918	14,108
Retained distribution on accumulation shares	10,029	5,783
<b>Closing net assets attributable to shareholders</b>	<b>2,166,311</b>	<b>1,819,463</b>

### DISTRIBUTION TABLE

for the accounting period 8 March 2016 to 7 March 2017

Dividend distribution in pence per share

#### Class 1 – Income shares

Distribution Period	Revenue	Equalisation	Distribution Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	0.0642	—	0.0642	—
<b>Group 2</b>				
08/03/16 to 07/03/17	—	0.0642	0.0642	—
<b>Total distributions in the period</b>			<b>0.0642</b>	<b>—</b>

#### Class 1 – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	0.0636	—	0.0636	—
<b>Group 2</b>				
08/03/16 to 07/03/17	—	0.0636	0.0636	—
<b>Total distributions in the period</b>			<b>0.0636</b>	<b>—</b>

#### Class 1 EUR Hedged – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	0.0689	—	0.0689	—
<b>Group 2</b>				
08/03/16 to 07/03/17	—	0.0689	0.0689	—
<b>Total distributions in the period</b>			<b>0.0689</b>	<b>—</b>

\*In pound Sterling and against UK peer group.



## Threadneedle American Fund

### DISTRIBUTION TABLE

(continued)

#### Class 2 – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	1.5315	—	1.5315	0.8683
<b>Group 2</b>				
08/03/16 to 07/03/17	0.7689	0.7626	1.5315	0.8683
<b>Total distributions in the period</b>			<b>1.5315</b>	<b>0.8683</b>

#### Class X – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	4.3001	—	4.3001	3.1016
<b>Group 2</b>				
08/03/16 to 07/03/17	0.3813	3.9188	4.3001	3.1016
<b>Total distributions in the period</b>			<b>4.3001</b>	<b>3.1016</b>

#### Class Z – Income shares

Distribution Period	Revenue	Equalisation	Distribution Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	1.5811	—	1.5811	1.1066
<b>Group 2</b>				
08/03/16 to 07/03/17	0.8823	0.6988	1.5811	1.1066
<b>Total distributions in the period</b>			<b>1.5811</b>	<b>1.1066</b>

#### Class Z – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	1.6177	—	1.6177	1.0589
<b>Group 2</b>				
08/03/16 to 07/03/17	0.9034	0.7143	1.6177	1.0589
<b>Total distributions in the period</b>			<b>1.6177</b>	<b>1.0589</b>

#### Class Z EUR Hedged – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	1.0490	—	1.0490	0.5876
<b>Group 2</b>				
08/03/16 to 07/03/17	0.8890	0.1600	1.0490	0.5876
<b>Total distributions in the period</b>			<b>1.0490</b>	<b>0.5876</b>

Group 2: shares purchased during a distribution period.

Equalisation was introduced with effect from 8 March 2016.

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.



## Threadneedle American Fund

### Comparative Table Disclosure

	Class 1 – Income shares			Class 1 – Accumulation shares		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	195.74	194.24	160.51	195.75	194.25	160.53
Return before operating charges (p)	78.60	4.62	36.31	78.60	4.62	36.52
Operating charges (p)	(3.66)	(3.12)	(2.58)	(3.66)	(3.12)	(2.80)
Return after operating charges (p)*	74.94	1.50	33.73	74.94	1.50	33.72
Distributions (p)	(0.06)	–	–	(0.06)	–	–
Retained distributions on accumulation shares (p)	–	–	–	0.06	–	–
Closing net asset value per share (p)	270.62	195.74	194.24	270.69	195.75	194.25
*after direct transaction costs of (p)	0.37	0.52	0.53	0.37	0.52	0.57
<b>Performance</b>						
Return after charges (%)	38.29	0.77	21.01	38.28	0.77	21.01
<b>Other information</b>						
Closing net asset value (£000)	6,091	4,854	6,160	583,445	530,520	731,858
Closing number of shares	2,250,851	2,479,894	3,171,262	215,539,877	271,020,970	376,761,078
Operating charges (%)**	1.62	1.64	1.66	1.62	1.64	1.66
Direct transaction costs (%)***	0.16	0.27	0.33	0.16	0.27	0.33
<b>Prices</b>						
Highest share price (p)	271.22	202.21	195.27	271.23	202.21	195.30
Lowest share price (p)	192.15	171.46	150.56	192.15	171.46	150.57
	Class 1 EUR Hedged – Accumulation shares			Class 2 – Accumulation shares		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	196.48	194.51	204.70	218.43	215.49	176.98
Return before operating charges (p)	65.76	5.13	(6.87)	88.01	5.18	40.48
Operating charges (p)	(3.65)	(3.16)	(3.32)	(2.65)	(2.24)	(1.97)
Return after operating charges (p)*	62.11	1.97	(10.19)	85.36	2.94	38.51
Distributions (p)	(0.07)	–	–	(1.53)	(0.87)	(0.64)
Retained distributions on accumulation shares (p)	0.07	–	–	1.53	0.87	0.64
Closing net asset value per share (p)	258.59	196.48	194.51	303.79	218.43	215.49
*after direct transaction costs of (p)	0.37	0.53	0.68	0.42	0.58	0.63
<b>Performance</b>						
Return after charges (%)	31.61	1.01	(4.98)	39.08	1.36	21.76
<b>Other information</b>						
Closing net asset value (£000)	3,157	3,127	8,463	1,000,698	940,787	943,677
Closing number of shares	1,220,851	1,591,411	4,350,761	329,406,571	430,711,104	437,919,721
Operating charges (%)**	1.62	1.65	1.66	1.05	1.06	1.05
Direct transaction costs (%)***	0.16	0.27	0.33	0.16	0.27	0.33
<b>Prices</b>						
Highest share price (p)	258.60	199.93	209.96	304.37	224.46	216.63
Lowest share price (p)	193.21	179.43	185.31	214.42	190.75	166.10



## Threadneedle American Fund

### Comparative Table Disclosure

(continued)

	Class X – Accumulation shares			Class Z – Income shares		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	229.83	225.37	182.51	164.04	162.57	134.03
Return before operating charges (p)	93.14	4.59	42.95	66.19	3.91	30.70
Operating charges (p)	(0.12)	(0.13)	(0.09)	(1.56)	(1.33)	(1.16)
Return after operating charges (p)*	93.02	4.46	42.86	64.63	2.58	29.54
Distributions (p)	(4.30)	(3.10)	(225.62)	(1.58)	(1.11)	(1.00)
Retained distributions on accumulation shares (p)	4.30	3.10	225.62	–	–	–
Closing net asset value per share (p)	322.85	229.83	225.37	227.09	164.04	162.57
*after direct transaction costs of (p)	0.51	0.61	0.62	0.31	0.44	0.48
<b>Performance</b>						
Return after charges (%)	40.47	1.98	23.48	39.40	1.59	22.04
<b>Other information</b>						
Closing net asset value (£000)	159,517	7	7	19,865	16,342	20,190
Closing number of shares	49,409,227	3,000	3,000	8,747,635	9,961,959	12,419,419
Operating charges (%)**	0.04	0.06	0.05	0.82	0.83	0.82
Direct transaction costs (%)***	0.16	0.27	0.33	0.16	0.27	0.33
<b>Prices</b>						
Highest share price (p)	323.42	234.11	225.68	229.09	169.37	164.43
Lowest share price (p)	225.62	199.65	171.50	161.12	144.05	125.83

  

	Class Z – Accumulation shares			Class Z EUR Hedged – Accumulation shares		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	167.84	165.21	135.39	109.07	106.95	111.62
Return before operating charges (p)	67.72	3.98	31.00	36.68	3.00	(3.75)
Operating charges (p)	(1.60)	(1.35)	(1.18)	(1.04)	(0.88)	(0.92)
Return after operating charges (p)*	66.12	2.63	29.82	35.64	2.12	(4.67)
Distributions (p)	(1.62)	(1.06)	(0.93)	(1.05)	(0.59)	(0.43)
Retained distributions on accumulation shares (p)	1.62	1.06	0.93	1.05	0.59	0.43
Closing net asset value per share (p)	233.96	167.84	165.21	144.71	109.07	106.95
*after direct transaction costs of (p)	0.32	0.45	0.49	0.21	0.29	0.38
<b>Performance</b>						
Return after charges (%)	39.39	1.59	22.03	32.68	1.98	(4.18)
<b>Other information</b>						
Closing net asset value (£000)	393,089	323,645	285,586	449	181	108
Closing number of shares	168,018,806	192,830,276	172,859,877	310,276	165,750	101,503
Operating charges (%)**	0.82	0.83	0.82	0.82	0.83	0.82
Direct transaction costs (%)***	0.16	0.27	0.33	0.16	0.27	0.33
<b>Prices</b>						
Highest share price (p)	234.39	172.12	166.08	144.72	110.79	115.12
Lowest share price (p)	164.76	146.39	127.09	107.26	99.04	101.50

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.

\*\*The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit [columbiathreadneedle.com/fees](http://columbiathreadneedle.com/fees).

\*\*\*Transaction costs have not been reduced by any amounts collected from dilution levies/adjustments.



## Threadneedle American Fund

### Notes to the financial statements

for the accounting period 8 March 2016 to 7 March 2017

#### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 5 and 6.

#### 2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2017 £000	2016 £000
Non-derivative securities	634,517	15,728
Forward currency contracts	(233)	(229)
Other gains	3,653	18
Transaction costs	(1)	(5)
Net capital gains	637,936	15,512

#### 3 REVENUE

	2017 £000	2016 £000
Overseas dividends	37,304	30,154
Interest on short term investments	90	24
Bank interest	19	8
Total revenue	37,413	30,186

#### 4 EXPENSES

	2017 £000	2016 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(21,131)	(20,348)
Registration fees	(1,187)	(1,242)
	(22,318)	(21,590)
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depositary's fees	(209)	(174)
Safe custody fees	(49)	(56)
	(258)	(230)
Other expenses:		
Regulatory fees	(5)	(6)
Audit fees	(10)	(12)
Professional fees	(2)	—
	(17)	(18)
Total expenses*	(22,593)	(21,838)

\*Including irrecoverable VAT where applicable.

#### 5 INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £000	2016 £000
Interest payable	(1)	(1)
Total interest payable & similar charges	(1)	(1)

#### 6 TAXATION

	2017 £000	2016 £000
<b>a) Analysis of charge in period</b>		
Overseas taxes	(5,075)	(3,858)
Total current tax (note 6b)	(5,075)	(3,858)
Total tax charge for the period	(5,075)	(3,858)
<b>b) Factors affecting taxation charge for period</b>		
Net revenue before taxation	14,819	8,347
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(2,964)	(1,669)

Effects of:

Revenue not subject to taxation	7,265	5,816
Overseas taxes	(5,075)	(3,858)
Overseas tax expensed	19	19
Excess expenses	(4,316)	(4,113)
Retail Distribution Review (RDR) conversion transfer from capital	(4)	(53)
Current tax charge for period (note 6a)	(5,075)	(3,858)

The fund has not recognised a deferred tax asset of £35,002,437 (2016: £30,686,353) arising as a result of having unutilised management expenses. The movement in deferred tax asset may not agree to the excess expenses figure quoted above due to prior year adjustments. It is unlikely that these expenses will be utilised in future years.

#### 7 DISTRIBUTIONS

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

	2017 £000	2016 £000
Final	10,168	5,893
	10,168	5,893
Add: Revenue deducted on the cancellation of shares*	1,781	—
Deduct: Revenue received on the creation of shares*	(2,187)	—
Net distribution for the period	9,762	5,893
Net revenue after taxation	9,744	4,489
Equalisation on conversion	19	267
Shortfall transfer from capital to revenue	—	1,137
Undistributed revenue carried forward	(1)	—
Total distributions	9,762	5,893

Details of the distribution per share and any share class with a shortfall are set out in the table on pages 151 to 152.

\*Equalisation was introduced with effect from 8 March 2016.

#### 8 DEBTORS

	2017 £000	2016 £000
Amounts receivable for the issue of shares	1,275	16,059
Sales awaiting settlement	58,335	60,287
Accrued revenue	2,079	2,097
Foreign withholding tax recoverable	—	95
Total debtors	61,689	78,538

#### 9 OTHER CREDITORS

	2017 £000	2016 £000
Amounts payable for the cancellation of shares	(4,523)	(19,826)
Purchases awaiting settlement	(52,740)	(44,374)
Accrued expenses	(44)	(35)
Amounts payable to ACD	(2,160)	(2,037)
Total other creditors	(59,467)	(66,272)

#### 10 DILUTION ADJUSTMENT

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

#### 11 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, as ACD, is a related party and acts as principal in respect of all transactions of shares in the fund.

The aggregate monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 8 and 9.



## Threadneedle American Fund

### Notes to the financial statements

(continued)

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 9.

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

#### 12 SHAREHOLDER FUNDS

Threadneedle American Fund currently has four share classes; Class 1, Class 2, Class X and Class Z shares. The charges on each share class are as follows:

##### Annual management charge

Class 1 shares	1.50%
Class 2 shares	1.00%
Class X shares	N/A*
Class Z shares	0.75%

##### Registration fees

Class 1 shares	0.110%
Class 2 shares	0.035%
Class X shares	0.035%
Class Z shares	0.060%

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 153 to 154. The distribution per share class is given in the distribution table on pages 151 to 152.

All classes have the same rights on winding up.

\*X Shares are not subject to an Annual Management Charge.

##### Reconciliation of shares

	2017
<b>Class 1 – Income shares</b>	
Opening shares	2,479,894
Shares issued	465,887
Shares redeemed	(623,166)
Net conversions	(71,764)
Closing shares	2,250,851
<b>Class 1 – Accumulation shares</b>	
Opening shares	271,020,970
Shares issued	13,933,642
Shares redeemed	(61,715,040)
Net conversions	(7,699,695)
Closing shares	215,539,877
<b>Class 1 EUR Hedged – Accumulation shares</b>	
Opening shares	1,591,411
Shares issued	515,224
Shares redeemed	(885,784)
Net conversions	–
Closing shares	1,220,851
<b>Class 2 – Accumulation shares</b>	
Opening shares	430,711,104
Shares issued	32,121,126
Shares redeemed	(131,867,368)
Net conversions	(1,558,291)
Closing shares	329,406,571
<b>Class X – Accumulation shares</b>	
Opening shares	3,000
Shares issued	49,544,252
Shares redeemed	(138,025)
Net conversions	–
Closing shares	49,409,227
<b>Class Z – Income shares</b>	
Opening shares	9,961,959
Shares issued	596,297
Shares redeemed	(2,231,511)
Net conversions	420,890
Closing shares	8,747,635

	2017
<b>Class Z – Accumulation shares</b>	
Opening shares	192,830,276
Shares issued	4,919,778
Shares redeemed	(40,400,750)
Net conversions	10,669,502
Closing shares	168,018,806
<b>Class Z EUR Hedged – Accumulation shares</b>	
Opening shares	165,750
Shares issued	270,000
Shares redeemed	(125,474)
Net conversions	–
Closing shares	310,276

#### 13 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 6.

##### Market price risk sensitivity

A 5% market movement applied to the fund would result in an increase or decrease on net asset value of the fund by 5.12% (2016: 5.15%).

##### Currency exposures

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

	Monetary exposures	Non-monetary exposures	Total
	£000	£000	£000
<b>Currency 2017</b>			
Euro	6	3,485	3,491
US Dollar	56,864	2,110,043	2,166,907
<b>Currency 2016</b>			
Euro	–	3,256	3,256
US Dollar	31,477	1,786,629	1,818,106

##### Currency sensitivity

The only material currency exposure of the fund is to the US Dollar. A movement of 14.20% (2016: 5.70%) in this currency (equivalent to the movement in the year) would result in a change in the fund value of 14.20% (2016: 5.69%).

##### Credit/Counterparty exposure

The following details exposure to counterparties obtained through the use of derivatives:

	Forward Foreign Exchange Contracts Exposure
2017	£000
<b>Counterparty</b>	
J.P. Morgan	23

As at the prior balance sheet date there is no derivative exposure or collateral to disclose.

The fund did not hold any collateral received from the fund's counterparties in the current year (2016: £78,000). The collateral held was in the form of cash. Collateral received is not owned by the fund and therefore is not included in the fund's cash balance.

Positive exposure represents the fund's exposure to that counterparty and not the fund's holdings with that counterparty.

##### Interest rate risk

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

##### Interest rate risk profile of financial assets and financial liabilities

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



## Threadneedle American Fund

### Notes to the financial statements

(continued)

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
Currency 2017	£000	£000	£000	£000
Euro	5	—	3,517	3,522
UK Sterling	61	—	2,705	2,766
US Dollar	49,188	—	2,175,392	2,224,580
Currency 2016	£000	£000	£000	£000
Euro	—	—	3,310	3,310
UK Sterling	193	—	19,916	20,109
US Dollar	15,490	—	1,854,168	1,869,658

  

	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
Currency 2017	£000	£000	£000	£000
Euro	—	—	(31)	(31)
UK Sterling	—	—	(6,853)	(6,853)
US Dollar	—	—	(57,673)	(57,673)
Currency 2016	£000	£000	£000	£000
Euro	—	—	(54)	(54)
UK Sterling	—	—	(22,008)	(22,008)
US Dollar	—	—	(51,552)	(51,552)

#### Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances (2016: same).

#### Derivative risks

Other than equities which do not have maturity dates, non interest-bearing assets relate to forward foreign exchange contracts. Derivatives including forward foreign exchange contracts are employed when they are the cheapest and most efficient method of gaining exposure. This increases the risk profile of the fund and may result in a higher degree of volatility. All open positions are regularly reviewed by the fund manager. The fund has entered into various forward foreign exchange contracts during this accounting period. Such contracts commit the fund to future deliveries or receipts, typically three months forward, of assets and liabilities, at prices decided at the point of striking the contract. They therefore allow the fund manager to limit risk, or to enhance fund performance in return for the acceptance of greater risk.

At 7 March 2017, the fund had outstanding forward foreign exchange contracts with an asset value of £23,000 (2016: £4,000) and a liability value of £9,000 (2016: £21,000).

### 14 FAIR VALUE DISCLOSURE

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

**Level 1** – Quoted prices for identical instruments in active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

**Level 2** – Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investments schemes.

**Level 3** – Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

	2017		2016	
Valuation technique	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	2,114,961	—	1,791,635	—
Level 2	23	(9)	4	(21)
	2,114,984	(9)	1,791,639	(21)

### 15 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2016: Nil).

### 16 PORTFOLIO TRANSACTION COSTS

7 March 2017

	Value £000	Commissions £000	%	Taxes £000	%
<b>Purchases</b>					
Equities	1,525,680	1,506	0.10	—	—
<b>Total</b>	<b>1,525,680</b>	<b>1,506</b>		<b>—</b>	
<b>Gross purchases total:</b>	<b>1,527,186</b>				

	Value £000	Commissions £000	%	Taxes £000	%
<b>Sales</b>					
Equities	1,835,845	1,683	0.09	40	0.00
Corporate actions	3,867	—	—	—	—
<b>Total</b>	<b>1,839,712</b>	<b>1,683</b>		<b>40</b>	

**Total sales net of transaction costs: 1,837,989**

**Transaction costs as a percentage of average Net Assets**

Commissions:	0.16%
Taxes:	0.00%

7 March 2016

	Value £000	Commissions £000	%	Taxes £000	%
<b>Purchases</b>					
Equities	2,096,315	2,318	0.11	—	—
In specie transactions	50,166	—	—	—	—
<b>Total</b>	<b>2,146,481</b>	<b>2,318</b>		<b>—</b>	
<b>Gross purchases total:</b>	<b>2,148,799</b>				

	Value £000	Commissions £000	%	Taxes £000	%
<b>Sales</b>					
Equities	2,363,848	2,611	0.11	44	0.00
Corporate actions	6,096	—	—	—	—
<b>Total</b>	<b>2,369,944</b>	<b>2,611</b>		<b>44</b>	

**Total sales net of transaction costs: 2,367,289**

**Transaction costs as a percentage of average Net Assets**

Commissions:	0.27%
Taxes:	0.00%

Portfolio transaction costs are incurred by the fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

**Direct transaction costs:** Broker commissions, fees and taxes.

**Indirect transaction costs:** 'Dealing spread' - the difference between the buying and selling prices of the fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.02% (7 March 2016: 0.03%), being the difference between the respective bid and offer prices for the fund's investments.

### 17 SECURITIES FINANCING TRANSACTIONS REGULATION

Additional disclosures are required where the fund invests in securities financing transactions (SFTs). For the year ended 7 March 2017 the fund has not invested in SFTs and will not be making additional disclosures.



## Threadneedle American Select Fund

### Investment Report

#### Investment Objective

To achieve above average capital growth.

#### Investment Policy

The ACD's investment policy is to invest the assets of the Fund in companies domiciled in North America or which have significant North American operations. These include smaller and emerging growth companies, those with potential for merger or takeover, those with new management recovery situations and exploration companies. There will be no particular specialisation. The select investment approach means that the ACD has the flexibility to take significant stock and sector positions which may lead to increased levels of volatility.

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

Over the twelve months to 7 March 2017, the published share price of the Threadneedle American Select Fund has risen from 199.07p to 284.74p.

Looking at the sterling performance within its peer group, the total return on the fund for the twelve months ending 28 February 2017, including net reinvested income, is +40.20% as compared to a median return of +38.11% over the same period. For information the S&P 500 Composite Index returned +39.96% over the same period, and the NASDAQ Composite Index returned +44.89%.

#### Market Overview and Portfolio Activity

In the 12 months to 7 March, the S&P 500 rose 21% in US dollar terms, moving higher in the second half of the year despite the surprising outcomes of the UK's EU referendum vote and the

US presidential election. Although markets at the beginning of 2016 had expected bond yields to rise, by mid-2016, fears about the UK's Brexit vote saw US bond yields plunge below 1.4%. Domestically, US equities were volatile, vigorously swayed by the 8 November presidential election. Donald Trump's surprise election victory brought a significant change to market leadership, as investors began to price in the implications of his policies. These include likely fiscal stimulus (especially on infrastructure), scope for corporation and personal tax cuts and the potential for overseas cash repatriation, but there are also risks posed by greater protectionism, faster inflation and a stronger dollar. Though markets fell in the election's immediate aftermath, a recovery rally soon took hold, sustaining momentum into March.

Speculation about the US Federal Reserve's intentions seesawed throughout the year, and it wasn't until December that interest rates were raised, by 25 basis points. Economic data continued to point to general expansion. Hiring trends were volatile, but in aggregate showed that the US economy continued to add jobs. Data from the Institute of Supply Management showed that services continued to expand, while the manufacturing sector recovered from weakness at the start of the year, driven by dollar strength and low oil prices. The same factors accounted for negative earnings growth in the first half of the year, and as the dollar weakened and oil prices rose, stabilisation and a return to growth were evident in the second half. Corporate earnings for the fourth quarter of 2016 continued to improve, growing more robustly than in prior quarters. During the period under review, consumer spending gathered pace; the period's final month was marked by buoyant business confidence measures, with a sharp rise in the National Federation of Independent Business (NFIB) Small Business Optimism index.

During the 12-month period, we increased the fund's exposure to more domestically oriented businesses and cyclical (companies whose earnings rise and fall with changes in economic conditions), especially following the US election. Key purchases included Devon Energy, a high-quality exploration and production company that can benefit significantly from a stabilisation in oil prices, and online brokerage firm E\*TRADE Financial, which we view as a beneficiary of interest rate normalisation. We also added to our holding in Apple, which is seeing strong iPhone sales and stabilising gross margins, and PepsiCo (a new purchase earlier in the year), which can benefit from both the continuation of its cost-cutting programme and better pricing trends in its end markets. We funded this activity through sales in positions that we judged to have a less compelling risk/reward profile; these included Nike, Chubb and Estee Lauder.

Markets have reacted positively in recent months to the change of US administration, with optimism focusing on the impact of infrastructure spending, tax reform and deregulation. We believe that a pro-growth policy platform can drive better growth, both for earnings and for the real economy. Lower corporate tax rates in particular may boost company earnings, given that the US currently has one of the highest top rates of corporation tax in the world. However, we remain attentive to potential risks to growth including protectionism, a stronger dollar, inflation and curbs on immigration. We are also watching the prioritisation of different policies and the prospect of their progress through Congress into law. Looking at the market environment, we have long argued that tighter monetary policy will help drive stronger distinctions between winners and losers at the stock level. Therefore, regardless of policy outcomes, we believe that 2017 can offer a rich environment for active managers.

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2016 to 7 March 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains	2	397,216	1,638
Revenue	3	17,971	18,172
Expenses	4	(13,794)	(14,364)
Interest payable and similar charges	5	(1)	—
Net revenue before taxation		4,176	3,808
Taxation	6	(2,377)	(2,336)
Net revenue after taxation		1,799	1,472
<b>Total return before distributions</b>		<b>399,015</b>	<b>3,110</b>
Distributions	7	(2,862)	(2,948)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>396,153</b>	<b>162</b>

### BALANCE SHEET

as at 7 March 2017

	Notes	2017 £000	2016 £000
<b>Assets:</b>			
<b>Fixed assets:</b>			
Investments		1,228,029	1,011,034
<b>Current assets:</b>			
Debtors	8	1,382	25,468
Cash and bank balances		31,013	13,928
<b>Total assets</b>		<b>1,260,424</b>	<b>1,050,430</b>
<b>Liabilities:</b>			
<b>Investment liabilities</b>		(13)	(11)
<b>Creditors:</b>			
Distribution payable		(66)	(79)
Other creditors	9	(6,311)	(26,326)
<b>Total liabilities</b>		<b>(6,390)</b>	<b>(26,416)</b>
<b>Net assets attributable to shareholders</b>		<b>1,254,034</b>	<b>1,024,014</b>

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

for the accounting period 8 March 2016 to 7 March 2017

	2017 £000	2016 £000
<b>Opening net assets attributable to shareholders</b>	<b>1,024,014</b>	<b>1,285,468</b>
Amounts receivable on the issue of shares	79,053	50,444
Amounts payable on the cancellation of shares	(247,917)	(314,929)
	(168,864)	(264,485)
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	396,153	162
Retained distribution on accumulation shares	2,731	2,869
<b>Closing net assets attributable to shareholders</b>	<b>1,254,034</b>	<b>1,024,014</b>

### DISTRIBUTION TABLE

for the accounting period 8 March 2016 to 7 March 2017

Dividend distribution in pence per share

#### Class 1 – Income shares

There is no distribution for the accounting period 8 March 2016 to 7 March 2017, as expenses exceed revenue (2016: Nil).

#### Class 1 – Accumulation shares

There is no distribution for the accounting period 8 March 2016 to 7 March 2017, as expenses exceed revenue (2016: Nil).

#### Class 1 EUR Hedged – Accumulation shares

There is no distribution for the accounting period 8 March 2016 to 7 March 2017, as expenses exceed revenue (2016: Nil).

#### Class 2 – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	0.9964	—	0.9964	0.9163
<b>Group 2</b>				
08/03/16 to 07/03/17	0.5134	0.4830	0.9964	0.9163
<b>Total distributions in the period</b>			<b>0.9964</b>	<b>0.9163</b>

\*In pound Sterling and against UK peer group.



## Threadneedle American Select Fund

### DISTRIBUTION TABLE

(continued)

#### Class 2 EUR Hedged – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	0.6284	–	0.6284	0.5320
<b>Group 2</b>				
08/03/16 to 07/03/17	0.4921	0.1363	0.6284	0.5320
<b>Total distributions in the period</b>			<b>0.6284</b>	<b>0.5320</b>

#### Class X – Accumulation shares\*

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	
<b>Group 1</b>				
08/03/16 to 07/03/17	1.6015	–	1.6015	
<b>Group 2</b>				
08/03/16 to 07/03/17	0.2015	1.4000	1.6015	
<b>Total distributions in the period</b>			<b>1.6015</b>	

#### Class Z – Income shares

Distribution Period	Revenue	Equalisation	Distribution Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	1.0946	–	1.0946	1.0650
<b>Group 2</b>				
08/03/16 to 07/03/17	0.5784	0.5162	1.0946	1.0650
<b>Total distributions in the period</b>			<b>1.0946</b>	<b>1.0650</b>

#### Class Z – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	1.1138	–	1.1138	1.0289
<b>Group 2</b>				
08/03/16 to 07/03/17	0.6229	0.4909	1.1138	1.0289
<b>Total distributions in the period</b>			<b>1.1138</b>	<b>1.0289</b>

#### Class Z CHF Hedged – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	0.7402	–	0.7402	0.6295
<b>Group 2</b>				
08/03/16 to 07/03/17	0.7402	–	0.7402	0.6295
<b>Total distributions in the period</b>			<b>0.7402</b>	<b>0.6295</b>

#### Class Z EUR Hedged – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	0.9166	–	0.9166	0.8913
<b>Group 2</b>				
08/03/16 to 07/03/17	0.9166	–	0.9166	0.8913
<b>Total distributions in the period</b>			<b>0.9166</b>	<b>0.8913</b>

#### Class Z GBP Hedged – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	0.6668	–	0.6668	0.6431
<b>Group 2</b>				
08/03/16 to 07/03/17	0.2001	0.4667	0.6668	0.6431
<b>Total distributions in the period</b>			<b>0.6668</b>	<b>0.6431</b>

Group 2: shares purchased during a distribution period.

Equalisation was introduced with effect from 8 March 2016.

\*For launch dates, refer to the footnotes after the comparative tables.

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.



## Threadneedle American Select Fund

### Comparative Table Disclosure

	Class 1 – Income shares			Class 1 – Accumulation shares		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	198.90	198.37	173.07	199.02	198.48	173.18
Return before operating charges (p)	89.45	3.75	28.24	89.50	3.74	28.24
Operating charges (p)	(3.79)	(3.22)	(2.94)	(3.80)	(3.20)	(2.94)
Return after operating charges (p)*	85.66	0.53	25.30	85.70	0.54	25.30
Distributions (p)	–	–	–	–	–	–
Retained distributions on accumulation shares (p)	–	–	–	–	–	–
Closing net asset value per share (p)	284.56	198.90	198.37	284.72	199.02	198.48
*after direct transaction costs of (p)	0.27	0.32	1.12	0.27	0.32	1.12
<b>Performance</b>						
Return after charges (%)	43.07	0.27	14.62	43.06	0.27	14.61
<b>Other information</b>						
Closing net asset value (£000)	2,611	2,147	3,761	612,497	492,941	677,919
Closing number of shares	917,705	1,079,431	1,895,876	215,122,590	247,688,801	341,547,580
Operating charges (%)**	1.62	1.65	1.66	1.62	1.64	1.66
Direct transaction costs (%)***	0.11	0.16	0.63	0.11	0.16	0.63
<b>Prices</b>						
Highest share price (p)	285.12	206.38	199.47	285.28	206.50	199.60
Lowest share price (p)	195.14	176.20	159.91	195.25	176.31	160.01
	Class 1 EUR Hedged – Accumulation shares			Class 2 – Accumulation shares		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	165.30	164.25	182.73	222.24	220.35	191.07
Return before operating charges (p)	62.73	3.73	(15.57)	100.30	4.19	31.34
Operating charges (p)	(3.04)	(2.68)	(2.91)	(2.76)	(2.30)	(2.06)
Return after operating charges (p)*	59.69	1.05	(18.48)	97.54	1.89	29.28
Distributions (p)	–	–	–	(1.00)	(0.92)	(0.26)
Retained distributions on accumulation shares (p)	–	–	–	1.00	0.92	0.26
Closing net asset value per share (p)	224.99	165.30	164.25	319.78	222.24	220.35
*after direct transaction costs of (p)	0.22	0.27	1.11	0.30	0.36	1.24
<b>Performance</b>						
Return after charges (%)	36.11	0.64	(10.11)	43.89	0.86	15.32
<b>Other information</b>						
Closing net asset value (£000)	1,098	1,150	2,973	261,488	219,012	313,755
Closing number of shares	487,943	695,947	1,810,170	81,771,761	98,546,546	142,386,152
Operating charges (%)**	1.62	1.65	1.67	1.05	1.06	1.05
Direct transaction costs (%)***	0.11	0.16	0.63	0.11	0.16	0.63
<b>Prices</b>						
Highest share price (p)	225.01	170.84	183.38	320.38	229.39	221.58
Lowest share price (p)	162.45	151.48	159.89	218.05	196.27	176.66



## Threadneedle American Select Fund

### Comparative Table Disclosure

(continued)

	Class 2 EUR Hedged – Accumulation shares			Class X – Accumulation shares
	07/03/2017	07/03/2016	07/03/2015	07/03/2017 <sup>1</sup>
<b>Change in net assets per share</b>				
Opening net asset value per share (p)	140.23	138.43	153.69	100.00
Return before operating charges (p)	53.57	3.25	(13.68)	43.86
Operating charges (p)	(1.68)	(1.45)	(1.58)	(0.05)
Return after operating charges (p)*	51.89	1.80	(15.26)	43.81
Distributions (p)	(0.63)	(0.53)	(1.24)	(1.60)
Retained distributions on accumulation shares (p)	0.63	0.53	1.24	1.60
Closing net asset value per share (p)	192.12	140.23	138.43	143.81
*after direct transaction costs of (p)	0.18	0.23	0.94	0.16
<b>Performance</b>				
Return after charges (%)	37.00	1.30	(9.93)	43.81
<b>Other information</b>				
Closing net asset value (£000)	357	254	236	18,506
Closing number of shares	185,799	180,989	170,640	12,867,844
Operating charges (%)**	1.05	1.06	1.07	0.04 <sup>†</sup>
Direct transaction costs (%)***	0.11	0.16	0.63	0.11
<b>Prices</b>				
Highest share price (p)	192.14	144.17	154.24	144.07
Lowest share price (p)	137.82	128.33	134.74	98.50

  

	Class Z – Income shares			Class Z – Accumulation shares		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	152.91	152.34	132.99	155.60	153.93	133.17
Return before operating charges (p)	69.07	2.89	21.81	70.30	2.93	21.89
Operating charges (p)	(1.48)	(1.25)	(1.09)	(1.51)	(1.26)	(1.13)
Return after operating charges (p)*	67.59	1.64	20.72	68.79	1.67	20.76
Distributions (p)	(1.09)	(1.07)	(1.37)	(1.11)	(1.03)	(0.55)
Retained distributions on accumulation shares (p)	–	–	–	1.11	1.03	0.55
Closing net asset value per share (p)	219.41	152.91	152.34	224.39	155.60	153.93
*after direct transaction costs of (p)	0.21	0.25	0.83	0.21	0.25	0.87
<b>Performance</b>						
Return after charges (%)	44.20	1.08	15.58	44.21	1.08	15.59
<b>Other information</b>						
Closing net asset value (£000)	13,263	11,326	16,114	343,844	297,160	270,683
Closing number of shares	6,044,875	7,407,087	10,577,488	153,236,301	190,980,088	175,845,161
Operating charges (%)**	0.82	0.83	0.83	0.82	0.83	0.82
Direct transaction costs (%)***	0.11	0.16	0.63	0.11	0.16	0.63
<b>Prices</b>						
Highest share price (p)	220.92	158.61	154.57	224.81	160.28	154.78
Lowest share price (p)	150.02	135.84	122.98	152.66	137.25	123.15



## Threadneedle American Select Fund

### Comparative Table Disclosure

(continued)

	Class Z CHF Hedged – Accumulation shares			Class Z EUR Hedged – Accumulation shares		
	07/03/2017	07/03/2016	07/03/2015 <sup>2</sup>	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	101.75	103.69	100.00	129.99	128.31	114.62
Return before operating charges (p)	41.05	(1.09)	4.66	49.63	2.72	14.60
Operating charges (p)	(0.98)	(0.85)	(0.97)	(1.26)	(1.04)	(0.91)
Return after operating charges (p)*	40.07	(1.94)	3.69	48.37	1.68	13.69
Distributions (p)	(0.74)	(0.63)	(0.34)	(0.92)	(0.89)	(5.57)
Retained distributions on accumulation shares (p)	0.74	0.63	0.34	0.92	0.89	5.57
Closing net asset value per share (p)	141.82	101.75	103.69	178.36	129.99	128.31
*after direct transaction costs of (p)	0.14	0.17	0.74	0.18	0.21	0.72
<b>Performance</b>						
Return after charges (%)	39.38	(1.87)	3.69	37.21	1.31	11.94
<b>Other information</b>						
Closing net asset value (£000)	14	10	11	5	4	5
Closing number of shares	10,000	10,000	10,000	3,001	3,001	3,938
Operating charges (%)**	0.81	0.83	0.83 <sup>1</sup>	0.82	0.82	0.81
Direct transaction costs (%)***	0.11	0.16	0.63	0.11	0.16	0.63
<b>Prices</b>						
Highest share price (p)	142.45	110.44	113.64	178.37	133.68	141.28
Lowest share price (p)	99.70	92.68	88.79	127.75	119.00	109.05
	Class Z GBP Hedged – Accumulation shares					
	07/03/2017	07/03/2016	07/03/2015 <sup>3</sup>			
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	99.75	105.72	100.00			
Return before operating charges (p)	24.30	(5.14)	6.54			
Operating charges (p)	(0.96)	(0.83)	(0.82)			
Return after operating charges (p)*	23.34	(5.97)	5.72			
Distributions (p)	(0.67)	(0.64)	(0.35)			
Retained distributions on accumulation shares (p)	0.67	0.64	0.35			
Closing net asset value per share (p)	123.09	99.75	105.72			
*after direct transaction costs of (p)	0.13	0.17	0.63			
<b>Performance</b>						
Return after charges (%)	23.40	(5.65)	5.72			
<b>Other information</b>						
Closing net asset value (£000)	351	10	11			
Closing number of shares	285,143	10,000	10,000			
Operating charges (%)**	0.83	0.81	0.83 <sup>1</sup>			
Direct transaction costs (%)***	0.11	0.16	0.63			
<b>Prices</b>						
Highest share price (p)	124.29	109.61	106.55			
Lowest share price (p)	98.33	89.97	92.48			

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.

\*\*The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit [columbiathreadneedle.com/fees](http://columbiathreadneedle.com/fees).

\*\*\*Transaction costs have not been reduced by any amounts collected from dilution levies/adjustments.

<sup>1</sup>Class X – Accumulation shares commenced 16 March 2016.

<sup>2</sup>Class Z CHF Hedged – Accumulation shares commenced 13 March 2014.

<sup>3</sup>Class Z GBP Hedged – Accumulation shares commenced 13 March 2014.

<sup>4</sup>The Ongoing Charges Figure is annualised based on the fees incurred since commencement date.



## Threadneedle American Select Fund

### Notes to the financial statements

for the accounting period 8 March 2016 to 7 March 2017

#### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 5 and 6.

#### 2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2017 £000	2016 £000
Non-derivative securities	392,586	1,155
Forward currency contracts	(259)	(2)
Other gains	4,890	487
Transaction costs	(1)	(2)
Net capital gains	397,216	1,638

#### 3 REVENUE

	2017 £000	2016 £000
Overseas dividends	17,871	18,147
Interest on short term investments	85	20
Bank interest	15	5
Total revenue	17,971	18,172

#### 4 EXPENSES

	2017 £000	2016 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(12,764)	(13,199)
Registration fees	(864)	(971)
	(13,628)	(14,170)
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depositary's fees	(117)	(106)
Safe custody fees	(30)	(37)
	(147)	(143)
Other expenses:		
Regulatory fees	(5)	(37)
Audit fees	(12)	(14)
Audit fees – non-audit services	(1)	–
Professional fees	(1)	–
	(19)	(51)
Total expenses*	(13,794)	(14,364)

\*Including irrecoverable VAT where applicable.

#### 5 INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £000	2016 £000
Interest payable	(1)	–
Total interest payable & similar charges	(1)	–

#### 6 TAXATION

	2017 £000	2016 £000
<b>a) Analysis of charge in period</b>		
Overseas taxes	(2,377)	(2,336)
Total current tax (note 6b)	(2,377)	(2,336)
Total tax charge for the period	(2,377)	(2,336)
<b>b) Factors affecting taxation charge for period</b>		
Net revenue before taxation	4,176	3,808
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(835)	(762)
Effects of:		
Revenue not subject to taxation	3,509	3,341
Overseas taxes	(2,377)	(2,336)
Overseas tax expensed	4	27

Excess expenses	(2,677)	(2,546)
Retail Distribution Review (RDR) conversion transfer from capital	(1)	(60)
Current tax charge for period (note 6a)	(2,377)	(2,336)

The fund has not recognised a deferred tax asset of £34,775,940 (2016: £32,098,345) arising as a result of having unutilised management expenses. The movement in deferred tax asset may not agree to the excess expenses figure quoted above due to prior year adjustments. It is unlikely that these expenses will be utilised in future years.

#### 7 DISTRIBUTIONS

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

	2017 £000	2016 £000
Final	2,797	2,948
	2,797	2,948
Add: Revenue deducted on the cancellation of shares*	322	–
Deduct: Revenue received on the creation of shares*	(257)	–
Net distribution for the period	2,862	2,948
Net revenue after taxation	1,799	1,472
Equalisation on conversion	3	301
Shortfall transfer from capital to revenue	1,060	1,175
Total distributions	2,862	2,948

Details of the distribution per share and any share class with a shortfall are set out in the table on pages 158 to 159.

\*Equalisation was introduced with effect from 8 March 2016.

#### 8 DEBTORS

	2017 £000	2016 £000
Amounts receivable for the issue of shares	462	18,893
Sales awaiting settlement	–	5,165
Accrued revenue	920	1,284
Foreign withholding tax recoverable	–	126
Total debtors	1,382	25,468

#### 9 OTHER CREDITORS

	2017 £000	2016 £000
Amounts payable for the cancellation of shares	(2,236)	(22,499)
Purchases awaiting settlement	(2,607)	(2,584)
Accrued expenses	(32)	(25)
Amounts payable to ACD	(1,436)	(1,218)
Total other creditors	(6,311)	(26,326)

#### 10 DILUTION ADJUSTMENT

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

#### 11 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, as ACD, is a related party and acts as principal in respect of all transactions of shares in the fund.

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

Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 8 and 9.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 9.

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



## Threadneedle American Select Fund

### Notes to the financial statements

(continued)

#### 12 SHAREHOLDER FUNDS

Threadneedle American Select Fund currently has four share classes; Class 1, Class 2, Class X and Class Z shares. The charges on each share class are as follows:

##### Annual management charge

Class 1 shares	1.50%
Class 2 shares	1.00%
Class X shares	N/A*
Class Z shares	0.75%

##### Registration fees

Class 1 shares	0.110%
Class 2 shares	0.035%
Class X shares	0.035%
Class Z shares	0.060%

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 160 to 162. The distribution per share class is given in the distribution table on pages 158 to 159.

All classes have the same rights on winding up.

\*X Shares are not subject to an Annual Management Charge.

##### Reconciliation of shares

	2017
<b>Class 1 – Income shares</b>	
Opening shares	1,079,431
Shares issued	301,383
Shares redeemed	(413,206)
Net conversions	(49,903)
Closing shares	917,705
<b>Class 1 – Accumulation shares</b>	
Opening shares	247,688,801
Shares issued	7,760,794
Shares redeemed	(39,288,109)
Net conversions	(1,038,896)
Closing shares	215,122,590
<b>Class 1 EUR Hedged – Accumulation shares</b>	
Opening shares	695,947
Shares issued	1,452,209
Shares redeemed	(1,660,213)
Net conversions	–
Closing shares	487,943
<b>Class 2 – Accumulation shares</b>	
Opening shares	98,546,546
Shares issued	13,970,832
Shares redeemed	(29,904,183)
Net conversions	(841,434)
Closing shares	81,771,761
<b>Class 2 EUR Hedged – Accumulation shares</b>	
Opening shares	180,989
Shares issued	429,739
Shares redeemed	(424,929)
Net conversions	–
Closing shares	185,799
<b>Class X – Accumulation shares*</b>	
Opening shares	–
Shares issued	12,867,844
Shares redeemed	–
Net conversions	–
Closing shares	12,867,844
<b>Class Z – Income shares</b>	
Opening shares	7,407,087
Shares issued	359,653
Shares redeemed	(1,911,382)
Net conversions	189,517
Closing shares	6,044,875

	2017
<b>Class Z – Accumulation shares</b>	
Opening shares	190,980,088
Shares issued	126,213
Shares redeemed	(40,264,407)
Net conversions	2,394,407
Closing shares	153,236,301
<b>Class Z CHF Hedged – Accumulation shares</b>	
Opening shares	10,000
Shares issued	–
Shares redeemed	–
Net conversions	–
Closing shares	10,000
<b>Class Z EUR Hedged – Accumulation shares</b>	
Opening shares	3,001
Shares issued	–
Shares redeemed	–
Net conversions	–
Closing shares	3,001
<b>Class Z GBP Hedged – Accumulation shares</b>	
Opening shares	10,000
Shares issued	263,333
Shares redeemed	(6,576)
Net conversions	18,386
Closing shares	285,143

\*For launch dates, refer to the footnotes after the comparative tables.

#### 13 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 6.

##### Market price risk sensitivity

A 5% market movement applied to the fund would result in an increase or decrease on net asset value of the fund by 5.21% (2016: 5.12%).

##### Currency exposures

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

	Monetary exposures	Non-monetary exposures	Total
	£000	£000	£000
<b>Currency 2017</b>			
Euro	121	1,417	1,538
Swiss Franc	–	14	14
US Dollar	29,065	1,225,361	1,254,426
<b>Currency 2016</b>			
Euro	1	1,377	1,378
Swiss Franc	–	10	10
US Dollar	16,656	1,008,346	1,025,002

##### Currency sensitivity

The only material currency exposure of the fund is to the US Dollar. A movement of 14.20% (2016: 5.70%) in this currency (equivalent to the movement in the year) would result in a change in the fund value of 14.20% (2016: 5.70%).

##### Credit/Counterparty exposure

The following details exposure to counterparties obtained through the use of derivatives:

	Forward Foreign Exchange Contracts Exposure
	£000
<b>2017</b>	
<b>Counterparty</b>	
J.P. Morgan	1

As at the prior balance sheet date there is no derivative exposure or collateral to disclose.

The fund did not hold any collateral received from the fund's counterparties in either the current or prior year.

Positive exposure represents the fund's exposure to that counterparty and not the fund's holdings with that counterparty.



## Threadneedle American Select Fund

### Notes to the financial statements

(continued)

#### Interest rate risk

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

#### Interest rate risk profile of financial assets and financial liabilities

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

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
Currency 2017	£000	£000	£000	£000
Euro	121	–	1,417	1,538
Swiss Franc	–	–	14	14
UK Sterling	140	–	1,694	1,834
US Dollar	30,752	–	1,228,948	1,259,700
Currency 2016	£000	£000	£000	£000
Euro	1	–	1,470	1,471
Swiss Franc	–	–	10	10
UK Sterling	125	–	21,319	21,444
US Dollar	13,794	–	1,017,698	1,031,492
	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
Currency 2017	£000	£000	£000	£000
UK Sterling	–	–	(3,778)	(3,778)
US Dollar	–	–	(5,274)	(5,274)
Currency 2016	£000	£000	£000	£000
Euro	–	–	(93)	(93)
UK Sterling	–	–	(23,820)	(23,820)
US Dollar	–	–	(6,490)	(6,490)

#### Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances (2016: same).

#### Derivative risks

Other than equities which do not have maturity dates, non interest-bearing assets relate to forward foreign exchange contracts. Derivatives including forward foreign exchange contracts are employed when they are the cheapest and most efficient method of gaining exposure. This increases the risk profile of the fund and may result in a higher degree of volatility. All open positions are regularly reviewed by the fund manager. The fund has entered into various forward foreign exchange contracts during this accounting period. Such contracts commit the fund to future deliveries or receipts, typically three months forward, of assets and liabilities, at prices decided at the point of striking the contract. They therefore allow the fund manager to limit risk, or to enhance fund performance in return for the acceptance of greater risk.

At 7 March 2017, the fund had outstanding forward foreign exchange contracts with an asset value of £9,000 (2016: £3,000) and a liability value of £13,000 (2016: £11,000).

### 14 FAIR VALUE DISCLOSURE

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

**Level 1** – Quoted prices for identical instruments in active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

**Level 2** – Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investments schemes.

**Level 3** – Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

	2017		2016	
Valuation technique	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	1,228,020	–	1,011,031	–
Level 2	9	(13)	2	(10)
	1,228,029	(13)	1,011,033	(10)

### 15 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2016: Nil).

### 16 PORTFOLIO TRANSACTION COSTS

7 March 2017	Value £000	Commissions £000	%	Taxes £000	%
Purchases					
Equities	497,037	515	0.10	–	–
Total	497,037	515		–	

Gross purchases total:	Value £000	Commissions £000	%	Taxes £000	%
	497,552				
Sales					
Equities	673,541	732	0.11	15	–
Total	673,541	732		15	

Total sales net of transaction costs:	672,794
Transaction costs as a percentage of average Net Assets	
Commissions:	0.11%
Taxes:	0.00%

7 March 2016	Value £000	Commissions £000	%	Taxes £000	%
Purchases					
Equities	701,959	785	0.11	–	–
Total	701,959	785		–	

Gross purchases total:	Value £000	Commissions £000	%	Taxes £000	%
	702,744				
Sales					
Equities	968,839	1,014	0.10	18	–
Corporate actions	22	–	–	–	–
Total	968,861	1,014		18	

Total sales net of transaction costs:	967,829
Transaction costs as a percentage of average Net Assets	
Commissions:	0.16%
Taxes:	0.00%

Portfolio transaction costs are incurred by the fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

**Direct transaction costs:** Broker commissions, fees and taxes.

**Indirect transaction costs:** 'Dealing spread' – the difference between the buying and selling prices of the fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.02% (7 March 2016: 0.03%), being the difference between the respective bid and offer prices for the fund's investments.

### 17 SECURITIES FINANCING TRANSACTIONS REGULATION

Additional disclosures are required where the fund invests in securities financing transactions (SFTs). For the year ended 7 March 2017 the fund has not invested in SFTs and will not be making additional disclosures.



## Threadneedle American Smaller Companies Fund (US)

### Investment Report

#### Investment Objective

To achieve capital growth.

#### Investment Policy

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

If the ACD considers it desirable it may further invest up to one third of the total assets of the Fund in other securities (including fixed interest securities, other equities and money market securities). For liquidity purposes it may invest in cash and near cash.

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

Over the twelve months to 7 March 2017, the published share price of the Threadneedle American Smaller Companies Fund (US) has risen from 215.42p to 318.08p.

Looking at the sterling performance within its peer group, the total return on the fund for the twelve months ending 28 February 2017, including net reinvested income, is +47.55% as compared to a median return of +46.47% over the same period. For information the S&P 400 Mid Cap Index returned +47.52% over the same period.

#### Market Overview and Portfolio Activity

In the 12 months to 7 March, the S&P 500 rose 21% in US dollar terms, moving higher in the second half of the year despite the surprising outcomes of the UK's EU referendum vote and the US presidential election. Over this period, the S&P 400 rose 24%. Although markets at the beginning of 2016 had expected bond

yields to rise, by mid-2016, fears about the UK's Brexit vote saw US bond yields plunge below 1.4%. Domestically, US equities were volatile, vigorously swayed by the 8 November presidential election. Donald Trump's surprise election victory brought a significant change to market leadership, as investors began to price in the implications of his policies. These include likely fiscal stimulus (especially on infrastructure), scope for corporation and personal tax cuts and the potential for overseas cash repatriation, but there are also risks posed by greater protectionism, faster inflation and a stronger dollar. Though markets fell in the election's immediate aftermath, a recovery rally soon took hold, sustaining momentum into March.

Speculation about the US Federal Reserve's intentions seesawed throughout the year, and it wasn't until December that interest rates were raised, by 25 basis points. Economic data continued to point to general expansion. Hiring trends were volatile, but in aggregate showed that the US economy continued to add jobs. Data from the Institute of Supply Management showed that services continued to expand, while the manufacturing sector recovered from weakness at the start of the year, driven by dollar strength and low oil prices. The same factors accounted for negative earnings growth in the first half of the year, and as the dollar weakened and oil prices rose, stabilisation and a return to growth were evident in the second half. Corporate earnings for the fourth quarter of 2016 continued to improve, growing more robustly than in prior quarters. During the period under review, consumer spending gathered pace; the period's final month was marked by buoyant business confidence measures, with a sharp rise in the National Federation of Independent Business (NFIB) Small Business Optimism index.

During the 12-month period, we increased the fund's exposure to more domestically oriented businesses and cyclical (companies

whose earnings rise and fall with changes in economic conditions), especially following the US election. Key purchases included regional banks Zions Bancorporation and Associated Banc-Corp. We believe that these companies can benefit from a steeper yield curve, which improves net interest margins, and a less stringent regulatory environment, which can drive rerating in valuation multiples. We also added a position in swimming-pool business Pool. We see continued growth in earnings from the maintenance of the company's existing installed base and potential upside from new construction, as housing start rates (measuring housing units on which construction has started) and consumer-discretionary spending in the US continue to firm. We funded this activity through sales in positions that we judged to have a less compelling risk/reward profile; these included FLIR, Bank United and Westar Energy.

Markets have reacted positively in recent months to the change of US administration, with optimism focusing on the impact of infrastructure spending, tax reform and deregulation. We believe that a pro-growth policy platform can drive better growth, both for earnings and for the real economy. Lower corporate tax rates in particular may boost company earnings, given that the US currently has one of the highest top rates of corporation tax in the world. However, we remain attentive to potential risks to growth including protectionism, a stronger dollar, inflation and curbs on immigration. We are also watching the prioritisation of different policies and the prospect of their progress through Congress into law. Looking at the market environment, we have long argued that tighter monetary policy will help drive stronger distinctions between winners and losers at the stock level. Therefore, regardless of policy outcomes, we believe that 2017 can offer a rich environment for active managers.

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2016 to 7 March 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains/(losses)	2	274,495	(29,181)
Revenue	3	8,460	6,788
Expenses	4	(8,062)	(7,177)
Net revenue/(expense) before taxation		398	(389)
Taxation	5	(1,126)	(764)
Net expense after taxation		(728)	(1,153)
<b>Total return before distributions</b>		<b>273,767</b>	<b>(30,334)</b>
Distributions	6	(498)	(280)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>273,269</b>	<b>(30,614)</b>

### BALANCE SHEET

as at 7 March 2017

	Notes	2017 £000	2016 £000
<b>Assets:</b>			
<b>Fixed assets:</b>			
Investments		916,731	527,154
<b>Current assets:</b>			
Debtors	7	17,394	2,820
Cash and bank balances		19,563	13,480
<b>Total assets</b>		<b>953,688</b>	<b>543,454</b>
<b>Liabilities:</b>			
<b>Investment liabilities</b>		–	(1)
<b>Creditors:</b>			
Distribution payable		(23)	(9)
Other creditors	8	(16,750)	(3,328)
<b>Total liabilities</b>		<b>(16,773)</b>	<b>(3,338)</b>
<b>Net assets attributable to shareholders</b>		<b>936,915</b>	<b>540,116</b>

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

for the accounting period 8 March 2016 to 7 March 2017

	2017 £000	2016 £000
<b>Opening net assets attributable to shareholders</b>	<b>540,116</b>	<b>608,600</b>
Amounts receivable on the issue of shares	258,850	136,183
Amounts payable on the cancellation of shares	(136,047)	(174,407)
	122,803	(38,224)
Dilution adjustment	124	83
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	273,269	(30,614)
Retained distribution on accumulation shares	603	271
<b>Closing net assets attributable to shareholders</b>	<b>936,915</b>	<b>540,116</b>

### DISTRIBUTION TABLE

for the accounting period 8 March 2016 to 7 March 2017

Dividend distribution in pence per share

#### Class 1 – Income shares

There is no distribution for the accounting period 8 March 2016 to 7 March 2017, as expenses exceed revenue (2016: Nil).

#### Class 1 – Accumulation shares

There is no distribution for the accounting period 8 March 2016 to 7 March 2017, as expenses exceed revenue (2016: Nil).

#### Class 2 – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b> 08/03/16 to 07/03/17	0.0708	–	0.0708	–
<b>Group 2</b> 08/03/16 to 07/03/17	–	0.0708	0.0708	–
<b>Total distributions in the period</b>			<b>0.0708</b>	<b>–</b>

\*In pound Sterling and against UK peer group.



## Threadneedle American Smaller Companies Fund (US)

### DISTRIBUTION TABLE

(continued)

#### Class X – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	2.4570	–	2.4570	1.8861
<b>Group 2</b>				
08/03/16 to 07/03/17	2.4570	–	2.4570	1.8861
<b>Total distributions in the period</b>			<b>2.4570</b>	<b>1.8861</b>

#### Class Z – Income shares

Distribution Period	Revenue	Equalisation	Distribution Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	0.3131	–	0.3131	0.1829
<b>Group 2</b>				
08/03/16 to 07/03/17	0.0909	0.2222	0.3131	0.1829
<b>Total distributions in the period</b>			<b>0.3131</b>	<b>0.1829</b>

#### Class Z – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	0.4089	–	0.4089	0.2559
<b>Group 2</b>				
08/03/16 to 07/03/17	0.0539	0.3550	0.4089	0.2559
<b>Total distributions in the period</b>			<b>0.4089</b>	<b>0.2559</b>

Group 2: shares purchased during a distribution period.

Equalisation was introduced with effect from 8 March 2016.

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.



## Threadneedle American Smaller Companies Fund (US)

### Comparative Table Disclosure

	Class 1 – Income shares			Class 1 – Accumulation shares		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	215.26	227.27	187.90	215.35	225.85	187.97
Return before operating charges (p)	106.98	(8.32)	42.66	106.99	(6.82)	41.14
Operating charges (p)	(4.41)	(3.69)	(3.29)	(4.38)	(3.68)	(3.26)
Return after operating charges (p)*	102.57	(12.01)	39.37	102.61	(10.50)	37.88
Distributions (p)	–	–	–	–	–	–
Retained distributions on accumulation shares (p)	–	–	–	–	–	–
Closing net asset value per share (p)	317.83	215.26	227.27	317.96	215.35	225.85
*after direct transaction costs of (p)	0.45	0.31	0.26	0.44	0.31	0.26
<b>Performance</b>						
Return after charges (%)	47.65	(5.28)	20.95	47.65	(4.65)	20.15
<b>Other information</b>						
Closing net asset value (£000)	20,563	12,018	18,729	243,762	170,238	201,498
Closing number of shares	6,469,878	5,582,910	8,240,803	76,663,936	79,052,373	89,217,325
Operating charges (%)**	1.67	1.67	1.67	1.67	1.67	1.67
Direct transaction costs (%)***	0.17	0.14	0.13	0.17	0.14	0.13
<b>Prices</b>						
Highest share price (p)	320.44	241.52	227.09	320.58	241.61	227.18
Lowest share price (p)	211.79	187.22	176.34	211.87	187.29	176.41
	Class 2 – Accumulation shares			Class X – Accumulation shares		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	240.94	251.29	207.72	195.43	201.85	165.21
Return before operating charges (p)	120.12	(7.74)	45.88	97.87	(6.30)	36.75
Operating charges (p)	(3.13)	(2.61)	(2.31)	(0.12)	(0.12)	(0.11)
Return after operating charges (p)*	116.99	(10.35)	43.57	97.75	(6.42)	36.64
Distributions (p)	(0.07)	–	–	(2.46)	(1.88)	(0.67)
Retained distributions on accumulation shares (p)	0.07	–	–	2.46	1.88	0.67
Closing net asset value per share (p)	357.93	240.94	251.29	293.18	195.43	201.85
*after direct transaction costs of (p)	0.50	0.35	0.29	0.39	0.28	0.25
<b>Performance</b>						
Return after charges (%)	48.56	(4.12)	20.98	50.02	(3.18)	22.18
<b>Other information</b>						
Closing net asset value (£000)	329,206	209,416	265,190	9	6,807	7,051
Closing number of shares	91,974,566	86,917,770	105,531,995	3,000	3,483,000	3,493,001
Operating charges (%)**	1.06	1.06	1.06	0.05	0.06	0.06
Direct transaction costs (%)***	0.17	0.14	0.13	0.17	0.14	0.13
<b>Prices</b>						
Highest share price (p)	360.84	268.83	252.59	295.52	216.15	202.90
Lowest share price (p)	237.06	209.46	195.07	192.29	169.83	155.32



## Threadneedle American Smaller Companies Fund (US)

### Comparative Table Disclosure

(continued)

	Class Z – Income shares			Class Z – Accumulation shares		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	128.26	133.72	110.48	168.18	175.10	144.49
Return before operating charges (p)	64.01	(4.14)	24.46	83.94	(5.42)	31.98
Operating charges (p)	(1.40)	(1.14)	(1.06)	(1.84)	(1.50)	(1.37)
Return after operating charges (p)*	62.61	(5.28)	23.40	82.10	(6.92)	30.61
Distributions (p)	(0.31)	(0.18)	(0.16)	(0.41)	(0.26)	(0.12)
Retained distributions on accumulation shares (p)	–	–	–	0.41	0.26	0.12
Closing net asset value per share (p)	190.56	128.26	133.72	250.28	168.18	175.10
*after direct transaction costs of (p)	0.27	0.18	0.16	0.35	0.24	0.21
<b>Performance</b>						
Return after charges (%)	48.81	(3.95)	21.18	48.82	(3.95)	21.18
<b>Other information</b>						
Closing net asset value (£000)	13,834	6,515	5,153	329,541	135,122	110,979
Closing number of shares	7,259,494	5,080,103	3,853,753	131,668,272	80,343,853	63,380,748
Operating charges (%)**	0.88	0.88	0.88	0.88	0.88	0.88
Direct transaction costs (%)***	0.17	0.14	0.13	0.17	0.14	0.13
<b>Prices</b>						
Highest share price (p)	192.42	143.08	134.58	252.31	187.35	176.01
Lowest share price (p)	126.34	111.64	103.77	165.47	146.19	135.72

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.

\*\*The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit [columbiathreadneedle.com/fees](http://columbiathreadneedle.com/fees).

\*\*\*Transaction costs have not been reduced by any amounts collected from dilution levies/adjustments.



## Threadneedle American Smaller Companies Fund (US)

### Notes to the financial statements

for the accounting period 8 March 2016 to 7 March 2017

#### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 5 and 6.

#### 2 NET CAPITAL GAINS/(LOSSES)

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

	2017 £000	2016 £000
Non-derivative securities	272,385	(30,322)
Forward currency contracts	1	(114)
Other gains	2,111	1,258
Transaction costs	(2)	(3)
Net capital gains/(losses)	274,495	(29,181)

#### 3 REVENUE

	2017 £000	2016 £000
Overseas dividends	8,393	6,760
Interest on short term investments	50	22
Bank interest	17	6
Total revenue	8,460	6,788

#### 4 EXPENSES

	2017 £000	2016 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(7,291)	(6,535)
Registration fees	(657)	(544)
	(7,948)	(7,079)
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depositary's fees	(75)	(57)
Safe custody fees	(22)	(24)
	(97)	(81)
Other expenses:		
Regulatory fees	(6)	(6)
Audit fees	(9)	(11)
Professional fees	(2)	–
	(17)	(17)
Total expenses*	(8,062)	(7,177)

\*Including irrecoverable VAT where applicable.

#### 5 TAXATION

	2017 £000	2016 £000
<b>a) Analysis of charge in period</b>		
Overseas taxes	(1,126)	(764)
Total current tax (note 5b)	(1,126)	(764)
Total tax charge for the period	(1,126)	(764)
<b>b) Factors affecting taxation charge for period</b>		
Net revenue/(expense) before taxation	398	(389)
Net revenue/(expense) before taxation multiplied by the standard rate of corporation tax of 20%	(80)	78
Effects of:		
Revenue not subject to taxation	1,344	1,119
Overseas taxes	(1,126)	(764)
Overseas tax expensed	37	35
Excess expenses	(1,301)	(1,223)
Adjustments in respect of prior periods	–	(8)
Retail Distribution Review (RDR) conversion transfer from capital	–	(1)
Current tax charge for period (note 5a)	(1,126)	(764)

The fund has not recognised a deferred tax asset of £8,639,947 (2016: £7,330,061) arising as a result of having unutilised management expenses. The movement in deferred tax asset may not agree to the excess expenses figure quoted above due to prior year adjustments. It is unlikely that these expenses will be utilised in future years.

#### 6 DISTRIBUTIONS

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

	2017 £000	2016 £000
Final	626	280
	626	280
Add: Revenue deducted on the cancellation of shares*	179	–
Deduct: Revenue received on the creation of shares*	(307)	–
Net distribution for the period	498	280
Net expense after taxation	(728)	(1,153)
Equalisation on conversion	2	2
Shortfall transfer from capital to revenue	1,224	1,431
Total distributions	498	280

Details of the distribution per share and any share class with a shortfall are set out in the table on pages 166 to 167.

\*Equalisation was introduced with effect from 8 March 2016.

#### 7 DEBTORS

	2017 £000	2016 £000
Amounts receivable for the issue of shares	17,000	2,519
Accrued revenue	394	296
Foreign withholding tax recoverable	–	5
Total debtors	17,394	2,820

#### 8 OTHER CREDITORS

	2017 £000	2016 £000
Amounts payable for the cancellation of shares	(1,085)	(2,713)
Purchases awaiting settlement	(14,659)	–
Accrued expenses	(25)	(16)
Amounts payable to ACD	(981)	(599)
Total other creditors	(16,750)	(3,328)

#### 9 DILUTION ADJUSTMENT

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

#### 10 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, as ACD, is a related party and acts as principal in respect of all transactions of shares in the fund.

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

Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 7 and 8.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 8.

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



## Threadneedle American Smaller Companies Fund (US)

### Notes to the financial statements

(continued)

#### 11 SHAREHOLDER FUNDS

Threadneedle American Smaller Companies Fund (US) currently has four share classes; Class 1, Class 2, Class X and Class Z shares. The charges on each share class are as follows:

<b>Annual management charge</b>	
Class 1 shares	1.50%
Class 2 shares	1.00%
Class X shares	N/A*
Class Z shares	0.75%
<b>Registration fees</b>	
Class 1 shares	0.150%
Class 2 shares	0.035%
Class X shares	0.035%
Class Z shares	0.110%

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 168 to 169. The distribution per share class is given in the distribution table on pages 166 to 167.

All classes have the same rights on winding up.

\*X Shares are not subject to an Annual Management Charge.

#### RECONCILIATION OF SHARES

	2017
<b>Class 1 – Income shares</b>	
Opening shares	5,582,910
Shares issued	1,709,201
Shares redeemed	(714,170)
Net conversions	(108,063)
Closing shares	6,469,878
<b>Class 1 – Accumulation shares</b>	
Opening shares	79,052,373
Shares issued	14,174,867
Shares redeemed	(15,820,818)
Net conversions	(742,486)
Closing shares	76,663,936
<b>Class 2 – Accumulation shares</b>	
Opening shares	86,917,770
Shares issued	22,012,401
Shares redeemed	(15,208,747)
Net conversions	(1,746,858)
Closing shares	91,974,566
<b>Class X – Accumulation shares</b>	
Opening shares	3,483,000
Shares issued	–
Shares redeemed	(3,480,000)
Net conversions	–
Closing shares	3,000
<b>Class Z – Income shares</b>	
Opening shares	5,080,103
Shares issued	1,640,488
Shares redeemed	(1,039,268)
Net conversions	1,578,171
Closing shares	7,259,494
<b>Class Z – Accumulation shares</b>	
Opening shares	80,343,853
Shares issued	67,136,025
Shares redeemed	(18,196,641)
Net conversions	2,385,035
Closing shares	131,668,272

#### 12 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 6.

##### Market price risk sensitivity

A 5% market movement applied to the fund would result in an increase or decrease on net asset value of the fund by 5.15% (2016: 4.90%).

##### Currency exposures

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

	Monetary exposures	Non-monetary exposures	Total
	£000	£000	£000
<b>Currency 2017</b>			
Euro	9	–	9
US Dollar	5,037	916,731	921,768
<b>Currency 2016</b>			
Euro	3	–	3
US Dollar	14,161	526,649	540,810

##### Currency sensitivity

The only material currency exposure of the fund is to the US Dollar. A movement of 14.20% (2016: 5.70%) in this currency (equivalent to the movement in the year) would result in a change in the fund value of 13.91% (2016: 5.70%).

##### Credit/Counterparty exposure

As at the balance sheet date there is no derivative exposure or collateral to disclose.

	Forward Foreign Exchange Contracts Exposure
	£000
<b>2016</b>	
<b>Counterparty</b>	
RBC	1

The fund did not hold any collateral received from the fund's counterparties in either the current or prior year.

Positive exposure represents the fund's exposure to that counterparty and not the fund's holdings with that counterparty.

##### Interest rate risk

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

##### Interest rate risk profile of financial assets and financial liabilities

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

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
	£000	£000	£000	£000
<b>Currency 2017</b>				
Euro	8	–	–	8
UK Sterling	252	–	17,000	17,252
US Dollar	19,303	–	917,124	936,427
<b>Currency 2016</b>				
Euro	3	–	–	3
UK Sterling	272	–	3,023	3,295
US Dollar	13,212	–	528,102	541,314
	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
	£000	£000	£000	£000
<b>Currency 2017</b>				
UK Sterling	–	–	(2,114)	(2,114)
US Dollar	–	–	(14,658)	(14,658)
<b>Currency 2016</b>				
UK Sterling	–	–	(3,992)	(3,992)
US Dollar	–	–	(504)	(504)



## Threadneedle American Smaller Companies Fund (US)

### Notes to the financial statements

(continued)

#### Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances (2016: same).

#### Derivative risks

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

### 13 FAIR VALUE DISCLOSURE

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

**Level 1** – Quoted prices for identical instruments in active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

**Level 2** – Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investments schemes.

**Level 3** – Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

Valuation technique	2017		2016	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	916,731	–	527,153	–
Level 2	–	–	1	(1)
	<u>916,731</u>	<u>–</u>	<u>527,154</u>	<u>(1)</u>

### 14 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2016: Nil).

### 15 PORTFOLIO TRANSACTION COSTS

7 March 2017

Purchases	Value £000	Commissions £000	Taxes	
		%	£000	%
Equities	730,618	554 0.08	–	–
<b>Total</b>	<b>730,618</b>	<b>554</b>	<b>–</b>	

Gross purchases total: 731,172

Sales	Value £000	Commissions £000	Taxes	
		%	£000	%
Equities	606,491	604 0.10	13	0.00
Corporate actions	7,490	–	–	–
<b>Total</b>	<b>613,981</b>	<b>604</b>	<b>13</b>	

Total sales net of transaction costs: 613,364

Transaction costs as a percentage of average Net Assets

Commissions: 0.17%  
Taxes: 0.00%

7 March 2016

Purchases	Value £000	Commissions £000	Taxes	
		%	£000	%
Equities	464,074	361 0.08	–	–
<b>Total</b>	<b>464,074</b>	<b>361</b>	<b>–</b>	

Gross purchases total: 464,435

Sales	Value £000	Commissions £000	Taxes	
		%	£000	%
Equities	481,364	471 0.10	9	0.00
Corporate actions	15,077	–	–	–
<b>Total</b>	<b>496,441</b>	<b>471</b>	<b>9</b>	

Total sales net of transaction costs: 495,961

Transaction costs as a percentage of average Net Assets

Commissions: 0.14%  
Taxes: 0.00%

Portfolio transaction costs are incurred by the fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

**Direct transaction costs:** Broker commissions, fees and taxes.

**Indirect transaction costs:** 'Dealing spread' - the difference between the buying and selling prices of the fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.05% (7 March 2016: 0.05%), being the difference between the respective bid and offer prices for the fund's investments.

### 16 SECURITIES FINANCING TRANSACTIONS REGULATION

Additional disclosures are required where the fund invests in securities financing transactions (SFTs). For the year ended 7 March 2017 the fund has not invested in SFTs and will not be making additional disclosures.



## Threadneedle Dollar Bond Fund

### Investment Report

#### Investment Objective

To achieve total return primarily by way of income with some capital growth.

#### Investment Policy

The ACD's investment policy is to invest the assets of the Fund primarily in US Government Securities denominated in Dollar and Dollar denominated securities issued by Governments, Government Agencies, Corporations and Supranational Borrowers.

If the ACD considers it desirable it may further invest up to one third of the total assets of the Fund in other securities (including other fixed interest securities and money market securities). For liquidity purposes it may invest in cash and near cash.

#### Performance of Income Class 1 Shares\*

Over the twelve months to 7 March 2017, the published share price of the Threadneedle Dollar Bond Fund has risen from 56.38p to 66.08p.

The sterling total return on the fund for the twelve months ending 28 February 2017, including gross reinvested income, is +16.60% gross of tax and charges\*\*. For information the 50% ML Euro-Dollar & Globals/50% ML US Treasuries – Master Index gave a total return of +13.90% in sterling terms for the same period.

#### Market Overview and Portfolio Activity

It was a more challenging year for the US government bond market, with the benchmark 10-year yield rising from around 1.90% to approximately 2.50%.

The first half of the reporting period proved positive for the market, as disappointing US economic data and little evidence of a build-up of inflationary pressures meant that the US Federal Reserve (Fed) left interest rates unchanged. The continuation of loose monetary policy also benefited corporate bonds, and during this period the yield spread over US government bonds compressed from around 190 basis points (bps) to approximately 140 bps. The rally was also fuelled by international events, including bond buying by the European Central Bank and the shock Brexit vote in the UK. At one stage, the yield on the 10-year Treasury bond fell to 1.5%, the lowest level in recent decades.

In the latter part of the reporting period, yields on US government bonds rose and prices fell. The fund benefited from its short duration (interest-rate risk) position and overweight in corporate bonds. The latter rallied amid stronger economic data and a pick-up in inflation, boosted by the recovery in the oil price. As corporate bonds linked to the commodity sector performed strongly, we took the opportunity to realise some gains in this area.

At an industry level, the fund benefited from its exposure to US oil & gas pipeline companies. Despite these businesses' revenues and earnings being mostly contractual, therefore only facing secondary exposure to the oil price, their bonds had sold off aggressively with the oil-price falls in late 2015 and early 2016. As the businesses used cashflow to pay down debt, bond prices recovered significantly, benefiting the fund.

The rise in US Treasury yields and compression in corporate bond spreads was given added impetus by Donald Trump's

victory in November's presidential election and his pro-growth policies. The final months of 2016 were characterised by growing expectations of a quarter-point rate hike by the Fed. When this was duly announced in December, the move had already been priced into the markets. The dollar strengthened amid expectations that Donald Trump's policies will drive up growth and inflation, thereby prompting a sharper upward trajectory for interest rates in the years ahead.

In terms of portfolio activity, during the first part of the reporting period we rotated the fund's positioning out of cyclical (economy-sensitive) sectors such as financials and commodities towards more defensive areas such as regulated utilities and consumer goods. Examples of such purchases included AB InBev and Japan Tobacco. Following Trump's election win we also added duration in short-dated Treasuries while reducing long-dated exposure.

The outlook for US government bonds over the coming year is likely to be subdued given the prospect of further rate hikes from the Fed. However, sterling-based investors have already benefited from the weakness of the pound following the Brexit vote, and would gain if the dollar strengthens further against the pound. The US economy is expected to continue to make solid progress with low unemployment, and a total of three rate hikes are expected in 2017. For corporate bonds, the credit cycle appears fairly mature, and the level of issuance and more equity-friendly activity are both examples of end-of-cycle behaviour.

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2016 to 7 March 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains	2	14,593	2,289
Revenue	3	2,248	1,912
Expenses	4	(965)	(667)
Interest payable and similar charges	5	(285)	(543)
Net revenue before taxation		998	702
Taxation	6	—	—
Net revenue after taxation		998	702
<b>Total return before distributions</b>		<b>15,591</b>	<b>2,991</b>
Distributions	7	(1,804)	(1,253)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>13,787</b>	<b>1,738</b>

### BALANCE SHEET

as at 7 March 2017

	Notes	2017 £000	2016 £000
<b>Assets:</b>			
<b>Fixed assets:</b>			
Investments		75,977	55,974
<b>Current assets:</b>			
Debtors	8	1,744	626
Cash and bank balances	9	8,666	6,945
<b>Total assets</b>		<b>86,387</b>	<b>63,545</b>
<b>Liabilities:</b>			
<b>Investment liabilities</b>		(6)	—
<b>Creditors:</b>			
Distribution payable		(749)	(552)
Other creditors	10	(1,195)	(151)
<b>Total liabilities</b>		<b>(1,950)</b>	<b>(703)</b>
<b>Net assets attributable to shareholders</b>		<b>84,437</b>	<b>62,842</b>

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

for the accounting period 8 March 2016 to 7 March 2017

	2017 £000	2016 £000
<b>Opening net assets attributable to shareholders</b>	<b>62,842</b>	<b>65,781</b>
Amounts receivable on the issue of shares	66,341	16,532
Amounts payable on the cancellation of shares	(58,990)	(21,530)
	7,351	(4,998)
Dilution adjustment	137	60
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	13,787	1,738
Retained distribution on accumulation shares	320	261
<b>Closing net assets attributable to shareholders</b>	<b>84,437</b>	<b>62,842</b>

### DISTRIBUTION TABLE

for the accounting period 8 March 2016 to 7 March 2017

Interest distribution in pence per share

#### Class 1 – Income shares†

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>						
08/03/16 to 07/09/16	0.6028	0.1206	0.4822	—	0.4822	0.4403
08/09/16 to 07/03/17	0.7066	—	—	—	0.7066	0.4796
<b>Group 2</b>						
08/03/16 to 07/09/16	0.2726	0.0545	0.2181	0.2641	0.4822	0.4403
08/09/16 to 07/03/17	0.3489	—	—	0.3577	0.7066	0.4796
<b>Total distributions in the period</b>					<b>1.1888</b>	<b>0.9199</b>

#### Class 1 – Gross accumulation shares

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Gross Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	1.2738	—	1.2738	1.1389
08/09/16 to 07/03/17	1.5096	—	1.5096	1.2536
<b>Group 2</b>				
08/03/16 to 07/09/16	0.6867	0.5871	1.2738	1.1389
08/09/16 to 07/03/17	1.1484	0.3612	1.5096	1.2536
<b>Total distributions in the period</b>			<b>2.7834</b>	<b>2.3925</b>

\*In pound Sterling and against UK peer group.

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



## Threadneedle Dollar Bond Fund

### DISTRIBUTION TABLE

(continued)

#### Class Z – Income shares<sup>†</sup>

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>						
08/03/16 to 07/09/16	1.1608	0.2322	0.9286	–	0.9286	0.8434
08/09/16 to 07/03/17	1.3629			–	1.3629	0.9191
<b>Group 2</b>						
08/03/16 to 07/09/16	0.4655	0.0931	0.3724	0.5562	0.9286	0.8434
08/09/16 to 07/03/17	0.9186			0.4443	1.3629	0.9191
<b>Total distributions in the period</b>					<b>2.2915</b>	<b>1.7625</b>

#### Class Z – Gross accumulation shares

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Gross Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	1.3362	–	1.3362	1.1878
08/09/16 to 07/03/17	1.5853	–	1.5853	1.3090
<b>Group 2</b>				
08/03/16 to 07/09/16	0.5150	0.8212	1.3362	1.1878
08/09/16 to 07/03/17	0.6086	0.9767	1.5853	1.3090
<b>Total distributions in the period</b>			<b>2.9215</b>	<b>2.4968</b>

Group 2: shares purchased during a distribution period.

<sup>†</sup>Distributions paid before 6 April 2017 have been paid net.

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.



## Threadneedle Dollar Bond Fund

### Comparative Table Disclosure

	Class 1 – Income shares			Class 1 – Gross accumulation shares <sup>§</sup>		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	55.74	54.15	48.03	117.79	112.05	97.15
Return before operating charges (p)	11.60	3.39	7.92	24.62	7.08	16.14
Operating charges (p)	(0.74)	(0.65)	(0.61)	(1.57)	(1.34)	(1.24)
Return after operating charges (p)*	10.86	2.74	7.31	23.05	5.74	14.90
Distributions (p)	(1.31)	(1.15)	(1.19)	(2.78)	(2.39)	(2.43)
Retained distributions on accumulation shares (p)**	–	–	–	2.78	2.39	2.43
Closing net asset value per share (p)	65.29	55.74	54.15	140.84	117.79	112.05
*after direct transaction costs of (p)	–	–	–	–	–	–
<b>Performance</b>						
Return after charges (%)	19.48	5.06	15.22	19.57	5.12	15.34
<b>Other information</b>						
Closing net asset value (£000)	61,987	46,054	39,394	14,327	10,222	16,598
Closing number of shares	94,935,460	82,630,475	72,746,813	10,172,145	8,678,305	14,812,961
Operating charges (%)***	1.19	1.21	1.21	1.19	1.21	1.21
Direct transaction costs (%)****	–	–	–	–	–	–
<b>Prices</b>						
Highest share price (p)	67.07	57.42	55.56	143.22	120.31	113.95
Lowest share price (p)	54.99	50.97	47.85	116.35	105.58	96.96
	Class Z – Income shares			Class Z – Gross accumulation shares <sup>§</sup>		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	105.11	101.61	89.66	121.00	114.44	98.69
Return before operating charges (p)	21.92	6.37	14.86	25.37	7.32	16.46
Operating charges (p)	(0.76)	(0.67)	(0.64)	(0.90)	(0.76)	(0.71)
Return after operating charges (p)*	21.16	5.70	14.22	24.47	6.56	15.75
Distributions (p)	(2.52)	(2.20)	(2.27)	(2.92)	(2.50)	(2.54)
Retained distributions on accumulation shares (p)**	–	–	–	2.92	2.50	2.54
Closing net asset value per share (p)	123.75	105.11	101.61	145.47	121.00	114.44
*after direct transaction costs of (p)	–	–	–	–	–	–
<b>Performance</b>						
Return after charges (%)	20.13	5.61	15.86	20.22	5.73	15.96
<b>Other information</b>						
Closing net asset value (£000)	7,098	6,163	9,659	1,025	403	130
Closing number of shares	5,736,167	5,863,026	9,506,088	704,940	333,386	113,437
Operating charges (%)***	0.65	0.67	0.67	0.65	0.67	0.66
Direct transaction costs (%)****	–	–	–	–	–	–
<b>Prices</b>						
Highest share price (p)	126.90	108.29	104.21	147.64	123.58	116.38
Lowest share price (p)	103.86	95.77	89.49	119.72	108.04	98.71

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.

\*\*Any difference between the distributions and the retained distributions on accumulation shares is due to the tax withheld.

\*\*\*The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit [columbiathreadneedle.com/fees](http://columbiathreadneedle.com/fees).

\*\*\*\*Transaction costs have not been reduced by any amounts collected from dilution levies/adjustments.

§ Only available to eligible investors.



# Threadneedle Dollar Bond Fund

## Notes to the financial statements

for the accounting period 8 March 2016 to 7 March 2017

### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 5 and 6.

### 2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2017 £000	2016 £000
Non-derivative securities	11,590	1,877
Derivative contracts	778	(207)
Forward currency contracts	25	(13)
Other gains	2,201	633
Transaction costs	(1)	(1)
Net capital gains	14,593	2,289

### 3 REVENUE

	2017 £000	2016 £000
Interest on debt securities	2,215	1,908
Interest on short term investments	24	—
Bank interest	9	4
Total revenue	2,248	1,912

### 4 EXPENSES

	2017 £000	2016 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(806)	(551)
Registration fees	(124)	(85)
	(930)	(636)
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depositary's fees	(9)	(5)
Safe custody fees	(11)	(10)
	(20)	(15)
Other expenses:		
Regulatory fees	(5)	(6)
Audit fees	(9)	(10)
Professional fees	(1)	—
	(15)	(16)
Total expenses*	(965)	(667)

\*Including irrecoverable VAT where applicable.

### 5 INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £000	2016 £000
Derivative expense	(285)	(543)
Total interest payable & similar charges	(285)	(543)

### 6 TAXATION

	2017 £000	2016 £000
<b>a) Analysis of charge in period</b>		
Total current tax (note 6b)	—	—
Total tax charge for the period	—	—
<b>b) Factors affecting taxation charge for period</b>		
Net revenue before taxation	998	702
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(200)	(140)
Effects of:		
Excess expenses	200	140
Current tax charge for period (note 6a)	—	—

The fund has not recognised a deferred tax asset of £1,323,680 (2016: £1,523,296) arising as a result of having unutilised management expenses. The movement in deferred tax asset may not agree to the excess expenses figure quoted above due to prior year adjustments. It is unlikely that these expenses will be utilised in future years.

Interest distributions have been made in respect of all distributions during the period. Income tax at 20% on net share classes paid prior to 6 April 2017 will be accounted for on shareholders' behalf to HM Revenue & Customs.

### 7 DISTRIBUTIONS

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

	2017 £000	2016 £000
Interim	660	573
Final	1,037	666
	1,697	1,239
Add: Revenue deducted on the cancellation of shares	387	97
Deduct: Revenue received on the creation of shares	(280)	(83)
Net distribution for the period	1,804	1,253
Net revenue after taxation	998	702
Annual management charge to capital	806	551
Total distributions	1,804	1,253

Details of the distribution per share are set out in the table on pages 173 to 174.

### 8 DEBTORS

	2017 £000	2016 £000
Amounts receivable for the issue of shares	123	90
Sales awaiting settlement	1,008	—
Accrued revenue	613	536
Total debtors	1,744	626

### 9 CASH AND BANK BALANCES

	2017 £000	2016 £000
Amounts held at futures clearing houses and brokers	113	54
Cash and bank balances	8,553	6,891
Total cash and bank balances	8,666	6,945

### 10 OTHER CREDITORS

	2017 £000	2016 £000
Amounts payable for the cancellation of shares	(193)	(73)
Purchases awaiting settlement	(903)	—
Accrued expenses	(12)	(9)
Amounts payable to ACD	(87)	(69)
Total other creditors	(1,195)	(151)

### 11 DILUTION ADJUSTMENT

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

### 12 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, as ACD, is a related party and acts as principal in respect of all transactions of shares in the fund.

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

Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 8 and 10.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 10.

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



## Threadneedle Dollar Bond Fund

### Notes to the financial statements

(continued)

#### 13 SHAREHOLDER FUNDS

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

##### Annual management charge

Class 1 shares	1.00%
Class Z shares	0.50%

##### Registration fees

Class 1 shares	0.150%
Class Z shares	0.110%

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on page 175. The distribution per share class is given in the distribution table on pages 173 to 174. All classes have the same rights on winding up.

##### Reconciliation of shares

	2017
<b>Class 1 – Income shares</b>	
Opening shares	82,630,475
Shares issued	16,781,190
Shares redeemed	(4,476,205)
Net conversions	–
Closing shares	94,935,460
<b>Class 1 – Gross accumulation shares</b>	
Opening shares	8,678,305
Shares issued	33,941,162
Shares redeemed	(32,447,322)
Net conversions	–
Closing shares	10,172,145
<b>Class Z – Income shares</b>	
Opening shares	5,863,026
Shares issued	10,651,479
Shares redeemed	(10,778,338)
Net conversions	–
Closing shares	5,736,167
<b>Class Z – Gross accumulation shares</b>	
Opening shares	333,386
Shares issued	585,362
Shares redeemed	(213,808)
Net conversions	–
Closing shares	704,940

#### 14 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 6.

##### Market price risk sensitivity

A 1.00% interest rate movement applied to the fixed income proportion of the fund would result in an increase or decrease on the net asset value of the fund by 5.00% (2016: 5.20%).

##### Currency exposures

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

	Monetary exposures	Non-monetary exposures	Total
	£000	£000	£000
<b>Currency 2017</b>			
US Dollar	9,377	75,890	85,267
<b>Currency 2016</b>			
US Dollar	7,372	55,974	63,346

##### Currency sensitivity

The only material currency exposure of the fund is to the US Dollar. A movement of 14.20% (2016: 5.70%) in this currency (equivalent to the movement in the year) would result in a change in the fund value of 14.34% (2016: 5.74%).

##### Credit/Counterparty exposure

The following details exposure to counterparties obtained through the use of derivatives:

	Futures and Options Exposure
	£000
<b>2017</b>	
<b>Counterparty</b>	
UBS	111
<b>2016</b>	
<b>Counterparty</b>	
UBS	242

The fund did not hold any collateral received from the fund's counterparties in either the current or prior year.

Positive exposure represents the fund's exposure to that counterparty and not the fund's holdings with that counterparty.

##### Analysis of investments by credit ratings

	2017		2016	
	Value £000	% of Investment	Value £000	% of Investment
AAA	856	1.13	20,957	37.44
Aaa	28,545	37.57	–	–
AA+	–	–	313	0.56
AA	643	0.85	–	–
AA–	1,836	2.42	2,396	4.28
A+	721	0.95	–	–
A	2,875	3.78	3,171	5.67
A–	6,893	9.07	3,633	6.49
BBB+	12,325	16.22	8,642	15.44
BBB	10,923	14.38	8,550	15.27
BBB–	5,816	7.66	4,050	7.24
Baa3	–	–	770	1.38
BB+	652	0.86	1,859	3.32
Ba1	–	–	342	0.61
BB	–	–	657	1.17
BB–	298	0.39	–	–
B+	287	0.38	241	0.43
B	339	0.45	151	0.27
Not Rated	2,852	3.75	–	–
Derivatives	110	0.14	242	0.43
	75,971	100.00	55,974	100.00

The derivative positions do not have a significant impact on the risk profile.

##### Interest rate risk

The fund's floating rate investments earn interest which is variable, based on LIBOR or its overseas equivalent.

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

##### Interest rate risk profile of financial assets and financial liabilities

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

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
	£000	£000	£000	£000
<b>Currency 2017</b>				
UK Sterling	23	–	204	227
US Dollar	12,155	72,348	1,754	86,257
<b>Currency 2016</b>				
UK Sterling	108	–	90	198
US Dollar	8,701	53,868	777	63,346



## Threadneedle Dollar Bond Fund

### Notes to the financial statements

(continued)

	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
Currency 2017	£000	£000	£000	£000
UK Sterling	–	–	(1,057)	(1,057)
US Dollar	–	–	(990)	(990)
Currency 2016	£000	£000	£000	£000
UK Sterling	–	–	(702)	(702)

#### Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances (2016: same).

#### Derivative risks

Non interest-bearing assets relate to forward foreign exchange contracts and futures and options. Derivatives including forward foreign exchange contracts and futures and options are employed when they are the cheapest and most efficient method of gaining exposure. This increases the risk profile of the fund and may result in a higher degree of volatility. All open positions are regularly reviewed by the fund manager. The fund has entered into various forward foreign exchange contracts and futures and options during this accounting period. Such contracts commit the fund to future deliveries or receipts, typically three months forward, of assets and liabilities, at prices decided at the point of striking the contract. They therefore allow the fund manager to limit risk, or to enhance fund performance in return for the acceptance of greater risk.

At 7 March 2017, the fund had outstanding forward foreign exchange contracts and futures and options with an asset value of £116,000 (2016: £242,000) and a liability value of £6,000 (2016: £Nil).

### 15 FAIR VALUE DISCLOSURE

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

**Level 1** – Quoted prices for identical instruments in active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

**Level 2** – Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investments schemes.

**Level 3** – Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

	2017		2016	
Valuation technique	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	31,513	(5)	21,199	–
Level 2	44,464	(1)	34,775	–
	75,977	(6)	55,974	–

Included within Level 1, are debt securities of £31,397,000 (2016: £20,957,000). The valuation of some highly liquid exchange-traded debt securities (G7 sovereign debt, supranational debt or certain corporate bonds) is sufficiently close to a binding quoted price to categorise at this level.

### 16 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2016: Nil).

### 17 PORTFOLIO TRANSACTION COSTS

#### 7 March 2017

	Value £000	Commissions £000	%	Taxes £000	%
Purchases					
Bonds	102,722	–	–	–	–
<b>Total</b>	<b>102,722</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

#### Gross purchases total:

102,722

	Value £000	Commissions £000	%	Taxes £000	%
Sales					
Bonds	94,043	–	–	–	–
<b>Total</b>	<b>94,043</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

#### Total sales net of transaction costs:

94,043

#### Transaction costs as a percentage of average Net Assets

Commissions:	0.00%
Taxes:	0.00%

Commissions  
£'000

#### Futures and Options

2

#### 7 March 2016

	Value £000	Commissions £000	%	Taxes £000	%
Purchases					
Bonds	56,297	–	–	–	–
<b>Total</b>	<b>56,297</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

#### Gross purchases total:

56,297

	Value £000	Commissions £000	%	Taxes £000	%
Sales					
Bonds	67,247	–	–	–	–
Corporate actions	47	–	–	–	–
<b>Total</b>	<b>67,294</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

#### Total sales net of transaction costs:

67,294

#### Transaction costs as a percentage of average Net Assets

Commissions:	0.00%
Taxes:	0.00%

Commissions  
£000

#### Futures and Options

2

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

Portfolio transaction costs are incurred by the fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

**Direct transaction costs:** Broker commissions, fees and taxes.

**Indirect transaction costs:** 'Dealing spread' – the difference between the buying and selling prices of the fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.27% (7 March 2016: 0.67%), being the difference between the respective bid and offer prices for the fund's investments.

### 18 SECURITIES FINANCING TRANSACTIONS REGULATION

Additional disclosures are required where the fund invests in securities financing transactions (SFTs). For the year ended 7 March 2017 the fund has not invested in SFTs and will not be making additional disclosures.



## Threadneedle Japan Fund

### Investment Report

#### Investment Objective

To achieve capital growth.

#### Investment Policy

The ACD's investment policy is to invest the assets of the Fund primarily in the equities of companies domiciled in Japan or with significant Japanese operations.

If the ACD considers it desirable it may further invest up to one third of the total assets of the Fund in other securities (including fixed interest securities, warrants and convertible bonds, other equities and money market securities). For liquidity purposes it may invest in cash and near cash.

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

Over the twelve months to 7 March 2017, the published share price of the Threadneedle Japan Fund has risen from 42.77p to 56.04p.

Looking at the sterling performance within its peer group, the total return on the fund for the twelve months ending 28 February 2017, including net reinvested income, is +31.60% as compared to a median return of +34.06% over the same period. For information the TOPIX Index returned +36.63% over the same period.

#### Market Overview and Portfolio Activity

The Japanese TOPIX index performed strongly over the period, rising 18.0% (including reinvested income) in local currency terms. Returns for UK-based investors were even stronger, with the market rising 35.7%, enhanced by the weakness of sterling over the period.

Sentiment towards the Japanese market was buoyed by Prime Minister Shinzo Abe's win in July's upper house elections. His success was seen as a vote of confidence in his economic reforms, known as Abenomics, which focus on the three arrows policies of monetary stimulus, fiscal stimulus and structural reforms, with a view to boosting economic activity and stimulating inflation. The election result fuelled expectations of further fiscal stimulus and at the start of August a new package was announced, totalling 28tn yen (\$276bn), which included measures to promote infrastructure spending and encourage domestic demand.

In the third quarter, the markets fell following the June Brexit referendum. However, as concerns over the implications for Japan subsided, a recovery rally took place. In the fourth quarter the market rallied strongly on the expectation that earnings growth at Japanese companies would accelerate, with expectations for better earnings at Japan's exporters fuelled by global growth acceleration throughout 2016. Furthermore, the yen depreciated considerably between October and December; along with the yield curve-targeting policy launched by the Bank of Japan, the market responded strongly to Donald Trump's victory in the US elections and the yen weakened against the dollar on expectation of rising US interest rates.

During the reporting period, we established a new position in telecommunications company KDDI. We expect the company to generate strong free cash-flow and dividend growth. We also bought Softbank, where we felt valuations looked attractive in light of improving performance at group companies Alibaba and Sprint.

We also entered a new position in food company Meiji Holdings, which has a highly-successful probiotic yoghurt product and is also benefiting from increasing per capita consumption of chocolate in

Japan. We bought and later sold confectionary and oil producer Fuji Oil. As raw material prices increased, we had concerns over the company's ability to pass higher costs on to consumers and protect margins.

In financials, we moved out of Aozora Bank, which had held up better than most Japanese banks and where valuations were looking stretched, and added to Mitsubishi UFJ Financial. We also reduced our exposure to property REITs, where we felt growth prospects had diminished.

We reduced our exposure to the automotive sector, selling Nissan. Global car sales have recovered strongly in recent years, but the potential for further gains seems limited. Meanwhile, R&D costs continue to rise, which could put pressure on margins. Threats by President Trump to introduce a US border tax could also drive earnings deterioration in the sector. We purchased tire maker Bridgestone, where we feel the market has underestimated the company's ability to defend margins as input costs rise. We also like the company's strong cash flow and shareholder returns policy.

Japanese equities remain sensitive to the global economic environment. Looking ahead, global economic growth remains robust, and should act as a tailwind for the earnings of Japan's exporters. Additionally, corporate governance continues to improve in Japan. Companies are increasing payouts to shareholders in the form of dividends and buybacks. Although valuations have moved higher following the strong market in 2016, we feel that Japanese companies can continue to grow earnings in 2017. Against this backdrop, we remain positive on the outlook for Japanese equities.

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2016 to 7 March 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains/(losses)	2	111,633	(2,813)
Revenue	3	7,674	6,178
Expenses	4	(4,404)	(4,727)
Interest payable and similar charges	5	(1)	(2)
Net revenue before taxation		3,269	1,449
Taxation	6	(757)	(633)
Net revenue after taxation		2,512	816
<b>Total return before distributions</b>		<b>114,145</b>	<b>(1,997)</b>
Distributions	7	(2,528)	(1,050)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>111,617</b>	<b>(3,047)</b>

### BALANCE SHEET

as at 7 March 2017

	Notes	2017 £000	2016 £000
<b>Assets:</b>			
<b>Fixed assets:</b>			
Investments		446,089	411,194
<b>Current assets:</b>			
Debtors	8	771	709
Cash and bank balances		3,538	5,389
<b>Total assets</b>		<b>450,398</b>	<b>417,292</b>
<b>Liabilities:</b>			
<b>Investment liabilities</b>		–	(1)
<b>Creditors:</b>			
Distribution payable		(13)	(2)
Other creditors	9	(1,005)	(5,625)
<b>Total liabilities</b>		<b>(1,018)</b>	<b>(5,628)</b>
<b>Net assets attributable to shareholders</b>		<b>449,380</b>	<b>411,664</b>

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

for the accounting period 8 March 2016 to 7 March 2017

	2017 £000	2016 £000
<b>Opening net assets attributable to shareholders</b>	<b>411,664</b>	<b>343,216</b>
Amounts receivable on the issue of shares	298,297	359,050
Amounts payable on the cancellation of shares	(375,822)	(310,971)
Amounts receivable on inspecie transfers	–	21,972
	(77,525)	70,051
Dilution adjustment	646	396
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	111,617	(3,047)
Retained distribution on accumulation shares	2,978	1,048
<b>Closing net assets attributable to shareholders</b>	<b>449,380</b>	<b>411,664</b>

### DISTRIBUTION TABLE

for the accounting period 8 March 2016 to 7 March 2017

Dividend distribution in pence per share

#### Class 1 – Accumulation shares

There is no distribution for the accounting period 8 March 2016 to 7 March 2017, as expenses exceed revenue (2016: Nil).

#### Class 2 – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	0.3320	–	0.3320	0.2024
<b>Group 2</b>				
08/03/16 to 07/03/17	0.0041	0.3279	0.3320	0.2024
<b>Total distributions in the period</b>			<b>0.3320</b>	<b>0.2024</b>

#### Class X – Income shares

Distribution Period	Revenue	Equalisation	Distribution Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	2.0758	–	2.0758	1.2613
<b>Group 2</b>				
08/03/16 to 07/03/17	0.3481	1.7277	2.0758	1.2613
<b>Total distributions in the period</b>			<b>2.0758</b>	<b>1.2613</b>

\*In pound Sterling and against UK peer group.



## Threadneedle Japan Fund

### DISTRIBUTION TABLE

(continued)

#### Class X – Accumulation shares\*

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	1.8283	—	1.8283	0.2269
<b>Group 2</b>				
08/03/16 to 07/03/17	0.4272	1.4011	1.8283	0.2269
<b>Total distributions in the period</b>			<b>1.8283</b>	<b>0.2269</b>

#### Class Z – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	1.3015	—	1.3015	0.8029
<b>Group 2</b>				
08/03/16 to 07/03/17	—	1.3015	1.3015	0.8029
<b>Total distributions in the period</b>			<b>1.3015</b>	<b>0.8029</b>

Group 2: shares purchased during a distribution period.

Equalisation was introduced with effect from 8 March 2016.

\*For launch dates, refer to the footnotes after the comparative tables.

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.



## Threadneedle Japan Fund

### Comparative Table Disclosure

	Class 1 – Accumulation shares			Class 2 – Accumulation shares		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	42.74	43.04	37.58	47.78	47.82	41.50
Return before operating charges (p)	14.05	0.42	6.10	15.78	0.47	6.77
Operating charges (p)	(0.80)	(0.72)	(0.64)	(0.58)	(0.51)	(0.45)
Return after operating charges (p)*	13.25	(0.30)	5.46	15.20	(0.04)	6.32
Distributions (p)	–	–	–	(0.33)	(0.20)	(0.15)
Retained distributions on accumulation shares (p)	–	–	–	0.33	0.20	0.15
Closing net asset value per share (p)	55.99	42.74	43.04	62.98	47.78	47.82
*after direct transaction costs of (p)	0.07	0.05	0.07	0.08	0.06	0.08
<b>Performance</b>						
Return after charges (%)	31.00	(0.70)	14.53	31.81	(0.08)	15.23
<b>Other information</b>						
Closing net asset value (£000)	110,080	144,703	145,045	198,352	220,627	196,484
Closing number of shares	196,607,021	338,603,560	337,026,003	314,932,533	461,768,472	410,873,646
Operating charges (%)**	1.67	1.67	1.68	1.06	1.06	1.07
Direct transaction costs (%)***	0.15	0.15	0.19	0.15	0.15	0.19
<b>Prices</b>						
Highest share price (p)	56.04	46.86	43.08	63.04	52.10	47.87
Lowest share price (p)	41.10	36.70	34.60	46.00	41.01	38.25

  

	Class X – Income shares			Class X – Accumulation shares	
	07/03/2017	07/03/2016	07/03/2015 <sup>1</sup>	07/03/2017	07/03/2016 <sup>2</sup>
<b>Change in net assets per share</b>					
Opening net asset value per share (p)	112.43	112.70	100.00	98.93	100.00
Return before operating charges (p)	37.35	1.06	13.41	32.85	(1.03)
Operating charges (p)	(0.08)	(0.07)	(0.04)	(0.07)	(0.04)
Return after operating charges (p)*	37.27	0.99	13.37	32.78	(1.07)
Distributions (p)	(2.08)	(1.26)	(0.67)	(1.83)	(0.23)
Retained distributions on accumulation shares (p)	–	–	–	1.83	0.23
Closing net asset value per share (p)	147.62	112.43	112.70	131.71	98.93
*after direct transaction costs of (p)	0.20	0.14	0.12	0.18	0.09
<b>Performance</b>					
Return after charges (%)	33.15	0.88	13.37	33.13	(1.07)
<b>Other information</b>					
Closing net asset value (£000)	905	159	104	138,403	43,853
Closing number of shares	612,799	141,723	92,369	105,080,656	44,329,577
Operating charges (%)**	0.06	0.06	0.06 <sup>1</sup>	0.06	0.06 <sup>1</sup>
Direct transaction costs (%)***	0.15	0.15	0.19	0.15	0.15
<b>Prices</b>					
Highest share price (p)	149.82	122.75	113.48	131.82	103.06
Lowest share price (p)	108.41	97.52	93.37	95.38	84.86



## Threadneedle Japan Fund

### Comparative Table Disclosure

(continued)

	Class Z – Accumulation shares		
	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>			
Opening net asset value per share (p)	145.16	145.03	125.65
Return before operating charges (p)	47.96	1.41	20.53
Operating charges (p)	(1.44)	(1.28)	(1.15)
Return after operating charges (p)*	46.52	0.13	19.38
Distributions (p)	(1.30)	(0.80)	(0.44)
Retained distributions on accumulation shares (p)	1.30	0.80	0.44
Closing net asset value per share (p)	191.68	145.16	145.03
*after direct transaction costs of (p)	0.24	0.18	0.25
<b>Performance</b>			
Return after charges (%)	32.05	0.09	15.42
<b>Other information</b>			
Closing net asset value (£000)	1,640	2,322	1,583
Closing number of shares	855,446	1,599,708	1,091,909
Operating charges (%)**	0.88	0.88	0.88
Direct transaction costs (%)***	0.15	0.15	0.19
<b>Prices</b>			
Highest share price (p)	191.85	158.03	145.18
Lowest share price (p)	139.78	124.58	115.82

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.

\*\*The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit [columbiathreadneedle.com/fees](http://columbiathreadneedle.com/fees).

\*\*\*Transaction costs have not been reduced by any amounts collected from dilution levies/adjustments.

<sup>1</sup>Class X – Income shares commenced 4 August 2014.

<sup>2</sup>Class X – Accumulation shares commenced 10 June 2015.

<sup>3</sup>The Ongoing Charges Figure is annualised based on the fees incurred since commencement date.



# Threadneedle Japan Fund

## Notes to the financial statements

for the accounting period 8 March 2016 to 7 March 2017

### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 5 and 6.

### 2 NET CAPITAL GAINS/(LOSSES)

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

	2017 £000	2016 £000
Non-derivative securities	111,012	(3,031)
Forward currency contracts	995	(1,069)
Other (losses)/gains	(367)	1,294
Transaction costs	(7)	(7)
Net capital gains/(losses)	111,633	(2,813)

### 3 REVENUE

	2017 £000	2016 £000
Overseas dividends	7,673	6,177
Bank interest	1	1
Total revenue	7,674	6,178

### 4 EXPENSES

	2017 £000	2016 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(4,025)	(4,341)
Registration fees	(281)	(296)
	(4,306)	(4,637)
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depositary's fees	(44)	(37)
Safe custody fees	(39)	(37)
	(83)	(74)
Other expenses:		
Regulatory fees	(5)	(6)
Audit fees	(8)	(10)
Professional fees	(2)	—
	(15)	(16)
Total expenses*	(4,404)	(4,727)

\*Including irrecoverable VAT where applicable.

### 5 INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £000	2016 £000
Interest payable	(1)	(2)
Total interest payable & similar charges	(1)	(2)

### 6 TAXATION

	2017 £000	2016 £000
a) Analysis of charge in period		
Overseas taxes	(757)	(633)
Total current tax (note 6b)	(757)	(633)
Total tax charge for the period	(757)	(633)
b) Factors affecting taxation charge for period		
Net revenue before taxation	3,269	1,449
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(654)	(290)

Effects of:

Revenue not subject to taxation	1,487	1,229
Overseas taxes	(757)	(633)
Overseas tax expensed	6	3
Excess expenses	(839)	(952)
Revenue taxable in other periods	—	10
Current tax charge for period (note 6a)	(757)	(633)

The fund has not recognised a deferred tax asset of £6,316,328 (2016: £5,505,165) arising as a result of having unutilised management expenses. The movement in deferred tax asset may not agree to the excess expenses figure quoted above due to prior year adjustments. It is unlikely that these expenses will be utilised in future years.

### 7 DISTRIBUTIONS

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

	2017 £000	2016 £000
Final	2,991	1,050
	2,991	1,050
Add: Revenue deducted on the cancellation of shares*	1,649	—
Deduct: Revenue received on the creation of shares*	(2,112)	—
Net distribution for the period	2,528	1,050
Net revenue after taxation	2,512	816
Shortfall transfer from capital to revenue	16	234
Total distributions	2,528	1,050

Details of the distribution per share and any share class with a shortfall are set out in the table on pages 179 to 180.

\*Equalisation was introduced with effect from 8 March 2016.

### 8 DEBTORS

	2017 £000	2016 £000
Amounts receivable for the issue of shares	372	26
Accrued revenue	399	683
Total debtors	771	709

### 9 OTHER CREDITORS

	2017 £000	2016 £000
Amounts payable for the cancellation of shares	(613)	(4,195)
Purchases awaiting settlement	—	(977)
Accrued expenses	(22)	(18)
Amounts payable to ACD	(370)	(435)
Total other creditors	(1,005)	(5,625)

### 10 DILUTION ADJUSTMENT

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

### 11 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, as ACD, is a related party and acts as principal in respect of all transactions of shares in the fund.

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

Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 8 and 9.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 9.

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



# Threadneedle Japan Fund

## Notes to the financial statements

(continued)

### 12 SHAREHOLDER FUNDS

Threadneedle Japan Fund currently has four share classes; Class 1, Class 2, Class X and Class Z shares. The charges on each share class are as follows:

#### Annual management charge

Class 1 shares	1.50%
Class 2 shares	1.00%
Class X shares	N/A*
Class Z shares	0.75%

#### Registration fees

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

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 181 to 182. The distribution per share class is given in the distribution table on pages 179 to 180.

All classes have the same rights on winding up.

\*X Shares are not subject to an Annual Management Charge.

#### Reconciliation of shares

	2017
<b>Class 1 – Accumulation shares</b>	
Opening shares	338,603,560
Shares issued	312,533,850
Shares redeemed	(454,467,701)
Net conversions	(62,688)
Closing shares	196,607,021
<b>Class 2 – Accumulation shares</b>	
Opening shares	461,768,472
Shares issued	127,634,186
Shares redeemed	(274,470,125)
Net conversions	–
Closing shares	314,932,533
<b>Class X – Income shares</b>	
Opening shares	141,723
Shares issued	471,076
Shares redeemed	–
Net conversions	–
Closing shares	612,799
<b>Class X – Accumulation shares</b>	
Opening shares	44,329,577
Shares issued	70,291,958
Shares redeemed	(9,540,879)
Net conversions	–
Closing shares	105,080,656
<b>Class Z – Accumulation shares</b>	
Opening shares	1,599,708
Shares issued	835,035
Shares redeemed	(1,597,704)
Net conversions	18,407
Closing shares	855,446

### 13 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 6.

#### Market price risk sensitivity

A 5% market movement applied to the fund would result in an increase or decrease on net asset value of the fund by 5.12% (2016: 4.95%).

#### Currency exposures

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

	Monetary exposures £000	Non-monetary exposures £000	Total £000
<b>Currency 2017</b>			
Japanese Yen	3,908	446,401	450,309
<b>Currency 2016</b>			
Japanese Yen	2,519	410,410	412,929

#### Currency sensitivity analysis

The only material currency exposure of the fund is to the Japanese Yen. A movement of 13.89% (2016: 11.63%) in this currency (equivalent to the movement in the year) would result in a change in the fund value of 13.89% (2016: 11.67%).

#### Credit/Counterparty exposure

The following details exposure to counterparties obtained through the use of derivatives:

	Forward Foreign Exchange Contracts Exposure £000
<b>2017</b>	
<b>Counterparty</b>	
Citigroup	4

As at the prior balance sheet date there is no derivative exposure or collateral to disclose.

The fund did not hold any collateral received from the fund's counterparties in either the current or prior year.

Positive exposure represents the fund's exposure to that counterparty and not the fund's holdings with that counterparty.

#### Interest rate risk

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

#### Interest rate risk profile of financial assets and financial liabilities

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

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
<b>Currency 2017</b>				
Japanese Yen	3,508	–	446,801	450,309
UK Sterling	30	–	372	402
<b>Currency 2016</b>				
Japanese Yen	5,280	–	411,876	417,156
UK Sterling	111	–	3,274	3,385
	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
<b>Currency 2017</b>				
UK Sterling	–	–	(1,331)	(1,331)
<b>Currency 2016</b>				
Japanese Yen	–	–	(4,227)	(4,227)
UK Sterling	–	–	(4,650)	(4,650)

#### Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances (2016: same).

#### Derivative risks

Other than equities which do not have maturity dates, non interest-bearing assets relate to forward foreign exchange contracts. Derivatives including forward foreign exchange contracts are employed when they are the cheapest and most efficient method of gaining exposure. This increases the risk profile of the fund and may result in a higher degree of volatility. All open positions are regularly reviewed by the fund manager. The fund has entered into various forward foreign exchange contracts during this accounting period. Such contracts commit the fund to future deliveries or receipts, typically three months forward, of assets and liabilities, at prices decided at the point of striking the contract. They therefore allow the fund manager to limit risk, or to enhance fund performance in return for the acceptance of greater risk.

At 7 March 2017, the fund had outstanding forward foreign exchange contracts with an asset value of £3,000 (2016: £1,000) and a liability value of £Nil (2016: £1,000).



## Threadneedle Japan Fund

### Notes to the financial statements

(continued)

#### 14 FAIR VALUE DISCLOSURE

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

**Level 1** – Quoted prices for identical instruments in active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

**Level 2** – Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investments schemes.

**Level 3** – Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

	2017		2016	
Valuation technique	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	446,086	–	411,193	–
Level 2	3	–	1	(1)
	446,089	–	411,194	(1)

#### 15 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2016: Nil).

#### 16 PORTFOLIO TRANSACTION COSTS

##### 7 March 2017

	Value £000	Commissions £000	%	Taxes £000	%
<b>Purchases</b>					
Equities	358,689	275	0.08	–	–
<b>Total</b>	<b>358,689</b>	<b>275</b>		<b>–</b>	

**Gross purchases total:** 358,964

	Value £000	Commissions £000	%	Taxes £000	%
<b>Sales</b>					
Equities	435,267	337	0.08	–	–
Corporate actions	12	–	–	–	–
<b>Total</b>	<b>435,279</b>	<b>337</b>		<b>–</b>	

**Total sales net of transaction costs:** 434,942

##### Transaction costs as a percentage of average Net Assets

Commissions:	0.15%
Taxes:	0.00%

##### 7 March 2016

	Value £000	Commissions £000	%	Taxes £000	%
<b>Purchases</b>					
Equities	407,110	284	0.07	–	–
In specie transactions	21,958	–	–	–	–
<b>Total</b>	<b>429,068</b>	<b>284</b>		<b>–</b>	

**Gross purchases total:** 429,352

	Value £000	Commissions £000	%	Taxes £000	%
<b>Sales</b>					
Equities	358,414	275	0.08	–	–
<b>Total</b>	<b>358,414</b>	<b>275</b>		<b>–</b>	

**Total sales net of transaction costs:** 358,139

##### Transaction costs as a percentage of average Net Assets

Commissions:	0.15%
Taxes:	0.00%

Portfolio transaction costs are incurred by the fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

**Direct transaction costs:** Broker commissions, fees and taxes.

**Indirect transaction costs:** 'Dealing spread' – the difference between the buying and selling prices of the fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.13% (7 March 2016: 0.17%), being the difference between the respective bid and offer prices for the fund's investments.

#### 17 SECURITIES FINANCING TRANSACTIONS REGULATION

Additional disclosures are required where the fund invests in securities financing transactions (SFTs). For the year ended 7 March 2017 the fund has not invested in SFTs and will not be making additional disclosures.



## Threadneedle Asia Fund

### Investment Report

#### Investment Objective

To achieve capital growth.

#### Investment Policy

The ACD's investment policy is to invest the assets of the Fund primarily in the equity of companies domiciled in Asia (with the exclusion of Japan) or with significant Asian (excluding Japan) operations. It may further invest in other securities including fixed interest securities, other equities and money market securities.

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

Over the twelve months to 7 March 2017, the published share price of the Threadneedle Asia Fund has risen from 141.86p to 192.42p.

Looking at the sterling performance within its peer group, the total return on the fund for the twelve months ending 28 February 2017, including net reinvested income, is +38.36% as compared to a median return of +40.66% over the same period. For information the MSCI AC Asia Pacific Ex Japan Index returned +43.65% over the same period.

#### Market Overview and Portfolio Activity

Asian equities performed very strongly over the reporting period, with returns enhanced in sterling terms following the currency weakness in the aftermath of the Brexit vote.

Asian markets started the review period recovering from the bout of weakness seen at the start of 2016. The People's Bank of China embarked on monetary easing to respond to the decline, which benefited markets up until the liquidity squeeze in December. In addition, China took steps to open financial markets via the Shanghai-HK Stock Connect, as well as the approval of the

Shenzhen-HK Stock Connect. The success of Donald Trump in the US presidential election prompted fears of increased protectionism. However, Asian markets have been surprisingly resilient, with sentiment buoyed by positive economic data from China.

India had mixed fortunes but progressed with key reforms, such as the 7th Central Pay Commission, the GST Bill and the government's demonetisation drive. While the last of these caused considerable disruption, the negative sentiment seems to have dissipated and many view this as a success by Modi's government.

In Taiwan, the technology sector performed well and the central bank lent support to the equity market by cutting interest rates. South Korea also benefited from further monetary easing, with rates falling to record lows, while fiscal stimulus measures provided additional support. However, the market's gains were trimmed later in the year by the political scandal surrounding the president. In Australia, the market benefited from the rally in commodity prices.

During the reporting period the fund increased its exposure to the technology sector, one of the top-performing sectors, and to materials and financials. New purchases within the technology sector included Hon Hai Precision in Taiwan, whose earnings stand to benefit from the expected strong product cycle around the iPhone 8. To help fund this activity, we sold Infosys, given concerns that an already deteriorating revenue outlook would be negatively impacted by Brexit.

As the monetary and fiscal expansion in China had the desired effect of stabilising the economy, the fund sought opportunities in quality cyclical stocks (generally, stocks issued by companies whose earnings rise and fall with changes in economic conditions). We increased the overweight in materials, with purchases such as Anhui Conch, which is experiencing an improvement in gross profit

on the back of tight cost control and improved industry supply discipline. We also increased the exposure to mining groups Rio Tinto and BHP Billiton.

We reduced the exposure to the defensive consumer staples sector, selling President Chain Store, Dali Foods and Amorepacific. We took advantage of selective opportunities in the consumer discretionary sector, purchasing Sands China and Galaxy Entertainment, both of which operate resorts and casinos in Macau.

The US election result generated uncertainty around trade with Asian markets, with China at the forefront of worries about possible protectionist policies. However, the Chinese economy has already re-balanced significantly away from exports and may accelerate its push, exemplified by its 'One Belt, One Road' initiative, to diversify more towards emerging markets. We're monitoring the US Federal Reserve's stance on interest rates and the strength of the dollar, due to the potential impact on capital flows and broader financial conditions.

The more export-orientated markets of North Asia are likely to be directly impacted in the short term, but the more domestically focused markets of Southeast Asia may prove more resilient given supportive domestic demand trends and scope for further monetary easing.

We have seen a broad-based pick-up in earnings momentum and Asian markets have also benefited from policy support. The expected increase in fiscal stimulus should help boost domestic demand in both Asian and developed markets. Asian markets are trading at undemanding valuations, with further support coming from a restrained capex environment that is leading to cashflow improvements.

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2016 to 7 March 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains/(losses)	2	143,401	(51,490)
Revenue	3	14,267	12,686
Expenses	4	(6,341)	(5,748)
Interest payable and similar charges	5	—	(1)
Net revenue before taxation		7,926	6,937
Taxation	6	12	(865)
Net revenue after taxation		7,938	6,072
<b>Total return before distributions</b>		<b>151,339</b>	<b>(45,418)</b>
Distributions	7	(8,222)	(5,917)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>143,117</b>	<b>(51,335)</b>

### BALANCE SHEET

as at 7 March 2017

	Notes	2017 £000	2016 £000
<b>Assets:</b>			
<b>Fixed assets:</b>			
Investments		548,982	442,523
<b>Current assets:</b>			
Debtors	8	6,150	3,062
Cash and bank balances		5,426	10,623
<b>Total assets</b>		<b>560,558</b>	<b>456,208</b>
<b>Liabilities:</b>			
<b>Investment liabilities</b>		(1)	—
<b>Creditors:</b>			
Other creditors	9	(3,510)	(8,677)
<b>Total liabilities</b>		<b>(3,511)</b>	<b>(8,677)</b>
<b>Net assets attributable to shareholders</b>		<b>557,047</b>	<b>447,531</b>

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

for the accounting period 8 March 2016 to 7 March 2017

	2017 £000	2016 £000
<b>Opening net assets attributable to shareholders</b>	<b>447,531</b>	<b>520,011</b>
Amounts receivable on the issue of shares	91,634	98,545
Amounts payable on the cancellation of shares	(133,650)	(133,879)
Amounts receivable on inspecie transfers	—	7,974
	(42,016)	(27,360)
Dilution adjustment	124	298
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	143,117	(51,335)
Retained distribution on accumulation shares	8,291	5,917
<b>Closing net assets attributable to shareholders</b>	<b>557,047</b>	<b>447,531</b>

### DISTRIBUTION TABLE

for the accounting period 8 March 2016 to 7 March 2017

Dividend distribution in pence per share

#### Class 1 – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	1.9514	—	1.9514	1.3541
<b>Group 2</b>				
08/03/16 to 07/03/17	0.1031	1.8483	1.9514	1.3541
<b>Total distributions in the period</b>			<b>1.9514</b>	<b>1.3541</b>

#### Class 2 – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	3.3026	—	3.3026	2.2293
<b>Group 2</b>				
08/03/16 to 07/03/17	1.4792	1.8234	3.3026	2.2293
<b>Total distributions in the period</b>			<b>3.3026</b>	<b>2.2293</b>

\*In pound Sterling and against UK peer group.



## Threadneedle Asia Fund

### DISTRIBUTION TABLE

(continued)

#### Class X – Income shares

Distribution Period	Revenue	Equalisation	Distribution Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	3.2205	–	3.2205	2.5584
<b>Group 2</b>				
08/03/16 to 07/03/17	3.2205	–	3.2205	2.5584
<b>Total distributions in the period</b>			<b>3.2205</b>	<b>2.5584</b>

#### Class X – Accumulation shares\*

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	3.2604	–	3.2604	0.4163
<b>Group 2</b>				
08/03/16 to 07/03/17	0.5317	2.7287	3.2604	0.4163
<b>Total distributions in the period</b>			<b>3.2604</b>	<b>0.4163</b>

#### Class Z – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	2.8287	–	2.8287	2.9176
<b>Group 2</b>				
08/03/16 to 07/03/17	1.4864	1.3423	2.8287	2.9176
<b>Total distributions in the period</b>			<b>2.8287</b>	<b>2.9176</b>

Group 2: shares purchased during a distribution period.

Equalisation was introduced with effect from 8 March 2016.

\*For launch dates, refer to the footnotes after the comparative tables.

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.



## Threadneedle Asia Fund

### Comparative Table Disclosure

	Class 1 – Accumulation shares			Class 2 – Accumulation shares		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	141.62	157.09	131.11	156.48	172.51	143.10
Return before operating charges (p)	53.30	(13.03)	28.39	59.09	(14.31)	31.11
Operating charges (p)	(2.87)	(2.44)	(2.41)	(2.07)	(1.72)	(1.70)
Return after operating charges (p)*	50.43	(15.47)	25.98	57.02	(16.03)	29.41
Distributions (p)	(1.95)	(1.35)	(1.27)	(3.30)	(2.23)	(2.08)
Retained distributions on accumulation shares (p)	1.95	1.35	1.27	3.30	2.23	2.08
Closing net asset value per share (p)	192.05	141.62	157.09	213.50	156.48	172.51
*after direct transaction costs of (p)	0.35	0.27	0.30	0.39	0.29	0.32
<b>Performance</b>						
Return after charges (%)	35.61	(9.85)	19.82	36.44	(9.29)	20.55
<b>Other information</b>						
Closing net asset value (£000)	147,496	135,831	161,924	331,772	293,366	335,772
Closing number of shares	76,802,345	95,909,523	103,079,738	155,396,261	187,476,391	194,638,485
Operating charges (%)**	1.72	1.69	1.70	1.12	1.08	1.09
Direct transaction costs (%)***	0.21	0.19	0.21	0.21	0.19	0.21
<b>Prices</b>						
Highest share price (p)	192.42	173.54	158.17	213.92	190.70	173.70
Lowest share price (p)	136.47	124.37	127.87	150.97	136.98	139.59

  

	Class X – Income shares			Class X – Accumulation shares	
	07/03/2017	07/03/2016	07/03/2015 <sup>1</sup>	07/03/2017	07/03/2016 <sup>2</sup>
<b>Change in net assets per share</b>					
Opening net asset value per share (p)	98.83	110.63	100.00	101.57	100.00
Return before operating charges (p)	37.40	(9.20)	11.90	38.39	1.58
Operating charges (p)	(0.09)	(0.04)	(0.03)	(0.13)	(0.01)
Return after operating charges (p)*	37.31	(9.24)	11.87	38.26	1.57
Distributions (p)	(3.22)	(2.56)	(1.24)	(3.26)	(0.42)
Retained distributions on accumulation shares (p)	–	–	–	3.26	0.42
Closing net asset value per share (p)	132.92	98.83	110.63	139.83	101.57
*after direct transaction costs of (p)	0.25	0.19	0.13	0.29	0.05
<b>Performance</b>					
Return after charges (%)	37.75	(8.35)	11.87	37.67	1.57
<b>Other information</b>					
Closing net asset value (£000)	4	3	3	53,687	3
Closing number of shares	3,001	3,001	3,001	38,393,835	3,000
Operating charges (%)**	0.08	0.04	0.05 <sup>1</sup>	0.10	0.04 <sup>1</sup>
Direct transaction costs (%)***	0.21	0.19	0.21	0.21	0.19
<b>Prices</b>					
Highest share price (p)	136.41	122.43	112.10	140.10	101.72
Lowest share price (p)	95.55	88.27	98.19	98.18	89.22



## Threadneedle Asia Fund

### Comparative Table Disclosure

(continued)

	Class Z – Accumulation shares		
	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>			
Opening net asset value per share (p)	121.97	134.21	111.14
Return before operating charges (p)	46.09	(11.12)	24.21
Operating charges (p)	(1.36)	(1.12)	(1.14)
Return after operating charges (p)*	44.73	(12.24)	23.07
Distributions (p)	(2.83)	(2.92)	(2.22)
Retained distributions on accumulation shares (p)	2.83	2.92	2.22
Closing net asset value per share (p)	166.70	121.97	134.21
*after direct transaction costs of (p)	0.31	0.23	0.26
<b>Performance</b>			
Return after charges (%)	36.67	(9.12)	20.76
<b>Other information</b>			
Closing net asset value (£000)	24,088	18,328	22,312
Closing number of shares	14,450,322	15,027,129	16,624,645
Operating charges (%)**	0.94	0.90	0.90
Direct transaction costs (%)***	0.21	0.19	0.21
<b>Prices</b>			
Highest share price (p)	167.02	148.39	135.14
Lowest share price (p)	117.71	106.65	108.42

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.

\*\*The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit [columbiathreadneedle.com/fees](http://columbiathreadneedle.com/fees).

\*\*\*Transaction costs have not been reduced by any amounts collected from dilution levies/adjustments.

<sup>1</sup>Class X – Income shares commenced 4 August 2014.

<sup>2</sup>Class X – Accumulation shares commenced 2 December 2015.

<sup>3</sup>The Ongoing Charges Figure is annualised based on the fees incurred since commencement date.



# Threadneedle Asia Fund

## Notes to the financial statements

for the accounting period 8 March 2016 to 7 March 2017

### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 5 and 6.

### 2 NET CAPITAL GAINS/(LOSSES)

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

	2017 £000	2016 £000
Non-derivative securities	142,087	(51,683)
Forward currency contracts	279	(187)
Other gains	1,039	386
Transaction costs	(4)	(6)
Net capital gains/(losses)	143,401	(51,490)

### 3 REVENUE

	2017 £000	2016 £000
Overseas dividends	13,658	12,310
Franked dividend distributions	374	167
Interest on short term investments	12	7
Bank interest	18	6
Management fee rebate on collective investment scheme holdings	205	196
Total revenue	14,267	12,686

### 4 EXPENSES

	2017 £000	2016 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(5,581)	(5,224)
Registration fees	(357)	(343)
	(5,938)	(5,567)
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depositary's fees	(54)	(44)
Safe custody fees	(111)	(112)
Revenue collection expenses	(193)	–
	(358)	(156)
Other expenses:		
Regulatory fees	(5)	(12)
Audit fees	(8)	(10)
Audit fees – non-audit services	(31)	–
Professional fees	(1)	(3)
	(45)	(25)
Total expenses*	(6,341)	(5,748)

\*Including irrecoverable VAT where applicable.

### 5 INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £000	2016 £000
Dividends payable on short positions	–	(1)
Total interest payable & similar charges	–	(1)

### 6 TAXATION

	2017 £000	2016 £000
<b>a) Analysis of charge in period</b>		
Overseas taxes	296	(1,039)
Total current tax (note 6b)	296	(1,039)
Capital gains tax (note 6c)	(284)	174
Total tax charge for the period	12	(865)

### b) Factors affecting taxation charge for period

	2017	2016
Net revenue before taxation	7,926	6,937
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(1,585)	(1,387)
Effects of:		
Revenue not subject to taxation	2,445	2,436
Overseas taxes	296	(1,039)
Overseas tax expensed	8	2
Excess expenses	(868)	(1,050)
Revenue taxable in other periods	–	3
Retail Distribution Review (RDR) conversion transfer from capital	–	(4)
Current tax charge for period (note 6a)	296	(1,039)

### c) Capital gains tax

	2017	2016
Provision at the start of the period	–	(174)
Capital gains tax charge in the statement of total return for the period (note 6a)	(284)	174
Provision at the end of the period	(284)	–

The fund has not recognised a deferred tax asset of £13,616,229 (2016: £12,779,131) arising as a result of having unutilised management expenses. The movement in deferred tax asset may not agree to the excess expenses figure quoted above due to prior year adjustments. It is unlikely that these expenses will be utilised in future years.

### 7 DISTRIBUTIONS

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

	2017 £000	2016 £000
Final	8,291	5,917
Add: Revenue deducted on the cancellation of shares*	1,443	–
Deduct: Revenue received on the creation of shares*	(1,512)	–
Net distribution for the period	8,222	5,917
Net revenue after taxation	7,938	6,072
Capital gains tax	284	(174)
Equalisation on conversion	1	19
Total distributions	8,223	5,917

Details of the distribution per share are set out in the table on pages 186 to 187.

\*Equalisation was introduced with effect from 8 March 2016.

### 8 DEBTORS

	2017 £000	2016 £000
Amounts receivable for the issue of shares	458	401
Sales awaiting settlement	3,912	875
Accrued revenue	1,780	1,786
Total debtors	6,150	3,062

### 9 OTHER CREDITORS

	2017 £000	2016 £000
Amounts payable for the cancellation of shares	(1,443)	(4,547)
Purchases awaiting settlement	–	(2,414)
Accrued expenses	(37)	(33)
Amounts payable to ACD	(572)	(504)
Corporation tax payable	(1,179)	(1,179)
Capital gains tax provision	(279)	–
Total other creditors	(3,510)	(8,677)

### 10 DILUTION ADJUSTMENT

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



## Threadneedle Asia Fund

### Notes to the financial statements

(continued)

#### 11 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, as ACD, is a related party and acts as principal in respect of all transactions of shares in the fund.

The aggregate monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 8 and 9.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 9.

A balance of £24,000 (2016: £36,000), in respect of annual management rebates is receivable at the end of the accounting period.

The fund invests in a sub-fund of Threadneedle Specialist Investment Services ICVC, all transactions in respect of which are transacted with Threadneedle Investment Services Limited. Details of the investments are shown in the Portfolio Statement. The fund has received £374,000 (2016: £166,000) franked dividend distributions and £205,000 (2016: £196,000) management fee rebate on collective investment scheme holdings.

In addition this investment has produced a non-derivative security gain of £6,296,000 (2016: loss of £2,444,000).

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

#### 12 SHAREHOLDER FUNDS

Threadneedle Asia Fund currently has four share classes; Class 1, Class 2, Class X and Class Z shares. The charges on each share class are as follows:

##### Annual management charge

Class 1 shares	1.50%
Class 2 shares	1.00%
Class X shares	N/A*
Class Z shares	0.75%

##### Registration fees

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

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 188 to 189. The distribution per share class is given in the distribution table on pages 186 to 187.

All classes have the same rights on winding up.

\*X Shares are not subject to an Annual Management Charge.

##### Reconciliation of shares

	2017
<b>Class 1 – Accumulation shares</b>	
Opening shares	95,909,523
Shares issued	9,102,941
Shares redeemed	(28,026,849)
Net conversions	(183,270)
Closing shares	76,802,345
<b>Class 2 – Accumulation shares</b>	
Opening shares	187,476,391
Shares issued	11,407,704
Shares redeemed	(43,479,198)
Net conversions	(8,636)
Closing shares	155,396,261
<b>Class X – Income shares</b>	
Opening shares	3,001
Shares issued	–
Shares redeemed	–
Net conversions	–
Closing shares	3,001

	2017
<b>Class X – Accumulation shares</b>	
Opening shares	3,000
Shares issued	38,486,848
Shares redeemed	(96,013)
Net conversions	–
Closing shares	38,393,835
<b>Class Z – Accumulation shares</b>	
Opening shares	15,027,129
Shares issued	3,520,334
Shares redeemed	(4,320,637)
Net conversions	223,496
Closing shares	14,450,322

#### 13 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 6.

##### Market price risk sensitivity

A 5% market movement applied to the fund would result in an increase or decrease on net asset value of the fund by 5.14% (2016: 5.18%).

##### Currency exposures

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

	Monetary exposures	Non-monetary exposures	Total
	£000	£000	£000
<b>Currency 2017</b>			
Australian Dollar	707	99,692	100,399
Hong Kong Dollar	–	160,288	160,288
Indian Rupee	–	33,523	33,523
Indonesian Rupiah	–	19,257	19,257
Malaysian Ringgit	–	2,465	2,465
Pakistani Rupee	–	2,838	2,838
Philippines Peso	1,177	6,759	7,936
Singapore Dollar	–	7,097	7,097
South Korean Won	991	86,758	87,749
Taiwan Dollar	5,041	62,044	67,085
Thai Baht	–	6,593	6,593
US Dollar	2,912	36,519	39,431
<b>Currency 2016</b>	£000	£000	£000
Australian Dollar	739	89,568	90,307
Hong Kong Dollar	–	122,264	122,264
Indian Rupee	–	31,158	31,158
Indonesian Rupiah	321	24,622	24,943
Malaysian Ringgit	–	6,155	6,155
Pakistani Rupee	–	1,726	1,726
Philippines Peso	37	14,020	14,057
Singapore Dollar	–	7,734	7,734
South Korean Won	(1,557)	50,769	49,212
Taiwan Dollar	83	49,835	49,918
Thai Baht	671	13,934	14,605
US Dollar	10,502	13,387	23,889

##### Currency sensitivity analysis

The fund has a material exposure to the following currencies. The table shows how the fund value will increase or decrease based on the movement in the currency (equivalent to the currency movement in the year).

	Currency movement	Fund movement
	%	%
<b>Currency 2017</b>		
Australian Dollar	15.68	2.82
Hong Kong Dollar	14.20	4.12
South Korean Won	18.16	2.90
Taiwan Dollar	19.01	2.28



## Threadneedle Asia Fund

### Notes to the financial statements

(continued)

Currency 2016	Currency movement	Fund movement
	%	%
Australian Dollar	2.34	0.47
Hong Kong Dollar	5.61	1.53
South Korean Won	3.13	0.34
Taiwan Dollar	1.86	0.21

#### Credit/Counterparty exposure

As at the balance sheet date there is no derivative exposure or collateral to disclose (2016: same).

The fund did not hold any collateral received from the fund's counterparties in either the current or prior year.

#### Interest rate risk

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

#### Interest rate risk profile of financial assets and financial liabilities

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

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
Currency 2017	£000	£000	£000	£000
Australian Dollar	1	—	100,398	100,399
Hong Kong Dollar	—	—	160,288	160,288
Indian Rupee	—	—	33,523	33,523
Indonesian Rupiah	—	—	19,257	19,257
Malaysian Ringgit	—	—	2,465	2,465
Pakistani Rupee	—	—	2,838	2,838
Philippines Peso	—	—	7,936	7,936
Singapore Dollar	—	—	7,097	7,097
South Korean Won	—	—	87,749	87,749
Taiwan Dollar	2,422	—	64,837	67,259
Thai Baht	—	—	6,593	6,593
UK Sterling	91	—	25,631	25,722
US Dollar	2,912	—	36,646	39,558
Currency 2016	£000	£000	£000	£000
Australian Dollar	—	—	90,307	90,307
Hong Kong Dollar	—	—	122,264	122,264
Indian Rupee	—	—	31,158	31,158
Indonesian Rupiah	—	—	24,943	24,943
Malaysian Ringgit	—	—	6,155	6,155
Pakistani Rupee	—	—	1,726	1,726
Philippines Peso	—	—	14,057	14,057
Singapore Dollar	—	—	7,734	7,734
South Korean Won	—	—	51,626	51,626
Taiwan Dollar	83	—	49,835	49,918
Thai Baht	—	—	14,605	14,605
UK Sterling	302	—	17,788	18,090
US Dollar	10,240	—	13,697	23,937

	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
Currency 2017	£000	£000	£000	£000
Taiwan Dollar	—	—	(174)	(174)
UK Sterling	—	—	(3,336)	(3,336)
US Dollar	—	—	(127)	(127)
Currency 2016	£000	£000	£000	£000
South Korean Won	—	—	(2,414)	(2,414)
UK Sterling	—	—	(6,527)	(6,527)
US Dollar	—	—	(48)	(48)

#### Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances (2016: same).

#### Derivative risks

Other than equities which do not have maturity dates, non interest-bearing assets relate to forward foreign exchange contracts. Derivatives including forward foreign exchange contracts are employed when they are the cheapest and most efficient method of gaining exposure. This increases the risk profile of the fund and may result in a higher degree of volatility. All open positions are regularly reviewed by the fund manager. The fund has entered into various forward foreign exchange contracts during this accounting period. Such contracts commit the fund to future deliveries or receipts, typically three months forward, of assets and liabilities, at prices decided at the point of striking the contract. They therefore allow the fund manager to limit risk, or to enhance fund performance in return for the acceptance of greater risk.

At 7 March 2017, the fund had outstanding forward foreign exchange contracts with an asset value of £Nil (2016: £Nil) and a liability value of £1,000 (2016: £Nil).

### 14 FAIR VALUE DISCLOSURE

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

**Level 1** – Quoted prices for identical instruments in active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

**Level 2** – Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investments schemes.

**Level 3** – Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

Valuation technique	2017		2016	
	Assets	Liabilities	Assets	Liabilities
	£000	£000	£000	£000
Level 1	523,960	—	425,220	—
Level 2	25,022	(1)	17,303	—
	548,982	(1)	442,523	—

### 15 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2016: Nil).

### 16 PORTFOLIO TRANSACTION COSTS

7 March 2017					
Purchases	Value	Commissions	Taxes		
	£000	£000	%	£000	%
Equities	176,428	287	0.16	60	0.03
Collective investment schemes	1,300	—	—	—	—
Corporate actions	1,141	—	—	—	—
<b>Total</b>	<b>178,869</b>	<b>287</b>		<b>60</b>	
<b>Gross purchases total:</b>	<b>179,216</b>				
Sales	Value	Commissions	Taxes		
	£000	£000	%	£000	%
Equities	215,894	386	0.18	333	0.15
Corporate actions	48	—	—	—	—
<b>Total</b>	<b>215,942</b>	<b>386</b>		<b>333</b>	
<b>Total sales net of transaction costs:</b>	<b>215,223</b>				
<b>Transaction costs as a percentage of average Net Assets</b>					
Commissions:	0.13%				
Taxes:	0.08%				



## Threadneedle Asia Fund

### Notes to the financial statements

(continued)

7 March 2016

	Value £000	Commissions £000	%	Taxes £000	%
<b>Purchases</b>					
Equities	131,749	284	0.22	50	0.04
In specie transactions	7,974	—	—	—	—
Corporate actions	898	—	—	—	—
<b>Total</b>	<b>140,621</b>	<b>284</b>		<b>50</b>	

**Gross purchases total:** **140,955**

	Value £000	Commissions £000	%	Taxes £000	%
<b>Sales</b>					
Equities	162,740	249	0.15	254	0.16
Collective investment schemes	564	—	—	—	—
Corporate actions	24	—	—	—	—
<b>Total</b>	<b>163,328</b>	<b>249</b>		<b>254</b>	

**Total sales net of transaction costs:** **162,825**

#### Transaction costs as a percentage of average Net Assets

Commissions:	0.12%
Taxes:	0.07%

Portfolio transaction costs are incurred by the fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

**Direct transaction costs:** Broker commissions, fees and taxes.

**Indirect transaction costs:** 'Dealing spread' – the difference between the buying and selling prices of the fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.24% (7 March 2016: 0.29%), being the difference between the respective bid and offer prices for the fund's investments.

### 17 SECURITIES FINANCING TRANSACTIONS REGULATION

Additional disclosures are required where the fund invests in securities financing transactions (SFTs). For the year ended 7 March 2017 the fund has not invested in SFTs and will not be making additional disclosures.



## Threadneedle Latin America Fund

### Investment Report

#### Investment Objective

To achieve capital growth.

#### Investment Policy

The ACD's investment policy is to invest the assets of the Fund mainly in equities of companies domiciled in Latin America or which have significant Latin American operations and it may further invest in fixed income securities such as sovereign and corporate Latin American debt, other equities and money market securities.

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

Over the twelve months to 7 March 2017, the published share price of the Threadneedle Latin America Fund has risen from 174.23p to 250.16p.

Looking at the sterling performance within its peer group, the total return on the fund for the twelve months ending 28 February 2017, including net reinvested income, is +57.03%. For information the MSCI 10/40 Latin America Index returned +65.76% over the same period.

#### Market Overview and Portfolio Activity

It was an extremely strong year for Latin American equities, which outperformed emerging and developed markets. Brazil led the way, recovering from recession as it changed its policy direction in the first half of the year. The broader region was assisted by the backdrop of improving commodity prices.

In Brazil, investors responded favourably to political developments as President Dilma Rousseff was impeached and former vice-president Michel Temer took office in August. This paved the way for policy reforms to control rising inflation and promote

economic growth. We witnessed improvements in the strategies of state-owned companies and important fiscal reforms such as the spending cap bill, which is a measure to cap growth in public spending. The central bank supported these efforts with the first rate cut in four years amid an easing of inflationary pressure.

In Mexico, Donald Trump's victory in November's US presidential election weighed on sentiment, given concerns over greater US protectionism and his stance on immigration. Within the region, the Mexican economy is the most vulnerable to any potential changes in US trade policies. The market's underperformance was compounded by the depreciation of the peso. The central bank raised interest rates to support the currency and help restrain inflationary pressures.

Elsewhere, Chile was buoyed by hopes of a more pro-market agenda following the presidential elections in November 2017 as well as the rise in copper prices. In addition, Peru and Colombia benefited from their exposure to rising commodity prices, while the signing of a peace accord with rebel group FARC and congressional approval of an important tax-reform bill added to positive sentiment in Colombia.

There were a number of new additions to the portfolio, including paper producer Klabin, which is expected to benefit from a bottoming in Brazilian industrial activity, and utility firm Energisa. Another new purchase was BR Malls, the largest owner and operator of shopping centres in Latin America. We took advantage of the improving regulatory environment, better hydro-electric conditions and lower funding costs to initiate a position in power generation firm AES Tiete Energia.

Sales included petrochemical firm Mexichem, due to concerns over the impact of April's plant explosion and the company's exposure to

Europe. We also exited Santander Mexico and Grupo Aeroportuario del Centro Norte (OMA), as the stocks had reached our price targets, and Nemak, given our concerns over US trade protectionism.

The new administration in Brazil has improved the outlook for the economy and there is good scope to implement measures that will stabilise Brazil's fiscal position and boost business confidence. Investors are focused on the social security reform bill, which is aimed at cutting social spending; social security accounts for around 40% of all government expenditure. Pension reform is crucial if the country's large fiscal imbalance is to be addressed. Within the economy, signs of a bottoming-out are evident in several sectors and there is potential for a mild growth recovery in 2017 after two years of severe recession.

The Mexican market continued its recovery following the sharp sell-off triggered by Trump's win. It seems that investors are pricing in a more constructive scenario to US-Mexican trade relations, realising that decades of economic integration cannot suddenly be halted.

Argentina has room for improvement and the flow of foreign direct investment should increase, given the new policies implemented by President Mauricio Macri and the resolution of the long-running dispute regarding its sovereign debt default in 2001.

Ongoing concerns regarding the rate of global growth and expectations for a rate-hiking cycle in the US will probably continue to weigh on the Andean region markets of Chile, Colombia and Peru.

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2016 to 7 March 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains/(losses)	2	146,232	(55,839)
Revenue	3	11,258	8,377
Expenses	4	(4,899)	(4,163)
Net revenue before taxation		6,359	4,214
Taxation	5	(850)	252
Net revenue after taxation		5,509	4,466
<b>Total return before distributions</b>		<b>151,741</b>	<b>(51,373)</b>
Distributions	6	(5,510)	(3,801)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>146,231</b>	<b>(55,174)</b>

### BALANCE SHEET

as at 7 March 2017

	Notes	2017 £000	2016 £000
<b>Assets:</b>			
<b>Fixed assets:</b>			
Investments		467,287	313,797
<b>Current assets:</b>			
Debtors	7	2,917	5,475
Cash and bank balances		26,945	16,643
<b>Total assets</b>		<b>497,149</b>	<b>335,915</b>
<b>Liabilities:</b>			
<b>Creditors:</b>			
Other creditors	8	(6,394)	(5,603)
<b>Total liabilities</b>		<b>(6,394)</b>	<b>(5,603)</b>
<b>Net assets attributable to shareholders</b>		<b>490,755</b>	<b>330,312</b>

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

for the accounting period 8 March 2016 to 7 March 2017

	2017 £000	2016 £000
<b>Opening net assets attributable to shareholders</b>	<b>330,312</b>	<b>414,853</b>
Amounts receivable on the issue of shares	120,706	30,160
Amounts payable on the cancellation of shares	(112,150)	(63,328)
	8,556	(33,168)
Dilution adjustment	175	—
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	146,231	(55,174)
Retained distribution on accumulation shares	5,481	3,801
<b>Closing net assets attributable to shareholders</b>	<b>490,755</b>	<b>330,312</b>

### DISTRIBUTION TABLE

for the accounting period 8 March 2016 to 7 March 2017

Dividend distribution in pence per share

#### Class 1 – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b> 08/03/16 to 07/03/17	1.6680	—	1.6680	1.1167
<b>Group 2</b> 08/03/16 to 07/03/17	1.2885	0.3795	1.6680	1.1167
<b>Total distributions in the period</b>			<b>1.6680</b>	<b>1.1167</b>

#### Class 2 – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b> 08/03/16 to 07/03/17	3.2614	—	3.2614	2.3718
<b>Group 2</b> 08/03/16 to 07/03/17	2.1389	1.1225	3.2614	2.3718
<b>Total distributions in the period</b>			<b>3.2614</b>	<b>2.3718</b>

\*In pound Sterling and against UK peer group.



## Threadneedle Latin America Fund

### DISTRIBUTION TABLE

(continued)

#### Class X – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	2.1249	–	2.1249	1.7440
<b>Group 2</b>				
08/03/16 to 07/03/17	0.3149	1.8100	2.1249	1.7440
<b>Total distributions in the period</b>			<b>2.1249</b>	<b>1.7440</b>

#### Class Z – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	1.2543	–	1.2543	0.9555
<b>Group 2</b>				
08/03/16 to 07/03/17	0.8168	0.4375	1.2543	0.9555
<b>Total distributions in the period</b>			<b>1.2543</b>	<b>0.9555</b>

Group 2: shares purchased during a distribution period.

Equalisation was introduced with effect from 8 March 2016.

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.



## Threadneedle Latin America Fund

### Comparative Table Disclosure

	Class 1 – Accumulation shares			Class 2 – Accumulation shares		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	173.98	200.96	216.62	190.79	219.06	234.65
Return before operating charges (p)	79.44	(23.99)	(11.67)	87.43	(26.19)	(12.82)
Operating charges (p)	(3.55)	(2.99)	(3.99)	(2.52)	(2.08)	(2.77)
Return after operating charges (p)*	75.89	(26.98)	(15.66)	84.91	(28.27)	(15.59)
Distributions (p)	(1.67)	(1.12)	(1.64)	(3.26)	(2.37)	(3.05)
Retained distributions on accumulation shares (p)	1.67	1.12	1.64	3.26	2.37	3.05
Closing net asset value per share (p)	249.87	173.98	200.96	275.70	190.79	219.06
*after direct transaction costs of (p)	0.35	0.18	0.43	0.39	0.20	0.46
<b>Performance</b>						
Return after charges (%)	43.62	(13.43)	(7.23)	44.50	(12.91)	(6.64)
<b>Other information</b>						
Closing net asset value (£000)	77,591	62,848	104,844	362,641	234,801	284,726
Closing number of shares	31,053,160	36,124,209	52,172,826	131,534,254	123,066,273	129,977,747
Operating charges (%)**	1.69	1.70	1.70	1.08	1.09	1.09
Direct transaction costs (%)***	0.17	0.10	0.18	0.17	0.10	0.18
<b>Prices</b>						
Highest share price (p)	255.31	220.81	276.10	281.07	240.85	300.01
Lowest share price (p)	169.53	138.86	195.87	185.94	152.17	213.20

  

	Class X – Accumulation shares			Class Z – Accumulation shares		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	77.37	87.93	93.18	65.15	74.66	79.83
Return before operating charges (p)	35.48	(10.51)	(5.21)	29.87	(8.93)	(4.40)
Operating charges (p)	(0.08)	(0.05)	(0.04)	(0.72)	(0.58)	(0.77)
Return after operating charges (p)*	35.40	(10.56)	(5.25)	29.15	(9.51)	(5.17)
Distributions (p)	(2.12)	(1.74)	(2.30)	(1.25)	(0.96)	(1.22)
Retained distributions on accumulation shares (p)	2.12	1.74	2.30	1.25	0.96	1.22
Closing net asset value per share (p)	112.77	77.37	87.93	94.30	65.15	74.66
*after direct transaction costs of (p)	0.18	0.08	0.19	0.13	0.07	0.16
<b>Performance</b>						
Return after charges (%)	45.75	(12.01)	(5.63)	44.74	(12.74)	(6.48)
<b>Other information</b>						
Closing net asset value (£000)	259	2	3	50,264	32,661	25,280
Closing number of shares	229,795	3,000	3,000	53,301,002	50,135,426	33,860,345
Operating charges (%)**	0.07	0.06	0.04	0.90	0.91	0.90
Direct transaction costs (%)***	0.17	0.10	0.18	0.17	0.10	0.18
<b>Prices</b>						
Highest share price (p)	114.72	96.80	119.77	96.08	82.08	102.16
Lowest share price (p)	75.42	61.63	85.36	63.49	51.94	72.63

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.

\*\*The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit [columbiathreadneedle.com/fees](http://columbiathreadneedle.com/fees).

\*\*\*Transaction costs have not been reduced by any amounts collected from dilution levies/adjustments.



## Threadneedle Latin America Fund

### Notes to the financial statements

for the accounting period 8 March 2016 to 7 March 2017

#### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 5 and 6.

#### 2 NET CAPITAL GAINS/(LOSSES)

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

	2017 £000	2016 £000
Non-derivative securities	142,671	(57,097)
Forward currency contracts	241	59
Other gains	3,325	1,201
Transaction costs	(5)	(2)
Net capital gains/(losses)	146,232	(55,839)

#### 3 REVENUE

	2017 £000	2016 £000
Overseas dividends	11,179	8,359
Interest on short term investments	59	13
Bank interest	20	5
Total revenue	11,258	8,377

#### 4 EXPENSES

	2017 £000	2016 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(4,462)	(3,771)
Registration fees	(265)	(230)
	(4,727)	(4,001)
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depositary's fees	(45)	(33)
Safe custody fees	(113)	(113)
	(158)	(146)
Other expenses:		
Regulatory fees	(5)	(6)
Audit fees	(8)	(10)
Professional fees	(1)	—
	(14)	(16)
Total expenses*	(4,899)	(4,163)

\*Including irrecoverable VAT where applicable.

#### 5 TAXATION

	2017 £000	2016 £000
<b>a) Analysis of charge in period</b>		
Overseas taxes	(850)	(501)
Total current tax (note 5b)	(850)	(501)
Capital gains tax (note 5c)	—	753
Total tax charge for the period	(850)	252
<b>b) Factors affecting taxation charge for period</b>		
Net revenue before taxation	6,359	4,214
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(1,272)	(843)
Effects of:		
Revenue not subject to taxation	1,257	1,129
Overseas taxes	(850)	(501)
Overseas tax expensed	142	—
Excess expenses	(127)	(268)
Retail Distribution Review (RDR) conversion transfer from capital	—	(18)
Current tax charge for period (note 5a)	(850)	(501)

#### c) Capital gains tax

Provision at the start of the period	—	(753)
Capital gains tax charge in the statement of total return for the period (note 5a)	—	753
Provision at the end of the period	—	—

The fund has not recognised a deferred tax asset of £11,675,168 (2016: £11,463,423) arising as a result of having unutilised management expenses. The movement in deferred tax asset may not agree to the excess expenses figure quoted above due to prior year adjustments. It is unlikely that these expenses will be utilised in future years.

#### 6 DISTRIBUTIONS

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

	2017 £000	2016 £000
Final	5,481	3,801
	5,481	3,801
Add: Revenue deducted on the cancellation of shares*	478	—
Deduct: Revenue received on the creation of shares*	(449)	—
Net distribution for the period	5,510	3,801
Net revenue after taxation	5,509	4,466
Capital gains tax	—	(753)
Equalisation on conversion	1	88
Total distributions	5,510	3,801

Details of the distribution per share are set out in the table on pages 194 to 195.

\*Equalisation was introduced with effect from 8 March 2016.

#### 7 DEBTORS

	2017 £000	2016 £000
Amounts receivable for the issue of shares	194	3,063
Sales awaiting settlement	—	1,782
Accrued revenue	2,723	630
Total debtors	2,917	5,475

#### 8 OTHER CREDITORS

	2017 £000	2016 £000
Amounts payable for the cancellation of shares	(236)	(3,345)
Purchases awaiting settlement	(3,710)	—
Accrued expenses	(31)	(22)
Amounts payable to ACD	(507)	(326)
Corporation tax payable	(1,910)	(1,910)
Total other creditors	(6,394)	(5,603)

#### 9 DILUTION ADJUSTMENT

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

#### 10 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, as ACD, is a related party and acts as principal in respect of all transactions of shares in the fund.

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

Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 7 and 8.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 8.

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



## Threadneedle Latin America Fund

### Notes to the financial statements

(continued)

#### 11 SHAREHOLDER FUNDS

Threadneedle Latin America Fund currently has four share classes; Class 1, Class 2, Class X and Class Z shares. The charges on each share class are as follows:

##### Annual management charge

Class 1 shares	1.50%
Class 2 shares	1.00%
Class X shares	N/A*
Class Z shares	0.75%

##### Registration fees

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

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on page 196. The distribution per share class is given in the distribution table on pages 194 to 195. All classes have the same rights on winding up.

\*X Shares are not subject to an Annual Management Charge.

##### Reconciliation of shares

	2017
<b>Class 1 – Accumulation shares</b>	
Opening shares	36,124,209
Shares issued	22,176,398
Shares redeemed	(26,785,713)
Net conversions	(461,734)
Closing shares	31,053,160
<b>Class 2 – Accumulation shares</b>	
Opening shares	123,066,273
Shares issued	25,063,345
Shares redeemed	(16,462,242)
Net conversions	(133,122)
Closing shares	131,534,254
<b>Class X – Accumulation shares</b>	
Opening shares	3,000
Shares issued	226,795
Shares redeemed	–
Net conversions	–
Closing shares	229,795
<b>Class Z – Accumulation shares</b>	
Opening shares	50,135,426
Shares issued	20,888,886
Shares redeemed	(19,343,801)
Net conversions	1,620,491
Closing shares	53,301,002

#### 12 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 6.

##### Market price risk sensitivity

A 5% market movement applied to the fund would result in an increase or decrease on net asset value of the fund by 4.63% (2016: 4.54%).

##### Currency exposures

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

	Monetary exposures	Non-monetary exposures	Total
	£000	£000	£000
<b>Currency 2017</b>			
Brazilian Real	(265)	178,944	178,679
Chilean Peso	–	14,391	14,391
Mexican Peso	(990)	71,760	70,770
US Dollar	26,743	201,422	228,165

<b>Currency 2016</b>	£000	£000	£000
Brazilian Real	492	97,154	97,646
Chilean Peso	–	9,314	9,314
Mexican Peso	226	73,873	74,099
US Dollar	17,469	131,882	149,351

##### Currency sensitivity analysis

The fund has a material exposure to the following currencies. The table shows how the fund value will increase or decrease based on the movement in the currency (equivalent to the currency movement in the year).

	Currency movement	Fund movement
	%	%
<b>Currency 2017</b>		
Brazilian Real	28.80	10.37
Mexican Peso	5.50	0.77
US Dollar	14.20	6.53

	Currency movement	Fund movement
	%	%
<b>Currency 2016</b>		
Brazilian Real	16.44	4.86
Mexican Peso	8.45	0.90
US Dollar	5.70	2.58

##### Credit/Counterparty exposure

As at the balance sheet date there is no derivative exposure or collateral to disclose.

	Forward Foreign Exchange Contracts Exposure
	£000
<b>2016</b>	
<b>Counterparty</b>	
Bank of Scotland	4

The fund did not hold any collateral received from the fund's counterparties in either the current or prior year.

Positive exposure represents the fund's exposure to that counterparty and not the fund's holdings with that counterparty.

##### Interest rate risk

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

##### Interest rate risk profile of financial assets and financial liabilities

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

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
	£000	£000	£000	£000
<b>Currency 2017</b>				
Brazilian Real	711	–	180,439	181,150
Chilean Peso	–	–	14,391	14,391
Mexican Peso	249	–	71,760	72,009
UK Sterling	470	–	964	1,434
US Dollar	25,515	–	202,650	228,165
<b>Currency 2016</b>				
Brazilian Real	273	–	97,373	97,646
Chilean Peso	–	–	9,314	9,314
Mexican Peso	235	–	74,099	74,334
UK Sterling	882	–	4,638	5,520
US Dollar	15,253	–	134,574	149,827



## Threadneedle Latin America Fund

### Notes to the financial statements

(continued)

	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
	£000	£000	£000	£000
<b>Currency 2017</b>				
Brazilian Real	—	—	(2,471)	(2,471)
Mexican Peso	—	—	(1,239)	(1,239)
UK Sterling	—	—	(2,684)	(2,684)
<b>Currency 2016</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Mexican Peso	—	—	(235)	(235)
UK Sterling	—	—	(5,618)	(5,618)
US Dollar	—	—	(476)	(476)

#### Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances (2016: same).

#### Derivative risks

Other than equities which do not have maturity dates, non interest-bearing assets relate to forward foreign exchange contracts. Derivatives including forward foreign exchange contracts are employed when they are the cheapest and most efficient method of gaining exposure. This increases the risk profile of the fund and may result in a higher degree of volatility. All open positions are regularly reviewed by the fund manager. The fund has entered into various forward foreign exchange contracts during this accounting period. Such contracts commit the fund to future deliveries or receipts, typically three months forward, of assets and liabilities, at prices decided at the point of striking the contract. They therefore allow the fund manager to limit risk, or to enhance fund performance in return for the acceptance of greater risk.

At 7 March 2017, the fund had outstanding forward foreign exchange contracts with an asset value of £Nil (2016: £4,000) and a liability value of £Nil (2016: £Nil).

### 13 FAIR VALUE DISCLOSURE

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

**Level 1** – Quoted prices for identical instruments in active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

**Level 2** – Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investments schemes.

**Level 3** – Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

	2017		2016	
Valuation technique	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	467,287	—	313,612	—
Level 2	—	—	4	—
Level 3	—	—	181	—
	467,287	—	313,797	—

### 14 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2016: Nil).

### 15 PORTFOLIO TRANSACTION COSTS

#### 7 March 2017

	Value £000	Commissions £000	%	Taxes £000	%
<b>Purchases</b>					
Equities	185,657	278	0.15	35	0.02
<b>Total</b>	<b>185,657</b>	<b>278</b>		<b>35</b>	

#### Gross purchases total:

185,970

	Value £000	Commissions £000	%	Taxes £000	%
<b>Sales</b>					
Equities	175,292	358	0.20	32	0.02
Corporate actions	258	—	—	—	—
<b>Total</b>	<b>175,550</b>	<b>358</b>		<b>32</b>	

#### Total sales net of transaction costs: 175,160

#### Transaction costs as a percentage of average Net Assets

Commissions:	0.15%
Taxes:	0.02%

#### 7 March 2016

	Value £000	Commissions £000	%	Taxes £000	%
<b>Purchases</b>					
Equities	74,285	153	0.20	2	0.00
<b>Total</b>	<b>74,285</b>	<b>153</b>		<b>2</b>	

#### Gross purchases total:

74,440

	Value £000	Commissions £000	%	Taxes £000	%
<b>Sales</b>					
Equities	106,163	199	0.20	4	0.00
Corporate actions	635	—	—	—	—
<b>Total</b>	<b>106,798</b>	<b>199</b>		<b>4</b>	

#### Total sales net of transaction costs: 106,595

#### Transaction costs as a percentage of average Net Assets

Commissions:	0.10%
Taxes:	0.00%

Portfolio transaction costs are incurred by the fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

**Direct transaction costs:** Broker commissions, fees and taxes.

**Indirect transaction costs:** 'Dealing spread' – the difference between the buying and selling prices of the fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.20% (7 March 2016: 0.27%), being the difference between the respective bid and offer prices for the fund's investments.

### 16 SECURITIES FINANCING TRANSACTIONS REGULATION

Additional disclosures are required where the fund invests in securities financing transactions (SFTs). For the year ended 7 March 2017 the fund has not invested in SFTs and will not be making additional disclosures.



## Threadneedle Emerging Market Bond Fund

### Investment Report

#### Investment Objective

To achieve a total return primarily by way of income with some capital growth.

#### Investment Policy

The ACD's investment policy is to invest the assets of the Fund primarily in high yielding public sector sovereign and corporate bonds issued by emerging market borrowers. Emerging Market countries are those characterised as developing or emerging by either the World Bank, the United Nations or the JPMorgan Global Diversified Emerging Market Bond Index.

If the ACD considers it desirable it may further invest up to one third of the total assets of the Fund in other fixed interest securities, including bonds issued by countries making up the G7, deposits, cash and near cash. In addition, the ACD may use derivatives (including currency, interest rate and credit default swaps) and forward transactions for purposes that are limited to efficient portfolio management techniques.

#### Performance of Income Class 1 Shares\*

Over the twelve months to 7 March 2017, the published share price of the Threadneedle Emerging Market Bond Fund has risen from 57.47p to 70.82p.

The sterling total return on the fund for the twelve months ending 28 February 2017, including net reinvested income, is +26.45%. The fund return equates approximately to +29.60% gross of tax and charges\*\*. For information the JP Morgan Emerging Market Bonds Global Index gave a total return of +25.49% for the same period.

#### Market Overview and Portfolio Activity

In the year to 7 March, emerging market (EM) fixed income markets made strong gains, with the JP Morgan Global EMBI index rising 10.6% in dollar terms.

Speculation about the US Federal Reserve's intentions seesawed throughout the year, and it wasn't until December that interest rates were raised, by 25 basis points. Commodity prices recovered over the period, and oil prices gained momentum following an agreement reached by the Organisation of the Petroleum Exporting Countries (OPEC) to limit the output of its member countries, the first such agreement in eight years.

The UK's shock decision to leave the EU prompted some short-lived volatility across global financial markets. However, emerging markets were supported by their limited exposure to Europe, declining expectations of a US rate hike and a swathe of prompt central-bank stimulus measures.

By contrast, the November election of Donald Trump as the 45<sup>th</sup> US president introduced significant turbulence to the market. US-Mexico relations were strained as President Trump signed an executive order to construct a border wall, and suggested renegotiating the NAFTA trade agreement. Towards the end of the period, Venezuela's relations strained further following the announcement that the Trump administration intends to impose economic sanctions against Vice President Tarek El Aissami, alleging his involvement in narcotics trafficking.

Brazil led gains as it maintained its reform agenda. The country's senate voted decisively to impeach President Dilma Rousseff on allegations of administrative misconduct. Under her successor, Michel Temer, parliament is pushing for privatisation reform in the aviation and oil industries. The spending-cap bill, the new administration's first major piece of legislation, passed its final senate vote, but political turmoil surrounding corruption allegations against President Michel Temer persisted, as details concerning the US\$2.6bn Odebrecht plea deal emerged, implicating a number of Temer's ministers. National oil firm Petrobras continued with its asset-disposal programme, and raised diesel and gasoline prices by 9.5% and 8.1%, respectively.

In Turkey, yields rose in July following an unsuccessful military coup. In the aftermath, Turkey's central bank cut rates by 25 basis points, and ratings agencies Standard & Poor's and Moody's downgraded the country's credit rating. Amid a further ISIS terror attack and weakening economic data, the government announced a series of measures to stimulate the economy, but has not specified how it plans to fund the initiatives.

We wait to see the direction of Trump's policies after his negative rhetoric towards Mexico and China. Uncertainty over his future impact prevails: a large fiscal stimulus package could spur a helpful demand for commodities, but a protectionist stance, manifested in tariffs on EM exports into the US, could present a large negative shock. We expect to see further clarity over the coming months; having reduced risk prior to the US elections, we remain slightly cautious with our overall portfolio exposures.

Populist politics will continue to dominate market sentiment, with multiple elections taking place in EMs and in Europe. We expect to continue seeing growth driven by a strong fiscal reform agenda, particularly in Brazil and Argentina. Additionally, we expect to witness a broader uptick in aggregate EM growth, led by Russia and Brazil, with both likely to benefit from rising energy prices.

Idiosyncratic stories create strong opportunities, as we have seen recently with Argentina and Venezuela, and we would expect opportunities to continue to emerge. We remain mindful of risks driven by US policies and a higher rate environment, alongside risks of a strengthening US dollar. Nonetheless, we believe there remains a buffer within EMs to absorb these shocks in the coming years.

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2016 to 7 March 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains/(losses)	2	48,442	(1,520)
Revenue	3	15,087	12,942
Expenses	4	(3,001)	(2,799)
Interest payable and similar charges	5	(2)	(203)
Net revenue before taxation		12,084	9,940
Taxation	6	—	—
Net revenue after taxation		12,084	9,940
<b>Total return before distributions</b>		<b>60,526</b>	<b>8,420</b>
Distributions	7	(14,729)	(12,405)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>45,797</b>	<b>(3,985)</b>

### BALANCE SHEET

as at 7 March 2017

	Notes	2017 £000	2016 £000
<b>Assets:</b>			
<b>Fixed assets:</b>			
Investments		240,096	186,897
<b>Current assets:</b>			
Debtors	8	6,056	5,166
Cash and bank balances	9	11,682	8,930
<b>Total assets</b>		<b>257,834</b>	<b>200,993</b>
<b>Liabilities:</b>			
<b>Investment liabilities</b>		(722)	(77)
<b>Creditors:</b>			
Bank overdrafts	9	(851)	(1,123)
Distribution payable		(5,325)	(4,355)
Other creditors	10	(665)	(5,178)
<b>Total liabilities</b>		<b>(7,563)</b>	<b>(10,733)</b>
<b>Net assets attributable to shareholders</b>		<b>250,271</b>	<b>190,260</b>

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

for the accounting period 8 March 2016 to 7 March 2017

	2017 £000	2016 £000
<b>Opening net assets attributable to shareholders</b>	<b>190,260</b>	<b>227,453</b>
Amounts receivable on the issue of shares	117,014	47,598
Amounts payable on the cancellation of shares	(108,267)	(84,529)
	8,747	(36,931)
Dilution adjustment	347	183
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	45,797	(3,985)
Retained distribution on accumulation shares	5,119	3,539
Unclaimed distributions	1	1
<b>Closing net assets attributable to shareholders</b>	<b>250,271</b>	<b>190,260</b>

### DISTRIBUTION TABLE

for the accounting period 8 March 2016 to 7 March 2017

Interest distribution in pence per share

#### Class 1 – Income shares<sup>†</sup>

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>						
08/03/16 to 07/09/16	1.8929	0.3786	1.5143	—	1.5143	1.1961
08/09/16 to 07/03/17	2.1397	—	—	—	2.1397	1.4832
<b>Group 2</b>						
08/03/16 to 07/09/16	0.9023	0.1805	0.7218	0.7925	1.5143	1.1961
08/09/16 to 07/03/17	1.3254	—	—	0.8143	2.1397	1.4832
<b>Total distributions in the period</b>					<b>3.6540</b>	<b>2.6793</b>

#### Class 1 – Gross income shares

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	3.2169	—	3.2169	2.5427
08/09/16 to 07/03/17	3.6357	—	3.6357	3.1495
<b>Group 2</b>				
08/03/16 to 07/09/16	1.6163	1.6006	3.2169	2.5427
08/09/16 to 07/03/17	1.0781	2.5576	3.6357	3.1495
<b>Total distributions in the period</b>			<b>6.8526</b>	<b>5.6922</b>

\*In pound Sterling and against UK peer group.

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



# Threadneedle Emerging Market Bond Fund

## DISTRIBUTION TABLE

(continued)

### Class 1 – Gross accumulation shares

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Gross Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	7.2092	–	7.2092	5.3624
08/09/16 to 07/03/17	8.3856	–	8.3856	6.8319
<b>Group 2</b>				
08/03/16 to 07/09/16	2.2641	4.9451	7.2092	5.3624
08/09/16 to 07/03/17	4.7957	3.5899	8.3856	6.8319
<b>Total distributions in the period</b>			<b>15.5948</b>	<b>12.1943</b>

### Class 2 – Income shares<sup>†</sup>

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>						
08/03/16 to 07/09/16	3.4165	0.6833	2.7332	–	2.7332	2.1573
08/09/16 to 07/03/17	3.8670			–	3.8670	2.6591
<b>Group 2</b>						
08/03/16 to 07/09/16	1.1378	0.2276	0.9102	1.8230	2.7332	2.1573
08/09/16 to 07/03/17	1.2911			2.5759	3.8670	2.6591
<b>Total distributions in the period</b>					<b>6.6002</b>	<b>4.8164</b>

### Class 2 – Gross accumulation shares

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Gross Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	7.3565	–	7.3565	5.4521
08/09/16 to 07/03/17	8.5787	–	8.5787	6.9372
<b>Group 2</b>				
08/03/16 to 07/09/16	3.5096	3.8469	7.3565	5.4521
08/09/16 to 07/03/17	6.6222	1.9565	8.5787	6.9372
<b>Total distributions in the period</b>			<b>15.9352</b>	<b>12.3893</b>

### Class X – Gross income shares

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	3.5981	–	3.5981	2.8406
08/09/16 to 07/03/17	4.0951	–	4.0951	3.4895
<b>Group 2</b>				
08/03/16 to 07/09/16	1.7776	1.8205	3.5981	2.8406
08/09/16 to 07/03/17	3.2251	0.8700	4.0951	3.4895
<b>Total distributions in the period</b>			<b>7.6932</b>	<b>6.3301</b>

### Class X – Gross accumulation shares

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Gross Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	3.1826	–	3.1826	2.3442
08/09/16 to 07/03/17	3.7256	–	3.7256	2.9870
<b>Group 2</b>				
08/03/16 to 07/09/16	3.1826	–	3.1826	2.3442
08/09/16 to 07/03/17	0.8956	2.8300	3.7256	2.9870
<b>Total distributions in the period</b>			<b>6.9082</b>	<b>5.3312</b>

### Class Z – Income shares<sup>†</sup>

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>						
08/03/16 to 07/09/16	3.1581	0.6316	2.5265	–	2.5265	1.9802
08/09/16 to 07/03/17	3.5887			–	3.5887	2.4602
<b>Group 2</b>						
08/03/16 to 07/09/16	1.3115	0.2623	1.0492	1.4773	2.5265	1.9802
08/09/16 to 07/03/17	2.7740			0.8147	3.5887	2.4602
<b>Total distributions in the period</b>					<b>6.1152</b>	<b>4.4404</b>

### Class Z – Gross income shares

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	2.9578	–	2.9578	2.3074
08/09/16 to 07/03/17	3.3574	–	3.3574	2.8809
<b>Group 2</b>				
08/03/16 to 07/09/16	0.7987	2.1591	2.9578	2.3074
08/09/16 to 07/03/17	2.4307	0.9267	3.3574	2.8809
<b>Total distributions in the period</b>			<b>6.3152</b>	<b>5.1883</b>

### Class Z – Gross accumulation shares

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Gross Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	3.9626	–	3.9626	2.9232
08/09/16 to 07/03/17	4.6297	–	4.6297	3.7354
<b>Group 2</b>				
08/03/16 to 07/09/16	2.0286	1.9340	3.9626	2.9232
08/09/16 to 07/03/17	2.1536	2.4761	4.6297	3.7354
<b>Total distributions in the period</b>			<b>8.5923</b>	<b>6.6586</b>

Group 2: shares purchased during a distribution period.

<sup>†</sup>Distributions paid before 6 April 2017 have been paid net.

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.



## Threadneedle Emerging Market Bond Fund

### Comparative Table Disclosure

	Class 1 – Income shares			Class 1 – Gross income shares <sup>§</sup>		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	55.75	56.13	52.78	94.76	95.42	89.77
Return before operating charges (p)	17.83	3.89	7.67	30.33	6.60	13.00
Operating charges (p)	(1.08)	(0.92)	(0.94)	(1.85)	(1.57)	(1.60)
Return after operating charges (p)*	16.75	2.97	6.73	28.48	5.03	11.40
Distributions (p)	(4.03)	(3.35)	(3.38)	(6.85)	(5.69)	(5.75)
Retained distributions on accumulation shares (p)**	–	–	–	–	–	–
Closing net asset value per share (p)	68.47	55.75	56.13	116.39	94.76	95.42
*after direct transaction costs of (p)	–	–	–	–	–	–
<b>Performance</b>						
Return after charges (%)	30.04	5.29	12.75	30.05	5.27	12.70
<b>Other information</b>						
Closing net asset value (£000)	10,078	12,498	26,480	86,252	69,353	82,910
Closing number of shares	14,718,193	22,419,209	47,178,894	74,107,207	73,189,791	86,893,890
Operating charges (%)***	1.69	1.69	1.69	1.69	1.69	1.68
Direct transaction costs (%)****	–	–	–	–	–	–
<b>Prices</b>						
Highest share price (p)	71.08	59.79	58.00	121.03	101.73	99.14
Lowest share price (p)	55.54	51.56	52.81	94.41	88.02	90.05
	Class 1 – Gross accumulation shares <sup>§</sup>			Class 2 – Income shares		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	212.38	201.29	178.52	98.74	98.94	92.60
Return before operating charges (p)	68.66	14.45	25.99	31.72	6.88	13.47
Operating charges (p)	(4.21)	(3.36)	(3.22)	(1.28)	(1.06)	(1.05)
Return after operating charges (p)*	64.45	11.09	22.77	30.44	5.82	12.42
Distributions (p)	(15.59)	(12.19)	(11.61)	(7.28)	(6.02)	(6.08)
Retained distributions on accumulation shares (p)**	15.59	12.19	11.61	–	–	–
Closing net asset value per share (p)	276.83	212.38	201.29	121.90	98.74	98.94
*after direct transaction costs of (p)	–	–	–	–	–	–
<b>Performance</b>						
Return after charges (%)	30.35	5.51	12.75	30.83	5.88	13.41
<b>Other information</b>						
Closing net asset value (£000)	37,465	28,597	31,580	1,821	214	41
Closing number of shares	13,533,658	13,464,968	15,688,817	1,493,778	216,524	41,715
Operating charges (%)***	1.69	1.69	1.68	1.08	1.09	1.07
Direct transaction costs (%)****	–	–	–	–	–	–
<b>Prices</b>						
Highest share price (p)	279.15	214.51	202.61	126.31	105.47	102.18
Lowest share price (p)	211.57	185.86	178.86	98.37	91.14	92.91



## Threadneedle Emerging Market Bond Fund

### Comparative Table Disclosure

(continued)

	Class 2 – Gross accumulation shares <sup>§</sup>			Class X – Gross income shares <sup>§</sup>		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015 <sup>†</sup>
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	212.44	200.09	176.39	103.63	102.79	100.00
Return before operating charges (p)	68.84	14.49	25.73	33.40	7.25	6.79
Operating charges (p)	(2.66)	(2.14)	(2.03)	(0.10)	(0.08)	(0.04)
Return after operating charges (p)*	66.18	12.35	23.70	33.30	7.17	6.75
Distributions (p)	(15.94)	(12.39)	(11.73)	(7.69)	(6.33)	(3.96)
Retained distributions on accumulation shares (p)**	15.94	12.39	11.73	–	–	–
Closing net asset value per share (p)	278.62	212.44	200.09	129.24	103.63	102.79
*after direct transaction costs of (p)	–	–	–	–	–	–
<b>Performance</b>						
Return after charges (%)	31.15	6.17	13.44	32.13	6.98	6.75
<b>Other information</b>						
Closing net asset value (£000)	9,253	24,735	25,098	585	294	160
Closing number of shares	3,321,131	11,643,466	12,543,186	452,184	283,493	155,527
Operating charges (%)***	1.08	1.08	1.07	0.08	0.08	0.07 <sup>†</sup>
Direct transaction costs (%)****	–	–	–	–	–	–
<b>Prices</b>						
Highest share price (p)	280.31	214.54	201.29	133.73	109.77	106.54
Lowest share price (p)	211.62	185.29	176.73	103.25	95.62	96.72
	Class X – Gross accumulation shares <sup>§</sup>			Class Z – Income shares		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	91.30	85.10	74.30	92.21	92.01	85.77
Return before operating charges (p)	29.75	6.23	10.86	29.64	6.43	12.47
Operating charges (p)	(0.09)	(0.03)	(0.06)	(0.80)	(0.68)	(0.67)
Return after operating charges (p)*	29.66	6.20	10.80	28.84	5.75	11.80
Distributions (p)	(6.91)	(5.33)	(4.93)	(6.75)	(5.55)	(5.56)
Retained distributions on accumulation shares (p)**	6.91	5.33	4.93	–	–	–
Closing net asset value per share (p)	120.96	91.30	85.10	114.30	92.21	92.01
*after direct transaction costs of (p)	–	–	–	–	–	–
<b>Performance</b>						
Return after charges (%)	32.49	7.29	14.54	31.28	6.25	13.76
<b>Other information</b>						
Closing net asset value (£000)	23,999	3	3	69,334	46,348	52,860
Closing number of shares	19,839,699	3,001	3,001	60,659,338	50,263,489	57,452,321
Operating charges (%)***	0.08	0.03	0.07	0.75	0.75	0.74
Direct transaction costs (%)****	–	–	–	–	–	–
<b>Prices</b>						
Highest share price (p)	121.33	92.18	85.60	118.26	98.11	94.96
Lowest share price (p)	90.95	79.19	74.41	91.87	84.88	86.05



## Threadneedle Emerging Market Bond Fund

### Comparative Table Disclosure

(continued)

	Class Z – Gross income shares <sup>1</sup>			Class Z – Gross accumulation shares <sup>1</sup>		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	86.36	86.17	80.31	115.71	108.64	95.44
Return before operating charges (p)	27.77	6.01	11.70	37.56	7.88	13.97
Operating charges (p)	(0.76)	(0.63)	(0.63)	(1.02)	(0.81)	(0.77)
Return after operating charges (p)*	27.01	5.38	11.07	36.54	7.07	13.20
Distributions (p)	(6.32)	(5.19)	(5.21)	(8.59)	(6.66)	(6.29)
Retained distributions on accumulation shares (p)**	–	–	–	8.59	6.66	6.29
Closing net asset value per share (p)	107.05	86.36	86.17	152.25	115.71	108.64
*after direct transaction costs of (p)	–	–	–	–	–	–
<b>Performance</b>						
Return after charges (%)	31.28	6.24	13.78	31.58	6.51	13.83
<b>Other information</b>						
Closing net asset value (£000)	1,992	1,850	2,717	9,492	6,368	5,604
Closing number of shares	1,860,555	2,142,353	3,152,892	6,234,382	5,503,312	5,158,476
Operating charges (%)***	0.75	0.75	0.74	0.75	0.75	0.73
Direct transaction costs (%)****	–	–	–	–	–	–
<b>Prices</b>						
Highest share price (p)	110.95	91.95	89.33	153.00	116.85	109.28
Lowest share price (p)	86.04	79.90	80.60	115.27	100.76	95.64

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.

\*\*Any difference between the distributions and the retained distributions on accumulation shares is due to the tax withheld.

\*\*\*The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit [columbiathreadneedle.com/fees](http://columbiathreadneedle.com/fees).

\*\*\*\*Transaction costs have not been reduced by any amounts collected from dilution levies/adjustments.

<sup>1</sup>Only available to eligible investors.

<sup>1</sup>Class X – Gross income shares commenced 28 July 2014.

<sup>1</sup>The Ongoing Charges Figure is annualised based on the fees incurred since commencement date.



# Threadneedle Emerging Market Bond Fund

## Notes to the financial statements

for the accounting period 8 March 2016 to 7 March 2017

### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 5 and 6.

### 2 NET CAPITAL GAINS/(LOSSES)

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

	2017 £000	2015 £000
Non-derivative securities	47,837	(2,172)
Derivative contracts	(14)	195
Forward currency contracts	488	140
Other gains	132	318
Transaction costs	(1)	(1)
Net capital gains/(losses)	48,442	(1,520)

### 3 REVENUE

	2017 £000	2016 £000
Interest on debt securities	15,056	12,927
Interest on short term investments	20	9
Bank interest	11	6
Total revenue	15,087	12,942

### 4 EXPENSES

	2017 £000	2016 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(2,645)	(2,464)
Registration fees	(278)	(256)
	(2,923)	(2,720)
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depositary's fees	(25)	(20)
Safe custody fees	(20)	(25)
Revenue collection expenses	(10)	(8)
	(55)	(53)
Other expenses:		
Regulatory fees	(5)	(7)
Audit fees	(15)	(19)
Audit fees – non-audit services	(1)	–
Professional fees	(2)	–
	(23)	(26)
Total expenses*	(3,001)	(2,799)

\*Including irrecoverable VAT where applicable.

### 5 INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £000	2016 £000
Interest payable	(2)	(1)
Derivative expense	–	(202)
Total interest payable & similar charges	(2)	(203)

### 6 TAXATION

	2017 £000	2016 £000
<b>a) Analysis of charge in period</b>		
Total current tax (note 6b)	–	–
Total tax charge for the period	–	–
<b>b) Factors affecting taxation charge for period</b>		
Net revenue before taxation	12,084	9,940
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(2,417)	(1,988)
Effects of:		
Excess expenses	2,417	1,988
Current tax charge for period (note 6a)	–	–

The fund has not recognised a deferred tax asset of £4,027,965 (2016: £6,471,036) arising as a result of having unutilised management expenses. The movement in deferred tax asset may not agree to the excess expenses figure quoted above due to prior year adjustments. It is unlikely that these expenses will be utilised in future years.

Interest distributions have been made in respect of all distributions during the period. Income tax at 20% on net share classes paid prior to 6 April 2017 will be accounted for on shareholders' behalf to HM Revenue & Customs.

### 7 DISTRIBUTIONS

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

	2017 £000	2016 £000
Interim	6,753	5,485
Final	8,162	6,294
	14,915	11,779
Add: Revenue deducted on the cancellation of shares	1,614	1,112
Deduct: Revenue received on the creation of shares	(1,800)	(486)
Net distribution for the period	14,729	12,405
Net revenue after taxation	12,084	9,940
Annual management charge to capital	2,645	2,464
Equalisation on conversion	–	1
Total distributions	14,729	12,405

Details of the distribution per share are set out in the table on pages 200 to 201.

### 8 DEBTORS

	2017 £000	2016 £000
Amounts receivable for the issue of shares	957	1,940
Sales awaiting settlement	1,267	–
Accrued revenue	3,832	3,226
Total debtors	6,056	5,166

### 9 CASH AND BANK BALANCES

	2017 £000	2016 £000
Amounts held at futures clearing houses and brokers	1,322	1,130
Cash and bank balances	10,360	7,800
	11,682	8,930
Bank overdrafts	–	(1,123)
Cash overdrafts at broker	(851)	–
Total cash and bank balances	10,831	7,807

### 10 OTHER CREDITORS

	2017 £000	2016 £000
Amounts payable for the cancellation of shares	(64)	(1,964)
Purchases awaiting settlement	(301)	(2,953)
Accrued expenses	(23)	(18)
Amounts payable to ACD	(277)	(243)
Total other creditors	(665)	(5,178)

### 11 DILUTION ADJUSTMENT

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

### 12 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, as ACD, is a related party and acts as principal in respect of all transactions of shares in the fund.

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

Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 8 and 10.



## Threadneedle Emerging Market Bond Fund

### Notes to the financial statements

(continued)

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 10.

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

#### 13 SHAREHOLDER FUNDS

Threadneedle Emerging Market Bond Fund currently has four share classes; Class 1, Class 2, Class X and Class Z shares. The charges on each share class are as follows:

##### Annual management charge

Class 1 shares	1.50%
Class 2 shares	1.00%
Class X shares	N/A*
Class Z shares	0.60%

##### Registration fees

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

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 202 to 204. The distribution per share class is given in the distribution table on pages 200 to 201.

All classes have the same rights on winding up.

\*X Shares are not subject to an Annual Management Charge.

##### Reconciliation of Shares

	2017
<b>Class 1 – Income shares</b>	
Opening shares	22,419,209
Shares issued	1,355,075
Shares redeemed	(4,667,272)
Net conversions	(4,388,819)
Closing shares	14,718,193
<b>Class 1 – Gross income shares</b>	
Opening shares	73,189,791
Shares issued	3,611,272
Shares redeemed	(2,609,854)
Net conversions	(84,002)
Closing shares	74,107,207
<b>Class 1 – Gross accumulation shares</b>	
Opening shares	13,464,968
Shares issued	3,189,310
Shares redeemed	(2,835,414)
Net conversions	(285,206)
Closing shares	13,533,658
<b>Class 2 – Income shares</b>	
Opening shares	216,524
Shares issued	1,326,832
Shares redeemed	(5,794)
Net conversions	(43,784)
Closing shares	1,493,778
<b>Class 2 – Gross accumulation shares</b>	
Opening shares	11,643,466
Shares issued	23,583,762
Shares redeemed	(31,852,429)
Net conversions	(53,668)
Closing shares	3,321,131
<b>Class X – Gross income shares</b>	
Opening shares	283,493
Shares issued	168,691
Shares redeemed	–
Net conversions	–
Closing shares	452,184

	2017
<b>Class X – Gross accumulation shares</b>	
Opening shares	3,001
Shares issued	19,836,698
Shares redeemed	–
Net conversions	–
Closing shares	19,839,699
<b>Class Z – Income shares</b>	
Opening shares	50,263,489
Shares issued	17,858,224
Shares redeemed	(10,164,327)
Net conversions	2,701,952
Closing shares	60,659,338
<b>Class Z – Gross income shares</b>	
Opening shares	2,142,353
Shares issued	3,302,822
Shares redeemed	(3,672,425)
Net conversions	87,805
Closing shares	1,860,555
<b>Class Z – Gross accumulation shares</b>	
Opening shares	5,503,312
Shares issued	572,213
Shares redeemed	(462,082)
Net conversions	620,939
Closing shares	6,234,382

#### 14 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 6.

##### Market price risk sensitivity

A 1.00% interest rate movement applied to the fixed income proportion of the fund would result in an increase or decrease on the net asset value of the fund by 6.40% (2016: 6.30%).

##### Currency exposures

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

	Monetary exposures	Non-monetary exposures	Total
	£000	£000	£000
<b>Currency 2017</b>			
Brazilian Real	1	2,558	2,559
Colombian Peso	64	6	70
Dominican Republic Peso	28	2,423	2,451
Mexican Peso	73	(135)	(62)
Peruvian New Sol	10	2,394	2,404
US Dollar	13,803	233,738	247,541
<b>Currency 2016</b>	£000	£000	£000
Brazilian Real	2	–	2
Colombian Peso	80	(116)	(36)
Dominican Republic Peso	26	2,219	2,245
Mexican Peso	28	9	37
US Dollar	6,883	185,858	192,741

##### Currency sensitivity

The only material currency exposure of the fund is to the US Dollar. A movement of 14.20% (2016: 5.70%) in this currency (equivalent to the movement in the year) would result in a change in the fund value of 14.06% (2016: 5.77%).

##### Credit/Counterparty exposure

The following details exposure to counterparties obtained through the use of derivatives:



## Threadneedle Emerging Market Bond Fund

### Notes to the financial statements

(continued)

	Forward Foreign Exchange Contracts Exposure	Collateral Pledged
2017	£000	£000
Counterparty		
HSBC	110	10
J.P. Morgan	—	468
UBS	19	—

	Forward Foreign Exchange Contracts Exposure	Collateral Pledged
2016	£000	£000
Counterparty		
HSBC	5	—
RBC	12	—

The fund did not hold any collateral received from the fund's counterparties in either the current or prior year.

Positive exposure represents the fund's exposure to that counterparty and not the fund's holdings with that counterparty.

#### Analysis of investments by credit ratings

	2017		2016	
	Value £000	% of Investment	Value £000	% of Investment
A	4,161	1.74	996	0.53
A-	3,853	1.61	973	0.52
BBB+	31,313	13.08	20,190	10.81
BBB	6,595	2.76	13,762	7.37
BBB-	3,662	1.53	2,945	1.58
Baa3	1,811	0.76	16,378	8.77
BB+	35,915	15.00	45,101	24.14
Ba1	14,507	6.06	988	0.53
BB	24,933	10.42	21,019	11.25
Ba2	—	—	3,027	1.62
Ba3	1,012	0.42	3,115	1.67
BB-	37,921	15.84	18,154	9.72
B+	5,463	2.28	8,049	4.31
B1	2,374	0.99	—	—
B	17,069	7.13	8,131	4.35
B-	25,610	10.70	10,052	5.38
B3	6,768	2.83	—	—
CCC	4,155	1.74	5,985	3.20
CCC-	3,842	1.61	—	—
Caa3	778	0.32	—	—
Not Rated	8,197	3.42	8,005	4.28
Derivatives	(565)	(0.24)	(50)	(0.03)
	239,374	100.00	186,820	100.00

The derivative positions do not have a significant impact on the risk profile.

#### Interest rate risk

The fund's floating rate investments earn interest which is variable, based on LIBOR or its overseas equivalent.

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

#### Interest rate risk profile of financial assets and financial liabilities

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

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2017				
Brazilian Real	1	2,558	—	2,559
Colombian Peso	—	1,135	4,211	5,346
Dominican Republic Peso	—	2,423	28	2,451
Mexican Peso	—	4,161	1,700	5,861
Peruvian New Sol	—	2,394	10	2,404
UK Sterling	1,650	—	1,014	2,664
US Dollar	16,075	221,225	17,281	254,581

Currency 2016	£000	£000	£000	£000
Brazilian Real	2	—	—	2
Colombian Peso	—	1,552	80	1,632
Dominican Republic Peso	—	2,219	26	2,245
Mexican Peso	19	996	9	1,024
UK Sterling	1,157	—	2,101	3,258
US Dollar	11,704	178,152	7,122	196,978

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2017				
Colombian Peso	—	—	(5,276)	(5,276)
Mexican Peso	—	—	(5,923)	(5,923)
UK Sterling	—	—	(7,356)	(7,356)
US Dollar	(851)	—	(6,189)	(7,040)

Currency 2016	£000	£000	£000	£000
Colombian Peso	—	—	(1,668)	(1,668)
Mexican Peso	—	—	(987)	(987)
UK Sterling	—	—	(7,987)	(7,987)
US Dollar	(1,123)	—	(3,114)	(4,237)

#### Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances (2016: same).

#### Derivative risks

Non interest-bearing assets relate to forward foreign exchange contracts. Derivatives including forward foreign exchange contracts are employed when they are the cheapest and most efficient method of gaining exposure. This increases the risk profile of the fund and may result in a higher degree of volatility. All open positions are regularly reviewed by the fund manager. The fund has entered into various forward foreign exchange contracts during this accounting period. Such contracts commit the fund to future deliveries or receipts, typically three months forward, of assets and liabilities, at prices decided at the point of striking the contract. They therefore allow the fund manager to limit risk, or to enhance fund performance in return for the acceptance of greater risk.

At 7 March 2017, the fund had outstanding forward foreign exchange contracts with an asset value of £157,000 (2016: £27,000) and a liability value of £722,000 (2016: £77,000).

### 15 FAIR VALUE DISCLOSURE

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

**Level 1** – Quoted prices for identical instruments in active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

**Level 2** – Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investments schemes.

**Level 3** – Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

	2017		2016	
Valuation technique	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 2	240,096	(722)	186,897	(77)
	240,096	(722)	186,897	(77)



## Threadneedle Emerging Market Bond Fund

### Notes to the financial statements

(continued)

#### 16 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2016: Nil).

#### 17 PORTFOLIO TRANSACTION COSTS

7 March 2017

	Value £000	Commissions £000	%	Taxes £000	%
<b>Purchases</b>					
Bonds	112,329	—	—	—	—
<b>Total</b>	<b>112,329</b>	<b>—</b>		<b>—</b>	

**Gross purchases total:** **112,329**

	Value £000	Commissions £000	%	Taxes £000	%
<b>Sales</b>					
Bonds	106,792	—	—	—	—
Corporate actions	146	—	—	—	—
<b>Total</b>	<b>106,938</b>	<b>—</b>		<b>—</b>	

**Total sales net of transaction costs:** **106,938**

**Transaction costs as a percentage of average Net Assets**

Commissions: 0.00%  
Taxes: 0.00%

7 March 2016

	Value £000	Commissions £000	%	Taxes £000	%
<b>Purchases</b>					
Bonds	56,055	—	—	—	—
<b>Total</b>	<b>56,055</b>	<b>—</b>		<b>—</b>	

**Gross purchases total:** **56,055**

	Value £000	Commissions £000	%	Taxes £000	%
<b>Sales</b>					
Bonds	85,853	—	—	—	—
Corporate actions	1,322	—	—	—	—
<b>Total</b>	<b>87,175</b>	<b>—</b>		<b>—</b>	

**Total sales net of transaction costs:** **87,175**

**Transaction costs as a percentage of average Net Assets**

Commissions: 0.00%  
Taxes: 0.00%

**Commissions  
£000**

**Futures and Options** **1**

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

Portfolio transaction costs are incurred by the fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

**Direct transaction costs:** Broker commissions, fees and taxes.

**Indirect transaction costs:** 'Dealing spread' – the difference between the buying and selling prices of the fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.63% (7 March 2016: 0.84%), being the difference between the respective bid and offer prices for the fund's investments.

#### 18 SECURITIES FINANCING TRANSACTIONS REGULATION

Additional disclosures are required where the fund invests in securities financing transactions (SFTs). For the year ended 7 March 2017 the fund has not invested in SFTs and will not be making additional disclosures.



## Threadneedle High Yield Bond Fund

### Investment Report

#### Investment Objective

To achieve a higher level of income. Income will be paid monthly.

#### Investment Policy

The ACD's investment policy is to invest the assets of the Fund principally in higher risk UK and international fixed interest securities. It may also invest in equities.

#### Performance of Income Class 1 Shares\*

Over the twelve months to 7 March 2017, the published share price of the Threadneedle High Yield Bond Fund has risen from 41.13p to 43.33p.

The total return on the fund for the twelve months ending 28 February 2017, including net reinvested income, is +11.26%, which equates approximately +14.20% gross of tax and charges\*\*. For information the Merrill Lynch European High Yield 3% constrained ex sub-financials (100% UK Sterling Hedged) Index gave a total return of +15.06% for the same period.

#### Market Overview and Portfolio Activity

Following a period of volatility at the beginning of 2016, risk assets rallied strongly in March and April in response to rebounding commodity prices (particularly oil), as well as renewed support from global central banks, positive developments in Greece and receding emerging market concerns.

Later in the period, markets were buffeted by a number of populist political upsets including the UK's Brexit vote in June and the November election of Donald Trump as the

45th US president. However, the impact of these events has so far been relatively benign and the rise of risk assets has continued broadly unabated. Global growth data has remained robust, with a deflationary outlook emanating from the US in response to the new administration, improving China data and increasingly sanguine economic numbers coming out of the eurozone. Consequently markets have responded to the increasing likelihood of an end to unconventional monetary policy, evident by the European Central Bank's slight policy tapering and more notably the US Federal Reserve, which committed to rate hikes in December 2016 and in March 2017.

Within this context, European high yield performed strongly over the 12 months under review, with significant additional support coming from technical market drivers in the latter part of 2016 and early 2017. These included strong inflows and limited net new supply in the primary market, largely driven by a spate of high yield issuers opting to refinance bond redemptions in the loan market. Overall the asset class returned 12.4% in local currency terms, helped by the compression of credit spreads to underlying government bonds, which tightened from 595 to 353 basis points.

In terms of fund activity, selected themes throughout the 12 months included adding to corporate hybrids such as RWE and Orange (both new purchases earlier in the year), and KPN, given the attractive yield pick-up they offer over senior bonds. We also added to Credit Suisse and UBS following positive moves by Swiss authorities on low-trigger contingent convertible bonds. We began to reduce some of our comparative underweight in the energy sector by building positions in names such as EnQuest. Finally, in the latter part of

2016 we selectively added to short duration (interest-rate risk) positions in names such as Ceramtec, Viridian and Befesa Zinc. Against this, major reductions and exits included Heidelberg, which exited our index after returning to investment grade status, and certain UK names such as Pizza Express and Newlook.

Looking forward, Trump's election and pro-growth platform and hopes for greater emphasis on fiscal stimulus elsewhere have introduced some upside potential to the growth backdrop; corporate fundamentals remain generally sound, with default rates trending lower in the US and remaining at very low levels in Europe. Technicals remain broadly supportive, although less so than at the end of last year. Inflation pressures are building, however, and together with a potential end to unconventional monetary policy, are expected to result in higher yields and volatility in government bonds. Spreads have tightened further in Europe, nearing 'current-cycle' lows, especially in higher quality issuers. Geopolitical risks also remain elevated with potential threats on the horizon from upcoming European elections and Trump's trade and immigration initiatives.

European high yield should continue to deliver attractive risk-adjusted returns, especially relative to other core fixed income products. However, in this low-return environment with elevated political risks, we continue to manage for downside risks. The fund is generally neutral-to-small underweight portfolio risk, and defensively positioned on a sector basis. We prefer higher quality single-B rated issuers and remain underweight in terms of interest rate risk versus the benchmark.

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2016 to 7 March 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains/(losses)	2	53,983	(50,025)
Revenue	3	46,340	45,620
Expenses	4	(7,724)	(7,505)
Interest payable and similar charges	5	(42)	(20)
Net revenue before taxation		38,574	38,095
Taxation	6	—	—
Net revenue after taxation		38,574	38,095
<b>Total return before distributions</b>		<b>92,557</b>	<b>(11,930)</b>
Distributions	7	(45,335)	(44,664)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>47,222</b>	<b>(56,594)</b>

### BALANCE SHEET

as at 7 March 2017

	Notes	2017 £000	2016 £000
<b>Assets:</b>			
<b>Fixed assets:</b>			
Investments		875,069	660,137
<b>Current assets:</b>			
Debtors	8	15,370	26,173
Cash and bank balances	9	75,873	43,952
<b>Total assets</b>		<b>966,312</b>	<b>730,262</b>
<b>Liabilities:</b>			
<b>Investment liabilities</b>		<b>(15,064)</b>	<b>(841)</b>
<b>Creditors:</b>			
Distribution payable		(3,419)	(4,156)
Other creditors	10	(13,379)	(11,656)
<b>Total liabilities</b>		<b>(31,862)</b>	<b>(16,653)</b>
<b>Net assets attributable to shareholders</b>		<b>934,450</b>	<b>713,609</b>

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

for the accounting period 8 March 2016 to 7 March 2017

	2017 £000	2016 £000
<b>Opening net assets attributable to shareholders</b>	<b>713,609</b>	<b>781,348</b>
Amounts receivable on the issue of shares	418,947	232,814
Amounts payable on the cancellation of shares	(260,382)	(252,784)
	158,565	(19,970)
Dilution adjustment	923	504
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	47,222	(56,594)
Retained distribution on accumulation shares	14,122	8,309
Unclaimed distributions	9	12
<b>Closing net assets attributable to shareholders</b>	<b>934,450</b>	<b>713,609</b>

### DISTRIBUTION TABLE

for the accounting period 8 March 2016 to 7 March 2017

Interest distribution in pence per share

#### Class 1 – Income shares†

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>						
08/03/16 to 07/04/16	0.2154	0.0431	0.1723	—	0.1723	0.1722
08/04/16 to 07/05/16	0.1723	0.0345	0.1378	—	0.1378	0.1755
08/05/16 to 07/06/16	0.1808	0.0362	0.1446	—	0.1446	0.1584
08/06/16 to 07/07/16	0.2385	0.0477	0.1908	—	0.1908	0.1507
08/07/16 to 07/08/16	0.1796	0.0359	0.1437	—	0.1437	0.1610
08/08/16 to 07/09/16	0.1799	0.0360	0.1439	—	0.1439	0.1790
08/09/16 to 07/10/16	0.2170	0.0434	0.1736	—	0.1736	0.1644
08/10/16 to 07/11/16	0.1738	0.0348	0.1390	—	0.1390	0.1536
08/11/16 to 07/12/16	0.1494	0.0299	0.1195	—	0.1195	0.1525
08/12/16 to 07/01/17	0.1984	0.0397	0.1587	—	0.1587	0.1663
08/01/17 to 07/02/17	0.1810	0.0362	0.1448	—	0.1448	0.1878
08/02/17 to 07/03/17	0.1669	0.0334	0.1335	—	0.1335	0.1524

\*In pound Sterling and against UK peer group.

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



# Threadneedle High Yield Bond Fund

## DISTRIBUTION TABLE

(continued)

### Class 1 – Income shares<sup>†</sup>

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 2</b>						
08/03/16 to 07/04/16	0.1034	0.0207	0.0827	0.0896	0.1723	0.1722
08/04/16 to 07/05/16	0.0913	0.0183	0.0730	0.0648	0.1378	0.1755
08/05/16 to 07/06/16	0.0959	0.0192	0.0767	0.0679	0.1446	0.1584
08/06/16 to 07/07/16	0.1193	0.0239	0.0954	0.0954	0.1908	0.1507
08/07/16 to 07/08/16	0.0734	0.0147	0.0587	0.0850	0.1437	0.1610
08/08/16 to 07/09/16	0.0614	0.0123	0.0491	0.0948	0.1439	0.1790
08/09/16 to 07/10/16	0.0896	0.0179	0.0717	0.1019	0.1736	0.1644
08/10/16 to 07/11/16	0.0673	0.0135	0.0538	0.0852	0.1390	0.1536
08/11/16 to 07/12/16	0.0873	0.0175	0.0698	0.0497	0.1195	0.1525
08/12/16 to 07/01/17	0.1131	0.0226	0.0905	0.0682	0.1587	0.1663
08/01/17 to 07/02/17	0.0598	0.0120	0.0478	0.0970	0.1448	0.1878
08/02/17 to 07/03/17	0.0678	0.0136	0.0542	0.0793	0.1335	0.1524
<b>Total distributions in the period</b>					<b>1.8022</b>	<b>1.9738</b>

### Class 1 – Gross income shares

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/04/16	0.2156	–	0.2156	0.2155
08/04/16 to 07/05/16	0.1724	–	0.1724	0.2195
08/05/16 to 07/06/16	0.1810	–	0.1810	0.1983
08/06/16 to 07/07/16	0.2387	–	0.2387	0.1885
08/07/16 to 07/08/16	0.1798	–	0.1798	0.2014
08/08/16 to 07/09/16	0.1800	–	0.1800	0.2240
08/09/16 to 07/10/16	0.2172	–	0.2172	0.2056
08/10/16 to 07/11/16	0.1740	–	0.1740	0.1923
08/11/16 to 07/12/16	0.1495	–	0.1495	0.1907
08/12/16 to 07/01/17	0.1986	–	0.1986	0.2081
08/01/17 to 07/02/17	0.1812	–	0.1812	0.2350
08/02/17 to 07/03/17	0.1669	–	0.1669	0.1907
<b>Group 2</b>				
08/03/16 to 07/04/16	0.1614	0.0542	0.2156	0.2155
08/04/16 to 07/05/16	0.1511	0.0213	0.1724	0.2195
08/05/16 to 07/06/16	0.0389	0.1421	0.1810	0.1983
08/06/16 to 07/07/16	0.1297	0.1090	0.2387	0.1885
08/07/16 to 07/08/16	0.1447	0.0351	0.1798	0.2014
08/08/16 to 07/09/16	0.0807	0.0993	0.1800	0.2240
08/09/16 to 07/10/16	0.0960	0.1212	0.2172	0.2056
08/10/16 to 07/11/16	0.1102	0.0638	0.1740	0.1923
08/11/16 to 07/12/16	0.0530	0.0965	0.1495	0.1907
08/12/16 to 07/01/17	0.0985	0.1001	0.1986	0.2081
08/01/17 to 07/02/17	0.1174	0.0638	0.1812	0.2350
08/02/17 to 07/03/17	0.0984	0.0685	0.1669	0.1907
<b>Total distributions in the period</b>			<b>2.2549</b>	<b>2.4696</b>

### Class 1 USD Hedged – Gross income shares

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/04/16	0.3399	–	0.3399	0.3269
08/04/16 to 07/05/16	0.2693	–	0.2693	0.3287
08/05/16 to 07/06/16	0.2803	–	0.2803	0.2878
08/06/16 to 07/07/16	0.3830	–	0.3830	0.2708
08/07/16 to 07/08/16	0.3069	–	0.3069	0.2913
08/08/16 to 07/09/16	0.3088	–	0.3088	0.3240
08/09/16 to 07/10/16	0.3753	–	0.3753	0.3014
08/10/16 to 07/11/16	0.3193	–	0.3193	0.2809
08/11/16 to 07/12/16	0.2692	–	0.2692	0.2832
08/12/16 to 07/01/17	0.3622	–	0.3622	0.3128
08/01/17 to 07/02/17	0.3307	–	0.3307	0.3669
08/02/17 to 07/03/17	0.3037	–	0.3037	0.3010
<b>Group 2</b>				
08/03/16 to 07/04/16	0.1380	0.2019	0.3399	0.3269
08/04/16 to 07/05/16	–	0.2693	0.2693	0.3287
08/05/16 to 07/06/16	–	0.2803	0.2803	0.2878
08/06/16 to 07/07/16	0.0405	0.3425	0.3830	0.2708
08/07/16 to 07/08/16	–	0.3069	0.3069	0.2913
08/08/16 to 07/09/16	0.1445	0.1643	0.3088	0.3240
08/09/16 to 07/10/16	–	0.3753	0.3753	0.3014
08/10/16 to 07/11/16	–	0.3193	0.3193	0.2809
08/11/16 to 07/12/16	–	0.2692	0.2692	0.2832
08/12/16 to 07/01/17	–	0.3622	0.3622	0.3128
08/01/17 to 07/02/17	0.0855	0.2452	0.3307	0.3669
08/02/17 to 07/03/17	–	0.3037	0.3037	0.3010
<b>Total distributions in the period</b>			<b>3.8486</b>	<b>3.6757</b>

### Class 1 – Gross accumulation shares<sup>\*</sup>

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Gross Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/04/16	0.5160	–	0.5160	–
08/04/16 to 07/05/16	0.4150	–	0.4150	–
08/05/16 to 07/06/16	0.4393	–	0.4393	–
08/06/16 to 07/07/16	0.5800	–	0.5800	–
08/07/16 to 07/08/16	0.4385	–	0.4385	–
08/08/16 to 07/09/16	0.4418	–	0.4418	–
08/09/16 to 07/10/16	0.5362	–	0.5362	–
08/10/16 to 07/11/16	0.4323	–	0.4323	0.1363
08/11/16 to 07/12/16	0.3734	–	0.3734	0.4486
08/12/16 to 07/01/17	0.4963	–	0.4963	0.4903
08/01/17 to 07/02/17	0.4556	–	0.4556	0.5590
08/02/17 to 07/03/17	0.4195	–	0.4195	0.4536

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Gross Revenue Accumulated 2015/2016
<b>Group 2</b>				
08/03/16 to 07/04/16	0.5160	–	0.5160	–
08/04/16 to 07/05/16	0.4150	–	0.4150	–
08/05/16 to 07/06/16	0.4393	–	0.4393	–
08/06/16 to 07/07/16	0.5800	–	0.5800	–
08/07/16 to 07/08/16	0.2385	0.2000	0.4385	–
08/08/16 to 07/09/16	0.4418	–	0.4418	–
08/09/16 to 07/10/16	0.5362	–	0.5362	–
08/10/16 to 07/11/16	0.4323	–	0.4323	0.1363
08/11/16 to 07/12/16	0.3734	–	0.3734	0.4486
08/12/16 to 07/01/17	0.4963	–	0.4963	0.4903
08/01/17 to 07/02/17	0.4556	–	0.4556	0.5590
08/02/17 to 07/03/17	0.4195	–	0.4195	0.4536
<b>Total distributions in the period</b>			<b>5.5439</b>	<b>2.0878</b>

### Class 2 – Income shares<sup>†</sup>

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>						
08/03/16 to 07/04/16	0.3140	0.0628	0.2512	–	0.2512	0.2501
08/04/16 to 07/05/16	0.2523	0.0505	0.2018	–	0.2018	0.2549
08/05/16 to 07/06/16	0.2648	0.0530	0.2118	–	0.2118	0.2307
08/06/16 to 07/07/16	0.3473	0.0695	0.2778	–	0.2778	0.2194
08/07/16 to 07/08/16	0.2631	0.0526	0.2105	–	0.2105	0.2344
08/08/16 to 07/09/16	0.2641	0.0528	0.2113	–	0.2113	0.2601
08/09/16 to 07/10/16	0.3171	0.0634	0.2537	–	0.2537	0.2392
08/10/16 to 07/11/16	0.2554	0.0511	0.2043	–	0.2043	0.2241
08/11/16 to 07/12/16	0.2201	0.0440	0.1761	–	0.1761	0.2224
08/12/16 to 07/01/17	0.2910	0.0582	0.2328	–	0.2328	0.2423
08/01/17 to 07/02/17	0.2661	0.0532	0.2129	–	0.2129	0.2731
08/02/17 to 07/03/17	0.2453	0.0491	0.1962	–	0.1962	0.2222
<b>Group 2</b>						
08/03/16 to 07/04/16	0.1499	0.0300	0.1199	0.1313	0.2512	0.2501
08/04/16 to 07/05/16	0.1346	0.0269	0.1077	0.0941	0.2018	0.2549
08/05/16 to 07/06/16	0.1986	0.0397	0.1589	0.0529	0.2118	0.2307
08/06/16 to 07/07/16	0.1928	0.0386	0.1542	0.1236	0.2778	0.2194
08/07/16 to 07/08/16	0.2315	0.0463	0.1852	0.0253	0.2105	0.2344
08/08/16 to 07/09/16	0.1155	0.0231	0.0924	0.1189	0.2113	0.2601
08/09/16 to 07/10/16	0.1308	0.0262	0.1046	0.1491	0.2537	0.2392
08/10/16 to 07/11/16	0.1510	0.0302	0.1208	0.0835	0.2043	0.2241
08/11/16 to 07/12/16	0.0995	0.0199	0.0796	0.0965	0.1761	0.2224
08/12/16 to 07/01/17	0.2035	0.0407	0.1628	0.0700	0.2328	0.2423
08/01/17 to 07/02/17	0.1615	0.0323	0.1292	0.0837	0.2129	0.2731
08/02/17 to 07/03/17	0.1533	0.0307	0.1226	0.0736	0.1962	0.2222
<b>Total distributions in the period</b>					<b>2.6404</b>	<b>2.8729</b>

### Class 2 – Gross income shares

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/04/16	0.2703	–	0.2703	0.2691
08/04/16 to 07/05/16	0.2171	–	0.2171	0.2734
08/05/16 to 07/06/16	0.2279	–	0.2279	0.2480
08/06/16 to 07/07/16	0.2990	–	0.2990	0.2361
08/07/16 to 07/08/16	0.2264	–	0.2264	0.2522
08/08/16 to 07/09/16	0.2274	–	0.2274	0.2799
08/09/16 to 07/10/16	0.2730	–	0.2730	0.2573
08/10/16 to 07/11/16	0.2197	–	0.2197	0.2411
08/11/16 to 07/12/16	0.1895	–	0.1895	0.2393
08/12/16 to 07/01/17	0.2505	–	0.2505	0.2607
08/01/17 to 07/02/17	0.2291	–	0.2291	0.2938
08/02/17 to 07/03/17	0.2110	–	0.2110	0.2391
<b>Group 2</b>				
08/03/16 to 07/04/16	0.1215	0.1488	0.2703	0.2691
08/04/16 to 07/05/16	0.1075	0.1096	0.2171	0.2734
08/05/16 to 07/06/16	0.1543	0.0736	0.2279	0.2480
08/06/16 to 07/07/16	0.1690	0.1300	0.2990	0.2361
08/07/16 to 07/08/16	0.1087	0.1177	0.2264	0.2522
08/08/16 to 07/09/16	0.1339	0.0935	0.2274	0.2799
08/09/16 to 07/10/16	0.1456	0.1274	0.2730	0.2573
08/10/16 to 07/11/16	0.0758	0.1439	0.2197	0.2411
08/11/16 to 07/12/16	0.1280	0.0615	0.1895	0.2393
08/12/16 to 07/01/17	0.1486	0.1019	0.2505	0.2607
08/01/17 to 07/02/17	0.1403	0.0888	0.2291	0.2938
08/02/17 to 07/03/17	0.1174	0.0936	0.2110	0.2391
<b>Total distributions in the period</b>			<b>2.8409</b>	<b>3.0900</b>

### Class 2 – Gross accumulation shares

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/04/16	0.2703	–	0.2703	0.2691
08/04/16 to 07/05/16	0.2171	–	0.2171	0.2734
08/05/16 to 07/06/16	0.2279	–	0.2279	0.2480
08/06/16 to 07/07/16	0.2990	–	0.2990	0.2361
08/07/16 to 07/08/16	0.2264	–	0.2264	0.2522
08/08/16 to 07/09/16	0.2274	–	0.2274	0.2798
08/09/16 to 07/10/16	0.2730	–	0.2730	0.2573
08/10/16 to 07/11/16	0.2197	–	0.2197	0.2411
08/11/16 to 07/12/16	0.1895	–	0.1895	0.2393
08/12/16 to 07/01/17	0.2505	–	0.2505	0.2607
08/01/17 to 07/02/17	0.2291	–	0.2291	0.2938
08/02/17 to 07/03/17	0.2110	–	0.2110	0.2391
<b>Group 2</b>				
08/03/16 to 07/04/16	0.1215	0.1488	0.2703	0.2691
08/04/16 to 07/05/16	0.1075	0.1096	0.2171	0.2734
08/05/16 to 07/06/16	0.1543	0.0736	0.2279	0.2480
08/06/16 to 07/07/16	0.1690	0.1300	0.2990	0.2361
08/07/16 to 07/08/16	0.1087	0.1177	0.2274	0.2522
08/08/16 to 07/09/16	0.1339	0.0935	0.2274	0.2798
08/09/16 to 07/10/16	0.1456	0.1274	0.2730	0.2573
08/10/16 to 07/11/16	0.0758	0.1439	0.2197	0.2411
08/11/16 to 07/12/16	0.1280	0.0615	0.1895	0.2393
08/12/16 to 07/01/17	0.1486	0.1019	0.2505	0.2607
08/01/17 to 07/02/17	0.1403	0.0888	0.2291	0.2938
08/02/17 to 07/03/17	0.1174	0.0936	0.2110	0.2391
Total distributions in the period			2.8409	3.0900
<b>Class 2 – Gross accumulation shares</b>				
Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Gross Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/04/16	0.8225	–	0.8225	0.7724
08/04/16 to 07/05/16	0.6642	–	0.6642	0.7897
08/05/16 to 07/06/16	0.7000	–	0.7000	0.7192
08/06/16 to 07/07/16	0.9224	–	0.9224	0.6873
08/07/16 to 07/08/16	0.7027	–	0.7027	0.7376
08/08/16 to 07/09/16	0.7084	–	0.7084	0.8224
08/09/16 to 07/10/16	0.8544	–	0.8544	0.7601
08/10/16 to 07/11/16	0.6916	–	0.6916	0.7157
08/11/16 to 07/12/16	0.5986	–	0.5986	0.7137
08/12/16 to 07/01/17	0.7957	–	0.7957	0.7810
08/01/17 to 07/02/17	0.7298	–	0.7298	0.8847
08/02/17 to 07/03/17	0.6751	–	0.6751	0.7242



# Threadneedle High Yield Bond Fund

## DISTRIBUTION TABLE

(continued)

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Gross Revenue Accumulated 2015/2016
<b>Group 2</b>				
08/03/16 to 07/04/16	0.5347	0.2878	0.8225	0.7724
08/04/16 to 07/05/16	0.5569	0.1073	0.6642	0.7897
08/05/16 to 07/06/16	0.3407	0.3593	0.7000	0.7192
08/06/16 to 07/07/16	0.5949	0.3275	0.9224	0.6873
08/07/16 to 07/08/16	0.0932	0.6095	0.7027	0.7376
08/08/16 to 07/09/16	0.3193	0.3891	0.7084	0.8224
08/09/16 to 07/10/16	0.5569	0.2975	0.8544	0.7601
08/10/16 to 07/11/16	0.1853	0.5063	0.6916	0.7157
08/11/16 to 07/12/16	0.3349	0.2637	0.5986	0.7137
08/12/16 to 07/01/17	0.4734	0.3223	0.7957	0.7810
08/01/17 to 07/02/17	0.2530	0.4768	0.7298	0.8847
08/02/17 to 07/03/17	0.5819	0.0932	0.6751	0.7242
<b>Total distributions in the period</b>			<b>8.8654</b>	<b>9.1080</b>

### Class X – Gross income shares

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/04/16	0.5047	–	0.5047	0.4978
08/04/16 to 07/05/16	0.4053	–	0.4053	0.5069
08/05/16 to 07/06/16	0.4253	–	0.4253	0.4597
08/06/16 to 07/07/16	0.5585	–	0.5585	0.4374
08/07/16 to 07/08/16	0.4231	–	0.4231	0.4677
08/08/16 to 07/09/16	0.4258	–	0.4258	0.5193
08/09/16 to 07/10/16	0.5108	–	0.5108	0.4787
08/10/16 to 07/11/16	0.4116	–	0.4116	0.4479
08/11/16 to 07/12/16	0.3557	–	0.3557	0.4450
08/12/16 to 07/01/17	0.4696	–	0.4696	0.4840
08/01/17 to 07/02/17	0.4297	–	0.4297	0.5470
08/02/17 to 07/03/17	0.3962	–	0.3962	0.4470
<b>Group 2</b>				
08/03/16 to 07/04/16	0.2376	0.2671	0.5047	0.4978
08/04/16 to 07/05/16	0.1463	0.2590	0.4053	0.5069
08/05/16 to 07/06/16	0.1646	0.2607	0.4253	0.4597
08/06/16 to 07/07/16	0.1328	0.4257	0.5585	0.4374
08/07/16 to 07/08/16	0.2036	0.2195	0.4231	0.4677
08/08/16 to 07/09/16	0.0771	0.3487	0.4258	0.5193
08/09/16 to 07/10/16	0.2571	0.2537	0.5108	0.4787
08/10/16 to 07/11/16	0.3444	0.0672	0.4116	0.4479
08/11/16 to 07/12/16	–	0.3557	0.3557	0.4450
08/12/16 to 07/01/17	0.3605	0.1091	0.4696	0.4840
08/01/17 to 07/02/17	0.4297	–	0.4297	0.5470
08/02/17 to 07/03/17	0.3962	–	0.3962	0.4470
<b>Total distributions in the period</b>			<b>5.3163</b>	<b>5.7384</b>

### Class X – Gross accumulation shares\*

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/04/16	0.3796	–	0.3796	0.5000
08/04/16 to 07/05/16	0.4273	–	0.4273	0.5087
08/05/16 to 07/06/16	0.4513	–	0.4513	0.4602
08/06/16 to 07/07/16	0.5936	–	0.5936	0.4376
08/07/16 to 07/08/16	0.4516	–	0.4516	0.4680
08/08/16 to 07/09/16	0.4576	–	0.4576	0.5201
08/09/16 to 07/10/16	0.5513	–	0.5513	0.4780
08/10/16 to 07/11/16	0.4496	–	0.4496	0.4473
08/11/16 to 07/12/16	0.3896	–	0.3896	0.4442
08/12/16 to 07/01/17	0.5143	–	0.5143	0.4843
08/01/17 to 07/02/17	0.4711	–	0.4711	0.5469
08/02/17 to 07/03/17	0.4362	–	0.4362	0.4445
<b>Group 2</b>				
08/03/16 to 07/04/16	0.3796	–	0.3796	0.5000
08/04/16 to 07/05/16	0.4273	–	0.4273	0.5087
08/05/16 to 07/06/16	0.4513	–	0.4513	0.4602
08/06/16 to 07/07/16	0.5936	–	0.5936	0.4376
08/07/16 to 07/08/16	0.4516	–	0.4516	0.4680
08/08/16 to 07/09/16	0.4576	–	0.4576	0.5201
08/09/16 to 07/10/16	0.5513	–	0.5513	0.4780
08/10/16 to 07/11/16	0.4496	–	0.4496	0.4473
08/11/16 to 07/12/16	0.3896	–	0.3896	0.4442
08/12/16 to 07/01/17	0.5143	–	0.5143	0.4843
08/01/17 to 07/02/17	0.2363	0.2348	0.4711	0.5469
08/02/17 to 07/03/17	0.3346	0.1016	0.4362	0.4445
<b>Total distributions in the period</b>			<b>5.5731</b>	<b>5.7398</b>

### Class Z – Income shares†

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>						
08/03/16 to 07/04/16	0.5160	0.1032	0.4128	–	0.4128	0.4103
08/04/16 to 07/05/16	0.4136	0.0827	0.3309	–	0.3309	0.4178
08/05/16 to 07/06/16	0.4341	0.0868	0.3473	–	0.3473	0.3780
08/06/16 to 07/07/16	0.5719	0.1144	0.4575	–	0.4575	0.3595
08/07/16 to 07/08/16	0.4318	0.0864	0.3454	–	0.3454	0.3844
08/08/16 to 07/09/16	0.4328	0.0866	0.3462	–	0.3462	0.3844
08/09/16 to 07/10/16	0.5218	0.1044	0.4174	–	0.4174	0.3926
08/10/16 to 07/11/16	0.4186	0.0837	0.3349	–	0.3349	0.3675
08/11/16 to 07/12/16	0.3603	0.0721	0.2882	–	0.2882	0.3650
08/12/16 to 07/01/17	0.4781	0.0956	0.3825	–	0.3825	0.3978
08/01/17 to 07/02/17	0.4368	0.0874	0.3494	–	0.3494	0.4492
08/02/17 to 07/03/17	0.4026	0.0805	0.3221	–	0.3221	0.3651

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 2</b>						
08/03/16 to 07/04/16	0.2345	0.0469	0.1876	0.2252	0.4128	0.4103
08/04/16 to 07/05/16	0.1993	0.0399	0.1594	0.1715	0.3309	0.4178
08/05/16 to 07/06/16	0.1988	0.0398	0.1590	0.1883	0.3473	0.3780
08/06/16 to 07/07/16	0.2890	0.0578	0.2312	0.2263	0.4575	0.3595
08/07/16 to 07/08/16	0.1841	0.0368	0.1473	0.1981	0.3454	0.3844
08/08/16 to 07/09/16	0.1823	0.0365	0.1458	0.2004	0.3462	0.4272
08/09/16 to 07/10/16	0.2619	0.0524	0.2095	0.2079	0.4174	0.3926
08/10/16 to 07/11/16	0.1916	0.0383	0.1533	0.1816	0.3349	0.3675
08/11/16 to 07/12/16	0.1849	0.0370	0.1479	0.1403	0.2882	0.3650
08/12/16 to 07/01/17	0.2453	0.0491	0.1962	0.1863	0.3825	0.3978
08/01/17 to 07/02/17	0.1858	0.0372	0.1486	0.2008	0.3494	0.4492
08/02/17 to 07/03/17	0.2098	0.0420	0.1678	0.1543	0.3221	0.3651
<b>Total distributions in the period</b>					<b>4.3346</b>	<b>4.7144</b>

### Class Z – Accumulation shares†

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Net Revenue Accumulated 2016/2017	Net Revenue Accumulated 2015/2016
<b>Group 1</b>						
08/03/16 to 07/04/16	0.5304	0.1061	0.4243	–	0.4243	0.4082
08/04/16 to 07/05/16	0.4269	0.0854	0.3415	–	0.3415	0.4121
08/05/16 to 07/06/16	0.4495	0.0899	0.3596	–	0.3596	0.3739
08/06/16 to 07/07/16	0.5946	0.1189	0.4757	–	0.4757	0.3568
08/07/16 to 07/08/16	0.4508	0.0902	0.3606	–	0.3606	0.3831
08/08/16 to 07/09/16	0.4533	0.0907	0.3626	–	0.3626	0.4271
08/09/16 to 07/10/16	0.5484	0.1097	0.4387	–	0.4387	0.3942
08/10/16 to 07/11/16	0.4420	0.0884	0.3536	–	0.3536	0.3705
08/11/16 to 07/12/16	0.3815	0.0763	0.3052	–	0.3052	0.3690
08/12/16 to 07/01/17	0.5078	0.1016	0.4062	–	0.4062	0.4039
08/01/17 to 07/02/17	0.4655	0.0931	0.3724	–	0.3724	0.4578
08/02/17 to 07/03/17	0.4306	0.0861	0.3445	–	0.3445	0.3738
<b>Group 2</b>						
08/03/16 to 07/04/16	0.2193	0.0439	0.1754	0.2489	0.4243	0.4082
08/04/16 to 07/05/16	0.1963	0.0393	0.1570	0.1845	0.3415	0.4121
08/05/16 to 07/06/16	0.2256	0.0451	0.1805	0.1791	0.3596	0.3739
08/06/16 to 07/07/16	0.2705	0.0415	0.1660	0.3097	0.4757	0.3568
08/07/16 to 07/08/16	0.1705	0.0341	0.1364	0.2242	0.3606	0.3831
08/08/16 to 07/09/16	0.1895	0.0379	0.1516	0.2110	0.3626	0.4271
08/09/16 to 07/10/16	0.2723	0.0545	0.2178	0.2209	0.4387	0.3942
08/10/16 to 07/11/16	0.2215	0.0443	0.1772	0.1764	0.3536	0.3705
08/11/16 to 07/12/16	0.1938	0.0388	0.1550	0.1502	0.3052	0.3690
08/12/16 to 07/01/17	0.2869	0.0574	0.2295	0.1767	0.4062	0.4039
08/01/17 to 07/02/17	0.1498	0.0300	0.1198	0.2526	0.3724	0.4578
08/02/17 to 07/03/17	0.2485	0.0497	0.1988	0.1457	0.3445	0.3738
<b>Total distributions in the period</b>					<b>4.5449</b>	<b>4.7304</b>

### Class Z – Gross income shares

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/04/16	0.5027	–	0.5027	0.5000
08/04/16 to 07/05/16	0.4028	–	0.4028	0.5087
08/05/16 to 07/06/16	0.4229	–	0.4229	0.4602
08/06/16 to 07/07/16	0.5570	–	0.5570	0.4376
08/07/16 to 07/08/16	0.4205	–	0.4205	0.4680
08/08/16 to 07/09/16	0.4215	–	0.4215	0.5201
08/09/16 to 07/10/16	0.5082	–	0.5082	0.4780
08/10/16 to 07/11/16	0.4078	–	0.4078	0.4473
08/11/16 to 07/12/16	0.3510	–	0.3510	0.4442
08/12/16 to 07/01/17	0.4657	–	0.4657	0.4843
08/01/17 to 07/02/17	0.4253	–	0.4253	0.5469
08/02/17 to 07/03/17	0.3920	–	0.3920	0.4445
<b>Group 2</b>				
08/03/16 to 07/04/16	0.2305	0.2722	0.5027	0.5000
08/04/16 to 07/05/16	0.2317	0.1711	0.4028	0.5087
08/05/16 to 07/06/16	0.2460	0.1769	0.4229	0.4602
08/06/16 to 07/07/16	0.3020	0.2550	0.5570	0.4376
08/07/16 to 07/08/16	0.2516	0.1689	0.4205	0.4680
08/08/16 to 07/09/16	0.1593	0.2622	0.4215	0.5201
08/09/16 to 07/10/16	0.2548	0.2534	0.5082	0.4780
08/10/16 to 07/11/16	0.2190	0.1888	0.4078	0.4473
08/11/16 to 07/12/16	0.2022	0.1488	0.3510	0.4442
08/12/16 to 07/01/17	0.3163	0.1494	0.4657	0.4843
08/01/17 to 07/02/17	0.1911	0.2342	0.4253	0.5469
08/02/17 to 07/03/17	0.1737	0.2183	0.3920	0.4445
<b>Total distributions in the period</b>			<b>5.2774</b>	<b>5.7398</b>

### Class Z – Gross accumulation shares

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Gross Revenue Accumulated 2015/
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## Threadneedle High Yield Bond Fund

### DISTRIBUTION TABLE

(continued)

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Gross Revenue Accumulated 2015/2016
<b>Group 2</b>				
08/03/16 to 07/04/16	0.0461	0.6035	0.6496	0.6074
08/04/16 to 07/05/16	0.3873	0.1342	0.5215	0.6212
08/05/16 to 07/06/16	0.3076	0.2422	0.5498	0.5649
08/06/16 to 07/07/16	0.3843	0.3429	0.7272	0.5397
08/07/16 to 07/08/16	0.3011	0.2512	0.5523	0.5795
08/08/16 to 07/09/16	0.2414	0.3144	0.5558	0.6472
08/09/16 to 07/10/16	0.3110	0.3620	0.6730	0.5978
08/10/16 to 07/11/16	0.0914	0.4532	0.5446	0.5621
08/11/16 to 07/12/16	0.2461	0.2230	0.4691	0.5608
08/12/16 to 07/01/17	0.3659	0.2588	0.6247	0.6142
08/01/17 to 07/02/17	0.2613	0.3120	0.5733	0.6970
08/02/17 to 07/03/17	0.2986	0.2319	0.5305	0.5698
<b>Total distributions in the period</b>			<b>6.9714</b>	<b>7.1616</b>

Group 2: shares purchased during a distribution period.

\* For launch dates, refer to the footnotes after the comparative tables.

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.

<sup>1</sup> Distributions paid before 6 April 2017 have been paid net.



## Threadneedle High Yield Bond Fund

### Comparative Table Disclosure

	Class 1 – Income shares			Class 1 – Gross income shares <sup>§</sup>		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	40.74	44.03	44.51	40.77	44.07	44.56
Return before operating charges (p)	5.14	(0.21)	2.88	5.15	(0.22)	2.87
Operating charges (p)	(0.60)	(0.61)	(0.63)	(0.60)	(0.61)	(0.63)
Return after operating charges (p)*	4.54	(0.82)	2.25	4.55	(0.83)	2.24
Distributions (p)	(2.25)	(2.47)	(2.73)	(2.25)	(2.47)	(2.73)
Retained distributions on accumulation shares (p)**	–	–	–	–	–	–
Closing net asset value per share (p)	43.03	40.74	44.03	43.07	40.77	44.07
*after direct transaction costs of (p)	–	–	–	–	–	–
<b>Performance</b>						
Return after charges (%)	11.14	(1.86)	5.06	11.16	(1.88)	5.03
<b>Other information</b>						
Closing net asset value (£000)	98,876	109,826	204,931	80,287	76,259	86,903
Closing number of shares	229,782,665	269,609,794	465,419,759	186,402,890	187,026,959	197,179,647
Operating charges (%)***	1.42	1.42	1.42	1.42	1.42	1.42
Direct transaction costs (%)****	–	–	–	–	–	–
<b>Prices</b>						
Highest share price (p)	43.34	44.29	45.07	43.41	44.34	45.15
Lowest share price (p)	40.99	39.93	43.09	41.03	39.97	43.15
	Class 1 USD Hedged – Gross income shares <sup>§</sup>			Class 1 – Gross accumulation shares <sup>§</sup>		
	07/03/2017	07/03/2016	07/03/2015 <sup>†</sup>	07/03/2017	07/03/2016 <sup>‡</sup>	
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	64.74	65.43	62.00	97.60	100.00	
Return before operating charges (p)	20.05	3.89	5.72	12.58	(1.91)	
Operating charges (p)	(1.04)	(0.90)	(0.44)	(1.48)	(0.49)	
Return after operating charges (p)*	19.01	2.99	5.28	11.10	(2.40)	
Distributions (p)	(3.85)	(3.68)	(1.85)	(5.54)	(2.09)	
Retained distributions on accumulation shares (p)**	–	–	–	5.54	2.09	
Closing net asset value per share (p)	79.90	64.74	65.43	108.70	97.60	
*after direct transaction costs of (p)	–	–	–	–	–	
<b>Performance</b>						
Return after charges (%)	29.36	4.57	8.52	11.37	(2.40)	
<b>Other information</b>						
Closing net asset value (£000)	11,524	6,341	20	11	3	
Closing number of shares	14,422,966	9,795,302	30,628	10,133	3,000	
Operating charges (%)***	1.42	1.42	1.42 <sup>†</sup>	1.40	1.38 <sup>†</sup>	
Direct transaction costs (%)****	–	–	–	–	–	
<b>Prices</b>						
Highest share price (p)	80.58	68.38	66.17	109.13	100.87	
Lowest share price (p)	63.76	60.94	60.64	98.20	95.23	



## Threadneedle High Yield Bond Fund

### Comparative Table Disclosure

(continued)

	Class 2 – Income shares			Class 2 – Gross income shares <sup>§</sup>		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	58.27	62.67	63.04	50.16	53.93	54.25
Return before operating charges (p)	7.38	(0.32)	4.09	6.35	(0.25)	3.52
Operating charges (p)	(0.49)	(0.49)	(0.51)	(0.42)	(0.43)	(0.44)
Return after operating charges (p)*	6.89	(0.81)	3.58	5.93	(0.68)	3.08
Distributions (p)	(3.30)	(3.59)	(3.95)	(2.84)	(3.09)	(3.40)
Retained distributions on accumulation shares (p)**	–	–	–	–	–	–
Closing net asset value per share (p)	61.86	58.27	62.67	53.25	50.16	53.93
*after direct transaction costs of (p)	–	–	–	–	–	–
<b>Performance</b>						
Return after charges (%)	11.82	(1.29)	5.68	11.82	(1.26)	5.68
<b>Other information</b>						
Closing net asset value (£000)	45,702	53,549	53,817	10,445	11,919	21,023
Closing number of shares	73,881,942	91,903,094	85,874,237	19,616,410	23,763,705	38,981,871
Operating charges (%)***	0.81	0.81	0.81	0.81	0.81	0.82
Direct transaction costs (%)****	–	–	–	–	–	–
<b>Prices</b>						
Highest share price (p)	62.30	63.07	63.93	53.67	54.28	55.04
Lowest share price (p)	58.63	57.09	61.21	50.47	49.16	52.70
	Class 2 – Gross accumulation shares <sup>§</sup>			Class X – Gross income shares <sup>§</sup>		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	152.62	154.75	146.18	93.47	99.73	100.00
Return before operating charges (p)	19.76	(0.87)	9.79	11.89	(0.46)	3.51
Operating charges (p)	(1.34)	(1.26)	(1.22)	(0.06)	(0.06)	(0.04)
Return after operating charges (p)*	18.42	(2.13)	8.57	11.83	(0.52)	3.47
Distributions (p)	(8.87)	(9.11)	(9.42)	(5.32)	(5.74)	(3.74)
Retained distributions on accumulation shares (p)**	8.87	9.11	9.42	–	–	–
Closing net asset value per share (p)	171.04	152.62	154.75	99.98	93.47	99.73
*after direct transaction costs of (p)	–	–	–	–	–	–
<b>Performance</b>						
Return after charges (%)	12.07	(1.38)	5.86	12.66	(0.52)	3.47
<b>Other information</b>						
Closing net asset value (£000)	257,428	127,593	146,367	2,247	855	345
Closing number of shares	150,511,031	83,601,522	94,580,779	2,247,258	914,542	345,891
Operating charges (%)***	0.81	0.81	0.81	0.06	0.06	0.06 <sup>†</sup>
Direct transaction costs (%)****	–	–	–	–	–	–
<b>Prices</b>						
Highest share price (p)	171.71	157.50	155.44	100.77	100.46	100.60
Lowest share price (p)	153.59	148.87	146.44	94.06	91.55	97.16



## Threadneedle High Yield Bond Fund

### Comparative Table Disclosure

(continued)

	Class X – Gross accumulation shares <sup>§</sup>			Class Z – Income shares		
	07/03/2017 <sup>§</sup>			07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	100.00			96.93	104.09	104.55
Return before operating charges (p)	10.58			12.29	(0.53)	6.78
Operating charges (p)	(0.05)			(0.74)	(0.74)	(0.76)
Return after operating charges (p)*	10.53			11.55	(1.27)	6.02
Distributions (p)	(5.57)			(5.42)	(5.89)	(6.48)
Retained distributions on accumulation shares (p)**	5.57			–	–	–
Closing net asset value per share (p)	110.53			103.06	96.93	104.09
*after direct transaction costs of (p)	–			–	–	–
<b>Performance</b>						
Return after charges (%)	10.53			11.92	(1.22)	5.76
<b>Other information</b>						
Closing net asset value (£000)	50,716			306,168	290,098	237,673
Closing number of shares	45,883,921			297,084,126	299,294,681	228,335,301
Operating charges (%)***	0.05 <sup>†</sup>			0.73	0.73	0.73
Direct transaction costs (%)****	–			–	–	–
<b>Prices</b>						
Highest share price (p)	110.96			103.79	104.77	106.06
Lowest share price (p)	99.98			97.53	94.97	101.61

  

	Class Z – Accumulation shares			Class Z – Gross income shares <sup>§</sup>		
	07/03/2017	07/03/2016	07/03/2015 <sup>§</sup>	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	99.63	102.11	100.00	94.41	101.38	101.83
Return before operating charges (p)	12.84	(0.56)	3.05	11.97	(0.51)	6.58
Operating charges (p)	(0.78)	(0.74)	(0.35)	(0.72)	(0.72)	(0.73)
Return after operating charges (p)*	12.06	(1.30)	2.70	11.25	(1.23)	5.85
Distributions (p)	(5.68)	(5.91)	(2.95)	(5.28)	(5.74)	(6.30)
Retained distributions on accumulation shares (p)**	4.54	4.73	2.36	–	–	–
Closing net asset value per share (p)	110.55	99.63	102.11	100.38	94.41	101.38
*after direct transaction costs of (p)	–	–	–	–	–	–
<b>Performance</b>						
Return after charges (%)	12.10	(1.27)	2.70	11.92	(1.21)	5.74
<b>Other information</b>						
Closing net asset value (£000)	10,257	5,061	176	31,093	23,239	24,787
Closing number of shares	9,278,316	5,080,290	172,531	30,974,909	24,615,189	24,448,737
Operating charges (%)***	0.73	0.73	0.72 <sup>†</sup>	0.73	0.73	0.72
Direct transaction costs (%)****	–	–	–	–	–	–
<b>Prices</b>						
Highest share price (p)	110.99	103.28	102.57	101.17	102.06	103.36
Lowest share price (p)	100.25	97.25	97.72	95.00	92.52	99.00



## Threadneedle High Yield Bond Fund

### Comparative Table Disclosure

(continued)

	Class Z – Gross accumulation shares <sup>5</sup>		
	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>			
Opening net asset value per share (p)	121.59	123.19	116.30
Return before operating charges (p)	15.74	(0.70)	7.76
Operating charges (p)	(0.96)	(0.90)	(0.87)
Return after operating charges (p)*	14.78	(1.60)	6.89
Distributions (p)	(6.97)	(7.16)	(7.41)
Retained distributions on accumulation shares (p)**	6.97	7.16	7.41
Closing net asset value per share (p)	136.37	121.59	123.19
*after direct transaction costs of (p)	–	–	–
<b>Performance</b>			
Return after charges (%)	12.16	(1.30)	5.92
<b>Other information</b>			
Closing net asset value (£000)	29,696	8,866	5,306
Closing number of shares	21,775,631	7,291,629	4,307,489
Operating charges (%)***	0.73	0.73	0.73
Direct transaction costs (%)****	–	–	–
<b>Prices</b>			
Highest share price (p)	136.91	125.45	123.74
Lowest share price (p)	122.36	118.59	116.49

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.

\*\*Any difference between the distributions and the retained distributions on accumulation shares is due to the tax withheld.

\*\*\*The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit [columbiathreadneedle.com/fees](http://columbiathreadneedle.com/fees).

\*\*\*\*Transaction costs have not been reduced by any amounts collected from dilution levies/adjustments.

<sup>1</sup>Only available to eligible investors.

<sup>2</sup>Class 1 USD Hedged – Gross income shares commenced 11 September 2014.

<sup>3</sup>Class 1 – Gross accumulation shares commenced 28 October 2015.

<sup>4</sup>Class X – Gross income shares commenced 28 July 2014.

<sup>5</sup>Class X – Gross accumulation shares commenced 16 March 2016.

<sup>6</sup>Class Z – Accumulation shares commenced 11 September 2014.

<sup>7</sup>The Ongoing Charges Figure is annualised based on the fees incurred since commencement date.



# Threadneedle High Yield Bond Fund

## Notes to the financial statements

for the accounting period 8 March 2016 to 7 March 2017

### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 5 and 6.

### 2 NET CAPITAL GAINS/(LOSSES)

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

	2017 £000	2016 £000
Non-derivative securities	120,055	(14,906)
Derivative contracts	701	(1,764)
Forward currency contracts	(71,749)	(41,850)
Other gains	4,979	8,497
Transaction costs	(3)	(2)
Net capital gains/(losses)	53,983	(50,025)

### 3 REVENUE

	2017 £000	2016 £000
Interest on debt securities	45,196	44,544
Interest on short term investments	29	44
Derivative revenue	1,050	994
Bank interest	65	38
Total revenue	46,340	45,620

### 4 EXPENSES

	2017 £000	2016 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(6,761)	(6,567)
Registration fees	(798)	(789)
	(7,559)	(7,356)
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depositary's fees	(91)	(74)
Safe custody fees	(52)	(51)
	(143)	(125)
Other expenses:		
Regulatory fees	(4)	(5)
Audit fees	(16)	(19)
Professional fees	(2)	—
	(22)	(24)
Total expenses*	(7,724)	(7,505)

\*Including irrecoverable VAT where applicable.

### 5 INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £000	2016 £000
Interest payable	(42)	(20)
Total interest payable & similar charges	(42)	(20)

### 6 TAXATION

	2017 £000	2016 £000
<b>a) Analysis of charge in period</b>		
Total current tax (note 6b)	—	—
Total tax charge for the period	—	—
<b>b) Factors affecting taxation charge for period</b>		
Net revenue before taxation	38,574	38,095
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(7,715)	(7,619)
Effects of:		
Excess expenses	—	3,502
Distributions treated as tax deductible	7,715	4,118
Retail Distribution Review (RDR) conversion transfer from capital	—	(1)
Current tax charge for period (note 6a)	—	—

Interest distributions have been made in respect of all distributions during the period. Income tax at 20% on net share classes paid prior to 6 April 2017 will be accounted for on shareholders' behalf to HM Revenue & Customs.

### 7 DISTRIBUTIONS

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

	2017 £000	2016 £000
Interim	37,536	22,721
Final	8,267	21,846
	45,803	44,567
Add: Revenue deducted on the cancellation of shares	535	550
Deduct: Revenue received on the creation of shares	(1,003)	(453)
Net distribution for the period	45,335	44,664
Net revenue after taxation	38,574	38,095
Annual management charge to capital	6,761	6,567
Equalisation on conversion	—	3
Undistributed revenue carried forward	—	(1)
Total distributions	45,335	44,664

Details of the distribution per share are set out in the table on pages 209 to 212.

### 8 DEBTORS

	2017 £000	2016 £000
Amounts receivable for the issue of shares	1,820	12,574
Sales awaiting settlement	—	1,605
Accrued revenue	13,550	11,994
Total debtors	15,370	26,173

### 9 CASH AND BANK BALANCES

	2017 £000	2016 £000
Amounts held at futures clearing houses and brokers	9,372	—
Cash and bank balances	66,501	43,952
Total cash and bank balances	75,873	43,952

### 10 OTHER CREDITORS

	2017 £000	2016 £000
Amounts payable for the cancellation of shares	(6,507)	(9,902)
Purchases awaiting settlement	(6,082)	(1,081)
Accrued expenses	(37)	(27)
Amounts payable to ACD	(753)	(646)
Total other creditors	(13,379)	(11,656)

### 11 DILUTION ADJUSTMENT

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

### 12 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, as ACD, is a related party and acts as principal in respect of all transactions of shares in the fund.

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

Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 8 and 10.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 10.

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



## Threadneedle High Yield Bond Fund

### Notes to the financial statements

(continued)

#### 13 SHAREHOLDER FUNDS

Threadneedle High Yield Bond Fund currently has four share classes; Class 1, Class 2, Class X and Class Z shares. The charges on each share class are as follows:

##### Annual management charge

Class 1 shares	1.25%
Class 2 shares	0.75%
Class X shares	N/A*
Class Z shares	0.60%

##### Registration fees

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

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 213 to 216. The distribution per share class is given in the distribution table on pages 209 to 212.

All classes have the same rights on winding up.

\*X Shares are not subject to an Annual Management Charge.

##### Reconciliation of shares

	2017
<b>Class 1 – Income shares</b>	
Opening shares	269,609,794
Shares issued	7,531,885
Shares redeemed	(33,823,252)
Net conversions	(13,535,762)
Closing shares	229,782,665
<b>Class 1 – Gross income shares</b>	
Opening shares	187,026,959
Shares issued	26,443,150
Shares redeemed	(26,141,078)
Net conversions	(926,141)
Closing shares	186,402,890
<b>Class 1 USD Hedged – Gross income shares</b>	
Opening shares	9,795,302
Shares issued	5,081,592
Shares redeemed	(453,928)
Net conversions	–
Closing shares	14,422,966
<b>Class 1 – Gross accumulation shares</b>	
Opening shares	3,000
Shares issued	7,133
Shares redeemed	–
Net conversions	–
Closing shares	10,133
<b>Class 2 – Income shares</b>	
Opening shares	91,903,094
Shares issued	20,181,587
Shares redeemed	(20,163,201)
Net conversions	(18,039,538)
Closing shares	73,881,942
<b>Class 2 – Gross income shares</b>	
Opening shares	23,763,705
Shares issued	1,949,822
Shares redeemed	(3,465,021)
Net conversions	(2,632,096)
Closing shares	19,616,410
<b>Class 2 – Gross accumulation shares</b>	
Opening shares	83,601,522
Shares issued	166,927,211
Shares redeemed	(99,919,869)
Net conversions	(97,833)
Closing shares	150,511,031

2017

##### Class X – Gross income shares

Opening shares	914,542
Shares issued	1,717,733
Shares redeemed	(385,017)
Net conversions	–
Closing shares	2,247,258

##### Class X - Gross accumulation shares\*

Opening shares	–
Shares issued	45,883,921
Shares redeemed	–
Net conversions	–
Closing shares	45,883,921

##### Class Z – Income shares

Opening shares	299,294,681
Shares issued	26,167,153
Shares redeemed	(44,700,548)
Net conversions	16,322,840
Closing shares	297,084,126

##### Class Z – Accumulation shares

Opening shares	5,080,290
Shares issued	6,323,254
Shares redeemed	(2,196,614)
Net conversions	71,386
Closing shares	9,278,316

##### Class Z – Gross income shares

Opening shares	24,615,189
Shares issued	7,688,626
Shares redeemed	(3,253,368)
Net conversions	1,924,462
Closing shares	30,974,909

##### Class Z – Gross accumulation shares

Opening shares	7,291,629
Shares issued	15,997,734
Shares redeemed	(1,637,642)
Net conversions	123,910
Closing shares	21,775,631

\*For launch dates, refer to the footnotes after the comparative tables.

#### 14 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 6.

##### Market price risk sensitivity

A 1.00% interest rate movement applied to the fixed income proportion of the fund would result in an increase or decrease on the net asset value of the fund by 2.80% (2016: 3.40%).

##### Currency exposures

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

	Monetary exposures	Non-monetary exposures	Total
	£000	£000	£000
<b>Currency 2017</b>			
Euro	9,729	(9,414)	315
Swiss Franc	233	(210)	23
US Dollar	5,928	5,476	11,404
<b>Currency 2016</b>			
Euro	20,853	(18,710)	2,143
Swiss Franc	1,222	(1,186)	36
US Dollar	10,635	(4,230)	6,405



## Threadneedle High Yield Bond Fund

### Notes to the financial statements

(continued)

#### Currency sensitivity

As the fund has no material currency exposure, no sensitivity analysis has been shown (2016: same).

#### Credit/Counterparty exposure

The following details exposure to counterparties obtained through the use of derivatives:

	Credit Default Swaps Exposure	Forward Foreign Exchange Contracts Exposure	Collateral Pledged
2017	£000	£000	£000
<b>Counterparty</b>			
Barclays	2,918	—	—
BNP Paribas	133	—	—
Citigroup	—	—	3,120
Goldman Sachs	740	—	—
J.P. Morgan	—	—	3,120
UBS	—	—	3,132
2016	£000	£000	£000
<b>Counterparty</b>			
Bank of Scotland	—	23	—
BNP Paribas	140	—	—
Goldman Sachs	637	41	—
HSBC	—	57	—

The fund held £4,610,000 (2016: £2,550,000) of collateral received from the fund's counterparties. The collateral held was in the form of cash. Collateral received is not owned by the fund and therefore is not included in the fund's cash balance. Positive exposure represents the fund's exposure to that counterparty and not the fund's holdings with that counterparty.

#### Analysis of investments by credit ratings

	2017		2016	
	Value £000	% of Investment	Value £000	% of Investment
A-	5,255	0.61	—	—
BBB+	4,593	0.53	—	—
BBB	13,778	1.60	8,576	1.30
Baa2	3,945	0.46	3,713	0.56
BBB-	13,764	1.60	4,915	0.75
BB+	229,753	26.72	110,832	16.81
Ba1	—	—	21,902	3.32
BB	130,377	15.16	85,255	12.93
Ba2	7,113	0.83	3,451	0.52
Ba2e	—	—	1,078	0.16
BB-	135,562	15.76	98,245	14.90
B+	59,742	6.95	83,121	12.61
B1	5,282	0.61	4,923	0.75
B	144,484	16.80	110,918	16.83
Ba3	2,728	0.32	5,928	0.90
B2	4,421	0.51	10,288	1.56
B2u	2,374	0.28	—	—
B-	48,085	5.59	38,113	5.78
B3u	—	—	2,168	0.33
CCC+	31,840	3.70	27,217	4.13
Caa1	—	—	585	0.09
CCC	842	0.10	—	—
Caa2	—	—	4,186	0.63
CCC-	1,034	0.12	1,418	0.22
Ca	4,034	0.47	6,906	1.05
Not Rated	22,024	2.56	25,407	3.85
Derivatives	(11,025)	(1.28)	151	0.02
	860,005	100.00	659,296	100.00

The derivative positions do not have a significant impact on the risk profile.

#### Interest rate risk

The fund's floating rate investments earn interest which is variable, based on LIBOR or its overseas equivalent.

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

#### Interest rate risk profile of financial assets and financial liabilities

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

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
Currency 2017	£000	£000	£000	£000
Euro	109,251	508,937	12,458	630,646
Swiss Franc	105	6,897	128	7,130
UK Sterling	102,094	159,220	683,415	944,729
US Dollar	13,981	46,418	12,253	72,652
Currency 2016	£000	£000	£000	£000
Euro	70,158	388,164	9,886	468,208
Swiss Franc	1,118	4,931	104	6,153
UK Sterling	48,956	132,440	545,607	727,003
US Dollar	14,664	42,666	8,757	66,087
	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
Currency 2017	£000	£000	£000	£000
Euro	—	—	(630,331)	(630,331)
Swiss Franc	—	—	(7,107)	(7,107)
UK Sterling	(1)	—	(22,020)	(22,021)
US Dollar	—	—	(61,248)	(61,248)
Currency 2016	£000	£000	£000	£000
Euro	—	—	(466,065)	(466,065)
Swiss Franc	—	—	(6,117)	(6,117)
UK Sterling	—	—	(21,978)	(21,978)
US Dollar	—	—	(59,682)	(59,682)

#### Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances (2016: same).

#### Derivative risks

Non interest-bearing assets relate to credit default swaps and forward foreign exchange contracts. Derivatives including credit default swaps and forward foreign exchange contracts are employed when they are the cheapest and most efficient method of gaining exposure. This increases the risk profile of the fund and may result in a higher degree of volatility. All open positions are regularly reviewed by the fund manager. The fund has entered into various credit default swaps and forward foreign exchange contracts during this accounting period. Such contracts commit the fund to future deliveries or receipts, typically three months forward, of assets and liabilities, at prices decided at the point of striking the contract. They therefore allow the fund manager to limit risk, or to enhance fund performance in return for the acceptance of greater risk.

At 7 March 2017, the fund had outstanding credit default swaps and forward foreign exchange contracts with an asset value of £4,039,000 (2016: £992,000) and a liability value of £15,064,000 (2016: £841,000).

### 15 FAIR VALUE DISCLOSURE

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

**Level 1** – Quoted prices for identical instruments in active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.



## Threadneedle High Yield Bond Fund

### Notes to the financial statements

(continued)

**Level 2** – Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investments schemes.

**Level 3** – Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

	2017		2016	
Valuation technique	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 2	873,712	(15,064)	652,442	(841)
Level 3	1,357	–	7,695	–
	875,069	(15,064)	660,137	(841)

These costs can be classified as either direct or indirect transaction costs:

**Direct transaction costs:** Broker commissions, fees and taxes.

**Indirect transaction costs:** 'Dealing spread' – the difference between the buying and selling prices of the fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.82% (7 March 2016: 1.23%), being the difference between the respective bid and offer prices for the fund's investments.

### 18 SECURITIES FINANCING TRANSACTIONS REGULATION

Additional disclosures are required where the fund invests in securities financing transactions (SFTs). For the year ended 7 March 2017 the fund has not invested in SFTs and will not be making additional disclosures.

### 16 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2016: Nil).

### 17 PORTFOLIO TRANSACTION COSTS

#### 7 March 2017

	Value £000	Commissions £000	%	Taxes £000	%
<b>Purchases</b>					
Bonds	404,305	–	–	–	–
<b>Total</b>	<b>404,305</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

**Gross purchases total:** **404,305**

	Value £000	Commissions £000	%	Taxes £000	%
<b>Sales</b>					
Bonds	303,892	–	–	–	–
Corporate actions	8,113	–	–	–	–
<b>Total</b>	<b>312,005</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

**Total sales net of transaction costs:** **312,005**

#### Transaction costs as a percentage of average Net Assets

Commissions:	0.00%
Taxes:	0.00%

#### 7 March 2016

	Value £000	Commissions £000	%	Taxes £000	%
<b>Purchases</b>					
Bonds	254,932	–	–	–	–
<b>Total</b>	<b>254,932</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

**Gross purchases total:** **254,932**

	Value £000	Commissions £000	%	Taxes £000	%
<b>Sales</b>					
Bonds	333,901	–	–	–	–
Corporate actions	3,694	–	–	–	–
<b>Total</b>	<b>337,595</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

**Total sales net of transaction costs:** **337,595**

#### Transaction costs as a percentage of average Net Assets

Commissions:	0.00%
Taxes:	0.00%

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

Portfolio transaction costs are incurred by the fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution.



## Threadneedle Global Select Fund

### Investment Report

#### Investment Objective

To achieve above average capital growth.

#### Investment Policy

The ACD's investment policy is to invest the assets of the Fund primarily in equities issued by companies worldwide. The portfolio may be concentrated geographically or with respect to stock and sector positions, which may lead to increased levels of volatility. If the ACD considers it desirable, it may further invest in other securities (including fixed interest securities, other equities and money market securities).

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

Over the twelve months to 7 March 2017, the published share price of the Threadneedle Global Select Fund has risen from 148.13p to 194.26p.

Looking at the sterling performance within its peer group, the total return on the fund for the twelve months ending 28 February 2017, including net reinvested income, is +29.58% as compared to a median return of +31.25% over the same period. For information the MSCI AC World Free Index returned +37.47% over the same period.

#### Market Overview and Portfolio Activity

Global markets made solid gains during the year. Despite volatility prompted by concerns over China's economy and the UK's Brexit vote, global equities gained on the back of recovering oil prices and ongoing monetary stimulus. The election of Donald Trump in November sparked a late-year rally, amid expectations of lower taxes, laxer regulation and increased spending.

In the US, robust employment data in the third and fourth quarters heightened expectations for a rate hike – which was duly delivered

in December, when the US Federal Reserve raised interest rates by 25 basis points. Markets consistently hit record highs in early 2017 amid expectations that the new Trump administration would implement policies to spur growth.

Central bank activity also came to the fore in the eurozone. After initially boosting stimulus, the European Central Bank held fire in the wake of the Brexit vote, before, late in the year, extending its bond-buying scheme until at least December 2017. As the new year progressed, economic markers were increasingly encouraging but investors worried about the impact of possible populist victories in elections across the continent.

In the UK, market sentiment initially shifted in line with forecasts for the Brexit vote. Although the result initially prompted a large-scale sell-off, markets quickly bounced back as fears about the global impact of Brexit eased. Data releases since the referendum suggest the economy has been far more resilient than expected.

Japan battled to boost inflation and weaken the yen throughout the year, with mixed results. Emerging markets made strong gains over the year, despite the prospect, then reality, of rising interest rates in the US. Trump's rhetoric on trade prompted concern among some key US trading partners, notably Mexico and China.

Key activity included initiating new positions in US financial companies Goldman Sachs, Bank of America and Charles Schwab in the latter part of the period, increasing our exposure to stocks set to benefit from rising interest rates. Goldman Sachs stands to benefit from increased capital market activity and Bank of America and Charles Schwab should see improvements in net interest margins. We also built up a holding in gaming business Activision Blizzard. On the back of healthy sales of its flagship titles, the company recently reported record revenues for the fourth quarter.

CRH, one of the world's leading diversified building-materials businesses, was another new addition. CRH stands to benefit from cost synergies from the integration of some recent acquisitions as well as structural growth drivers in the market.

Deutsche Telekom was added to the portfolio. The telecoms giant looks set to benefit from continued market share gains in the US and a recovery in the domestic mobile sector. Elsewhere, weakness in the share price of BB&T offered a good entry point into this well-managed banking franchise, which is set for high growth due to its geographic footprint.

Among key sales, we exited ASML Holding following a strong run of performance, and UPS over concerns about its ability to deliver sustainable returns. We also exited Priceline following a strong rally, which took the stock to our price target.

Political uncertainty, rising populism and policy divergence dominated markets in 2016, and we expect a similar situation in the year ahead. Interest rates have already moved away from emergency settings in the US and are likely to rise further in 2017, but monetary policy in Europe and Japan will probably remain accommodative. Sharp changes in politics, including Brexit, and the potential for a rise in populism suggest that a loose monetary stance is likely to remain a common theme in Europe this year.

Against this backdrop, we continue our focus on quality growth, seeking competitively advantaged businesses exposed to a secular growth story or ones that can deliver company-led growth. While themes of technology and changing demographics continue through our investments, we have been adding to high-quality cyclicals (companies whose earnings rise and fall with changes in economic conditions) with the potential to benefit from a Trump presidency.

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2016 to 7 March 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains	2	292,751	13,624
Revenue	3	18,354	12,673
Expenses	4	(13,950)	(12,074)
Interest payable and similar charges	5	(3)	(2)
Net revenue before taxation		4,401	597
Taxation	6	(1,796)	(1,351)
Net revenue/(expense) after taxation		2,605	(754)
<b>Total return before distributions</b>		<b>295,356</b>	<b>12,870</b>
Distributions	7	(3,449)	(1,169)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>291,907</b>	<b>11,701</b>

### BALANCE SHEET

as at 7 March 2017

	Notes	2017 £000	2016 £000
<b>Assets:</b>			
<b>Fixed assets:</b>			
Investments		1,129,913	1,007,453
<b>Current assets:</b>			
Debtors	8	4,302	11,643
Cash and bank balances		13,711	263
<b>Total assets</b>		<b>1,147,926</b>	<b>1,019,359</b>
<b>Liabilities:</b>			
<b>Investment liabilities</b>		(1)	–
<b>Creditors:</b>			
Bank overdrafts		–	(2,178)
Distribution payable		(5)	(2)
Other creditors	9	(3,622)	(3,807)
<b>Total liabilities</b>		<b>(3,628)</b>	<b>(5,987)</b>
<b>Net assets attributable to shareholders</b>		<b>1,144,298</b>	<b>1,013,372</b>

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

for the accounting period 8 March 2016 to 7 March 2017

	2017 £000	2016 £000
<b>Opening net assets attributable to shareholders</b>	<b>1,013,372</b>	<b>863,279</b>
Amounts receivable on the issue of shares	385,768	131,457
Amounts payable on the cancellation of shares	(551,958)	(214,274)
Amounts receivable on inspecie transfers	–	219,998
	(166,190)	137,181
Dilution adjustment	315	44
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	291,907	11,701
Retained distribution on accumulation shares	4,894	1,167
<b>Closing net assets attributable to shareholders</b>	<b>1,144,298</b>	<b>1,013,372</b>

### DISTRIBUTION TABLE

for the accounting period 8 March 2016 to 7 March 2017

Dividend distribution in pence per share

#### Class 1 – Accumulation shares

There is no distribution for the accounting period 8 March 2016 to 7 March 2017, as expenses exceed revenue (2016: Nil).

#### Class 2 – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b> 08/03/16 to 07/03/17	1.1027	–	1.1027	0.1265
<b>Group 2</b> 08/03/16 to 07/03/17	0.2703	0.8324	1.1027	0.1265
<b>Total distributions in the period</b>			<b>1.1027</b>	<b>0.1265</b>

#### Class X – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b> 08/03/16 to 07/03/17	1.8442	–	1.8442	1.3272
<b>Group 2</b> 08/03/16 to 07/03/17	0.2295	1.6147	1.8442	1.3272
<b>Total distributions in the period</b>			<b>1.8442</b>	<b>1.3272</b>

\*In pound Sterling and against UK peer group.



## Threadneedle Global Select Fund

### DISTRIBUTION TABLE

(continued)

#### Class Z – Income shares

Distribution Period	Revenue	Equalisation	Distribution Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	0.8763	–	0.8763	0.3391
<b>Group 2</b>				
08/03/16 to 07/03/17	0.4228	0.4535	0.8763	0.3391
<b>Total distributions in the period</b>			<b>0.8763</b>	<b>0.3391</b>

#### Class Z – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/03/17	1.0959	–	1.0959	0.7202
<b>Group 2</b>				
08/03/16 to 07/03/17	0.4352	0.6607	1.0959	0.7202
<b>Total distributions in the period</b>			<b>1.0959</b>	<b>0.7202</b>

Group 2: shares purchased during a distribution period.

Equalisation was introduced with effect from 8 March 2016.

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.



## Threadneedle Global Select Fund

### Comparative Table Disclosure

	Class 1 – Accumulation shares			Class 2 – Accumulation shares		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	148.08	146.51	127.70	209.89	206.40	178.86
Return before operating charges (p)	48.98	3.98	21.00	69.59	5.65	29.48
Operating charges (p)	(2.84)	(2.41)	(2.19)	(2.53)	(2.16)	(1.94)
Return after operating charges (p)*	46.14	1.57	18.81	67.06	3.49	27.54
Distributions (p)	–	–	–	(1.10)	(0.13)	(0.45)
Retained distributions on accumulation shares (p)	–	–	–	1.10	0.13	0.45
Closing net asset value per share (p)	194.22	148.08	146.51	276.95	209.89	206.40
*after direct transaction costs of (p)	0.21	0.13	0.23	0.29	0.19	0.32
<b>Performance</b>						
Return after charges (%)	31.16	1.07	14.73	31.95	1.69	15.40
<b>Other information</b>						
Closing net asset value (£000)	591,007	492,951	532,710	110,659	315,239	113,514
Closing number of shares	304,300,372	332,895,484	363,593,904	39,955,964	150,193,486	54,997,988
Operating charges (%)**	1.67	1.67	1.67	1.06	1.06	1.05
Direct transaction costs (%)***	0.12	0.09	0.17	0.12	0.09	0.17
<b>Prices</b>						
Highest share price (p)	194.26	154.26	146.57	277.03	217.44	206.54
Lowest share price (p)	146.09	131.85	121.09	207.07	186.81	169.71
	Class X – Accumulation shares			Class Z – Income shares		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	107.66	104.40	89.86	120.47	118.59	100.00
Return before operating charges (p)	35.93	3.28	14.59	40.02	3.25	19.94
Operating charges (p)	(0.07)	(0.02)	(0.05)	(1.22)	(1.03)	(0.92)
Return after operating charges (p)*	35.86	3.26	14.54	38.80	2.22	19.02
Distributions (p)	(1.84)	(1.33)	(967.06)	(0.88)	(0.34)	(0.43)
Retained distributions on accumulation shares (p)	1.84	1.33	967.06	–	–	–
Closing net asset value per share (p)	143.52	107.66	104.40	158.39	120.47	118.59
*after direct transaction costs of (p)	0.17	0.10	0.15	0.17	0.11	0.18
<b>Performance</b>						
Return after charges (%)	33.31	3.12	16.18	32.21	1.87	19.02
<b>Other information</b>						
Closing net asset value (£000)	275,415	3	3	974	731	22
Closing number of shares	191,896,369	3,001	3,001	615,028	606,535	18,330
Operating charges (%)**	0.05	0.02	0.06	0.88	0.88	0.88
Direct transaction costs (%)***	0.12	0.09	0.17	0.12	0.09	0.17
<b>Prices</b>						
Highest share price (p)	143.56	110.50	104.82	159.30	124.96	119.07
Lowest share price (p)	106.22	95.40	85.35	118.89	107.50	97.68



## Threadneedle Global Select Fund

### Comparative Table Disclosure

(continued)

	Class Z – Accumulation shares		
	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>			
Opening net asset value per share (p)	150.71	147.94	127.94
Return before operating charges (p)	50.03	4.06	21.16
Operating charges (p)	(1.51)	(1.29)	(1.16)
Return after operating charges (p)*	48.52	2.77	20.00
Distributions (p)	(1.10)	(0.72)	(0.75)
Retained distributions on accumulation shares (p)	1.10	0.72	0.75
Closing net asset value per share (p)	199.23	150.71	147.94
*after direct transaction costs of (p)	0.21	0.13	0.23
<b>Performance</b>			
Return after charges (%)	32.19	1.87	15.63
<b>Other information</b>			
Closing net asset value (£000)	166,243	204,448	217,030
Closing number of shares	83,441,919	135,656,944	146,700,906
Operating charges (%)**	0.88	0.88	0.88
Direct transaction costs (%)***	0.12	0.09	0.17
<b>Prices</b>			
Highest share price (p)	199.28	155.88	147.99
Lowest share price (p)	148.69	134.10	121.41

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.

\*\*The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit [columbiathreadneedle.com/fees](http://columbiathreadneedle.com/fees).

\*\*\*Transaction costs have not been reduced by any amounts collected from dilution levies/adjustments.

<sup>1</sup>Class Z – Income shares commenced 27 March 2014.

<sup>1</sup>The Ongoing Charges Figure is annualised based on the fees incurred since commencement date.



# Threadneedle Global Select Fund

## Notes to the financial statements

for the accounting period 8 March 2016 to 7 March 2017

### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 5 and 6.

### 2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2017 £000	2016 £000
Non-derivative securities	291,930	12,809
Forward currency contracts	(366)	86
Other gains	1,189	731
Transaction costs	(2)	(2)
Net capital gains	292,751	13,624

### 3 REVENUE

	2017 £000	2016 £000
UK dividends	1,574	1,365
Overseas dividends	16,738	11,284
Interest on short term investments	16	11
Bank interest	26	13
Total revenue	18,354	12,673

### 4 EXPENSES

	2017 £000	2016 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(12,609)	(10,869)
Registration fees	(1,140)	(1,047)
	(13,749)	(11,916)
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depositary's fees	(115)	(86)
Safe custody fees	(63)	(53)
	(178)	(139)
Other expenses:		
Regulatory fees	(5)	(10)
Audit fees	(8)	(9)
Audit fees – non-audit services	(4)	–
Professional fees	(6)	–
	(23)	(19)
Total expenses*	(13,950)	(12,074)

\*Including irrecoverable VAT where applicable.

### 5 INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £000	2016 £000
Interest	(3)	(2)
Total interest payable & similar charges	(3)	(2)

### 6 TAXATION

	2017 £000	2016 £000
<b>a) Analysis of charge in period</b>		
Overseas taxes	(1,796)	(1,351)
Total current tax (note 6b)	(1,796)	(1,351)
Total tax charge for the period	(1,796)	(1,351)
<b>b) Factors affecting taxation charge for period</b>		
Net revenue before taxation	4,401	597
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(880)	(119)

Effects of:

Revenue not subject to taxation	3,475	2,429
Overseas taxes	(1,796)	(1,351)
Overseas tax expensed	22	–
Excess expenses	(2,615)	(2,291)
Retail Distribution Review (RDR) conversion transfer from capital	(2)	(19)
Current tax charge for period (note 6a)	(1,796)	(1,351)

The fund has not recognised a deferred tax asset of £17,655,116 (2016: £15,059,320) arising as a result of having unutilised management expenses. The movement in deferred tax asset may not agree to the excess expenses figure quoted above due to prior year adjustments. It is unlikely that these expenses will be utilised in future years.

### 7 DISTRIBUTIONS

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

	2017 £000	2016 £000
Final	4,899	1,169
	4,899	1,169
Add: Revenue deducted on the cancellation of shares*	1,980	–
Deduct: Revenue received on the creation of shares*	(3,430)	–
Net distribution for the period	3,449	1,169
Net revenue/(expense) after taxation	2,605	(754)
Equalisation on conversion	10	96
Shortfall transfer from capital to revenue	834	1,827
Total distributions	3,449	1,169

Details of the distribution per share and any share class with a shortfall are set out in the table on pages 221 to 222.

\*Equalisation was introduced with effect from 8 March 2016.

### 8 DEBTORS

	2017 £000	2016 £000
Amounts receivable for the issue of shares	2,917	3,053
Sales awaiting settlement	–	7,327
Accrued revenue	914	972
Foreign withholding tax recoverable*	471	291
Total debtors	4,302	11,643

\*As per a Memorandum of Understanding ("MOU") between the governments of Switzerland and the U.K., a U.K. OEIC is entitled to reclaim Swiss withholding tax ("WHT") that is suffered on dividend income payments. However since October 2016 the Swiss Tax Authority (STA) have requested additional information to support these reclaims and, whilst the Fund continues to be eligible, our claims have not currently been accepted as we have not currently been able to satisfy the detailed information requested due largely to data protection issues. As at 7 March 2017 within foreign withholding tax recoverable we continue to accrue for the refunds which amount to £96,402 which represents 0.01% of the overall NAV. We are monitoring the situation with the STA and should our view on recovery change, for example, if claims are formally rejected, the accruals may be written off.

### 9 OTHER CREDITORS

	2017 £000	2016 £000
Amounts payable for the cancellation of shares	(2,430)	(2,539)
Accrued expenses	(36)	(27)
Amounts payable to ACD	(1,156)	(1,241)
Total other creditors	(3,622)	(3,807)

### 10 DILUTION ADJUSTMENT

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



## Threadneedle Global Select Fund

### Notes to the financial statements

(continued)

#### 11 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, as ACD, is a related party and acts as principal in respect of all transactions of shares in the fund.

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

Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 8 and 9.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 9.

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

#### 12 SHAREHOLDER FUNDS

Threadneedle Global Select Fund currently has four share classes; Class 1, Class 2, Class X and Class Z shares. The charges on each share class are as follows:

##### Annual management charge

Class 1 shares	1.50%
Class 2 shares	1.00%
Class X shares	N/A*
Class Z shares	0.75%

##### Registration fees

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

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 223 to 224. The distribution per share class is given in the distribution table on pages 221 to 222.

All classes have the same rights on winding up.

\*X Shares are not subject to an Annual Management Charge.

##### Reconciliation of shares

	2017
<b>Class 1 – Accumulation shares</b>	
Opening shares	332,895,484
Shares issued	23,012,554
Shares redeemed	(48,188,052)
Net conversions	(3,419,614)
Closing shares	304,300,372
<b>Class 2 – Accumulation shares</b>	
Opening shares	150,193,486
Shares issued	32,646,977
Shares redeemed	(142,824,924)
Net conversions	(59,575)
Closing shares	39,955,964
<b>Class X – Accumulation shares</b>	
Opening shares	3,001
Shares issued	191,984,679
Shares redeemed	(91,311)
Net conversions	–
Closing shares	191,896,369
<b>Class Z – Income shares</b>	
Opening shares	606,535
Shares issued	104,866
Shares redeemed	(121,109)
Net conversions	24,736
Closing shares	615,028
<b>Class Z – Accumulation shares</b>	
Opening shares	135,656,944
Shares issued	6,928,722
Shares redeemed	(62,560,670)
Net conversions	3,416,923
Closing shares	83,441,919

#### 13 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 6.

##### Market price risk sensitivity

A 5% market movement applied to the fund would result in an increase or decrease on net asset value of the fund by 5.32% (2016: 5.31%).

##### Currency exposures

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

	Monetary exposures	Non-monetary exposures	Total
	£000	£000	£000
<b>Currency 2017</b>			
Brazilian Real	–	5,046	5,046
Canadian Dollar	105	–	105
Danish Krone	103	11,197	11,300
Euro	266	121,374	121,640
Hong Kong Dollar	–	69,341	69,341
Indian Rupee	–	17,912	17,912
Indonesian Rupiah	–	20,116	20,116
Japanese Yen	–	62,271	62,271
Singapore Dollar	1	–	1
Swiss Franc	411	29,944	30,355
Taiwan Dollar	76	–	76
US Dollar	13,816	733,393	747,209
<b>Currency 2016</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Brazilian Real	–	4,017	4,017
Danish Krone	26	22,490	22,516
Euro	176	117,726	117,902
Hong Kong Dollar	1	47,095	47,096
Indian Rupee	–	14,353	14,353
Indonesian Rupiah	–	12,405	12,405
Japanese Yen	–	64,208	64,208
Mexican Peso	–	12,767	12,767
Singapore Dollar	1	–	1
Swiss Franc	53	23,514	23,567
Taiwan Dollar	37	–	37
US Dollar	6,196	626,276	632,472

##### Currency sensitivity analysis

The fund has a material exposure to the following currencies. The table shows how the fund value will increase or decrease based on the movement in the currency (equivalent to the currency movement in the year).

	Currency movement	Fund movement
	%	%
<b>Currency 2017</b>		
Euro	10.88	1.20
US Dollar	14.20	9.23
	Currency movement	Fund movement
	%	%
<b>Currency 2016</b>		
Euro	6.74	0.78
US Dollar	5.70	3.56

##### Credit/Counterparty exposure

As at the balance sheet date there is no derivative exposure or collateral to disclose.

	Forward Foreign Exchange Contracts Exposure
	£000
<b>2016 Counterparty</b>	
Bank of Scotland	1
RBC	2

The fund did not hold any collateral received from the fund's counterparties in either the current or prior year.

Positive exposure represents the fund's exposure to that counterparty and not the fund's holdings with that counterparty.

##### Interest rate risk

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



## Threadneedle Global Select Fund

### Notes to the financial statements

(continued)

#### Interest rate risk profile of financial assets and financial liabilities

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

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
	£000	£000	£000	£000
<b>Currency 2017</b>				
Brazilian Real	—	—	5,046	5,046
Canadian Dollar	—	—	105	105
Danish Krone	—	—	11,300	11,300
Euro	1	—	121,639	121,640
Hong Kong Dollar	—	—	69,341	69,341
Indian Rupee	—	—	17,912	17,912
Indonesian Rupiah	—	—	20,116	20,116
Japanese Yen	—	—	62,271	62,271
Singapore Dollar	1	—	—	1
Swiss Franc	315	—	30,040	30,355
Taiwan Dollar	79	—	—	79
UK Sterling	129	—	62,422	62,551
US Dollar	13,186	—	734,129	747,315
<b>Currency 2016</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Australian Dollar	—	—	7,326	7,326
Brazilian Real	—	—	4,017	4,017
Danish Krone	—	—	22,516	22,516
Euro	10	—	117,892	117,902
Hong Kong Dollar	1	—	47,095	47,096
Indian Rupee	—	—	14,353	14,353
Indonesian Rupiah	—	—	12,405	12,405
Japanese Yen	—	—	64,208	64,208
Mexican Peso	—	—	12,767	12,767
Singapore Dollar	1	—	—	1
Swiss Franc	—	—	23,567	23,567
Taiwan Dollar	39	—	—	39
UK Sterling	239	—	65,970	66,209
US Dollar	—	—	635,175	635,175
	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
	£000	£000	£000	£000
<b>Currency 2017</b>				
Taiwan Dollar	—	—	(3)	(3)
UK Sterling	—	—	(3,625)	(3,625)
US Dollar	—	—	(106)	(106)
<b>Currency 2016</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Australian Dollar	—	—	(7,326)	(7,326)
Taiwan Dollar	—	—	(2)	(2)
UK Sterling	—	—	(4,178)	(4,178)
US Dollar	(2,178)	—	(525)	(2,703)

#### Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances (2016: same).

#### Derivative risks

Other than equities which do not have maturity dates, non interest-bearing assets relate to forward foreign exchange contracts. Derivatives including forward foreign exchange contracts are employed when they are the cheapest and most efficient method of gaining exposure. This increases the risk profile of the fund and may result in a higher degree of volatility. All open positions are regularly reviewed by the fund manager. The fund has entered into various forward foreign exchange contracts during this accounting period. Such contracts commit the fund to future deliveries or receipts, typically three months forward, of assets and liabilities, at prices decided at the point of striking the contract. They therefore allow the fund manager to limit risk, or to enhance fund performance in return for the acceptance of greater risk.

At 7 March 2017, the fund had outstanding forward foreign exchange contracts with an asset value of £Nil (2016: £3,000) and a liability value of £1,000 (2016: £Nil).

#### 14 FAIR VALUE DISCLOSURE

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

**Level 1** – Quoted prices for identical instruments in active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

**Level 2** – Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investments schemes.

**Level 3** – Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

	2017		2016	
	Assets	Liabilities	Assets	Liabilities
	£000	£000	£000	£000
Valuation technique				
Level 1	1,129,913	—	1,007,450	—
Level 2	—	(1)	3	—
	1,129,913	(1)	1,007,453	—

#### 15 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2016: Nil).

#### 16 PORTFOLIO TRANSACTION COSTS

##### 7 March 2017

	Value £000	Commissions £000	%	Taxes £000	%
<b>Purchases</b>					
Equities	397,331	463	0.12	342	0.09
<b>Total</b>	<b>397,331</b>	<b>463</b>		<b>342</b>	

##### Gross purchases total:

	Value £000	Commissions £000	%	Taxes £000	%
<b>Sales</b>					
Equities	567,858	484	0.09	21	0.00
<b>Total</b>	<b>567,858</b>	<b>484</b>		<b>21</b>	

##### Total sales net of transaction costs:

##### Transaction costs as a percentage of average Net Assets

Commissions:	0.09%
Taxes:	0.03%

##### 7 March 2016

	Value £000	Commissions £000	%	Taxes £000	%
<b>Purchases</b>					
Equities	302,007	325	0.11	85	0.03
In specie transactions	211,389	—	—	—	—
<b>Total</b>	<b>513,396</b>	<b>325</b>		<b>85</b>	

##### Gross purchases total:

	Value £000	Commissions £000	%	Taxes £000	%
<b>Sales</b>					
Equities	379,302	370	0.01	28	0.00
Corporate actions	1,530	—	—	—	—
<b>Total</b>	<b>380,832</b>	<b>370</b>		<b>28</b>	

##### Total sales net of transaction costs:

##### Transaction costs as a percentage of average Net Assets

Commissions:	0.08%
Taxes:	0.01%

Portfolio transaction costs are incurred by the fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

**Direct transaction costs:** Broker commissions, fees and taxes.

**Indirect transaction costs:** 'Dealing spread' – the difference between the buying and selling prices of the fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.05% (7 March 2016: 0.07%), being the difference between the respective bid and offer prices for the fund's investments.

#### 17 SECURITIES FINANCING TRANSACTIONS REGULATION

Additional disclosures are required where the fund invests in securities financing transactions (SFTs). For the year ended 7 March 2017 the fund has not invested in SFTs and will not be making additional disclosures.



## Threadneedle Global Bond Fund

### Investment Report

#### Investment Objective

To achieve a total return comprising primarily income with some capital growth.

#### Investment Policy

The ACD's investment policy is to invest the assets of the Fund in a managed portfolio of fixed income securities worldwide.

#### Performance of Income Class 1 Shares\*

Over the twelve months to 7 March 2017, the published share price of the Threadneedle Global Bond Fund has risen from 60.96p to 66.85p.

Looking at the sterling performance within its peer group, the total return on the fund for the twelve months ending 28 February 2017, including net reinvested income, is +7.50% as compared to a median return of +14.83% over the same period. The fund return equates approximately to +10.40% gross of tax and charges\*\*. For information the JPM GBI Global (Traded) Index (prior to 31/07/2012 JPM Global ex Japan) gave a total return of +10.40% for the same period.

#### Market Overview and Portfolio Activity

Overall, the global bond market generated positive returns over the 12 months under review. In the first half of the period, developed government bonds strengthened only modestly in aggregate, while their emerging-market counterparts enjoyed strong gains – as did corporate bonds. With core yields at very low levels investors were tempted further out the risk spectrum in the search for higher income. Gilts were among the notable exceptions to this trend,

returning over 11% as measured by the FTSE Actuaries UK Gilts All Stocks index; after the UK's shock decision to leave the EU, gilt yields fell to record lows on the correct assumption that the Bank of England would respond by cutting interest rates.

Global government bonds were especially weak and volatile toward the end of 2016, though corporate yields also rose. In the US, domestic economic data remained solid. Anticipation of a 25 basis point rate hike increased as the quarter progressed and was proved correct at the December meeting. However, the main catalyst for the sell-off in bonds was Donald Trump's election victory. Investors anticipated that his policies would drive up growth and inflation, thereby prompting a sharper trajectory for US interest rates.

Moving into 2017, the main focus for investors was President Trump's first weeks in office, during which he signed a raft of executive orders. These included moves to cut regulation, boost infrastructure spending and oil production, and promote US steel. On the whole, the initiatives lifted equities but weighed on bond prices. In February, however, the US Federal Reserve's relatively dovish meeting and the lack of detail on President Trump's tax-reform plans put downward pressure on yields.

Eurozone bonds had a weak start to 2017 amid stronger-than-expected growth, inflation and bond issuance. Eurozone GDP grew 0.4% in the fourth quarter (Q4) while annual inflation spiked to 1.8% in January, a near four-year high. UK inflation and growth were also higher than expected, with annual CPI inflation hitting 1.8% in January and Q4 GDP growing 0.7%.

The fund continued to hold a diversified portfolio of mostly developed-market sovereign bonds, but also selective corporate and emerging-market sovereign bonds. We took advantage of relative

weakness over the first half of the period to increase exposure to Japanese and US sovereign debt, and although effective durations (interest-rate risks) increased in both cases, they remained short of the benchmark. However, overall US duration was more neutral to long, due to our holdings in US-denominated supranational debt and high-quality credit. By contrast, we began the period with long duration positions in Australian and UK government bonds; we lowered exposure to both during the first six months of the year, moving less long in Australia and modestly short duration in the UK, where gilt yields had plumbed record lows.

Towards the end of 2016, we added to our holdings of government bonds issued by the UK, Australia and Germany. We rotated our holdings within Treasuries and Japanese government bonds as some of our existing holdings matured. We also closed our positions in Portuguese and Irish sovereign debt. In the corporate bond space, we trimmed our exposure to Huntington National Bank.

Near the end of the period, we added to our holdings of sovereign debt issued by France, Australia and to a small extent, Japan. We reduced our exposure to gilts.

The Bank of Japan's transition to yield-curve control (and, thus, an implicit reduction of asset purchases) and speculation that the European Central Bank may taper its stimulus programme have led markets to question the large 'QE premium' embedded into core bond markets. Simultaneously, the prospect of fiscal stimulus is gaining some credibility, especially since the election of Donald Trump as US president. While our long-term view of low real rates remains intact, there is an increasing risk of near-term corrections to somewhat higher yield levels as markets adjust to changes in the desired policy mix.

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2016 to 7 March 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains	2	42,957	32,395
Revenue	3	6,644	5,150
Expenses	4	(5,666)	(3,663)
Interest payable and similar charges	5	(36)	(83)
Net revenue before taxation		942	1,404
Taxation	6	—	—
Net revenue after taxation		942	1,404
<b>Total return before distributions</b>		<b>43,899</b>	<b>33,799</b>
Distributions	7	(5,940)	(4,640)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>37,959</b>	<b>29,159</b>

### BALANCE SHEET

as at 7 March 2017

	Notes	2017 £000	2016 £000
<b>Assets:</b>			
<b>Fixed assets:</b>			
Investments		449,542	390,207
<b>Current assets:</b>			
Debtors	8	21,693	5,786
Cash and bank balances	9	5,513	35,235
<b>Total assets</b>		<b>476,748</b>	<b>431,228</b>
<b>Liabilities:</b>			
<b>Investment liabilities</b>		(301)	(2,115)
<b>Creditors:</b>			
Distribution payable		(2,377)	(2,003)
Other creditors	10	(16,521)	(2,725)
<b>Total liabilities</b>		<b>(19,199)</b>	<b>(6,843)</b>
<b>Net assets attributable to shareholders</b>		<b>457,549</b>	<b>424,385</b>

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

for the accounting period 8 March 2016 to 7 March 2017

	2017 £000	2016 £000
<b>Opening net assets attributable to shareholders</b>	<b>424,385</b>	<b>227,576</b>
Amounts receivable on the issue of shares	159,561	239,019
Amounts payable on the cancellation of shares	(165,788)	(73,261)
	(6,227)	165,758
Dilution adjustment	56	130
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	37,959	29,159
Retained distribution on accumulation shares	1,376	1,762
<b>Closing net assets attributable to shareholders</b>	<b>457,549</b>	<b>424,385</b>

### DISTRIBUTION TABLE

for the accounting period 8 March 2016 to 7 March 2017

Interest distribution in pence per share

#### Class 1 – Income shares†

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>						
08/03/16 to 07/09/16	0.4169	0.0834	0.3335	—	0.3335	0.3774
08/09/16 to 07/03/17	0.4403	—	—	—	0.4403	0.3423
<b>Group 2</b>						
08/03/16 to 07/09/16	0.2434	0.0487	0.1947	0.1388	0.3335	0.3774
08/09/16 to 07/03/17	0.2318	—	—	0.2085	0.4403	0.3423
<b>Total distributions in the period</b>					<b>0.7738</b>	<b>0.7197</b>

#### Class 1 – Accumulation shares†

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Revenue Accumulated 2016/2017	Net Revenue Accumulated 2015/2016
<b>Group 1</b>						
08/03/16 to 07/09/16	0.3891	0.0778	0.3113	—	0.3113	0.3479
08/09/16 to 07/03/17	0.4155	—	—	—	0.4155	0.3165
<b>Group 2</b>						
08/03/16 to 07/09/16	0.2110	0.0422	0.1688	0.1425	0.3113	0.3479
08/09/16 to 07/03/17	0.2033	—	—	0.2122	0.4155	0.3165
<b>Total distributions in the period</b>					<b>0.7268</b>	<b>0.6644</b>

\*In pound Sterling and against UK peer group.

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



# Threadneedle Global Bond Fund

## DISTRIBUTION TABLE

(continued)

### Class 1 – Gross income shares

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	0.5693	–	0.5693	0.6444
08/09/16 to 07/03/17	0.6019	–	0.6019	0.5843
<b>Group 2</b>				
08/03/16 to 07/09/16	0.3180	0.2513	0.5693	0.6444
08/09/16 to 07/03/17	0.2013	0.4006	0.6019	0.5843
<b>Total distributions in the period</b>			<b>1.1712</b>	<b>1.2287</b>

### Class 1 – Gross accumulation shares

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Gross Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	0.8196	–	0.8196	0.9134
08/09/16 to 07/03/17	0.8717	–	0.8717	0.8355
<b>Group 2</b>				
08/03/16 to 07/09/16	0.4031	0.4165	0.8196	0.9134
08/09/16 to 07/03/17	0.4328	0.4389	0.8717	0.8355
<b>Total distributions in the period</b>			<b>1.6913</b>	<b>1.7489</b>

### Class 2 – Income shares<sup>†</sup>

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>						
08/03/16 to 07/09/16	0.5006	0.1001	0.4005	–	0.4005	0.4424
08/09/16 to 07/03/17	0.5331			–	0.5331	0.4060
<b>Group 2</b>						
08/03/16 to 07/09/16	0.2624	0.0525	0.2099	0.1906	0.4005	0.4424
08/09/16 to 07/03/17	0.1862			0.3469	0.5331	0.4060
<b>Total distributions in the period</b>					<b>0.9336</b>	<b>0.8484</b>

### Class 2 – Gross accumulation shares

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Gross Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	0.7224	–	0.7224	0.7844
08/09/16 to 07/03/17	0.7691	–	0.7691	0.7250
<b>Group 2</b>				
08/03/16 to 07/09/16	0.3542	0.3682	0.7224	0.7844
08/09/16 to 07/03/17	0.6373	0.1318	0.7691	0.7250
<b>Total distributions in the period</b>			<b>1.4915</b>	<b>1.5094</b>

### Class X – Gross accumulation shares\*

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017
<b>Group 1</b>			
08/03/16 to 07/09/16	0.7184	–	0.7184
08/09/16 to 07/03/17	0.7976	–	0.7976
<b>Group 2</b>			
08/03/16 to 07/09/16	0.2966	0.4218	0.7184
08/09/16 to 07/03/17	0.3808	0.4168	0.7976
<b>Total distributions in the period</b>			<b>1.5160</b>

### Class Z – Income shares<sup>†</sup>

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>						
08/03/16 to 07/09/16	0.7245	0.1449	0.5796	–	0.5796	0.6463
08/09/16 to 07/03/17	0.7688			–	0.7688	0.5895
<b>Group 2</b>						
08/03/16 to 07/09/16	0.4114	0.0823	0.3291	0.2505	0.5796	0.6463
08/09/16 to 07/03/17	0.3827			0.3861	0.7688	0.5895
<b>Total distributions in the period</b>					<b>1.3484</b>	<b>1.2358</b>

### Class Z – Gross income shares

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	0.7242	–	0.7242	0.8079
08/09/16 to 07/03/17	0.7681	–	0.7681	0.7379
<b>Group 2</b>				
08/03/16 to 07/09/16	0.3680	0.3562	0.7242	0.8079
08/09/16 to 07/03/17	0.1394	0.6287	0.7681	0.7379
<b>Total distributions in the period</b>			<b>1.4923</b>	<b>1.5458</b>

### Class Z – Gross accumulation shares

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Gross Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	0.8162	–	0.8162	0.8969
08/09/16 to 07/03/17	0.8712	–	0.8712	0.8258
<b>Group 2</b>				
08/03/16 to 07/09/16	0.3117	0.5045	0.8162	0.8969
08/09/16 to 07/03/17	0.3446	0.5266	0.8712	0.8258
<b>Total distributions in the period</b>			<b>1.6874</b>	<b>1.7227</b>

Group 2: shares purchased during a distribution period.

\*For launch dates, refer to the footnotes after the comparative tables.

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.

<sup>†</sup>Distributions paid before 6 April 2017 have been paid net.



## Threadneedle Global Bond Fund

### Comparative Table Disclosure

	Class 1 – Income shares			Class 1 – Accumulation shares		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	60.57	56.57	54.51	56.54	52.15	49.50
Return before operating charges (p)	7.60	5.70	3.93	7.09	5.30	3.57
Operating charges (p)	(0.94)	(0.80)	(0.80)	(0.88)	(0.74)	(0.73)
Return after operating charges (p)*	6.66	4.90	3.13	6.21	4.56	2.84
Distributions (p)	(0.86)	(0.90)	(1.07)	(0.80)	(0.83)	(0.97)
Retained distributions on accumulation shares (p)**	–	–	–	0.73	0.66	0.78
Closing net asset value per share (p)	66.37	60.57	56.57	62.68	56.54	52.15
*after direct transaction costs of (p)	–	–	–	–	–	–
<b>Performance</b>						
Return after charges (%)	11.00	8.66	5.74	10.98	8.74	5.74
<b>Other information</b>						
Closing net asset value (£000)	3,222	3,221	7,571	1,567	1,357	1,041
Closing number of shares	4,854,365	5,317,830	13,382,593	2,499,225	2,400,935	1,995,738
Operating charges (%)***	1.42	1.42	1.43	1.42	1.42	1.43
Direct transaction costs (%)****	–	–	–	–	–	–
<b>Prices</b>						
Highest share price (p)	71.85	62.44	58.79	67.41	57.95	53.81
Lowest share price (p)	59.80	53.40	54.32	55.82	49.23	49.32
	Class 1 – Gross income shares <sup>§</sup>			Class 1 – Gross income shares <sup>§</sup>		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	82.72	77.27	74.46	119.08	109.53	103.57
Return before operating charges (p)	10.38	7.78	5.36	14.94	11.10	7.49
Operating charges (p)	(1.28)	(1.10)	(1.09)	(1.85)	(1.55)	(1.53)
Return after operating charges (p)*	9.10	6.68	4.27	13.09	9.55	5.96
Distributions (p)	(1.17)	(1.23)	(1.46)	(1.69)	(1.75)	(2.04)
Retained distributions on accumulation shares (p)**	–	–	–	1.69	1.75	2.04
Closing net asset value per share (p)	90.65	82.72	77.27	132.17	119.08	109.53
*after direct transaction costs of (p)	–	–	–	–	–	–
<b>Performance</b>						
Return after charges (%)	11.00	8.65	5.73	10.99	8.72	5.75
<b>Other information</b>						
Closing net asset value (£000)	321,806	254,376	140,655	43,109	32,632	29,989
Closing number of shares	355,001,074	307,501,071	182,021,671	32,616,704	27,402,664	27,379,918
Operating charges (%)***	1.42	1.42	1.43	1.42	1.42	1.43
Direct transaction costs (%)****	–	–	–	–	–	–
<b>Prices</b>						
Highest share price (p)	98.16	85.40	80.41	142.18	122.08	112.98
Lowest share price (p)	81.72	73.01	74.30	117.64	103.49	103.34



## Threadneedle Global Bond Fund

### Comparative Table Disclosure

(continued)

	Class 2 – Income shares			Class 2 – Gross accumulation shares <sup>5</sup>		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	66.68	61.98	59.42	96.19	87.93	82.63
Return before operating charges (p)	8.38	6.27	4.30	12.07	8.98	6.00
Operating charges (p)	(0.59)	(0.51)	(0.50)	(0.84)	(0.72)	(0.70)
Return after operating charges (p)*	7.79	5.76	3.80	11.23	8.26	5.30
Distributions (p)	(1.03)	(1.06)	(1.24)	(1.49)	(1.51)	(1.74)
Retained distributions on accumulation shares (p)**	—	—	—	1.49	1.51	1.74
Closing net asset value per share (p)	73.44	66.68	61.98	107.42	96.19	87.93
*after direct transaction costs of (p)	—	—	—	—	—	—
<b>Performance</b>						
Return after charges (%)	11.68	9.29	6.40	11.67	9.39	6.41
<b>Other information</b>						
Closing net asset value (£000)	11,450	6,558	2,424	41,414	105,989	38,699
Closing number of shares	15,591,331	9,834,438	3,910,118	38,553,598	110,183,678	44,010,940
Operating charges (%)***	0.81	0.81	0.82	0.81	0.81	0.82
Direct transaction costs (%)****	—	—	—	—	—	—
<b>Prices</b>						
Highest share price (p)	79.35	68.77	64.41	115.28	98.59	90.65
Lowest share price (p)	65.92	58.61	59.33	95.15	83.24	82.62
	Class X – Gross accumulation shares <sup>5</sup>			Class Z – Income shares		
	07/03/2017 <sup>1</sup>			07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	100.00			101.89	94.46	90.34
Return before operating charges (p)	11.68			12.80	9.57	6.53
Operating charges (p)	(0.07)			(0.70)	(0.60)	(0.60)
Return after operating charges (p)*	11.61			12.10	8.97	5.93
Distributions (p)	(1.52)			(1.49)	(1.54)	(1.81)
Retained distributions on accumulation shares (p)**	1.52			—	—	—
Closing net asset value per share (p)	111.61			112.50	101.89	94.46
*after direct transaction costs of (p)	—			—	—	—
<b>Performance</b>						
Return after charges (%)	11.61			11.88	9.50	6.56
<b>Other information</b>						
Closing net asset value (£000)	15,049			19,441	20,026	7,038
Closing number of shares	13,483,929			17,281,456	19,654,643	7,450,033
Operating charges (%)***	0.06			0.63	0.63	0.64
Direct transaction costs (%)****	—			—	—	—
<b>Prices</b>						
Highest share price (p)	119.41			121.43	105.04	98.11
Lowest share price (p)	98.26			100.76	89.37	90.25



## Threadneedle Global Bond Fund

### Comparative Table Disclosure

(continued)

	Class Z – Gross income shares <sup>§</sup>			Class Z – Gross accumulation shares <sup>§</sup>		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	101.87	94.44	90.32	114.86	104.81	98.36
Return before operating charges (p)	12.80	9.57	6.54	14.42	10.71	7.11
Operating charges (p)	(0.70)	(0.59)	(0.60)	(0.79)	(0.66)	(0.66)
Return after operating charges (p)*	12.10	8.98	5.94	13.63	10.05	6.45
Distributions (p)	(1.49)	(1.55)	(1.82)	(1.69)	(1.72)	(1.99)
Retained distributions on accumulation shares (p)**	–	–	–	1.69	1.72	1.99
Closing net asset value per share (p)	112.48	101.87	94.44	128.49	114.86	104.81
*after direct transaction costs of (p)	–	–	–	–	–	–
<b>Performance</b>						
Return after charges (%)	11.88	9.51	6.58	11.87	9.59	6.56
<b>Other information</b>						
Closing net asset value (£000)	390	129	82	101	97	77
Closing number of shares	346,813	126,881	86,844	78,657	84,153	73,547
Operating charges (%)***	0.63	0.63	0.64	0.63	0.63	0.64
Direct transaction costs (%)****	–	–	–	–	–	–
<b>Prices</b>						
Highest share price (p)	121.45	105.16	98.23	137.79	117.71	108.00
Lowest share price (p)	100.81	89.45	90.36	113.66	99.26	98.33

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.

\*\*Any difference between the distributions and the retained distributions on accumulation shares is due to the tax withheld.

\*\*\*The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit [columbiathreadneedle.com/fees](http://columbiathreadneedle.com/fees).

\*\*\*\*Transaction costs have not been reduced by any amounts collected from dilution levies/adjustments.

<sup>§</sup>Only available to eligible investors.

<sup>†</sup>Class X – Gross accumulation shares commenced 16 March 2016.

<sup>‡</sup>The Ongoing Charges Figure is annualised based on the fees incurred since commencement date.



# Threadneedle Global Bond Fund

## Notes to the financial statements

for the accounting period 8 March 2016 to 7 March 2017

### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 5 and 6.

### 2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2017 £000	2016 £000
Non-derivative securities	49,709	25,495
Derivative contracts	—	(104)
Forward currency contracts	(9,641)	6,977
Other gains	2,891	29
Transaction costs	(2)	(2)
Net capital gains	42,957	32,395

### 3 REVENUE

	2017 £000	2016 £000
Interest on debt securities	6,580	5,094
Interest on short term investments	23	21
Bank interest	41	35
Total revenue	6,644	5,150

### 4 EXPENSES

	2017 £000	2016 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(4,998)	(3,236)
Registration fees	(576)	(360)
	(5,574)	(3,596)
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depositary's fees	(48)	(28)
Safe custody fees	(27)	(20)
	(75)	(48)
Other expenses:		
Regulatory fees	(4)	(6)
Audit fees	(11)	(13)
Professional fees	(2)	—
	(17)	(19)
Total expenses*	(5,666)	(3,663)

\*Including irrecoverable VAT where applicable.

### 5 INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £000	2016 £000
Interest payable	(36)	(12)
Derivative expense	—	(71)
Total interest payable & similar charges	(36)	(83)

### 6 TAXATION

	2017 £000	2016 £000
<b>a) Analysis of charge in period</b>		
Total current tax (note 6b)	—	—
Total tax charge for the period	—	—
<b>b) Factors affecting taxation charge for period</b>		
Net revenue before taxation	942	1,404
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(188)	(281)
Effects of:		
Excess expenses	188	281
Current tax charge for period (note 6a)	—	—

The fund has not recognised a deferred tax asset of £6,850,027 (2016: £7,038,334) arising as a result of having unutilised management expenses. The movement in deferred tax asset may not agree to the excess expenses figure quoted above due to prior year adjustments. It is unlikely that these expenses will be utilised in future years.

Interest distributions have been made in respect of all distributions during the period. Income tax at 20% on net share classes paid prior to 6 April 2017 will be accounted for on shareholders' behalf to HM Revenue & Customs.

### 7 DISTRIBUTIONS

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

	2017 £000	2016 £000
Interim	2,817	2,303
Final	3,124	3,042
	5,941	5,345
Add: Revenue deducted on the cancellation of shares	460	277
Deduct: Revenue received on the creation of shares	(461)	(982)
Net distribution for the period	5,940	4,640
Net revenue after taxation	942	1,404
Annual management charge to capital	4,998	3,236
Total distributions	5,940	4,640

Details of the distribution per share are set out in the table on pages 228 to 229.

### 8 DEBTORS

	2017 £000	2016 £000
Amounts receivable for the issue of shares	621	3,387
Sales awaiting settlement	18,692	—
Accrued revenue	2,380	2,399
Total debtors	21,693	5,786

### 9 CASH AND BANK BALANCES

	2017 £000	2016 £000
Amounts held at futures clearing houses and brokers	1	1
Cash and bank balances	5,512	35,234
Total cash and bank balances	5,513	35,235

### 10 OTHER CREDITORS

	2017 £000	2016 £000
Amounts payable for the cancellation of shares	(229)	(2,214)
Purchases awaiting settlement	(15,735)	—
Accrued expenses	(21)	(15)
Amounts payable to ACD	(536)	(496)
Total other creditors	(16,521)	(2,725)

### 11 DILUTION ADJUSTMENT

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

### 12 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, as ACD, is a related party and acts as principal in respect of all transactions of shares in the fund.

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

Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 8 and 10.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 10.

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



## Threadneedle Global Bond Fund

### Notes to the financial statements

(continued)

#### 13 SHAREHOLDER FUNDS

Threadneedle Global Bond Fund currently has four share classes; Class 1, Class 2, Class X and Class Z shares. The charges on each share class are as follows:

##### Annual management charge

Class 1 shares	1.25%
Class 2 shares	0.75%
Class X shares	N/A*
Class Z shares	0.50%

##### Registration fees

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

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 230 to 232. The distribution per share class is given in the distribution table on pages 228 to 229.

All classes have the same rights on winding up.

\*X Shares are not subject to an Annual Management Charge.

##### Reconciliation of shares

	2017
<b>Class 1 – Income shares</b>	
Opening shares	5,317,830
Shares issued	1,634,376
Shares redeemed	(2,006,112)
Net conversions	(91,729)
Closing shares	4,854,365
<b>Class 1 – Accumulation shares</b>	
Opening shares	2,400,935
Shares issued	2,812,319
Shares redeemed	(2,698,484)
Net conversions	(15,545)
Closing shares	2,499,225
<b>Class 1 – Gross income shares</b>	
Opening shares	307,501,071
Shares issued	56,834,944
Shares redeemed	(9,328,799)
Net conversions	(6,142)
Closing shares	355,001,074
<b>Class 1 – Gross accumulation shares</b>	
Opening shares	27,402,664
Shares issued	8,757,130
Shares redeemed	(3,497,693)
Net conversions	(45,397)
Closing shares	32,616,704
<b>Class 2 – Income shares</b>	
Opening shares	9,834,438
Shares issued	14,001,737
Shares redeemed	(8,244,844)
Net conversions	–
Closing shares	15,591,331
<b>Class 2 – Gross accumulation shares</b>	
Opening shares	110,183,678
Shares issued	50,878,416
Shares redeemed	(122,508,496)
Net conversions	–
Closing shares	38,553,598
<b>Class X – Gross accumulation shares*</b>	
Opening shares	–
Shares issued	13,563,522
Shares redeemed	(79,593)
Net conversions	–
Closing shares	13,483,929

2017

##### Class Z – Income shares

Opening shares	19,654,643
Shares issued	13,393,685
Shares redeemed	(15,829,983)
Net conversions	63,111
Closing shares	17,281,456

##### Class Z – Gross income shares

Opening shares	126,881
Shares issued	996,731
Shares redeemed	(834,866)
Net conversions	58,067
Closing shares	346,813

##### Class Z – Gross accumulation shares

Opening shares	84,153
Shares issued	41,089
Shares redeemed	(46,585)
Net conversions	–
Closing shares	78,657

#### 14 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 6.

##### Market price risk sensitivity

A 1.00% interest rate movement applied to the fixed income proportion of the fund would result in an increase or decrease on the net asset value of the fund by 7.90% (2016: 7.30%).

##### Currency exposures

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

	Monetary exposures	Non-monetary exposures	Total
	£000	£000	£000
<b>Currency 2017</b>			
Australian Dollar	13,370	7,238	20,608
Canadian Dollar	173	5,998	6,171
Euro	917	123,479	124,396
Japanese Yen	239	95,992	96,231
Mexican Peso	64	–	64
New Zealand Dollar	89	–	89
Polish Zloty	152	–	152
Swedish Krona	1,705	–	1,705
US Dollar	(6,676)	194,388	187,712
<b>Currency 2016</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Australian Dollar	796	4,913	5,709
Canadian Dollar	252	4,715	4,967
Euro	939	113,494	114,433
Japanese Yen	188	95,021	95,209
Mexican Peso	60	–	60
New Zealand Dollar	83	–	83
Polish Zloty	3	–	3
Romanian Leu	8	(166)	(158)
Swedish Krona	2,044	(535)	1,509
US Dollar	31,318	140,347	171,665

##### Currency sensitivity analysis

The fund has a material exposure to the following currencies. The table shows how the fund value will increase or decrease based on the movement in the currency (equivalent to the currency movement in the year).

	Currency movement	Fund movement
	%	%
<b>Currency 2017</b>		
Euro	10.88	2.94
Japanese Yen	13.89	2.92
US Dollar	14.20	5.82



## Threadneedle Global Bond Fund

### Notes to the financial statements

(continued)

	Currency movement	Fund movement
Currency 2016	%	%
Euro	6.74	1.82
Japanese Yen	11.63	2.61
US Dollar	5.70	2.30

#### Credit/Counterparty exposure

The following details exposure to counterparties obtained through the use of derivatives:

	Forward Foreign Exchange Contracts Exposure
2017	£000
Counterparty	
Goldman Sachs	157
HSBC	309
J.P. Morgan	231
UBS	435
2016	£000
Counterparty	
Citigroup	137
HSBC	57
J.P. Morgan	6
Lloyds	146
RBC	6
UBS	9

The fund held £449,000 (2016: £383,000) of collateral received from the fund's counterparties. The collateral held was in the form of cash. Collateral received is not owned by the fund and therefore is not included in the fund's cash balance. Positive exposure represents the fund's exposure to that counterparty and not the fund's holdings with that counterparty.

#### Analysis of investments by credit ratings

	2017		2016	
	Value £000	% of Investment	Value £000	% of Investment
AAA	15,304	3.41	136,287	35.12
Aaa	148,752	33.11	41,239	10.63
Aaa+	11,419	2.54	4,808	1.24
AA+	—	—	2,959	0.76
Aa1	—	—	1,410	0.36
Aa1u	25,874	5.76	44,724	11.52
AA	16,175	3.60	—	—
Aa2	1,963	0.44	1,187	0.31
Aa2e	4,735	1.06	—	—
Aa2u	28,362	6.31	6,980	1.80
AA-	8,379	1.87	11,678	3.01
A+	18,514	4.12	16,165	4.17
A1	46,865	10.43	36,851	9.50
A	15,189	3.38	1,366	0.35
A2	3,916	0.87	3,386	0.87
A-	826	0.19	703	0.18
A3	2,074	0.46	—	—
BBB+	25,308	5.63	27,343	7.05
Baa1	—	—	1,762	0.45
BBB	3,311	0.74	5,135	1.32
Baa2	—	—	2,498	0.64
Baa2u	10,660	2.37	17,026	4.39
BB+	—	—	1,993	0.51
Not Rated	60,657	13.50	24,262	6.25
Derivatives	958	0.21	(1,670)	(0.43)
	449,241	100.00	388,092	100.00

The derivative positions do not have a significant impact on the risk profile.

#### Interest rate risk

The fund's floating rate investments earn interest which is variable, based on LIBOR or its overseas equivalent.

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

#### Interest rate risk profile of financial assets and financial liabilities

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

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
Currency 2017	£000	£000	£000	£000
Australian Dollar	92	36,953	26,026	63,071
Canadian Dollar	88	8,346	4,699	13,133
Euro	313	94,748	43,578	138,639
Japanese Yen	91	46,864	51,438	98,393
Mexican Peso	64	—	—	64
New Zealand Dollar	89	—	—	89
Polish Zloty	152	—	—	152
Swedish Krona	1,705	—	—	1,705
UK Sterling	771	28,447	8,165	37,383
US Dollar	4,445	230,628	87,392	322,465
Currency 2016	£000	£000	£000	£000
Australian Dollar	218	38,234	578	39,030
Canadian Dollar	217	6,230	35	6,482
Euro	129	74,571	42,517	117,217
Japanese Yen	38	36,852	63,128	100,018
Mexican Peso	60	—	—	60
New Zealand Dollar	83	—	—	83
Polish Zloty	3	—	—	3
Romanian Leu	—	5,432	8	5,440
Swedish Krona	2,044	—	3,230	5,274
UK Sterling	1,881	44,725	3,449	50,055
US Dollar	30,563	183,719	57,247	271,529

	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
Currency 2017	£000	£000	£000	£000
Australian Dollar	—	—	(42,463)	(42,463)
Canadian Dollar	—	—	(6,962)	(6,962)
Euro	—	—	(14,243)	(14,243)
Japanese Yen	—	—	(2,162)	(2,162)
UK Sterling	—	—	(16,962)	(16,962)
US Dollar	—	—	(134,753)	(134,753)
Currency 2016	£000	£000	£000	£000
Australian Dollar	—	—	(33,321)	(33,321)
Canadian Dollar	—	—	(1,515)	(1,515)
Euro	—	—	(2,784)	(2,784)
Japanese Yen	—	—	(4,809)	(4,809)
Romanian Leu	—	—	(5,598)	(5,598)
Swedish Krona	—	—	(3,765)	(3,765)
UK Sterling	—	—	(19,150)	(19,150)
US Dollar	—	—	(99,864)	(99,864)

#### Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances (2016: same).

#### Derivative risks

Non interest-bearing assets relate to forward foreign exchange contracts. Derivatives including forward foreign exchange contracts are employed when they are the cheapest and most efficient method of gaining exposure. This increases the risk profile of the fund and may result in a higher degree of volatility.



## Threadneedle Global Bond Fund

### Notes to the financial statements

(continued)

All open positions are regularly reviewed by the fund manager. The fund has entered into various forward foreign exchange contracts during this accounting period. Such contracts commit the fund to future deliveries or receipts, typically three months forward, of assets and liabilities, at prices decided at the point of striking the contract. They therefore allow the fund manager to limit risk, or to enhance fund performance in return for the acceptance of greater risk.

At 7 March 2017, the fund had outstanding forward foreign exchange contracts with an asset value of £1,259,000 (2016: £445,000) and a liability value of £301,000 (2016: £2,115,000).

#### 15 FAIR VALUE DISCLOSURE

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

**Level 1** – Quoted prices for identical instruments in active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

**Level 2** – Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investments schemes.

**Level 3** – Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

Valuation technique	2017		2016	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	274,597	–	238,183	–
Level 2	174,945	(301)	152,024	(2,115)
	449,542	(301)	390,207	(2,115)

Included within Level 1, are debt securities of £274,597,000 (2016: £238,183,000). The valuation of some highly liquid exchange-traded debt securities (G7 sovereign debt, supranational debt or certain corporate bonds) is sufficiently close to a binding quoted price to categorise at this level.

#### 16 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2016: Nil).

#### 17 PORTFOLIO TRANSACTION COSTS

The total cost of bond purchases during the period was £1,198,558,097 (2016: £689,582,801) and proceeds received from bond sales were £1,187,934,858 (2016: £539,093,455). No commission or taxes was incurred on purchases or sales in the current year (2016: £Nil).

Portfolio transaction costs are incurred by the fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

**Direct transaction costs:** Broker commissions, fees and taxes.

**Indirect transaction costs:** 'Dealing spread' – the difference between the buying and selling prices of the fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.13% (7 March 2016: 0.15%), being the difference between the respective bid and offer prices for the fund's investments.

#### 18 SECURITIES FINANCING TRANSACTIONS REGULATION

Additional disclosures are required where the fund invests in securities financing transactions (SFTs). For the year ended 7 March 2017 the fund has not invested in SFTs and will not be making additional disclosures.



## Threadneedle UK Institutional Fund

### Investment Report

#### Investment Objective

To achieve long term capital growth.

#### Investment Policy

The ACD's investment policy is to invest the assets of the Fund in a wide spread of primarily UK companies, which are considered to have good potential for capital growth. Investment will tend to focus on large companies with sound long-term prospects.

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

Over the twelve months to 7 March 2017, the published share price of the Threadneedle UK Institutional Fund has risen from 129.86p to 155.79p.

Looking at performance within its peer group, the total return on the fund for the twelve months ending 28 February 2017, including net reinvested income, is +19.18% as compared to a median return of +19.07% over the same period. For information the FTSE All-Share Total Return Index returned +22.81% over the same period.

#### Market Overview and Portfolio Activity

UK equities posted double-digit returns in the review period, overcoming Brexit-induced volatility. Overseas earners led the post-vote rally as sterling slumped. Markets also cheered Theresa May's swift appointment as the new prime minister, as well as the Bank of England's (BoE) stimulus measures in August (rate cuts, cheaper bank funding and more quantitative easing). In November, Donald Trump's unexpected victory led to a market rotation; investors favoured cyclical stocks over defensive stocks. (Cyclical stocks are generally those issued by companies whose earnings rise and fall with changes in economic conditions. By contrast, firms which issue defensive

stocks aim to generate stable earnings and dividends for shareholders even when times are bad). As we expected, the Chancellor announced higher infrastructure spending in the Autumn Statement. Energy stocks got a boost towards the end of 2016 as OPEC members surprised markets by reaching an agreement to cut output; non-OPEC members later expressed their willingness to join in.

Major post-referendum economic indicators were initially bleak but later readings showed Brexit slowdown fears were premature. Notably, GDP growth for Q3 and Q4 2016 exceeded estimates. However, recent indicators suggest some weakness in consumer spending. Inflation has trended higher and stood at 1.8% in January.

Brexit remained in focus even after the vote and the potential loss of unfettered access to the EU single market pushed sterling to 30-year lows in October. The currency later rebounded but moved closer to October's lows in early March as the House of Lords debated the bill to trigger Article 50.

New additions included Marks & Spencer and Royal Mail. While many are fearful of the structural issues facing UK retail companies, we believe Marks & Spencer has some interesting levers to pull. We believe continued progress in top-line figures and decisions to close stores in unprofitable locations and cut costs could be a positive catalyst. Royal Mail's shares have recently been under pressure due to concerns over volumes, Brexit and the company's pension deficit. In our view, the stock is a contrarian value idea. The company has a credible presence in parcels in Europe and is improving its IT infrastructure.

We also opened a position in Howden Joinery; in our view, the firm's strong operating model should support its margins and provide it with exciting opportunities.

Share price weakness provided us the opportunity to top up ITV. We were encouraged by management's upbeat outlook. Brexit jitters had an adverse short-term impact but the shares started to recover at the end of 2016, fuelled by the prospect of mergers and acquisitions activity in the sector. We also added to Standard Chartered and established a new holding in Royal Bank of Scotland.

We sold ARM Holdings, after it was purchased at an impressive premium by Softbank. We also closed our position in IMI at a profit, as we felt it had reached quite a rich valuation, considering it is an industrial stock and that global capex associated with this industry is under pressure. Other exits included Reckitt Benckiser. In addition, we reduced our holdings in InterContinental Hotels, HSBC and British American Tobacco.

UK equities still offer 'cheap' exposure to the wider global economy and an attractive, growing income stream.

Expectations for the UK's economic growth in 2017 have now risen towards pre-Brexit levels but there are concerns over consumers' ability to power growth. The BoE should hopefully look through the twin transient headwinds of sterling's depreciation and higher energy prices and leave rates unchanged.

Corporate balance sheets remain strong. We expect sterling's fall to support earnings growth and dividend cover. Hence, UK equities are likely to maintain attractive yields relative to gilts and cash. We are looking at the defensive growth areas of the market for incremental purchases.

Volatile markets will undoubtedly create more opportunities for investors with long-term views who are willing and able to focus on companies' inherent strengths.

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2016 to 7 March 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains/(losses)	2	159,474	(73,691)
Revenue	3	35,132	32,331
Expenses	4	(8,351)	(7,902)
Interest payable and similar charges	5	(1)	(1)
Net revenue before taxation		26,780	24,428
Taxation	6	—	(1)
Net revenue after taxation		26,780	24,427
<b>Total return before distributions</b>		<b>186,254</b>	<b>(49,264)</b>
Distributions	7	(26,780)	(24,428)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>159,474</b>	<b>(73,692)</b>

### BALANCE SHEET

as at 7 March 2017

	Notes	2017 £000	2016 £000
<b>Assets:</b>			
<b>Fixed assets:</b>			
Investments		1,063,621	867,532
<b>Current assets:</b>			
Debtors	8	6,322	6,135
Cash and bank balances		3,568	14,223
<b>Total assets</b>		<b>1,073,511</b>	<b>887,890</b>
<b>Liabilities:</b>			
<b>Creditors:</b>			
Other creditors	9	(4,814)	(2,172)
<b>Total liabilities</b>		<b>(4,814)</b>	<b>(2,172)</b>
<b>Net assets attributable to shareholders</b>		<b>1,068,697</b>	<b>885,718</b>

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

for the accounting period 8 March 2016 to 7 March 2017

	2017 £000	2016 £000
<b>Opening net assets attributable to shareholders</b>	<b>885,718</b>	<b>1,032,445</b>
Amounts receivable on the issue of shares	132,770	167,344
Amounts payable on the cancellation of shares	(136,244)	(264,885)
	(3,474)	(97,541)
Dilution adjustment	—	78
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	159,474	(73,692)
Retained distribution on accumulation shares	26,979	24,428
<b>Closing net assets attributable to shareholders</b>	<b>1,068,697</b>	<b>885,718</b>

### DISTRIBUTION TABLE

for the accounting period 8 March 2016 to 7 March 2017

Dividend distribution in pence per share

#### Class 1 – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	2.0258	—	2.0258	2.2210
08/09/16 to 07/03/17	0.7085	—	0.7085	0.5286
<b>Group 2</b>				
08/03/16 to 07/09/16	0.8878	1.1380	2.0258	2.2210
08/09/16 to 07/03/17	0.4902	0.2183	0.7085	0.5286
<b>Total distributions in the period</b>			<b>2.7343</b>	<b>2.7496</b>

#### Class 2 – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	2.8954	—	2.8954	2.8101
08/09/16 to 07/03/17	1.4910	—	1.4910	1.2158
<b>Group 2</b>				
08/03/16 to 07/09/16	1.2535	1.6419	2.8954	2.8101
08/09/16 to 07/03/17	1.0919	0.3991	1.4910	1.2158
<b>Total distributions in the period</b>			<b>4.3864</b>	<b>4.0259</b>

Group 2: shares purchased during a distribution period.

Equalisation was introduced with effect from 8 March 2016.

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.

\*In pound Sterling and against UK peer group.



## Threadneedle UK Institutional Fund

### Comparative Table Disclosure

	Class 1 – Accumulation shares			Class 2 – Accumulation shares		
	07/03/2017	07/03/2016	07/03/2015	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>						
Opening net asset value per share (p)	129.78	137.42	130.35	143.49	150.62	141.65
Return before operating charges (p)	28.24	(5.44)	9.20	31.37	(5.96)	10.09
Operating charges (p)	(2.34)	(2.20)	(2.13)	(1.25)	(1.17)	(1.12)
Return after operating charges (p)*	25.90	(7.64)	7.07	30.12	(7.13)	8.97
Distributions (p)	(2.73)	(2.75)	(2.08)	(4.39)	(4.03)	(3.52)
Retained distributions on accumulation shares (p)	2.73	2.75	2.08	4.39	4.03	3.52
Closing net asset value per share (p)	155.68	129.78	137.42	173.61	143.49	150.62
*after direct transaction costs of (p)	0.20	0.21	0.22	0.22	0.23	0.24
<b>Performance</b>						
Return after charges (%)	19.96	(5.56)	5.42	20.99	(4.73)	6.33
<b>Other information</b>						
Closing net asset value (£000)	63,598	60,111	93,506	1,005,099	825,607	938,939
Closing number of shares	40,851,564	46,316,029	68,043,406	578,926,600	575,383,730	623,370,435
Operating charges (%)**	1.66	1.66	1.66	0.80	0.80	0.80
Direct transaction costs (%)***	0.14	0.16	0.17	0.14	0.16	0.17
<b>Prices</b>						
Highest share price (p)	155.82	141.72	137.50	173.76	155.64	150.71
Lowest share price (p)	125.57	116.96	116.73	139.17	129.23	127.52

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.

\*\*The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit [columbiathreadneedle.com/fees](http://columbiathreadneedle.com/fees).

\*\*\*Transaction costs have not been reduced by any amounts collected from dilution levies/adjustments.



# Threadneedle UK Institutional Fund

## Notes to the financial statements

for the accounting period 8 March 2016 to 7 March 2017

### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 5 and 6.

### 2 NET CAPITAL GAINS/(LOSSES)

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

	2017 £000	2016 £000
Non-derivative securities	159,554	(73,744)
Other (losses)/gains	(74)	56
Transaction costs	(6)	(3)
Net capital gains/(losses)	159,474	(73,691)

### 3 REVENUE

	2017 £000	2016 £000
UK dividends	34,548	31,805
Franked dividend distributions	277	263
Interest on short term investments	16	17
Bank interest	8	13
Underwriting commission	71	22
Management fee rebate on collective investment scheme holdings	212	211
Total revenue	35,132	32,331

### 4 EXPENSES

	2017 £000	2016 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(7,790)	(7,372)
Registration fees	(415)	(397)
	(8,205)	(7,769)
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depositary's fees	(104)	(88)
Safe custody fees	(28)	(31)
	(132)	(119)
Other expenses:		
Regulatory fees	(5)	(9)
Audit fees	(7)	(5)
Professional fees	(2)	–
	(14)	(14)
Total expenses*	(8,351)	(7,902)

\*Including irrecoverable VAT where applicable.

### 5 INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £000	2016 £000
Interest payable	(1)	(1)
Total interest payable & similar charges	(1)	(1)

### 6 TAXATION

	2017 £000	2016 £000
<b>a) Analysis of charge in period</b>		
Overseas taxes	–	(1)
Total current tax (note 6b)	–	(1)
Total tax charge for the period	–	(1)
<b>b) Factors affecting taxation charge for period</b>		
Net revenue before taxation	26,780	24,428
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(5,356)	(4,886)

Effects of:

Revenue not subject to taxation	6,884	6,370
Overseas taxes	–	(1)
Excess expenses	(1,528)	(1,484)
Current tax charge for period (note 6a)	–	(1)

The fund has not recognised a deferred tax asset of £55,566,914 (2016: £54,039,133) arising as a result of having unutilised management expenses. The movement in deferred tax asset may not agree to the excess expenses figure quoted above due to prior year adjustments. It is unlikely that these expenses will be utilised in future years.

### 7 DISTRIBUTIONS

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

	2017 £000	2016 £000
Interim	18,058	17,187
Final	8,921	7,241
	26,979	24,428
Add: Revenue deducted on the cancellation of shares*	675	–
Deduct: Revenue received on the creation of shares*	(874)	–
Net distribution for the period	26,780	24,428
Net revenue after taxation	26,780	24,427
Equalisation on conversion	–	1
Total distributions	26,780	24,428

Details of the distribution per share are set out in the table on page 237.

\*Equalisation was introduced with effect from 8 March 2016.

### 8 DEBTORS

	2017 £000	2016 £000
Amounts receivable for the issue of shares	–	313
Sales awaiting settlement	528	667
Accrued revenue	5,794	5,155
Total debtors	6,322	6,135

### 9 OTHER CREDITORS

	2017 £000	2016 £000
Amounts payable for the cancellation of shares	(1,850)	(372)
Purchases awaiting settlement	(2,092)	(1,076)
Accrued expenses	(26)	(20)
Amounts payable to ACD	(846)	(704)
Total other creditors	(4,814)	(2,172)

### 10 DILUTION ADJUSTMENT

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

### 11 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, as ACD, is a related party and acts as principal in respect of all transactions of shares in the fund.

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

Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 8 and 9.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 9.

A balance of £21,555 (2016: £39,000), in respect of annual management rebates is receivable at the end of the accounting period.

The fund invests in other sub-funds managed by Columbia Threadneedle, all transactions in respect of which are transacted with Threadneedle Investment Services Limited. Details of the investments are shown in the Portfolio Statement.



## Threadneedle UK Institutional Fund

### Notes to the financial statements

(continued)

The fund has received £277,000 (2016: £263,000) franked dividend distributions and £212,000 (2016: £211,000) management fee rebate on collective investment scheme holdings.

In addition this investment has produced a non-derivative security gain of £871,929 (2016: £1,084,000).

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

#### 12 SHAREHOLDER FUNDS

Threadneedle UK Institutional Fund currently has two share classes; Class 1 and Class 2 shares. The charges on each share class are as follows:

##### Annual management charge

Class 1 shares	1.50%
Class 2 shares	0.75%

##### Registration fees

Class 1 shares	0.150%
Class 2 shares	0.035%

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on page 238. The distribution per share class is given in the distribution table on page 237.

All classes have the same rights on winding up.

##### Reconciliation of shares

	2017
<b>Class 1 – Accumulation shares</b>	
Opening shares	46,316,029
Shares issued	17,062,627
Shares redeemed	(22,523,385)
Net conversions	(3,707)
Closing shares	40,851,564
<b>Class 2 – Accumulation shares</b>	
Opening shares	575,383,730
Shares issued	70,508,650
Shares redeemed	(66,969,129)
Net conversions	3,349
Closing shares	578,926,600

#### 13 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 6.

##### Market price risk sensitivity

A 5% market movement applied to the fund would result in an increase or decrease on net asset value of the fund by 4.68% (2016: 4.70%).

##### Currency exposures

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

	Monetary exposures	Non-monetary exposures	Total
	£000	£000	£000
<b>Currency 2017</b>			
Euro	121	–	121
US Dollar	2,123	–	2,123
<b>Currency 2016</b>			
Euro	77	–	77
US Dollar	1,939	–	1,939

##### Currency sensitivity

As the fund has no material currency exposure, no sensitivity analysis has been shown (2016: same).

##### Credit/Counterparty exposure

As at the balance sheet date there is no derivative exposure or collateral to disclose (2016: same).

The fund did not hold any collateral received from the fund's counterparties in either the current or prior year.

##### Interest rate risk

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

##### Interest rate risk profile of financial assets and financial liabilities

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

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
	£000	£000	£000	£000
<b>Currency 2017</b>				
Euro	121	–	–	121
UK Sterling	3,425	–	1,067,842	1,071,267
US Dollar	22	–	2,101	2,123
<b>Currency 2016</b>				
Euro	77	–	–	77
UK Sterling	14,144	–	871,730	885,874
US Dollar	2	–	1,937	1,939
	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
	£000	£000	£000	£000
<b>Currency 2017</b>				
UK Sterling	–	–	(4,814)	(4,814)
<b>Currency 2016</b>				
UK Sterling	–	–	(2,172)	(2,172)

##### Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances (2016: same).

##### Derivative risks

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

#### 14 FAIR VALUE DISCLOSURE

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

**Level 1** – Quoted prices for identical instruments in active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

**Level 2** – Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investments schemes.

**Level 3** – Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

	2017		2016	
Valuation technique	Assets	Liabilities	Assets	Liabilities
	£000	£000	£000	£000
Level 1	1,040,928	–	845,842	–
Level 2	22,693	–	21,690	–
	1,063,621	–	867,532	–

#### 15 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2016: Nil).



## Threadneedle UK Institutional Fund

### Notes to the financial statements

(continued)

#### 16 PORTFOLIO TRANSACTION COSTS

##### 7 March 2017

	Value £000	Commissions £000	%	Taxes £000	%
<b>Purchases</b>					
Equities	214,436	220	0.10	1,065	0.50
Corporate actions	7,233	—	—	—	—
<b>Total</b>	<b>221,669</b>	<b>220</b>		<b>1,065</b>	

**Gross purchases total:** **222,954**

	Value £000	Commissions £000	%	Taxes £000	%
<b>Sales</b>					
Equities	165,182	94	0.06	1	—
Corporate actions	21,610	—	—	—	—
<b>Total</b>	<b>186,792</b>	<b>94</b>		<b>1</b>	

**Total sales net of transaction costs:** **186,697**

##### Transaction costs as a percentage of average Net Assets

Commissions:	0.03%
Taxes:	0.11%

##### 7 March 2016

	Value £000	Commissions £000	%	Taxes £000	%
<b>Purchases</b>					
Equities	208,853	237	0.11	1,009	0.48
Corporate actions	2,198	—	—	—	—
<b>Total</b>	<b>211,051</b>	<b>237</b>		<b>1,009</b>	

**Gross purchases total:** **212,297**

	Value £000	Commissions £000	%	Taxes £000	%
<b>Sales</b>					
Equities	252,659	189	0.07	1	—
Corporate actions	23,341	—	—	—	—
<b>Total</b>	<b>276,000</b>	<b>189</b>		<b>1</b>	

**Total sales net of transaction costs:** **275,810**

##### Transaction costs as a percentage of average Net Assets

Commissions:	0.05%
Taxes:	0.11%

Portfolio transaction costs are incurred by the fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

**Direct transaction costs:** Broker commissions, fees and taxes.

**Indirect transaction costs:** 'Dealing spread' – the difference between the buying and selling prices of the fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.16% (7 March 2016: 0.14%), being the difference between the respective bid and offer prices for the fund's investments.

#### 17 SECURITIES FINANCING TRANSACTIONS REGULATION

Additional disclosures are required where the fund invests in securities financing transactions (SFTs). For the year ended 7 March 2017 the fund has not invested in SFTs and will not be making additional disclosures.



## Threadneedle UK Overseas Earnings Fund

### Investment Report

#### Investment Objective

To achieve capital growth.

#### Investment Policy

The ACD's investment policy is to invest the assets of the Fund primarily in the shares of UK companies deriving more than half their earnings from overseas activities and/or exports.

#### Performance of Income Class 2 Shares\*

Over the twelve months to 7 March 2017, the published share price of the Threadneedle UK Overseas Earnings Fund has risen from 106.48p to 126.20p.

Looking at performance within its peer group, the total return on the fund for the twelve months ending 28 February 2017, including net reinvested income, is +19.93% as compared to a median return of +19.07% over the same period. For information the FTSE All-Share Total Return Index returned +22.81% over the same period.

#### Market Overview and Portfolio Activity

UK equities posted double-digit returns in the review period, overcoming Brexit-induced volatility. Overseas earners led the post-vote rally as sterling slumped. Markets also cheered Theresa May's swift appointment as the new prime minister, as well as the Bank of England's stimulus measures in August (rate cuts, cheaper bank funding and more quantitative easing). In November, Donald Trump's unexpected victory led to a market rotation; investors favoured cyclical stocks over defensive stocks. (Cyclical stocks are generally those issued by companies whose earnings rise and fall with changes in economic conditions. By contrast, firms which issue defensive

stocks aim to generate stable earnings and dividends for shareholders even when times are bad). As we expected, the Chancellor announced higher infrastructure spending in the Autumn Statement. Energy stocks got a boost towards the end of 2016 as OPEC members surprised markets by reaching an agreement to cut output; non-OPEC members later expressed their willingness to join in.

Major post-referendum economic indicators were initially bleak but later readings showed Brexit slowdown fears were premature. Notably, GDP growth for Q3 and Q4 2016 exceeded estimates. However, recent indicators suggest some weakness in consumer spending. Inflation has trended higher and stood at 1.8% in January.

Brexit remained in focus even after the vote and the potential loss of unfettered access to the EU single market pushed sterling to 30-year lows in October. The currency later rebounded but moved closer to October's lows in early March as the House of Lords debated the bill to trigger Article 50.

During the year, we added Restaurant Group and Howden Joinery to the portfolio. Restaurant Group's direction had seemed unclear but it now has in place an impressive new management team, and we invested on the premise that the business is on the road to recovery. We believe Howden Joinery's strong operating model should support its margins and provide it with exciting growth opportunities. Other new additions included Royal Bank of Scotland and Tate & Lyle. We also topped up some of our existing holdings, notably Marks & Spencer. While many are fearful of the structural issues facing UK retail companies, we believe the company has some interesting levers to pull.

We sold out of our position in Home Retail Group after the purchase by Sainsbury's. We also closed our position in IMI at a profit, as we felt it had reached quite a rich valuation, considering it is an industrial stock and that global capex associated with this industry is under pressure. Other exits included Reckitt Benckiser and InterContinental Hotels. Finally, we trimmed some of our existing holdings, such as Royal Dutch Shell and British American Tobacco.

Recently, financials and other stocks that stand to gain from reflation and a stronger dollar have rallied at the expense of bond proxies. Despite this, we still have a positive view on bond proxies that have strong balance sheets and good growth potential.

We remain cautious on banks; bad debts are at cyclical lows and core earnings and net interest margins have already recovered well. We are also not keen on commodity companies.

In our view, mergers and acquisitions will remain a theme – particularly in the UK where the weakness of sterling makes domestic stocks even more attractive to overseas buyers. We believe Brexit could be a rebalancing opportunity for the UK economy. Furthermore, income remains a key driver of total returns in equities and the market still offers some great contrarian value opportunities.

We will avoid buying stocks which are popular because of strong recent performance and focus instead on bottom-up stock picking. As patient, conviction investors, it is possible to utilise market volatility to add to favoured names at attractive valuations, while making sure that our portfolio construction remains focused on risk-adjusted returns.

### STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2016 to 7 March 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains/(losses)	2	18,541	(7,833)
Revenue	3	4,238	3,963
Expenses	4	(1,684)	(1,722)
Net revenue before taxation		2,554	2,241
Taxation	5	—	—
Net revenue after taxation		2,554	2,241
<b>Total return before distributions</b>		<b>21,095</b>	<b>(5,592)</b>
Distributions	6	(2,554)	(2,243)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>18,541</b>	<b>(7,835)</b>

### BALANCE SHEET

as at 7 March 2017

	Notes	2017 £000	2016 £000
<b>Assets:</b>			
<b>Fixed assets:</b>			
Investments		118,879	102,891
<b>Current assets:</b>			
Debtors	7	931	707
Cash and bank balances		—	1,144
<b>Total assets</b>		<b>119,810</b>	<b>104,742</b>
<b>Liabilities:</b>			
<b>Creditors:</b>			
Bank overdrafts		(28)	—
Distribution payable		(718)	(610)
Other creditors	8	(373)	(446)
<b>Total liabilities</b>		<b>(1,119)</b>	<b>(1,056)</b>
<b>Net assets attributable to shareholders</b>		<b>118,691</b>	<b>103,686</b>

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

for the accounting period 8 March 2016 to 7 March 2017

	2017 £000	2016 £000
<b>Opening net assets attributable to shareholders</b>	<b>103,686</b>	<b>121,142</b>
Amounts receivable on the issue of shares	11,525	2,835
Amounts payable on the cancellation of shares	(15,089)	(12,459)
	(3,564)	(9,624)
Dilution adjustment	25	—
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	18,541	(7,835)
Unclaimed distributions	3	3
<b>Closing net assets attributable to shareholders</b>	<b>118,691</b>	<b>103,686</b>

### DISTRIBUTION TABLE

for the accounting period 8 March 2016 to 7 March 2017

Dividend distribution in pence per share

#### Class 2 – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	1.9264	—	1.9264	1.6158
08/09/16 to 07/03/17	0.7335	—	0.7335	0.6188
<b>Group 2</b>				
08/03/16 to 07/09/16	0.7340	1.1924	1.9264	1.6158
08/09/16 to 07/03/17	0.4461	0.2874	0.7335	0.6188
<b>Total distributions in the period</b>			<b>2.6599</b>	<b>2.2346</b>

#### Class 2 – Accumulation shares\*

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017
<b>Group 1</b>			
08/09/16 to 07/03/17	0.5631	—	0.5631
<b>Group 2</b>			
08/09/16 to 07/03/17	0.5631	—	0.5631
<b>Total distributions in the period</b>			<b>0.5631</b>

\*In pound Sterling and against UK peer group.



## Threadneedle UK Overseas Earnings Fund

### DISTRIBUTION TABLE

(continued)

#### Class Z – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
<b>Group 1</b>				
08/03/16 to 07/09/16	2.3054	–	2.3054	1.8932
08/09/16 to 07/03/17	1.1340	–	1.1340	0.9728
<b>Group 2</b>				
08/03/16 to 07/09/16	0.6507	1.6547	2.3054	1.8932
08/09/16 to 07/03/17	0.6815	0.4525	1.1340	0.9728
<b>Total distributions in the period</b>			<b>3.4394</b>	<b>2.8660</b>

Group 2: shares purchased during a distribution period.

Equalisation was introduced with effect from 8 March 2016.

\*For launch dates, refer to the footnotes after the comparative tables.

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.



## Threadneedle UK Overseas Earnings Fund

### Comparative Table Disclosure

	Class 2 – Income shares			Class 2 – Accumulation shares
	07/03/2017	07/03/2016	07/03/2015	07/03/2017 <sup>1</sup>
<b>Change in net assets per share</b>				
Opening net asset value per share (p)	105.77	113.36	108.66	100.00
Return before operating charges (p)	24.10	(3.66)	8.44	6.21
Operating charges (p)	(1.81)	(1.70)	(1.66)	(0.58)
Return after operating charges (p)*	22.29	(5.36)	6.78	5.63
Distributions (p)	(2.66)	(2.23)	(2.08)	(0.56)
Retained distributions on accumulation shares (p)	—	—	—	0.56
Closing net asset value per share (p)	125.40	105.77	113.36	105.63
*after direct transaction costs of (p)	0.13	0.06	0.11	0.11
<b>Performance</b>				
Return after charges (%)	21.07	(4.73)	6.24	5.63
<b>Other information</b>				
Closing net asset value (£000)	111,104	102,735	121,019	3
Closing number of shares	88,598,211	97,130,940	106,759,242	3,001
Operating charges (%)**	1.57	1.57	1.57	1.52 <sup>†</sup>
Direct transaction costs (%)***	0.13	0.16	0.10	0.13
<b>Prices</b>				
Highest share price (p)	126.27	115.86	113.95	105.75
Lowest share price (p)	103.60	96.35	95.50	94.99

	Class Z – Income shares		
	07/03/2017	07/03/2016	07/03/2015
<b>Change in net assets per share</b>			
Opening net asset value per share (p)	105.65	113.14	108.07
Return before operating charges (p)	24.16	(3.67)	8.74
Operating charges (p)	(1.05)	(0.95)	(0.94)
Return after operating charges (p)*	23.11	(4.62)	7.80
Distributions (p)	(3.44)	(2.87)	(2.73)
Retained distributions on accumulation shares (p)	—	—	—
Closing net asset value per share (p)	125.32	105.65	113.14
*after direct transaction costs of (p)	0.13	0.06	0.11
<b>Performance</b>			
Return after charges (%)	21.87	(4.08)	7.22
<b>Other information</b>			
Closing net asset value (£000)	7,584	951	123
Closing number of shares	6,051,576	899,439	108,956
Operating charges (%)**	0.89	0.89	0.89
Direct transaction costs (%)***	0.13	0.16	0.10
<b>Prices</b>			
Highest share price (p)	126.59	115.82	114.06
Lowest share price (p)	103.68	96.52	95.32

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net. Further details can be found in the Important Information section.

\*\*The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit [columbiathreadneedle.com/fees](http://columbiathreadneedle.com/fees).

\*\*\*Transaction costs have not been reduced by any amounts collected from dilution levies/adjustments.

<sup>1</sup> Class 2 – Accumulation shares commenced 20 October 2016.

<sup>†</sup> The Ongoing Charges Figure is annualised based on the fees incurred since commencement date.



## Threadneedle UK Overseas Earnings Fund

### Notes to the financial statements

for the accounting period 8 March 2016 to 7 March 2017

#### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 5 and 6.

#### 2 NET CAPITAL GAINS/(LOSSES)

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

	2017 £000	2016 £000
Non-derivative securities	18,553	(7,840)
Other (losses)/gains	(11)	8
Transaction costs	(1)	(1)
Net capital gains/(losses)	18,541	(7,833)

#### 3 REVENUE

	2017 £000	2016 £000
UK dividends	4,216	3,956
Overseas dividends	9	—
Bank interest	2	6
Underwriting commission	11	1
Total revenue	4,238	3,963

#### 4 EXPENSES

	2017 £000	2016 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(1,611)	(1,650)
Registration fees	(40)	(39)
	(1,651)	(1,689)
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depositary's fees	(11)	(11)
Safe custody fees	(11)	(11)
	(22)	(22)
Other expenses:		
Regulatory fees	(1)	(3)
Audit fees	(8)	(8)
Professional fees	(2)	—
	(11)	(11)
Total expenses*	(1,684)	(1,722)

\*Including irrecoverable VAT where applicable.

#### 5 TAXATION

	2017 £000	2016 £000
<b>a) Analysis of charge in period</b>		
Total current tax (note 5b)	—	—
Total tax charge for the period	—	—
<b>b) Factors affecting taxation charge for period</b>		
Net revenue before taxation	2,554	2,241
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(511)	(448)
Effects of:		
Revenue not subject to taxation	843	791
Excess expenses	(332)	(343)
Current tax charge for period (note 5a)	—	—

The fund has not recognised a deferred tax asset of £10,264,841 (2016: £9,932,575) arising as a result of having unutilised management expenses. The movement in deferred tax asset may not agree to the excess expenses figure quoted above due to prior year adjustments. It is unlikely that these expenses will be utilised in future years.

#### 6 DISTRIBUTIONS

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

	2017 £000	2016 £000
Interim	1,838	1,633
Final	718	610
	2,556	2,243
Add: Revenue deducted on the cancellation of shares*	70	—
Deduct: Revenue received on the creation of shares*	(72)	—
Net distribution for the period	2,554	2,243
Net revenue after taxation	2,554	2,241
Equalisation on conversion	—	2
Total distributions	2,554	2,243

Details of the distribution per share are set out in the table on pages 242 to 243.

\*Equalisation was introduced with effect from 8 March 2016.

#### 7 DEBTORS

	2017 £000	2016 £000
Amounts receivable for the issue of shares	39	24
Sales awaiting settlement	237	79
Accrued revenue	655	604
Total debtors	931	707

#### 8 OTHER CREDITORS

	2017 £000	2016 £000
Amounts payable for the cancellation of shares	(194)	(91)
Purchases awaiting settlement	—	(194)
Accrued expenses	(11)	(8)
Amounts payable to ACD	(168)	(153)
Total other creditors	(373)	(446)

#### 9 DILUTION ADJUSTMENT

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

#### 10 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, as ACD, is a related party and acts as principal in respect of all transactions of shares in the fund.

The aggregate monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 7 and 8.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 8.

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

#### 11 SHAREHOLDER FUNDS

Threadneedle UK Overseas Earnings Fund currently has two share classes; Class 2 and Class Z shares. The charges on each share class are as follows:

<b>Annual management charge</b>	
Class 2 shares	1.50%
Class Z shares	0.75%
<b>Registration fees</b>	
Class 2 shares	0.035%
Class Z shares	0.110%

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on page 244. The distribution per share class is given in the distribution table on pages 242 to 243. All classes have the same rights on winding up.



## Threadneedle UK Overseas Earnings Fund

### Notes to the financial statements

(continued)

#### Reconciliation of shares

	2017
<b>Class 2 – Income shares</b>	
Opening shares	97,130,940
Shares issued	3,156,048
Shares redeemed	(11,532,272)
Net conversions	(156,505)
Closing shares	88,598,211
<b>Class 2 – Accumulation shares*</b>	
Opening shares	–
Shares issued	3,001
Shares redeemed	–
Net conversions	–
Closing shares	3,001
<b>Class Z – Income shares</b>	
Opening shares	899,439
Shares issued	6,693,626
Shares redeemed	(1,698,036)
Net conversions	156,547
Closing shares	6,051,576

\*For launch dates, refer to the footnotes after the comparative tables.

#### 12 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 6.

##### Market price risk sensitivity

A 5% market movement applied to the fund would result in an increase or decrease on net asset value of the fund by 4.69% (2016: 4.71%).

##### Currency exposures

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

	Monetary exposures	Non- monetary exposures	Total
	£000	£000	£000
<b>Currency 2017</b>			
US Dollar	132	–	132
<b>Currency 2016</b>			
US Dollar	143	–	143

##### Currency sensitivity

As the fund has no material currency exposure, no sensitivity analysis has been shown (2016: same).

##### Credit/Counterparty exposure

As at the balance sheet date there is no derivative exposure or collateral to disclose (2016: same).

The fund did not hold any collateral received from the fund's counterparties in either the current or prior year.

##### Interest rate risk

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

##### Interest rate risk profile of financial assets and financial liabilities

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

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
	£000	£000	£000	£000
<b>Currency 2017</b>				
UK Sterling	–	–	119,678	119,678
US Dollar	–	–	132	132
<b>Currency 2016</b>				
UK Sterling	1,144	–	103,455	104,599
US Dollar	–	–	143	143

	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
	£000	£000	£000	£000
<b>Currency 2017</b>				
UK Sterling	(28)	–	(1,091)	(1,119)
<b>Currency 2016</b>				
UK Sterling	–	–	(1,056)	(1,056)

##### Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances (2016: same).

##### Derivative risks

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

#### 13 FAIR VALUE DISCLOSURE

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

**Level 1** – Quoted prices for identical instruments in active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

**Level 2** – Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investments schemes.

**Level 3** – Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

	2017		2016	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
<b>Valuation technique</b>				
Level 1	118,879	–	102,891	–
	118,879	–	102,891	–

#### 14 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2016: Nil).

#### 15 PORTFOLIO TRANSACTION COSTS

##### 7 March 2017

	Value £000	Commissions £000	%	Taxes £000	%
<b>Purchases</b>					
Equities	20,370	20	0.10	101	0.50
Corporate actions	1,144	–	–	–	–
<b>Total</b>	<b>21,514</b>	<b>20</b>		<b>101</b>	

##### Gross purchases total:

	Value £000	Commissions £000	%	Taxes £000	%
<b>Sales</b>					
Equities	24,219	18	0.08	–	–
<b>Total</b>	<b>24,219</b>	<b>18</b>		<b>–</b>	

##### Total sales net of transaction costs:

	Value £000	Commissions £000	%	Taxes £000	%
<b>Transaction costs as a percentage of average Net Assets</b>					
Commissions:	0.04%				
Taxes:	0.09%				



## Threadneedle UK Overseas Earnings Fund

### Notes to the financial statements

(continued)

#### 7 March 2016

	Value £000	Commissions £000	%	Taxes £000	%
<b>Purchases</b>					
Equities	24,264	28	0.12	118	0.49
Corporate actions	146	—	—	—	—
<b>Total</b>	<b>24,410</b>	<b>28</b>		<b>118</b>	

**Gross purchases total:** **24,556**

	Value £000	Commissions £000	%	Taxes £000	%
<b>Sales</b>					
Equities	30,525	30	0.10	—	—
Corporate actions	2,461	—	—	—	—
<b>Total</b>	<b>32,986</b>	<b>30</b>		<b>—</b>	

**Total sales net of transaction costs:** **32,956**

#### Transaction costs as a percentage of average Net Assets

Commissions:	0.05%
Taxes:	0.11%

Portfolio transaction costs are incurred by the fund when buying and selling underlying investments. These vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

**Direct transaction costs:** Broker commissions, fees and taxes.

**Indirect transaction costs:** 'Dealing spread' – the difference between the buying and selling prices of the fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.11% (7 March 2016: 0.17%), being the difference between the respective bid and offer prices for the fund's investments.

### 16 SECURITIES FINANCING TRANSACTIONS REGULATION

Additional disclosures are required where the fund invests in securities financing transactions (SFTs). For the year ended 7 March 2017 the fund has not invested in SFTs and will not be making additional disclosures.



### **Statement of Authorised Corporate Director's (ACD) Responsibilities in relation to the Financial Statements of the Company**

The Open-Ended Investment Companies Regulations 2001 and the Collective Investment Schemes Sourcebook (COLL), as issued (and amended) by the Financial Conduct Authority (FCA), require the ACD to prepare financial statements for each annual accounting period which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the financial position of each sub-fund and its net revenue/(expenses) and the net gains/(losses) on the property of each sub-fund for the period. In preparing the financial statements the ACD is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice relating to Authorised Funds issued by the Investment Management Association (IMA);
- follow generally accepted accounting principles and applicable accounting standards;
- keep proper accounting records, which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation for the foreseeable future.

The ACD is required to keep proper accounting records and to manage the Company in accordance with the Collective Investment Schemes Sourcebook, the Instrument of Incorporation and the Prospectus. The ACD is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Shareholders of the Threadneedle Investment Funds ICVC (the Company) for the Period ended 7 March 2017**

The Depositary is responsible for the safekeeping of all the property of the Company (other than tangible moveable property) which is entrusted to it and ensuring proper registration of tangible moveable property, and for the collection of income arising from all such scheme property.

It is the duty of the Depositary to take reasonable care to ensure that the Company is managed and operated by the Authorised Corporate Director in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("the Sourcebook"), the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the OEIC Regulations), the Company's Instrument of Incorporation, and the Prospectus, as appropriate, concerning: the pricing of and dealing in Shares in the Company; the application of income of the Company; and the investment portfolio and borrowing activities of the Company.

Having carried out procedures and enquiries considered duly necessary to discharge our responsibilities as Depositary of the Company, based on information and explanations provided to us, we believe that, in all material respects, the Company, acting through the Authorised Corporate Director:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Sourcebook, and where applicable, the OEIC regulations, the Company's Instrument of Incorporation, and the Prospectus;
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company; and
- (iii) has, otherwise, ensured the proper operation of the Company.

Citibank Europe plc,  
UK Branch  
London

14 June 2017



# Independent Auditors' Report to the Shareholders of Threadneedle Investment Funds ICVC

## Report on the financial statements

### Our opinion

In our opinion, Threadneedle Investment Funds ICVC's financial statements, (the "financial statements of the Company"):

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 7 March 2017 and of the net revenue/ (expenses) and the net capital gains/(losses) of the scheme property of the Company and each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

### What we have audited

Threadneedle Investment Funds ICVC (the "Company") is an umbrella fund with a number of sub-funds. The financial statements of the Company, included within the *Annual Report and Audited Financial Statements* (the "Annual Report") comprise the financial statements of each of the sub-funds, which are prepared by Threadneedle Investment Services Limited (the "Authorised Corporate Director"), and comprise for each of the sub-funds:

- the balance sheet as at 7 March 2017;
- the statement of total return for the year then ended;
- the statement of change in net assets attributable to shareholders for the year then ended;
- the Notes to the Annual Reports and Financial Statements for Threadneedle Investment Funds ICVC and notes to the financial statements of individual sub funds, which include other explanatory information; and
- the distribution tables.

The financial reporting framework that has been applied in their preparation is United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and applicable law), the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Management Association (the "Statement of Recommended Practice for UK Authorised Funds"), the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

In applying the financial reporting framework, the Authorised Corporate Director has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

## Opinions on matters prescribed by the Collective Investment Schemes sourcebook

In our opinion:

- we have obtained all the information and explanations we consider necessary for the purposes of the audit; and
- the information given in the Authorised Corporate Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Other matters on which we are required to report by exception

### Propriety of accounting records and information and explanations received

Under the Collective Investment Schemes sourcebook we are required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

## Responsibilities for the financial statements and the audit

### Our responsibilities and those of the Authorised Corporate Director

As explained more fully in the Statement of Authorised Corporate Director's (ACD) Responsibilities in relation to the Financial Statements of the Company set out on page 248, the Authorised Corporate Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 and for no other purpose.

We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's and each of the Company's sub-funds' circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Authorised Corporate Director; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Edinburgh  
14 June 2017

PricewaterhouseCoopers LLP  
Chartered Accountants and  
Statutory Auditors

### Notes:

- The maintenance and integrity of the Threadneedle website is the responsibility of the Authorised Corporate Director; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



## Threadneedle UK Fund

### Portfolio Statement

as at 7 March 2017

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
<b>OIL &amp; GAS 6.44% (6.58%)</b>				<b>Tobacco 6.45% (6.81%)</b>			
	<b>Oil &amp; Gas Producers 3.81% (4.30%)</b>			1,260,266	British American Tobacco	64,324	2.98
3,657,559	Royal Dutch Shell B Shares	82,368	3.81	1,966,401	Imperial Brands	75,038	3.47
	<b>Oil Equipment, Services &amp; Distribution 2.63% (2.28%)</b>			<b>Total Consumer Goods</b>			
1,610,658	Amec Foster Wheeler	7,536	0.35			<b>476,452</b>	<b>22.04</b>
1,688,661	Hunting	9,634	0.44	<b>HEALTH CARE 8.40% (7.90%)</b>			
5,235,978	ffa	39,767	1.84	2,614,758	<b>Health Care Equipment &amp; Services 1.49% (2.44%)</b>		
	<b>Total Oil &amp; Gas</b>	<b>139,305</b>	<b>6.44</b>		Smith & Nephew	32,135	1.49
<b>BASIC MATERIALS 3.96% (4.08%)</b>					<b>Pharmaceuticals &amp; Biotechnology 6.91% (5.46%)</b>		
	<b>Chemicals 1.62% (1.77%)</b>			1,245,112	AstraZeneca	59,162	2.74
1,167,365	Johnson Matthey	34,974	1.62	5,358,930	GlaxoSmithKline	90,218	4.17
	<b>Mining 2.34% (2.31%)</b>			<b>Total Health Care</b>			
1,529,106	Rio Tinto	50,698	2.34			<b>181,515</b>	<b>8.40</b>
	<b>Total Basic Materials</b>	<b>85,672</b>	<b>3.96</b>	<b>CONSUMER SERVICES 17.01% (16.07%)</b>			
<b>INDUSTRIALS 14.56% (16.42%)</b>				8,959,097	<b>Food &amp; Drug Retailers 0.82% (1.34%)</b>		
	<b>Construction &amp; Materials 4.22% (1.60%)</b>				Booker Group	17,811	0.82
26,304,344	Breedon Aggregates	19,991	0.92	2,428,879	<b>General Retailers 0.89% (0.00%)</b>		
1,451,323	CRH	42,016	1.94		Inchcape	19,261	0.89
12,629,718	Melrose Industries	29,333	1.36		<b>Media 6.97% (5.22%)</b>		
	<b>Aerospace &amp; Defence 2.23% (2.72%)</b>			2,927,430	Daily Mail & General Trust	21,019	0.97
3,611,769	BAE Systems	23,224	1.07	3,679,031	Informa	24,282	1.12
3,306,216	Rolls-Royce Holdings	25,094	1.16	22,107,887	ITV	45,697	2.12
	<b>General Industrials 2.39% (3.23%)</b>			1,059,294	Pearson	7,219	0.33
5,556,343	DS Smith	25,070	1.16	3,416,271	RELX	52,406	2.43
1,725,905	Smiths Group	26,544	1.23		<b>Travel &amp; Leisure 8.33% (9.51%)</b>		
	<b>Industrial Engineering 0.00% (1.08%)</b>			814,708	Carnival	36,189	1.68
	<b>Industrial Transportation 0.92% (1.02%)</b>			2,501,005	Compass Group	37,165	1.72
4,916,365	Royal Mail	19,783	0.92	2,059,367	Greene King	13,983	0.65
	<b>Support Services 4.80% (6.77%)</b>			983,400	InterContinental Hotels	37,694	1.74
1,126,785	Aggreko	10,547	0.49	1,024,902	J D Wetherspoon	9,737	0.45
1,886,044	Berendsen	15,192	0.70	6,182,243	Merlin Entertainments	30,621	1.42
4,174,847	Howden Joinery Group	17,751	0.82	7,033,180	Stagecoach Group	14,531	0.67
11,076,047	Rentokil Initial	26,727	1.24		<b>Total Consumer Services</b>	<b>367,615</b>	<b>17.01</b>
672,329	Wolseley	33,542	1.55	<b>TELECOMMUNICATIONS 2.82% (4.05%)</b>			
	<b>Total Industrials</b>	<b>314,814</b>	<b>14.56</b>	18,344,472	<b>Fixed Line Telecommunications 2.82% (4.05%)</b>		
<b>CONSUMER GOODS 22.04% (21.74%)</b>					BT Group	60,940	2.82
	<b>Automobiles &amp; Parts 2.16% (2.07%)</b>			<b>Total Telecommunications</b>			
12,509,767	GKN	46,749	2.16			<b>60,940</b>	<b>2.82</b>
	<b>Beverages 2.78% (2.50%)</b>			<b>FINANCIALS 20.63% (17.79%)</b>			
2,662,078	Diageo	60,136	2.78		<b>Banks 3.06% (2.11%)</b>		
	<b>Household Goods &amp; Home Construction 5.46% (5.96%)</b>			15,784,724	Barclays	35,902	1.66
808,450	Bellway	21,917	1.02	4,096,106	Standard Chartered	30,283	1.40
7,541,373	Crest Nicholson Holdings	41,704	1.93		<b>Nonlife Insurance 1.42% (1.25%)</b>		
2,037,734	Headlam Group	12,145	0.56	5,155,057	RSA Insurance Group	30,724	1.42
575,370	Reckitt Benckiser Group	42,065	1.95		<b>Life Insurance 8.37% (8.30%)</b>		
	<b>Personal Goods 5.19% (4.40%)</b>			25,390,313	Legal & General Group	64,441	2.98
1,506,948	Burberry Group	26,643	1.23	4,654,053	Prudential	76,466	3.54
3,375,881	PZ Cussons	10,880	0.50	3,682,495	St James's Place	39,918	1.85
1,909,944	Unilever	74,851	3.46		<b>Real Estate Investment &amp; Services 0.91% (0.91%)</b>		
				7,732,349	Grainger	19,748	0.91
					<b>Real Estate Investment Trusts 2.15% (1.00%)</b>		
				606,749	Derwent London	16,898	0.78
				2,778,414	Land Securities Group REIT	29,562	1.37







## Threadneedle UK Select Fund

### Portfolio Statement

as at 7 March 2017

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
<b>OIL &amp; GAS 6.24% (6.83%)</b>				<b>CONSUMER SERVICES 14.73% (22.98%)</b>			
	<b>Oil &amp; Gas Producers 6.24% (6.83%)</b>				<b>General Retailers 0.00% (1.13%)</b>		
656,527	Royal Dutch Shell B Shares	14,785	6.24				
	<b>Total Oil &amp; Gas</b>	<b>14,785</b>	<b>6.24</b>		<b>Media 8.14% (6.32%)</b>		
				774,062	Ascential	2,330	0.98
<b>BASIC MATERIALS 7.41% (0.00%)</b>				951,908	Informa	6,283	2.65
	<b>Chemicals 4.53% (0.00%)</b>			2,026,324	ITV	4,188	1.77
1,939,098	Elementis	5,724	2.41	423,583	RELX	6,498	2.74
39,180	Johnson Matthey	1,174	0.50		<b>Travel &amp; Leisure 6.59% (15.53%)</b>		
195,208	Victrex	3,850	1.62	391,091	Compass Group	5,812	2.45
	<b>Mining 2.88% (0.00%)</b>			4,100,938	Firstgroup	4,987	2.10
206,055	Rio Tinto	6,832	2.88	977,267	Merlin Entertainments	4,840	2.04
	<b>Total Basic Materials</b>	<b>17,580</b>	<b>7.41</b>		<b>Total Consumer Services</b>	<b>34,938</b>	<b>14.73</b>
<b>INDUSTRIALS 8.36% (8.75%)</b>				<b>TELECOMMUNICATIONS 0.00% (4.02%)</b>			
	<b>Construction &amp; Materials 1.48% (1.11%)</b>				<b>Fixed Line Telecommunications 0.00% (4.02%)</b>		
4,630,127	Breedon Aggregates	3,519	1.48		<b>Total Telecommunications</b>	<b>—</b>	<b>—</b>
	<b>Aerospace &amp; Defence 1.02% (1.80%)</b>						
376,832	BAE Systems	2,423	1.02	<b>FINANCIALS 28.77% (23.26%)</b>			
	<b>General Industrials 2.27% (0.00%)</b>				<b>Banks 5.98% (0.94%)</b>		
1,190,306	DS Smith	5,371	2.27	3,101,352	Barclays	7,054	2.98
	<b>Electronic &amp; Electrical Equipment 2.11% (1.10%)</b>			962,879	Standard Chartered	7,119	3.00
1,570,037	Morgan Advanced Materials	5,010	2.11		<b>Life Insurance 9.44% (12.23%)</b>		
	<b>Support Services 1.48% (4.74%)</b>			2,829,582	Legal & General Group	7,181	3.03
824,375	Howden Joinery Group	3,505	1.48	441,656	Prudential	7,256	3.06
	<b>Total Industrials</b>	<b>19,828</b>	<b>8.36</b>	733,850	St James's Place	7,955	3.35
					<b>Real Estate Investment Trusts 1.60% (2.91%)</b>		
<b>CONSUMER GOODS 19.02% (20.30%)</b>				136,287	Derwent London	3,796	1.60
	<b>Automobiles &amp; Parts 0.00% (1.05%)</b>				<b>Financial Services 11.05% (7.18%)</b>		
	<b>Beverages 3.91% (3.11%)</b>			1,010,554	Intermediate Capital Group	7,185	3.03
411,061	Diageo	9,286	3.91	241,894	London Stock Exchange Group	7,472	3.15
	<b>Household Goods &amp; Home Construction 2.20% (6.40%)</b>			3,524,913	Sherborne Investors Guernsey B	5,146	2.17
941,898	Crest Nicholson Holdings	5,209	2.20	1,307,208	Tullett Prebon	6,407	2.70
	<b>Personal Goods 2.70% (0.00%)</b>				<b>Equity Investment Instruments 0.70% (0.00%)</b>		
163,345	Unilever	6,401	2.70	33,712	Electra Private Equity	1,661	0.70
	<b>Tobacco 10.21% (9.74%)</b>				<b>Total Financials</b>	<b>68,232</b>	<b>28.77</b>
220,176	British American Tobacco	11,238	4.74				
339,790	Imperial Brands	12,966	5.47	<b>TECHNOLOGY 2.49% (0.00%)</b>			
	<b>Total Consumer Goods</b>	<b>45,100</b>	<b>19.02</b>		<b>Software &amp; Computer Services 2.49% (0.00%)</b>		
				909,465	Sage Group	5,893	2.49
<b>HEALTH CARE 10.07% (11.62%)</b>					<b>Total Technology</b>	<b>5,893</b>	<b>2.49</b>
	<b>Health Care Equipment &amp; Services 1.50% (3.19%)</b>						
290,506	Smith & Nephew	3,570	1.50	<b>Total value of investments</b>			
	<b>Pharmaceuticals &amp; Biotechnology 8.57% (8.43%)</b>					<b>230,247</b>	<b>97.09</b>
152,684	AstraZeneca	7,255	3.06	<b>Net other assets (2.24%)</b>			
776,133	GlaxoSmithKline	13,066	5.51			<b>6,907</b>	<b>2.91</b>
	<b>Total Health Care</b>	<b>23,891</b>	<b>10.07</b>	<b>Net assets</b>			
						<b>237,154</b>	<b>100.00</b>

March 2016 comparatives in brackets.

\*Alternative Investment Market.







## Threadneedle UK Smaller Companies Fund

### Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
<b>FINANCIALS 9.75% (9.26%) (continued)</b>			
<b>Real Estate Investment Trusts 0.00% (2.61%)</b>			
<b>Financial Services 7.43% (3.53%)</b>			
90,131	<sup>†</sup> Brooks Macdonald Group	1,780	0.97
1,827,181	IP Group	2,872	1.57
1,363,636	<sup>†</sup> Premier Asset Management Group	1,882	1.03
666,186	Tullett Prebon	3,265	1.78
2,457,211	Xafinity	3,815	2.08
	<b>Total Financials</b>	<b>17,871</b>	<b>9.75</b>
<b>TECHNOLOGY 15.98% (15.31%)</b>			
<b>Software &amp; Computer Services 14.35% (12.78%)</b>			
139,853	AVEVA Group	2,667	1.46
924,818	<sup>†</sup> Blanco Technology	2,608	1.42
1,481,409	<sup>†</sup> Blue Prism Group	7,081	3.86
608,264	FDM Group Holdings IPO	4,258	2.32
1,123,477	<sup>†</sup> GB Group	3,345	1.83
720,133	<sup>†</sup> iomart Group	2,110	1.15
113,721	Micro Focus International	2,456	1.34
3,943,724	<sup>†</sup> Ubisense Group	1,775	0.97
<b>Technology Hardware &amp; Equipment 1.63% (2.53%)</b>			
2,915,677	Spirent Communications	2,996	1.63
	<b>Total Technology</b>	<b>29,296</b>	<b>15.98</b>
<b>Total value of investments</b>		<b>183,550</b>	<b>100.13</b>
<b>Net other liabilities (–0.21%)</b>		<b>(238)</b>	<b>(0.13)</b>
<b>Net assets</b>		<b>183,312</b>	<b>100.00</b>

March 2016 comparatives in brackets.

<sup>†</sup>Alternative Investment Market.



## Threadneedle UK Growth & Income Fund

### Portfolio Statement

as at 7 March 2017

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
<b>OIL &amp; GAS 3.73% (3.50%)</b>				<b>CONSUMER SERVICES 26.17% (26.60%)</b>			
	<b>Oil &amp; Gas Producers 3.73% (3.50%)</b>				<b>Food &amp; Drug Retailers 6.60% (6.09%)</b>		
688,516	Royal Dutch Shell B Shares	15,505	3.73	5,396,053	Booker Group	10,727	2.58
	<b>Total Oil &amp; Gas</b>	<b>15,505</b>	<b>3.73</b>	6,843,943	WM Morrison Supermarkets	16,692	4.02
<b>BASIC MATERIALS 1.71% (1.83%)</b>					<b>General Retailers 2.70% (4.28%)</b>		
	<b>Chemicals 1.71% (1.83%)</b>			3,339,204	Marks & Spencer Group	11,213	2.70
236,955	Johnson Matthey	7,099	1.71		<b>Media 7.62% (8.46%)</b>		
	<b>Total Basic Materials</b>	<b>7,099</b>	<b>1.71</b>	4,542,325	ITV	9,389	2.26
<b>INDUSTRIALS 24.87% (20.56%)</b>				1,456,820	Pearson	9,928	2.39
	<b>Construction &amp; Materials 1.76% (0.00%)</b>			803,095	RELX	12,319	2.97
3,148,888	Melrose Industries	7,313	1.76		<b>Travel &amp; Leisure 9.25% (7.77%)</b>		
	<b>Aerospace &amp; Defence 4.84% (5.52%)</b>			655,314	Compass Group	9,738	2.34
1,718,764	BAE Systems	11,052	2.66	5,619,113	Firstgroup	6,833	1.64
3,096,460	Cobham	3,948	0.95	678,799	J D Wetherspoon	6,449	1.55
674,298	Rolls-Royce Holdings	5,118	1.23	2,102,354	Rank Group	4,386	1.06
	<b>General Industrials 3.86% (3.63%)</b>			2,033,532	Restaurant Group	6,627	1.60
1,725,774	DS Smith	7,787	1.88	2,124,098	Stagecoach Group	4,388	1.06
535,080	Smiths Group	8,230	1.98		<b>Total Consumer Services</b>	<b>108,689</b>	<b>26.17</b>
	<b>Electronic &amp; Electrical Equipment 0.82% (0.79%)</b>			<b>TELECOMMUNICATIONS 2.86% (4.48%)</b>			
1,068,307	Morgan Advanced Materials	3,409	0.82		<b>Fixed Line Telecommunications 2.86% (4.48%)</b>		
	<b>Industrial Engineering 1.06% (1.19%)</b>			3,574,949	BT Group	11,876	2.86
341,157	IMI	4,380	1.06		<b>Total Telecommunications</b>	<b>11,876</b>	<b>2.86</b>
	<b>Industrial Transportation 1.16% (0.86%)</b>			<b>UTILITIES 5.75% (6.27%)</b>			
1,777,290	Wincanton	4,821	1.16		<b>Gas, Water &amp; Multiutilities 5.75% (6.27%)</b>		
	<b>Support Services 11.37% (8.57%)</b>			5,049,873	Centrica	11,201	2.70
2,614,828	Electrocomponents	12,640	3.04	586,879	National Grid	5,699	1.37
3,353,687	Hays	5,373	1.29	332,092	Pennon Group	2,911	0.70
5,755,126	Rentokil Initial	13,887	3.34	417,074	United Utilities Group	4,075	0.98
199,461	Wolseley	9,951	2.40		<b>Total Utilities</b>	<b>23,886</b>	<b>5.75</b>
367,332	WS Atkins	5,403	1.30	<b>FINANCIALS 12.14% (12.97%)</b>			
	<b>Total Industrials</b>	<b>103,312</b>	<b>24.87</b>		<b>Banks 1.35% (2.24%)</b>		
<b>CONSUMER GOODS 11.19% (11.80%)</b>				265,634	Secure Trust Bank	5,605	1.35
	<b>Automobiles &amp; Parts 1.73% (1.67%)</b>				<b>Nonlife Insurance 3.08% (2.70%)</b>		
1,919,722	GKN	7,174	1.73	2,149,755	RSA Insurance Group	12,813	3.08
	<b>Food Producers 2.17% (1.61%)</b>				<b>Life Insurance 2.85% (3.53%)</b>		
1,184,302	Tate & Lyle	8,995	2.17	4,659,707	Legal & General Group	11,826	2.85
	<b>Personal Goods 3.86% (4.06%)</b>				<b>Financial Services 4.86% (4.50%)</b>		
409,105	Unilever	16,033	3.86	1,640,258	3i Group	11,580	2.79
	<b>Tobacco 3.43% (4.46%)</b>			5,875,575	Sherborne Investors Guernsey B	8,578	2.07
373,767	Imperial Brands	14,263	3.43		<b>Total Financials</b>	<b>50,402</b>	<b>12.14</b>
	<b>Total Consumer Goods</b>	<b>46,465</b>	<b>11.19</b>	<b>TECHNOLOGY 1.90% (2.14%)</b>			
<b>HEALTH CARE 10.41% (10.26%)</b>					<b>Technology Hardware &amp; Equipment 1.90% (2.14%)</b>		
	<b>Pharmaceuticals &amp; Biotechnology 10.41% (10.26%)</b>			7,694,880	Spirent Communications	7,906	1.90
449,270	AstraZeneca	21,347	5.14		<b>Total Technology</b>	<b>7,906</b>	<b>1.90</b>
1,299,892	GlaxoSmithKline	21,884	5.27	<b>Total value of investments</b>			
	<b>Total Health Care</b>	<b>43,231</b>	<b>10.41</b>			<b>418,371</b>	<b>100.73</b>
						<b>Net other liabilities (–0.41%)</b>	<b>(3,022)</b>
						<b>Net assets</b>	<b>415,349</b>
							<b>100.00</b>

March 2016 comparatives in brackets.



## Threadneedle UK Equity Income Fund

### Portfolio Statement

as at 7 March 2017

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
<b>OIL &amp; GAS 3.82% (3.55%)</b>				<b>HEALTH CARE 13.43% (13.91%)</b>			
	<b>Oil &amp; Gas Producers 3.82% (3.55%)</b>				<b>Pharmaceuticals &amp; Biotechnology 13.43% (13.91%)</b>		
6,336,087	Royal Dutch Shell B Shares	142,689	3.82	5,268,797	AstraZeneca	250,347	6.71
	<b>Total Oil &amp; Gas</b>	<b>142,689</b>	<b>3.82</b>	14,903,372	GlaxoSmithKline	250,898	6.72
					<b>Total Health Care</b>	<b>501,245</b>	<b>13.43</b>
<b>BASIC MATERIALS 1.94% (1.92%)</b>				<b>CONSUMER SERVICES 20.54% (22.10%)</b>			
	<b>Chemicals 1.94% (1.92%)</b>				<b>Food &amp; Drug Retailers 5.73% (5.78%)</b>		
10,325,188	Elementis	30,480	0.81	27,137,102	Booker Group	53,949	1.45
1,404,724	Johnson Matthey	42,086	1.13	65,572,118	WM Morrison Supermarkets	159,930	4.28
	<b>Total Basic Materials</b>	<b>72,566</b>	<b>1.94</b>				
<b>INDUSTRIALS 24.02% (20.12%)</b>					<b>General Retailers 2.37% (2.75%)</b>		
	<b>Construction &amp; Materials 2.08% (1.21%)</b>			26,314,820	Marks & Spencer Group	88,365	2.37
1,528,287	Kier Group	22,374	0.60		<b>Media 6.98% (7.52%)</b>		
13,986,806	Melrose Industries	32,484	0.87	40,053,544	ITV	82,791	2.22
2,183,823	Morgan Sindall Group	22,777	0.61	11,960,593	Pearson	81,511	2.18
	<b>Aerospace &amp; Defence 4.61% (4.74%)</b>			6,276,311	RELX	96,279	2.58
17,509,437	BAE Systems	112,586	3.02		<b>Travel &amp; Leisure 5.46% (6.05%)</b>		
31,173,987	Cobham	39,747	1.06	5,835,808	Compass Group	86,720	2.32
2,623,496	Rolls-Royce Holdings	19,912	0.53	1,215,696	Go-Ahead Group	21,907	0.59
	<b>General Industrials 3.90% (3.64%)</b>			3,190,097	J D Wetherspoon	30,306	0.81
15,267,711	DS Smith	68,888	1.84	16,501,009	Rank Group	34,421	0.92
4,999,869	Smiths Group	76,898	2.06	14,830,953	Stagecoach Group	30,641	0.82
	<b>Electronic &amp; Electrical Equipment 1.39% (1.02%)</b>				<b>Total Consumer Services</b>	<b>766,820</b>	<b>20.54</b>
7,985,007	Morgan Advanced Materials	25,480	0.68	<b>TELECOMMUNICATIONS 2.83% (4.50%)</b>			
3,402,008	Oxford Instruments	26,468	0.71		<b>Fixed Line Telecommunications 2.83% (4.50%)</b>		
	<b>Industrial Engineering 0.80% (0.81%)</b>			31,738,315	BT Group	105,435	2.83
2,312,415	IMI	29,691	0.80		<b>Total Telecommunications</b>	<b>105,435</b>	<b>2.83</b>
	<b>Industrial Transportation 0.84% (0.57%)</b>			<b>UTILITIES 6.87% (8.18%)</b>			
11,533,274	Wincanton	31,284	0.84		<b>Gas, Water &amp; Multiutilities 6.87% (8.18%)</b>		
	<b>Support Services 10.40% (8.13%)</b>			47,381,197	Centrica	105,091	2.81
28,700,578	Electrocomponents	138,739	3.72	8,105,772	National Grid	78,707	2.11
21,849,852	Hays	35,003	0.94	3,859,848	Pennon Group	33,832	0.91
40,661,277	Rentokil Initial	98,116	2.63	3,986,201	United Utilities Group	38,945	1.04
1,224,764	Wolseley	61,103	1.64		<b>Total Utilities</b>	<b>256,575</b>	<b>6.87</b>
3,741,464	WS Atkins	55,037	1.47	<b>FINANCIALS 14.25% (12.41%)</b>			
	<b>Total Industrials</b>	<b>896,587</b>	<b>24.02</b>		<b>Nonlife Insurance 3.20% (2.68%)</b>		
<b>CONSUMER GOODS 12.28% (13.22%)</b>				20,036,788	RSA Insurance Group	119,419	3.20
	<b>Automobiles &amp; Parts 0.77% (0.71%)</b>				<b>Life Insurance 7.20% (6.64%)</b>		
7,648,914	GKN	28,584	0.77	9,320,016	Chesnara	32,364	0.87
	<b>Food Producers 2.21% (1.94%)</b>			40,668,902	Legal & General Group	103,218	2.76
10,867,723	Tate & Lyle	82,540	2.21	10,852,515	Phoenix Group Holdings	84,758	2.27
	<b>Personal Goods 3.43% (3.33%)</b>			12,513,698	Standard Life	48,466	1.30
3,272,094	Unilever	128,233	3.43		<b>Financial Services 3.85% (3.09%)</b>		
	<b>Tobacco 5.87% (7.24%)</b>			13,529,213	3i Group	95,516	2.56
5,745,071	Imperial Brands	219,232	5.87	32,987,264	Sherborne Investors Guernsey B	48,161	1.29
	<b>Total Consumer Goods</b>	<b>458,589</b>	<b>12.28</b>		<b>Total Financials</b>	<b>531,902</b>	<b>14.25</b>



## Threadneedle UK Equity Income Fund

### Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
<b>DERIVATIVES 0.01% (0.00%)</b>			
	<b>Forward Foreign Exchange Contracts 0.01% (0.00%)</b>		
	Sell GBP 524,238		
	Buy CHF 660,509 J.P. Morgan	10	—
	Sell GBP 691,721		
	Buy CHF 871,528 J.P. Morgan	14	—
	Sell GBP 925,871		
	Buy EUR 1,073,476 J.P. Morgan	6	—
	Sell GBP 89,513		
	Buy EUR 104,967 J.P. Morgan	2	—
	Sell GBP 10,621,395		
	Buy EUR 12,584,188 J.P. Morgan	303	0.01
	Sell GBP 1,734,335		
	Buy EUR 2,054,833 J.P. Morgan	50	—
	Sell GBP 23,702		
	Buy EUR 27,799 J.P. Morgan	—	—
	Sell GBP 23,905		
	Buy EUR 27,893 J.P. Morgan	—	—
	Sell GBP 27,467		
	Buy EUR 32,485 J.P. Morgan	1	—
	Sell GBP 38,123		
	Buy EUR 44,542 J.P. Morgan	1	—
	Sell GBP 38,852		
	Buy EUR 45,908 J.P. Morgan	1	—
	Sell GBP 61,837		
	Buy EUR 73,189 J.P. Morgan	2	—
	Sell GBP 65,050		
	Buy EUR 75,333 J.P. Morgan	—	—
	Sell USD 2,001		
	Buy GBP 1,636 J.P. Morgan	—	—
	Sell CHF 5,526		
	Buy GBP 4,465 J.P. Morgan	—	—
	Sell EUR 1,033,179		
	Buy GBP 891,115 J.P. Morgan	(6)	—
	Sell GBP 1,076,014		
	Buy USD 1,341,170 J.P. Morgan	24	—
	Sell GBP 1,928,330		
	Buy USD 2,403,517 J.P. Morgan	42	—
	<b>Total Derivatives</b>	<b>450</b>	<b>0.01</b>
<b>Total value of investments</b>		<b>3,732,858</b>	<b>99.99</b>
<b>Net other assets (0.09%)</b>		<b>432</b>	<b>0.01</b>
<b>Net assets</b>		<b>3,733,290</b>	<b>100.00</b>

March 2016 comparatives in brackets.



## Threadneedle UK Monthly Income Fund

### Portfolio Statement

as at 7 March 2017

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
<b>OIL &amp; GAS 9.74% (5.76%)</b>				<b>HEALTH CARE 7.93% (8.45%)</b>			
	<b>Oil &amp; Gas Producers 9.74% (5.76%)</b>				<b>Pharmaceuticals &amp; Biotechnology 7.93% (8.45%)</b>		
4,025,000	BP	18,680	3.13	467,500	AstraZeneca	22,213	3.72
1,750,000	Royal Dutch Shell B Shares	39,410	6.61	1,490,000	GlaxoSmithKline	25,084	4.21
	<b>Total Oil &amp; Gas</b>	<b>58,090</b>	<b>9.74</b>		<b>Total Health Care</b>	<b>47,297</b>	<b>7.93</b>
<b>BASIC MATERIALS 1.73% (1.00%)</b>				<b>CONSUMER SERVICES 17.46% (17.79%)</b>			
	<b>Chemicals 1.09% (0.58%)</b>				<b>General Retailers 1.95% (0.43%)</b>		
132,222	Johnson Matthey	3,961	0.66	2,725,000	Marks & Spencer Group	9,151	1.54
555,000	Synthomer	2,536	0.43	1,500,000	ScS Group IPO	2,430	0.41
	<b>Mining 0.64% (0.42%)</b>				<b>Media 8.28% (7.76%)</b>		
285,000	BHP Billiton	3,845	0.64	1,325,000	Informa	8,745	1.47
	<b>Total Basic Materials</b>	<b>10,342</b>	<b>1.73</b>	4,850,000	ITV	10,025	1.68
<b>INDUSTRIALS 16.48% (13.15%)</b>				1,025,000	Pearson	6,985	1.17
	<b>Construction &amp; Materials 1.16% (0.00%)</b>			1,000,000	RELX	15,340	2.57
2,985,000	Melrose Industries	6,933	1.16	475,000	WPP	8,308	1.39
	<b>Aerospace &amp; Defence 4.50% (3.18%)</b>				<b>Travel &amp; Leisure 7.23% (9.60%)</b>		
3,700,000	BAE Systems	23,791	3.99	510,000	Compass Group	7,579	1.27
2,368,319	Cobham	3,020	0.51	703,728	Fuller Smith & Turner	6,872	1.15
	<b>General Industrials 1.52% (1.33%)</b>			390,000	Go-Ahead Group	7,028	1.18
2,010,000	DS Smith	9,069	1.52	1,125,000	Greene King	7,639	1.28
	<b>Electronic &amp; Electrical Equipment 0.85% (0.59%)</b>			2,470,000	Rank Group	5,152	0.86
325,000	Halma	3,209	0.54	3,175,000	Stagecoach Group	6,560	1.10
240,000	Oxford Instruments	1,867	0.31	60,000	Whitbread	2,290	0.39
	<b>Industrial Engineering 0.98% (0.84%)</b>				<b>Total Consumer Services</b>	<b>104,104</b>	<b>17.46</b>
7,645,000	Severfield	5,829	0.98	<b>TELECOMMUNICATIONS 4.03% (5.71%)</b>			
	<b>Industrial Transportation 1.24% (0.74%)</b>				<b>Fixed Line Telecommunications 4.03% (5.11%)</b>		
154,478	James Fisher & Sons	2,484	0.42	4,025,000	BT Group	13,371	2.24
1,210,000	Royal Mail	4,869	0.82	7,755,000	Kcom Group	6,941	1.17
	<b>Support Services 6.23% (6.47%)</b>			1,898,400	Manx Telecom	3,702	0.62
1,835,000	Connect Group	2,592	0.43		<b>Mobile Telecommunications 0.00% (0.60%)</b>		
785,000	De La Rue	4,906	0.82		<b>Total Telecommunications</b>	<b>24,014</b>	<b>4.03</b>
2,180,000	Electrocomponents	10,538	1.77	<b>UTILITIES 4.77% (7.82%)</b>			
205,000	Wolsley	10,227	1.72		<b>Electricity 0.00% (1.90%)</b>		
605,000	WS Atkins	8,900	1.49		<b>Gas, Water &amp; Multiutilities 4.77% (5.92%)</b>		
	<b>Total Industrials</b>	<b>98,234</b>	<b>16.48</b>	4,375,000	Centrica	9,704	1.63
<b>CONSUMER GOODS 11.63% (12.48%)</b>				280,000	National Grid	2,719	0.45
	<b>Automobiles &amp; Parts 0.00% (0.60%)</b>			1,470,000	Pennon Group	12,885	2.16
560,000	Diageo	12,650	2.12	135,000	Severn Trent	3,144	0.53
	<b>Household Goods &amp; Home Construction 0.00% (0.63%)</b>				<b>Total Utilities</b>	<b>28,452</b>	<b>4.77</b>
250,000	Burberry Group	4,420	0.74	<b>FINANCIALS 25.33% (23.54%)</b>			
105,000	Unilever	4,115	0.69		<b>Banks 2.93% (0.39%)</b>		
	<b>Tobacco 8.08% (9.00%)</b>			4,865,000	Barclays	11,065	1.86
480,000	British American Tobacco	24,499	4.11	860,000	Standard Chartered	6,358	1.07
620,000	Imperial Brands	23,659	3.97		<b>Nonlife Insurance 1.71% (1.58%)</b>		
	<b>Total Consumer Goods</b>	<b>69,343</b>	<b>11.63</b>	1,460,000	Lancashire Holdings	10,198	1.71
					<b>Life Insurance 12.73% (10.86%)</b>		
				4,218,244	Chesnara	14,648	2.46
				12,400,000	Legal & General Group	31,471	5.28
				1,615,000	Phoenix Group Holdings	12,613	2.11
				810,000	St James's Place	8,780	1.47
				2,175,000	Standard Life	8,424	1.41



## Threadneedle UK Monthly Income Fund

### Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
<b>FINANCIALS 25.33% (23.54%) (continued)</b>			
<b>Real Estate Investment Trusts 2.98% (3.53%)</b>			
320,000	Derwent London	8,912	1.49
300,000	Land Securities Group REIT	3,192	0.54
3,635,000	Londonmetric Property REIT	5,645	0.95
<b>Financial Services 4.98% (7.18%)</b>			
1,135,000	3i Group	8,013	1.34
680,000	Close Brothers Group	10,329	1.73
175,000	Provident Financial	5,154	0.86
4,275,000	Sherborne Investors Guernsey B	6,242	1.05
<b>Total Financials</b>		<b>151,044</b>	<b>25.33</b>
<b>TECHNOLOGY 0.22% (0.00%)</b>			
<b>Software &amp; Computer Services 0.22% (0.00%)</b>			
60,000	Micro Focus International	1,296	0.22
<b>Total Technology</b>		<b>1,296</b>	<b>0.22</b>
<b>Total value of investments</b>		<b>592,216</b>	<b>99.32</b>
<b>Net other assets (4.30%)</b>		<b>4,051</b>	<b>0.68</b>
<b>Net assets</b>		<b>596,267</b>	<b>100.00</b>

March 2016 comparatives in brackets.

\*Alternative Investment Market.



## Threadneedle Monthly Extra Income Fund

### Portfolio Statement

as at 7 March 2017

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
<b>AUSTRALIA 1.24% (0.90%)</b>					<b>DENMARK 0.25% (0.20%)</b>				
		<b>Corporate Bonds 1.24% (0.90%)</b>					<b>Corporate Bonds 0.25% (0.20%)</b>		
GBP	656,000	APT Pipelines 3.5% 22/03/2030	684	0.17	GBP	510,000	*Danske Bank 5.375% 29/09/2021	538	0.13
GBP	453,000	Asciano Finance 5% 19/09/2023	504	0.13	GBP	400,000	TDC 5.625% 23/02/2023	462	0.12
GBP	594,000	BHP Billiton Finance 3.25% 25/09/2024	660	0.17			<b>Total Denmark</b>	<b>1,000</b>	<b>0.25</b>
GBP	672,000	*BHP Billiton Finance 6.5% 22/10/2077	770	0.20					
EUR	500,000	*Santos Finance FRN 8.25% 22/09/2070	448	0.11	<b>FRANCE 0.75% (0.71%)</b>				
GBP	386,000	Scentre Group Trust 2.375% 08/04/2022	403	0.10			<b>Corporate Bonds 0.75% (0.71%)</b>		
USD	800,000	SGSP Australia Assets 3.25% 29/07/2026	628	0.16	GBP	213,000	AXA 7.125% 15/12/2020	256	0.07
GBP	500,000	SGSP Australia Assets 5.125% 11/02/2021	569	0.15	GBP	150,000	*AXA FRN 16/01/2054	157	0.04
GBP	165,000	Vicinity Centres 3.375% 07/04/2026	180	0.05	GBP	500,000	BPCE 5.25% 16/04/2029	555	0.14
		<b>Total Australia</b>	<b>4,846</b>	<b>1.24</b>	GBP	250,000	Credit Agricole 7.375% 18/12/2023	321	0.08
<b>AUSTRIA 0.17% (0.19%)</b>					GBP	200,000	Electricite de France 5.5% 17/10/2041	252	0.07
		<b>Corporate Bonds 0.17% (0.19%)</b>			GBP	100,000	Electricite de France 6% 23/01/2114	134	0.04
EUR	600,000	BAWAG PSK Bank fuer Arbeit und Wirtschaft und Oesterreichische Postsparkasse 8.125% 30/10/2023	662	0.17	GBP	750,000	Electricite de France 6.125% 02/06/2034	985	0.25
		<b>Total Austria</b>	<b>662</b>	<b>0.17</b>	GBP	125,000	Orange 5.625% 23/01/2034	166	0.04
<b>BELGIUM 0.25% (0.34%)</b>					EUR	100,000	SFR Group 5.375% 15/05/2022	90	0.02
		<b>Corporate Bonds 0.25% (0.34%)</b>					<b>Total France</b>	<b>2,916</b>	<b>0.75</b>
GBP	676,000	Anheuser-Busch InBev 4% 24/09/2025	786	0.20	<b>GERMANY 0.15% (0.00%)</b>				
GBP	125,000	Anheuser-Busch InBev 9.75% 30/07/2024	193	0.05			<b>Corporate Bonds 0.15% (0.00%)</b>		
		<b>Total Belgium</b>	<b>979</b>	<b>0.25</b>	GBP	360,000	BASF 1.75% 11/03/2025	365	0.10
<b>BERMUDA 1.13% (1.26%)</b>					EUR	143,000	IHO Verwaltungs 3.25% 15/09/2023	129	0.03
		<b>Nonlife Insurance 1.13% (1.26%)</b>			EUR	100,000	IHO Verwaltungs PIK 2.75% 15/09/2021	90	0.02
	403,291	Hiscox	4,392	1.13			<b>Total Germany</b>	<b>584</b>	<b>0.15</b>
		<b>Total Bermuda</b>	<b>4,392</b>	<b>1.13</b>	<b>GUERNSEY 1.19% (0.76%)</b>				
<b>BRITISH VIRGIN ISLANDS 0.18% (0.18%)</b>							<b>Corporate Bonds 0.23% (0.00%)</b>		
		<b>Corporate Bonds 0.18% (0.18%)</b>			GBP	520,000	Credit Suisse 2.75% 08/08/2025	518	0.13
GBP	630,000	Global Switch Holdings 4.375% 13/12/2022	702	0.18	GBP	378,000	Credit Suisse 3% 27/05/2022	394	0.10
		<b>Total British Virgin Islands</b>	<b>702</b>	<b>0.18</b>			<b>Financial Services 0.96% (0.76%)</b>		
<b>CAYMAN ISLANDS 2.29% (2.49%)</b>						2,545,185	Sherborne Investors Guernsey B	3,716	0.96
		<b>Corporate Bonds 0.50% (0.87%)</b>					<b>Total Guernsey</b>	<b>4,628</b>	<b>1.19</b>
GBP	191,000	Dwr Cymru Financing 6.015% 31/03/2028	267	0.07	<b>ITALY 0.18% (0.19%)</b>				
USD	476,000	Noble Holding International 6.95% 01/04/2045	363	0.09			<b>Corporate Bonds 0.18% (0.19%)</b>		
GBP	656,000	Thames Water Utilities Cayman Finance 1.875% 24/01/2024	661	0.17	GBP	660,000	Acquedotto Pugliese 6.92% 29/06/2018	689	0.18
GBP	333,000	Thames Water Utilities Cayman Finance 2.625% 24/01/2032	338	0.09			<b>Total Italy</b>	<b>689</b>	<b>0.18</b>
GBP	213,000	Thames Water Utilities Cayman Finance 3.5% 25/02/2028	240	0.06	<b>JERSEY 2.02% (1.77%)</b>				
GBP	100,000	*Trafford Centre Finance FRN 28/07/2035 A3	84	0.02			<b>Corporate Bonds 0.69% (0.47%)</b>		
		<b>Life Insurance 1.79% (1.62%)</b>			GBP	200,000	Gatwick Funding 5.25% 23/01/2024	241	0.06
	892,100	Phoenix Group Holdings	6,967	1.79	GBP	145,000	Heathrow Funding 2.75% 09/08/2049	137	0.04
		<b>Total Cayman Islands</b>	<b>8,920</b>	<b>2.29</b>	GBP	185,000	Heathrow Funding 4.625% 31/10/2046	241	0.06
<b>LUXEMBOURG 0.17% (0.20%)</b>					GBP	806,000	Heathrow Funding 5.225% 15/02/2023	960	0.25
		<b>Corporate Bonds 0.17% (0.20%)</b>			GBP	215,000	Heathrow Funding 6.45% 10/12/2031	313	0.08
GBP	140,000	Gaz Capital 5.338% 25/09/2020	152	0.04	GBP	641,000	Porterbrook Rail Finance 4.625% 04/04/2029	777	0.20
GBP	443,000	Glencore Finance Europe 6% 03/04/2022	514	0.13			<b>Support Services 1.33% (1.30%)</b>		
		<b>Total Luxembourg</b>	<b>666</b>	<b>0.17</b>		104,122	Wolseley	5,195	1.33
							<b>Total Jersey</b>	<b>7,864</b>	<b>2.02</b>



## Threadneedle Monthly Extra Income Fund

### Portfolio Statement

(continued)

			Value £000	% of Net Asset Value				Value £000	% of Net Asset Value
Holding	Investment				Holding	Investment			
<b>MEXICO 0.27% (0.31%)</b>					GBP	171,819	Annington Finance No.5 PIK 13% 15/01/2023	198	0.05
	<b>Corporate Bonds 0.19% (0.18%)</b>								
GBP	285,000	America Movil 5% 27/10/2026	343	0.09	GBP	300,000	Aspire Defence Finance 4.674% 31/03/2040 'A'	354	0.09
GBP	359,000	*America Movil 6.375% 06/09/2073	384	0.10	GBP	263,000	Aspire Defence Finance 4.674% 31/03/2040 'B'	310	0.08
	<b>Government Bonds 0.08% (0.13%)</b>				GBP	170,000	*Aviva 4.375% 12/09/2049	166	0.04
GBP	332,000	United Mexican States 5.625% 19/03/2114	320	0.08	GBP	1,087,000	*Aviva 6.625% 03/06/2041	1,231	0.32
	<b>Total Mexico</b>		<b>1,047</b>	<b>0.27</b>	GBP	150,000	Babcock International Group 1.875% 05/10/2026	144	0.04
<b>NETHERLANDS 1.25% (0.76%)</b>					GBP	450,000	BAE Systems 4.125% 08/06/2022	509	0.13
	<b>Corporate Bonds 1.25% (0.76%)</b>				GBP	306,000	Barclays Bank 3.125% 17/01/2024	314	0.08
USD	337,000	ABN AMRO Bank 4.75% 28/07/2025	282	0.07	GBP	200,000	*Barclays Bank 7.75% 08/03/2075	208	0.05
GBP	535,000	Deutsche Telekom 1.25% 06/10/2023	525	0.14	GBP	638,000	Barclays Bank 10% 21/05/2021	828	0.21
GBP	300,000	E.ON International Finance 6.375% 07/06/2032	425	0.11	GBP	300,000	*Barclays Bank 14% 29/11/2049	370	0.10
GBP	408,000	*ING Bank 6.875% 29/05/2023	433	0.11	GBP	205,000	BAT International Finance 1.75% 05/07/2021	208	0.05
GBP	100,000	Innogy Finance 4.75% 31/01/2034	121	0.03	GBP	145,000	BAT International Finance 6% 24/11/2034	203	0.05
GBP	300,000	Innogy Finance 6.125% 06/07/2039	431	0.11	GBP	225,000	BG Energy Capital 5.125% 01/12/2025	283	0.07
GBP	901,000	Innogy Finance 6.25% 03/06/2030	1,226	0.32	GBP	320,000	Broadgate Financing 4.821% 05/07/2033	417	0.11
GBP	130,000	RWE Finance 5.625% 06/12/2023	159	0.04	GBP	445,000	BUPA Finance 3.375% 17/06/2021	481	0.12
GBP	400,000	*Telefonica Europe 6.75% Perpetual	431	0.11	GBP	629,000	BUPA Finance 5% 25/04/2023	694	0.18
EUR	300,000	*Vonovia Finance 4% 29/12/2049	276	0.07	GBP	379,000	BUPA Finance 5% 08/12/2026	412	0.11
EUR	600,000	*Vonovia Finance 4.625% 08/04/2074	551	0.14	GBP	30,000	Canary Wharf Finance II 6.455% 22/04/2030	11	—
	<b>Total Netherlands</b>		<b>4,860</b>	<b>1.25</b>	GBP	450,000	*Cattles 7.125% 05/07/2017 (Defaulted)	2	—
<b>NORWAY 0.00% (0.09%)</b>					GBP	180,000	Centrica 7% 19/09/2033	279	0.07
	<b>Corporate Bonds 0.00% (0.09%)</b>				GBP	577,000	Clydesdale Bank 4.625% 08/06/2026	711	0.18
	<b>Total Norway</b>		—	—	GBP	360,000	Co-Operative Bank United Kingdom 4.75% 11/11/2021	404	0.10
<b>REPUBLIC OF IRELAND 0.35% (0.53%)</b>					GBP	395,000	CRH Finance UK 4.125% 02/12/2029	460	0.12
	<b>Corporate Bonds 0.35% (0.53%)</b>				GBP	169,000	*CYBG 5% 09/02/2026	168	0.04
GBP	324,000	*Argon Capital for Royal Bank of Scotland 8.162% 29/10/2049	227	0.06	GBP	350,000	Eastern Power Network 6.25% 12/11/2036	532	0.14
GBP	446,000	GE Capital UK Funding 5.875% 18/01/2033	655	0.17	GBP	218,000	El Group 6.375% 15/02/2022	235	0.06
EUR	340,000	*Governor & Co of the Bank of Ireland 7.375% 29/12/2049	319	0.08	GBP	42,000	El Group 6.5% 06/12/2018	45	0.01
GBP	165,000	PGH Capital 4.125% 20/07/2022	168	0.04	GBP	150,000	Eversholt Funding 6.359% 02/12/2025	198	0.05
	<b>Total Republic of Ireland</b>		<b>1,369</b>	<b>0.35</b>	GBP	510,000	First Hydro Finance 9% 31/07/2021	667	0.17
<b>SPAIN 0.06% (0.18%)</b>					GBP	504,000	G4S 7.75% 13/05/2019	570	0.15
	<b>Corporate Bonds 0.06% (0.18%)</b>				GBP	170,000	GKN Holdings 5.375% 19/09/2022	197	0.05
GBP	200,000	Telefonica Emisiones 5.597% 12/03/2020	224	0.06	GBP	510,000	GKN Holdings 6.75% 28/10/2019	578	0.15
	<b>Total Spain</b>		<b>224</b>	<b>0.06</b>	GBP	153,000	Greene King Finance 4.0643% 15/03/2035	162	0.04
<b>SWITZERLAND 0.16% (0.37%)</b>					GBP	399,000	Greene King Finance 5.106% 15/03/2034	468	0.12
	<b>Corporate Bonds 0.16% (0.37%)</b>				GBP	59,000	Hammerson 6% 23/02/2026	75	0.02
USD	700,000	*UBS Group 7% 29/12/2049	617	0.16	GBP	165,000	HSBC Bank 5.375% 22/08/2033	210	0.05
	<b>Total Switzerland</b>		<b>617</b>	<b>0.16</b>	GBP	360,000	HSBC Holdings 2.625% 16/08/2028	352	0.09
<b>UNITED ARAB EMIRATES 0.00% (0.17%)</b>					GBP	225,000	HSBC Holdings 6% 29/03/2040	288	0.07
	<b>Corporate Bonds 0.00% (0.17%)</b>				GBP	280,000	Imperial Brand Finance 8.125% 15/03/2024	388	0.10
	<b>Total United Arab Emirates</b>		—	—	GBP	260,000	Imperial Brands Finance 4.875% 07/06/2032	319	0.08
<b>UNITED KINGDOM 84.32% (85.47%)</b>					GBP	250,000	Imperial Tobacco Finance 9% 17/02/2022	337	0.09
	<b>Corporate Bonds 10.05% (9.31%)</b>				GBP	297,000	Integrated Accommodation Services 6.48% 31/03/2029	263	0.07
GBP	107,000	3i Group 6.875% 09/03/2023	134	0.03	GBP	439,000	Intercontinental Hotels 3.875% 28/11/2022	483	0.12
GBP	180,000	Anglian Water Services Financing 2.625% 15/06/2027	179	0.05					



## Threadneedle Monthly Extra Income Fund

### Portfolio Statement

(continued)

			Value	% of			Value	% of
	Holding	Investment	£000	Net Asset Value		Holding	Investment	Net Asset Value
<b>UNITED KINGDOM 84.32% (85.47%) (continued)</b>								
GBP	289,000	Juturna European Loan Conduit No 16 5.0636% 10/08/2033	310	0.08	GBP	220,000	Stagecoach Group 4% 29/09/2025	241 0.06
GBP	297,000	*Land Securities Capital Markets 5.125% 07/02/2036	404	0.10	GBP	425,000	Standard Chartered 4.375% 18/01/2038	474 0.12
GBP	325,000	*Legal & General Group 5.5% 27/06/2064	330	0.08	GBP	764,000	*Telereal Securitisation 4.0902% 10/12/2033	796 0.20
GBP	286,000	*Legal & General Group 10% 23/07/2041	376	0.10	GBP	287,000	Telereal Securitisation 4.9741% 10/09/2027	240 0.06
GBP	348,000	*Legal & General Variable Bond 27/10/2045	373	0.10	GBP	338,000	Telereal Securitisation 5.9478% 10/12/2031	357 0.09
GBP	374,000	Lloyds Bank 2.5% 01/06/2022	396	0.10	GBP	370,000	Tesco Property Finance 5.5% 13/10/2041	365 0.09
GBP	75,000	Lloyds Bank 7.625% 22/04/2025	100	0.03	GBP	75,000	Tesco Property Finance 1 7.6227% 13/07/2039	83 0.02
GBP	647,000	*Lloyds Banking Group 7.875% 29/12/2049	713	0.18	GBP	597,000	Tesco Property Finance 6 5.4111% 13/07/2044	582 0.15
GBP	100,000	London & Quadrant 2.625% 05/05/2026	106	0.03	GBP	350,000	Travis Perkins 4.5% 07/09/2023	359 0.09
GBP	810,000	Longstone Finance 4.791% 19/04/2030	633	0.16	GBP	420,000	*TSB Banking Group 5.75% 06/05/2026	447 0.11
GBP	400,000	Manchester Airport Group Funding 4.125% 02/04/2024	460	0.12	GBP	500,000	Unique Pub Finance 6.542% 30/03/2021	338 0.09
GBP	212,000	Marks & Spencer 4.75% 12/06/2025	238	0.06	GBP	470,000	UNITE USAF II 3.921% 30/06/2025	534 0.14
GBP	260,000	Meadowhall Finance 4.986% 12/01/2032	259	0.07	GBP	531,000	United Utilities Water 5.625% 20/12/2027	710 0.18
GBP	361,000	Mitchells & Butlers Finance 5.574% 15/12/2030	207	0.05	GBP	189,000	Virgin Money 2.25% 21/04/2020	193 0.05
GBP	286,000	National Express Group 2.5% 11/11/2023	291	0.07	GBP	551,000	Western Power Distribution 3.625% 06/11/2023	597 0.15
GBP	370,000	National Grid Gas 2.125% 22/09/2028	364	0.09	GBP	530,000	Western Power Distribution West Midlands 5.75% 16/04/2032	735 0.19
GBP	310,000	National Grid Gas 2.625% 22/09/2038	299	0.08	GBP	450,000	Western Power Distribution West Midlands 6% 09/05/2025	588 0.15
GBP	360,000	National Grid Gas 2.75% 22/09/2046	349	0.09	GBP	616,000	WM Morrison Supermarkets 4.625% 08/12/2023	706 0.18
GBP	940,000	National Westminster Bank 6.5% 07/09/2021	1,088	0.28				
GBP	375,000	*Nationwide Building Society 6.875% 11/03/2049	386	0.10	<b>Government Bonds 0.08% (1.47%)</b>			
GBP	743,000	*NGG Finance 5.625% 18/06/2073	822	0.21	GBP	168,000	United Kingdom Gilt 2% 22/07/2020	178 0.05
GBP	516,000	Northern Gas Networks Finance 4.875% 30/06/2027	646	0.17	GBP	93,000	United Kingdom Gilt 4.25% 07/12/2027	122 0.03
GBP	298,000	Northern Powergrid Yorkshire 2.5% 01/04/2025	316	0.08	<b>Oil &amp; Gas Producers 3.00% (2.82%)</b>			
GBP	255,000	Octagon Healthcare Funding 5.333% 31/12/2035	278	0.07	518,060	Royal Dutch Shell B Shares	11,667	3.00
GBP	807,000	*Pennon Group 6.75% 08/03/2049	839	0.22	<b>Chemicals 0.91% (0.94%)</b>			
GBP	477,000	Prudential 6.125% 19/12/2031	600	0.15	118,117	Johnson Matthey	3,539	0.91
GBP	145,000	RAC Bond 4.565% 06/05/2023	158	0.04	<b>Construction &amp; Materials 0.68% (0.00%)</b>			
GBP	338,000	RMPA Services 5.337% 30/09/2038	340	0.09	1,138,073	Melrose Industries	2,643	0.68
USD	200,000	Royal Bank of Scotland 3.875% 12/09/2023	161	0.04	<b>Aerospace &amp; Defence 3.57% (3.85%)</b>			
GBP	414,000	*RSA Insurance Group 5.125% 10/10/2045	442	0.11	1,451,678	BAE Systems	9,334	2.40
GBP	187,000	*RSA Insurance Group 9.375% 20/05/2039	218	0.06	2,394,919	Cobham	3,054	0.78
GBP	115,000	Santander 5.25% 16/02/2029	155	0.04	198,397	Rolls-Royce Holdings	1,506	0.39
GBP	305,000	Scotland Gas Network 3.25% 08/03/2027	333	0.09	<b>General Industrials 3.08% (2.95%)</b>			
GBP	577,000	Severn Trent Utilities Finance 3.625% 16/01/2026	649	0.17	1,242,607	DS Smith	5,607	1.44
EUR	200,000	Sky 2.25% 17/11/2025	184	0.05	414,689	Smiths Group	6,378	1.64
GBP	190,000	South Eastern Power Networks 6.375% 12/11/2031	280	0.07	<b>Electronic &amp; Electrical Equipment 0.52% (0.42%)</b>			
GBP	297,000	Southern Gas Networks 4.875% 21/03/2029	381	0.10	638,685	Morgan Advanced Materials	2,038	0.52
GBP	345,000	Southern Water Greensands Financing 8.5% 15/04/2019	393	0.10	<b>Industrial Engineering 0.61% (0.64%)</b>			
					184,881	IMI	2,374	0.61
					<b>Industrial Transportation 0.69% (0.40%)</b>			
					996,741	Wincanton	2,704	0.69



## Threadneedle Monthly Extra Income Fund

### Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
<b>UNITED KINGDOM 84.32% (85.47%) (continued)</b>				<b>Financial Services 1.98% (1.56%)</b>			
	<b>Support Services 6.46% (4.57%)</b>			1,089,875	3i Group	7,695	1.98
2,284,205	Electrocomponents	11,042	2.83				
2,012,068	Hays	3,223	0.83		<b>Technology Hardware &amp; Equipment 1.18% (1.05%)</b>		
3,062,541	Rentokil Initial	7,390	1.90	4,489,337	Spirent Communications	4,613	1.18
237,471	WS Atkins	3,493	0.90		<b>Total United Kingdom</b>	<b>328,436</b>	<b>84.32</b>
	<b>Automobiles &amp; Parts 0.64% (0.62%)</b>			<b>UNITED STATES OF AMERICA 3.42% (2.66%)</b>			
664,130	GKN	2,482	0.64		<b>Corporate Bonds 3.42% (2.66%)</b>		
	<b>Food Producers 1.67% (1.50%)</b>			GBP	450,000	American International Group 5% 26/04/2023	521 0.13
855,785	Tate & Lyle	6,500	1.67	GBP	600,000	Amgen 5.5% 07/12/2026	756 0.19
	<b>Personal Goods 2.66% (2.64%)</b>			GBP	415,000	AT&T 4.25% 01/06/2043	443 0.11
264,413	Unilever	10,362	2.66	GBP	594,000	AT&T 4.375% 14/09/2029	670 0.17
	<b>Tobacco 3.67% (4.60%)</b>			GBP	700,000	AT&T 5.5% 15/03/2027	858 0.22
374,186	Imperial Brands	14,279	3.67	GBP	600,000	Bank of America 6.125% 15/09/2021	720 0.19
	<b>Pharmaceuticals &amp; Biotechnology 10.53% (10.78%)</b>			GBP	450,000	Bank of America 7% 31/07/2028	635 0.16
449,215	AstraZeneca	21,344	5.48	GBP	518,000	Citigroup 5.15% 21/05/2026	635 0.16
1,168,854	GlaxoSmithKline	19,678	5.05	GBP	486,000	Digital Stout Holding 4.75% 13/10/2023	545 0.14
	<b>Food &amp; Drug Retailers 4.30% (4.02%)</b>			EUR	757,000	Kinder Morgan Energy Partners 2.25% 16/03/2027	667 0.17
2,232,198	Booker Group	4,438	1.14	GBP	270,000	Metropolitan Life Global Funding I 2.875% 11/01/2023	292 0.08
5,043,138	WM Morrison Supermarkets	12,300	3.16	GBP	400,000	Metropolitan Life Global Funding I 3.5% 30/09/2026	457 0.12
	<b>General Retailers 1.88% (3.23%)</b>			GBP	344,000	Morgan Stanley 2.625% 09/03/2027	341 0.09
2,185,760	Marks & Spencer Group	7,340	1.88	USD	603,000	Plains All American Pipeline 3.65% 01/06/2022	501 0.13
	<b>Media 5.69% (5.67%)</b>			USD	230,000	Plains All American Pipeline 4.65% 15/10/2025	195 0.05
3,445,233	ITV	7,121	1.83	EUR	430,000	Quintiles IMS 3.25% 15/03/2025	371 0.10
1,071,958	Pearson	7,305	1.88	GBP	479,000	The Kraft Heinz 4.125% 01/07/2027	532 0.14
501,644	RELX	7,695	1.98	GBP	125,000	Time Warner Cable 5.25% 15/07/2042	146 0.04
	<b>Travel &amp; Leisure 4.81% (4.71%)</b>			GBP	235,000	Time Warner Cable 5.75% 02/06/2031	286 0.07
415,659	Compass Group	6,177	1.59	USD	303,000	Transcontinental Gas Pipe Line 7.85% 01/02/2026	317 0.08
3,500,664	Firstgroup	4,257	1.09	GBP	600,000	Verizon Communications 4.073% 18/06/2024	678 0.17
293,129	J D Wetherspoon	2,785	0.71	USD	620,000	Verizon Communications 4.4% 01/11/2034	481 0.12
1,336,162	Rank Group	2,787	0.72	GBP	710,000	Wells Fargo 2% 28/07/2025	701 0.18
1,319,603	Stagecoach Group	2,726	0.70	GBP	685,000	Wells Fargo 2.125% 20/12/2023	692 0.18
	<b>Fixed Line Telecommunications 2.14% (3.41%)</b>			GBP	760,000	Welltower 4.8% 20/11/2028	897 0.23
2,511,133	BT Group	8,342	2.14		<b>Total United States of America</b>	<b>13,337</b>	<b>3.42</b>
	<b>Gas, Water &amp; Multiutilities 5.11% (5.95%)</b>			<b>DERIVATIVES 0.00% (-0.01%)</b>			
3,658,529	Centrica	8,115	2.08		<b>Forward Foreign Exchange Contracts 0.00% (-0.01%)</b>		
661,995	National Grid	6,428	1.65		Sell GBP 1,654,237		
301,557	Pennon Group	2,643	0.68		Buy EUR 1,959,934 J.P. Morgan	47	0.01
280,040	United Utilities Group	2,736	0.70		Sell GBP 9,690		
	<b>Banks 1.03% (1.21%)</b>				Buy EUR 11,306 J.P. Morgan	—	—
189,871	Secure Trust Bank	4,006	1.03		Sell GBP 14,507		
	<b>Nonlife Insurance 2.42% (2.20%)</b>				Buy EUR 16,820 J.P. Morgan	—	—
1,582,488	RSA Insurance Group	9,432	2.42		Sell GBP 2,824		
	<b>Life Insurance 4.18% (4.03%)</b>				Buy EUR 3,312 J.P. Morgan	—	—
1,139,919	Chesnara	3,958	1.02		Sell GBP 28,857		
3,041,252	Legal & General Group	7,719	1.98		Buy EUR 33,716 J.P. Morgan	—	—
1,186,133	Standard Life	4,594	1.18		Sell GBP 29,726		
	<b>Real Estate Investment Trusts 0.78% (0.92%)</b>				Buy EUR 35,183 J.P. Morgan	1	—
1,944,325	Londonmetric Property REIT	3,020	0.78				



## Threadneedle Monthly Extra Income Fund

### Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
<b>DERIVATIVES 0.00% (–0.01%) (continued)</b>			
	Sell GBP 50,948		
	Buy EUR 59,744 J.P. Morgan	1	–
	Sell GBP 5,783		
	Buy EUR 6,697 J.P. Morgan	–	–
	Sell GBP 53,519		
	Buy EUR 63,296 J.P. Morgan	2	–
	Sell GBP 64,412		
	Buy EUR 76,109 J.P. Morgan	2	–
	Sell EUR 20,000		
	Buy GBP 17,257 Bank of Scotland	–	–
	Sell EUR 205,000		
	Buy GBP 176,950 Bank of Scotland	(1)	–
	Sell EUR 23,000		
	Buy GBP 19,594 Citigroup	–	–
	Sell USD 28,000		
	Buy GBP 22,439 Bank of Scotland	(1)	–
	Sell EUR 28,000		
	Buy GBP 23,886 Lloyds	–	–
	Sell USD 340,000		
	Buy GBP 272,654 Bank of Scotland	(6)	–
	Sell USD 35,000		
	Buy GBP 28,123 Bank of Scotland	(1)	–
	Sell EUR 3,742,000		
	Buy GBP 3,249,241 Citigroup	–	–
	Sell USD 4,747,000		
	Buy GBP 3,859,478 Bank of Scotland	(31)	(0.01)
	Sell USD 43,000		
	Buy GBP 34,673 RBC	(1)	–
	Sell EUR 430,000		
	Buy GBP 363,758 Bank of Scotland	(10)	–
	Sell GBP 23,585		
	Buy USD 29,000 Citigroup	–	–
	Sell GBP 376,915		
	Buy USD 460,000 Citigroup	–	–
	<b>Total Derivatives</b>	<b>2</b>	<b>–</b>
<b>Total value of investments</b>		<b>388,740</b>	<b>99.80</b>
<b>Net other assets (0.28%)</b>		<b>786</b>	<b>0.20</b>
<b>Net assets</b>		<b>389,526</b>	<b>100.00</b>

March 2016 comparatives in brackets.

\*Variable rate bonds.

### ANALYSIS OF INVESTMENTS BY ASSET CLASS

	Value £000	% of Investment
Fixed interest	66,073	17.00
Floating rate notes	13,526	3.48
Derivatives	2	–
Equity	309,139	79.52
<b>Total value of investments</b>	<b>388,740</b>	<b>100.00</b>



## Threadneedle UK Corporate Bond Fund

### Portfolio Statement

as at 7 March 2017

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
<b>FIXED INTEREST 79.02% (76.10%)</b>					GBP	3,213,000	Dwr Cymru Financing 6.015% 31/03/2028	4,491	0.48
		<b>AAA 2.37% (2.64%)</b>			GBP	1,855,000	Greene King Finance 4.0643% 15/03/2035	1,968	0.21
GBP	6,464,000	Barclays Bank 4.25% 12/01/2022	7,454	0.79	GBP	4,001,000	Greene King Finance 5.106% 15/03/2034	4,692	0.50
GBP	4,415,000	Broadgate Financing 4.821% 05/07/2033	5,757	0.61	GBP	4,075,000	HSBC Holdings 2.625% 16/08/2028	3,987	0.42
GBP	3,400,000	Meadowhall Finance 4.986% 12/01/2032	3,385	0.36	GBP	3,522,000	Lloyds Bank 2.5% 01/06/2022	3,728	0.39
GBP	4,845,000	Temasek Financial I 4.625% 26/07/2022	5,730	0.61	GBP	4,615,000	Longstone Finance 4.791% 19/04/2030	3,604	0.38
		<b>Aaa 0.90% (1.23%)</b>			GBP	1,525,000	Longstone Finance 4.896% 19/04/2031	1,705	0.18
GBP	6,910,000	Clydesdale Bank 4.625% 08/06/2026	8,511	0.90	GBP	3,803,000	Northern Powergrid Yorkshire 2.5% 01/04/2025	4,033	0.43
		<b>AA+ 0.00% (1.55%)</b>			GBP	2,000,000	Places For People Homes 2.875% 17/08/2026	1,947	0.21
		<b>Aa1u 3.36% (5.60%)</b>			GBP	5,377,000	Scentre Group Trust 2.375% 08/04/2022	5,620	0.59
GBP	6,720,000	United Kingdom Gilt 1.75% 07/09/2037	6,663	0.71	GBP	1,505,000	UNITE USAF II 3.921% 30/06/2025	1,710	0.18
GBP	9,763,000	United Kingdom Gilt 3.25% 22/01/2044	12,645	1.34	GBP	3,120,000	Vicinity Centres 3.375% 07/04/2026	3,412	0.36
GBP	2,456,000	United Kingdom Gilt 3.5% 22/01/2045	3,339	0.35	GBP	6,104,000	Wells Fargo 2% 28/07/2025	6,024	0.64
GBP	661,000	United Kingdom Gilt 3.5% 22/07/2068	1,073	0.11	GBP	7,650,000	Wells Fargo 2.125% 20/12/2023	7,732	0.82
GBP	2,993,000	United Kingdom Gilt 3.75% 22/07/2052	4,574	0.48			<b>A2 0.26% (0.30%)</b>		
GBP	2,450,000	United Kingdom Gilt 4.75% 07/12/2030	3,464	0.37	GBP	1,865,000	Prudential 6.875% 20/01/2023	2,415	0.26
		<b>AA 2.36% (1.67%)</b>					<b>A- 10.46% (9.61%)</b>		
GBP	4,095,000	Integrated Accommodation Services 6.48% 31/03/2029	3,624	0.38	GBP	3,138,000	America Movil 5% 27/10/2026	3,776	0.40
GBP	1,775,000	Land Securities Capital Markets 1.974% 08/02/2026	1,817	0.19	GBP	1,450,000	America Movil 5.75% 28/06/2030	1,849	0.20
GBP	4,382,000	LCR Finance 4.5% 07/12/2028	5,676	0.60	GBP	7,199,000	Anheuser-Busch InBev 4% 24/09/2025	8,375	0.89
GBP	2,725,000	Southern Gas Networks 4.875% 21/03/2029	3,492	0.37	GBP	2,391,000	Anheuser-Busch InBev 9.75% 30/07/2024	3,688	0.39
GBP	1,684,000	Telereal Securitisation 4.9741% 10/09/2027	1,409	0.15	GBP	1,162,000	Aspire Defence Finance 4.674% 31/03/2040 'A'	1,371	0.14
GBP	5,995,000	Telereal Securitisation 5.9478% 10/12/2031	6,327	0.67	GBP	4,899,000	Aspire Defence Finance 4.674% 31/03/2040 'B'	5,780	0.61
		<b>Aa2 0.19% (0.21%)</b>			GBP	3,000,000	Electricite de France 5.5% 17/10/2041	3,773	0.40
GBP	1,428,000	University of Liverpool 3.375% 25/06/2055	1,800	0.19	GBP	1,400,000	Electricite de France 6% 23/01/2114	1,883	0.20
		<b>AA- 2.65% (1.06%)</b>			GBP	3,350,000	Electricite de France 6.125% 02/06/2034	4,400	0.47
USD	7,977,000	GE Capital International Funding Company 4.418% 15/11/2035	6,899	0.73	GBP	3,323,000	Experian Finance 3.5% 15/10/2021	3,654	0.39
GBP	6,319,000	Juturna European Loan Conduit No 16 5.0636% 10/08/2033	6,781	0.72	GBP	1,320,000	Heathrow Funding 2.75% 09/08/2049	1,252	0.13
GBP	6,430,000	Metropolitan Life Global Funding I 2.875% 11/01/2023	6,961	0.74	GBP	1,980,000	Heathrow Funding 4.625% 31/10/2046	2,578	0.27
GBP	3,820,000	Metropolitan Life Global Funding I 3.5% 30/09/2026	4,363	0.46	GBP	2,264,000	Heathrow Funding 5.225% 15/02/2023	2,697	0.29
		<b>A+ 0.63% (3.67%)</b>			GBP	1,469,000	Heathrow Funding 5.875% 13/05/2041	2,172	0.23
GBP	1,197,000	London & Quadrant 2.625% 05/05/2026	1,271	0.13	GBP	1,750,000	Heathrow Funding 6.45% 10/12/2031	2,552	0.27
GBP	3,880,000	Motability Operations Group 4.375% 08/02/2027	4,681	0.50	GBP	1,890,000	HSBC Bank 5.375% 22/08/2033	2,411	0.26
		<b>A1 0.43% (0.00%)</b>			GBP	2,306,000	JPMorgan Chase 1.875% 10/02/2020	2,373	0.25
GBP	3,968,000	BASF 1.75% 11/03/2025	4,020	0.43	GBP	3,949,000	Mitchells & Butlers Finance 5.574% 15/12/2030	2,264	0.24
		<b>A 7.62% (5.19%)</b>			GBP	670,000	Mitchells & Butlers Finance 5.965% 15/12/2023	280	0.03
GBP	3,375,000	Amgen 5.5% 07/12/2026	4,250	0.45	GBP	4,440,000	National Grid Gas 2.125% 22/09/2028	4,370	0.46
GBP	3,115,000	BG Energy Capital 5.125% 01/12/2025	3,915	0.41	GBP	2,330,000	National Grid Gas 2.625% 22/09/2038	2,245	0.24
GBP	6,685,000	BHP Billiton Finance 3.25% 25/09/2024	7,431	0.79	GBP	4,330,000	National Grid Gas 2.75% 22/09/2046	4,197	0.44
GBP	835,000	BL Superstore Finance 5.27% 04/07/2025	571	0.06	USD	4,008,000	SGSP Australia Assets 3.25% 29/07/2026	3,148	0.33
GBP	2,980,000	Canary Wharf Finance II 6.455% 22/04/2030	1,112	0.12	GBP	3,250,000	SGSP Australia Assets 5.125% 11/02/2021	3,699	0.39
					GBP	5,466,000	Thames Water Utilities Cayman Finance 1.875% 24/01/2024	5,504	0.58
					GBP	1,811,000	Thames Water Utilities Cayman Finance 3.5% 25/02/2028	2,044	0.22
					GBP	880,000	Thames Water Utilities Cayman Finance 7.738% 09/04/2058	1,903	0.20
					GBP	1,835,000	Western Power Distribution South West 5.875% 25/03/2027	2,428	0.26



## Threadneedle UK Corporate Bond Fund

### Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
<b>FIXED INTEREST 79.02% (76.10%) (continued)</b>									
GBP	775,000	Western Power Distribution West Midlands 3.875% 17/10/2024	881	0.09	GBP	750,000	Verizon Communications 4.073% 18/06/2024	848	0.09
GBP	4,740,000	Western Power Distribution West Midlands 5.75% 16/04/2032	6,575	0.70	USD	7,180,000	Verizon Communications 4.4% 01/11/2034	5,574	0.59
GBP	3,570,000	Western Power Distribution West Midlands 6% 09/05/2025	4,663	0.49	GBP	6,143,000	Welltower 4.8% 20/11/2028	7,254	0.77
					GBP	7,313,000	Western Power Distribution 3.625% 06/11/2023	7,927	0.84
<b>BBB+ 16.49% (12.12%)</b>					<b>Baa1 1.24% (0.67%)</b>				
GBP	6,050,000	American International Group 5% 26/04/2023	7,000	0.74	GBP	4,870,000	BUPA Finance 3.375% 17/06/2021	5,269	0.56
GBP	7,517,000	AT&T 4.25% 01/06/2043	8,019	0.85	GBP	6,195,000	Deutsche Telekom 1.25% 06/10/2023	6,080	0.64
GBP	6,646,000	AT&T 4.375% 14/09/2029	7,497	0.79	GBP	330,000	Hammerson 6% 23/02/2026	418	0.04
GBP	1,900,000	AT&T 5.5% 15/03/2027	2,328	0.25	<b>BBB 9.88% (12.18%)</b>				
GBP	7,250,000	Bank of America 6.125% 15/09/2021	8,699	0.92	GBP	1,070,000	APT Pipelines 3.5% 22/03/2030	1,115	0.12
GBP	4,450,000	Bank of America 7% 31/07/2028	6,279	0.66	GBP	7,391,000	APT Pipelines 4.25% 26/11/2024	8,289	0.88
GBP	2,220,000	BAT International Finance 1.75% 05/07/2021	2,254	0.24	GBP	2,736,000	Babcock International Group 1.875% 05/10/2026	2,631	0.28
GBP	2,195,000	BAT International Finance 7.25% 12/03/2024	2,925	0.31	GBP	4,704,000	BAE Systems 4.125% 08/06/2022	5,319	0.56
GBP	3,020,000	Centrica 4.375% 13/03/2029	3,626	0.38	GBP	3,437,000	Barclays Bank 3.125% 17/01/2024	3,528	0.37
GBP	4,431,000	Citigroup 5.15% 21/05/2026	5,429	0.57	GBP	4,000,000	BPCE 5.25% 16/04/2029	4,438	0.47
GBP	4,840,000	Credit Suisse 2.75% 08/08/2025	4,819	0.51	GBP	1,800,000	British Sky Broadcasting Group 6% 21/05/2027	2,361	0.25
GBP	3,394,000	Credit Suisse 3% 27/05/2022	3,538	0.37	GBP	4,380,000	Citigroup 5.125% 12/12/2018	4,684	0.50
GBP	3,049,000	CRH Finance UK 4.125% 02/12/2029	3,547	0.38	GBP	5,181,000	Digital Stout Holding 4.75% 13/10/2023	5,806	0.61
GBP	3,075,000	E.ON International Finance 6.375% 07/06/2032	4,351	0.46	GBP	3,195,000	Eversholt Funding 5.831% 02/12/2020	3,717	0.39
GBP	2,330,000	Eastern Power Network 6.25% 12/11/2036	3,541	0.37	GBP	2,485,000	Eversholt Funding 6.359% 02/12/2025	3,275	0.35
GBP	3,375,000	ENW Finance 6.125% 21/07/2021	4,079	0.43	GBP	920,000	Eversholt Funding 6.697% 22/02/2035	1,270	0.13
GBP	2,777,000	Gatwick Funding 5.25% 23/01/2024	3,352	0.35	GBP	5,428,000	Glencore Finance Europe 6% 03/04/2022	6,302	0.67
GBP	1,385,000	HSBC Holdings 6% 29/03/2040	1,775	0.19	GBP	6,078,000	Global Switch Holdings 4.375% 13/12/2022	6,768	0.72
GBP	1,325,000	London Power Networks 5.125% 31/03/2023	1,586	0.17	GBP	3,581,000	Imperial Brand Finance 8.125% 15/03/2024	4,963	0.53
GBP	770,000	London Power Networks 6.125% 07/06/2027	1,041	0.11	GBP	1,405,000	Imperial Brands Finance 5.5% 28/09/2026	1,767	0.19
GBP	4,012,000	Morgan Stanley 2.625% 09/03/2027	3,980	0.42	GBP	2,805,000	Imperial Brands Finance 7.75% 24/06/2019	3,230	0.34
GBP	2,295,000	NIE Finance 6.375% 02/06/2026	3,099	0.33	GBP	3,570,000	Imperial Tobacco Finance 9% 17/02/2022	4,816	0.51
GBP	2,646,000	Northern Gas Networks Finance 4.875% 30/06/2027	3,314	0.35	GBP	3,110,000	Intercontinental Hotels 3.875% 28/11/2022	3,420	0.36
GBP	350,000	Northumbrian Water Finance 6.875% 06/02/2023	453	0.05	GBP	788,000	Lloyds Bank 7.625% 22/04/2025	1,048	0.11
GBP	1,750,000	Orange 8.125% 20/11/2028	2,695	0.29	GBP	4,272,000	Porterbrook Rail Finance 4.625% 04/04/2029	5,179	0.55
GBP	879,000	PostNL 7.5% 14/08/2018	960	0.10	GBP	2,226,000	South East Water Finance 5.6577% 30/09/2019	2,468	0.26
GBP	1,950,000	Scotland Gas Network 3.25% 08/03/2027	2,132	0.23	GBP	3,070,000	Tate & Lyle International Finance 6.75% 25/11/2019	3,528	0.37
GBP	1,641,000	Severn Trent Utilities Finance 3.625% 16/01/2026	1,846	0.20	GBP	2,950,000	Telefonica Emisiones SAU 5.289% 09/12/2022	3,447	0.36
GBP	2,600,000	Severn Trent Utilities Finance 6.125% 26/02/2024	3,335	0.35	<b>Baa2 1.26% (0.89%)</b>				
GBP	2,062,000	South Eastern Power Networks 6.375% 12/11/2031	3,038	0.32	GBP	8,565,000	BUPA Finance 5% 25/04/2023	9,449	1.00
GBP	1,787,000	Southern Gas Networks 2.5% 03/02/2025	1,873	0.20	GBP	2,282,000	BUPA Finance 5% 08/12/2026	2,478	0.26
GBP	1,275,000	SPD Finance UK 5.875% 17/07/2026	1,660	0.18	<b>BBB- 9.12% (6.42%)</b>				
GBP	4,620,000	Standard Chartered 4.375% 18/01/2038	5,151	0.55	USD	3,924,000	ABN AMRO Bank 4.75% 28/07/2025	3,282	0.35
GBP	1,300,000	Telereal Securitisation 5.4252% 10/12/2031	1,380	0.15	GBP	4,979,000	Ascianno Finance 5% 19/09/2023	5,543	0.59
USD	7,472,000	UBS 5.125% 15/05/2024	6,285	0.67	GBP	4,813,000	Barclays Bank 10% 21/05/2021	6,244	0.66
GBP	5,507,000	United Mexican States 5.625% 19/03/2114	5,305	0.56	GBP	4,654,000	G4S 7.75% 13/05/2019	5,264	0.56
GBP	1,445,000	United Utilities Water 5.625% 20/12/2027	1,931	0.20	GBP	3,291,000	GKN Holdings 5.375% 19/09/2022	3,806	0.40
					GBP	4,330,000	GKN Holdings 6.75% 28/10/2019	4,908	0.52



## Threadneedle UK Corporate Bond Fund

### Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
<b>FIXED INTEREST 79.02% (76.10%) (continued)</b>									
GBP	400,000	Innogy Finance 4.75% 31/01/2034	482	0.05	USD	4,435,000	Noble Holding International 6.95% 01/04/2045	3,384	0.36
GBP	2,050,000	Innogy Finance 6.125% 06/07/2039	2,947	0.31	GBP	3,833,000	Southern Water Greensands Financing 8.5% 15/04/2019	4,370	0.46
GBP	10,177,000	Innogy Finance 6.25% 03/06/2030	13,852	1.47					
USD	8,950,000	Kinder Morgan Energy Partners 4.25% 01/09/2024	7,447	0.79			<b>Ba3 0.09% (0.21%)</b>		
GBP	1,745,000	Marks & Spencer 4.75% 12/06/2025	1,961	0.21	GBP	800,000	Anglian Water Osprey Financing 7% 31/01/2018	842	0.09
USD	7,220,000	Plains All American Pipeline 3.65% 01/06/2022	5,998	0.63			<b>B+ 0.15% (0.15%)</b>		
USD	2,701,000	Plains All American Pipeline 4.65% 15/10/2025	2,291	0.24	EUR	1,575,000	SFR Group 5.375% 15/05/2022	1,423	0.15
GBP	1,270,000	RAC Bond 4.565% 06/05/2023	1,385	0.15			<b>CCC+ 0.24% (0.15%)</b>		
GBP	1,386,000	Repsol Oil & Gas 6.625% 05/12/2017	1,441	0.15	GBP	1,938,718	Annington Finance No.5 PIK 13% 15/01/2023	2,239	0.24
USD	1,507,000	Royal Bank of Scotland 3.875% 12/09/2023	1,215	0.13			<b>Ca 0.00% (0.35%)</b>		
GBP	1,445,000	RWE Finance 5.625% 06/12/2023	1,769	0.19			<b>Not Rated 1.79% (2.03%)</b>		
GBP	2,190,000	Stagecoach Group 4% 29/09/2025	2,397	0.25	GBP	7,100,000	First Hydro Finance 9% 31/07/2021	9,286	0.98
GBP	828,000	TDC 5.625% 23/02/2023	956	0.10	GBP	100,000	Lehman Brothers 7.875% 08/05/2018 GBP	9	—
GBP	3,080,000	The Kraft Heinz 4.125% 01/07/2027	3,419	0.36	GBP	1,840,000	PGH Capital 4.125% 20/07/2022	1,869	0.20
GBP	1,805,000	Time Warner Cable 5.25% 15/07/2042	2,104	0.22	GBP	1,350,000	Segro 6.75% 23/11/2021	1,686	0.18
GBP	1,800,000	Time Warner Cable 5.75% 02/06/2031	2,193	0.23	GBP	3,980,000	Virgin Money 2.25% 21/04/2020	4,072	0.43
GBP	2,500,000	Unique Pub Finance 6.542% 30/03/2021	1,692	0.18			<b>Total Fixed Interest</b>	<b>746,500</b>	<b>79.02</b>
USD	4,343,000	Williams Partners 3.6% 15/03/2022	3,607	0.38					
		<b>Baa3 2.62% (2.92%)</b>			<b>FLOATING RATE NOTES 16.16% (22.64%)</b>				
GBP	3,771,000	Acquedotto Pugliese 6.92% 29/06/2018	3,934	0.42			<b>AAA 0.00% (0.50%)</b>		
GBP	2,110,000	Anglian Water Services Financing 2.625% 15/06/2027	2,104	0.22			<b>AA+ 0.16% (0.22%)</b>		
EUR	4,400,000	BAWAG PSK Bank fuer Arbeit und Wirtschaft und Oesterreichische Postsparkasse 8.125% 30/10/2023	4,857	0.51	GBP	1,800,000	*Trafford Centre Finance FRN 28/07/2035 A3	1,517	0.16
GBP	2,835,000	Co-Operative Bank United Kingdom 4.75% 11/11/2021	3,181	0.34			<b>AA 0.79% (0.54%)</b>		
GBP	3,175,000	National Express Group 2.5% 11/11/2023	3,234	0.34	GBP	2,515,000	*Land Securities Capital Markets 5.125% 07/02/2036	3,424	0.36
GBP	6,505,000	WM Morrison Supermarkets 4.625% 08/12/2023	7,461	0.79	GBP	3,076,000	*Land Securities Capital Markets 5.376% 30/09/2029	4,048	0.43
		<b>BB+ 3.33% (2.66%)</b>					<b>A+ 0.00% (0.89%)</b>		
GBP	2,825,000	Gaz Capital 5.338% 25/09/2020	3,058	0.32			<b>A- 0.26% (2.01%)</b>		
GBP	6,180,000	National Westminster Bank 6.5% 07/09/2021	7,155	0.76	GBP	2,330,000	*Prudential 5.7% 19/12/2063	2,419	0.26
EUR	6,620,000	Quintiles IMS 3.25% 15/03/2025	5,716	0.60			<b>BBB+ 5.35% (6.12%)</b>		
GBP	2,154,000	RMPA Services 5.337% 30/09/2038	2,165	0.23	GBP	2,770,000	*Annington Finance No.4 Variable 10/01/2023	1,102	0.12
GBP	2,150,000	Telecom Italia 7.375% 15/12/2017	2,247	0.24	GBP	2,350,000	*AXA FRN 16/01/2054	2,459	0.26
GBP	4,020,000	Tesco Property Finance 5.5% 13/10/2041	3,967	0.42	GBP	4,855,000	*BG Energy Capital 6.5% 30/11/2072 GBP	5,045	0.53
GBP	3,080,000	Tesco Property Finance 1 7.6227% 13/07/2039	3,421	0.36	GBP	7,153,000	*BHP Billiton Finance 6.5% 22/10/2077	8,191	0.87
GBP	835,000	Tesco Property Finance 6 5.4111% 13/07/2044	814	0.09	GBP	1,455,000	*Danske Bank 5.375% 29/09/2021	1,536	0.16
GBP	2,890,000	Travis Perkins 4.5% 07/09/2023	2,962	0.31	GBP	1,700,000	*HSBC Holdings 6.375% 18/10/2022	1,745	0.18
		<b>Ba1 0.00% (0.49%)</b>			GBP	4,330,000	*ING Bank 6.875% 29/05/2023	4,598	0.49
		<b>BB 0.00% (0.63%)</b>			GBP	3,125,000	*Legal & General Group 5.875% 29/03/2049	3,310	0.35
		<b>BB- 1.58% (1.50%)</b>			GBP	3,374,000	*Legal & General Group 10% 23/07/2041	4,437	0.47
GBP	3,823,000	El Group 6.375% 15/02/2022	4,115	0.44	GBP	7,601,000	*Legal & General Variable Bond 27/10/2045	8,141	0.86
GBP	728,000	El Group 6.5% 06/12/2018	785	0.08	GBP	3,200,000	*RSA Insurance Group 6.701% 29/05/2049	3,238	0.34
EUR	1,716,000	IHO Verwaltungs 3.25% 15/09/2023	1,551	0.16					
EUR	841,000	IHO Verwaltungs PIK 2.75% 15/09/2021	754	0.08					



## Threadneedle UK Corporate Bond Fund

### Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
<b>FLOATING RATE NOTES 16.16% (22.64%) (continued)</b>					USD	(8)	UBS US 10 Year Ultra Future Expiring June 2017	10	—
GBP	1,523,000	*RSA Insurance Group 9.375% 20/05/2039	1,777	0.19	USD	(82)	UBS US Long Bond Future Expiring June 2017	121	0.01
GBP	4,850,000	*Telereal Securitisation 4.0902% 10/12/2033	5,053	0.53	<b>Forward Foreign Exchange Contracts –0.10% (–0.64%)</b>				
<b>BBB 3.12% (4.64%)</b>					Sell EUR 225,000				
GBP	2,536,000	*America Movil 6.375% 06/09/2073	2,711	0.29	Buy GBP 193,402 Citigroup				
GBP	2,100,000	*Aviva 4.375% 12/09/2049	2,045	0.22	Sell EUR 34,354,000				
GBP	5,870,000	*Aviva 6.125% 29/09/2049	6,341	0.67	Buy GBP 29,445,391 Citigroup				
GBP	4,461,000	*Aviva 6.625% 03/06/2041	5,053	0.53	Sell USD 77,732,000				
GBP	7,990,000	*NGG Finance 5.625% 18/06/2073	8,836	0.94	Buy GBP 63,119,604 Goldman Sachs				
GBP	4,374,000	*Thames Water Utilities Cayman Finance 5.375% 21/07/2025	4,438	0.47	<b>Total Derivatives</b>				
<b>BBB– 0.76% (0.83%)</b>					<b>Total value of investments</b>				
EUR	2,800,000	*Vonovia Finance 4% 29/12/2049	2,575	0.27	<b>Net other assets (1.84%)</b>				
EUR	5,000,000	*Vonovia Finance 4.625% 08/04/2074	4,593	0.49	<b>Net assets</b>				
<b>Baa3 0.48% (0.00%)</b>									
GBP	4,305,000	*TSB Banking Group 5.75% 06/05/2026	4,577	0.48	<i>March 2016 comparatives in brackets.</i>				
<b>BB+ 1.47% (1.05%)</b>					<i>*Variable rate bonds.</i>				
GBP	3,690,000	*Nationwide Building Society 6.875% 11/03/2049	3,794	0.40	<b>ANALYSIS OF INVESTMENTS BY ASSET CLASS</b>				
EUR	3,542,000	*Santos Finance FRN 8.25% 22/09/2070	3,173	0.34					
GBP	1,800,000	*Telefonica Europe 6.75% Perpetual	1,939	0.21					
USD	5,591,000	*UBS Group 7% 29/12/2049	4,931	0.52					
<b>BB 0.60% (1.79%)</b>									
GBP	2,877,000	*Barclays Bank 14% 29/11/2049	3,552	0.38	Fixed interest				
GBP	2,121,000	*CYBG 5% 09/02/2026	2,104	0.22	Floating rate notes				
<b>BB– 0.96% (1.08%)</b>					Derivatives				
EUR	3,340,000	*Governor & Co of the Bank of Ireland 7.375% 29/12/2049	3,131	0.33	<b>Total value of investments</b>				
GBP	5,440,000	*Lloyds Banking Group 7.875% 29/12/2049	5,996	0.63					
<b>B+ 0.39% (0.97%)</b>					<b>ANALYSIS OF UNDERLYING EXPOSURE FUTURES AND OPTIONS</b>				
GBP	1,942,000	*Argon Capital for Royal Bank of Scotland 8.162% 29/10/2049	1,359	0.14					
GBP	2,230,000	*Barclays Bank 7.75% 08/03/2075	2,320	0.25					
<b>B 0.46% (0.52%)</b>									
USD	5,012,000	*Royal Bank of Scotland 8.625% 29/12/2049	4,333	0.46					
<b>Not Rated 1.36% (1.48%)</b>									
GBP	4,453,000	*Cattles 6.875% 17/01/2014 (Defaulted)	111	0.01					
GBP	1,540,000	*Credit Agricole 7.5% 31/12/2049	1,562	0.17					
GBP	10,735,000	*Pennon Group 6.75% 08/03/2049	11,164	1.18					
<b>Total Floating Rate Notes</b>			<b>152,678</b>	<b>16.16</b>					

### DERIVATIVES –0.01% (–0.58%)

<b>Futures and Options 0.09% (0.06%)</b>				
EUR	(15)	UBS EURO-Bobl Future Expiring June 2017	—	—
EUR	(46)	UBS EURO Bond Future Expiring June 2017	—	—
GBP	395	UBS Long Gilt Future Expiring June 2017	327	0.04
USD	(380)	UBS US 10 Year Note Future Expiring June 2017	365	0.04



## Threadneedle Sterling Bond Fund

### Portfolio Statement

as at 7 March 2017

	Holding	Investment	Value £000	% of Net Asset Value
<b>FIXED INTEREST 99.82% (98.82%)</b>				
		<b>AAA 2.79% (2.40%)</b>		
GBP	3,090,000	Export Development Canada 1.375% 16/12/2019	3,168	0.98
GBP	2,700,000	FMS Wertmanagement 1.25% 08/03/2019	2,742	0.84
GBP	3,075,000	KFW 1.375% 01/02/2021	3,162	0.97
		<b>Aaa 1.97% (0.50%)</b>		
GBP	1,635,000	European Investment Bank 0.625 17/01/2020	1,639	0.50
GBP	2,235,000	European Investment Bank 1% 21/09/2026	2,122	0.65
GBP	2,650,000	Royal Bank of Canada 1.125% 22/12/2021	2,672	0.82
		<b>AA+ 1.17% (1.78%)</b>		
GBP	3,740,000	Municipality Finance 1.25% 07/03/2019	3,797	1.17
		<b>Aa1u 90.61% (94.14%)</b>		
GBP	19,047,000	United Kingdom Gilt 0.5% 22/07/2022	18,971	5.84
GBP	21,317,500	United Kingdom Gilt 1% 07/09/2017	21,420	6.60
GBP	28,506,000	United Kingdom Gilt 1.25% 22/07/2018	28,959	8.92
GBP	20,731,000	United Kingdom Gilt 1.5% 22/01/2021	21,684	6.68
GBP	20,386,000	United Kingdom Gilt 1.5% 22/07/2026	21,094	6.50
GBP	7,822,000	United Kingdom Gilt 1.5% 22/07/2047	7,286	2.24
GBP	7,428,000	United Kingdom Gilt 1.75% 22/07/2019	7,721	2.38
GBP	15,421,000	United Kingdom Gilt 1.75% 07/09/2037	15,291	4.71
GBP	14,748,000	United Kingdom Gilt 2.25% 07/09/2023	16,219	4.99
GBP	7,662,000	United Kingdom Gilt 2.5% 22/07/2065	9,730	3.00
GBP	12,302,000	United Kingdom Gilt 3.25% 22/01/2044	15,934	4.91
GBP	15,950,500	United Kingdom Gilt 3.5% 22/01/2045	21,688	6.68
GBP	8,889,360	United Kingdom Gilt 3.5% 22/07/2068	14,434	4.44
GBP	318,000	United Kingdom Gilt 3.75% 07/09/2021	366	0.11
GBP	5,838,250	United Kingdom Gilt 3.75% 22/07/2052	8,921	2.75
GBP	8,291,000	United Kingdom Gilt 4.25% 07/03/2036	11,683	3.60
GBP	9,665,000	United Kingdom Gilt 4.25% 07/09/2039	14,014	4.31
GBP	9,519,000	United Kingdom Gilt 4.5% 07/09/2034	13,618	4.19
GBP	17,824,000	United Kingdom Gilt 4.75% 07/12/2030	25,198	7.76
		<b>AA 2.11% (0.00%)</b>		
GBP	1,250,000	LCR Finance 4.5% 07/12/2028	1,619	0.50
GBP	3,000,000	Network Rail Infrastructure Finance 4.625% 21/07/2020	3,416	1.05
GBP	1,730,000	Transport for London 2.125% 24/04/2025	1,818	0.56
		<b>Aa1e 1.17% (0.00%)</b>		
GBP	3,734,000	United Kingdom Gilt 1.75% 22/07/2057	3,793	1.17
		<b>Total Fixed Interest</b>	<b>324,179</b>	<b>99.82</b>
<b>DERIVATIVES 0.00% (–0.02%)</b>				
		<b>Forward Foreign Exchange Contracts 0.00% (–0.02%)</b>		
		<b>Total Derivatives</b>	<b>–</b>	<b>–</b>
<b>Total value of investments</b>			<b>324,179</b>	<b>99.82</b>
<b>Net other assets (1.20%)</b>			<b>586</b>	<b>0.18</b>
<b>Net assets</b>			<b>324,765</b>	<b>100.00</b>

March 2016 comparatives in brackets.



## Threadneedle Sterling Fund

### Portfolio Statement

as at 7 March 2017

	Holding	Investment	Value £000	% of Net Asset Value
<b>FIXED INTEREST 88.40% (88.57%)</b>				
<b>Government Bonds 3.55% (7.14%)</b>				
GBP	16,328,951	United Kingdom Gilt 0% 10/04/2017	16,324	3.55
<b>Certificate of Deposit 67.52% (63.21%)</b>				
GBP	28,000,000	Abbey National Treasury Services 0.29% 06/06/2017	28,000	6.09
GBP	20,000,000	Bank of Montreal 0.24% 07/06/2017	20,000	4.35
GBP	15,000,000	Bank of Nova Scotia 0.23% 06/09/2017	15,000	3.26
GBP	21,000,000	Canadian Imperial Bank 0.3% 16/06/2017	21,000	4.57
GBP	5,000,000	Commonwealth Bank of Australia 0.43% 10/04/2017	5,000	1.09
GBP	17,000,000	Deutsche Zentral 0.26% 06/06/2017	17,000	3.70
GBP	5,000,000	Deutsche Zentral 0.32% 10/04/2017	5,000	1.09
GBP	14,000,000	DNB Bank 0.42% 14/03/2017	14,000	3.04
GBP	5,000,000	Landesbanken Baden 0.23% 14/03/2017	5,000	1.09
GBP	20,000,000	Landesbanken Baden 0.3% 10/05/2017	20,000	4.35
GBP	21,000,000	Landesbanken Hessen 0.31% 03/05/2017	21,000	4.57
GBP	10,000,000	National Bank of Abu Dhabi 0.32% 08/05/2017	10,000	2.17
GBP	8,500,000	National Bank of Abu Dhabi 0.32% 22/05/2017	8,500	1.85
GBP	4,000,000	Nationwide Building Society 0.28% 21/03/2017	4,000	0.87
GBP	10,000,000	Nationwide Building Society 0.36% 05/06/2017	10,000	2.17
GBP	4,000,000	Nationwide Building Society 0.37% 05/06/2017	4,000	0.87
GBP	15,000,000	Nordea Bank 0.28% 31/05/2017	15,000	3.26
GBP	5,000,000	Nordea Bank 0.29% 13/03/2017	5,000	1.09
GBP	2,000,000	Nordea Bank 0.3% 24/04/2017	2,000	0.44
GBP	10,000,000	Oversea-Chinese Banking 0.24% 18/04/2017	10,000	2.17
GBP	13,000,000	Rabobank Nederland 0.4% 04/08/2017	13,000	2.83
GBP	16,000,000	Standard Chartered 0.38% 18/04/2017	16,000	3.48
GBP	10,000,000	Svenska Handelsbanken 0.27% 22/05/2017	10,000	2.17
GBP	10,000,000	Svenska Handelsbanken 0.28% 09/05/2017	10,000	2.17
GBP	14,000,000	Wells Fargo Bank 0.5% 07/04/2017	14,000	3.04
GBP	8,000,000	Wells Fargo Bank 0.53% 20/04/2017	8,000	1.74
<b>Euro commercial paper 17.33% (18.22%)</b>				
GBP	5,000,000	Agence Centrale des Organismes 0.28% 09/05/2017	4,997	1.09
GBP	17,000,000	Agence Centrale des Organismes 0.285% 15/05/2017	16,990	3.70
GBP	4,200,000	Banque Fédérative du Crédit Mutuel 0.285% 10/04/2017	4,199	0.91
GBP	17,500,000	Banque Fédérative du Crédit Mutuel 0.31% 10/04/2017	17,496	3.81
GBP	22,000,000	Caisse d'Amortissement De La Dette Sociale 0.1849% 16/05/2017	21,986	4.78
GBP	14,000,000	OP Corporate Bank 0.36% 23/03/2017	13,998	3.04
<b>Total Fixed Interest</b>			<b>406,490</b>	<b>88.40</b>
<b>Total value of investments</b>			<b>406,490</b>	<b>88.40</b>
<b>Net other assets (11.43%)</b>			<b>53,334</b>	<b>11.60</b>
<b>Net assets</b>			<b>459,824</b>	<b>100.00</b>

March 2016 comparatives in brackets.



## Threadneedle European Fund

### Portfolio Statement

as at 7 March 2017

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
<b>BELGIUM 3.04% (3.63%)</b>				<b>Software &amp; Computer Services 1.46% (0.00%)</b>			
	<b>Beverages 0.74% (2.73%)</b>			162,931	Dassault Systems	10,803	1.46
62,759	Anheuser-Busch InBev	5,470	0.74	<b>Technology Hardware &amp; Equipment 0.00% (1.47%)</b>			
	<b>Banks 2.30% (0.90%)</b>			<b>Total France</b>			
328,959	KBC Groep	17,011	2.30			<b>157,759</b>	<b>21.29</b>
	<b>Total Belgium</b>	<b>22,481</b>	<b>3.04</b>	<b>GERMANY 15.85% (16.85%)</b>			
<b>DENMARK 5.57% (5.54%)</b>				<b>Chemicals 3.40% (6.71%)</b>			
	<b>Alternative Energy 0.85% (0.00%)</b>			187,568	BASF	14,707	1.98
103,691	Vestas Wind Systems	6,324	0.85	229,168	Brenntag	10,534	1.42
	<b>Industrial Transportation 1.25% (0.00%)</b>			<b>Automobiles &amp; Parts 2.50% (3.37%)</b>			
230,242	DSV	9,244	1.25	110,491	Continental	18,522	2.50
	<b>Personal Goods 2.04% (1.48%)</b>			<b>Health Care Equipment &amp; Services 2.39% (2.49%)</b>			
158,273	Pandora	15,139	2.04	260,764	Fresenius Medical Care	17,677	2.39
	<b>Pharmaceuticals &amp; Biotechnology 1.43% (4.06%)</b>			<b>Travel &amp; Leisure 0.00% (1.19%)</b>			
104,768	Chr. Hansen	5,088	0.69	<b>Mobile Telecommunications 2.41% (1.31%)</b>			
197,767	Novo Nordisk	5,494	0.74	1,286,606	Deutsche Telekom	17,839	2.41
	<b>Total Denmark</b>	<b>41,289</b>	<b>5.57</b>	<b>Nonlife Insurance 2.89% (1.31%)</b>			
<b>FINLAND 2.34% (1.88%)</b>				146,801	Allianz	21,398	2.89
	<b>Industrial Engineering 0.00% (0.93%)</b>			<b>Financial Services 0.00% (0.47%)</b>			
	<b>Nonlife Insurance 2.34% (0.95%)</b>			<b>Software &amp; Computer Services 2.26% (0.00%)</b>			
462,247	Sampo	17,366	2.34	217,069	SAP	16,743	2.26
	<b>Total Finland</b>	<b>17,366</b>	<b>2.34</b>	<b>Total Germany</b>			
<b>FRANCE 21.29% (17.86%)</b>						<b>117,420</b>	<b>15.85</b>
	<b>Oil &amp; Gas Producers 2.01% (2.48%)</b>			<b>ITALY 1.48% (4.12%)</b>			
361,314	Total	14,907	2.01	<b>Electronic &amp; Electrical Equipment 1.48% (0.00%)</b>			
	<b>Construction &amp; Materials 2.48% (1.98%)</b>			535,302	Prysmian	10,947	1.48
302,867	Vinci	18,411	2.48	<b>Industrial Transportation 0.00% (0.95%)</b>			
	<b>Electronic &amp; Electrical Equipment 3.90% (3.57%)</b>			<b>Personal Goods 0.00% (0.08%)</b>			
303,139	Legrand	13,979	1.89	<b>Mobile Telecommunications 0.00% (0.97%)</b>			
263,132	Schneider Electric	14,883	2.01	<b>Banks 0.00% (1.64%)</b>			
	<b>Industrial Transportation 0.00% (1.01%)</b>			<b>Technology Hardware &amp; Equipment 0.00% (0.48%)</b>			
	<b>Beverages 0.98% (1.24%)</b>			<b>Total Italy</b>			
78,298	Pernod Ricard	7,310	0.98			<b>10,947</b>	<b>1.48</b>
	<b>Personal Goods 2.51% (1.55%)</b>			<b>NETHERLANDS 10.96% (11.85%)</b>			
121,525	L'Oreal	18,579	2.51	<b>Chemicals 1.56% (1.96%)</b>			
	<b>Health Care Equipment &amp; Services 1.38% (0.98%)</b>			205,721	Akzo Nobel	11,561	1.56
108,658	Essilor International	10,220	1.38	<b>Aerospace &amp; Defence 0.00% (1.25%)</b>			
	<b>Media 0.54% (1.07%)</b>			<b>Personal Goods 3.35% (3.32%)</b>			
565,989	Havas	3,982	0.54	636,661	Unilever (EUR)	24,805	3.35
	<b>Banks 1.33% (0.00%)</b>			<b>Media 2.10% (1.67%)</b>			
194,975	BNP Paribas	9,852	1.33	1,068,576	RELX (EUR)	15,567	2.10
	<b>Nonlife Insurance 2.85% (1.29%)</b>			<b>Banks 3.00% (2.82%)</b>			
1,030,426	AXA	21,109	2.85	1,860,408	ING Groep	22,243	3.00
	<b>Financial Services 1.85% (1.22%)</b>			<b>Technology Hardware &amp; Equipment 0.95% (0.83%)</b>			
288,227	Amundi	13,724	1.85	70,877	ASML	7,057	0.95
				<b>Total Netherlands</b>			
						<b>81,233</b>	<b>10.96</b>



## Threadneedle European Fund

### Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
<b>NORWAY 1.72% (0.00%)</b>				<b>Banks 1.91% (1.86%)</b>			
	<b>Banks 1.72% (0.00%)</b>			1,102,841	UBS Group	14,166	1.91
945,464	DnB NOR Bank	12,720	1.72		<b>Total Switzerland</b>	<b>76,165</b>	<b>10.28</b>
	<b>Total Norway</b>	<b>12,720</b>	<b>1.72</b>				
<b>REPUBLIC OF IRELAND 9.03% (8.06%)</b>				<b>UNITED KINGDOM 3.55% (0.00%)</b>			
	<b>Construction &amp; Materials 4.21% (3.40%)</b>				<b>Oil &amp; Gas Producers 2.09% (0.00%)</b>		
736,661	CRH (Dublin Listing)	21,329	2.88	720,348	Royal Dutch Shell A Shares (NL Listing)	15,507	2.09
388,530	Kingspan Group (EUR)	9,847	1.33		<b>Oil Equipment, Services &amp; Distribution 1.46% (0.00%)</b>		
	<b>General Industrials 1.47% (0.00%)</b>			411,200	TechnipFMC	10,778	1.46
491,267	Smurfit Kappa Group (EUR)	10,884	1.47		<b>Total United Kingdom</b>	<b>26,285</b>	<b>3.55</b>
	<b>Travel &amp; Leisure 3.35% (3.86%)</b>						
41,282	Paddy Power (Irish Listing)	3,439	0.46	<b>UNITED STATES OF AMERICA 0.99% (1.15%)</b>			
1,755,858	Ryanair Holdings	21,435	2.89		<b>Automobiles &amp; Parts 0.99% (1.15%)</b>		
	<b>Banks 0.00% (0.80%)</b>			87,354	Autoliv (SDR)	7,349	0.99
	<b>Total Republic of Ireland</b>	<b>66,934</b>	<b>9.03</b>		<b>Total United States of America</b>	<b>7,349</b>	<b>0.99</b>
<b>SPAIN 5.41% (7.57%)</b>				<b>DERIVATIVES 0.00% (0.00%)</b>			
	<b>Construction &amp; Materials 0.51% (2.12%)</b>				<b>Forward Foreign Exchange Contracts 0.00% (0.00%)</b>		
247,286	Ferrovial	3,813	0.51		Sell EUR 508,000		
	<b>Support Services 2.02% (1.48%)</b>				Buy GBP 437,577 Bank of Scotland	(3)	—
389,451	Amadeus IT Group	14,973	2.02		<b>Total Derivatives</b>	<b>(3)</b>	<b>—</b>
	<b>Pharmaceuticals &amp; Biotechnology 1.01% (1.21%)</b>			<b>Total value of investments</b>	<b>740,493</b>	<b>99.94</b>	
406,596	Grifols	7,458	1.01		<b>Net other assets (1.93%)</b>	<b>439</b>	<b>0.06</b>
	<b>General Retailers 1.10% (0.77%)</b>			<b>Net assets</b>	<b>740,932</b>	<b>100.00</b>	
305,760	Inditex	8,121	1.10				
	<b>Mobile Telecommunications 0.77% (1.99%)</b>			<i>March 2016 comparatives in brackets.</i>			
448,572	Cellnex Telecom	5,702	0.77				
	<b>Total Spain</b>	<b>40,067</b>	<b>5.41</b>				
<b>SWEDEN 8.43% (7.70%)</b>							
	<b>Construction &amp; Materials 1.85% (1.89%)</b>						
868,274	Assa Abloy 'B' Shares	13,714	1.85				
	<b>Industrial Engineering 1.10% (2.79%)</b>						
293,135	Atlas Copco 'A' Shares	8,141	1.10				
	<b>Banks 4.10% (3.02%)</b>						
1,462,135	Nordea Bank	14,192	1.91				
1,419,167	Svenska Handelsbanken	16,233	2.19				
	<b>Software &amp; Computer Services 1.38% (0.00%)</b>						
313,171	Hexagon	10,201	1.38				
	<b>Total Sweden</b>	<b>62,481</b>	<b>8.43</b>				
<b>SWITZERLAND 10.28% (11.86%)</b>							
	<b>Construction &amp; Materials 2.42% (1.71%)</b>						
3,889	Sika	17,962	2.42				
	<b>Personal Goods 0.61% (0.94%)</b>						
73,184	Cie Financiere Richemont	4,493	0.61				
	<b>Pharmaceuticals &amp; Biotechnology 5.34% (7.35%)</b>						
268,530	Novartis	16,432	2.22				
110,280	Roche	23,112	3.12				



## Threadneedle European Select Fund

### Portfolio Statement

as at 7 March 2017

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
<b>BELGIUM 5.93% (5.17%)</b>				<b>ITALY 4.96% (3.57%)</b>			
	<b>Beverages 3.72% (5.17%)</b>				<b>Electronic &amp; Electrical Equipment 1.22% (0.00%)</b>		
1,233,274	Anheuser-Busch InBev	107,487	3.72	1,726,879	Prysmian	35,316	1.22
	<b>Media 2.21% (0.00%)</b>				<b>Beverages 3.00% (1.58%)</b>		
1,359,278	Telenet Group	63,793	2.21	10,266,048	Davide Campari-Milano	86,490	3.00
	<b>Total Belgium</b>	<b>171,280</b>	<b>5.93</b>		<b>Personal Goods 0.00% (0.93%)</b>		
<b>DENMARK 1.55% (4.02%)</b>					<b>Mobile Telecommunications 0.74% (0.65%)</b>		
	<b>Pharmaceuticals &amp; Biotechnology 1.55% (4.02%)</b>			5,554,406	Infrastructure Wireless Italia	21,349	0.74
1,605,890	Novo Nordisk	44,610	1.55		<b>Technology Hardware &amp; Equipment 0.00% (0.41%)</b>		
	<b>Total Denmark</b>	<b>44,610</b>	<b>1.55</b>		<b>Total Italy</b>	<b>143,155</b>	<b>4.96</b>
<b>FINLAND 4.95% (3.72%)</b>				<b>NETHERLANDS 16.83% (14.91%)</b>			
	<b>Industrial Engineering 0.93% (1.09%)</b>				<b>Chemicals 5.22% (2.87%)</b>		
760,594	Kone	26,872	0.93	1,077,414	Akzo Nobel	60,548	2.10
	<b>Nonlife Insurance 4.02% (2.63%)</b>			2,292,948	IMCD Group	90,123	3.12
3,091,631	Sampo	116,150	4.02		<b>Personal Goods 5.10% (6.08%)</b>		
	<b>Total Finland</b>	<b>143,022</b>	<b>4.95</b>	3,776,593	Unilever (EUR)	147,143	5.10
<b>FRANCE 17.34% (10.45%)</b>					<b>Media 4.95% (4.91%)</b>		
	<b>Electronic &amp; Electrical Equipment 2.50% (1.60%)</b>			9,815,936	RELX (EUR)	142,997	4.95
1,565,791	Legrand	72,207	2.50		<b>Banks 1.56% (0.00%)</b>		
	<b>Industrial Transportation 0.00% (0.78%)</b>			3,772,729	ING Groep	45,108	1.56
	<b>Support Services 2.08% (0.00%)</b>				<b>Technology Hardware &amp; Equipment 0.00% (1.05%)</b>		
3,991,792	Elis	59,884	2.08		<b>Total Netherlands</b>	<b>485,919</b>	<b>16.83</b>
	<b>Beverages 3.53% (3.77%)</b>			<b>NORWAY 1.24% (0.00%)</b>			
1,092,291	Pernod Ricard	101,975	3.53		<b>Banks 1.24% (0.00%)</b>		
	<b>Personal Goods 5.24% (3.36%)</b>			2,650,255	DnB NOR Bank	35,657	1.24
989,649	L'Oreal	151,298	5.24		<b>Total Norway</b>	<b>35,657</b>	<b>1.24</b>
	<b>Health Care Equipment &amp; Services 1.44% (0.94%)</b>			<b>REPUBLIC OF IRELAND 5.43% (4.08%)</b>			
441,331	Essilor International	41,509	1.44		<b>Construction &amp; Materials 1.88% (0.00%)</b>		
	<b>Software &amp; Computer Services 2.55% (0.00%)</b>			2,144,297	Kingspan Group	54,355	1.88
1,110,225	Dassault Systems	73,614	2.55		<b>General Industrials 0.74% (0.00%)</b>		
	<b>Total France</b>	<b>500,487</b>	<b>17.34</b>	966,118	Smurfit Kappa Group EUR	21,405	0.74
<b>GERMANY 13.89% (17.15%)</b>					<b>Travel &amp; Leisure 2.81% (4.08%)</b>		
	<b>Chemicals 3.67% (7.73%)</b>			6,644,568	Ryanair Holdings	81,116	2.81
622,564	BASF	48,815	1.69		<b>Total Republic of Ireland</b>	<b>156,876</b>	<b>5.43</b>
1,244,628	Brenntag	57,213	1.98	<b>SPAIN 5.34% (6.17%)</b>			
	<b>Automobiles &amp; Parts 2.75% (3.62%)</b>				<b>Construction &amp; Materials 0.00% (1.82%)</b>		
473,108	Continental	79,307	2.75		<b>Support Services 2.36% (1.89%)</b>		
	<b>Personal Goods 0.00% (0.53%)</b>			1,773,072	Amadeus IT Group	68,167	2.36
	<b>Health Care Equipment &amp; Services 4.01% (3.81%)</b>				<b>General Retailers 1.57% (1.48%)</b>		
1,708,102	Fresenius Medical Care	115,792	4.01	1,711,124	Inditex	45,445	1.57
	<b>Mobile Telecommunications 2.40% (0.00%)</b>				<b>Mobile Telecommunications 1.41% (0.98%)</b>		
4,985,635	Deutsche Telekom	69,126	2.40	3,190,840	Cellnex Telecom	40,559	1.41
	<b>Nonlife Insurance 0.00% (1.00%)</b>				<b>Total Spain</b>	<b>154,171</b>	<b>5.34</b>
	<b>Software &amp; Computer Services 1.06% (0.46%)</b>						
4,334,389	Tele Columbus	30,703	1.06				
	<b>Total Germany</b>	<b>400,956</b>	<b>13.89</b>				



## Threadneedle European Select Fund

### Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
<b>SWEDEN 8.64% (10.49%)</b>							
	<b>Construction &amp; Materials 2.92% (3.70%)</b>				Sell EUR 516,000		
5,340,240	Assa Abloy 'B' Shares	84,349	2.92		Buy GBP 445,981 J.P. Morgan	(2)	—
	<b>Industrial Engineering 2.10% (1.67%)</b>				Sell EUR 46,924,148		
2,182,668	Atlas Copco 'A' Shares	60,615	2.10		Buy SGD 69,998,817 J.P. Morgan	(43)	—
	<b>Banks 3.62% (5.12%)</b>				Sell EUR 106		
9,138,170	Svenska Handelsbanken	104,526	3.62		Buy USD 112 J.P. Morgan	—	—
	<b>Total Sweden</b>	<b>249,490</b>	<b>8.64</b>		Sell EUR 12,708,120		
					Buy USD 13,369,794 J.P. Morgan	(70)	—
					Sell EUR 36,933,677		
					Buy USD 38,856,703 J.P. Morgan	(203)	(0.01)
					<b>Total Derivatives</b>	<b>(320)</b>	<b>(0.01)</b>
<b>SWITZERLAND 10.59% (17.32%)</b>							
	<b>Chemicals 1.72% (1.05%)</b>				<b>Total value of investments</b>	<b>2,865,631</b>	<b>99.27</b>
33,604	Givaudan	49,551	1.72		<b>Net other assets (1.39%)</b>	<b>21,182</b>	<b>0.73</b>
	<b>Construction &amp; Materials 1.69% (0.98%)</b>				<b>Net assets</b>	<b>2,886,813</b>	<b>100.00</b>
10,565	Sika	48,796	1.69				
	<b>Food Producers 0.00% (2.25%)</b>						
	<b>Personal Goods 2.06% (3.96%)</b>						
968,513	Cie Financiere Richemont	59,460	2.06				
	<b>Pharmaceuticals &amp; Biotechnology 5.12% (8.01%)</b>						
686,562	Novartis	42,011	1.46				
504,699	Roche	105,773	3.66				
	<b>Banks 0.00% (1.07%)</b>						
	<b>Total Switzerland</b>	<b>305,591</b>	<b>10.59</b>				
<b>UNITED KINGDOM 0.50% (0.00%)</b>							
	<b>Oil Equipment, Services &amp; Distribution 0.50% (0.00%)</b>						
552,621	TechnipFMC	14,485	0.50				
	<b>Total United Kingdom</b>	<b>14,485</b>	<b>0.50</b>				
<b>UNITED STATES OF AMERICA 2.09% (1.50%)</b>							
	<b>Automobiles &amp; Parts 2.09% (1.50%)</b>						
714,732	Autoliv	60,252	2.09				
	<b>Total United States of America</b>	<b>60,252</b>	<b>2.09</b>				
<b>DERIVATIVES -0.01% (0.06%)</b>							
	<b>Forward Foreign Exchange Contracts -0.01% (0.06%)</b>						
	Sell SGD 194,405						
	Buy EUR 130,511 J.P. Morgan	1	—				
	Sell USD 19,935						
	Buy EUR 18,965 J.P. Morgan	—	—				
	Sell USD 26,107						
	Buy EUR 24,643 J.P. Morgan	—	—				
	Sell SGD 39,642						
	Buy EUR 26,528 J.P. Morgan	—	—				
	Sell USD 308,373						
	Buy EUR 292,687 J.P. Morgan	1	—				
	Sell SGD 52,512						
	Buy EUR 35,365 J.P. Morgan	—	—				
	Sell USD 4,261						
	Buy EUR 4,013 J.P. Morgan	—	—				
	Sell USD 90,047						
	Buy EUR 84,851 J.P. Morgan	—	—				
	Sell EUR 361,500						
	Buy GBP 309,333 Citigroup	(4)	—				

March 2016 comparatives in brackets.



## Threadneedle European Smaller Companies Fund

### Portfolio Statement

as at 7 March 2017

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
<b>AUSTRIA 1.27% (1.04%)</b>				<b>FRANCE 16.08% (17.85%)</b>			
	<b>Oil Equipment, Services &amp; Distribution 0.80% (1.04%)</b>				<b>Industrial Transportation 0.00% (1.28%)</b>		
221,098	Schoeller-Bleckmann Oilfield Equipment	13,676	0.80		<b>Support Services 6.48% (6.57%)</b>		
	<b>Chemicals 0.47% (0.00%)</b>			1,777,460	Bureau Veritas	27,714	1.61
64,142	Lenzing	8,103	0.47	1,206,783	Edenred	22,124	1.29
	<b>Total Austria</b>	<b>21,779</b>	<b>1.27</b>	3,017,727	Elis	45,271	2.64
				190,428	Teleperformance	16,116	0.94
<b>BELGIUM 6.00% (6.45%)</b>					<b>Automobiles &amp; Parts 0.00% (0.36%)</b>		
	<b>Chemicals 1.45% (2.01%)</b>				<b>Beverages 1.00% (0.75%)</b>		
584,618	Umicore	24,893	1.45	236,617	Remy Cointreau	17,155	1.00
	<b>Personal Goods 1.00% (2.05%)</b>				<b>Leisure Goods 0.51% (0.00%)</b>		
672,564	Ontex Group	17,177	1.00	282,510	Ubisoft Entertainment	8,784	0.51
	<b>Media 1.87% (1.14%)</b>				<b>Health Care Equipment &amp; Services 4.52% (5.15%)</b>		
684,745	Telenet Group	32,136	1.87	71,908	Eurofins Scientific	25,190	1.47
	<b>Travel &amp; Leisure 0.84% (0.67%)</b>			757,674	Korian	17,569	1.02
342,839	Kinepolis Group	14,399	0.84	484,646	Orpea	34,877	2.03
	<b>Technology Hardware &amp; Equipment 0.84% (0.58%)</b>				<b>Pharmaceuticals &amp; Biotechnology 0.57% (0.90%)</b>		
205,314	Melexis	14,488	0.84	66,862	Virbac	9,787	0.57
	<b>Total Belgium</b>	<b>103,093</b>	<b>6.00</b>		<b>Real Estate Investment &amp; Services 0.76% (1.10%)</b>		
<b>DENMARK 5.43% (5.28%)</b>				335,289	Nexity	13,146	0.76
	<b>Industrial Transportation 0.00% (0.00%)</b>				<b>Software &amp; Computer Services 1.01% (0.67%)</b>		
368,849	OW Bunker (Liquidated)	—	—	441,731	Criteo ADR	17,303	1.01
	<b>Personal Goods 0.81% (1.92%)</b>				<b>Technology Hardware &amp; Equipment 1.23% (1.07%)</b>		
145,237	Pandora	13,892	0.81	279,153	Ingenico Group	21,215	1.23
	<b>Health Care Equipment &amp; Services 0.98% (1.20%)</b>				<b>Total France</b>	<b>276,251</b>	<b>16.08</b>
515,337	Ambu	16,872	0.98				
	<b>Pharmaceuticals &amp; Biotechnology 0.88% (1.20%)</b>			<b>GERMANY 14.17% (14.52%)</b>			
311,672	Chr. Hansen	15,137	0.88		<b>Chemicals 2.08% (1.81%)</b>		
	<b>Nonlife Insurance 1.45% (0.00%)</b>			619,739	Brenntag	28,488	1.66
1,629,025	Tryg	24,946	1.45	191,253	Fuchs Petrolub	7,223	0.42
	<b>Software &amp; Computer Services 1.31% (0.96%)</b>				<b>Electronic &amp; Electrical Equipment 0.00% (1.35%)</b>		
487,956	SimCorp	22,422	1.31		<b>Industrial Engineering 1.45% (2.05%)</b>		
	<b>Total Denmark</b>	<b>93,269</b>	<b>5.43</b>	404,246	Sartorius	24,913	1.45
<b>FINLAND 4.24% (3.18%)</b>					<b>Support Services 3.04% (3.19%)</b>		
	<b>Construction &amp; Materials 1.07% (0.89%)</b>			1,191,974	CTS Eventim	35,489	2.06
1,113,638	Tikkurila	18,359	1.07	119,700	Grenkeleasing	16,804	0.98
	<b>Electronic &amp; Electrical Equipment 0.50% (0.42%)</b>				<b>Automobiles &amp; Parts 2.51% (2.42%)</b>		
301,832	Vaisala	8,564	0.50	258,673	Hella KGaA Hueck & Co	8,676	0.50
	<b>Industrial Engineering 1.65% (0.74%)</b>			956,508	Norma Group	34,462	2.01
249,385	Cargotec	10,384	0.60		<b>Household Goods &amp; Home Construction 1.11% (0.00%)</b>		
608,521	Konecranes	17,983	1.05	163,591	Zooplus	19,098	1.11
	<b>Software &amp; Computer Services 1.02% (1.13%)</b>				<b>Health Care Equipment &amp; Services 0.93% (1.00%)</b>		
560,758	BasWare	17,506	1.02	383,108	Stratec Biomedical	15,937	0.93
	<b>Total Finland</b>	<b>72,796</b>	<b>4.24</b>		<b>Software &amp; Computer Services 3.05% (2.70%)</b>		
				290,388	CompuGroup Medical	9,742	0.57
				1,005,070	RIB Software	10,595	0.62
				4,504,353	Tele Columbus	31,907	1.86
					<b>Total Germany</b>	<b>243,334</b>	<b>14.17</b>



## Threadneedle European Smaller Companies Fund

### Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
<b>ITALY 12.89% (12.89%)</b>					<b>SPAIN 4.55% (3.54%)</b>				
		<b>Industrial Engineering 1.03% (0.65%)</b>					<b>Support Services 2.10% (1.97%)</b>		
	292,113	Industria Macchine Automatic	17,640	1.03		3,753,644	Applus Services	36,135	2.10
		<b>Beverages 2.00% (1.98%)</b>					<b>Travel &amp; Leisure 0.84% (0.00%)</b>		
	4,083,529	Davide Campari-Milano	34,403	2.00		3,438,587	Telepizza Group	14,380	0.84
		<b>Personal Goods 0.83% (0.82%)</b>					<b>Mobile Telecommunications 0.81% (0.91%)</b>		
	585,523	Salvatore Ferragamo	14,164	0.83		1,099,126	Cellnex Telecom	13,971	0.81
		<b>Health Care Equipment &amp; Services 1.91% (2.10%)</b>					<b>Real Estate Investment Trusts 0.80% (0.66%)</b>		
	628,169	DiaSorin	32,865	1.91		2,237,586	Lar Espana Real Estate	13,738	0.80
		<b>Food &amp; Drug Retailers 1.65% (0.53%)</b>					<b>Total Spain</b>	<b>78,224</b>	<b>4.55</b>
	1,650,409	MARR	28,382	1.65					
		<b>Mobile Telecommunications 1.68% (1.77%)</b>			<b>SWEDEN 10.39% (8.90%)</b>				
	7,522,992	Infrastructure Wireless Italia	28,916	1.68		2,322,684	<b>Chemicals 1.13% (1.12%)</b>		
		<b>Banks 1.87% (2.10%)</b>					Hexpol	19,360	1.13
	6,451,782	FinecoBank	32,104	1.87		8,193,915	<b>Food Producers 1.53% (1.13%)</b>		
		<b>Financial Services 0.00% (1.60%)</b>					Cloetta 'B' Shares	26,213	1.53
		<b>Technology Hardware &amp; Equipment 1.92% (1.34%)</b>				1,761,804	<b>Household Goods &amp; Home Construction 0.83% (0.74%)</b>		
	738,321	Ei Towers	32,895	1.92			Nobia	14,267	0.83
		<b>Total Italy</b>	<b>221,369</b>	<b>12.89</b>		2,683,206	<b>Leisure Goods 2.01% (1.27%)</b>		
						1,350,066	Dometic Group	16,727	0.97
							Thule Group	17,867	1.04
<b>LUXEMBOURG 1.40% (0.75%)</b>							<b>Health Care Equipment &amp; Services 1.46% (1.45%)</b>		
		<b>Construction &amp; Materials 0.00% (0.75%)</b>				3,285,653	Elekta 'B' Shares	24,990	1.46
		<b>Industrial Engineering 1.40% (0.00%)</b>					<b>General Retailers 0.38% (0.83%)</b>		
	483,329	Stabilus	23,983	1.40		1,117,241	Bygghmax Group	6,441	0.38
		<b>Total Luxembourg</b>	<b>23,983</b>	<b>1.40</b>			<b>Financial Services 3.05% (2.36%)</b>		
<b>NETHERLANDS 5.75% (6.58%)</b>						907,019	Avanza Bank Holdings	28,768	1.67
		<b>Chemicals 2.12% (2.13%)</b>				806,182	Intrum Justitia	23,755	1.38
	925,288	IMCD Group	36,368	2.12			<b>Total Sweden</b>	<b>178,388</b>	<b>10.39</b>
		<b>Industrial Engineering 0.00% (1.17%)</b>			<b>SWITZERLAND 8.51% (8.00%)</b>				
		<b>Health Care Equipment &amp; Services 1.74% (1.87%)</b>					<b>Construction &amp; Materials 4.85% (3.89%)</b>		
	1,457,717	GrandVision	30,007	1.74		13,099	Belimo	35,282	2.05
		<b>Food &amp; Drug Retailers 0.75% (1.41%)</b>				10,396	Sika	48,015	2.80
	424,020	Sligro Food Group	12,851	0.75			<b>General Industrials 0.63% (0.68%)</b>		
		<b>General Retailers 1.14% (0.00%)</b>				7,323	Vetropack	10,846	0.63
	727,859	Takeaway.com	19,577	1.14			<b>Electronic &amp; Electrical Equipment 1.24% (1.11%)</b>		
		<b>Total Netherlands</b>	<b>98,803</b>	<b>5.75</b>		27,624	LEM Holding	21,350	1.24
<b>REPUBLIC OF IRELAND 6.25% (6.74%)</b>							<b>Industrial Engineering 1.79% (1.56%)</b>		
		<b>Construction &amp; Materials 2.07% (1.60%)</b>				93,909	Burckhardt Compression	21,307	1.24
	1,403,572	Kingspan Group (EUR)	35,572	2.07		119,428	VAT Group	9,433	0.55
		<b>Support Services 0.00% (0.90%)</b>					<b>Financial Services 0.00% (0.76%)</b>		
		<b>Travel &amp; Leisure 3.75% (3.77%)</b>					<b>Total Switzerland</b>	<b>146,233</b>	<b>8.51</b>
	6,076,852	Dalata Hotel Group	23,036	1.34	<b>UNITED KINGDOM 0.00% (2.30%)</b>				
	6,362,815	Irish Continental Group	27,339	1.59			<b>Health Care Equipment &amp; Services 0.00% (1.15%)</b>		
	169,852	Paddy Power (Irish Listing)	14,148	0.82			<b>Technology Hardware &amp; Equipment 0.00% (1.15%)</b>		
		<b>Real Estate Investment Trusts 0.43% (0.47%)</b>					<b>Total United Kingdom</b>	<b>—</b>	<b>—</b>
	6,214,371	Green REIT (Ireland Listing)	7,333	0.43					
		<b>Total Republic of Ireland</b>	<b>107,428</b>	<b>6.25</b>					



## Threadneedle European Smaller Companies Fund

### Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
<b>UNITED STATES OF AMERICA 0.96% (1.10%)</b>			
<b>Automobiles &amp; Parts 0.96% (1.10%)</b>			
196,323	Autoliv (SDR)	16,516	0.96
	<b>Total United States of America</b>	<b>16,516</b>	<b>0.96</b>
<b>DERIVATIVES 0.00% (0.00%)</b>			
<b>Forward Foreign Exchange Contracts 0.00% (0.00%)</b>			
	Sell EUR 227,962		
	Buy CHF 242,422 J.P. Morgan	(2)	—
	Sell EUR 577,291		
	Buy CHF 613,910 J.P. Morgan	(4)	—
	Sell EUR 254,000		
	Buy GBP 218,788 Bank of Scotland	(2)	—
	Sell EUR 551,200		
	Buy GBP 471,657 Citigroup	(6)	—
	<b>Total Derivatives</b>	<b>(14)</b>	<b>—</b>
<b>Total value of investments</b>		<b>1,681,452</b>	<b>97.89</b>
<b>Net other assets (0.88%)</b>		<b>36,215</b>	<b>2.11</b>
<b>Net assets</b>		<b>1,717,667</b>	<b>100.00</b>

March 2016 comparatives in brackets.



## Threadneedle Pan European Smaller Companies Fund

### Portfolio Statement

as at 7 March 2017

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
<b>AUSTRIA 1.10% (0.48%)</b>				<b>Software &amp; Computer Services 1.09% (0.00%)</b>			
149,401	Oil Equipment, Services & Distribution 0.59% (0.48%) Schoeller-Bleckmann Oilfield Equipment	9,241	0.59	432,533	Criteo ADR	16,943	1.09
62,925	Chemicals 0.51% (0.00%) Lenzing	7,949	0.51	281,200	Ingenico Group	21,370	1.37
	<b>Total Austria</b>	<b>17,190</b>	<b>1.10</b>		<b>Total France</b>	<b>235,766</b>	<b>15.15</b>
<b>BELGIUM 5.26% (5.68%)</b>				<b>GERMANY 11.69% (11.15%)</b>			
637,236	Chemicals 1.74% (2.00%) Umicore	27,133	1.74	583,870	Chemicals 2.17% (1.92%) Brenntag	26,839	1.72
871,596	Personal Goods 1.43% (2.06%) Ontex Group	22,260	1.43	136,341	Symrise	6,961	0.45
390,042	Media 1.18% (0.99%) Telenet Group	18,305	1.18	338,424	Industrial Engineering 1.34% (1.35%) Sartorius	20,857	1.34
336,984	Travel & Leisure 0.91% (0.63%) Kinepolis Group	14,153	0.91	1,057,713	Support Services 3.26% (2.83%) CTS Eventim	31,492	2.02
	<b>Total Belgium</b>	<b>81,851</b>	<b>5.26</b>	136,998	Grenkeleasing	19,233	1.24
<b>DENMARK 4.05% (4.78%)</b>				394,546	Automobiles & Parts 0.91% (1.16%) Norma Group	14,215	0.91
203,041	Personal Goods 1.25% (2.18%) Pandora	19,421	1.25	170,078	Health Care Equipment & Services 0.46% (0.41%) Stratec Biomedical	7,075	0.46
230,259	Pharmaceuticals & Biotechnology 0.72% (0.87%) Chr. Hansen	11,183	0.72	331,386	Software & Computer Services 3.55% (3.48%) CANCOM	13,193	0.85
766,710	Nonlife Insurance 0.75% (0.71%) Tryg	11,741	0.75	370,180	CompuGroup Medical	12,419	0.80
449,478	Software & Computer Services 1.33% (1.02%) SimCorp	20,654	1.33	633,429	RIB Software	6,678	0.43
	<b>Total Denmark</b>	<b>62,999</b>	<b>4.05</b>	3,236,258	Tele Columbus	22,924	1.47
<b>FINLAND 2.18% (1.52%)</b>					<b>Total Germany</b>	<b>181,886</b>	<b>11.69</b>
392,595	Industrial Engineering 2.18% (0.76%) Cargotec	16,347	1.05	<b>ISLE OF MAN 0.81% (1.01%)</b>			
594,324	Konecranes	17,564	1.13	3,072,417	Support Services 0.81% (1.01%) Paysafe Group	12,615	0.81
	Leisure Goods 0.00% (0.76%)				<b>Total Isle of Man</b>	<b>12,615</b>	<b>0.81</b>
	<b>Total Finland</b>	<b>33,911</b>	<b>2.18</b>	<b>ITALY 11.45% (12.42%)</b>			
<b>FRANCE 15.15% (15.54%)</b>				248,005	Industrial Engineering 0.96% (0.61%) Industria Macchine Automatic	14,977	0.96
	Industrial Transportation 0.00% (0.79%)			3,773,216	Beverages 2.04% (1.31%) Davide Campari-Milano	31,789	2.04
1,280,855	Support Services 6.40% (6.24%) Bureau Veritas	19,971	1.28	460,850	Household Goods & Home Construction 0.62% (0.99%) De' Longhi	9,689	0.62
1,538,113	Edenred	28,199	1.81	697,714	Personal Goods 1.09% (1.12%) Salvatore Ferragamo	16,878	1.09
2,436,264	Elis	36,548	2.35	340,084	Health Care Equipment & Services 1.14% (1.01%) DiaSorin	17,793	1.14
177,143	Teleperformance	14,992	0.96	796,982	Food & Drug Retailers 0.88% (0.55%) MARR	13,706	0.88
	Automobiles & Parts 0.00% (0.68%)			6,786,095	Mobile Telecommunications 1.68% (1.89%) Infrastructure Wireless Italia	26,084	1.68
67,872	Health Care Equipment & Services 5.60% (5.26%) Eurofins Scientific	23,776	1.53	5,201,048	Banks 1.66% (2.10%) FinecoBank	25,880	1.66
1,239,200	Korian	28,735	1.85				
479,939	Orpea	34,538	2.22				
73,059	Pharmaceuticals & Biotechnology 0.69% (0.97%) Virbac	10,694	0.69				



## Threadneedle Pan European Smaller Companies Fund

### Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
<b>ITALY 11.45% (12.42%) (continued)</b>				<b>Financial Services 1.62% (1.15%)</b>			
	<b>Financial Services 0.00% (1.28%)</b>			507,620	Avanza Bank Holdings	16,100	1.03
	<b>Technology Hardware &amp; Equipment 1.38% (1.56%)</b>			310,388	Intrum Justitia	9,146	0.59
481,816	Ei Towers	21,467	1.38		<b>Total Sweden</b>	<b>72,038</b>	<b>4.63</b>
	<b>Total Italy</b>	<b>178,263</b>	<b>11.45</b>				
<b>LUXEMBOURG 1.37% (0.66%)</b>				<b>SWITZERLAND 4.03% (2.36%)</b>			
	<b>Construction &amp; Materials 0.00% (0.66%)</b>				<b>Construction &amp; Materials 4.03% (2.36%)</b>		
	<b>Industrial Engineering 1.37% (0.00%)</b>			6,208	Belimo	16,721	1.07
430,427	Stabilus	21,358	1.37	9,967	Sika	46,034	2.96
	<b>Total Luxembourg</b>	<b>21,358</b>	<b>1.37</b>		<b>Total Switzerland</b>	<b>62,755</b>	<b>4.03</b>
<b>NETHERLANDS 5.22% (5.04%)</b>				<b>UNITED KINGDOM 22.34% (25.51%)</b>			
	<b>Chemicals 2.22% (2.22%)</b>			943,582	Victrex	18,607	1.20
879,311	IMCD Group	34,561	2.22		<b>Construction &amp; Materials 0.43% (0.50%)</b>		
	<b>Industrial Engineering 0.00% (1.04%)</b>			3,201,119	Ibstock	6,690	0.43
	<b>Health Care Equipment &amp; Services 1.89% (1.78%)</b>				<b>Electronic &amp; Electrical Equipment 2.40% (2.55%)</b>		
1,425,803	GrandVision	29,350	1.89	1,365,067	Halma	13,480	0.87
	<b>General Retailers 1.11% (0.00%)</b>			454,286	Oxford Instruments	3,534	0.23
643,282	Takeaway.com	17,302	1.11	637,271	Renishaw	20,195	1.30
	<b>Total Netherlands</b>	<b>81,213</b>	<b>5.22</b>		<b>Industrial Engineering 0.52% (1.28%)</b>		
<b>REPUBLIC OF IRELAND 5.92% (6.28%)</b>				176,913	Spirax-Sarco Engineering	8,117	0.52
	<b>Construction &amp; Materials 2.14% (1.48%)</b>				<b>Support Services 2.34% (2.93%)</b>		
1,314,514	Kingspan Group (EUR)	33,315	2.14	547,398	Ashtead Group	9,213	0.59
	<b>Support Services 0.00% (0.95%)</b>			1,389,032	Berendsen	11,189	0.72
	<b>Travel &amp; Leisure 2.92% (2.98%)</b>			3,779,973	Howden Joinery Group	16,072	1.03
4,063,277	Dalata Hotel Group	15,403	0.99		<b>Household Goods &amp; Home Construction 1.45% (1.91%)</b>		
3,709,865	Irish Continental Group	15,940	1.03	2,385,608	Crest Nicholson Holdings	13,192	0.85
167,897	Paddy Power (Irish Listing)	13,985	0.90	4,902,174	McCarthy & Stone	9,309	0.60
	<b>Real Estate Investment Trusts 0.86% (0.87%)</b>				<b>Health Care Equipment &amp; Services 0.00% (1.14%)</b>		
11,373,973	Green REIT (Ireland Listing)	13,421	0.86		<b>Pharmaceuticals &amp; Biotechnology 1.87% (1.34%)</b>		
	<b>Total Republic of Ireland</b>	<b>92,064</b>	<b>5.92</b>	1,644,729	Genus	29,145	1.87
<b>SPAIN 4.02% (3.04%)</b>					<b>Food &amp; Drug Retailers 1.11% (0.99%)</b>		
	<b>Support Services 2.07% (1.67%)</b>			8,710,459	Booker Group	17,316	1.11
3,341,679	Applus Services	32,169	2.07		<b>General Retailers 2.00% (0.79%)</b>		
	<b>Travel &amp; Leisure 0.51% (0.00%)</b>			988,120	'CVS Group	10,296	0.66
1,909,814	Telepizza Group	7,987	0.51	3,754,770	Just Eat	20,858	1.34
	<b>Mobile Telecommunications 0.91% (0.94%)</b>				<b>Media 1.27% (1.80%)</b>		
1,121,068	Cellnex Telecom	14,250	0.91	6,544,086	Ascential	19,698	1.27
	<b>Real Estate Investment Trusts 0.53% (0.43%)</b>				<b>Travel &amp; Leisure 1.51% (2.49%)</b>		
1,339,223	Lar Espana Real Estate	8,222	0.53	4,753,110	Merlin Entertainments	23,542	1.51
	<b>Total Spain</b>	<b>62,628</b>	<b>4.02</b>		<b>Life Insurance 2.05% (1.85%)</b>		
<b>SWEDEN 4.63% (3.29%)</b>				2,948,943	St James's Place	31,967	2.05
	<b>Food Producers 1.13% (0.84%)</b>				<b>Real Estate Investment Trusts 2.54% (1.98%)</b>		
5,481,004	Cloetta 'B' Shares	17,534	1.13	2,130,002	Big Yellow Group REIT	15,379	0.99
	<b>Leisure Goods 1.88% (1.30%)</b>			310,323	Derwent London	8,642	0.56
2,444,979	Dometic Group	15,242	0.98	1,682,842	Shaftesbury REIT	15,440	0.99
1,059,075	Thule Group	14,016	0.90		<b>Financial Services 0.94% (2.36%)</b>		
				966,478	Close Brothers Group	14,681	0.94



## Threadneedle Pan European Smaller Companies Fund

### Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
<b>UNITED KINGDOM 22.34% (25.51%) (continued)</b>			
	<b>Software &amp; Computer Services 0.71% (0.64%)</b>		
582,049	AVEVA Group	11,100	0.71
	<b>Total United Kingdom</b>	<b>347,662</b>	<b>22.34</b>
<b>UNITED STATES OF AMERICA 0.81% (1.00%)</b>			
	<b>Automobiles &amp; Parts 0.81% (1.00%)</b>		
150,761	Autoliv (SDR)	12,683	0.81
	<b>Total United States of America</b>	<b>12,683</b>	<b>0.81</b>
<b>DERIVATIVES –0.02% (0.02%)</b>			
	<b>Forward Foreign Exchange Contracts –0.02% (0.02%)</b>		
	Sell EUR 413,002		
	Buy CHF 439,200 J.P. Morgan	(3)	–
	Sell EUR 517,810		
	Buy CHF 550,656 J.P. Morgan	(4)	–
	Sell USD 161,906		
	Buy EUR 153,238 J.P. Morgan	–	–
	Sell USD 162,932		
	Buy EUR 153,796 J.P. Morgan	–	–
	Sell USD 206,541		
	Buy EUR 196,492 J.P. Morgan	1	–
	Sell USD 2,148,342		
	Buy EUR 2,028,622 J.P. Morgan	–	–
	Sell USD 218,000		
	Buy EUR 205,310 J.P. Morgan	(1)	–
	Sell USD 564,941		
	Buy EUR 532,346 J.P. Morgan	(1)	–
	Sell USD 66,603		
	Buy EUR 63,161 J.P. Morgan	–	–
	Sell USD 84,321		
	Buy EUR 79,412 J.P. Morgan	–	–
	Sell USD 86,284		
	Buy EUR 81,895 J.P. Morgan	1	–
	Sell EUR 671,000		
	Buy GBP 577,981 Bank of Scotland	(4)	–
	Sell EUR 726,900		
	Buy GBP 622,003 Citigroup	(9)	–
	Sell EUR 125,866		
	Buy USD 132,303 J.P. Morgan	(1)	–
	Sell EUR 131,646		
	Buy USD 139,094 J.P. Morgan	–	–
	Sell EUR 3,429,932		
	Buy USD 3,608,518 J.P. Morgan	(19)	–
	Sell EUR 54,100,646		
	Buy USD 56,917,504 J.P. Morgan	(297)	(0.02)
	<b>Total Derivatives</b>	<b>(337)</b>	<b>(0.02)</b>
<b>Total value of investments</b>		<b>1,556,545</b>	<b>100.01</b>
<b>Net other (liabilities)/assets (0.22%)</b>		<b>(104)</b>	<b>(0.01)</b>
<b>Net assets</b>		<b>1,556,441</b>	<b>100.00</b>

March 2016 comparatives in brackets.

<sup>†</sup>Alternative Investment Market.



## Threadneedle Pan European Fund

### Portfolio Statement

as at 7 March 2017

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
<b>BELGIUM 2.02% (3.84%)</b>				<b>Travel &amp; Leisure 0.00% (1.20%)</b>			
	<b>Beverages 0.00% (2.86%)</b>				<b>Mobile Telecommunications 2.47% (1.45%)</b>		
	<b>Banks 2.02% (0.98%)</b>			563,482	Deutsche Telekom	7,813	2.47
123,336	KBC Groep	6,378	2.02		<b>Nonlife Insurance 2.13% (1.62%)</b>		
	<b>Total Belgium</b>	<b>6,378</b>	<b>2.02</b>	46,157	Allianz	6,728	2.13
<b>DENMARK 3.47% (4.39%)</b>					<b>Software &amp; Computer Services 1.10% (0.00%)</b>		
	<b>Personal Goods 1.70% (1.95%)</b>			44,874	SAP	3,461	1.10
56,128	Pandora	5,369	1.70		<b>Total Germany</b>	<b>46,932</b>	<b>14.86</b>
	<b>Pharmaceuticals &amp; Biotechnology 1.77% (2.44%)</b>			<b>ITALY 1.13% (1.95%)</b>			
201,129	Novo Nordisk	5,587	1.77		<b>Electronic &amp; Electrical Equipment 1.13% (0.00%)</b>		
	<b>Total Denmark</b>	<b>10,956</b>	<b>3.47</b>	173,639	Prysmian	3,551	1.13
<b>FINLAND 1.11% (2.31%)</b>					<b>Mobile Telecommunications 0.00% (0.80%)</b>		
	<b>Industrial Engineering 0.00% (1.00%)</b>				<b>Banks 0.00% (1.15%)</b>		
	<b>Nonlife Insurance 1.11% (0.00%)</b>				<b>Total Italy</b>	<b>3,551</b>	<b>1.13</b>
93,323	Sampo	3,506	1.11	<b>NETHERLANDS 9.32% (8.86%)</b>			
	<b>Technology Hardware &amp; Equipment 0.00% (1.31%)</b>				<b>Chemicals 1.30% (1.61%)</b>		
	<b>Total Finland</b>	<b>3,506</b>	<b>1.11</b>	73,027	Akzo Nobel	4,104	1.30
<b>FRANCE 13.87% (10.96%)</b>					<b>Aerospace &amp; Defence 1.66% (2.09%)</b>		
	<b>Electronic &amp; Electrical Equipment 4.02% (3.06%)</b>			85,550	Airbus	5,259	1.66
66,934	Legrand	3,087	0.98		<b>Media 2.23% (1.90%)</b>		
170,070	Schneider Electric	9,619	3.04	483,798	RELX (EUR)	7,048	2.23
	<b>Industrial Transportation 0.00% (0.89%)</b>				<b>Banks 2.11% (1.02%)</b>		
	<b>Beverages 0.92% (1.40%)</b>			557,314	ING Groep	6,663	2.11
31,156	Pernod Ricard	2,909	0.92		<b>Technology Hardware &amp; Equipment 2.02% (2.24%)</b>		
	<b>Personal Goods 3.11% (1.82%)</b>			63,975	ASML	6,369	2.02
64,238	L'Oreal	9,821	3.11		<b>Total Netherlands</b>	<b>29,443</b>	<b>9.32</b>
	<b>Health Care Equipment &amp; Services 1.05% (0.99%)</b>			<b>REPUBLIC OF IRELAND 8.89% (5.83%)</b>			
35,311	Essilor International	3,321	1.05		<b>Construction &amp; Materials 4.99% (2.72%)</b>		
	<b>Banks 1.89% (0.00%)</b>			337,824	CRH	9,780	3.10
118,401	BNP Paribas	5,983	1.89	236,111	Kingspan Group	5,985	1.89
	<b>Nonlife Insurance 0.00% (1.49%)</b>				<b>General Industrials 1.55% (0.00%)</b>		
	<b>Financial Services 1.33% (1.31%)</b>			221,397	Smurfit Kappa Group	4,902	1.55
88,196	Amundi	4,200	1.33		<b>Travel &amp; Leisure 2.35% (3.11%)</b>		
	<b>Software &amp; Computer Services 1.55% (0.00%)</b>			608,171	Ryanair Holdings	7,424	2.35
73,685	Dassault Systems	4,886	1.55		<b>Total Republic of Ireland</b>	<b>28,091</b>	<b>8.89</b>
	<b>Total France</b>	<b>43,826</b>	<b>13.87</b>	<b>SPAIN 4.27% (5.80%)</b>			
<b>GERMANY 14.86% (12.35%)</b>					<b>Construction &amp; Materials 0.00% (1.92%)</b>		
	<b>Chemicals 4.17% (3.28%)</b>				<b>Support Services 1.92% (1.39%)</b>		
126,989	BASF	9,957	3.15	157,979	Amadeus IT Group	6,074	1.92
70,164	Brenntag	3,225	1.02		<b>General Retailers 1.36% (1.48%)</b>		
	<b>Automobiles &amp; Parts 3.18% (3.03%)</b>			161,708	Inditex	4,295	1.36
59,941	Continental	10,048	3.18		<b>Mobile Telecommunications 0.99% (1.01%)</b>		
	<b>Health Care Equipment &amp; Services 1.81% (1.77%)</b>			246,289	Cellnex Telecom	3,131	0.99
84,085	Fresenius Medical Care	5,700	1.81		<b>Total Spain</b>	<b>13,500</b>	<b>4.27</b>



## Threadneedle Pan European Fund

### Portfolio Statement

(continued)

	Holding	Investment		Value £000	% of Net Asset Value		Holding	Investment		Value £000	% of Net Asset Value
SWEDEN	3.63% (2.21%)						Financial Services 1.01% (2.58%)				
		Industrial Engineering 1.92% (1.21%)				453,022	3i Group		3,198	1.01	
	218,086	Atlas Copco 'A' Shares		6,056	1.92						
		Banks 1.71% (1.00%)					Technology Hardware & Equipment 0.00% (1.26%)				
	473,542	Svenska Handelsbanken		5,416	1.71		Total United Kingdom				
	Total Sweden		11,472	3.63		Total value of investments		320,238	101.38		
SWITZERLAND	9.24% (9.54%)						Net other (liabilities)/assets (0.34%)				
		Construction & Materials 3.74% (1.89%)					Net assets				
	2,560	Sika		11,824	3.74		March 2016 comparatives in brackets.				
		Personal Goods 1.26% (1.00%)							(4,346)	(1.38)	
	64,774	Cie Financiere Richemont		3,977	1.26				315,892	100.00	
		Pharmaceuticals & Biotechnology 4.24% (5.15%)									
	63,898	Roche		13,391	4.24						
		Banks 0.00% (1.50%)									
		Total Switzerland		29,192	9.24						
	UNITED KINGDOM	29.57% (31.62%)									
		Oil & Gas Producers 4.88% (3.09%)									
685,066		Royal Dutch Shell B Shares		15,428	4.88						
		Oil Equipment, Services & Distribution 2.06% (0.00%)									
435,568		John Wood Group		3,308	1.05						
	TechnipFMC		3,202	1.01							
		Chemicals 1.08% (1.06%)									
	114,336	Johnson Matthey		3,425	1.08						
		Mining 1.93% (0.00%)									
	183,453	Rio Tinto		6,082	1.93						
		Household Goods & Home Construction 0.00% (3.79%)									
		Personal Goods 4.30% (4.81%)									
	234,275	Burberry Group		4,142	1.31						
	240,597	Unilever		9,429	2.99						
		Tobacco 4.14% (4.44%)									
	164,151	British American Tobacco		8,378	2.65						
	Imperial Brands		4,701	1.49							
		Health Care Equipment & Services 0.00% (0.97%)									
		Media 1.07% (0.00%)									
	1,636,041	ITV		3,382	1.07						
		Travel & Leisure 1.54% (1.06%)									
	327,706	Compass Group		4,870	1.54						
		Fixed Line Telecommunications 0.00% (3.91%)									
		Banks 2.57% (0.00%)									
	1,097,357	Standard Chartered		8,113	2.57						
		Life Insurance 4.99% (4.65%)									
	889,770	Legal & General Group		2,258	0.72						
	Prudential		9,828	3.11							
	St James's Place		3,647	1.16							



## Threadneedle European Bond Fund

### Portfolio Statement

as at 7 March 2017

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
<b>AUSTRALIA 2.20% (1.40%)</b>					<b>CAYMAN ISLANDS 1.17% (1.05%)</b>				
		<b>A- 0.81% (0.44%)</b>					<b>BBB 1.17% (1.05%)</b>		
EUR	764,000	AusNet Services Holdings 2.375% 24/07/2020	712	0.50	GBP	1,090,000	*Thames Water Utilities Cayman Finance 5.375% 21/07/2025	1,106	0.78
EUR	474,000	SGSP Australia Assets 2% 30/06/2022	438	0.31	GBP	557,000	*Yorkshire Water Services Bradford Finance 6% 24/04/2025	560	0.39
		<b>BBB+ 0.75% (0.78%)</b>					<b>Total Cayman Islands</b>	<b>1,666</b>	<b>1.17</b>
EUR	559,000	Aurizon Network 2% 18/09/2024	499	0.35					
EUR	555,000	*BHP Billiton Finance 5.625% 22/10/2079	566	0.40	<b>CHILE 1.61% (1.95%)</b>				
		<b>BBB 0.24% (0.00%)</b>					<b>AA- 1.61% (1.95%)</b>		
EUR	385,000	APT Pipelines 2% 22/03/2027	336	0.24	EUR	2,500,000	Chile Government International Bond 1.625% 30/01/2025	2,291	1.61
		<b>BBB- 0.16% (0.00%)</b>					<b>Total Chile</b>	<b>2,291</b>	<b>1.61</b>
GBP	200,000	Asciano Finance 5% 19/09/2023	223	0.16	<b>DENMARK 0.29% (1.14%)</b>				
		<b>BB+ 0.24% (0.18%)</b>					<b>AAA 0.00% (0.95%)</b>		
EUR	388,000	*Santos Finance FRN 8.25% 22/09/2070	348	0.24			<b>BBB 0.29% (0.00%)</b>		
		<b>Total Australia</b>	<b>3,122</b>	<b>2.20</b>	EUR	444,000	ISS Global 2.125% 02/12/2024	412	0.29
<b>AUSTRIA 0.23% (0.95%)</b>							<b>BBB- 0.00% (0.19%)</b>		
		<b>AA+ 0.00% (0.48%)</b>					<b>Total Denmark</b>	<b>412</b>	<b>0.29</b>
		<b>Baa3 0.23% (0.00%)</b>			<b>FINLAND 0.26% (0.31%)</b>				
EUR	300,000	BAWAG PSK Bank fuer Arbeit und Wirtschaft und Oesterreichische Postsparkasse 8.125% 30/10/2023	331	0.23	EUR	425,000	A- 0.26% (0.00%) Sampo 1% 18/09/2023	369	0.26
		<b>BB+ 0.00% (0.13%)</b>					<b>Baa1 0.00% (0.00%)</b>		
		<b>Ba1 0.00% (0.19%)</b>					<b>Baa2 0.00% (0.31%)</b>		
		<b>Ca 0.00% (0.15%)</b>					<b>Total Finland</b>	<b>369</b>	<b>0.26</b>
		<b>Total Austria</b>	<b>331</b>	<b>0.23</b>	<b>FRANCE 22.80% (7.75%)</b>				
<b>BELGIUM 1.02% (1.24%)</b>							<b>AA 2.40% (1.81%)</b>		
		<b>A- 0.84% (0.40%)</b>			EUR	1,450,000	Dexia Credit Local 0.25% 19/03/2020	1,264	0.89
EUR	1,025,000	Anheuser-Busch InBev 2.7% 31/03/2026	1,004	0.71	EUR	1,850,000	Dexia Credit Local 0.625% 21/01/2022	1,622	1.14
EUR	200,000	Anheuser-Busch InBev 2.75% 17/03/2036	184	0.13	EUR	600,000	Sanofi 0% 13/01/2020	521	0.37
		<b>BBB+ 0.18% (0.00%)</b>					<b>Aa2u 17.34% (3.34%)</b>		
EUR	300,000	KBC Groep 0.75% 01/03/2022	259	0.18	EUR	12,700,000	France Government Bond OAT 3% 25/04/2022	12,711	8.94
		<b>BB 0.00% (0.17%)</b>			EUR	2,265,000	France Government Bond OAT 3.25% 25/05/2045	2,492	1.75
		<b>Not Rated 0.00% (0.67%)</b>			EUR	8,830,000	France Government Bond OAT 3.5% 25/04/2026	9,456	6.65
		<b>Total Belgium</b>	<b>1,447</b>	<b>1.02</b>			<b>AA- 0.00% (0.05%)</b>		
<b>BERMUDA 0.41% (0.00%)</b>							<b>A+ 0.60% (0.68%)</b>		
		<b>BBB+ 0.41% (0.00%)</b>			EUR	1,000,000	RTE Réseau de transport d'électricité 1% 19/10/2026	850	0.60
EUR	605,000	Bacardi 2.75% 03/07/2023	583	0.41			<b>A 0.38% (0.33%)</b>		
		<b>Total Bermuda</b>	<b>583</b>	<b>0.41</b>	EUR	600,000	Banque Fédérative du Crédit Mutuel 1.625% 19/01/2026	535	0.38
<b>CANADA 0.24% (0.00%)</b>							<b>A- 1.07% (0.16%)</b>		
		<b>BBB- 0.24% (0.00%)</b>			EUR	200,000	Air Liquide Finance 0.375% 18/04/2022	174	0.12
GBP	325,000	Repsol Oil & Gas 6.625% 05/12/2017	338	0.24	EUR	250,000	Autorout 4.125% 13/04/2020	244	0.17
		<b>Total Canada</b>	<b>338</b>	<b>0.24</b>	EUR	300,000	Autoroutes du Sud de la France 1.25% 18/01/2027	260	0.18



## Threadneedle European Bond Fund

### Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
<b>FRANCE 22.80% (7.75%) (continued)</b>					<b>GUERNSEY 0.25% (0.21%)</b>				
EUR	200,000	Electricite De France 1.875% 13/10/2036	153	0.11	EUR	405,000	BBB+ 0.25% (0.21%) Credit Suisse 1.25% 14/04/2022	355	0.25
GBP	400,000	Electricite de France 5.5% 17/10/2041	503	0.35	<b>Total Guernsey</b>				
EUR	225,000	*Total 3.369% 29/12/2049	193	0.14				<b>355</b>	<b>0.25</b>
<b>BBB+ 0.24% (0.00%)</b>					<b>HUNGARY 2.53% (4.68%)</b>				
EUR	200,000	BPCE 1.125% 18/01/2023	173	0.12	<b>BBB- 2.53% (0.00%)</b>				
EUR	200,000	Credit Agricole 1.875% 20/12/2026	172	0.12	EUR	3,750,000	Hungary Government International Bond 3.875% 24/02/2020	3,599	2.53
<b>Baa1 0.00% (0.33%)</b>					<b>BB+ 0.00% (4.68%)</b>				
<b>BBB 0.19% (0.28%)</b>					<b>Total Hungary</b>				
EUR	200,000	*BPCE 2.75% 30/11/2027	178	0.13				<b>3,599</b>	<b>2.53</b>
EUR	100,000	Credit Mutuel Arkea 3.5% 09/02/2029	87	0.06	<b>ICELAND 0.20% (0.39%)</b>				
<b>BBB- 0.33% (0.56%)</b>					EUR	316,000	Arion Bank 1.625% 01/12/2021	279	0.20
EUR	205,000	*Orange 5% 29/10/2049	190	0.13	<b>BBB- 0.00% (0.39%)</b>				
EUR	300,000	TDF Infrastructure 2.875% 19/10/2022	281	0.20	<b>Total Iceland</b>				
<b>BB+ 0.12% (0.00%)</b>								<b>279</b>	<b>0.20</b>
EUR	184,000	*Credit Agricole 6.5% 23/12/2049	165	0.12	<b>INDONESIA 1.73% (1.45%)</b>				
<b>BB 0.00% (0.10%)</b>					<b>BB+ 1.73% (1.45%)</b>				
<b>B+ 0.13% (0.11%)</b>					EUR	2,650,000	Indonesia Government International Bond 2.875% 08/07/2021	2,461	1.73
EUR	202,000	SFR Group 5.375% 15/05/2022	183	0.13	<b>Total Indonesia</b>				
<b>Total France</b>								<b>2,461</b>	<b>1.73</b>
			<b>32,407</b>	<b>22.80</b>	<b>ITALY 4.86% (10.75%)</b>				
<b>GERMANY 8.37% (8.78%)</b>					EUR	525,000	Baa1 0.32% (0.00%) Italgas 1.625% 19/01/2027	453	0.32
<b>Aaa 5.83% (7.16%)</b>					<b>Baa2u 2.31% (8.14%)</b>				
EUR	9,773,000	Bundesrepublik Deutschland 0% 15/08/2026	8,294	5.83	EUR	2,219,000	Buoni Poliennali Del Tesoro 1.6% 01/06/2026	1,841	1.29
<b>A+ 0.18% (0.15%)</b>					EUR	1,375,000	Buoni Poliennali Del Tesoro 3.5% 01/03/2030	1,316	0.93
EUR	300,000	*Allianz SE 2.241% 07/07/2045	252	0.18	EUR	115,000	Buoni Poliennali Del Tesoro 4.75% 01/09/2044	126	0.09
<b>BBB+ 0.72% (0.47%)</b>					<b>BBB- 0.07% (0.00%)</b>				
EUR	836,000	CRH Finance Germany 1.75% 16/07/2021	767	0.54	EUR	125,000	UniCredit 2.125% 24/10/2026	106	0.07
EUR	200,000	Deutsche Bank 1.125 17/03/2025	166	0.12	<b>Baa3 0.22% (0.20%)</b>				
EUR	100,000	Deutsche Bank 1.25% 08/09/2021	88	0.06	GBP	132,000	Acquedotto Pugliese 6.92% 29/06/2018	138	0.10
<b>Baa1 0.65% (0.56%)</b>					EUR	180,000	*Assicurazioni Generali FRN 27/10/2047	164	0.12
EUR	1,000,000	Eurogrid 1.875% 10/06/2025	927	0.65	<b>BB+ 0.18% (0.11%)</b>				
<b>BBB- 0.50% (0.00%)</b>					GBP	250,000	Telecom Italia 7.375% 15/12/2017	261	0.18
EUR	188,000	HeidelbergCement Finance Luxembourg 1.5% 07/02/2025	166	0.12	<b>Not Rated 1.76% (2.30%)</b>				
EUR	125,000	Lanxess 1% 07/10/2026	104	0.07	EUR	2,900,000	Banca Monte dei Paschi di Siena 3.5% 20/03/2017	2,505	1.76
EUR	355,000	RWE Finance 5.75% 14/02/2033	444	0.31	<b>Total Italy</b>				
<b>BB- 0.16% (0.08%)</b>								<b>6,910</b>	<b>4.86</b>
EUR	100,000	IHO Verwaltungs 3.25% 15/09/2023	90	0.06	<b>JAPAN 0.00% (0.14%)</b>				
EUR	150,000	Unitymedia Hessen 4% 15/01/2025	137	0.10	<b>BB+ 0.00% (0.14%)</b>				
<b>B 0.00% (0.07%)</b>					<b>Total Japan</b>				
<b>Not Rated 0.33% (0.29%)</b>								-	-
EUR	500,000	Telefonica Deutsch 2.375% 10/02/2021	468	0.33					
<b>Total Germany</b>									
			<b>11,903</b>	<b>8.37</b>					



## Threadneedle European Bond Fund

### Portfolio Statement

(continued)

			Value £000	% of Net Asset Value				Value £000	% of Net Asset Value
Holding	Investment				Holding	Investment			
<b>JERSEY 0.81% (0.96%)</b>					EUR	261,000	*Tennet Holding FRN 6.655% 29/06/2049	230	0.16
	<b>A– 0.81% (0.45%)</b>				EUR	185,000	Teva Pharmaceutical Finance 1.25% 31/03/2023	158	0.11
EUR	453,000	Heathrow Funding 1.875% 23/05/2022	421	0.30					
GBP	400,000	Heathrow Funding 4.625% 31/10/2046	521	0.37					
EUR	220,000	UBS Group Fund 2.125% 04/03/2024	202	0.14					
	<b>BBB+ 0.00% (0.12%)</b>				EUR	200,000	*Vonovia Finance 4% 29/12/2049	184	0.13
	<b>BBB– 0.00% (0.39%)</b>								
	<b>Total Jersey</b>		<b>1,144</b>	<b>0.81</b>					
<b>LUXEMBOURG 0.89% (0.99%)</b>					EUR	390,000	*SNS Bank FRN 05/11/2025	355	0.25
	<b>BBB+ 0.48% (0.00%)</b>								
EUR	800,000	Grand City Properties 1.5% 17/04/2025	689	0.48					
	<b>BBB 0.17% (0.99%)</b>				EUR	200,000	*Telefonica Europe 3.75% 31/12/2049	176	0.12
EUR	290,000	GELF Bond Issuer I 1.625% 20/10/2026	245	0.17					
	<b>Baa2 0.24% (0.00%)</b>								
EUR	397,000	SELP Finance 1.25% 25/10/2023	335	0.24					
	<b>Total Luxembourg</b>		<b>1,269</b>	<b>0.89</b>					
<b>MEXICO 0.21% (2.19%)</b>					<b>NEW ZEALAND 0.25% (0.00%)</b>				
	<b>BBB+ 0.21% (2.19%)</b>								
EUR	350,000	Petroleos Mexicanos 1.875% 21/04/2022	294	0.21	EUR	430,000	Fonterra Co-operative Group 0.75% 08/11/2024	362	0.25
	<b>Total Mexico</b>		<b>294</b>	<b>0.21</b>					
								<b>362</b>	<b>0.25</b>
<b>NETHERLANDS 5.48% (5.91%)</b>					<b>NORWAY 2.00% (1.68%)</b>				
	<b>AAA 1.09% (0.97%)</b>								
EUR	1,790,000	Nederlandse Financierings 0.125% 20/04/2022	1,554	1.09	EUR	2,320,000	DNB Boligkreditt 2.75% 21/03/2022	2,275	1.60
	<b>AA 0.34% (0.30%)</b>								
EUR	542,000	Roche Finance Europe 0.5% 27/02/2023	476	0.34					
	<b>AA– 0.22% (0.00%)</b>				EUR	510,000	Avinor 1% 29/04/2025	446	0.31
EUR	350,000	Nederland Gasunie 1% 11/05/2026	306	0.22	EUR	145,000	Avinor 1.25% 09/02/2027	128	0.09
	<b>A+ 0.75% (0.44%)</b>								
EUR	400,000	Enexis Holding 0.875% 28/04/2026	343	0.24					
EUR	272,000	Enexis Holding 1.5% 20/10/2023	250	0.18					
EUR	500,000	Schiphol Nederland 2% 05/10/2026	469	0.33					
	<b>A– 0.32% (0.31%)</b>								
EUR	200,000	Koninklijke DSM 0.75% 28/09/2026	168	0.12					
EUR	350,000	Tennet Holding 1.25% 24/10/2033	280	0.20					
	<b>BBB+ 1.57% (0.33%)</b>								
EUR	560,000	Deutsche Telekom 0.875% 30/01/2024	489	0.34					
EUR	500,000	*Deutsche Telekom FRN 03/04/2020	435	0.31					
EUR	200,000	Iberdrola International 0.375% 15/09/2025	162	0.11					
EUR	300,000	JAB Holdings 1.75% 25/05/2023	273	0.19					
EUR	785,000	Vesteda Finance 1.75% 22/07/2019	704	0.50					
EUR	200,000	Vonovia Finance 1.25% 06/12/2024	174	0.12					
	<b>BBB 0.69% (0.93%)</b>								
EUR	325,000	*Eneco Holding 3.25% 29/12/2049	296	0.21					
EUR	365,000	Redexis Gas Finance 1.875% 27/04/2027	304	0.21					
					<b>PORTUGAL 0.23% (0.04%)</b>				
					EUR	300,000	Galp Gas Natural Distribuicao 1.375% 19/09/2023	257	0.18
					EUR	300,000	Novo Banco 4% 21/01/2019 (Defaulted)	73	0.05
								<b>330</b>	<b>0.23</b>
					<b>REPUBLIC OF IRELAND 1.61% (2.02%)</b>				
					EUR	268,000	Gas Natural 4.5% 05/12/2026	234	0.17
					EUR	208,000	Swisscom via Lunar Funding V 1.75% 15/09/2025	191	0.13
					EUR	475,000	Ryanair 1.125% 10/03/2023	414	0.29
					EUR	490,000	Transmission Finance 1.5% 24/05/2023	439	0.31
					EUR	931,000	FCA Capital Ireland 1.375% 17/04/2020	823	0.58



## Threadneedle European Bond Fund

### Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
<b>REPUBLIC OF IRELAND 1.61% (2.02%) (continued)</b>					<b>BBB– 0.49% (0.00%)</b>				
		<b>BB+ 0.00% (0.50%)</b>			EUR	607,000	Akelius Residential 1.5% 23/01/2022	536	0.38
		<b>BB– 0.13% (0.00%)</b>			EUR	164,000	Akelius Residential 3.375% 23/09/2020	154	0.11
EUR	200,000	*Governor & Co of the Bank of Ireland 7.375% 29/12/2049	187	0.13	EUR	380,000	<b>Baa3e 0.23% (0.00%)</b> Fastighets 1.875% 14/03/2025	329	0.23
		<b>B+ 0.00% (0.23%)</b>					<b>Total Sweden</b>	<b>1,269</b>	<b>0.89</b>
		<b>Total Republic of Ireland</b>	<b>2,288</b>	<b>1.61</b>	<b>SWITZERLAND 1.41% (1.00%)</b>				
<b>SINGAPORE 0.27% (0.23%)</b>							<b>Aaa 0.67% (0.59%)</b>		
		<b>AAA 0.27% (0.23%)</b>			EUR	1,074,000	Credit Suisse 0.75% 17/09/2021	956	0.67
EUR	425,000	Temasek Financial 1.5% 01/03/2028	388	0.27			<b>A 0.61% (0.30%)</b>		
		<b>Total Singapore</b>	<b>388</b>	<b>0.27</b>	EUR	435,000	Credit Suisse 1.5% 10/04/2026	391	0.28
					EUR	510,000	Swisscom 1.875% 08/09/2021	475	0.33
<b>SLOVENIA 2.54% (1.68%)</b>							<b>BB+ 0.13% (0.00%)</b>		
		<b>A 2.54% (0.00%)</b>			EUR	200,000	*UBS Group 5.75% 29/12/2049	189	0.13
EUR	3,400,000	Republic of Slovenia 1.25% 22/03/2027	2,900	2.04			<b>BB 0.00% (0.11%)</b>		
EUR	905,000	Republic of Slovenia 1.5% 25/03/2035	713	0.50			<b>Total Switzerland</b>	<b>2,011</b>	<b>1.41</b>
		<b>A– 0.00% (1.68%)</b>			<b>UNITED ARAB EMIRATES 0.00% (0.15%)</b>				
		<b>Total Slovenia</b>	<b>3,613</b>	<b>2.54</b>			<b>Baa1 0.00% (0.15%)</b>		
<b>SOUTH KOREA 1.40% (1.81%)</b>							<b>Total United Arab Emirates</b>	<b>–</b>	<b>–</b>
		<b>AA 1.40% (0.00%)</b>			<b>UNITED KINGDOM 23.77% (22.83%)</b>				
EUR	2,170,000	Export-Import Bank of Korea 2% 30/04/2020	1,996	1.40			<b>AAA 0.86% (0.80%)</b>		
		<b>AA– 0.00% (1.81%)</b>			GBP	613,000	Bank of Scotland 4.875% 20/12/2024	761	0.53
		<b>Total South Korea</b>	<b>1,996</b>	<b>1.40</b>	EUR	534,000	Wellcome Trust 1.125% 21/01/2027	472	0.33
<b>SPAIN 2.21% (5.33%)</b>							<b>Aa1u 15.28% (14.71%)</b>		
		<b>BBB+ 1.54% (4.65%)</b>			GBP	13,300,000	United Kingdom Gilt 0.5% 22/07/2022	13,247	9.32
EUR	100,000	Iberdrola Finanzas 1% 07/03/2025	86	0.06	GBP	1,368,000	United Kingdom Gilt 3.5% 22/01/2045	1,860	1.31
EUR	2,453,000	Spain Government Bond 2.9% 31/10/2046	2,100	1.48	GBP	875,000	United Kingdom Gilt 3.5% 22/07/2068	1,421	1.00
		<b>Baa1 0.43% (0.37%)</b>			GBP	3,670,000	United Kingdom Gilt 4.75% 07/12/2030	5,188	3.65
EUR	667,000	Aigues de Barcelona Finance 1.944% 15/09/2021	605	0.43			<b>A+ 0.27% (0.24%)</b>		
		<b>BBB 0.18% (0.31%)</b>			EUR	425,000	Motability Operations 1.625% 09/06/2023	390	0.27
EUR	300,000	Telefonica Emisiones 0.75% 13/04/2022	261	0.18			<b>A 0.36% (0.00%)</b>		
		<b>BB 0.06% (0.00%)</b>			EUR	280,000	HSBC Holdings 0.875% 06/09/2024	237	0.17
EUR	100,000	*Bankia 3.375% 15/03/2027	87	0.06	EUR	300,000	Lloyds Bank 1.375% 08/09/2022	272	0.19
		<b>Total Spain</b>	<b>3,139</b>	<b>2.21</b>			<b>A– 1.33% (1.35%)</b>		
<b>SUPRANATIONAL 0.96% (1.05%)</b>					EUR	261,000	Aviva 0.625% 27/10/2023	222	0.16
		<b>Aa1 0.33% (0.32%)</b>			EUR	478,000	National Grid Gas 0.625% 22/09/2024	406	0.29
EUR	550,000	Euro Stability Mechanism 1.85% 01/12/2055	463	0.33	GBP	900,000	Western Power Distribution West Midlands 5.75% 16/04/2032	1,248	0.88
		<b>AA 0.63% (0.00%)</b>					<b>BBB+ 1.50% (0.00%)</b>		
EUR	1,055,000	European Financial Stability Facility 1.7% 13/02/2043	895	0.63	EUR	460,000	BAT International Finance 1% EMTN 23/05/2022	407	0.29
		<b>AA– 0.00% (0.73%)</b>			EUR	485,000	British Telecommunications 1.125% 10/03/2023	426	0.30
		<b>Total Supranational</b>	<b>1,358</b>	<b>0.96</b>	EUR	415,000	Smiths Group 2% 23/02/2027	364	0.26
<b>SWEDEN 0.89% (0.00%)</b>					GBP	425,000	*Telereal Securitisation 4.0902% 10/12/2033	443	0.31
		<b>A 0.17% (0.00%)</b>			EUR	545,000	Vodafone Group 1.25% 25/08/2021	490	0.34
EUR	304,000	Atlas Copco 0.625% 30/08/2026	250	0.17			<b>Baa1 0.41% (0.30%)</b>		
					GBP	300,000	BUPA Finance 3.375% 17/06/2021	325	0.23
					EUR	290,000	Hammerson 1.75% 15/03/2023	257	0.18



## Threadneedle European Bond Fund

### Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
<b>UNITED KINGDOM 23.77% (22.83%) (continued)</b>					<b>BBB+ 1.32% (0.98%)</b>				
		<b>BBB 1.05% (0.33%)</b>			GBP	600,000	AT&T 5.5% 15/03/2027	735	0.52
EUR	500,000	Babcock International Group 1.75% 06/10/2022	451	0.32	EUR	342,000	Bank of America 2.375% 19/06/2024	322	0.23
EUR	288,000	Barclays Bank 1% 18/12/2023	254	0.18	EUR	380,000	Becton Dickson 1.9% 15/12/2026	341	0.24
EUR	135,000	Imperial Brands Finance 0.5% 27/07/2021	117	0.08	EUR	521,000	Citigroup 2.125% 10/09/2026	477	0.33
EUR	300,000	Imperial Brands Finance 2.25% 26/02/2021	279	0.20	EUR	485,000	Digital Euro Finco 2.625% 15/04/2024	437	0.31
EUR	407,000	*NGG Finance 4.25% 18/06/2076	383	0.27	EUR	515,000	Liberty Mutual Group 2.75% 04/05/2026	472	0.33
		<b>Baa2 0.00% (0.26%)</b>			EUR	440,000	Mondelez International 1.625% 08/03/2027	378	0.26
		<b>BBB- 0.67% (1.32%)</b>			EUR	380,000	Celanese US Holdings 1.125% 26/09/2023	330	0.23
EUR	310,000	G4S International Finance 1.5% 09/01/2023	272	0.19	EUR	400,000	Kinder Morgan Energy Partners 2.25% 16/03/2027	353	0.25
GBP	349,000	GKN Holdings 6.75% 28/10/2019	396	0.28	EUR	470,000	Kraft Heinz Foods 2% 30/06/2023	426	0.30
EUR	320,000	Royal Bank of Scotland 2.5% 22/03/2023	287	0.20	EUR	475,000	Molson Coors Brewing 1.25% 15/07/2024	413	0.29
		<b>Baa3 0.15% (1.17%)</b>					<b>BB+ 0.13% (0.00%)</b>		
GBP	200,000	*TSB Banking Group 5.75% 06/05/2026	213	0.15	EUR	210,000	Quintiles IMS 3.25% 15/03/2025	181	0.13
		<b>BB 0.00% (0.22%)</b>					<b>BB 0.00% (0.00%)</b>		
		<b>BB- 0.50% (0.49%)</b>					<b>BB- 0.00% (0.17%)</b>		
GBP	200,000	*Lloyds Banking Group 7.875% 29/12/2049	220	0.15			<b>Total United States of America</b>	<b>6,776</b>	<b>4.77</b>
GBP	325,000	Southern Water Greensands Financing 8.5% 15/04/2019	371	0.26	<b>DERIVATIVES -0.92% (-0.28%)</b>				
GBP	125,000	Virgin Media Secured Finance 5.125% 15/01/2025	133	0.09	EUR	(19,250,000)	<b>Credit Default Swaps -1.14% (-0.25%)</b> Barclays Itraxx Crossover Credit Default Swap Index Buy Protection 20/06/2021 Spread 500	(1,615)	(1.14)
		<b>B+ 0.15% (0.12%)</b>					<b>Futures and Options 0.00% (0.00%)</b>		
GBP	200,000	*Barclays Bank 7.75% 08/03/2075	208	0.15	EUR	(2)	UBS EURO Bond Future Expiring June 2017	(1)	-
		<b>CCC+ 0.09% (0.00%)</b>					<b>Forward Foreign Exchange Contracts 0.22% (-0.03%)</b>		
GBP	112,910	Annington Finance No.5 PIK 13% 15/01/2023	130	0.09			Sell GBP 1,026,553		
		<b>Not Rated 1.15% (1.52%)</b>					Buy EUR 1,208,588 Goldman Sachs	22	0.02
GBP	295,000	*Cattles 7.125% 05/07/2017 (Defaulted)	2	-			Sell GBP 10,432,865		
GBP	480,000	First Hydro Finance 9% 31/07/2021	628	0.44			Buy EUR 12,386,737 UBS	319	0.22
GBP	862,000	*Pennon Group 6.75% 08/03/2049	896	0.63			Sell EUR 645,342		
GBP	100,000	PGH Capital 5.75% 07/07/2021	113	0.08			Buy GBP 552,603 UBS	(7)	-
		<b>Total United Kingdom</b>	<b>33,789</b>	<b>23.77</b>			Sell EUR 740,431		
							Buy GBP 630,061 Bank of Scotland	(13)	(0.01)
<b>UNITED STATES OF AMERICA 4.77% (2.60%)</b>							Sell EUR 897,240		
		<b>AAA 0.20% (0.00%)</b>					Buy GBP 765,699 UBS	(13)	(0.01)
EUR	320,000	Johnson & Johnson 0.65% 20/05/2024	279	0.20			Sell EUR 106,000		
		<b>AA 0.54% (0.45%)</b>					Buy GBP 91,616 J.P. Morgan	-	-
EUR	900,000	Berkshire Hathaway 1.125% 16/03/2027	766	0.54			Sell EUR 114,000		
		<b>AA- 0.31% (0.00%)</b>					Buy GBP 98,196 Bank of Scotland	(1)	-
EUR	460,000	Metropolitan Life Global Funding I 2.375% 11/01/2023 EUR	441	0.31			<b>Total Derivatives</b>	<b>(1,309)</b>	<b>(0.92)</b>
		<b>A 0.00% (0.17%)</b>					<b>Total value of investments</b>	<b>137,825</b>	<b>96.95</b>
		<b>A- 0.30% (0.00%)</b>					<b>Net other assets (7.62%)</b>	<b>4,339</b>	<b>3.05</b>
EUR	500,000	JPMorgan Chase 0.625% 25/01/2024	425	0.30			<b>Net assets</b>	<b>142,164</b>	<b>100.00</b>
							<i>March 2016 comparatives in brackets.</i>		

\*Variable rate bonds.



## Threadneedle European Bond Fund

### Portfolio Statement

*(continued)*

	Value £000	% of Investment
<b>ANALYSIS OF INVESTMENTS BY ASSET CLASS</b>		
Fixed interest	130,908	94.98
Floating rate notes	8,226	5.97
Derivatives	(1,309)	(0.95)
<b>Total value of investments</b>	<b>137,825</b>	<b>100.00</b>

### ANALYSIS OF UNDERLYING EXPOSURE FUTURES AND OPTIONS

	Value £000
UBS EURO Bond Future Expiring June 2017	(280)
<b>Total net exposure</b>	<b>(280)</b>



## Threadneedle European Corporate Bond Fund

### Portfolio Statement

as at 7 March 2017

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
<b>AUSTRALIA 4.00% (4.80%)</b>					<b>CAYMAN ISLANDS 1.42% (2.54%)</b>				
		<b>A- 1.69% (1.28%)</b>					<b>BBB 1.24% (2.54%)</b>		
EUR	1,627,000	AusNet Services Holdings 2.375% 24/07/2020	1,516	0.78	GBP	1,678,000	*Thames Water Utilities Cayman Finance 5.375% 21/07/2025	1,702	0.88
EUR	1,904,000	SGSP Australia Assets 2% 30/06/2022	1,761	0.91	GBP	700,000	*Yorkshire Water Services Bradford Finance 6% 24/04/2025	704	0.36
		<b>BBB+ 1.18% (3.14%)</b>					<b>BB- 0.18% (0.00%)</b>		
EUR	1,247,000	Aurizon Network 2% 18/09/2024	1,113	0.57	USD	427,000	Noble Holding International 4% 16/03/2018	352	0.18
EUR	1,170,000	*BHP Billiton Finance 5.625% 22/10/2079	1,192	0.61			<b>Total Cayman Islands</b>	<b>2,758</b>	<b>1.42</b>
		<b>BBB 0.60% (0.00%)</b>							
EUR	1,325,000	APT Pipelines 2% 22/03/2027	1,158	0.60	<b>DENMARK 0.94% (0.80%)</b>				
		<b>BBB- 0.29% (0.00%)</b>					<b>BBB 0.94% (0.00%)</b>		
GBP	500,000	Asciano Finance 5% 19/09/2023	557	0.29	EUR	1,960,000	ISS Global 2.125% 02/12/2024	1,818	0.94
		<b>BB+ 0.24% (0.38%)</b>					<b>BBB- 0.00% (0.80%)</b>		
EUR	518,000	*Santos Finance FRN 8.25% 22/09/2070	464	0.24			<b>Total Denmark</b>	<b>1,818</b>	<b>0.94</b>
		<b>Total Australia</b>	<b>7,761</b>	<b>4.00</b>					
<b>AUSTRIA 0.44% (1.56%)</b>					<b>FINLAND 0.80% (1.09%)</b>				
		<b>A- 0.10% (0.00%)</b>					<b>A- 0.80% (0.00%)</b>		
EUR	200,000	*Vienna Insurance Group Wiener Versicherung Gruppe 5.5% 09/10/2043	199	0.10	EUR	1,785,000	Sampo 1% 18/09/2023	1,548	0.80
		<b>Baa3 0.34% (0.00%)</b>					<b>Baa2 0.00% (1.09%)</b>		
EUR	600,000	BAWAG PSK Bank fuer Arbeit und Wirtschaft und Oesterreichische Postsparkasse 8.125% 30/10/2023	662	0.34			<b>Total Finland</b>	<b>1,548</b>	<b>0.80</b>
		<b>BB+ 0.00% (0.52%)</b>			<b>FRANCE 7.83% (8.88%)</b>				
		<b>Ba1 0.00% (0.51%)</b>					<b>AA 0.85% (0.00%)</b>		
		<b>Ca 0.00% (0.53%)</b>			EUR	1,900,000	Sanofi 0% 13/01/2020	1,649	0.85
		<b>Total Austria</b>	<b>861</b>	<b>0.44</b>			<b>AA- 0.00% (0.11%)</b>		
<b>BELGIUM 2.21% (1.72%)</b>							<b>A+ 1.47% (2.15%)</b>		
		<b>A- 1.68% (1.24%)</b>			EUR	1,200,000	RTE Réseau de transport d'électricité 1% 19/10/2026	1,021	0.53
EUR	1,956,000	Anheuser-Busch InBev 2.7% 31/03/2026	1,916	0.99	EUR	2,100,000	*Total Capital International FRN 19/03/2020	1,828	0.94
EUR	1,445,000	Anheuser-Busch InBev 2.75% 17/03/2036	1,329	0.69			<b>A 0.41% (1.53%)</b>		
		<b>BBB+ 0.53% (0.00%)</b>			EUR	900,000	Banque Fédérative du Crédit Mutuel 1.625% 19/01/2026	802	0.41
EUR	1,200,000	KBC Groep 0.75% 01/03/2022	1,037	0.53			<b>A- 2.98% (0.51%)</b>		
		<b>BB 0.00% (0.48%)</b>			EUR	800,000	Air Liquide Finance 0.375% 18/04/2022	697	0.36
		<b>Total Belgium</b>	<b>4,282</b>	<b>2.21</b>	EUR	1,900,000	*Air Liquide Finance 13/06/2018	1,652	0.85
<b>BERMUDA 0.91% (0.00%)</b>					EUR	650,000	Autorout 4.125% 13/04/2020	634	0.33
		<b>BBB+ 0.91% (0.00%)</b>			EUR	1,000,000	Autoroutes du Sud de la France 1.25% 18/01/2027	865	0.45
EUR	1,845,000	Bacardi 2.75% 03/07/2023	1,777	0.91	EUR	600,000	Autoroutes Paris 2.25% 16/01/2020	552	0.28
		<b>Total Bermuda</b>	<b>1,777</b>	<b>0.91</b>	EUR	700,000	Electricité De France 1.875% 13/10/2036	535	0.27
<b>CANADA 0.22% (0.00%)</b>					EUR	1,005,000	*Total 3.369% 29/12/2049	863	0.44
		<b>BBB- 0.22% (0.00%)</b>					<b>BBB+ 0.92% (0.62%)</b>		
GBP	410,000	Repsol Oil & Gas 6.625% 05/12/2017	426	0.22	EUR	450,000	*AXA 3.875% 20/05/2049	401	0.21
		<b>Total Canada</b>	<b>426</b>	<b>0.22</b>	EUR	1,000,000	BPCE 1.125% 18/01/2023	863	0.44
					EUR	600,000	Credit Agricole 1.875% 20/12/2026	516	0.27



## Threadneedle European Corporate Bond Fund

### Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
<b>FRANCE 7.83% (8.88%) (continued)</b>					<b>GUERNSEY 0.36% (0.52%)</b>				
		<b>Baa1 0.00% (1.03%)</b>					<b>BBB+ 0.36% (0.52%)</b>		
		<b>BBB 0.31% (0.90%)</b>					EUR 795,000 Credit Suisse 1.25% 14/04/2022	697	0.36
EUR	200,000	*BPCE 2.75% 30/11/2027	178	0.09			<b>Total Guernsey</b>	<b>697</b>	<b>0.36</b>
EUR	500,000	Credit Mutuel Arkea 3.5% 09/02/2029	437	0.22					
		<b>BBB- 0.54% (1.55%)</b>			<b>ICELAND 0.68% (0.54%)</b>				
EUR	415,000	*Orange 5% 29/10/2049	385	0.20			<b>BBB 0.68% (0.00%)</b>		
EUR	700,000	TDF Infrastructure 2.875% 19/10/2022	655	0.34	EUR	1,493,000	Arion Bank 1.625% 01/12/2021	1,320	0.68
		<b>BB+ 0.19% (0.00%)</b>					<b>BBB- 0.00% (0.54%)</b>		
EUR	405,000	*Credit Agricole 6.5% 23/12/2049	363	0.19			<b>Total Iceland</b>	<b>1,320</b>	<b>0.68</b>
		<b>BB 0.00% (0.27%)</b>			<b>ITALY 1.69% (1.26%)</b>				
		<b>B+ 0.16% (0.21%)</b>					<b>Baa1 0.98% (0.00%)</b>		
EUR	340,000	SFR Group 5.375% 15/05/2022	307	0.16	EUR	2,210,000	Italgas 1.625% 19/01/2027	1,908	0.98
		<b>Total France</b>	<b>15,203</b>	<b>7.83</b>			<b>BBB- 0.20% (0.00%)</b>		
					EUR	450,000	UniCredit 2.125% 24/10/2026	383	0.20
<b>GERMANY 15.40% (11.00%)</b>							<b>Baa3 0.29% (0.61%)</b>		
		<b>AAA 3.98% (2.70%)</b>			GBP	228,000	Acquedotto Pugliese 6.92% 29/06/2018	238	0.12
EUR	3,100,000	FMS Wertmanagement 0.125% 16/04/2020	2,725	1.40	EUR	360,000	*Assicurazioni Generali FRN 27/10/2047	328	0.17
EUR	5,700,000	*KfW FRN 11/09/2019	5,000	2.58			<b>BB+ 0.22% (0.31%)</b>		
		<b>Aaa 5.90% (3.10%)</b>			GBP	400,000	Telecom Italia 7.375% 15/12/2017	418	0.22
EUR	9,637,000	Bundesrepublik Deutschland 0% 08/10/2021	8,586	4.42			<b>Not Rated 0.00% (0.34%)</b>		
EUR	3,381,000	Bundesrepublik Deutschland 0% 15/08/2026	2,869	1.48			<b>Total Italy</b>	<b>3,275</b>	<b>1.69</b>
		<b>A+ 0.22% (0.52%)</b>			<b>JAPAN 0.00% (0.33%)</b>				
EUR	500,000	*Allianz SE 2.241% 07/07/2045	420	0.22			<b>BB+ 0.00% (0.33%)</b>		
		<b>BBB+ 1.60% (1.30%)</b>					<b>Total Japan</b>	<b>-</b>	<b>-</b>
EUR	1,305,000	CRH Finance Germany 1.75% 16/07/2021	1,198	0.62	<b>JERSEY 1.00% (1.70%)</b>				
EUR	600,000	Deutsche Bank 1.125 17/03/2025	499	0.26			<b>A- 1.00% (0.57%)</b>		
USD	1,675,000	Deutsche Bank 4.25% 14/10/2021	1,398	0.72	EUR	1,388,000	Heathrow Funding 1.875% 23/05/2022	1,290	0.67
		<b>Baa1 1.24% (1.95%)</b>			EUR	700,000	UBS Group Fund 2.125% 04/03/2024	643	0.33
EUR	700,000	Eurogrid 1.625% 03/11/2023	642	0.33			<b>BBB+ 0.00% (0.39%)</b>		
EUR	1,900,000	Eurogrid 1.875% 10/06/2025	1,761	0.91			<b>BBB- 0.00% (0.74%)</b>		
		<b>BBB- 1.45% (0.00%)</b>					<b>Total Jersey</b>	<b>1,933</b>	<b>1.00</b>
EUR	656,000	HeidelbergCement Finance Luxembourg 1.5% 07/02/2025	578	0.30	<b>LUXEMBOURG 2.96% (4.26%)</b>				
EUR	500,000	Lanxess 1% 07/10/2026	415	0.21			<b>Aa2 0.29% (0.00%)</b>		
EUR	1,459,000	RWE Finance 5.75% 14/02/2033	1,824	0.94	EUR	620,000	Nestle Finance 0.75% 08/11/2021	557	0.29
		<b>BB- 0.37% (0.22%)</b>					<b>BBB+ 0.93% (0.00%)</b>		
EUR	300,000	IHO Verwaltungs 3.25% 15/09/2023	271	0.14	EUR	2,100,000	Grand City Properties 1.5% 17/04/2025	1,809	0.93
EUR	150,000	IHO Verwaltungs PIK 2.75% 15/09/2021	134	0.07			<b>BBB 1.00% (3.32%)</b>		
EUR	350,000	Unitymedia Hessen 4% 15/01/2025	320	0.16	EUR	904,000	GELF Bond Issuer I 1.625% 20/10/2026	763	0.39
		<b>B 0.00% (0.29%)</b>			EUR	400,000	Glencore Finance Europe 3.75% 01/04/2026	391	0.20
		<b>Not Rated 0.64% (0.92%)</b>			GBP	680,000	Glencore Finance Europe 6% 03/04/2022	790	0.41
EUR	1,325,000	Telefonica Deutsch 2.375% 10/02/2021	1,239	0.64			<b>Baa2 0.74% (0.00%)</b>		
		<b>Total Germany</b>	<b>29,879</b>	<b>15.40</b>	EUR	1,694,000	SELP Finance 1.25% 25/10/2023	1,431	0.74
							<b>BBB- 0.00% (0.84%)</b>		
							<b>BB+ 0.00% (0.10%)</b>		
							<b>Total Luxembourg</b>	<b>5,741</b>	<b>2.96</b>



## Threadneedle European Corporate Bond Fund

### Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
<b>MEXICO 0.45% (0.50%)</b>					<b>Ba2 0.18% (0.00%)</b>				
		<b>BBB+ 0.45% (0.50%)</b>			EUR	400,000	*Telefonica Europe 3.75% 31/12/2049	351	0.18
EUR	1,050,000	Petroleos Mexicanos 1.875% 21/04/2022	881	0.45			<b>BB- 0.00% (0.32%)</b>		
		<b>Total Mexico</b>	<b>881</b>	<b>0.45</b>			<b>Total Netherlands</b>	<b>29,226</b>	<b>15.06</b>
<b>NETHERLANDS 15.06% (12.93%)</b>					<b>NEW ZEALAND 0.59% (0.00%)</b>				
		<b>AAA 0.30% (0.00%)</b>			EUR	1,365,000	<b>A- 0.59% (0.00%)</b> Fonterra Co-operative Group 0.75% 08/11/2024	1,150	0.59
EUR	650,000	Bank Nederlandse Gemeenten 1.88% 06/06/2019	592	0.30			<b>Total New Zealand</b>	<b>1,150</b>	<b>0.59</b>
		<b>Aaa 1.31% (0.00%)</b>			<b>NORWAY 3.82% (1.89%)</b>				
EUR	3,000,000	ABN AMRO Bank 1.125% 12/01/2032	2,543	1.31	EUR	2,874,000	<b>AAA 1.30% (1.20%)</b> DNB Boligkreditt 0.375% 20/10/2020	2,531	1.30
		<b>AA 0.36% (0.88%)</b>					<b>AA- 1.28% (0.00%)</b>		
EUR	792,000	Roche Finance Europe 0.5% 27/02/2023	696	0.36	EUR	2,151,000	Avinor 1% 29/04/2025	1,882	0.97
		<b>AA- 1.60% (0.00%)</b>			EUR	671,000	Avinor 1.25% 09/02/2027	592	0.31
EUR	2,327,000	*Nederland Gasunie 0.075% 16/10/2018	2,025	1.04			<b>A+ 0.96% (0.00%)</b>		
EUR	1,250,000	Nederland Gasunie 1% 11/05/2026	1,094	0.56	USD	1,200,000	*DNB Bank FRN 02/06/2021	993	0.51
		<b>A+ 2.27% (1.50%)</b>			EUR	1,000,000	*Statoil FRN 19/08/2019	870	0.45
EUR	2,100,000	Enexis Holding 0.875% 28/04/2026	1,803	0.93			<b>A1 0.28% (0.69%)</b>		
EUR	1,234,000	Enexis Holding 1.5% 20/10/2023	1,133	0.58	EUR	600,000	SpareBank 1 SR Bank 2.125% 27/02/2019	543	0.28
EUR	1,570,000	Schiphol Nederland 2% 05/10/2026	1,472	0.76			<b>Total Norway</b>	<b>7,411</b>	<b>3.82</b>
		<b>A- 0.82% (1.44%)</b>			<b>PORTUGAL 0.43% (0.15%)</b>				
EUR	600,000	Koninklijke DSM 0.75% 28/09/2026	505	0.26	EUR	800,000	<b>BBB- 0.35% (0.00%)</b> Galp Gas Natural Distribuicao 1.375% 19/09/2023	685	0.35
EUR	1,350,000	Tennet Holding 1.25% 24/10/2033	1,080	0.56			<b>Not Rated 0.08% (0.15%)</b>		
		<b>BBB+ 5.21% (2.13%)</b>			EUR	600,000	Novo Banco 4% 21/01/2019 (Defaulted)	146	0.08
USD	750,000	Deutsche Annington Finance 5% 02/10/2023	643	0.33			<b>Total Portugal</b>	<b>831</b>	<b>0.43</b>
EUR	2,440,000	Deutsche Telekom 0.875% 30/01/2024	2,131	1.10	<b>REPUBLIC OF IRELAND 2.76% (3.08%)</b>				
EUR	3,500,000	*Deutsche Telekom FRN 03/04/2020	3,046	1.57	EUR	1,105,000	<b>A 0.75% (0.00%)</b> Gas Natural 4.5% 05/12/2026	965	0.50
EUR	500,000	Elsevier Finance 2.5% 24/09/2020	470	0.24	EUR	532,000	Swisscom via Lunar Funding V 1.75% 15/09/2025	490	0.25
EUR	600,000	Iberdrola International 0.375% 15/09/2025	485	0.25			<b>BBB+ 1.25% (0.96%)</b>		
EUR	1,100,000	JAB Holdings 1.75% 25/05/2023	1,000	0.51	EUR	730,000	Ryanair 1.125% 10/03/2023	637	0.33
EUR	1,410,000	Vesteda Finance 1.75% 22/07/2019	1,265	0.65	EUR	1,990,000	Transmission Finance 1.5% 24/05/2023	1,784	0.92
EUR	600,000	Vesteda Finance 2.5% 27/10/2022	561	0.29			<b>BBB- 0.63% (0.00%)</b>		
EUR	600,000	Vonovia Finance 1.25% 06/12/2024	522	0.27	EUR	1,394,000	FCA Capital Ireland 1.375% 17/04/2020	1,232	0.63
		<b>BBB 1.80% (3.61%)</b>					<b>BB+ 0.00% (1.53%)</b>		
EUR	1,190,000	*Eneco Holding 3.25% 29/12/2049	1,084	0.56			<b>BB- 0.13% (0.00%)</b>		
EUR	885,000	Madriena Red de Gas Finance 3.779% 11/09/2018	812	0.42	EUR	260,000	*Governor & Co of the Bank of Ireland 7.375% 29/12/2049	244	0.13
EUR	635,000	Redexis Gas Finance 1.875% 27/04/2027	529	0.27			<b>B+ 0.00% (0.59%)</b>		
EUR	475,000	*Tennet Holding FRN 6.655% 29/06/2049	418	0.22			<b>Total Republic of Ireland</b>	<b>5,352</b>	<b>2.76</b>
EUR	740,000	Teva Pharmaceutical Finance 1.25% 31/03/2023	632	0.33					
		<b>BBB- 0.43% (1.44%)</b>							
EUR	900,000	*Vonovia Finance 4% 29/12/2049	828	0.43					
		<b>Baa3 0.00% (0.52%)</b>							
		<b>BB+ 0.78% (1.09%)</b>							
EUR	286,000	Schaeffler Holding Finance 2.5% 15/05/2020	252	0.13					
EUR	1,377,000	*SNS Bank FRN 05/11/2025	1,254	0.65					



## Threadneedle European Corporate Bond Fund

### Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
<b>SINGAPORE 0.31% (0.73%)</b>					<b>A 0.93% (0.00%)</b>				
		<b>AAA 0.31% (0.73%)</b>							
EUR	655,000	Temasek Financial 1.5% 01/03/2028	598	0.31	USD	1,100,000	HSBC Holdings 3.9% 25/05/2026	904	0.47
		<b>Total Singapore</b>	<b>598</b>	<b>0.31</b>	EUR	980,000	Lloyds Bank 1.375% 08/09/2022	889	0.46
<b>SPAIN 1.07% (1.49%)</b>					<b>A- 2.23% (2.91%)</b>				
		<b>BBB+ 0.26% (0.00%)</b>			EUR	1,074,000	Aviva 0.625% 27/10/2023	914	0.47
EUR	600,000	Iberdrola Finanzas 1% 07/03/2025	515	0.26	EUR	360,000	Experian Finance 4.75% 04/02/2020	355	0.18
		<b>Baa1 0.23% (0.54%)</b>			GBP	400,000	*HSBC Bank 5% 20/03/2023	414	0.21
EUR	484,000	Aigues de Barcelona Finance 1.944% 15/09/2021	439	0.23	EUR	3,124,000	National Grid Gas 0.625% 22/09/2024	2,655	1.37
		<b>BBB 0.49% (0.95%)</b>							
EUR	1,100,000	Telefonica Emisiones 0.75% 13/04/2022	957	0.49	EUR	1,095,000	BAT International Finance 1% EMTN 23/05/2022	969	0.50
		<b>BB 0.09% (0.00%)</b>			GBP	525,000	*BG Energy Capital 6.5% 30/11/2072 GBP	546	0.28
EUR	200,000	*Bankia 3.375% 15/03/2027	173	0.09	EUR	2,360,000	British Telecommunications 1.125% 10/03/2023	2,072	1.07
		<b>Total Spain</b>	<b>2,084</b>	<b>1.07</b>	EUR	1,640,000	Smiths Group 2% 23/02/2027	1,439	0.74
<b>SWEDEN 2.11% (0.00%)</b>					USD	420,000	Standard Chartered 4.05% 12/04/2026	346	0.18
		<b>A 0.27% (0.00%)</b>			GBP	900,000	*Telereal Securitisation 4.0902% 10/12/2033	938	0.48
EUR	634,000	Atlas Copco 0.625% 30/08/2026	522	0.27	EUR	1,005,000	Vodafone Group 1.25% 25/08/2021	903	0.47
		<b>BBB- 1.14% (0.00%)</b>			EUR	330,000	Vodafone Group 1.6% 29/07/2031	264	0.14
EUR	1,945,000	Akelius Residential 1.5% 23/01/2022	1,717	0.89	GBP	820,000	BUPA Finance 3.375% 17/06/2021	887	0.46
EUR	523,000	Akelius Residential 3.375% 23/09/2020	493	0.25	EUR	1,095,000	Hammerson 1.75% 15/03/2023	969	0.50
		<b>Baa3e 0.70% (0.00%)</b>							
EUR	1,578,000	Fastighets 1.875% 14/03/2025	1,364	0.70	EUR	455,000	*Aviva 3.875% 03/07/2044	410	0.21
		<b>Total Sweden</b>	<b>4,096</b>	<b>2.11</b>	EUR	1,400,000	Babcock International Group 1.75% 06/10/2022	1,264	0.65
<b>SWITZERLAND 1.62% (3.29%)</b>					EUR	994,000	Barclays Bank 1% 18/12/2023	878	0.45
		<b>Aaa 0.29% (0.00%)</b>			EUR	635,000	Imperial Brands Finance 0.5% 27/07/2021	553	0.29
EUR	630,000	Credit Suisse 0.75% 17/09/2021	561	0.29	EUR	1,000,000	Imperial Brands Finance 2.25% 26/02/2021	929	0.48
		<b>A 1.13% (2.85%)</b>			EUR	970,000	*NGG Finance 4.25% 18/06/2076	912	0.47
EUR	652,000	Credit Suisse 1.5% 10/04/2026	586	0.30					
EUR	1,740,000	Swisscom 1.875% 08/09/2021	1,619	0.83					
		<b>BB+ 0.20% (0.00%)</b>			GBP	480,000	Barclays Bank 10% 21/05/2021	623	0.32
EUR	400,000	*UBS Group 5.75% 29/12/2049	379	0.20	EUR	1,220,000	G4S International Finance 1.5% 09/01/2023	1,071	0.55
		<b>BB 0.00% (0.44%)</b>			GBP	870,000	GKN Holdings 6.75% 28/10/2019	986	0.51
		<b>Total Switzerland</b>	<b>3,145</b>	<b>1.62</b>	GBP	875,000	Go-Ahead Group 5.375% 29/09/2017	897	0.46
<b>UNITED ARAB EMIRATES 0.00% (0.49%)</b>					EUR	560,000	Royal Bank of Scotland 2.5% 22/03/2023	502	0.26
		<b>Baa1 0.00% (0.49%)</b>							
		<b>Total United Arab Emirates</b>	<b>-</b>	<b>-</b>					
<b>UNITED KINGDOM 17.67% (22.33%)</b>									
		<b>AAA 1.67% (1.97%)</b>			GBP	400,000	*Lloyds Banking Group 7.875% 29/12/2049	441	0.23
GBP	1,320,000	*Nationwide Building Society FRN 27/04/2018	1,321	0.68	GBP	350,000	Southern Water Greensands Financing 8.5% 15/04/2019	399	0.21
EUR	2,172,000	Wellcome Trust 1.125% 21/01/2027	1,919	0.99	GBP	275,000	Virgin Media Secured Finance 5.125% 15/01/2025	293	0.15
		<b>A+ 0.49% (0.83%)</b>							
EUR	1,040,000	Motability Operations 1.625% 09/06/2023	955	0.49	GBP	300,000	*Barclays Bank 7.75% 08/03/2075	312	0.16



## Threadneedle European Corporate Bond Fund

### Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
<b>UNITED KINGDOM 17.67% (22.33%) (continued)</b>									
		<b>B 0.30% (0.53%)</b>							
USD	680,000	*Royal Bank of Scotland 8.625% 29/12/2049	588	0.30					
		<b>CCC+ 0.21% (0.18%)</b>							
GBP	357,160	Annington Finance No.5 PIK 13% 15/01/2023	413	0.21					
		<b>Not Rated 1.27% (3.07%)</b>							
GBP	300,000	*Cattles 7.125% 05/07/2017 (Defaulted)	2	—					
GBP	730,000	First Hydro Finance 9% 31/07/2021	955	0.49					
EUR	350,000	Lehman Brothers UK Capital Funding III 3.875% 29/12/2049 (Defaulted)	—	—					
GBP	1,085,000	*Pennon Group 6.75% 08/03/2049	1,128	0.58					
GBP	350,000	PGH Capital 5.75% 07/07/2021	394	0.20					
		<b>Total United Kingdom</b>	<b>34,295</b>	<b>17.67</b>					
<b>UNITED STATES OF AMERICA 11.65% (9.15%)</b>									
		<b>AAA 0.49% (0.00%)</b>							
EUR	1,080,000	Johnson & Johnson 0.65% 20/05/2024	943	0.49					
		<b>AA 0.90% (1.12%)</b>							
EUR	2,050,000	Berkshire Hathaway 1.125% 16/03/2027	1,745	0.90					
		<b>Aa2e 0.00% (0.40%)</b>							
		<b>AA– 0.52% (0.00%)</b>							
EUR	1,060,000	Metropolitan Life Global Funding I 2.375% 11/01/2023 EUR	1,016	0.52					
		<b>A 0.43% (0.47%)</b>							
EUR	1,000,000	Wells Fargo 1% 02/02/2027	831	0.43					
		<b>A– 0.91% (1.14%)</b>							
EUR	1,000,000	JPMorgan Chase & Co 1.5% 26/10/2022	911	0.47					
EUR	1,000,000	JPMorgan Chase 0.625% 25/01/2024	851	0.44					
		<b>BBB+ 3.22% (3.00%)</b>							
USD	2,250,000	AT&T 3.4% 15/05/2025	1,771	0.91					
EUR	745,000	Bank of America 2.375% 19/06/2024	702	0.36					
EUR	1,475,000	Becton Dickson 1.9% 15/12/2026	1,323	0.68					
EUR	1,000,000	Citigroup 2.125% 10/09/2026	915	0.47					
EUR	1,730,000	Verizon Communications 1.625% 01/03/2024	1,555	0.80					
		<b>BBB 1.91% (0.59%)</b>							
EUR	1,360,000	Digital Euro Finco 2.625% 15/04/2024	1,224	0.63					
EUR	2,177,000	Liberty Mutual Group 2.75% 04/05/2026	1,997	1.03					
EUR	565,000	Mondelez International 1.625% 08/03/2027	485	0.25					
		<b>BBB– 2.44% (2.20%)</b>							
EUR	1,230,000	Celanese US Holdings 1.125% 26/09/2023	1,069	0.55					
EUR	1,585,000	Kinder Morgan Energy Partners 2.25% 16/03/2027	1,397	0.72					
EUR	1,030,000	Kraft Heinz Foods 2% 30/06/2023	933	0.48					
EUR	1,540,000	Molson Coors Brewing 1.25% 15/07/2024	1,339	0.69					
		<b>BB+ 0.44% (0.00%)</b>							
EUR	990,000	Quintiles IMS 3.25% 15/03/2025	855	0.44					
		<b>BB 0.39% (0.00%)</b>							
		<b>BB– 0.00% (0.23%)</b>							
		<b>Total United States of America</b>	<b>22,609</b>	<b>11.65</b>					
<b>DERIVATIVES 0.00% (–0.23%)</b>									
		<b>Credit Default Swaps –0.11% (–0.20%)</b>							
EUR	(2,500,000)	BNP Paribas Itraxx Crossover Credit Default Swap Index Buy Protection 20/06/2021 Spread 500	(210)	(0.11)					
		<b>Futures and Options 0.03% (0.07%)</b>							
EUR	(11)	UBS EURO Bond Future Expiring June 2017	(4)	—					
EUR	(18)	UBS EURO Buxl 30 Year Future Expiring June 2017	2	—					
GBP	(11)	UBS Long Gilt Future Expiring June 2017	(9)	—					
USD	(9)	UBS US 5 Year Note Future Expiring June 2017	7	0.01					
USD	(40)	UBS US 10 Year Note Future Expiring June 2017	38	0.02					
		<b>Forward Foreign Exchange Contracts 0.08% (–0.10%)</b>							
		Sell GBP 17,702,000							
		Buy EUR 20,650,104 Citigroup	220	0.11					
		Sell GBP 250,000							
		Buy EUR 291,283 UBS	3	—					
		Sell USD 8,671,000							
		Buy EUR 8,135,551 UBS	(51)	(0.03)					
		<b>Total Derivatives</b>	<b>(4)</b>	<b>—</b>					
		<b>Total value of investments</b>	<b>190,953</b>	<b>98.40</b>					
		<b>Net other assets (3.20%)</b>	<b>3,103</b>	<b>1.60</b>					
		<b>Net assets</b>	<b>194,056</b>	<b>100.00</b>					
<b>ANALYSIS OF INVESTMENTS BY ASSET CLASS</b>									
			<b>Value £000</b>	<b>% of Investment</b>					
		Fixed interest	155,915	81.65					
		Floating rate notes	35,042	18.35					
		Derivatives	(4)	—					
		<b>Total value of investments</b>	<b>190,953</b>	<b>100.00</b>					
<b>ANALYSIS OF UNDERLYING EXPOSURE FUTURES AND OPTIONS</b>									
			<b>Value £000</b>						
		UBS EURO Bond Future Expiring June 2017	(1,540)						
		UBS EURO Buxl 30 Year Future Expiring June 2017	(2,608)						
		UBS Long Gilt Future Expiring June 2017	(1,394)						
		UBS US 5 Year Note Future Expiring June 2017	(864)						
		UBS US 10 Year Note Future Expiring June 2017	(4,056)						
		<b>Total net exposure</b>	<b>(10,462)</b>						

March 2016 comparatives in brackets.

\*Variable rate bonds.



## Threadneedle European High Yield Bond Fund

### Portfolio Statement

as at 7 March 2017

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
<b>AUSTRALIA 0.78% (0.00%)</b>					<b>DENMARK 0.00% (0.17%)</b>				
		<b>BB 0.78% (0.00%)</b>					<b>BB 0.00% (0.17%)</b>		
EUR	2,774,000	*Origin Energy Finance 4% 16/09/2074	2,455	0.32			<b>Total Denmark</b>	—	—
EUR	3,893,000	*Origin Energy Finance 7.875% 16/06/2071	3,610	0.46					
		<b>Total Australia</b>	<b>6,065</b>	<b>0.78</b>					
<b>AUSTRIA 0.00% (0.98%)</b>					<b>FRANCE 6.88% (6.38%)</b>				
		<b>Ca 0.00% (0.98%)</b>					<b>A- 0.56% (0.00%)</b>		
		<b>Total Austria</b>	—	—	EUR	4,716,000	*Total 3.875% 29/12/2049	4,340	0.56
<b>BELGIUM 0.20% (0.52%)</b>							<b>BBB- 0.58% (0.53%)</b>		
		<b>BB 0.20% (0.52%)</b>			EUR	1,240,000	*Orange 4% 26/10/2049	1,133	0.15
EUR	1,792,000	*KBC Groep 5.625% 19/12/2049	1,584	0.20	EUR	3,100,000	*Orange 5% 29/10/2049	2,873	0.37
		<b>Total Belgium</b>	<b>1,584</b>	<b>0.20</b>	GBP	400,000	*Orange 5.875% 29/12/49	433	0.06
<b>BRAZIL 0.00% (0.15%)</b>							<b>BB+ 0.66% (0.47%)</b>		
		<b>B+ 0.00% (0.15%)</b>			EUR	1,950,000	*Credit Agricole 6.5% 23/12/2049	1,749	0.23
		<b>Total Brazil</b>	—	—	EUR	3,345,000	SPCM 2.875% 15/06/2023	2,973	0.38
<b>CANADA 1.69% (0.83%)</b>					EUR	400,000	*Veolia Environnement 4.45% Perpetual	360	0.05
		<b>B 0.00% (0.15%)</b>					<b>BB 1.44% (1.81%)</b>		
		<b>B- 1.69% (0.68%)</b>			EUR	4,030,000	Crown European Holdings 2.625% 30/09/2024	3,490	0.45
USD	1,659,000	Bombardier 5.75% 15/03/2022	1,346	0.17	EUR	3,544,000	Novalis 3% 30/04/2022	3,161	0.41
EUR	6,706,000	Cott Finance 5.5% 01/07/2024	6,149	0.80	EUR	1,110,000	*Solvay Finance 5.118% 29/06/2049	1,058	0.14
EUR	8,335,000	Valeant Pharmaceuticals International 4.5% 15/05/2023	5,593	0.72	EUR	3,492,000	*Solvay Finance 5.869% 29/06/2049	3,444	0.44
		<b>Total Canada</b>	<b>13,088</b>	<b>1.69</b>			<b>BB- 0.41% (0.00%)</b>		
<b>CAYMAN ISLANDS 0.67% (0.76%)</b>					EUR	1,196,000	Rexel 3.25% 15/06/2022	1,073	0.14
		<b>BB 0.00% (0.18%)</b>			EUR	2,310,000	Rexel 3.5% 15/06/2023	2,082	0.27
		<b>B+ 0.00% (0.02%)</b>					<b>B+ 1.95% (3.12%)</b>		
		<b>B2 0.52% (0.41%)</b>			EUR	1,200,000	Areva 3.125% 20/03/2023	998	0.13
EUR	4,357,000	Viridian Group FundCo II 7.5% 01/03/2020	4,009	0.52	EUR	1,700,000	Areva 3.5% EMTN 22/03/2021	1,472	0.19
		<b>Not Rated 0.15% (0.15%)</b>			EUR	1,686,000	Cerba European Laboratory 7% 01/02/2020	1,493	0.19
USD	2,374,000	PSOS Finance 11.75% 23/04/2018	1,208	0.15	EUR	4,748,000	Numericable-SFR 5.625% 15/05/2024	4,379	0.56
		<b>Total Cayman Islands</b>	<b>5,217</b>	<b>0.67</b>	USD	1,412,000	Numericable-SFR 6% 15/05/2022	1,190	0.15
<b>CROATIA 0.25% (0.19%)</b>					EUR	1,845,000	Paprec Holding 5.25% 01/04/2022	1,691	0.22
		<b>B 0.00% (0.13%)</b>			EUR	4,358,000	SFR Group 5.375% 15/05/2022	3,939	0.51
		<b>Not Rated 0.25% (0.06%)</b>					<b>B 0.63% (0.20%)</b>		
EUR	2,375,000	*Aquarius Plus Investments FRN 08/08/2017	1,898	0.25	EUR	680,000	Homevi 6.875% 15/08/2021	623	0.08
		<b>Total Croatia</b>	<b>1,898</b>	<b>0.25</b>	EUR	4,615,000	Horizon Holdings III 5.125% 01/08/2022	4,252	0.55
<b>CZECH REPUBLIC 0.00% (0.66%)</b>							<b>B- 0.52% (0.25%)</b>		
		<b>Ba2 0.00% (0.47%)</b>			EUR	1,965,000	Europcar Groupe 5.75% 15/06/2022	1,803	0.23
		<b>Not Rated 0.00% (0.19%)</b>			EUR	977,000	Holdikks SAS 6.75% 15/07/2021	591	0.08
		<b>Total Czech Republic</b>	—	—	EUR	1,804,000	Paprec Holding 7.375% 01/04/2023	1,667	0.21
<b>GERMANY 8.53% (6.30%)</b>							<b>CCC+ 0.13% (0.00%)</b>		
		<b>BB 2.54% (0.52%)</b>			EUR	1,115,000	Horizon Holdings I 7.25% 01/08/2023	1,028	0.13
EUR	2,310,000	*Lanxess Finance 4.5% 06/12/2076	2,161	0.28			<b>Total France</b>	<b>53,295</b>	<b>6.88</b>
EUR	1,727,000	*RWWE 2.75% 21/04/2075	1,483	0.19					
EUR	1,272,000	*RWWE 3.5% 21/04/2075	1,049	0.13					
GBP	3,700,000	*RWWE 7% 29/03/2049	3,923	0.51					
EUR	2,452,000	Techem 6.125% 01/10/2019	2,193	0.28					
EUR	4,839,000	Thyssenkrupp 2.75% 08/03/2021	4,452	0.57					
EUR	3,200,000	ThyssenKrupp 4% 27/08/2018	2,929	0.38					



## Threadneedle European High Yield Bond Fund

### Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
<b>GERMANY 8.53% (6.30%) (continued)</b>					<b>JERSEY 2.05% (1.21%)</b>				
EUR	1,755,000	WEPA Hygieneprodukte 3.75% 15/05/2024	1,597	0.20	EUR	3,949,000	Lincoln Finance 6.875% 15/04/2021	3,710	0.48
		<b>Ba2e 0.00% (0.25%)</b>					<b>BB- 0.00% (0.25%)</b>		
		<b>BB- 3.23% (2.77%)</b>					<b>B+ 0.00% (0.13%)</b>		
EUR	3,742,000	IHO Verwaltungs 3.25% 15/09/2023	3,381	0.44			<b>B 1.12% (0.83%)</b>		
EUR	2,165,202	IHO Verwaltungs PIK 2.75% 15/09/2021	1,940	0.25	GBP	3,073,000	CPUK Finance 7% 28/08/2020	3,245	0.42
EUR	4,255,000	IHO Verwaltungs PIK 3.75% 15/09/2026	3,778	0.49	EUR	485,618	Mercury Bondco 7.125% 30/05/2021	420	0.05
EUR	2,719,000	Unitymedia Hessen 5.125% 21/01/2023	2,017	0.26	EUR	5,680,000	Mercury Bondco PIK 8.25% 30/05/2021	5,058	0.65
EUR	4,540,000	Unitymedia Hessen 5.5% 15/09/2022	3,344	0.43			<b>B- 0.45% (0.00%)</b>		
EUR	1,575,000	Unitymedia Hessen 5.625% 15/04/2023	1,173	0.15	GBP	3,140,000	TVL Finance 8.5% 15/05/2023	3,470	0.45
EUR	6,841,000	Unitymedia Hessen 5.75% 15/01/2023	5,120	0.66			<b>Total Jersey</b>	<b>15,903</b>	<b>2.05</b>
EUR	2,260,000	Unitymedia NRW 3.5% 15/01/2027	2,004	0.26					
USD	2,662,000	Unitymedia NRW 5% 15/01/2025	2,240	0.29					
		<b>B+ 0.82% (0.32%)</b>			<b>LUXEMBOURG 19.31% (17.90%)</b>				
EUR	4,350,000	PCF 7.875% 01/08/2019	3,925	0.51			<b>BBB- 0.73% (0.00%)</b>		
EUR	2,572,000	ProGroup 5.125% 01/05/2022	2,372	0.31	EUR	6,300,000	*Grand City Properties 3.75% 29/12/2049	5,670	0.73
		<b>B 1.19% (1.12%)</b>					<b>BB+ 3.95% (3.61%)</b>		
EUR	1,250,000	Prestigebidco 6.25% 15/12/2023	1,144	0.15	EUR	3,451,000	Gaz Capital 3.389% 20/03/2020	3,166	0.41
EUR	4,009,000	Safari Holding Verwaltungs 8.25% 15/02/2021	2,381	0.31	EUR	2,420,000	Gaz Capital 4.625% 15/10/2018	2,222	0.29
EUR	1,452,000	Techem Energy Metering Service 7.875% 01/10/2020	1,309	0.17	GBP	4,473,000	Gaz Capital 5.338% 25/09/2020	4,842	0.62
EUR	5,050,000	Unitymedia 3.75% 15/01/2027	4,366	0.56	USD	3,510,000	Gaz Capital 5.999% 23/01/2021	3,109	0.40
		<b>B- 0.27% (0.91%)</b>			USD	15,595,000	Gaz Capital 6.51% 07/03/2022	14,133	1.82
EUR	2,310,000	Trionista Topco 6.875% 30/04/2021	2,091	0.27	EUR	2,528,000	Gestamp Funding Luxembourg 3.5% 15/05/2023	2,299	0.30
		<b>CCC+ 0.48% (0.41%)</b>			EUR	724,000	Telecom Italia Finance 7.75% 24/01/2033	821	0.11
EUR	3,994,000	CeramTec Group 8.25% 15/08/2021	3,691	0.48			<b>Ba1 0.42% (2.31%)</b>		
		<b>Total Germany</b>	<b>66,063</b>	<b>8.53</b>	EUR	3,525,000	Sberbank 3.3524% 15/11/2019	3,228	0.42
<b>ITALY 4.84% (3.79%)</b>							<b>BB 3.29% (1.58%)</b>		
		<b>BB+ 4.49% (2.92%)</b>			EUR	388,000	Dufry Finance 4.5% 15/07/2022	351	0.05
EUR	8,598,000	*Enel 5% 15/01/2025	7,967	1.03	EUR	5,276,000	Dufry Finance 4.55% 01/08/2023	4,896	0.63
GBP	1,950,000	*Enel 6.625% 15/09/2026	2,107	0.27	EUR	2,771,000	Fiat Chrysler Finance Europe 4.75% 15/07/2022	2,649	0.34
EUR	7,770,000	Finmeccanica 4.5% 19/01/2021	7,663	0.99	EUR	8,367,000	Fiat Chrysler Finance Europe 6.75% 14/10/2019	8,285	1.07
EUR	1,900,000	Telecom Italia 3% 30/09/2025	1,659	0.21	EUR	1,694,000	Fiat Finance & Trade 6.625% 15/03/2018	1,558	0.20
EUR	1,010,000	Telecom Italia 3.625% 19/01/2024	931	0.12	EUR	4,373,000	Hanesbrands 3.5% 15/06/2024	3,927	0.51
EUR	4,945,000	Telecom Italia 3.625% 25/05/2026	4,462	0.58	EUR	4,274,000	Wind Acquisition Finance 4% 15/07/2020	3,776	0.49
EUR	7,690,000	Telecom Italia 4.5% 25/01/2021	7,552	0.98			<b>BB- 1.28% (2.42%)</b>		
EUR	2,400,000	Telecom Italia 5.25% 10/02/2022	2,439	0.31	EUR	625,000	Altice Financing 5.25% 15/02/2023	579	0.07
		<b>BB 0.35% (0.00%)</b>			EUR	1,300,000	Altice Financing 6.5% 15/01/2022	1,186	0.15
EUR	2,890,000	LKG Italia Bondco 3.875% 01/04/2024	2,679	0.35	USD	727,000	Altice Financing 6.625% 15/02/2025	626	0.08
		<b>B+ 0.00% (0.32%)</b>			USD	1,580,000	Altice Financing 7.5% 15/05/2026	1,383	0.18
		<b>B- 0.00% (0.22%)</b>			EUR	1,505,000	BMBG Bond Finance 3% 15/06/2021	1,353	0.17
		<b>Not Rated 0.00% (0.33%)</b>			EUR	5,180,000	Telenet Finance VI Luxembourg 4.875% 15/07/2027	4,879	0.63
		<b>Total Italy</b>	<b>37,459</b>	<b>4.84</b>			<b>B+ 1.51% (1.86%)</b>		
<b>JAPAN 1.16% (1.65%)</b>					GBP	1,010,000	Amigo Luxembourg 7.625% 15/01/2024	1,040	0.13
		<b>BB+ 1.16% (1.65%)</b>			EUR	3,210,000	Cirsa Funding 5.875% 15/05/2023	2,886	0.37
EUR	2,987,000	Softbank Group 4% 30/07/2022	2,864	0.37					
EUR	4,781,000	Softbank Group 4.75% 30/07/2025	4,658	0.60					
EUR	1,500,000	Softbank Group 5.25% 30/07/2027	1,483	0.19					
		<b>Total Japan</b>	<b>9,005</b>	<b>1.16</b>					



## Threadneedle European High Yield Bond Fund

### Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
<b>LUXEMBOURG 19.31% (17.90%) (continued)</b>					<b>Ba1 0.00% (0.62%)</b>				
EUR	195,000	Cirsa Funding Luxembourg 5.75% 15/05/2021	179	0.02					
EUR	6,259,000	Garfunkelux 7.5% 01/08/2022	5,782	0.75	EUR	3,646,000	*Koninklijke KPN 6.125% 29/03/2049	3,389	0.44
GBP	1,780,000	Garfunkelux 8.5% 01/11/2022	1,882	0.24	GBP	2,634,000	*Koninklijke KPN 6.875% 14/03/2073	2,892	0.37
		<b>B 5.99% (4.30%)</b>			EUR	1,169,000	OI European Group 4.875% 31/03/2021	1,161	0.15
EUR	3,349,000	Altice 6.25% 15/02/2025	3,101	0.40	EUR	1,596,000	OI European Group 6.75% 15/09/2020	1,667	0.22
EUR	9,425,000	Altice 7.25% 15/05/2022	8,662	1.12			<b>Ba2 0.76% (0.00%)</b>		
USD	727,000	Altice 7.625% 15/12/2025	632	0.08	EUR	6,700,000	*Telefonica Europe 3.75% 31/12/2049	5,884	0.76
EUR	298,000	Befesa Zinc Capital 8.875% 15/05/2018	264	0.03			<b>BB- 3.04% (1.39%)</b>		
EUR	4,247,000	Bormioli Rocco Holdings 10.5% 01/08/2018	3,796	0.49	EUR	1,750,000	Axalta Coating Systems 3.75% 15/01/2025	1,591	0.21
EUR	3,877,000	Codere Finance 2 (Luxembourg) 6.75% 01/11/2021	3,270	0.42	EUR	2,104,000	Grupo Antolin Dutch 4.75% 01/04/2021	1,873	0.24
EUR	3,005,000	Crystal Almond 10% 01/11/2021	2,687	0.35	EUR	6,550,000	InterXion Holding 6% 15/07/2020	5,937	0.77
EUR	2,265,000	Intralot Capital 6% 15/05/2021	1,943	0.25	EUR	3,300,000	Petrobras Global Finance 4.75% 14/01/2025	2,919	0.38
EUR	1,760,000	Intralot Capital 6.75% 15/09/2021	1,549	0.20	GBP	1,856,000	Petrobras Global Finance 5.375% 01/10/2029	1,665	0.22
EUR	3,883,000	Lecta 6.5% 01/08/2023	3,528	0.46	GBP	2,831,000	Petrobras Global Finance 6.625% 16/01/2034	2,719	0.35
EUR	1,535,000	Matterhorn Telecom 3.875% 01/05/2022	1,370	0.18	GBP	3,553,000	Petrobras International Finance 6.25% 14/12/2026	3,592	0.46
EUR	3,316,000	Swissport Investment 6.75% 15/12/2021	3,159	0.41	EUR	347,000	Ziggo Secured Finance 3.75% 15/01/2025	314	0.04
EUR	13,704,000	Wind Acquisition Finance 7% 23/04/2021	12,361	1.60	EUR	3,150,000	Ziggo Secured Finance 4.25% 15/01/2027	2,892	0.37
		<b>B- 1.34% (0.65%)</b>					<b>B+ 0.00% (1.87%)</b>		
EUR	4,250,000	Cerberus Nightingale 8.25% 01/02/2020	3,772	0.49			<b>B 3.12% (4.42%)</b>		
EUR	1,180,000	JH Holding Finance PIK 8.25% 01/12/2022	1,106	0.14	GBP	4,777,000	InterGen 7.5% 30/06/2021	4,343	0.56
EUR	6,235,860	Play Topco 7.75% 28/02/2020	5,481	0.71	EUR	6,218,000	LGE HoldCo VI 7.125% 15/05/2024	6,150	0.79
		<b>CCC+ 0.80% (1.17%)</b>			EUR	7,386,000	United Group 7.875% 15/11/2020	6,684	0.86
EUR	2,580,084	*Bilbao Luxembourg PIK 10.5% 24/10/2018	2,313	0.30	CHF	5,678,000	UPC Holding 6.75% 15/03/2023 CHF	4,977	0.64
EUR	3,687,000	Horizon Parent Holdings 8.25% 15/02/2022	3,310	0.43	EUR	137,000	UPC Holding 6.75% 15/03/2023 EUR	129	0.02
EUR	550,000	Swissport Investment 9.75% 15/12/2022	526	0.07	EUR	2,120,000	Ziggo Bond Finance 4.625% 15/01/2025	1,946	0.25
		<b>Total Luxembourg</b>	<b>149,537</b>	<b>19.31</b>			<b>CCC+ 0.17% (0.00%)</b>		
					EUR	1,506,000	Hema Bondco I 6.25% 15/06/2019	1,280	0.17
<b>MEXICO 0.30% (0.00%)</b>							<b>Not Rated 0.21% (0.19%)</b>		
		<b>BB- 0.30% (0.00%)</b>			EUR	1,270,000	Boats Investments Netherlands PIK 11% 31/03/2017	634	0.08
EUR	871,000	Cemex 4.375% 05/03/2023	796	0.10					
USD	1,634,000	Cemex 7.75% 16/04/2026	1,515	0.20	USD	3,417,535	OSX 3 Leasing 13% 20/03/2015 (Defaulted)	981	0.13
		<b>Total Mexico</b>	<b>2,311</b>	<b>0.30</b>			<b>Total Netherlands</b>	<b>92,302</b>	<b>11.92</b>
<b>NETHERLANDS 11.92% (11.78%)</b>							<b>NORWAY 0.00% (0.86%)</b>		
		<b>BBB- 0.38% (0.34%)</b>					<b>BB- 0.00% (0.86%)</b>		
EUR	3,200,000	*Vonovia Finance 4.625% 08/04/2074	2,940	0.38			<b>Total Norway</b>	<b>-</b>	<b>-</b>
		<b>BB+ 3.06% (2.03%)</b>					<b>POLAND 0.22% (0.25%)</b>		
EUR	2,583,000	Schaeffler Holding Finance 3.25% 15/05/2025	2,416	0.31			<b>B+ 0.22% (0.00%)</b>		
EUR	2,560,000	Schaeffler Holding Finance 3.5% 15/05/2022	2,268	0.29	EUR	1,920,000	Play Finance 2 5.25% 01/02/2019	1,686	0.22
EUR	3,089,000	*SNS Bank FRN 05/11/2025	2,813	0.36			<b>B 0.00% (0.25%)</b>		
EUR	5,900,000	*Telefonica Europe 4.2% 29/12/2049	5,376	0.69			<b>Total Poland</b>	<b>1,686</b>	<b>0.22</b>
EUR	3,800,000	*Telefonica Europe 6.5% 29/09/2049	3,546	0.46					
GBP	6,800,000	*Telefonica Europe 6.75% Perpetual	7,324	0.95					



## Threadneedle European High Yield Bond Fund

### Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
<b>PORTUGAL 0.29% (0.31%)</b>					<b>SWEDEN 0.50% (0.82%)</b>				
		<b>Not Rated 0.29% (0.31%)</b>					<b>BB+ 0.50% (0.49%)</b>		
EUR	1,000,000	Banco Espirito Santo 2.625% 08/05/2017 (Defaulted)	240	0.03	EUR	2,920,000	*Volvo Treasury 4.2% 10/06/2075	2,681	0.35
EUR	1,400,000	Banco Espirito Santo 4.75% 15/01/2018 (Defaulted)	348	0.04	EUR	1,250,000	*Volvo Treasury 4.85% 10/03/2078	1,180	0.15
EUR	6,900,000	Novo Banco 4% 21/01/2019 (Defaulted)	1,684	0.22			<b>B1 0.00% (0.08%)</b>		
		<b>Total Portugal</b>	<b>2,272</b>	<b>0.29</b>			<b>B 0.00% (0.25%)</b>		
							<b>Total Sweden</b>	<b>3,861</b>	<b>0.50</b>
<b>REPUBLIC OF IRELAND 3.61% (1.76%)</b>					<b>SWITZERLAND 2.45% (0.72%)</b>				
		<b>BB+ 0.29% (0.00%)</b>					<b>BBB+ 0.56% (0.00%)</b>		
EUR	1,285,000	Bank of Ireland 10% 19/12/2022	1,541	0.20	EUR	4,527,000	*UBS 4.75% 12/02/2026	4,322	0.56
EUR	776,000	Smurfit Kappa 2.375% 01/02/2024	688	0.09			<b>BBB 1.20% (0.27%)</b>		
		<b>BB 0.00% (0.20%)</b>			EUR	6,644,000	*Credit Suisse 5.75% 18/09/2025	6,424	0.83
		<b>BB- 1.46% (0.00%)</b>			USD	3,200,000	Credit Suisse 6.5% 08/08/2023	2,871	0.37
EUR	5,710,000	Ardagh Packaging Finance 2.75% 15/03/2024	4,940	0.64			<b>BB+ 0.28% (0.00%)</b>		
EUR	4,840,000	Ardagh Packaging Finance 4.25% 15/01/2022	4,334	0.56	EUR	2,292,000	*UBS Group 5.75% 29/12/2049	2,171	0.28
EUR	2,120,000	*Governor & Co of the Bank of Ireland 7.375% 29/12/2049	1,987	0.26	USD	3,630,000	*Credit Suisse 7.5% 11/12/2049	3,220	0.41
		<b>B+ 0.53% (1.23%)</b>					<b>Total Switzerland</b>	<b>19,008</b>	<b>2.45</b>
GBP	1,381,000	*Argon Capital for Royal Bank of Scotland 8.162% 29/10/2049	967	0.12	<b>UNITED KINGDOM 23.54% (23.38%)</b>				
EUR	3,475,000	Eircom Finance 4.5% 31/05/2022 SNR SEC	3,152	0.41			<b>Baa2 0.46% (0.54%)</b>		
		<b>B 0.30% (0.00%)</b>			GBP	2,326,000	Santander UK 10.0625% 29/10/2049	3,565	0.46
GBP	2,239,000	Virgin Media 5.5% 15/09/2024	2,314	0.30			<b>BB+ 7.34% (2.47%)</b>		
		<b>B2u 0.35% (0.00%)</b>			EUR	4,736,000	Anglo American 2.5% 29/04/2021	4,359	0.56
EUR	2,979,000	*Allied Irish Banks 7.375% 29/12/2049	2,712	0.35	EUR	2,493,000	Anglo American 2.875% 20/11/2020	2,318	0.30
		<b>B3u 0.00% (0.33%)</b>			EUR	4,708,000	Anglo American Capital 1.5% 01/04/2020	4,174	0.54
		<b>CCC+ 0.68% (0.00%)</b>			EUR	1,025,000	Anglo American Capital 1.75% 03/04/2018	902	0.12
EUR	5,500,000	Ardagh Packaging Finance 6.75% 15/05/2024	5,283	0.68	EUR	4,391,000	Anglo American Capital 2.75% 07/06/2019	4,010	0.52
		<b>Total Republic of Ireland</b>	<b>27,918</b>	<b>3.61</b>	EUR	500,000	Anglo American Capital 3.25% 03/04/2023	474	0.06
<b>RUSSIA 0.28% (0.19%)</b>					EUR	2,994,000	Anglo American Capital 3.5% 28/03/2022	2,871	0.37
		<b>BB+ 0.28% (0.19%)</b>			EUR	1,987,000	International Game Technology 4.125% 15/02/2020	1,848	0.24
EUR	927,000	Gaz Capital 3.125% 17/11/2023	820	0.11	EUR	1,995,000	International Game Technology 4.75% 15/02/2023	1,886	0.24
EUR	1,419,000	Gaz Capital 3.6% 26/02/2021	1,315	0.17	EUR	695,000	Jaguar Land Rover Automotive 2.2% 15/01/2024	602	0.08
		<b>Total Russia</b>	<b>2,135</b>	<b>0.28</b>	GBP	1,250,000	Jaguar Land Rover Automotive 2.75% 24/01/2021	1,261	0.16
<b>SINGAPORE 0.00% (0.15%)</b>					GBP	5,528,000	Jaguar Land Rover Automotive 3.875% 01/03/2023	5,721	0.74
		<b>Not Rated 0.00% (0.15%)</b>			GBP	2,821,000	*Lloyds Bank 13% 29/01/2049	5,071	0.65
		<b>Total Singapore</b>	<b>-</b>	<b>-</b>	EUR	1,875,000	*Royal Bank of Scotland 10.5% 16/03/2022	1,628	0.21
<b>SPAIN 0.02% (0.05%)</b>					GBP	1,042,000	Tesco 5.5% 13/01/2033	1,119	0.14
		<b>CCC- 0.00% (0.05%)</b>			GBP	4,846,000	Tesco 6.125% 24/02/2022	5,604	0.72
		<b>Ca 0.02% (0.00%)</b>			GBP	4,283,000	Tesco Property Finance 1 7.6227% 13/07/2039	4,757	0.61
EUR	1,850,000	Abengoa Finance 6% 31/03/2021 (Defaulted)	57	0.01	GBP	693,000	Tesco Property Finance 3 5.744% 13/04/2040	698	0.09
EUR	1,937,000	Abengoa Finance 7% 15/04/2020 (Defaulted)	60	0.01					
		<b>Total Spain</b>	<b>117</b>	<b>0.02</b>					



## Threadneedle European High Yield Bond Fund

### Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
<b>UNITED KINGDOM 23.54% (23.38%) (continued)</b>									
GBP	617,000	Tesco Property Finance 5.5% 13/10/2041	609	0.08	EUR	4,280,000	Thomas Cook Group 6.25% 15/06/2022	3,989	0.52
GBP	240,000	Travis Perkins 4.375% 15/09/2021	250	0.03	EUR	4,281,000	Virgin Media Finance 4.5% 15/01/2025	3,918	0.51
GBP	2,992,000	Travis Perkins 4.5% 07/09/2023	3,067	0.40	GBP	4,156,000	Virgin Media Finance 6.375% 15/10/2024	4,465	0.58
GBP	3,582,000	William Hill 4.875% 07/09/2023	3,694	0.48	<b>B2 0.00% (0.66%)</b>				
<b>BB 3.07% (4.38%)</b>					<b>B- 0.40% (1.00%)</b>				
GBP	5,344,000	Arrow Global Finance 5.125% 15/09/2024	5,498	0.71	EUR	2,535,000	Ephios Holdings II 8.25% 01/07/2023	2,424	0.31
GBP	2,879,000	*Barclays Bank 14% 29/11/2049	3,555	0.46	GBP	628,000	Keystone Financing 9.5% 15/10/2019	660	0.09
GBP	1,533,000	*Co-Operative Group 6.25% 08/07/2026	1,816	0.23	<b>CCC+ 0.99% (1.87%)</b>				
GBP	4,300,000	*Co-Operative Group FRN 08/07/2020	4,831	0.62	GBP	6,631,593	Annington Finance No.5 PIK 13% 15/01/2023	7,660	0.99
EUR	4,049,000	Ineos Finance 4% 01/05/2023	3,652	0.47	<b>CCC 0.29% (0.00%)</b>				
EUR	4,921,000	Merlin Entertainments 2.75% 15/03/2022	4,469	0.58	GBP	2,215,000	Soho House Bond 9.125% 01/10/2018	2,260	0.29
<b>BB- 3.41% (3.75%)</b>					<b>Caa2 0.00% (0.54%)</b>				
GBP	418,000	El Group 6.375% 15/02/2022	450	0.06	<b>CCC- 0.00% (0.09%)</b>				
GBP	80,000	El Group 6.5% 06/12/2018	86	0.01	<b>Ca 0.42% (0.00%)</b>				
GBP	1,540,000	El Group 6.875% 15/02/2021	1,690	0.22	GBP	3,607,000	Co-Operative Bank United Kingdom 5.125% 20/09/2017	3,244	0.42
GBP	2,302,000	Iron Mountain Europe 6.125% 15/09/2022	2,440	0.32	<b>Not Rated 1.34% (0.99%)</b>				
GBP	589,000	*Lloyds Banking Group 7% 29/12/2049	608	0.08	USD	5,047,000	EnQuest PIK 7% 15/04/2022	3,277	0.42
GBP	1,919,000	*Lloyds Banking Group 7.875% 29/12/2049	2,115	0.27	GBP	2,850,000	First Hydro Finance 9% 31/07/2021	3,727	0.48
GBP	4,891,000	Moy Park Bondco 6.25% 29/05/2021	5,070	0.65	EUR	4,916,000	International Personal Finance 5.75% 07/04/2021	3,393	0.44
GBP	2,800,000	Southern Water Greensands Financing 8.5% 15/04/2019	3,192	0.41	USD	434	**NV Profit Share Preference Share	—	—
GBP	810,000	TalkTalk Telecom Group 5.375% 15/01/2022	835	0.11	<b>Total United Kingdom</b>				
GBP	4,275,000	Virgin Media 4.875% 15/01/2027	4,340	0.56				<b>182,245</b>	<b>23.54</b>
GBP	1,153,000	Virgin Media Secured Finance 5% 15/04/2027	1,170	0.15	<b>UNITED STATES OF AMERICA 5.06% (3.45%)</b>				
GBP	1,960,000	Virgin Media Secured Finance 5.125% 15/01/2025	2,085	0.27	<b>BB+ 1.73% (0.60%)</b>				
GBP	2,041,000	Virgin Media Secured Finance 5.5% 15/01/2021	2,351	0.30	EUR	964,000	Ball Corporation 3.5% 15/12/2020	924	0.12
<b>Ba3 0.35% (0.77%)</b>					EUR	2,960,000	Ball Corporation 4.375% 15/12/2023	2,887	0.37
GBP	2,559,000	Anglian Water Osprey Financing 7% 31/01/2018	2,693	0.35	EUR	6,812,000	IMS Health 3.5% 15/10/2024	6,016	0.78
<b>B+ 1.44% (2.12%)</b>					EUR	430,000	Levi Strauss 3.375% 15/03/2027	377	0.05
EUR	1,220,000	Boparan Finance 4.375% 15/07/2021	1,059	0.14	EUR	3,680,000	Quintiles IMS 3.25% 15/03/2025	3,177	0.41
GBP	1,600,000	Boparan Finance 5.5% 15/07/2021	1,591	0.21	<b>BB 0.35% (0.30%)</b>				
EUR	950,000	EC Finance 5.125% 15/07/2021	853	0.11	EUR	2,815,000	Sealed Air 4.5% 15/09/2023	2,730	0.35
EUR	4,226,000	Ephios 6.25% 01/07/2022	3,966	0.51	<b>BB- 1.32% (0.00%)</b>				
EUR	3,020,000	OTE 3.5% 09/07/2020	2,638	0.34	EUR	823,000	Axalta Coating Systems 4.25% 15/08/2024	766	0.10
EUR	1,104,000	OTE 7.875% 07/02/2018	1,004	0.13	EUR	4,569,000	Catalent Pharma Solution 4.75% 15/12/2024	4,193	0.54
<b>B1 0.18% (0.22%)</b>					EUR	1,900,000	Cemex Finance 4.625% 15/06/2024	1,745	0.23
GBP	1,251,000	Thames Water Kemble Finance 7.75% 01/04/2019	1,403	0.18	EUR	2,400,000	Silgan Holdings 3.25% 15/03/2025	2,102	0.27
<b>B 3.85% (3.98%)</b>					EUR	1,569,000	Spectrum Brands 4% 01/10/2026	1,411	0.18
GBP	4,124,000	Cognita Finance 7.75% 15/08/2021	4,349	0.56	<b>B+ 0.00% (0.06%)</b>				
GBP	3,395,000	IDH Finance 6.25% 15/08/2022	3,311	0.43	<b>B 0.39% (0.47%)</b>				
EUR	2,229,000	Inovyn Finance 6.25% 15/05/2021	2,054	0.27	CHF	3,531,000	Nord Anglia Education Finance 5.75% 15/07/2022	3,003	0.39
GBP	2,598,000	New Look Secured Bond 6.5% 01/07/2022	2,291	0.30	<b>B- 0.71% (0.93%)</b>				
USD	1,620,000	*Royal Bank of Scotland 8% 29/12/2049	1,341	0.17	USD	5,580,000	Neptune Finco 10.875% Notes 15/10/2025	5,488	0.71
USD	4,550,000	*Royal Bank of Scotland 8.625% 29/12/2049	3,934	0.51	EUR	3,700,000	Kloekner Penta 7.125% 01/05/2020	3,337	0.43



## Threadneedle European High Yield Bond Fund

### Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Value £000	% of Investment
<b>UNITED STATES OF AMERICA 5.06% (3.45%) (continued)</b>					<b>ANALYSIS OF INVESTMENTS BY ASSET CLASS</b>		
		<b>Caa1 0.00% (0.08%)</b>			Fixed interest	594,788	80.76
		<b>CCC- 0.13% (0.00%)</b>			Floating rate notes	137,329	18.65
					Derivatives	4,331	0.59
USD	1,882,769	*DFC Finance PIK 12% 16/06/2020	992	0.13	<b>Total value of investments</b>	<b>736,448</b>	<b>100.00</b>
		<b>Not Rated 0.00% (0.48%)</b>					
		<b>Total United States of America</b>	<b>39,148</b>	<b>5.06</b>			
<b>DERIVATIVES 0.56% (0.04%)</b>							
		<b>Credit Default Swaps 0.04% (0.08%)</b>					
EUR	3,300,000	Barclays Fiat Chrysler Finance North America Credit Default Swap Sell Protection 20/09/2018 Spread 500	179	0.02			
EUR	2,400,000	Goldman Sachs Fiat Chrysler Finance North America Credit Default Swap Sell Protection 20/12/2018 Spread 500	148	0.02			
		<b>Forward Foreign Exchange Contracts 0.52% (-0.04%)</b>					
		Sell EUR 1,687,737					
		Buy CHF 1,794,796 J.P. Morgan	(12)	—			
		Sell EUR 250,655					
		Buy CHF 266,555 J.P. Morgan	(2)	—			
		Sell EUR 255,852					
		Buy CHF 272,081 J.P. Morgan	(2)	—			
		Sell GBP 88,500,000					
		Buy EUR 104,265,545 Citigroup	1,998	0.26			
		Sell GBP 88,564,000					
		Buy EUR 104,339,999 UBS	1,999	0.26			
		Sell USD 71,678,000					
		Buy EUR 67,963,651 Lloyds	202	0.03			
		Sell CHF 8,062					
		Buy EUR 7,568 J.P. Morgan	—	—			
		Sell USD 760,000					
		Buy EUR 721,210 J.P. Morgan	3	—			
		Sell CHF 10,633,000					
		Buy EUR 9,993,473 Barclays	68	0.01			
		Sell EUR 181,400					
		Buy GBP 155,223 Citigroup	(2)	—			
		Sell EUR 316,000					
		Buy GBP 273,120 J.P. Morgan	(1)	—			
		Sell EUR 10,631,079					
		Buy GBP 9,000,000 HSBC	(227)	(0.03)			
		Sell EUR 14,932					
		Buy USD 15,710 J.P. Morgan	—	—			
		Sell EUR 188,855					
		Buy USD 200,000 J.P. Morgan	—	—			
		Sell EUR 6,528,275					
		Buy USD 6,868,183 J.P. Morgan	(36)	(0.01)			
		Sell EUR 9,147,612					
		Buy USD 9,700,000 UBS	16	—			
		<b>Total Derivatives</b>	<b>4,331</b>	<b>0.56</b>			
<b>Total value of investments</b>			<b>736,448</b>	<b>95.11</b>			
<b>Net other assets (14.75%)</b>			<b>37,865</b>	<b>4.89</b>			
<b>Net assets</b>			<b>774,313</b>	<b>100.00</b>			

March 2016 comparatives in brackets.

\*Variable rate bonds.

\*\*Manually priced.



## Threadneedle Strategic Bond Fund

### Portfolio Statement

as at 7 March 2017

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
<b>AUSTRALIA 5.28% (2.13%)</b>					<b>CANADA 1.00% (0.38%)</b>				
		<b>A 0.53% (1.06%)</b>					<b>BBB 0.20% (0.00%)</b>		
GBP	1,247,000	Scentre Group Trust 2.375% 08/04/2022	1,303	0.53	USD	604,000	Cenovus Energy 3% 15/08/2022	481	0.20
		<b>A- 1.21% (0.00%)</b>					<b>B 0.00% (0.08%)</b>		
USD	689,000	SGSP Australia Assets 3.25% 29/07/2026	541	0.22	EUR	1,155,000	Cott Finance 5.5% 01/07/2024	1,059	0.43
AUD	2,500,000	SGSP Australia Assets 3.75% 28/06/2023	1,536	0.63	EUR	1,360,000	Valeant Pharmaceuticals International 4.5% 15/05/2023	913	0.37
GBP	785,000	SGSP Australia Assets 5.125% 11/02/2021	894	0.36			<b>Total Canada</b>	<b>2,453</b>	<b>1.00</b>
		<b>BBB+ 1.30% (0.87%)</b>			<b>CAYMAN ISLANDS 2.87% (2.38%)</b>				
GBP	2,262,000	*BHP Billiton Finance 6.5% 22/10/2077	2,590	1.05			<b>AA+ 0.14% (0.14%)</b>		
USD	750,000	Woodside Finance 3.65% 05/03/2025	607	0.25	GBP	400,000	*Trafford Centre Finance FRN 28/07/2035 A3	337	0.14
		<b>BBB 0.93% (0.00%)</b>					<b>A 0.35% (0.32%)</b>		
GBP	2,045,000	APT Pipelines 4.25% 26/11/2024	2,293	0.93	GBP	622,000	Dwr Cymru Financing 6.015% 31/03/2028	869	0.35
		<b>BBB- 0.59% (0.00%)</b>					<b>A- 0.42% (0.54%)</b>		
GBP	1,311,000	Asciano Finance 5% 19/09/2023	1,459	0.59	GBP	1,021,000	Thames Water Utilities Cayman Finance 1.875% 24/01/2024	1,028	0.42
		<b>BB+ 0.28% (0.20%)</b>					<b>BBB 0.88% (0.96%)</b>		
EUR	760,000	*Santos Finance FRN 8.25% 22/09/2070	681	0.28	GBP	716,000	South East Water Finance 5.6577% 30/09/2019	794	0.32
		<b>BB 0.44% (0.00%)</b>			GBP	1,350,000	*Thames Water Utilities Cayman Finance 5.375% 21/07/2025	1,370	0.56
EUR	489,000	*Origin Energy Finance 4% 16/09/2074	433	0.18			<b>BBB- 0.47% (0.00%)</b>		
EUR	694,000	*Origin Energy Finance 7.875% 16/06/2071	644	0.26	USD	1,300,000	Vale Overseas 5.875% 10/06/2021	1,149	0.47
		<b>Total Australia</b>	<b>12,981</b>	<b>5.28</b>			<b>BB 0.00% (0.12%)</b>		
<b>AUSTRIA 0.81% (1.54%)</b>							<b>BB- 0.26% (0.00%)</b>		
		<b>BBB- 0.27% (0.00%)</b>			USD	835,000	Noble Holding International 6.95% 01/04/2045	637	0.26
USD	800,000	*Erste Group Bank 5.5% 26/05/2025	679	0.27			<b>B2 0.35% (0.30%)</b>		
		<b>Baa3 0.54% (0.00%)</b>			EUR	940,000	Viridian Group FundCo II 7.5% 01/03/2020	865	0.35
EUR	1,200,000	BAWAG PSK Bank fuer Arbeit und Wirtschaft und Oesterreichische Postsparkasse 8.125% 30/10/2023	1,325	0.54			<b>Total Cayman Islands</b>	<b>7,049</b>	<b>2.87</b>
		<b>BB+ 0.00% (0.42%)</b>			<b>CROATIA 0.18% (0.17%)</b>				
		<b>Ba1 0.00% (0.42%)</b>					<b>B 0.00% (0.13%)</b>		
		<b>Ca 0.00% (0.70%)</b>					<b>Not Rated 0.18% (0.04%)</b>		
		<b>Total Austria</b>	<b>2,004</b>	<b>0.81</b>	EUR	545,000	*Aquarius Plus Investments FRN 08/08/2017	436	0.18
<b>BELGIUM 0.98% (1.17%)</b>							<b>Total Croatia</b>	<b>436</b>	<b>0.18</b>
		<b>A- 0.98% (0.69%)</b>			<b>CZECH REPUBLIC 0.00% (0.60%)</b>				
GBP	1,159,000	Anheuser-Busch InBev 4% 24/09/2025	1,348	0.55			<b>Ba2 0.00% (0.40%)</b>		
GBP	681,000	Anheuser-Busch InBev 9.75% 30/07/2024	1,050	0.43			<b>Not Rated 0.00% (0.20%)</b>		
		<b>BB 0.00% (0.48%)</b>					<b>Total Czech Republic</b>	<b>-</b>	<b>-</b>
		<b>Total Belgium</b>	<b>2,398</b>	<b>0.98</b>					
<b>BRITISH VIRGIN ISLANDS 0.75% (0.52%)</b>									
		<b>BBB 0.75% (0.52%)</b>							
GBP	1,665,000	Global Switch Holdings 4.375% 13/12/2022	1,854	0.75					
		<b>Total British Virgin Islands</b>	<b>1,854</b>	<b>0.75</b>					



## Threadneedle Strategic Bond Fund

### Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
<b>DENMARK 0.55% (0.19%)</b>					EUR	805,000	IHO Verwaltungs PIK 3.75% 15/09/2026	715	0.29
		<b>BBB+ 0.21% (0.00%)</b>			EUR	736,000	Unitymedia Hessen 5.125% 21/01/2023	546	0.22
GBP	480,000	*Danske Bank 5.375% 29/09/2021	507	0.21	EUR	494,000	Unitymedia Hessen 5.625% 15/04/2023	368	0.15
		<b>BBB 0.00% (0.19%)</b>			EUR	1,502,000	Unitymedia Hessen 5.75% 15/01/2023	1,124	0.46
		<b>BBB- 0.34% (0.00%)</b>			EUR	720,000	Unitymedia NRW 3.5% 15/01/2027	638	0.26
GBP	725,000	TDC 5.625% 23/02/2023	838	0.34	USD	922,000	Unitymedia NRW 5% 15/01/2025	776	0.32
		<b>Total Denmark</b>	<b>1,345</b>	<b>0.55</b>			<b>B+ 0.65% (0.33%)</b>		
					EUR	694,000	PCF 7.875% 01/08/2019	626	0.25
<b>FRANCE 2.47% (3.67%)</b>					EUR	721,000	ProGroup 5.125% 01/05/2022	665	0.27
		<b>A+ 0.00% (0.33%)</b>			EUR	350,000	Trionista Holdco 5% 30/04/2020	310	0.13
		<b>A- 0.38% (0.00%)</b>					<b>B 1.02% (1.04%)</b>		
EUR	1,100,000	*Total 3.369% 29/12/2049	944	0.38	EUR	400,000	Prestigebidco 6.25% 15/12/2023	366	0.15
		<b>BBB+ 0.35% (0.00%)</b>			EUR	1,111,000	Safari Holding Verwaltungs 8.25% 15/02/2021	660	0.27
USD	1,026,000	*AXA FRN 17/01/2047	860	0.35	EUR	675,000	Techem Energy Metering Service 7.875% 01/10/2020	609	0.25
		<b>BBB 0.00% (0.41%)</b>			EUR	1,000,000	Unitymedia 3.75% 15/01/2027	865	0.35
		<b>BBB- 0.00% (0.62%)</b>					<b>B- 0.23% (0.48%)</b>		
		<b>BB 0.56% (0.65%)</b>			EUR	630,000	Trionista Topco 6.875% 30/04/2021	570	0.23
EUR	315,000	Crown European Holdings 4% 15/07/2022	304	0.12	EUR	640,000	CeramTec Group 8.25% 15/08/2021	592	0.24
EUR	705,000	Novalis 3% 30/04/2022	629	0.26			<b>Total Germany</b>	<b>14,851</b>	<b>6.04</b>
EUR	180,000	*Solvay Finance 5.118% 29/06/2049	172	0.07	<b>GUERNSEY 0.30% (0.00%)</b>				
EUR	280,000	*Solvay Finance 5.869% 29/06/2049	276	0.11			<b>BBB+ 0.30% (0.00%)</b>		
		<b>B+ 0.91% (1.20%)</b>			GBP	750,000	Credit Suisse 2.75% 08/08/2025	747	0.30
EUR	301,000	Cerba European Laboratory 7% 01/02/2020	267	0.11			<b>Total Guernsey</b>	<b>747</b>	<b>0.30</b>
EUR	716,000	Numericable-SFR 5.625% 15/05/2024	660	0.27	<b>ICELAND 0.00% (0.34%)</b>				
USD	381,000	Numericable-SFR 6% 15/05/2022	321	0.13			<b>BBB- 0.00% (0.34%)</b>		
EUR	360,000	Paprec Holding 5.25% 01/04/2022	330	0.13			<b>Total Iceland</b>	<b>-</b>	<b>-</b>
EUR	739,000	SFR Group 5.375% 15/05/2022	668	0.27	<b>ITALY 2.35% (3.59%)</b>				
		<b>B 0.05% (0.03%)</b>					<b>Baa3 0.40% (0.39%)</b>		
EUR	120,000	Homevi 6.875% 15/08/2021	110	0.05	GBP	948,000	Acquedotto Pugliese 6.92% 29/06/2018	989	0.40
		<b>B- 0.00% (0.18%)</b>					<b>BB+ 1.68% (2.13%)</b>		
		<b>Not Rated 0.22% (0.25%)</b>			EUR	650,000	*Enel 5% 15/01/2075	602	0.25
GBP	530,000	*Credit Agricole 7.5% 31/12/2049	538	0.22	GBP	810,000	*Enel 6.625% 15/09/2076	875	0.36
		<b>Total France</b>	<b>6,079</b>	<b>2.47</b>	EUR	1,873,000	Finmeccanica 4.5% 19/01/2021	1,847	0.75
					GBP	750,000	Telecom Italia 7.375% 15/12/2017	784	0.32
<b>GERMANY 6.04% (3.44%)</b>							<b>B+ 0.00% (0.16%)</b>		
		<b>BBB+ 0.37% (0.00%)</b>					<b>B3 0.27% (0.91%)</b>		
USD	1,100,000	Deutsche Bank 4.25% 14/10/2021	918	0.37	EUR	806,000	Banca Monte dei Paschi di Siena 3.625% 01/04/2019	674	0.27
		<b>BBB- 0.26% (0.00%)</b>					<b>Total Italy</b>	<b>5,771</b>	<b>2.35</b>
EUR	504,000	RWE Finance 5.75% 14/02/2033	630	0.26	<b>JAPAN 0.70% (1.04%)</b>				
		<b>BB 1.01% (0.00%)</b>					<b>BB+ 0.70% (1.04%)</b>		
EUR	404,000	*Lanxess Finance 4.5% 06/12/2076	378	0.15	EUR	1,132,000	Softbank Group 4% 30/07/2022	1,085	0.44
GBP	1,100,000	*RWE 7% 29/03/2049	1,166	0.47	EUR	654,000	Softbank Group 4.75% 30/07/2025	637	0.26
EUR	675,000	Techem 6.125% 01/10/2019	604	0.25			<b>Total Japan</b>	<b>1,722</b>	<b>0.70</b>
EUR	390,000	WEPA Hygieneprodukte 3.75% 15/05/2024	355	0.14					
		<b>BB- 2.26% (1.38%)</b>							
EUR	708,000	IHO Verwaltungs 3.25% 15/09/2023	640	0.26					
EUR	815,000	IHO Verwaltungs PIK 2.75% 15/09/2021	730	0.30					



## Threadneedle Strategic Bond Fund

### Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
<b>JERSEY 2.10% (1.77%)</b>					<b>B+ 1.20% (0.62%)</b>				
		<b>A- 0.44% (0.60%)</b>			GBP	315,000	Amigo Luxembourg 7.625% 15/01/2024	324	0.13
GBP	919,000	Heathrow Funding 5.225% 15/02/2023	1,095	0.44	EUR	1,225,000	Cirsa Funding Luxembourg 5.75% 15/05/2021	1,123	0.46
		<b>BBB+ 0.00% (0.18%)</b>			EUR	470,000	Garfunkelux 7.5% 01/08/2022	434	0.18
		<b>BBB 0.41% (0.35%)</b>			GBP	1,000,000	Garfunkelux 8.5% 01/11/2022	1,058	0.43
GBP	824,000	Porterbrook Rail Finance 4.625% 04/04/2029	999	0.41	EUR	817,000	<b>B 3.15% (1.78%)</b>	757	0.31
		<b>BB+ 0.15% (0.00%)</b>			EUR	870,000	Altice 6.25% 15/02/2025	800	0.32
EUR	395,000	Lincoln Finance 6.875% 15/04/2021	371	0.15	USD	200,000	Altice 7.25% 15/05/2022	174	0.07
		<b>B+ 0.00% (0.19%)</b>			EUR	310,000	Altice 7.625% 15/12/2025	274	0.11
		<b>B 0.87% (0.45%)</b>			EUR	1,143,000	Befesa Zinc Capital 8.875% 15/05/2018	274	0.11
GBP	610,000	CPUK Finance 7% 28/08/2020	644	0.26	EUR	1,157,000	Bormioli Rocco Holdings 10.5% 01/08/2018	1,022	0.42
EUR	1,020,000	Mercury Bondco 7.125% 30/05/2021	883	0.36	EUR	830,000	Codere Finance 2 (Luxembourg) 6.75% 01/11/2021	976	0.40
EUR	700,000	Mercury Bondco PIK 8.25% 30/05/2021	623	0.25	EUR	835,000	Crystal Almond 10% 01/11/2021	742	0.30
		<b>B- 0.23% (0.00%)</b>			EUR	335,000	Intralot Capital 6% 15/05/2021	716	0.29
GBP	505,000	TVL Finance 8.5% 15/05/2023	558	0.23	EUR	2,220,000	Intralot Capital 6.75% 15/09/2021	295	0.12
		<b>Total Jersey</b>	<b>5,173</b>	<b>2.10</b>	EUR		Wind Acquisition Finance 7% 23/04/2021	2,002	0.81
<b>LUXEMBOURG 11.07% (9.07%)</b>							<b>B- 1.06% (0.48%)</b>		
		<b>BBB 0.86% (0.00%)</b>			EUR	1,122,000	Cerberus Nightingale 8.25% 01/02/2020	996	0.40
EUR	1,213,000	GELF Bond Issuer I 1.625% 20/10/2026	1,024	0.42	EUR	305,000	JH Holding Finance PIK 8.25% 01/12/2022	286	0.12
GBP	933,000	Glencore Finance Europe 6% 03/04/2022	1,083	0.44	EUR	1,506,027	Play Topco 7.75% 28/02/2020	1,324	0.54
		<b>Baa2 0.53% (0.00%)</b>					<b>CCC+ 0.56% (0.63%)</b>		
EUR	1,533,000	SELP Finance 1.25% 25/10/2023	1,295	0.53	EUR	377,105	*Bilbao Luxembourg PIK 10.5% 24/10/2018	338	0.14
		<b>BBB- 0.37% (0.49%)</b>			EUR	1,150,000	Horizon Parent Holdings 8.25% 15/02/2022	1,032	0.42
EUR	1,000,000	*Grand City Properties 3.75% 29/12/2049	900	0.37			<b>Total Luxembourg</b>	<b>27,213</b>	<b>11.07</b>
		<b>BB+ 1.01% (1.60%)</b>			<b>MEXICO 0.91% (0.78%)</b>				
GBP	1,661,000	Gaz Capital 5.338% 25/09/2020	1,798	0.73	GBP	1,054,000	<b>BBB+ 0.41% (0.48%)</b>		
USD	772,000	Gaz Capital 6.51% 07/03/2022	700	0.28			United Mexican States 5.625% 19/03/2114	1,015	0.41
		<b>Ba1 0.00% (0.99%)</b>					<b>BBB 0.33% (0.30%)</b>		
		<b>BB 2.10% (1.04%)</b>			GBP	770,000	*America Movil 6.375% 06/09/2073	823	0.33
EUR	689,000	Dufry Finance 4.55% 01/08/2023	639	0.26			<b>BB- 0.17% (0.00%)</b>		
EUR	1,000,000	Fiat Chrysler Finance Europe 4.75% 15/07/2022	956	0.39	EUR	150,000	Cemex 4.375% 05/03/2023	137	0.06
EUR	801,000	Fiat Chrysler Finance Europe 6.75% 14/10/2019	793	0.32	USD	283,000	Cemex 7.75% 16/04/2026	262	0.11
EUR	341,000	Fiat Finance & Trade 4.75% 22/03/2021	327	0.13			<b>Total Mexico</b>	<b>2,237</b>	<b>0.91</b>
EUR	1,565,000	Hanesbrands 3.5% 15/06/2024	1,405	0.57	<b>NETHERLANDS 7.95% (8.47%)</b>				
EUR	1,000,000	Wind Acquisition Finance 4% 15/07/2020	883	0.36	USD	1,295,000	<b>BBB+ 1.60% (1.13%)</b>		
USD	200,000	Wind Acquisition Finance 4.75% 15/07/2020	167	0.07			Deutsche Annington Finance 5% 02/10/2023	1,111	0.45
		<b>BB- 0.23% (1.44%)</b>			GBP	1,620,000	*ING Bank 6.875% 29/05/2023	1,720	0.70
USD	200,000	Altice Financing 6.625% 15/02/2025	172	0.07	GBP	1,010,000	PostNL 7.5% 14/08/2018	1,103	0.45
EUR	423,000	Telenet Finance VI Luxembourg 4.875% 15/07/2027	398	0.16			<b>BBB- 1.40% (1.91%)</b>		
					GBP	2,179,000	Innogy Finance 6.25% 03/06/2030	2,966	1.21
					EUR	500,000	*Vonovia Finance 4% 29/12/2049	460	0.19



## Threadneedle Strategic Bond Fund

### Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
<b>NETHERLANDS 7.95% (8.47%) (continued)</b>					<b>REPUBLIC OF IRELAND 2.66% (2.00%)</b>				
		<b>BB+ 1.78% (0.95%)</b>					<b>AA+ 0.00% (0.53%)</b>		
EUR	580,000	Schaeffler Holding Finance 3.5% 15/05/2022	514	0.21			<b>BB+ 0.33% (0.00%)</b>		
EUR	1,797,000	*SNS Bank FRN 05/11/2025	1,636	0.67	EUR	380,000	Bank of Ireland 10% 19/12/2022	456	0.19
EUR	500,000	*Telefonica Europe 4.2% 29/12/2049	456	0.18	EUR	400,000	Smurfit Kappa 2.375% 01/02/2024	355	0.14
EUR	300,000	*Telefonica Europe 5% 31/03/2049	277	0.11			<b>BB 0.00% (0.14%)</b>		
GBP	1,400,000	*Telefonica Europe 6.75% Perpetual	1,508	0.61			<b>BB- 1.49% (0.00%)</b>		
		<b>Ba1 0.00% (0.14%)</b>			EUR	1,840,000	Ardagh Packaging Finance 2.75% 15/03/2024	1,592	0.65
		<b>BB 0.87% (0.73%)</b>			EUR	1,290,000	Ardagh Packaging Finance 4.25% 15/01/2022	1,155	0.47
GBP	881,000	*Koninklijke KPN 6.875% 14/03/2073	967	0.39	EUR	980,000	*Governor & Co of the Bank of Ireland 7.375% 29/12/2049	919	0.37
EUR	636,000	OI European Group 4.875% 31/03/2021	632	0.26			<b>B+ 0.18% (1.23%)</b>		
EUR	510,000	OI European Group 6.75% 15/09/2020	533	0.22	GBP	617,000	*Argon Capital for Royal Bank of Scotland 8.162% 29/10/2049	432	0.18
		<b>Ba2 0.43% (0.00%)</b>					<b>B 0.17% (0.00%)</b>		
EUR	1,200,000	*Telefonica Europe 3.75% 31/12/2049	1,054	0.43	GBP	404,000	Virgin Media 5.5% 15/09/2024	418	0.17
		<b>BB- 0.89% (0.49%)</b>					<b>B2u 0.13% (0.00%)</b>		
EUR	804,000	InterXion Holding 6% 15/07/2020	729	0.30	EUR	357,000	*Allied Irish Banks 7.375% 29/12/2049	325	0.13
GBP	968,000	Petrobras Global Finance 6.625% 16/01/2034	930	0.38			<b>B3u 0.00% (0.10%)</b>		
EUR	583,000	Ziggo Secured Finance 3.75% 15/01/2025	528	0.21			<b>CCC+ 0.18% (0.00%)</b>		
		<b>B+ 0.00% (1.01%)</b>			EUR	450,000	Ardagh Packaging Finance 6.75% 15/05/2024	432	0.18
		<b>B 0.84% (2.03%)</b>					<b>Not Rated 0.18% (0.00%)</b>		
EUR	765,000	United Group 7.875% 15/11/2020	692	0.28	GBP	445,000	PGH Capital 4.125% 20/07/2022	452	0.18
EUR	775,000	UPC Holding 6.75% 15/03/2023	729	0.30			<b>Total Republic of Ireland</b>	<b>6,536</b>	<b>2.66</b>
EUR	700,000	Ziggo Bond Finance 4.625% 15/01/2025	643	0.26					
		<b>Not Rated 0.14% (0.08%)</b>							
USD	1,239,044	OSX 3 Leasing 13% 20/03/2015 (Defaulted)	356	0.14					
		<b>Total Netherlands</b>	<b>19,544</b>	<b>7.95</b>					
<b>NORWAY 0.00% (0.66%)</b>					<b>SINGAPORE 0.00% (0.07%)</b>				
		<b>BB- 0.00% (0.66%)</b>					<b>Not Rated 0.00% (0.07%)</b>		
		<b>Total Norway</b>	<b>—</b>	<b>—</b>			<b>Total Singapore</b>	<b>—</b>	<b>—</b>
<b>POLAND 0.37% (0.32%)</b>					<b>SPAIN 0.14% (0.41%)</b>				
		<b>B+ 0.17% (0.00%)</b>					<b>BBB 0.00% (0.41%)</b>		
EUR	471,000	Play Finance 2 5.25% 01/02/2019	414	0.17			<b>BB 0.14% (0.00%)</b>		
		<b>B 0.00% (0.15%)</b>			EUR	400,000	*Bankia 3.375% 15/03/2027	346	0.14
		<b>B- 0.20% (0.00%)</b>					<b>Total Spain</b>	<b>346</b>	<b>0.14</b>
EUR	550,000	Play Finance 1 6.5% 01/08/2019	492	0.20					
		<b>CCC+ 0.00% (0.17%)</b>			<b>SWEDEN 1.14% (0.34%)</b>				
		<b>Total Poland</b>	<b>906</b>	<b>0.37</b>			<b>BBB- 0.79% (0.00%)</b>		
<b>PORTUGAL 0.29% (0.23%)</b>					EUR	1,546,000	Akelius Residential 1.5% 23/01/2022	1,365	0.56
		<b>Not Rated 0.29% (0.23%)</b>			EUR	601,000	Akelius Residential 3.375% 23/09/2020	566	0.23
EUR	300,000	Banco Espirito Santo 2.625% 08/05/2017 (Defaulted)	72	0.03			<b>Baa3e 0.35% (0.00%)</b>		
EUR	800,000	Banco Espirito Santo 4.75% 15/01/2018 (Defaulted)	199	0.08	EUR	1,000,000	Fastighets 1.875% 14/03/2025	864	0.35
EUR	1,800,000	Novo Banco 4% 21/01/2019 (Defaulted)	439	0.18			<b>BB+ 0.00% (0.16%)</b>		
		<b>Total Portugal</b>	<b>710</b>	<b>0.29</b>			<b>B 0.00% (0.18%)</b>		
							<b>Total Sweden</b>	<b>2,795</b>	<b>1.14</b>



## Threadneedle Strategic Bond Fund

### Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
<b>SWITZERLAND 2.07% (1.45%)</b>					<b>BBB+ 4.02% (3.47%)</b>				
		<b>BBB+ 0.65% (0.00%)</b>			GBP	650,000	*Annington Finance No.4 Variable 10/01/2023	259	0.11
EUR	555,000	*UBS 4.75% 12/02/2026	530	0.22					
USD	1,258,000	UBS 5.125% 15/05/2024	1,058	0.43	GBP	725,000	*Legal & General Group 5.875% 29/03/2049	768	0.31
		<b>BBB 0.69% (0.88%)</b>			GBP	770,000	*Legal & General Group 10% 23/07/2041	1,013	0.41
EUR	1,760,000	*Credit Suisse 5.75% 18/09/2025	1,702	0.69	GBP	500,000	*Legal & General Variable Bond 27/10/2045	536	0.22
		<b>BB+ 0.39% (0.00%)</b>			GBP	570,000	London Power Networks 6.125% 07/06/2027	771	0.31
USD	1,100,000	*UBS Group 7% 29/12/2049	970	0.39					
		<b>BB 0.34% (0.57%)</b>			GBP	842,000	*RSA Insurance Group 6.701% 29/05/2049	852	0.35
USD	940,000	*Credit Suisse 7.5% 11/12/2049	834	0.34					
		<b>Total Switzerland</b>	<b>5,094</b>	<b>2.07</b>	GBP	302,000	*RSA Insurance Group 9.375% 20/05/2039	352	0.14
<b>UNITED ARAB EMIRATES 0.57% (0.45%)</b>					EUR	1,643,000	Smiths Group 2% 23/02/2027	1,442	0.59
		<b>A3 0.57% (0.00%)</b>			GBP	1,575,000	*Telereal Securitisation 4.0902% 10/12/2033	1,641	0.67
EUR	1,575,000	Emirates 1.75% 23/03/2022	1,397	0.57					
		<b>Baa1 0.00% (0.45%)</b>			GBP	2,070,000	Western Power Distribution 3.625% 06/11/2023	2,244	0.91
		<b>Total United Arab Emirates</b>	<b>1,397</b>	<b>0.57</b>					
<b>UNITED KINGDOM 34.90% (37.40%)</b>					GBP	940,000	*Aviva 6.125% 29/09/2049	1,015	0.41
		<b>AAA 0.00% (1.04%)</b>			GBP	629,000	*Aviva 6.625% 03/06/2041	713	0.29
		<b>Aaa 0.00% (0.58%)</b>			GBP	1,250,000	Barclays Bank 3.25% 12/02/2027	1,266	0.51
		<b>Aa1u 0.10% (0.41%)</b>			GBP	830,000	Eversholt Funding 5.831% 02/12/2020	966	0.39
GBP	176,000	United Kingdom Gilt 4.75% 07/12/2030	249	0.10	GBP	780,000	Eversholt Funding 6.359% 02/12/2025	1,028	0.42
		<b>AA 1.25% (1.03%)</b>			GBP	665,000	Imperial Brand Finance 8.125% 15/03/2024	922	0.38
GBP	1,420,000	Integrated Accommodation Services 6.48% 31/03/2029	1,257	0.51	GBP	715,000	Imperial Brands Finance 7.75% 24/06/2019	823	0.33
GBP	574,000	Telereal Securitisation 4.9741% 10/09/2027	480	0.20	GBP	750,000	Imperial Tobacco Finance 9% 17/02/2022	1,012	0.41
GBP	1,261,000	Telereal Securitisation 5.9478% 10/12/2031	1,331	0.54	GBP	228,000	Lloyds Bank 7.625% 22/04/2025	303	0.12
		<b>AA- 0.52% (0.00%)</b>			GBP	2,600,000	*NGG Finance 5.625% 18/06/2073	2,875	1.17
GBP	1,180,000	Juturna European Loan Conduit No 16 5.0636% 10/08/2033	1,266	0.52					
		<b>A+ 0.00% (0.98%)</b>			GBP	1,620,000	BUPA Finance 5% 25/04/2023	1,787	0.73
		<b>A 1.48% (1.29%)</b>			GBP	855,000	BUPA Finance 5% 08/12/2026	928	0.38
GBP	950,000	Canary Wharf Finance II 6.455% 22/04/2030	354	0.14					
GBP	398,000	Greene King Finance 4.0643% 15/03/2035	422	0.17	GBP	1,520,000	Barclays Bank 10% 21/05/2021	1,972	0.80
GBP	731,000	Greene King Finance 5.106% 15/03/2034	857	0.35	EUR	1,240,000	G4S International Finance 1.5% 09/01/2023	1,089	0.44
GBP	945,000	Longstone Finance 4.791% 19/04/2030	738	0.30	GBP	846,000	GKN Holdings 5.375% 19/09/2022	978	0.40
GBP	540,000	Longstone Finance 4.896% 19/04/2031	604	0.25	GBP	755,000	GKN Holdings 6.75% 28/10/2019	856	0.35
GBP	629,000	Northern Powergrid Yorkshire 2.5% 01/04/2025	667	0.27	GBP	1,021,000	Marks & Spencer 1% 08/12/2023	1,034	0.42
		<b>A- 1.82% (4.04%)</b>			USD	295,000	Royal Bank of Scotland 3.875% 12/09/2023	238	0.10
GBP	1,422,000	Mitchells & Butlers Finance 5.574% 15/12/2030	815	0.33	GBP	500,000	Unique Pub Finance 6.542% 30/03/2021	339	0.14
GBP	320,000	Mitchells & Butlers Finance 5.965% 15/12/2023	134	0.05					
GBP	1,190,000	National Grid Gas 2.125% 22/09/2028	1,171	0.48	GBP	550,000	Anglian Water Services Financing 2.625% 15/06/2027	548	0.22
GBP	577,000	National Grid Gas 2.75% 22/09/2046	559	0.23	GBP	1,280,000	*TSB Banking Group 5.75% 06/05/2026	1,361	0.55
GBP	875,000	*Prudential 11.375% 29/05/2039	1,058	0.43	GBP	1,075,000	WM Morrison Supermarkets 4.625% 08/12/2023	1,233	0.50
GBP	560,000	Western Power Distribution West Midlands 6% 09/05/2025	731	0.30					
							<b>BB+ 3.70% (1.78%)</b>		
					EUR	530,000	International Game Technology 4.75% 15/02/2023	501	0.20
					GBP	385,000	Jaguar Land Rover Automotive 2.75% 24/01/2021	388	0.16



## Threadneedle Strategic Bond Fund

### Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
<b>UNITED KINGDOM 34.90% (37.40%) (continued)</b>					<b>B 1.94% (1.89%)</b>				
GBP	664,000	Jaguar Land Rover Automotive 3.875% 01/03/2023	687	0.28	GBP	442,000	Cognita Finance 7.75% 15/08/2021	466	0.19
GBP	1,590,000	National Westminster Bank 6.5% 07/09/2021	1,841	0.75	GBP	615,000	IDH Finance 6.25% 15/08/2022	600	0.24
GBP	540,000	*Nationwide Building Society 6.875% 11/03/2049	555	0.23	USD	1,040,000	*Royal Bank of Scotland 8.625% 29/12/2049	899	0.37
GBP	360,000	RMPA Services 5.337% 30/09/2038	362	0.15	EUR	745,000	Thomas Cook Group 6.25% 15/06/2022	694	0.28
GBP	800,000	*Spirit Issuer FRN 28/12/2036	794	0.32	EUR	1,110,000	Virgin Media Finance 4.5% 15/01/2025	1,016	0.41
GBP	1,075,000	Tesco Property Finance 1 7.6227% 13/07/2039	1,194	0.49	GBP	1,030,000	Virgin Media Finance 6.375% 15/10/2024	1,106	0.45
GBP	890,000	Tesco Property Finance 5.5% 13/10/2041	878	0.36	<b>B2 0.00% (0.40%)</b>				
GBP	590,000	Tesco Property Finance 6 5.4111% 13/07/2044	575	0.23	EUR	380,000	Ephios Holdings II 8.25% 01/07/2023	363	0.15
GBP	850,000	Travis Perkins 4.5% 07/09/2023	871	0.35	GBP	486,000	Keystone Financing 9.5% 15/10/2019	510	0.21
GBP	428,000	William Hill 4.875% 07/09/2023	441	0.18	<b>CCC+ 0.93% (0.87%)</b>				
<b>BB 1.63% (2.04%)</b>					GBP	1,976,485	Annington Finance No.5 PIK 13% 15/01/2023	2,283	0.93
GBP	785,000	Arrow Global Finance 5.125% 15/09/2024	808	0.33	<b>Caa2 0.00% (0.33%)</b>				
GBP	434,000	*Barclays Bank 14% 29/11/2049	536	0.22	<b>Ca 0.31% (0.00%)</b>				
GBP	1,450,000	*Co-Operative Group FRN 08/07/2020	1,629	0.66	GBP	854,000	Co-Operative Bank United Kingdom 5.125% 20/09/2017	768	0.31
GBP	815,000	*CYBG 5% 09/02/2026	808	0.33	<b>Not Rated 2.59% (2.75%)</b>				
EUR	240,000	Merlin Entertainments 2.75% 15/03/2022	218	0.09	GBP	2,293,000	*Cattles 6.875% 17/01/2014 (Defaulted)	57	0.02
<b>BB- 3.11% (3.15%)</b>					GBP	1,950,000	First Hydro Finance 9% 31/07/2021	2,550	1.04
GBP	963,000	El Group 6.375% 15/02/2022	1,036	0.42	EUR	973,000	International Personal Finance 5.75% 07/04/2021	672	0.27
GBP	184,000	El Group 6.5% 06/12/2018	198	0.08	GBP	2,975,000	*Pennon Group 6.75% 08/03/2049	3,094	1.26
GBP	880,000	Iron Mountain Europe 6.125% 15/09/2022	933	0.38	<b>Total United Kingdom</b>				
GBP	900,000	*Lloyds Banking Group 7.875% 29/12/2049	992	0.40				<b>85,805</b>	<b>34.90</b>
GBP	1,512,000	Moy Park Bondco 6.25% 29/05/2021	1,567	0.64	<b>UNITED STATES OF AMERICA 10.93% (12.16%)</b>				
GBP	1,020,000	Southern Water Greensands Financing 8.5% 15/04/2019	1,163	0.47	<b>AA- 0.00% (0.54%)</b>				
GBP	430,000	Virgin Media 4.875% 15/01/2027	437	0.18	<b>A+ 0.00% (0.54%)</b>				
GBP	635,000	Virgin Media Secured Finance 5.125% 15/01/2025	675	0.27	<b>A 0.21% (0.34%)</b>				
GBP	688,000	Virgin Media Secured Finance 5.5% 15/01/2025	657	0.27	GBP	514,000	Wells Fargo 2% 28/07/2025	507	0.21
<b>Ba3 0.32% (0.40%)</b>					<b>A- 0.00% (0.53%)</b>				
GBP	315,000	Anglian Water 5% 30/04/2023	335	0.14	<b>BBB+ 4.69% (4.29%)</b>				
GBP	419,000	Anglian Water Osprey Financing 7% 31/01/2018	441	0.18	GBP	1,650,000	American International Group 5% 26/04/2023	1,909	0.78
<b>B+ 0.99% (1.56%)</b>					GBP	2,148,000	AT&T 4.375% 14/09/2029	2,423	0.99
GBP	480,000	*Barclays Bank 7.75% 08/03/2075	499	0.20	GBP	450,000	AT&T 5.5% 15/03/2027	551	0.22
EUR	474,000	Boparan Finance 4.375% 15/07/2021	412	0.17	GBP	645,000	Bank of America 2.3% 25/07/2025	647	0.26
GBP	450,000	Boparan Finance 5.5% 15/07/2021	447	0.18	GBP	1,500,000	Bank of America 6.125% 15/09/2021	1,800	0.73
EUR	580,000	Ephios 6.25% 01/07/2022	544	0.22	GBP	1,047,000	Morgan Stanley 2.625% 09/03/2027	1,039	0.42
EUR	410,000	OTE 3.5% 09/07/2020	358	0.15	USD	1,120,000	*Prudential Financial 8.875% 15/06/2038	991	0.40
EUR	200,000	OTE 7.875% 07/02/2018	182	0.07	USD	1,750,000	Verizon Communications 4.4% 01/11/2034	1,359	0.55
<b>B1 0.37% (0.34%)</b>					GBP	700,000	Welltower 4.8% 20/11/2028	827	0.34
GBP	810,000	Thames Water Kemble Finance 7.75% 01/04/2019	908	0.37	<b>BBB 1.20% (2.11%)</b>				
					GBP	601,000	Digital Stout Holding 4.75% 13/10/2023	673	0.27
					EUR	2,500,000	Liberty Mutual Group 2.75% 04/05/2026	2,293	0.93







## Threadneedle Strategic Bond Fund

### Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value		Value £000	% of Investment
<b>DERIVATIVES –1.57% (–0.67%) (continued)</b>				<b>ANALYSIS OF INVESTMENTS BY ASSET CLASS</b>		
<b>Futures and Options 0.06% (–0.27%)</b>				Fixed interest	190,348	79.17
AUD	76 UBS Australia 3 Year Bond Future Expiring March 2017	(23)	(0.01)	Floating rate notes	53,957	22.44
EUR	66 UBS EURO-Bobl Future Expiring June 2017	19	0.01	Derivatives	(3,865)	(1.61)
EUR	(19) UBS EURO Bond Future Expiring June 2017	(7)	–	<b>Total value of investments</b>	<b>240,440</b>	<b>100.00</b>
EUR	(32) UBS EURO Buxl 30 Year Future Expiring June 2017	16	0.01	<b>ANALYSIS OF UNDERLYING EXPOSURE FUTURES AND OPTIONS</b>		
JPY	(15) UBS Japan 10 Year Bond Future Expiring March 2017	(38)	(0.02)		<b>Value £000</b>	
GBP	28 UBS Long Gilt Future Expiring June 2017	23	0.01	UBS Australia 3 Year Bond Future Expiring March 2017	5,274	
USD	(37) UBS US 5 Year Note Future Expiring June 2017	28	0.01	UBS EURO-Bobl Future Expiring June 2017	7,570	
USD	(74) UBS US 10 Year Note Future Expiring June 2017	71	0.03	UBS EURO Bond Future Expiring June 2017	(2,660)	
USD	(7) UBS US 10 Year Ultra Future Expiring June 2017	9	–	UBS EURO Buxl 30 Year Future Expiring June 2017	(4,637)	
USD	(22) UBS US Long Bond Future Expiring June 2017	36	0.02	UBS Japan 10 Year Bond Future Expiring March 2017	(16,279)	
<b>Forward Foreign Exchange Contracts –0.96% (–0.23%)</b>				UBS Long Gilt Future Expiring June 2017	3,549	
Sell AUD 2,504,800				UBS US 5 Year Note Future Expiring June 2017	(3,553)	
Buy GBP 1,543,002 UBS				UBS US 10 Year Note Future Expiring June 2017	(7,503)	
Sell USD 2,450,000				UBS US 10 Year Ultra Future Expiring June 2017	(760)	
Buy GBP 1,964,100 Goldman Sachs				UBS US Long Bond Future Expiring June 2017	(2,691)	
Sell AUD 17,000				<b>Total net exposure</b>	<b>(21,690)</b>	
Buy GBP 10,440 J.P. Morgan						
Sell USD 155,000						
Buy GBP 126,958 Bank of Scotland						
Sell USD 29,929,000						
Buy GBP 24,095,677 UBS						
Sell CHF 4,600						
Buy GBP 3,699 Bank of Scotland						
Sell CHF 900,200						
Buy GBP 718,527 Goldman Sachs						
Sell EUR 98,130,000						
Buy GBP 83,310,211 Bank of Scotland						
Sell GBP 2,361,994						
Buy USD 2,900,000 Citigroup						
<b>Total Derivatives</b>						
		<b>(3,865)</b>	<b>(1.57)</b>			
<b>Total value of investments</b>		240,440	97.81			
<b>Net other assets (3.93%)</b>		5,383	2.19			
<b>Net assets</b>		<b>245,823</b>	<b>100.00</b>			

March 2016 comparatives in brackets.

\* Variable rate bonds







## Threadneedle American Fund

### Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
<b>FINANCIALS 19.36% (17.90%) (continued)</b>			
<b>Financial Services 5.80% (8.13%)</b>			
211,185	Athene Holding	8,936	0.41
1,071,390	E*TRADE Financial	30,935	1.43
105,349	Goldman Sachs Group	21,782	1.01
577,268	Synchrony Financial	16,848	0.78
643,421	Visa 'A' Shares	46,970	2.17
	<b>Total Financials</b>	<b>419,370</b>	<b>19.36</b>
<b>TECHNOLOGY 23.71% (18.88%)</b>			
<b>Software &amp; Computer Services 14.16% (11.91%)</b>			
222,350	Adobe Systems	21,915	1.01
135,723	Alphabet Class A	94,340	4.36
576,958	Facebook	65,050	3.00
795,034	Leidos	34,691	1.60
1,723,035	Microsoft	90,863	4.19
<b>Technology Hardware &amp; Equipment 9.55% (6.97%)</b>			
205,147	Analog Devices	14,114	0.65
963,607	Apple	110,146	5.08
216,347	Broadcom	38,686	1.79
341,433	Lam Research	33,150	1.53
232,423	Qualcomm	10,763	0.50
	<b>Total Technology</b>	<b>513,718</b>	<b>23.71</b>
<b>DERIVATIVES 0.00% (0.00%)</b>			
<b>Forward Foreign Exchange Contracts 0.00% (0.00%)</b>			
	Sell USD 2,159		
	Buy EUR 2,038 J.P. Morgan	—	—
	Sell USD 3,810,121		
	Buy EUR 3,621,557 J.P. Morgan	20	—
	Sell USD 542,048		
	Buy EUR 515,222 J.P. Morgan	3	—
	Sell USD 7,874		
	Buy EUR 7,465 J.P. Morgan	—	—
	Sell USD 100		
	Buy EUR 95 J.P. Morgan	—	—
	Sell USD 754,000		
	Buy GBP 614,699 Citigroup	(4)	—
	Sell USD 1,020,000		
	Buy GBP 831,945 Citigroup	(5)	—
	Sell EUR 1,563		
	Buy USD 1,652 J.P. Morgan	—	—
	Sell EUR 16,804		
	Buy USD 17,795 J.P. Morgan	—	—
	Sell EUR 705		
	Buy USD 748 J.P. Morgan	—	—
	<b>Total Derivatives</b>	<b>14</b>	<b>—</b>
<b>Total value of investments</b>		<b>2,114,975</b>	<b>97.63</b>
<b>Net other assets (1.53%)</b>		<b>51,336</b>	<b>2.37</b>
<b>Net assets</b>		<b>2,166,311</b>	<b>100.00</b>

March 2016 comparatives in brackets.



## Threadneedle American Select Fund

### Portfolio Statement

as at 7 March 2017

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
<b>OIL &amp; GAS 7.24% (4.43%)</b>				<b>Pharmaceuticals &amp; Biotechnology 6.59% (7.56%)</b>			
	<b>Oil &amp; Gas Producers 4.61% (2.51%)</b>			116,665	Alexion Pharmaceuticals	12,762	1.02
858,863	Devon Energy	30,958	2.47	146,503	Celgene	14,847	1.18
189,034	EOG Resources	15,523	1.24	165,400	Gilead Sciences	9,514	0.76
374,597	Noble Energy	11,314	0.90	1,312,396	Pfizer	36,989	2.95
	<b>Oil Equipment, Services &amp; Distribution 2.63% (1.92%)</b>			113,669	Vertex Pharmaceuticals	8,478	0.68
746,388	Halliburton	32,942	2.63	<b>Total Health Care</b>		<b>172,770</b>	<b>13.78</b>
	<b>Total Oil &amp; Gas</b>	<b>90,737</b>	<b>7.24</b>	<b>CONSUMER SERVICES 10.95% (11.62%)</b>			
<b>BASIC MATERIALS 3.06% (2.98%)</b>				<b>Food &amp; Drug Retailers 0.00% (1.99%)</b>			
	<b>Chemicals 3.06% (2.98%)</b>			<b>General Retailers 5.85% (4.59%)</b>			
243,528	Albemarle	20,401	1.63	47,558	Amazon.com	33,031	2.63
344,700	Dow Chemical	17,965	1.43	110,719	Costco Wholesale	15,146	1.21
	<b>Total Basic Materials</b>	<b>38,366</b>	<b>3.06</b>	208,587	Home Depot	25,185	2.01
<b>INDUSTRIALS 8.20% (11.14%)</b>				<b>Media 3.01% (3.46%)</b>			
	<b>Aerospace &amp; Defence 3.42% (4.79%)</b>			1,229,058	Comcast	37,747	3.01
194,290	General Dynamics	30,439	2.43	<b>Travel &amp; Leisure 2.09% (1.58%)</b>			
56,900	Lockheed Martin	12,497	0.99	556,075	Southwest Airlines	26,263	2.09
	<b>General Industrials 0.00% (2.01%)</b>			<b>Total Consumer Services</b>		<b>137,372</b>	<b>10.95</b>
	<b>Industrial Engineering 2.15% (1.89%)</b>			<b>TELECOMMUNICATIONS 0.00% (1.28%)</b>			
414,375	Ingersoll-Rand	26,972	2.15	<b>Fixed Line Telecommunications 0.00% (1.28%)</b>			
	<b>Industrial Transportation 1.34% (2.45%)</b>			<b>Total Telecommunications</b>		<b>—</b>	<b>—</b>
166,634	Norfolk Southern	16,806	1.34	<b>UTILITIES 2.11% (2.61%)</b>			
	<b>Support Services 1.29% (0.00%)</b>			<b>Electricity 2.11% (2.61%)</b>			
472,189	Johnson Controls International	16,179	1.29	490,440	PG&E	26,455	2.11
	<b>Total Industrials</b>	<b>102,893</b>	<b>8.20</b>	<b>Total Utilities</b>		<b>26,455</b>	<b>2.11</b>
<b>CONSUMER GOODS 7.34% (11.21%)</b>				<b>FINANCIALS 18.65% (20.09%)</b>			
	<b>Automobiles &amp; Parts 1.11% (1.40%)</b>			<b>Banks 7.32% (5.51%)</b>			
395,282	Magna International	13,904	1.11	1,863,272	Bank of America	38,603	3.08
	<b>Beverages 1.77% (1.58%)</b>			931,895	BB&T	36,871	2.94
246,243	PepsiCo	22,144	1.77	271,194	Comerica	16,295	1.30
	<b>Household Goods &amp; Home Construction 1.24% (1.53%)</b>			<b>Nonlife Insurance 1.65% (2.15%)</b>			
388,452	Newell Brands	15,615	1.24	143,580	Berkshire Hathaway	20,668	1.65
	<b>Leisure Goods 1.31% (0.89%)</b>			<b>Life Insurance 1.27% (0.00%)</b>			
229,621	Electronic Arts	16,416	1.31	361,301	Metlife	15,988	1.27
	<b>Personal Goods 0.64% (4.77%)</b>			<b>Real Estate Investment Trusts 0.00% (1.10%)</b>			
108,739	PVH	8,048	0.64	<b>Financial Services 8.41% (11.33%)</b>			
	<b>Tobacco 1.27% (1.04%)</b>			118,685	Athene Holding	5,022	0.40
256,475	Altria Group	15,903	1.27	718,057	E*TRADE Financial	20,733	1.65
	<b>Total Consumer Goods</b>	<b>92,030</b>	<b>7.34</b>	89,622	Goldman Sachs Group	18,530	1.48
<b>HEALTH CARE 13.78% (13.95%)</b>				798,922	Synchrony Financial	23,317	1.86
	<b>Health Care Equipment &amp; Services 7.19% (6.39%)</b>			518,095	Visa 'A' Shares	37,821	3.02
187,491	Align Technology	15,805	1.26	<b>Total Financials</b>		<b>233,848</b>	<b>18.65</b>
143,335	Cigna	17,989	1.44	<b>TECHNOLOGY 26.60% (19.42%)</b>			
379,362	Medtronic	25,381	2.02	<b>Software &amp; Computer Services 14.53% (10.50%)</b>			
239,598	Thermo Fisher Scientific	31,005	2.47	276,948	Adobe Systems	27,296	2.18
				108,275	Alphabet Class A	75,261	6.00
				147,263	Facebook	16,603	1.32
				259,928	Leidos	11,342	0.91
				980,149	Microsoft	51,688	4.12



## Threadneedle American Select Fund

### Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
<b>TECHNOLOGY 26.60% (19.42%) (continued)</b>			
	<b>Technology Hardware &amp; Equipment 12.07% (8.92%)</b>		
288,688	Analog Devices	19,862	1.58
528,284	Apple	60,386	4.82
143,947	Broadcom	25,740	2.05
721,196	Cisco Systems	20,226	1.61
194,830	Lam Research	18,916	1.51
134,508	Qualcomm	6,229	0.50
	<b>Total Technology</b>	<b>333,549</b>	<b>26.60</b>
<b>DERIVATIVES 0.00% (0.00%)</b>			
	<b>Forward Foreign Exchange Contracts 0.00% (0.00%)</b>		
	Sell USD 17,297		
	Buy CHF 17,484 J.P. Morgan	—	—
	Sell USD 1,327,356		
	Buy EUR 1,261,665 J.P. Morgan	7	—
	Sell USD 15,298		
	Buy EUR 14,554 J.P. Morgan	—	—
	Sell USD 416,196		
	Buy EUR 395,599 J.P. Morgan	2	—
	Sell USD 6,470		
	Buy EUR 6,150 J.P. Morgan	—	—
	Sell USD 357,000		
	Buy GBP 291,045 Citigroup	(2)	—
	Sell USD 445,502		
	Buy GBP 357,424 J.P. Morgan	(8)	—
	Sell USD 548		
	Buy GBP 441 J.P. Morgan	—	—
	Sell USD 715,000		
	Buy GBP 583,177 Citigroup	(3)	—
	Sell GBP 34		
	Buy USD 43 J.P. Morgan	—	—
	Sell GBP 7,886		
	Buy USD 9,844 J.P. Morgan	—	—
	<b>Total Derivatives</b>	<b>(4)</b>	<b>—</b>
<b>Total value of investments</b>		<b>1,228,016</b>	<b>97.93</b>
<b>Net other assets (1.27%)</b>		<b>26,018</b>	<b>2.07</b>
<b>Net assets</b>		<b>1,254,034</b>	<b>100.00</b>

March 2016 comparatives in brackets.



## Threadneedle American Smaller Companies Fund (US)

### Portfolio Statement

as at 7 March 2017

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
<b>OIL &amp; GAS 4.75% (2.16%)</b>				<b>Household Goods &amp; Home Construction 0.00% (3.33%)</b>			
	<b>Oil &amp; Gas Producers 1.45% (1.83%)</b>				<b>Leisure Goods 3.06% (1.08%)</b>		
295,731	Newfield Exploration	8,779	0.94	797,132	Callaway Golf	6,933	0.74
552,170	Whiting Petroleum	4,843	0.51	228,912	Pool Corporation	21,754	2.32
	<b>Oil Equipment, Services &amp; Distribution 3.30% (0.33%)</b>				<b>Total Consumer Goods</b>	<b>91,430</b>	<b>9.76</b>
488,653	Keane Group	6,832	0.73				
913,719	Nabors Industries	11,043	1.18	<b>HEALTH CARE 6.37% (10.14%)</b>			
346,445	Oceaneering International	7,868	0.84		<b>Health Care Equipment &amp; Services 1.45% (6.47%)</b>		
380,056	Superior Energy Services	5,158	0.55	160,932	Align Technology	13,566	1.45
	<b>Total Oil &amp; Gas</b>	<b>44,523</b>	<b>4.75</b>		<b>Pharmaceuticals &amp; Biotechnology 4.92% (3.67%)</b>		
<b>BASIC MATERIALS 4.38% (3.31%)</b>				82,934	Acadia Pharmaceuticals	2,502	0.27
	<b>Chemicals 3.21% (3.31%)</b>			141,843	Aerie Pharmaceuticals	5,656	0.60
386,738	FMC	18,766	2.00	706,926	Catalent	16,810	1.79
279,503	Methanex	11,272	1.21	29,448	Intercept Pharmaceuticals	3,045	0.32
	<b>Industrial Metals &amp; Mining 1.17% (0.00%)</b>			602,023	Pathenon	15,560	1.66
375,174	Steel Dynamics	10,977	1.17	308,103	PTC Therapeutics	2,584	0.28
	<b>Total Basic Materials</b>	<b>41,015</b>	<b>4.38</b>		<b>Total Health Care</b>	<b>59,723</b>	<b>6.37</b>
<b>INDUSTRIALS 20.33% (21.94%)</b>				<b>CONSUMER SERVICES 10.68% (11.25%)</b>			
	<b>Construction &amp; Materials 7.05% (6.75%)</b>				<b>General Retailers 4.27% (5.53%)</b>		
363,268	Granite Construction	15,634	1.67	159,587	Burlington Stores	12,341	1.32
152,956	Installed Building Products	6,175	0.66	562,115	Servicemaster Global Holdings	18,357	1.96
498,442	Louisiana-Pacific	9,586	1.02	124,290	VCA	9,283	0.99
516,992	Summit Materials	10,410	1.11		<b>Travel &amp; Leisure 6.41% (5.72%)</b>		
126,621	Trex Company	7,112	0.76	253,744	Cinemark Holdings	8,730	0.93
139,307	Watsco	17,139	1.83	199,512	Dave & Buster's Entertainment	9,311	1.00
	<b>Aerospace &amp; Defence 0.00% (3.39%)</b>			938,614	Extended Stay America	13,300	1.42
	<b>General Industrials 1.92% (2.79%)</b>			1,195,998	JetBlue Airways	19,038	2.03
207,702	Carlisle	17,957	1.92	51,249	Panera Bread	9,675	1.03
	<b>Electronic &amp; Electrical Equipment 3.41% (2.75%)</b>				<b>Total Consumer Services</b>	<b>100,035</b>	<b>10.68</b>
48,536	Coherent	7,309	0.78				
181,868	PerkinElmer	8,100	0.86	<b>UTILITIES 2.29% (6.39%)</b>			
420,383	Trimble Navigation	10,924	1.17		Electricity 2.29% (6.39%)		
84,359	Universal Display	5,655	0.60	717,805	PNM Resources	21,468	2.29
	<b>Industrial Engineering 4.75% (2.62%)</b>				<b>Total Utilities</b>	<b>21,468</b>	<b>2.29</b>
142,480	Graco	10,910	1.16				
317,909	Kennametal	10,053	1.07	<b>FINANCIALS 23.65% (19.16%)</b>			
619,462	Ritchie Bros Auctioneers	16,163	1.73		<b>Banks 10.13% (5.66%)</b>		
186,547	Xylem	7,427	0.79	1,393,324	Associated Banc-Corp	28,981	3.09
	<b>Industrial Transportation 0.49% (0.00%)</b>			154,383	Great Western Bank	5,684	0.61
78,653	Kirby	4,550	0.49	640,572	Pacwest Bancorp	29,602	3.16
	<b>Support Services 2.71% (3.64%)</b>			823,764	Zions Bancorporation	30,632	3.27
611,688	TransUnion	19,012	2.03		<b>Nonlife Insurance 0.97% (0.99%)</b>		
59,397	United Rentals	6,325	0.68	456,083	National General Holdings	9,056	0.97
	<b>Total Industrials</b>	<b>190,441</b>	<b>20.33</b>		<b>Life Insurance 2.78% (1.35%)</b>		
<b>CONSUMER GOODS 9.76% (12.06%)</b>				303,398	American Equity Investment Life	6,644	0.71
	<b>Automobiles &amp; Parts 1.32% (1.71%)</b>			1,133,361	CNO Financial Group	19,426	2.07
674,620	Valvoline	12,377	1.32		<b>Real Estate Investment Trusts 8.72% (8.40%)</b>		
	<b>Food Producers 5.38% (5.94%)</b>			1,338,333	American Homes 4 Rent	25,498	2.72
357,791	B&G Foods	12,374	1.32	443,121	CubeSmart	9,904	1.06
895,766	Blue Buffalo Pet Products	18,051	1.93	667,613	CyrusOne	27,061	2.89
417,785	Pinnacle Foods	19,941	2.13	566,096	Outfront Media	12,462	1.33
				361,871	Starwood Property Trust	6,764	0.72
					<b>Financial Services 1.05% (2.76%)</b>		
				232,172	Athene Holding	9,824	1.05
					<b>Total Financials</b>	<b>221,538</b>	<b>23.65</b>



## Threadneedle American Smaller Companies Fund (US)

### Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
<b>TECHNOLOGY 15.64% (11.19%)</b>			
<b>Software &amp; Computer Services 11.95% (7.23%)</b>			
119,574	ANSYS	10,354	1.10
573,212	Cadence Design Systems	14,580	1.56
200,263	Criteo ADR	7,845	0.84
656,945	CSRA	15,449	1.65
305,277	Fortinet	9,100	0.97
454,776	Leidos	19,844	2.12
1,034,142	Nuance Communications	14,383	1.54
451,834	PTC	20,376	2.17
18	Verint Systems	1	—
<b>Technology Hardware &amp; Equipment 3.69% (3.96%)</b>			
461,307	Diebold	11,734	1.25
1,092,780	ON Semiconductor	13,665	1.46
169,334	Qorvo	9,227	0.98
<b>Total Technology</b>		<b>146,558</b>	<b>15.64</b>
<b>Total value of investments</b>		<b>916,731</b>	<b>97.85</b>
<b>Net other assets (2.40%)</b>		<b>20,184</b>	<b>2.15</b>
<b>Net assets</b>		<b>936,915</b>	<b>100.00</b>

March 2016 comparatives in brackets.



## Threadneedle Dollar Bond Fund

### Portfolio Statement

as at 7 March 2017

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
<b>FIXED INTEREST 85.68% (85.72%)</b>						<b>BBB+ 13.67% (13.39%)</b>			
		<b>AAA 1.01% (0.00%)</b>			USD	400,000	21st Century Fox America 4.75% 15/11/2046	328	0.39
USD	370,000	Johnson & Johnson 3.625% 03/03/2037	298	0.35	USD	460,000	AT&T 4.3% 15/12/2042	329	0.39
USD	680,000	Microsoft 2.875% 06/02/2024	558	0.66	USD	580,000	BAT International Finance 2.75% 15/06/2020	478	0.57
		<b>Aaa 33.81% (33.35%)</b>			USD	1,150,000	Centrica 4% 16/10/2023	970	1.15
USD	4,044,600	United States Treasury Note/Bond 1.13% 31/05/2019	3,299	3.91	USD	484,000	Credit Suisse 4.55% 17/04/2026	408	0.48
USD	109,200	United States Treasury Note/Bond 1.5% 15/08/2026	82	0.10	USD	1,250,000	Deutsche Annington Finance 5% 02/10/2023	1,072	1.27
USD	2,925,000	United States Treasury Note/Bond 1.625% 30/04/2019	2,413	2.86	USD	750,000	Deutsche Bank 4.25% 14/10/2021	626	0.74
USD	16,920,600	United States Treasury Note/Bond 2% 15/11/2021	13,875	16.43	USD	250,000	Eksportfinans 5.5% 26/06/2017	207	0.25
USD	1,600,000	United States Treasury Note/Bond 2.125% 30/11/2023	1,300	1.54	USD	600,000	ERAC USA Finance 2.6% 01/12/2021	483	0.57
USD	5,661,700	United States Treasury Note/Bond 2.5% 15/02/2046	4,103	4.86	USD	300,000	ERAC USA Finance 4.5% 15/02/2045	236	0.28
USD	3,506,000	United States Treasury Note/Bond 4.25% 15/05/2039	3,473	4.11	USD	500,000	Lockheed Martin 4.5% 15/05/2036	433	0.51
		<b>AA+ 0.00% (0.50%)</b>			USD	409,000	NiSource Finance 4.8% 15/02/2044	352	0.42
		<b>AA 0.77% (0.00%)</b>			USD	1,350,000	Petroleos Mexicanos 4.875% 18/01/2024	1,114	1.32
USD	500,000	Pfizer 3% 15/12/2026	402	0.48	USD	685,000	PPL Capital Funding 3.95% 15/03/2024	580	0.69
USD	300,000	Qatar Government International Bond 3.25% 02/06/2026	241	0.29	USD	370,000	PPL Capital Funding 4.2% 15/06/2022	319	0.38
		<b>AA- 2.18% (3.81%)</b>			USD	845,000	Sempra Energy 3.55% 15/06/2024	698	0.83
USD	640,000	GE Capital International Funding Company 4.418% 15/11/2035	554	0.66	USD	485,000	Southern Copper 4.4% 01/07/2046	388	0.46
USD	400,000	Guardian Life Insurance 4.85% 24/01/2077	322	0.38	USD	627,000	Thomson Reuters 4.3% 23/11/2023	543	0.64
USD	310,000	Japan Tobacco 2% 13/04/2021	248	0.29	USD	920,000	Verizon Communications 4.4% 01/11/2034	714	0.85
USD	400,000	Port Authority of New York & New Jersey 4.458% 01/10/2062	335	0.40	USD	610,000	Welltower 4.25% 01/04/2026	516	0.61
USD	428,000	Teachers Insurance & Annuity Association of America 4.9% 15/09/2044	377	0.45	USD	910,000	Woodside Finance 3.65% 05/03/2025	736	0.87
		<b>A+ 0.85% (0.00%)</b>					<b>BBB 11.81% (11.87%)</b>		
USD	865,000	Loews 3.75% 01/04/2026	721	0.85	USD	1,155,000	APT Pipelines 4.2% 23/03/2025	956	1.13
		<b>A 2.34% (5.05%)</b>			USD	350,000	APT Pipelines 5% 23/03/2035	284	0.34
USD	1,135,000	Five Corners Funding Trust 4.419% 15/11/2023	986	1.17	USD	840,000	BAE Systems 3.8% 07/10/2024	705	0.84
USD	1,200,000	Wells Fargo 3.069% 24/01/2023	986	1.17	USD	150,000	BAE Systems 6.38% 01/06/2019	134	0.16
		<b>A- 7.51% (5.38%)</b>			USD	727,000	Barclays Bank 4.337% 10/01/2028	597	0.71
USD	360,000	Abbvie 3.2% 06/11/2022	296	0.35	USD	600,000	Cenovus Energy 3.8% 15/09/2023	485	0.57
USD	600,000	Anheuser-Busch InBev 3.3% 01/02/2023	499	0.59	USD	550,000	Conagra Brands 3.2% 25/01/2023	451	0.53
USD	1,005,000	Anheuser-Busch InBev 5.375% 15/01/2020	899	1.06	USD	850,000	Discover Bank 3.2% 09/08/2021	705	0.84
USD	390,000	Anheuser-Busch InBev Finance 4.7% 01/02/2036	338	0.40	USD	935,000	DTE Energy 2.4% 01/12/2019	769	0.91
USD	755,000	BAA Funding 4.875% 15/07/2021	660	0.78	USD	960,000	DTE Energy 3.5% 01/06/2024	788	0.93
USD	1,076,000	Comcast 3% 01/02/2024	875	1.04	USD	250,000	FedEx 3.9% 01/02/2035	195	0.23
USD	1,100,000	Experian Finance 2.38% 15/06/2017	905	1.07	USD	300,000	Glencore Finance Canada 4.95% 15/11/2021	265	0.31
USD	300,000	Indiana Michigan 6.05% 15/03/2037	299	0.35	USD	1,120,000	Grupo Bimbo 3.875% 27/06/2024	915	1.08
USD	510,000	SGSP Australia Assets 3.25% 29/07/2026	401	0.47	USD	600,000	Imperial Tobacco Finance 2.05% 11/02/2018	493	0.58
USD	1,450,000	SGSP Australia Assets 3.3% 09/04/2023	1,185	1.40	USD	220,000	LYB International Finance 4.875% 15/03/2044	189	0.22
					USD	900,000	Peachtree Funding 3.976% 15/02/2025	732	0.87
					USD	500,000	Regions Financial 3.2% 08/02/2021	416	0.49
					USD	1,095,000	Scripps Networks 2.8% 15/06/2020	906	1.07
							<b>BBB- 6.89% (6.45%)</b>		
					USD	325,000	Barrick Gold 5.25% 01/04/2042	284	0.34
					USD	1,072,000	Kansas City Southern Railway 3.85% 15/11/2023	889	1.05
					USD	400,000	Kinder Morgan Energy Partners 3.05% 01/12/2019	333	0.39
					USD	470,000	Kinder Morgan Energy Partners 5% 01/03/2043	371	0.44
					USD	190,000	L-3 Communications 3.85% 15/12/2026	157	0.19
					USD	595,000	L-3 Communications 3.95% 28/05/2024	498	0.59
					USD	900,000	Lloyds Banking Group 4.852% 10/12/2025	752	0.89
					USD	375,000	Molson Coors Brewing 5% 01/05/2042	321	0.38



## Threadneedle Dollar Bond Fund

### Portfolio Statement

(continued)

			Value £000	% of Net Asset Value				Value £000	% of Net Asset Value
	Holding	Investment				Holding	Investment		
FIXED INTEREST 85.68% (85.72%) (continued)					Forward Foreign Exchange Contracts 0.00% (0.00%)				
USD	1,430,000	Plains All American Pipeline 4.65% 15/10/2025	1,213	1.44			Sell USD 32,000		
USD	370,000	TransAlta 1.9% 03/06/2017	304	0.36			Buy GBP 26,088 Citigroup	—	—
USD	430,000	Transcontinental Gas Pipe Line 7.85% 01/02/2026	450	0.53			Sell USD 67,800	(1)	—
USD	290,000	Vale Overseas 4.375% 11/01/2022	244	0.29			Buy GBP 55,239 Citigroup		
							Total Derivatives	110	0.13
		Baa3 0.00% (1.23%)					Total value of investments	75,971	89.97
		BB+ 0.77% (2.95%)					Net other assets (10.93%)	8,466	10.03
							Net assets	84,437	100.00
USD	300,000	Indonesia Government International Bond 3.375% 15/04/2023	245	0.29	March 2016 comparatives in brackets.				
USD	485,000	Tesco 5.5% 15/11/2017	407	0.48	*Variable rate bonds.				
		Ba1 0.00% (0.54%)			ANALYSIS OF INVESTMENTS BY ASSET CLASS				
		BB 0.00% (0.82%)						Value £000	% of Investment
		BB- 0.35% (0.00%)				Fixed interest		72,350	95.23
USD	175,000	Noble Holding International 6.95% 01/04/2045	134	0.16		Floating rate notes		3,511	4.62
USD	200,000	Noble Holdings 2.5% 15/03/2017	164	0.19		Derivatives		110	0.15
		B+ 0.34% (0.38%)				Total value of investments		75,971	100.00
USD	340,000	Numericable-SFR 6% 15/05/2022	287	0.34	ANALYSIS OF UNDERLYING EXPOSURE FUTURES AND OPTIONS				
		Not Rated 3.38% (0.00%)						Value £000	
USD	3,500,000	United States Treasury Note/Bond 1.875% 28/02/2022	2,852	3.38		UBS US 10 Year Note Future Expiring June 2017		(8,618)	
		Total Fixed Interest	72,350	85.68		UBS US 10 Year Ultra Future Expiring June 2017		435	
						UBS US Long Bond Future Expiring June 2017		(3,058)	
						UBS US Ultra Bond Future Expiring June 2017		(908)	
						Total net exposure		(12,149)	
FLOATING RATE NOTES 4.16% (2.97%)									
		A- 0.64% (0.41%)							
USD	650,000	*JPMorgan Chase 3.782% 01/02/2028	536	0.64					
		A 1.07% (0.00%)							
USD	1,100,000	*HSBC Holdings 4.041% 13/03/2028	903	1.07					
		BBB+ 0.94% (0.36%)							
USD	348,000	*BG Energy Capital 6.5% 30/11/2072 USD	294	0.35					
USD	600,000	*ING Bank 4.125% 21/11/2023	501	0.59					
		BBB 1.11% (1.73%)							
USD	1,150,000	*Swedish Export 2.88% 14/11/2023	938	1.11					
		BB 0.00% (0.23%)							
		B 0.40% (0.24%)							
USD	392,000	*Royal Bank of Scotland 8.625% 29/12/2049	339	0.40					
		Total Floating Rate Notes	3,511	4.16					
DERIVATIVES 0.13% (0.38%)									
		Futures and Options 0.13% (0.38%)							
USD	(85)	UBS US 10 Year Note Future Expiring June 2017	80	0.09					
USD	4	UBS US 10 Year Ultra Future Expiring June 2017	(5)	(0.01)					
USD	(25)	UBS US Long Bond Future Expiring June 2017	30	0.04					
USD	(7)	UBS US Ultra Bond Future Expiring June 2017	6	0.01					



## Threadneedle Japan Fund

### Portfolio Statement

as at 7 March 2017

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
<b>BASIC MATERIALS 5.06% (4.12%)</b>				<b>HEALTH CARE 3.42% (4.82%)</b>			
	<b>Chemicals 3.79% (3.44%)</b>				<b>Pharmaceuticals &amp; Biotechnology 3.42% (4.82%)</b>		
149,700	Nitto Denko	9,994	2.22	699,600	Astellas Pharma	7,774	1.73
691,600	Taiyo Nippon Sanso	7,058	1.57	396,200	Kyowa Hakko Kirin	4,919	1.10
				29,000	Sosei Group	2,659	0.59
	<b>Industrial Metals &amp; Mining 1.27% (0.68%)</b>				<b>Total Health Care</b>	<b>15,352</b>	<b>3.42</b>
275,100	Nippon Steel & Sumitomo Metal	5,691	1.27				
	<b>Total Basic Materials</b>	<b>22,743</b>	<b>5.06</b>				
<b>INDUSTRIALS 26.04% (22.47%)</b>				<b>CONSUMER SERVICES 6.57% (14.36%)</b>			
	<b>Construction &amp; Materials 3.90% (3.56%)</b>				<b>Food &amp; Drug Retailers 0.97% (0.00%)</b>		
1,287,000	Maeda	9,556	2.13	57,600	Tsuruha Holdings	4,339	0.97
2,026,300	Penta-Ocean Construction	7,968	1.77		<b>General Retailers 2.59% (5.15%)</b>		
				203,500	Don Quijote Holdings	5,635	1.25
	<b>General Industrials 0.00% (1.40%)</b>			482,200	J Front Retailing	6,018	1.34
	<b>Electronic &amp; Electrical Equipment 8.70% (7.68%)</b>				<b>Media 0.94% (2.27%)</b>		
456,900	Alps Electric	11,073	2.47	94,800	Dentsu	4,213	0.94
100,300	Horiba	4,601	1.02		<b>Travel &amp; Leisure 2.07% (6.94%)</b>		
191,800	Hoya	7,226	1.61	175,200	Resorttrust	2,595	0.58
35,100	Keyence	11,211	2.50	1,131,000	Tokyu	6,712	1.49
64,700	Nidec	4,932	1.10		<b>Total Consumer Services</b>	<b>29,512</b>	<b>6.57</b>
	<b>Industrial Engineering 8.92% (8.32%)</b>						
80,300	Daikin Industries	6,307	1.40		<b>TELECOMMUNICATIONS 4.35% (0.00%)</b>		
374,100	Ebara	9,632	2.14		<b>Mobile Telecommunications 4.35% (0.00%)</b>		
674,200	Kubota	8,779	1.95	313,400	KDDI	6,737	1.50
154,400	OSG	2,668	0.59	210,000	SoftBank	12,815	2.85
733,900	Tadano	7,992	1.78		<b>Total Telecommunications</b>	<b>19,552</b>	<b>4.35</b>
339,000	Tsubaki Nakashima	4,780	1.06				
	<b>Support Services 4.52% (1.51%)</b>				<b>UTILITIES 1.62% (1.18%)</b>		
1,584,000	Hanwa	9,343	2.08		<b>Electricity 1.62% (1.18%)</b>		
599,600	Mitsubishi	10,942	2.44	382,400	Electric Power Development	7,306	1.62
	<b>Total Industrials</b>	<b>117,010</b>	<b>26.04</b>		<b>Total Utilities</b>	<b>7,306</b>	<b>1.62</b>
<b>CONSUMER GOODS 21.31% (19.59%)</b>					<b>FINANCIALS 20.99% (20.63%)</b>		
	<b>Automobiles &amp; Parts 8.99% (6.55%)</b>				<b>Banks 8.81% (5.92%)</b>		
323,400	Bridgestone	10,474	2.33	2,095,000	Chiba Bank	11,889	2.65
156,600	Fuji Heavy Industries	4,930	1.10	1,528,000	Fukuoka Financial Group	5,722	1.27
206,100	Koito Manufacturing	8,728	1.94	4,044,000	Mitsubishi UFJ Financial Group	21,980	4.89
211,500	Suzuki Motor	6,917	1.54		<b>Life Insurance 4.26% (3.52%)</b>		
201,900	Toyota Motor	9,341	2.08	189,200	Anicom Holdings	3,017	0.67
	<b>Beverages 1.38% (2.15%)</b>			635,600	Dai-ichi Life Insurance	10,169	2.26
180,600	Suntory Beverage & Food	6,204	1.38	568,000	Japan Post Holdings	5,977	1.33
	<b>Food Producers 1.52% (0.00%)</b>				<b>Real Estate Investment &amp; Services 3.94% (3.01%)</b>		
104,700	Meiji Holdings	6,824	1.52	501,000	Mitsubishi Estate	7,900	1.76
	<b>Household Goods &amp; Home Construction 2.39% (1.84%)</b>			439,700	Nomura Real Estate Holdings	6,039	1.34
784,700	Sekisui Chemical	10,721	2.39	31,300	Relo Group	3,783	0.84
	<b>Leisure Goods 5.18% (6.30%)</b>				<b>Real Estate Investment Trusts 0.00% (2.54%)</b>		
803,200	Casio Computer	9,070	2.02		<b>Financial Services 3.98% (5.64%)</b>		
26,600	Nintendo	4,729	1.05	1,617,000	Daiwa Securities Group	8,473	1.89
13,800	Shimano	1,695	0.38	1,494,000	Monex Group	3,271	0.73
307,000	Sony	7,785	1.73	483,000	Orix	6,094	1.36
	<b>Personal Goods 1.85% (2.75%)</b>				<b>Total Financials</b>	<b>94,314</b>	<b>20.99</b>
112,200	KOSE	8,331	1.85				
	<b>Total Consumer Goods</b>	<b>95,749</b>	<b>21.31</b>				



## Threadneedle Japan Fund

### Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
<b>TECHNOLOGY 9.91% (12.72%)</b>			
<b>Software &amp; Computer Services 3.73% (6.89%)</b>			
481,000	Capcom	8,064	1.79
395,100	Itochu Techno-Solutions	8,721	1.94
<b>Technology Hardware &amp; Equipment 6.18% (5.83%)</b>			
227,400	Hitachi High-Technologies	7,812	1.74
325,700	Lasertec	6,819	1.52
90,200	Rohm	4,846	1.08
455,300	Seiko Epson	8,286	1.84
	<b>Total Technology</b>	<b>44,548</b>	<b>9.91</b>
<b>DERIVATIVES 0.00% (0.00%)</b>			
<b>Forward Foreign Exchange Contracts 0.00% (0.00%)</b>			
	Sell GBP 312,458		
	Buy JPY 43,855,000 Citigroup	3	—
	<b>Total Derivatives</b>	<b>3</b>	<b>—</b>
<b>Total value of investments</b>		<b>446,089</b>	<b>99.27</b>
<b>Net other assets (0.11%)</b>		<b>3,291</b>	<b>0.73</b>
<b>Net assets</b>		<b>449,380</b>	<b>100.00</b>

March 2016 comparatives in brackets.



## Threadneedle Asia Fund

### Portfolio Statement

as at 7 March 2017

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
<b>AUSTRALIA 17.43% (19.04%)</b>				<b>Software &amp; Computer Services 5.31% (4.61%)</b>			
	<b>Mining 4.51% (1.84%)</b>			22,034	Baidu ADR	3,132	0.56
825,940	BHP Billiton (AUD)	13,129	2.36	1,183,180	Tencent Holdings	26,481	4.75
313,953	Rio Tinto (AUD)	11,987	2.15	<b>Total Cayman Islands</b>			
	<b>General Industrials 1.23% (0.99%)</b>					<b>66,687</b>	<b>11.97</b>
472,728	Amcor	4,193	0.75	<b>CHINA 9.08% (6.80%)</b>			
460,663	Brambles	2,676	0.48		<b>Oil &amp; Gas Producers 1.83% (0.92%)</b>		
	<b>Industrial Transportation 0.90% (0.83%)</b>			9,220,488	China Petroleum & Chemical	5,865	1.05
723,778	Transurban	4,999	0.90	6,996,000	PetroChina	4,362	0.78
	<b>Support Services 1.11% (1.23%)</b>				<b>Construction &amp; Materials 1.17% (0.01%)</b>		
875,110	Link Administration Holdings	4,015	0.72	2,327,000	Anhui Conch Cement	6,516	1.17
4,548,711	Spotless Group Holdings	2,169	0.39		<b>Industrial Engineering 0.00% (0.61%)</b>		
	<b>Health Care Equipment &amp; Services 0.00% (0.98%)</b>				<b>Industrial Transportation 0.00% (0.35%)</b>		
	<b>Pharmaceuticals &amp; Biotechnology 1.42% (1.70%)</b>				<b>Banks 3.93% (2.48%)</b>		
105,469	CSL	7,921	1.42	16,719,000	Bank of China	6,749	1.21
	<b>Travel &amp; Leisure 0.52% (0.14%)</b>			18,526,524	China Construction Bank	12,079	2.17
82,995	Domino's Pizza Enterprises	2,877	0.52	5,807,551	Industrial & Commercial Bank of China	3,050	0.55
	<b>Fixed Line Telecommunications 0.00% (0.71%)</b>				<b>Nonlife Insurance 0.00% (0.51%)</b>		
	<b>Banks 5.57% (5.68%)</b>				<b>Life Insurance 2.15% (1.62%)</b>		
632,744	Australia & New Zealand Banking Group	12,353	2.22	2,718,272	Ping An Insurance Group of China	11,978	2.15
144,588	Commonwealth Bank of Australia	7,512	1.35		<b>Financial Services 0.00% (0.30%)</b>		
520,593	Westpac Banking	11,134	2.00		<b>Total China</b>	<b>50,599</b>	<b>9.08</b>
	<b>Nonlife Insurance 0.00% (0.85%)</b>			<b>HONG KONG 11.02% (11.58%)</b>			
	<b>Life Insurance 0.00% (0.65%)</b>				<b>Oil &amp; Gas Producers 0.87% (0.77%)</b>		
	<b>Real Estate Investment &amp; Services 0.89% (1.11%)</b>			5,061,760	CNOOC	4,867	0.87
534,228	Lend Lease Group	4,985	0.89		<b>Industrial Metals &amp; Mining 0.00% (0.30%)</b>		
	<b>Real Estate Investment Trusts 0.00% (0.40%)</b>				<b>Automobiles &amp; Parts 0.43% (0.00%)</b>		
	<b>Financial Services 1.28% (1.93%)</b>			876,000	Mint Group	2,384	0.43
131,700	Macquarie Group	7,142	1.28		<b>Household Goods &amp; Home Construction 0.77% (0.00%)</b>		
	<b>Total Australia</b>	<b>97,092</b>	<b>17.43</b>	1,388,000	Techtronic Industries	4,261	0.77
<b>CAYMAN ISLANDS 11.97% (10.05%)</b>					<b>Personal Goods 0.00% (0.67%)</b>		
	<b>General Industrials 0.79% (2.40%)</b>				<b>Pharmaceuticals &amp; Biotechnology 0.31% (0.00%)</b>		
430,873	CK Hutchison Holdings	4,369	0.79	1,690,000	CSPC Pharmaceutical Group	1,697	0.31
	<b>Food Producers 0.00% (0.56%)</b>				<b>Travel &amp; Leisure 0.61% (0.00%)</b>		
	<b>Personal Goods 0.77% (0.00%)</b>			841,000	Galaxy Entertainment Group	3,417	0.61
1,679,000	Anta Sports Products	4,267	0.77		<b>Mobile Telecommunications 1.21% (2.76%)</b>		
	<b>General Retailers 3.78% (1.20%)</b>			751,000	China Mobile	6,749	1.21
236,547	Alibaba Group ADR	19,853	3.56		<b>Gas, Water &amp; Multiutilities 0.63% (0.63%)</b>		
1,571,000	Chow TAI Food Jewellery Group	1,217	0.22	3,090,468	Guangdong Investment	3,533	0.63
	<b>Travel &amp; Leisure 0.60% (0.00%)</b>				<b>Banks 1.65% (1.01%)</b>		
954,000	Sands China	3,357	0.60	2,794,000	BOC Hong Kong Holdings	9,167	1.65
	<b>Real Estate Investment &amp; Services 0.72% (1.28%)</b>				<b>Life Insurance 3.60% (3.65%)</b>		
742,873	Cheung Kong Property Holding	4,011	0.72	3,864,916	AIA Group	20,053	3.60



## Threadneedle Asia Fund

### Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
<b>HONG KONG 11.02% (11.58%) (continued)</b>				<b>Household Goods &amp; Home Construction 0.83% (0.97%)</b>			
	<b>Real Estate Investment &amp; Services 0.94% (1.13%)</b>			1,862,670	Samsonite International	4,606	0.83
2,088,521	China Overseas Land & Investment	5,253	0.94	<b>Total Luxembourg</b>			
	<b>Financial Services 0.00% (0.66%)</b>					<b>12,563</b>	<b>2.26</b>
	<b>Total Hong Kong</b>	<b>61,381</b>	<b>11.02</b>	<b>MALAYSIA 0.44% (1.37%)</b>			
<b>INDIA 7.04% (7.87%)</b>				<b>Construction &amp; Materials 0.00% (0.75%)</b>			
	<b>Oil &amp; Gas Producers 0.95% (0.00%)</b>			<b>Health Care Equipment &amp; Services 0.44% (0.62%)</b>			
329,341	Reliance Industries	5,294	0.95	2,233,600	IHH Healthcare	2,464	0.44
	<b>Construction &amp; Materials 1.78% (1.69%)</b>			<b>Total Malaysia</b>			
277,709	Asian Paints	3,495	0.63			<b>2,464</b>	<b>0.44</b>
204,547	Larsen & Toubro	3,738	0.67	<b>PAKISTAN 0.51% (0.39%)</b>			
56,821	Ultratech Cement	2,661	0.48	<b>Banks 0.51% (0.39%)</b>			
	<b>Industrial Engineering 0.74% (0.00%)</b>			1,274,500	Habib Bank	2,838	0.51
14,456	Eicher Motors	4,122	0.74	<b>Total Pakistan</b>			
	<b>Automobiles &amp; Parts 0.72% (0.66%)</b>					<b>2,838</b>	<b>0.51</b>
55,086	Maruti Suzuki India	3,990	0.72	<b>PHILIPPINES 1.21% (3.13%)</b>			
	<b>Personal Goods 0.00% (0.62%)</b>			<b>General Industrials 0.00% (0.66%)</b>			
	<b>Pharmaceuticals &amp; Biotechnology 0.00% (0.92%)</b>			<b>Food Producers 0.00% (0.76%)</b>			
	<b>Banks 2.85% (2.63%)</b>			<b>Travel &amp; Leisure 0.30% (0.43%)</b>			
583,271	HDFC Bank	10,223	1.83	537,900	Jollibee Foods	1,711	0.30
844,621	ICICI Bank ADR	5,704	1.02	<b>Gas, Water &amp; Multiutilities 0.35% (0.00%)</b>			
	<b>Software &amp; Computer Services 0.00% (1.35%)</b>			17,546,500	Metro Pacific Investments	1,938	0.35
	<b>Total India</b>	<b>39,227</b>	<b>7.04</b>	<b>Banks 0.56% (0.65%)</b>			
<b>INDONESIA 3.46% (5.50%)</b>				2,355,289	Metropolitan Bank & Trust	3,109	0.56
	<b>Automobiles &amp; Parts 0.76% (1.17%)</b>			<b>Real Estate Investment &amp; Services 0.00% (0.63%)</b>			
8,106,400	Astra International	4,236	0.76	<b>Total Philippines</b>			
	<b>Health Care Equipment &amp; Services 0.00% (0.26%)</b>					<b>6,758</b>	<b>1.21</b>
	<b>General Retailers 0.49% (0.72%)</b>			<b>REPUBLIC OF IRELAND 0.47% (0.98%)</b>			
3,359,200	Matahari Department Store	2,726	0.49	<b>Construction &amp; Materials 0.47% (0.98%)</b>			
	<b>Media 0.00% (0.29%)</b>			209,951	James Hardie Industries	2,599	0.47
	<b>Fixed Line Telecommunications 1.23% (0.98%)</b>			<b>Total Republic of Ireland</b>			
28,479,900	Telekomunikasi Indonesia	6,845	1.23			<b>2,599</b>	<b>0.47</b>
	<b>Banks 0.98% (2.08%)</b>			<b>SINGAPORE 1.28% (1.73%)</b>			
7,404,200	Bank Rakyat Indonesia	5,451	0.98	<b>Banks 0.57% (1.73%)</b>			
	<b>Total Indonesia</b>	<b>19,258</b>	<b>3.46</b>	283,412	DBS Group Holdings	3,144	0.57
<b>LUXEMBOURG 2.26% (0.97%)</b>				<b>Real Estate Investment Trusts 0.71% (0.00%)</b>			
	<b>Electronic &amp; Electrical Equipment 0.50% (0.00%)</b>			5,885,300	Keppel DC REIT IPO	3,954	0.71
809,507	JP Morgan Structured Notes Warrant (Hangzhou Hikvision Digital Technology) 16/04/2020	2,792	0.50	<b>Total Singapore</b>			
	<b>Beverages 0.48% (0.00%)</b>					<b>7,098</b>	<b>1.28</b>
60,632	JP Morgan Structured Note Warrant (Kweichow Moutai) 10/07/2020	2,645	0.48	<b>SOUTH KOREA 15.57% (11.34%)</b>			
	<b>Food Producers 0.45% (0.00%)</b>			<b>Chemicals 2.14% (2.29%)</b>			
1,160,000	JP Morgan Structured Notes Warrant (Inner Mongolia) 24/10/2019	2,520	0.45	26,314	LG Chemicals	5,218	0.94
				25,162	Lotte Chemical	6,701	1.20
				<b>Industrial Metals &amp; Mining 1.25% (0.00%)</b>			
				33,870	POSCO	6,983	1.25
				<b>Construction &amp; Materials 0.00% (0.50%)</b>			
				<b>Electronic &amp; Electrical Equipment 0.86% (0.00%)</b>			
				22,751	LG Innotek	2,012	0.36
				30,991	Samsung SDI	2,773	0.50
				<b>Industrial Engineering 0.53% (0.00%)</b>			
				112,373	Doosan Bobcat	2,952	0.53



## Threadneedle Asia Fund

### Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
<b>SOUTH KOREA 15.57% (11.34%) (continued)</b>				<b>THAILAND 1.18% (3.11%)</b>			
	<b>Automobiles &amp; Parts 0.00% (0.46%)</b>				<b>Oil &amp; Gas Producers 0.58% (1.08%)</b>		
	<b>Household Goods &amp; Home Construction 0.40% (0.00%)</b>			358,600	PTT	3,262	0.58
34,401	Coway	2,224	0.40		<b>Construction &amp; Materials 0.00% (0.60%)</b>		
	<b>Leisure Goods 7.03% (3.42%)</b>				<b>Industrial Transportation 0.00% (0.70%)</b>		
9,745	NCSOFT	1,908	0.34		<b>Banks 0.60% (0.73%)</b>		
25,904	Samsung Electronics	37,257	6.69	741,732	Kasikornbank	3,331	0.60
	<b>Personal Goods 0.00% (0.80%)</b>				<b>Total Thailand</b>	<b>6,593</b>	<b>1.18</b>
	<b>Mobile Telecommunications 0.00% (0.22%)</b>						
	<b>Electricity 0.00% (1.30%)</b>			<b>UNITED KINGDOM 4.49% (3.87%)</b>			
	<b>Banks 1.45% (1.09%)</b>				<b>Collective Investment Schemes 4.49% (3.87%)</b>		
165,099	Hana Financial Group	4,255	0.76	8,195,109	Threadneedle China Opportunities Fund	25,022	4.49
114,570	Shinhan Financial Group	3,851	0.69		<b>Total United Kingdom</b>	<b>25,022</b>	<b>4.49</b>
	<b>Life Insurance 0.67% (0.73%)</b>						
48,394	Samsung Life Insurance	3,742	0.67	<b>DERIVATIVES 0.00% (0.00%)</b>			
	<b>Software &amp; Computer Services 1.24% (0.00%)</b>				<b>Forward Foreign Exchange Contracts 0.00% (0.00%)</b>		
12,030	NAVER	6,881	1.24		Sell USD 155,000		
	<b>Technology Hardware &amp; Equipment 0.00% (0.53%)</b>				Buy GBP 126,364 Citigroup	(1)	—
	<b>Total South Korea</b>	<b>86,757</b>	<b>15.57</b>		<b>Total Derivatives</b>	<b>(1)</b>	<b>—</b>
<b>TAIWAN 11.14% (11.15%)</b>				<b>Total value of investments</b>			
	<b>Chemicals 0.82% (0.97%)</b>					<b>548,981</b>	<b>98.55</b>
1,886,000	Formosa Plastics	4,555	0.82	<b>Net other assets (1.12%)</b>			
	<b>Electronic &amp; Electrical Equipment 2.33% (0.00%)</b>					<b>8,066</b>	<b>1.45</b>
1,637,000	Chroma Ate	4,123	0.74	<b>Net assets</b>			
3,682,000	Hon Hai Precision Industry	8,843	1.59			<b>557,047</b>	<b>100.00</b>
	<b>Industrial Engineering 0.00% (0.94%)</b>						
	<b>Leisure Goods 0.85% (0.83%)</b>						
40,000	Largan Precision	4,719	0.85				
	<b>Personal Goods 0.00% (0.59%)</b>						
	<b>Food &amp; Drug Retailers 0.00% (0.60%)</b>						
	<b>Mobile Telecommunications 0.00% (0.58%)</b>						
	<b>Banks 0.81% (0.96%)</b>						
9,333,678	E.Sun Financial	4,526	0.81				
	<b>Life Insurance 1.31% (0.00%)</b>						
2,105,000	Cathay Financial Holdings	2,738	0.49				
3,385,000	Fubon Financial Holding	4,542	0.82				
	<b>Technology Hardware &amp; Equipment 5.02% (5.68%)</b>						
3,843,000	King Yuan Electronics	2,813	0.50				
5,124,408	Taiwan Semiconductor Manufacturing	25,187	4.52				
	<b>Total Taiwan</b>	<b>62,046</b>	<b>11.14</b>				



## Threadneedle Latin America Fund

### Portfolio Statement

as at 7 March 2017

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
<b>ARGENTINA 0.70% (0.48%)</b>				<b>Real Estate Investment &amp; Services 2.35% (1.13%)</b>			
	<b>Oil &amp; Gas Producers 0.70% (0.27%)</b>			1,318,800	BR Malls Participacoes	5,102	1.04
192,885	YPF	3,461	0.70	780,300	Iguatemi Empresa de Shopping Centers	6,433	1.31
	<b>Electricity 0.00% (0.21%)</b>				<b>Financial Services 5.28% (8.80%)</b>		
	<b>Total Argentina</b>	<b>3,461</b>	<b>0.70</b>	2,340,000	BM&FBovespa	11,465	2.34
<b>BERMUDA 2.11% (1.95%)</b>				544,200	Cielo	3,947	0.80
	<b>Banks 2.11% (1.95%)</b>			3,955,743	Itausa – Investimentos Itau	10,438	2.13
76,050	Credicorp	10,340	2.11	64,819	Itausa P-Rights	67	0.01
	<b>Total Bermuda</b>	<b>10,340</b>	<b>2.11</b>		<b>Software &amp; Computer Services 0.00% (0.93%)</b>		
<b>BRAZIL 56.41% (44.33%)</b>				<b>Total Brazil</b>	<b>276,816</b>	<b>56.41</b>	
	<b>Oil &amp; Gas Producers 6.39% (2.17%)</b>			<b>CHILE 2.93% (2.82%)</b>			
3,676,300	Petroleo Brasileiro	15,245	3.11		<b>General Retailers 2.93% (2.82%)</b>		
2,055,377	Petroleo Brasileiro ADR	16,123	3.28	2,175,907	S.A.C.I. Falabella	14,391	2.93
	<b>Industrial Metals &amp; Mining 0.80% (0.00%)</b>				<b>Total Chile</b>	<b>14,391</b>	<b>2.93</b>
1,149,800	Gerdau Preference Share	3,954	0.80	<b>COLOMBIA 1.77% (1.24%)</b>			
	<b>Mining 4.38% (1.44%)</b>				<b>Banks 1.77% (1.24%)</b>		
274,100	Vale	2,236	0.45	286,304	Bancolombia ADR	8,675	1.77
2,511,462	Vale ADR	19,288	3.93		<b>Total Colombia</b>	<b>8,675</b>	<b>1.77</b>
	<b>General Industrials 1.46% (0.00%)</b>			<b>LUXEMBOURG 1.38% (0.42%)</b>			
1,802,800	Klabin	7,145	1.46		<b>Food Producers 1.38% (0.42%)</b>		
	<b>Industrial Transportation 0.83% (0.75%)</b>			712,828	Adecoagro	6,790	1.38
862,000	CCR	4,070	0.83		<b>Total Luxembourg</b>	<b>6,790</b>	<b>1.38</b>
	<b>Support Services 0.74% (0.90%)</b>			<b>MEXICO 26.37% (39.38%)</b>			
538,200	Valid Solucoes	3,612	0.74		<b>Chemicals 0.00% (1.36%)</b>		
	<b>Beverages 5.63% (6.98%)</b>				<b>Industrial Metals &amp; Mining 3.24% (2.68%)</b>		
6,177,543	Ambev ADR	27,625	5.63	6,087,421	Grupo Mexico	15,874	3.24
	<b>Food Producers 2.60% (3.86%)</b>				<b>Construction &amp; Materials 4.11% (2.11%)</b>		
615,800	BRF	6,558	1.34	1,592,659	Cemex ADR	11,800	2.41
870,700	Hypermarcas	6,200	1.26	1,059,595	Promotora y Operadora de Infraestructura	8,339	1.70
	<b>Personal Goods 0.71% (0.47%)</b>				<b>General Industrials 1.34% (3.08%)</b>		
1,093,300	Alpargatas	3,478	0.71	6,021,800	Alfa	6,587	1.34
	<b>General Retailers 0.00% (1.19%)</b>				<b>Industrial Transportation 0.00% (0.59%)</b>		
	<b>Fixed Line Telecommunications 2.85% (1.92%)</b>				<b>Automobiles &amp; Parts 0.00% (1.02%)</b>		
1,156,100	Telefonica Brasil	13,985	2.85		<b>Beverages 4.07% (6.56%)</b>		
	<b>Mobile Telecommunications 1.18% (0.44%)</b>			284,926	Fomento Economico Mexicano ADR	19,972	4.07
1,309,380	Linx	5,783	1.18		<b>Food Producers 0.00% (1.39%)</b>		
	<b>Electricity 4.84% (1.10%)</b>				<b>General Retailers 2.82% (4.53%)</b>		
1,178,600	AES Tiete Energia	4,847	0.99	8,310,394	Wal-Mart de Mexico	13,840	2.82
864,190	CPFL	5,778	1.18		<b>Media 2.18% (4.17%)</b>		
709,100	Energisa	4,333	0.88	503,282	Grupo Televisa ADR	10,720	2.18
1,467,200	Transmissora Alianca de Energia Eletrica	8,782	1.79		<b>Mobile Telecommunications 3.09% (3.41%)</b>		
	<b>Banks 14.78% (9.86%)</b>			1,379,356	America Movil ADR	15,155	3.09
4,304,117	Banco Bradesco	37,683	7.68		<b>Gas, Water &amp; Multiutilities 0.94% (0.00%)</b>		
3,337,602	Itau Unibanco ADR	34,834	7.10	1,273,000	Infraestructura Energetica Nova	4,633	0.94
	<b>Nonlife Insurance 1.59% (2.39%)</b>						
1,017,000	BB Seguridade Participacoes	7,805	1.59				



## Threadneedle Latin America Fund

### Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
<b>MEXICO 26.37% (39.38%) (continued)</b>			
	<b>Banks 4.12% (5.96%)</b>		
4,814,700	Grupo Financiero Banorte	20,216	4.12
	<b>Real Estate Investment &amp; Services 0.00% (0.36%)</b>		
	<b>Real Estate Investment Trusts 0.00% (1.42%)</b>		
	<b>Financial Services 0.46% (0.74%)</b>		
1,899,400	Bolsa Mexicana de Valores	2,271	0.46
	<b>Total Mexico</b>	<b>129,407</b>	<b>26.37</b>
<b>UNITED KINGDOM 0.16% (0.33%)</b>			
	<b>Oil &amp; Gas Producers 0.16% (0.33%)</b>		
3,500,000	<sup>†</sup> Amerisur Resources	770	0.16
	<b>Total United Kingdom</b>	<b>770</b>	<b>0.16</b>
<b>UNITED STATES OF AMERICA 3.39% (4.05%)</b>			
	<b>Industrial Metals &amp; Mining 0.00% (0.58%)</b>		
	<b>Banks 2.71% (2.37%)</b>		
713,825	BCO Santander Chile ADR	13,278	2.71
	<b>Financial Services 0.68% (1.10%)</b>		
533,801	Grupo Aval Acciones y Valores	3,359	0.68
	<b>Total United States of America</b>	<b>16,637</b>	<b>3.39</b>
<b>Total value of investments</b>		<b>467,287</b>	<b>95.22</b>
<b>Net other assets (5.00%)</b>		<b>23,468</b>	<b>4.78</b>
<b>Net assets</b>		<b>490,755</b>	<b>100.00</b>

March 2016 comparatives in brackets.

<sup>†</sup>Alternative Investment Market.



## Threadneedle Emerging Market Bond Fund

### Portfolio Statement

as at 7 March 2017

			Value £000	% of Net Asset Value				Value £000	% of Net Asset Value
Holding	Investment				Holding	Investment			
<b>ANGOLA 0.50% (0.49%)</b>					<b>COLOMBIA 1.99% (3.97%)</b>				
	<b>B1 0.50% (0.00%)</b>					<b>BBB 1.99% (3.45%)</b>			
USD	1,510,000	Republic of Angola 9.5% 12/11/2025	1,261	0.50	COP	3,351,000,000	Colombia Government International Bond 9.85% 28/06/2027	1,135	0.45
	<b>Ba2 0.00% (0.49%)</b>				USD	2,360,000	Ecopetrol 5.375% 26/06/2026	1,976	0.79
	<b>Total Angola</b>		<b>1,261</b>	<b>0.50</b>	USD	2,540,000	Ecopetrol 5.875% 28/05/2045	1,864	0.75
<b>ARGENTINA 7.67% (2.41%)</b>						<b>Baa3 0.00% (0.52%)</b>			
	<b>B- 6.66% (0.83%)</b>					<b>Total Colombia</b>		<b>4,975</b>	<b>1.99</b>
USD	2,023,039	Argentina Bonar Bond 8% 08/10/2020	1,895	0.76	<b>COSTA RICA 1.82% (1.56%)</b>				
USD	2,345,575	Argentina Bonar Bond 8.75% 07/05/2024	2,275	0.91		<b>BB- 1.82% (1.56%)</b>			
USD	1,843,903	Provincia de Buenos Aires 9.95% 09/06/2021	1,717	0.68	USD	1,112,000	Costa Rica Government International Bond 4.25% 26/01/2023	868	0.35
USD	3,635,000	Provincia de Cordoba 7.125% 10/06/2021	3,072	1.23	USD	2,595,000	Costa Rica Government International Bond 7.158% 12/03/2045	2,088	0.83
USD	1,500,000	Provincia de Cordoba 7.45% 01/09/2024	1,237	0.49	USD	2,100,000	Republic of Costa Rica 4.375% 30/04/2025	1,591	0.64
USD	1,800,000	Republic of Argentina International Bond 6.625% 06/07/2028	1,444	0.58		<b>Total Costa Rica</b>		<b>4,547</b>	<b>1.82</b>
USD	1,410,000	Republic of Argentina International Bond 6.875% 22/04/2021	1,235	0.49	<b>CROATIA 1.85% (2.21%)</b>				
USD	1,840,000	Republic of Argentina International Bond 6.875% 26/01/2027	1,518	0.61		<b>BB 1.85% (1.95%)</b>			
USD	2,050,000	Republic of Argentina International Bond 7.125% 06/07/2036	1,619	0.65	USD	2,560,000	Croatia Government International Bond 6% 26/01/2024	2,307	0.92
USD	760,000	Republic of Argentina International Bond 7.5% 22/04/2026	658	0.26	USD	1,925,000	Croatia Government International Bond 6.75% 05/11/2019	1,724	0.69
	<b>B3 1.01% (0.00%)</b>				USD	684,000	Hrvatska Elektroprivreda 5.875% 23/10/2022	595	0.24
USD	3,070,000	Provincia de Buenos Aires 7.875% 15/06/2027	2,520	1.01		<b>BB- 0.00% (0.26%)</b>			
	<b>Not Rated 0.00% (1.58%)</b>					<b>Total Croatia</b>		<b>4,626</b>	<b>1.85</b>
	<b>Total Argentina</b>		<b>19,190</b>	<b>7.67</b>	<b>DOMINICAN REPUBLIC 7.40% (6.12%)</b>				
<b>BRAZIL 4.37% (2.86%)</b>						<b>BB- 6.43% (4.95%)</b>			
	<b>BB 4.37% (2.86%)</b>				USD	1,992,000	Dominican Republic International Bond 5.875% 18/04/2024	1,702	0.68
USD	2,307,000	Brazil Government International Bond 4.25% 07/01/2025	1,855	0.74	USD	5,350,000	Dominican Republic International Bond 5.95% 25/01/2027	4,514	1.80
USD	2,516,000	Brazil Government International Bond 4.875% 22/01/2021	2,157	0.86	USD	1,475,000	Dominican Republic International Bond 6.85% 27/01/2045	1,247	0.50
USD	3,552,000	Brazil Government International Bond 5.625% 07/01/2041	2,784	1.11	USD	1,480,000	Dominican Republic International Bond 6.875% 29/01/2026	1,328	0.53
USD	1,580,000	Brazil Government International Bond 8.25% 20/01/2034	1,586	0.63	USD	2,382,000	Dominican Republic International Bond 7.45% 30/04/2044	2,128	0.85
BRL	5,800	Brazil Government International Bond 10% 01/01/2023	1,543	0.62	USD	5,728,000	Dominican Republic International Bond 7.5% 06/05/2021	5,185	2.07
BRL	3,840	Brazil Government International Bond 10% 01/01/2025	1,016	0.41		<b>Not Rated 0.97% (1.17%)</b>			
	<b>Total Brazil</b>		<b>10,941</b>	<b>4.37</b>	DOP	112,000,000	Dominican Republic International Bond 16.95% 04/12/2022	2,423	0.97
<b>CAYMAN ISLANDS 1.86% (1.57%)</b>						<b>Total Dominican Republic</b>		<b>18,527</b>	<b>7.40</b>
	<b>BB- 1.86% (0.00%)</b>				<b>ECUADOR 2.64% (0.90%)</b>				
USD	5,600,000	Petrobras International 5.375% 27/01/2021	4,644	1.86		<b>B 2.64% (0.90%)</b>			
	<b>B+ 0.00% (1.57%)</b>				USD	1,500,000	Republic of Ecuador 7.95% 20/06/2024	1,223	0.49
	<b>Total Cayman Islands</b>		<b>4,644</b>	<b>1.86</b>	USD	1,145,000	Republic of Ecuador 9.65% 13/12/2026	1,010	0.40
					USD	1,330,000	Republic of Ecuador 10.5% 24/03/2020	1,191	0.48
					USD	3,500,000	Republic of Ecuador 10.75% 28/03/2022	3,182	1.27
						<b>Total Ecuador</b>		<b>6,606</b>	<b>2.64</b>



## Threadneedle Emerging Market Bond Fund

### Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
<b>EGYPT 2.87% (1.20%)</b>					<b>GUATEMALA 1.22% (1.86%)</b>				
		<b>B- 1.17% (1.20%)</b>					<b>BB 1.22% (1.86%)</b>		
USD	3,650,000	Republic of Egypt 5.875% 11/06/2025	2,927	1.17	USD	3,689,000	Guatemala Government Bond 4.875% 13/02/2028	3,059	1.22
		<b>B3 1.70% (0.00%)</b>					<b>Total Guatemala</b>	<b>3,059</b>	<b>1.22</b>
USD	1,440,000	Republic of Egypt 6.125% 31/01/2022	1,222	0.49					
USD	1,960,000	Republic of Egypt 7.5% 31/01/2027	1,693	0.68	<b>HONDURAS 0.51% (0.00%)</b>				
USD	1,530,000	Republic of Egypt 8.5% 31/01/2047	1,333	0.53			<b>B+ 0.51% (0.00%)</b>		
		<b>Total Egypt</b>	<b>7,175</b>	<b>2.87</b>	USD	1,530,000	Republic of Honduras 6.25% 19/01/2027	1,269	0.51
<b>EL SALVADOR 1.15% (1.18%)</b>							<b>Total Honduras</b>	<b>1,269</b>	<b>0.51</b>
		<b>B+ 0.00% (1.18%)</b>			<b>HUNGARY 1.23% (6.44%)</b>				
		<b>B- 1.15% (0.00%)</b>					<b>BBB- 0.77% (0.00%)</b>		
USD	883,000	El Salvador Government International Bond 5.88% 30/01/2025	658	0.26	USD	2,308,000	Magyar Export-Import Bank 4% 30/01/2020	1,936	0.77
USD	1,205,000	El Salvador Government International Bond 7.65% 15/06/2035	934	0.37			<b>Baa3 0.46% (0.00%)</b>		
USD	1,572,000	El Salvador Government International Bond 8.25% 10/04/2032	1,299	0.52	USD	1,270,000	MFB Magyar Fejlesztési Bank 6.25% 21/10/2020	1,144	0.46
		<b>Total El Salvador</b>	<b>2,891</b>	<b>1.15</b>			<b>BB+ 0.00% (5.92%)</b>		
<b>ETHIOPIA 0.36% (0.38%)</b>							<b>Ba1 0.00% (0.52%)</b>		
		<b>B 0.36% (0.38%)</b>					<b>Total Hungary</b>	<b>3,080</b>	<b>1.23</b>
USD	1,156,000	Federal Democratic Republic of Ethiopia 6.625% 11/12/2024	895	0.36	<b>INDIA 0.00% (0.35%)</b>				
		<b>Total Ethiopia</b>	<b>895</b>	<b>0.36</b>			<b>BBB- 0.00% (0.35%)</b>		
<b>GABON 1.12% (0.91%)</b>							<b>Total India</b>	<b>-</b>	<b>-</b>
		<b>B1 0.33% (0.00%)</b>			<b>INDONESIA 7.22% (9.93%)</b>				
USD	1,010,000	Gabonese Republic 6.95% 16/06/2025	823	0.33			<b>BB+ 6.43% (9.28%)</b>		
		<b>B 0.00% (0.91%)</b>			USD	1,490,000	Indonesia Government International Bond 3.375% 15/04/2023	1,215	0.49
		<b>Not Rated 0.79% (0.00%)</b>			USD	1,588,000	Indonesia Government International Bond 3.75% 25/04/2022	1,328	0.53
USD	2,450,187	Gabonese Republic 6.375% 12/12/2024	1,972	0.79	USD	1,643,000	Indonesia Government International Bond 4.625% 15/04/2043	1,336	0.53
		<b>Total Gabon</b>	<b>2,795</b>	<b>1.12</b>	USD	2,137,000	Indonesia Government International Bond 5.25% 17/01/2042	1,831	0.73
<b>GEORGIA 0.61% (1.64%)</b>					USD	2,062,000	Indonesia Government International Bond 5.875% 15/01/2024	1,907	0.76
		<b>BB- 0.22% (1.64%)</b>			USD	1,935,000	Indonesia Government International Bond 6.63% 17/02/2037	1,925	0.77
USD	611,000	Georgia Government International Bond 6.875% 12/04/2021	555	0.22	USD	1,051,000	Indonesia Government International Bond 7.75% 17/01/2038	1,174	0.47
		<b>B+ 0.39% (0.00%)</b>			USD	556,000	Indonesia Government International Bond 8.5% 12/10/2035	653	0.26
USD	1,062,000	Georgian Railway JSC 7.75% 11/07/2022	960	0.39	USD	3,141,000	Pertamina 5.25% 23/05/2021	2,744	1.10
		<b>Total Georgia</b>	<b>1,515</b>	<b>0.61</b>	USD	2,342,000	Perusahaan Penerbit SBSN Indonesia 4% 21/11/2018	1,988	0.79
<b>GHANA 1.36% (1.50%)</b>							<b>BB 0.79% (0.65%)</b>		
		<b>B1 0.11% (0.00%)</b>			USD	2,501,000	Perusahaan Listrik Negara PT 5.25% 24/10/2042	1,969	0.79
USD	300,000	Republic of Ghana 10.75% 14/10/2030	290	0.11			<b>Total Indonesia</b>	<b>18,070</b>	<b>7.22</b>
		<b>B- 1.25% (1.50%)</b>							
USD	1,538,873	Republic of Ghana 7.875% 07/08/2023	1,227	0.49					
USD	2,389,000	Republic of Ghana 8.125% 18/01/2026	1,895	0.76					
		<b>Total Ghana</b>	<b>3,412</b>	<b>1.36</b>					



## Threadneedle Emerging Market Bond Fund

### Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
<b>IVORY COAST 1.39% (2.19%)</b>					USD	2,104,000	United Mexican States 3.625% 15/03/2022	1,762	0.70
		<b>Ba3 0.21% (0.97%)</b>			USD	66,500	United Mexican States 4.6% 23/01/2046	512	0.20
USD	644,000	Ivory Coast Government International Bond 5.375% 23/07/2024	513	0.21	USD	2,727,000	United Mexican States 6.75% 27/09/2034	2,730	1.09
		<b>Not Rated 1.18% (1.22%)</b>					<b>Ba1 0.51% (0.00%)</b>		
USD	3,897,000	*Ivory Coast Government International Bond 2.5% 31/12/2032	2,957	1.18	USD	1,590,000	*Banco Nacional De Comercio 3.8% 11/08/2026	1,267	0.51
		<b>Total Ivory Coast</b>	<b>3,470</b>	<b>1.39</b>			<b>Total Mexico</b>	<b>33,090</b>	<b>13.22</b>
<b>JAMAICA 1.14% (0.85%)</b>					<b>MONGOLIA 0.00% (0.66%)</b>				
		<b>B 1.14% (0.85%)</b>					<b>B 0.00% (0.66%)</b>		
USD	2,500,000	Jamaica 6.75% 28/04/2028	2,282	0.91			<b>Total Mongolia</b>	—	—
USD	610,000	Jamaica 8% 15/03/2039	574	0.23					
		<b>Total Jamaica</b>	<b>2,856</b>	<b>1.14</b>					
<b>KAZAKHSTAN 0.38% (1.16%)</b>					<b>NAMIBIA 0.27% (1.01%)</b>				
		<b>BBB- 0.38% (0.66%)</b>			USD	762,000	<b>Baa3 0.27% (1.01%)</b> Namibia International Bond 5.5% 03/11/2021	667	0.27
USD	1,172,000	Development Bank of Kazakhstan 4.125% 10/12/2022	951	0.38			<b>Total Namibia</b>	<b>667</b>	<b>0.27</b>
		<b>BB+ 0.00% (0.50%)</b>							
		<b>Total Kazakhstan</b>	<b>951</b>	<b>0.38</b>					
<b>LUXEMBOURG 1.98% (3.16%)</b>					<b>NETHERLANDS 4.01% (2.24%)</b>				
		<b>BB+ 1.98% (2.06%)</b>			USD	755,000	<b>BB 0.25% (1.36%)</b> Majapahit Holding 7.25% 28/06/2017	629	0.25
USD	1,629,000	Gaz Capital 6.51% 07/03/2022	1,476	0.59			<b>BB- 3.76% (0.00%)</b>		
USD	2,254,000	Gaz Capital 7.29% 16/08/2037	2,133	0.85	USD	4,328,000	Kazakhstan Temir Zholy Finance 6.95% 10/07/2042	3,746	1.50
USD	1,638,000	GPN Capital 4.375% 19/09/2022	1,355	0.54	USD	6,046,000	Petrobras Global Finance 6.25% 17/03/2024	5,010	2.00
		<b>Ba2 0.00% (1.10%)</b>			USD	700,000	Petrobras Global Finance 8.75% 23/05/2026	649	0.26
		<b>Total Luxembourg</b>	<b>4,964</b>	<b>1.98</b>			<b>B+ 0.00% (0.88%)</b>		
<b>MEXICO 13.22% (9.96%)</b>							<b>Total Netherlands</b>	<b>10,034</b>	<b>4.01</b>
		<b>A 1.66% (0.52%)</b>			<b>NIGERIA 0.63% (0.00%)</b>				
MXN	98,700,000	Mexican Bonos 7.75% 23/11/2034	4,161	1.66			<b>B 0.63% (0.00%)</b>		
		<b>BBB+ 11.05% (9.44%)</b>			USD	1,820,000	Nigeria Government International Bond 7.875% 16/02/2032	1,565	0.63
USD	9,10,000	Comision Federal de Electricidad 4.75% 23/02/2027	737	0.29			<b>Total Nigeria</b>	<b>1,565</b>	<b>0.63</b>
USD	1,767,000	Comision Federal de Electricidad 4.88% 26/05/2021	1,510	0.60					
USD	2,950,000	Mexico City Airport Trust 4.25% 31/10/2026	2,407	0.96	<b>PAKISTAN 1.39% (1.77%)</b>				
USD	2,781,000	Petroleos Mexicanos 3.5% 30/01/2023	2,168	0.87			<b>B 1.39% (0.00%)</b>		
USD	1,320,000	Petroleos Mexicanos 4.625% 21/09/2023	1,084	0.43	USD	2,800,000	Islamic Republic of Pakistan 8.25% 15/04/2024	2,563	1.03
USD	2,032,000	Petroleos Mexicanos 4.875% 24/01/2022	1,709	0.68	USD	1,034,000	Pakistan Government International Bond 6.75% 03/12/2019	905	0.36
USD	4,356,000	Petroleos Mexicanos 4.875% 18/01/2024	3,596	1.44			<b>B- 0.00% (1.77%)</b>		
USD	1,607,000	Petroleos Mexicanos 5.5% 21/01/2021	1,390	0.56			<b>Total Pakistan</b>	<b>3,468</b>	<b>1.39</b>
USD	1,512,000	Petroleos Mexicanos 5.5% 27/06/2044	1,073	0.43	<b>PANAMA 0.58% (1.60%)</b>				
USD	2,741,000	Petroleos Mexicanos 6.375% 23/01/2045	2,142	0.86			<b>A- 0.58% (0.51%)</b>		
USD	2,093,000	Petroleos Mexicanos 6.5% 02/06/2041	1,674	0.67	USD	1,670,000	Autoridad del Canal de Panama 4.95% 29/07/2035	1,459	0.58
USD	2,092,000	Petroleos Mexicanos 6.625% 15/06/2035	1,744	0.70			<b>BBB 0.00% (1.09%)</b>		
USD	1,740,000	Petroleos Mexicanos 6.75% 21/09/2047	1,424	0.57			<b>Total Panama</b>	<b>1,459</b>	<b>0.58</b>



## Threadneedle Emerging Market Bond Fund

### Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
<b>PARAGUAY 0.46% (0.88%)</b>					<b>SUPRANATIONAL 1.07% (1.12%)</b>				
		<b>BB 0.46% (0.88%)</b>					<b>BB- 1.07% (1.12%)</b>		
USD	1,380,000	Republic of Paraguay 6.1% 11/08/2044	1,160	0.46	USD	1,365,000	Republic of Serbia 4.875% 25/02/2020	1,153	0.46
		<b>Total Paraguay</b>	<b>1,160</b>	<b>0.46</b>	USD	1,755,000	Republic of Serbia 5.875% 03/12/2018	1,513	0.61
<b>PERU 2.72% (1.51%)</b>					<b>Total Supranational</b>				
		<b>A- 0.96% (0.00%)</b>					<b>2,666</b>	<b>1.07</b>	
PEN	9,200,000	Peruvian Government International Bond 6.95% 12/08/2031	2,394	0.96	<b>TRINIDAD AND TOBAGO 1.02% (1.48%)</b>				
		<b>BBB+ 1.45% (1.18%)</b>					<b>BB 1.02% (1.48%)</b>		
USD	637,000	Peruvian Government International Bond 5.625% 18/11/2050	611	0.24	USD	2,895,000	Petroleum of Trinidad & Tobago 9.75% 14/08/2019	2,549	1.02
USD	2,849,000	Peruvian Government International Bond 7.35% 21/07/2025	3,040	1.21	<b>Total Trinidad And Tobago</b>				
		<b>BBB- 0.31% (0.33%)</b>					<b>2,549</b>	<b>1.02</b>	
USD	900,000	*Financiera de Desarrollo 5.25% 15/07/2029	775	0.31	<b>TUNISIA 0.20% (0.67%)</b>				
		<b>Total Peru</b>	<b>6,820</b>	<b>2.72</b>			<b>Ba3 0.20% (0.67%)</b>		
<b>PHILIPPINES 0.00% (2.09%)</b>					USD	645,000	Banque Centrale de Tunisie 5.75% 30/01/2025	499	0.20
		<b>BBB 0.00% (2.09%)</b>			<b>Total Tunisia</b>				
		<b>Total Philippines</b>	<b>-</b>	<b>-</b>			<b>499</b>	<b>0.20</b>	
<b>REPUBLIC OF IRELAND 2.48% (2.71%)</b>					<b>TURKEY 5.29% (7.08%)</b>				
		<b>BB+ 2.48% (2.71%)</b>					<b>Baa3 0.00% (7.08%)</b>		
USD	842,000	RZD Capital 5.7% 05/04/2022	745	0.30	USD	2,098,000	Turkey Government International Bond 5.125% 25/03/2022	1,734	0.69
USD	830,000	VEB Finance 5.94% 21/11/2023	729	0.29	USD	5,960,000	Turkey Government International Bond 6% 25/03/2027	4,981	1.99
USD	2,050,000	VEB Finance 6.8% 22/11/2025	1,872	0.75	USD	1,760,000	Turkey Government International Bond 6.25% 26/09/2022	1,526	0.61
USD	3,169,000	VEB Finance 6.9% 09/07/2020	2,868	1.14	USD	2,082,000	Turkey Government International Bond 6.875% 17/03/2036	1,795	0.72
		<b>Total Republic of Ireland</b>	<b>6,214</b>	<b>2.48</b>	USD	2,201,000	Turkey Government International Bond 7.375% 05/02/2025	2,012	0.80
<b>ROMANIA 0.00% (0.21%)</b>					USD	1,239,000	Turkey Government International Bond 8% 14/02/2034	1,192	0.48
		<b>BBB- 0.00% (0.21%)</b>			<b>Total Turkey</b>				
		<b>Total Romania</b>	<b>-</b>	<b>-</b>			<b>13,240</b>	<b>5.29</b>	
<b>RUSSIA 3.45% (3.23%)</b>					<b>URUGUAY 0.65% (0.61%)</b>				
		<b>BB+ 3.45% (3.23%)</b>					<b>BBB 0.65% (0.61%)</b>		
USD	3,200,000	Russian Foreign Bond - Eurobond 4.875% 16/09/2023	2,819	1.13	USD	1,055,669	Uruguay Government International Bond 4.375% 27/10/2027	891	0.36
USD	3,200,000	Russian Foreign Bond - Eurobond 5% 29/04/2020	2,816	1.12	USD	387,878	Uruguay Government International Bond 4.5% 14/08/2024	338	0.13
USD	1,982,005	*Russian Foreign Bond - Eurobond 5% 31/03/2030	1,044	0.42	USD	397,368	Uruguay Government International Bond 6.88% 28/09/2025	391	0.16
USD	2,200,000	Russian Foreign Bond - Eurobond 5.625% 04/04/2042	1,957	0.78	<b>Total Uruguay</b>				
		<b>Total Russia</b>	<b>8,636</b>	<b>3.45</b>			<b>1,620</b>	<b>0.65</b>	
<b>SENEGAL 0.58% (0.60%)</b>					<b>VENEZUELA 3.84% (3.39%)</b>				
		<b>B+ 0.58% (0.60%)</b>					<b>CCC 1.66% (3.14%)</b>		
USD	1,750,000	Senegal Government International Bond 6.25% 30/07/2024	1,453	0.58	USD	2,685,000	Venezuela Government International Bond 7.65% 21/04/2025	1,048	0.42
		<b>Total Senegal</b>	<b>1,453</b>	<b>0.58</b>	USD	1,244,000	Venezuela Government International Bond 7.75% 13/10/2019	671	0.27
<b>SRI LANKA 0.71% (0.00%)</b>					USD	4,007,700	Venezuela Government International Bond 8.25% 13/10/2024	1,612	0.64
		<b>B+ 0.71% (0.00%)</b>			USD	1,897,500	Venezuela Government International Bond 9% 07/05/2023	824	0.33
USD	2,100,000	Sri Lanka Government International Bond 6.85% 03/11/2025	1,781	0.71	USD	2,799,922	Petroleos de Venezuela 6% 16/05/2024	930	0.37
		<b>Total Sri Lanka</b>	<b>1,781</b>	<b>0.71</b>	USD	2,816,470	Petroleos de Venezuela 6% 15/11/2026	875	0.35
					USD	4,295,790	Petroleos de Venezuela 9% 17/11/2021	2,037	0.81



## Threadneedle Emerging Market Bond Fund

### Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Value £000	% of Investment
<b>VENEZUELA 3.84% (3.39%) (continued)</b>					<b>ANALYSIS OF INVESTMENTS BY ASSET CLASS</b>		
		<b>Caa3 0.31% (0.00%)</b>			Fixed interest	233,896	97.71
USD	1,900,000	Petroleos de Venezuela 9.75% 17/05/2035	778	0.31	Floating rate notes	6,043	2.53
		<b>Not Rated 0.34% (0.25%)</b>			Derivatives	(565)	(0.24)
USD	1,522,700	Petroleos de Venezuela 12.75% 17/02/2022	845	0.34	<b>Total value of investments</b>	<b>239,374</b>	<b>100.00</b>
		<b>Total Venezuela</b>	<b>9,620</b>	<b>3.84</b>			
<b>ZAMBIA 0.67% (0.56%)</b>							
		<b>B 0.67% (0.56%)</b>					
USD	997,000	Zambia Government International Bond 5.375% 20/09/2022	765	0.31			
USD	1,062,000	Zambia Government International Bond 8.5% 14/04/2024	914	0.36			
		<b>Total Zambia</b>	<b>1,679</b>	<b>0.67</b>			
<b>DERIVATIVES -0.23% (-0.03%)</b>							
		<b>Forward Foreign Exchange Contracts -0.23% (-0.03%)</b>					
		Sell USD 2,335,109					
		Buy COP 6,732,119,342 Goldman Sachs	(63)	(0.03)			
		Sell USD 2,791,645					
		Buy COP 8,081,811,745 Citigroup	(66)	(0.03)			
		Sell USD 21,247					
		Buy GBP 17,000 Goldman Sachs	(1)	—			
		Sell USD 22,407					
		Buy GBP 18,000 Bank of Scotland	(1)	—			
		Sell USD 28,232					
		Buy GBP 23,000 Goldman Sachs	—	—			
		Sell USD 797,445					
		Buy MXN 16,282,416 J.P. Morgan	28	0.01			
		Sell USD 1,237,047					
		Buy MXN 25,384,329 HSBC	48	0.02			
		Sell GBP 12,000					
		Buy USD 14,952 Bank of Scotland	—	—			
		Sell GBP 1,656,000					
		Buy USD 2,041,302 UBS	19	0.01			
		Sell MXN 141,727,952					
		Buy USD 6,516,741 J.P. Morgan	(591)	(0.24)			
		Sell COP 19,227,155,049					
		Buy USD 6,524,093 HSBC	62	0.03			
		<b>Total Derivatives</b>	<b>(565)</b>	<b>(0.23)</b>			
<b>Total value of investments</b>			<b>239,374</b>	<b>95.65</b>			
<b>Net other assets (1.81%)</b>			<b>10,897</b>	<b>4.35</b>			
<b>Net assets</b>			<b>250,271</b>	<b>100.00</b>			

March 2016 comparatives in brackets.

\*Variable rate bonds.



## Threadneedle High Yield Bond Fund

### Portfolio Statement

as at 7 March 2017

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
<b>AUSTRALIA 0.73% (0.00%)</b>					<b>FRANCE 6.16% (5.41%)</b>				
		<b>BB 0.73% (0.00%)</b>					<b>A- 0.56% (0.00%)</b>		
EUR	3,236,000	*Origin Energy Finance 4% 16/09/2074	2,864	0.31	EUR	5,711,000	*Total 3.875% 29/12/2049	5,255	0.56
EUR	4,271,000	*Origin Energy Finance 7.875% 16/06/2071	3,960	0.42	USD	3,266,000	*Credit Agricole 8.125% 19/09/2033	2,888	0.31
		<b>Total Australia</b>	<b>6,824</b>	<b>0.73</b>			<b>BBB- 0.46% (0.31%)</b>		
<b>AUSTRIA 0.00% (0.97%)</b>					EUR	4,749,000	*Orange 4% 26/10/2049	4,339	0.46
		<b>Ca 0.00% (0.97%)</b>					<b>BB+ 0.47% (0.34%)</b>		
		<b>Total Austria</b>	—	—	EUR	1,166,000	*Credit Agricole 6.5% 23/12/2049	1,046	0.11
<b>BELGIUM 0.34% (0.63%)</b>					EUR	3,779,000	SPCM 2.875% 15/06/2023	3,359	0.36
		<b>BB 0.34% (0.63%)</b>					<b>BB 1.62% (1.57%)</b>		
EUR	3,647,000	*KBC Groep 5.625% 19/12/2049	3,225	0.34	EUR	4,900,000	Crown European Holdings 2.625% 30/09/2024	4,243	0.45
		<b>Total Belgium</b>	<b>3,225</b>	<b>0.34</b>	EUR	212,000	Crown European Holdings 4% 15/07/2022	204	0.02
<b>BRAZIL 0.00% (0.19%)</b>					EUR	5,842,000	Novalis 3% 30/04/2022	5,210	0.56
		<b>B+ 0.00% (0.19%)</b>			EUR	1,791,000	*Solvay Finance 5.118% 29/06/2049	1,707	0.18
		<b>Total Brazil</b>	—	—	EUR	3,881,000	*Solvay Finance 5.869% 29/06/2049	3,828	0.41
<b>CANADA 1.37% (0.98%)</b>							<b>BB- 0.10% (0.00%)</b>		
		<b>B 0.00% (0.18%)</b>			EUR	1,041,000	Rexel 3.5% 15/06/2023	938	0.10
		<b>B- 1.37% (0.80%)</b>					<b>B+ 1.70% (2.85%)</b>		
EUR	7,448,000	Cott Finance 5.5% 01/07/2024	6,830	0.73	EUR	1,600,000	Areva 3.125% 20/03/2023	1,331	0.14
EUR	8,841,000	Valeant Pharmaceuticals International 4.5% 15/05/2023	5,932	0.64	EUR	1,800,000	Areva 3.5% EMTN 22/03/2021	1,559	0.17
		<b>Total Canada</b>	<b>12,762</b>	<b>1.37</b>	EUR	1,654,000	Cerba European Laboratory 7% 01/02/2020	1,465	0.16
<b>CAYMAN ISLANDS 0.57% (0.83%)</b>					EUR	6,654,000	Numericable-SFR 5.625% 15/05/2024	6,137	0.66
		<b>BB 0.00% (0.15%)</b>			USD	1,482,000	Numericable-SFR 6% 15/05/2022	1,249	0.13
		<b>BB- 0.00% (0.12%)</b>			EUR	1,729,000	Paprec Holding 5.25% 01/04/2022	1,585	0.17
		<b>B2 0.47% (0.46%)</b>			EUR	2,759,000	SFR Group 5.375% 15/05/2022	2,493	0.27
EUR	4,805,000	Viridian Group FundCo II 7.5% 01/03/2020	4,421	0.47			<b>B 0.54% (0.04%)</b>		
		<b>Not Rated 0.10% (0.10%)</b>			EUR	720,000	Homevi 6.875% 15/08/2021	660	0.07
USD	1,725,000	PSOS Finance 11.75% 23/04/2018	878	0.10	EUR	4,730,000	Horizon Holdings III 5.125% 01/08/2022	4,358	0.47
		<b>Total Cayman Islands</b>	<b>5,299</b>	<b>0.57</b>			<b>B- 0.27% (0.30%)</b>		
<b>CROATIA 0.24% (0.17%)</b>					EUR	1,097,000	Holdikks SAS 6.75% 15/07/2021	663	0.07
		<b>B 0.00% (0.09%)</b>			EUR	1,978,000	Paprec Holding 7.375% 01/04/2023	1,828	0.20
		<b>Not Rated 0.24% (0.08%)</b>					<b>CCC+ 0.13% (0.00%)</b>		
EUR	2,820,000	*Aquarius Plus Investments FRN 08/08/2017	2,253	0.24	EUR	1,291,000	Horizon Holdings I 7.25% 01/08/2023	1,190	0.13
		<b>Total Croatia</b>	<b>2,253</b>	<b>0.24</b>			<b>Total France</b>	<b>57,535</b>	<b>6.16</b>
<b>CZECH REPUBLIC 0.00% (0.82%)</b>					<b>GERMANY 9.10% (7.16%)</b>				
		<b>Ba2 0.00% (0.48%)</b>					<b>BB 2.62% (0.91%)</b>		
		<b>Not Rated 0.00% (0.34%)</b>			EUR	2,567,000	*Lanxess Finance 4.5% 06/12/2076	2,402	0.26
		<b>Total Czech Republic</b>	—	—	EUR	1,988,000	*RWWE 2.75% 21/04/2075	1,707	0.18
<b>DENMARK 0.00% (0.17%)</b>					EUR	1,476,000	*RWWE 3.5% 21/04/2075	1,217	0.13
		<b>BB 0.00% (0.17%)</b>			GBP	4,300,000	*RWWE 7% 29/03/2049	4,559	0.49
		<b>Total Denmark</b>	—	—	EUR	1,795,000	Techem 6.125% 01/10/2019	1,605	0.17
					EUR	2,756,000	Thyssenkrupp 2.75% 08/03/2021	2,536	0.27
					EUR	9,144,000	ThyssenKrupp 4% 27/08/2018	8,369	0.90
					EUR	2,236,000	WEPA Hygieneprodukte 3.75% 15/05/2024	2,034	0.22



## Threadneedle High Yield Bond Fund

### Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
<b>GERMANY 9.10% (7.16%) (continued)</b>					<b>JERSEY 2.04% (1.48%)</b>				
		<b>Ba2e 0.00% (0.15%)</b>					<b>BB+ 0.45% (0.00%)</b>		
					EUR	4,466,000	Lincoln Finance 6.875% 15/04/2021	4,196	0.45
		<b>BB- 3.71% (2.62%)</b>					<b>BB- 0.00% (0.25%)</b>		
EUR	3,956,000	IHO Verwaltungs 3.25% 15/09/2023	3,575	0.38			<b>B+ 0.00% (0.43%)</b>		
EUR	5,132,000	IHO Verwaltungs PIK 2.75% 15/09/2021	4,599	0.49			<b>B 1.19% (0.80%)</b>		
EUR	5,070,000	IHO Verwaltungs PIK 3.75% 15/09/2026	4,502	0.48			CPUK Finance 7% 28/08/2020	3,496	0.37
EUR	2,000,000	Unitymedia Hessen 4% 15/01/2025	1,826	0.20	GBP	3,311,000	Mercury Bondco 7.125% 30/05/2021	2,241	0.24
EUR	3,190,000	Unitymedia Hessen 5.125% 21/01/2023	2,367	0.25	EUR	2,590,000	Mercury Bondco PIK		
EUR	1,943,000	Unitymedia Hessen 5.625% 15/04/2023	1,447	0.15	EUR	6,070,000	8.25% 30/05/2021	5,405	0.58
EUR	9,958,000	Unitymedia Hessen 5.75% 15/01/2023	7,452	0.80			<b>B- 0.40% (0.00%)</b>		
EUR	1,800,000	Unitymedia Hessen 6.25% 15/01/2029	1,787	0.19	GBP	3,399,000	TVL Finance 8.5% 15/05/2023	3,756	0.40
EUR	3,332,000	Unitymedia NRW 3.5% 15/01/2027	2,954	0.32			<b>Total Jersey</b>	<b>19,094</b>	<b>2.04</b>
USD	4,980,000	Unitymedia NRW 5% 15/01/2025	4,190	0.45					
		<b>B+ 1.02% (0.52%)</b>			<b>LUXEMBOURG 17.86% (18.99%)</b>				
EUR	5,359,000	PCF 7.875% 01/08/2019	4,836	0.52			<b>BBB- 0.66% (0.00%)</b>		
EUR	3,890,000	ProGroup 5.125% 01/05/2022	3,587	0.38	EUR	6,900,000	*Grand City Properties		
EUR	1,298,000	Trionista Holdco 5% 30/04/2020	1,148	0.12			3.75% 29/12/2049	6,210	0.66
		<b>B 1.05% (1.65%)</b>					<b>BB+ 3.29% (3.49%)</b>		
EUR	1,380,000	Prestigebidco 6.25% 15/12/2023	1,263	0.14	GBP	896,000	Finmeccanica Finance 8% 16/12/2019	1,046	0.11
EUR	4,839,000	Safari Holding Verwaltungs			EUR	3,707,000	Gaz Capital 3.389% 20/03/2020	3,400	0.36
		8.25% 15/02/2021	2,874	0.31	EUR	3,023,000	Gaz Capital 4.625% 15/10/2018	2,776	0.30
EUR	1,920,000	Techem Energy Metering Service			GBP	4,258,000	Gaz Capital 5.338% 25/09/2020	4,609	0.49
		7.875% 01/10/2020	1,731	0.19	USD	17,696,000	Gaz Capital 6.51% 07/03/2022	16,037	1.72
EUR	4,425,000	Unitymedia 3.75% 15/01/2027	3,826	0.41	EUR	3,204,000	Gestamp Funding Luxembourg		
		<b>B- 0.26% (0.98%)</b>					3.5% 15/05/2023	2,913	0.31
EUR	2,735,000	Trionista Topco 6.875% 30/04/2021	2,475	0.26			<b>Ba1 0.00% (2.28%)</b>		
		<b>CCC+ 0.44% (0.33%)</b>					<b>BB 3.37% (2.07%)</b>		
EUR	4,482,000	CeramTec Group 8.25% 15/08/2021	4,142	0.44	EUR	1,322,000	Dufry Finance 4.5% 15/07/2022	1,197	0.13
		<b>Total Germany</b>	<b>85,010</b>	<b>9.10</b>	EUR	2,768,000	Dufry Finance 4.55% 01/08/2023	2,569	0.28
<b>ITALY 4.70% (4.15%)</b>					EUR	5,313,000	Fiat Chrysler Finance Europe		
		<b>BB+ 4.42% (3.22%)</b>					4.75% 15/07/2022	5,079	0.54
EUR	7,609,000	*Enel 5% 15/01/2025	7,050	0.75	EUR	4,882,000	Fiat Chrysler Finance Europe		
EUR	360,000	*Enel 6.5% 10/01/2074	337	0.04			6.75% 14/10/2019	4,834	0.52
GBP	4,040,000	*Enel 6.625% 15/09/2076	4,365	0.47	EUR	2,758,000	Fiat Finance & Trade 4.75% 22/03/2021	2,642	0.28
EUR	10,396,000	Finmeccanica 4.5% 19/01/2021	10,253	1.10	EUR	3,335,000	Fiat Finance & Trade		
EUR	2,095,000	Telecom Italia 3% 30/09/2025	1,829	0.20			6.625% 15/03/2018	3,067	0.33
EUR	1,185,000	Telecom Italia 3.625% 19/01/2024	1,092	0.12	EUR	6,815,000	Hanesbrands 3.5% 15/06/2024	6,120	0.66
EUR	3,150,000	Telecom Italia 3.625% 25/05/2026	2,843	0.30	EUR	6,640,000	Wind Acquisition Finance		
EUR	8,079,000	Telecom Italia 4.5% 25/01/2021	7,934	0.85			4% 15/07/2020	5,866	0.63
EUR	5,450,000	Telecom Italia 5.25% 10/02/2022	5,538	0.59			<b>BB- 0.94% (3.51%)</b>		
		<b>BB 0.28% (0.00%)</b>			EUR	1,970,000	Altice Financing 5.25% 15/02/2023	1,826	0.20
EUR	2,850,000	LKG Italia Bondco 3.875% 01/04/2024	2,642	0.28	EUR	1,140,000	Altice Financing 6.5% 15/01/2022	1,040	0.11
		<b>B+ 0.00% (0.33%)</b>			USD	982,000	Altice Financing 6.625% 15/02/2025	846	0.09
		<b>B- 0.00% (0.25%)</b>			USD	1,750,000	Altice Financing 7.5% 15/05/2026	1,532	0.16
		<b>Not Rated 0.00% (0.35%)</b>			EUR	728,000	Telenet Finance V Luxembourg		
		<b>Total Italy</b>	<b>43,883</b>	<b>4.70</b>			6.25% 15/08/2022	665	0.07
					EUR	3,038,000	Telenet Finance VI Luxembourg		
<b>JAPAN 1.37% (1.74%)</b>							4.875% 15/07/2027	2,861	0.31
		<b>BB+ 1.37% (1.74%)</b>					<b>B+ 1.65% (1.92%)</b>		
EUR	6,300,000	Softbank Group 4% 30/07/2022	6,040	0.65	GBP	1,170,000	Amigo Luxembourg 7.625% 15/01/2024	1,205	0.13
EUR	6,421,000	Softbank Group 4.75% 30/07/2025	6,255	0.67	EUR	2,181,000	Cirsa Funding 5.875% 15/05/2023	1,961	0.21
EUR	484,000	Softbank Group 5.25% 30/07/2027	479	0.05	EUR	4,011,000	Cirsa Funding Luxembourg		
		<b>Total Japan</b>	<b>12,774</b>	<b>1.37</b>			5.75% 15/05/2021	3,677	0.39



## Threadneedle High Yield Bond Fund

### Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
<b>LUXEMBOURG 17.86% (18.99%) (continued)</b>					<b>Ba1 0.00% (0.78%)</b>				
EUR	6,084,000	Garfunkelux 7.5% 01/08/2022	5,621	0.60					
GBP	2,870,000	Garfunkelux 8.5% 01/11/2022	3,035	0.32					
<b>B 5.67% (3.85%)</b>					EUR	3,112,000	*Koninklijke KPN 6.125% 29/03/2049	2,892	0.31
EUR	4,807,000	Altice 6.25% 15/02/2025	4,452	0.48	GBP	4,556,000	*Koninklijke KPN 6.875% 14/03/2073	5,002	0.54
EUR	11,363,000	Altice 7.25% 15/05/2022	10,443	1.12	EUR	4,312,000	OI European Group 4.875% 31/03/2021	4,283	0.46
USD	573,000	Altice 7.625% 15/12/2025	498	0.05	EUR	899,000	OI European Group 6.75% 15/09/2020	939	0.10
EUR	523,000	Befesa Zinc Capital 8.875% 15/05/2018	463	0.05	<b>Ba2 0.76% (0.00%)</b>				
EUR	6,090,000	Bormioli Rocco Holdings 10.5% 01/08/2018	5,443	0.58	EUR	8,100,000	*Telefonica Europe 3.75% 31/12/2049	7,113	0.76
EUR	4,149,000	Codere Finance 2 (Luxembourg) 6.75% 01/11/2021	3,500	0.37	<b>BB- 2.60% (1.71%)</b>				
EUR	3,215,000	Crystal Almond 10% 01/11/2021	2,875	0.31	EUR	2,075,000	Axalta Coating Systems 3.75% 15/01/2025	1,886	0.20
EUR	2,817,000	Intralot Capital 6% 15/05/2021	2,417	0.26	EUR	7,110,000	InterXion Holding 6% 15/07/2020	6,445	0.69
EUR	2,040,000	Intralot Capital 6.75% 15/09/2021	1,796	0.19	EUR	4,040,000	Petrobras Global Finance 4.75% 14/01/2025	3,573	0.38
EUR	4,502,000	Lecta 6.5% 01/08/2023	4,090	0.44	GBP	2,552,000	Petrobras Global Finance 5.375% 01/10/2029	2,290	0.24
EUR	2,688,000	Matterhorn Telecom 3.875% 01/05/2022	2,400	0.26	GBP	2,875,000	Petrobras Global Finance 6.625% 16/01/2034	2,761	0.30
EUR	16,196,000	Wind Acquisition Finance 7% 23/04/2021	14,608	1.56	GBP	3,992,000	Petrobras International Finance 6.25% 14/12/2026	4,036	0.43
<b>B- 1.58% (0.77%)</b>					EUR	821,000	Ziggo Secured Finance 3.75% 15/01/2025	743	0.08
EUR	6,233,000	Cerberus Nightingale 8.25% 01/02/2020	5,531	0.59	EUR	2,860,000	Ziggo Secured Finance 4.25% 15/01/2027	2,626	0.28
EUR	1,820,000	JH Holding Finance PIK 8.25% 01/12/2022	1,706	0.18	<b>B+ 0.00% (1.90%)</b>				
EUR	8,632,734	Play Topco 7.75% 28/02/2020	7,588	0.81	<b>B 3.18% (4.47%)</b>				
<b>CCC+ 0.70% (1.10%)</b>					GBP	3,859,000	InterGen 7.5% 30/06/2021	3,509	0.38
EUR	2,900,375	*Bilbao Luxembourg PIK 10.5% 24/10/2018	2,600	0.28	EUR	7,011,000	LGE HoldCo VI 7.125% 15/05/2024	6,934	0.74
EUR	4,339,000	Horizon Parent Holdings 8.25% 15/02/2022	3,895	0.42	EUR	8,378,000	United Group 7.875% 15/11/2020	7,582	0.81
<b>Total Luxembourg</b>			<b>166,939</b>	<b>17.86</b>	CHF	3,828,000	UPC Holding 6.75% 15/03/2023 CHF	3,355	0.36
<b>MEXICO 0.29% (0.00%)</b>					EUR	4,573,000	UPC Holding 6.75% 15/03/2023 EUR	4,301	0.46
<b>BB- 0.29% (0.00%)</b>					EUR	4,361,000	Ziggo Bond Finance 4.625% 15/01/2025	4,003	0.43
EUR	1,019,000	Cemex 4.375% 05/03/2023	932	0.10	<b>CCC+ 0.16% (0.00%)</b>				
USD	1,902,000	Cemex 7.75% 16/04/2026	1,763	0.19	EUR	1,767,000	Hema Bondco I 6.25% 15/06/2019	1,502	0.16
<b>Total Mexico</b>			<b>2,695</b>	<b>0.29</b>	<b>Not Rated 0.22% (0.21%)</b>				
<b>NETHERLANDS 12.13% (12.69%)</b>					EUR	1,590,000	Boats Investments Netherlands PIK 11% 31/03/2017	794	0.08
<b>BBB- 0.34% (0.38%)</b>					USD	4,726,969	OSX 3 Leasing 13% 20/03/2015 (Defaulted)	1,357	0.14
EUR	3,500,000	*Vonovia Finance 4.625% 08/04/2074	3,215	0.34	<b>Total Netherlands</b>			<b>113,364</b>	<b>12.13</b>
<b>BB+ 3.46% (2.19%)</b>					<b>NORWAY 0.00% (0.93%)</b>				
EUR	4,143,000	Schaeffler Holding Finance 2.5% 15/05/2020	3,650	0.39	<b>BB- 0.00% (0.93%)</b>				
EUR	2,427,000	Schaeffler Holding Finance 3.25% 15/05/2025	2,270	0.24	<b>Total Norway</b>			<b>-</b>	<b>-</b>
EUR	3,330,000	Schaeffler Holding Finance 3.5% 15/05/2022	2,950	0.32	<b>POLAND 0.35% (0.40%)</b>				
EUR	3,444,000	*SNS Bank FRN 05/11/2025	3,136	0.34	<b>B+ 0.20% (0.00%)</b>				
EUR	8,500,000	*Telefonica Europe 4.2% 29/12/2049	7,745	0.83	EUR	2,090,000	Play Finance 2 5.25% 01/02/2019	1,835	0.20
EUR	1,900,000	*Telefonica Europe 5% 31/03/2049	1,753	0.19	<b>B 0.00% (0.22%)</b>				
EUR	5,600,000	*Telefonica Europe 6.5% 29/09/2049	5,226	0.56	<b>B- 0.15% (0.00%)</b>				
GBP	5,100,000	*Telefonica Europe 6.75% Perpetual	5,493	0.59	EUR	1,620,000	Play Finance 1 6.5% 01/08/2019	1,449	0.15
					<b>CCC+ 0.00% (0.18%)</b>				
<b>Total Poland</b>			<b>3,284</b>	<b>0.35</b>					



## Threadneedle High Yield Bond Fund

### Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
<b>PORTUGAL 0.30% (0.32%)</b>					<b>SWEDEN 0.04% (0.96%)</b>				
		<b>Not Rated 0.30% (0.32%)</b>					<b>BBB 0.00% (0.35%)</b>		
EUR	1,100,000	Banco Espirito Santo 2.625% 08/05/2017 (Defaulted)	264	0.03			<b>BB+ 0.04% (0.38%)</b>		
EUR	1,600,000	Banco Espirito Santo 4.75% 15/01/2018 (Defaulted)	398	0.04	EUR	303,000	*Volvo Treasury 4.2% 10/06/2075	278	0.03
EUR	8,600,000	Novo Banco 4% 21/01/2019 (Defaulted)	2,099	0.23	EUR	129,000	*Volvo Treasury 4.85% 10/03/2078	122	0.01
		<b>Total Portugal</b>	<b>2,761</b>	<b>0.30</b>			<b>B 0.00% (0.23%)</b>		
							<b>Total Sweden</b>	<b>400</b>	<b>0.04</b>
<b>REPUBLIC OF IRELAND 3.21% (1.71%)</b>					<b>SWITZERLAND 2.23% (0.85%)</b>				
		<b>BB+ 0.16% (0.00%)</b>					<b>BBB+ 0.49% (0.00%)</b>		
EUR	1,515,000	Smurfit Kappa 2.375% 01/02/2024	1,344	0.14	EUR	1,885,000	*UBS 4.75% 12/02/2026	1,800	0.19
EUR	209,000	Smurfit Kappa 3.25% 01/06/2021	196	0.02	USD	3,320,000	UBS 5.125% 15/05/2024	2,793	0.30
		<b>BB 0.00% (0.20%)</b>					<b>BBB 1.17% (0.85%)</b>		
		<b>BB- 1.57% (0.00%)</b>			EUR	6,901,000	*Credit Suisse 5.75% 18/09/2025	6,673	0.72
EUR	7,010,000	Ardagh Packaging Finance 2.75% 15/03/2024	6,064	0.65	USD	4,700,000	Credit Suisse 6.5% 08/08/2023	4,217	0.45
EUR	6,975,000	Ardagh Packaging Finance 4.25% 15/01/2022	6,245	0.67			<b>BB+ 0.57% (0.00%)</b>		
EUR	2,522,000	*Governor & Co of the Bank of Ireland 7.375% 29/12/2049	2,364	0.25	EUR	5,660,000	*UBS Group 5.75% 29/12/2049	5,360	0.57
		<b>B+ 0.36% (1.21%)</b>					<b>Total Switzerland</b>	<b>20,843</b>	<b>2.23</b>
EUR	3,740,000	Eircom Finance 4.5% 31/05/2022 SNR SEC	3,393	0.36					
		<b>B 0.27% (0.00%)</b>			<b>UNITED KINGDOM 24.03% (26.98%)</b>				
GBP	2,432,000	Virgin Media 5.5% 15/09/2024	2,514	0.27			<b>Baa2 0.42% (0.52%)</b>		
		<b>B2u 0.26% (0.00%)</b>			GBP	2,574,000	Santander UK 10.0625% 29/10/2049	3,945	0.42
EUR	2,608,000	*Allied Irish Banks 7.375% 29/12/2049	2,374	0.26			<b>BB+ 7.67% (3.18%)</b>		
		<b>B3u 0.00% (0.30%)</b>			EUR	6,186,000	Anglo American 2.5% 29/04/2021	5,694	0.61
		<b>CCC+ 0.59% (0.00%)</b>			EUR	3,618,000	Anglo American 2.875% 20/11/2020	3,364	0.36
EUR	5,747,000	Ardagh Packaging Finance 6.75% 15/05/2024	5,520	0.59	EUR	4,766,000	Anglo American Capital 1.5% 01/04/2020	4,225	0.45
		<b>Total Republic of Ireland</b>	<b>30,014</b>	<b>3.21</b>	EUR	2,822,000	Anglo American Capital 1.75% 03/04/2018	2,483	0.27
<b>RUSSIA 0.83% (0.47%)</b>					EUR	5,017,000	Anglo American Capital 2.75% 07/06/2019	4,582	0.49
		<b>BB+ 0.83% (0.47%)</b>			EUR	310,000	Anglo American Capital 3.25% 03/04/2023	294	0.03
EUR	3,102,000	Gaz Capital 3.125% 17/11/2023	2,744	0.29	EUR	3,084,000	Anglo American Capital 3.5% 28/03/2022	2,957	0.32
EUR	5,443,000	Gaz Capital 3.6% 26/02/2021	5,043	0.54	EUR	2,258,000	International Game Technology 4.125% 15/02/2020	2,100	0.22
		<b>Total Russia</b>	<b>7,787</b>	<b>0.83</b>	EUR	2,380,000	International Game Technology 4.75% 15/02/2023	2,250	0.24
<b>SINGAPORE 0.00% (0.11%)</b>					EUR	810,000	Jaguar Land Rover Automotive 2.2% 15/01/2024	702	0.07
		<b>Not Rated 0.00% (0.11%)</b>			GBP	1,465,000	Jaguar Land Rover Automotive 2.75% 24/01/2021	1,478	0.16
		<b>Total Singapore</b>	<b>—</b>	<b>—</b>	GBP	6,521,000	Jaguar Land Rover Automotive 3.875% 01/03/2023	6,748	0.72
<b>SPAIN 0.02% (0.07%)</b>					GBP	2,848,000	*Lloyds Bank 13% 29/01/2049	5,120	0.55
		<b>CCC- 0.00% (0.07%)</b>			EUR	2,368,000	*Royal Bank of Scotland 10.5% 16/03/2022	2,056	0.22
		<b>Ca 0.02% (0.00%)</b>			GBP	12,111,000	Tesco 6.125% 24/02/2022	14,005	1.50
EUR	2,650,000	Abengoa Finance 6% 31/03/2021 (Defaulted)	82	0.01	GBP	3,295,000	Tesco Property Finance 1 7.6227% 13/07/2039	3,660	0.39
EUR	2,800,000	Abengoa Finance 7% 15/04/2020 (Defaulted)	86	0.01	GBP	1,380,000	Tesco Property Finance 3 5.744% 13/04/2040	1,391	0.15
		<b>Total Spain</b>	<b>168</b>	<b>0.02</b>	GBP	916,000	Tesco Property Finance 5.5% 13/10/2041	904	0.10
					GBP	3,120,000	Travis Perkins 4.5% 07/09/2023	3,198	0.34
					GBP	4,323,000	William Hill 4.875% 07/09/2023	4,458	0.48



## Threadneedle High Yield Bond Fund

### Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
<b>UNITED KINGDOM 24.03% (26.98%) (continued)</b>					<b>B2 0.00% (0.98%)</b>				
		<b>BB 3.20% (5.11%)</b>					<b>B- 0.51% (1.37%)</b>		
GBP	4,333,000	Arrow Global Finance 5.125% 15/09/2024	4,458	0.48	EUR	3,040,000	Ephios Holdings II 8.25% 01/07/2023	2,907	0.31
GBP	3,347,000	*Barclays Bank 14% 29/11/2049	4,133	0.44	GBP	1,783,000	Keystone Financing 9.5% 15/10/2019	1,873	0.20
GBP	6,149,000	*Co-Operative Group FRN 08/07/2020	6,909	0.74			<b>CCC+ 0.90% (1.69%)</b>		
EUR	6,894,000	Ineos Finance 4% 01/05/2023	6,217	0.67			Annington Finance No.5 PIK 13% 15/01/2023	8,383	0.90
EUR	7,116,000	Merlin Entertainments 2.75% 15/03/2022	6,463	0.69	GBP	7,257,595			
USD	2,000,000	Royal Bank of Scotland Group 5.125% 28/05/2024	1,661	0.18	GBP	825,000	<b>CCC 0.09% (0.00%)</b> Soho House Bond 9.125% 01/10/2018	842	0.09
		<b>BB- 3.81% (4.62%)</b>					<b>Caa2 0.00% (0.59%)</b>		
GBP	1,486,000	El Group 6.375% 15/02/2022	1,599	0.17			<b>CCC- 0.00% (0.13%)</b>		
GBP	259,000	El Group 6.5% 06/12/2018	279	0.03			<b>Ca 0.41% (0.00%)</b>		
GBP	1,460,000	El Group 6.875% 15/02/2021	1,602	0.17			Co-Operative Bank United Kingdom 5.125% 20/09/2017	3,866	0.41
GBP	4,520,000	Iron Mountain Europe 6.125% 15/09/2022	4,791	0.51	GBP	4,299,000			
GBP	3,034,000	*Lloyds Banking Group 7% 29/12/2049	3,133	0.33			<b>Not Rated 1.49% (1.59%)</b>		
GBP	6,585,000	Moy Park Bondco 6.25% 29/05/2021	6,826	0.73	USD	5,930,000	EnQuest PIK 7% 15/04/2022	3,850	0.41
GBP	4,441,000	Southern Water Greensands Financing 8.5% 15/04/2019	5,063	0.54	GBP	5,110,000	First Hydro Finance 9% 31/07/2021	6,683	0.71
GBP	945,000	TalkTalk Telecom Group 5.375% 15/01/2022	974	0.10	EUR	4,996,000	International Personal Finance 5.75% 07/04/2021	3,448	0.37
GBP	5,565,000	Virgin Media 4.875% 15/01/2027	5,650	0.60	USD	651	NV Profit Share Preference Share	—	—
GBP	2,420,000	Virgin Media Secured Finance 5.125% 15/01/2025	2,574	0.28			<b>Total United Kingdom</b>	<b>224,572</b>	<b>24.03</b>
GBP	2,725,000	Virgin Media Secured Finance 5.5% 15/01/2021	3,139	0.34	<b>UNITED STATES OF AMERICA 5.30% (3.19%)</b>				
GBP	100,000	Virgin Media Secured Finance 5.5% 15/01/2025	95	0.01			<b>BB+ 1.86% (0.53%)</b>		
		<b>Ba3 0.29% (0.84%)</b>			EUR	1,736,000	Ball Corporation 3.5% 15/12/2020	1,664	0.18
GBP	1,085,000	Anglian Water 5% 30/04/2023	1,154	0.12	EUR	4,195,000	Ball Corporation 4.375% 15/12/2023	4,092	0.44
GBP	1,496,000	Anglian Water Osprey Financing 7% 31/01/2018	1,574	0.17	EUR	7,915,000	IMS Health 3.5% 15/10/2024	6,990	0.75
		<b>B+ 1.48% (2.26%)</b>			EUR	885,000	Levi Strauss 3.375% 15/03/2027	776	0.08
EUR	2,326,000	Boparan Finance 4.375% 15/07/2021	2,020	0.22	EUR	4,465,000	Quintiles IMS 3.25% 15/03/2025	3,855	0.41
GBP	2,426,000	Boparan Finance 5.5% 15/07/2021	2,412	0.26			<b>BB 0.40% (0.10%)</b>		
EUR	900,000	EC Finance 5.125% 15/07/2021	808	0.09	EUR	3,850,000	Sealed Air 4.5% 15/09/2023	3,734	0.40
EUR	3,947,000	Ephios 6.25% 01/07/2022	3,704	0.40			<b>BB- 1.47% (0.00%)</b>		
EUR	2,520,000	OTE 3.5% 09/07/2020	2,201	0.24	EUR	2,070,000	Axalta Coating Systems 4.25% 15/08/2024	1,926	0.21
EUR	2,770,000	OTE 4.375% 02/12/2019	2,480	0.27	EUR	5,176,000	Catalent Pharma Solution 4.75% 15/12/2024	4,750	0.51
		<b>B1 0.56% (0.69%)</b>			EUR	2,207,000	Cemex Finance 4.625% 15/06/2024	2,027	0.22
GBP	4,711,000	Thames Water Kemble Finance 7.75% 01/04/2019	5,282	0.56	EUR	2,770,000	Silgan Holdings 3.25% 15/03/2025	2,427	0.26
		<b>B 3.20% (3.41%)</b>			EUR	2,860,000	Spectrum Brands 4% 01/10/2026	2,572	0.27
GBP	3,862,000	Cognita Finance 7.75% 15/08/2021	4,073	0.44			<b>B+ 0.00% (0.06%)</b>		
GBP	3,649,000	IDH Finance 6.25% 15/08/2022	3,559	0.38			<b>B 0.38% (0.58%)</b>		
EUR	2,330,000	Inovyn Finance 6.25% 15/05/2021	2,147	0.23	CHF	4,164,000	Nord Anglia Education Finance 5.75% 15/07/2022	3,542	0.38
GBP	2,997,000	New Look Secured Bond 6.5% 01/07/2022	2,643	0.28			<b>B- 0.59% (0.86%)</b>		
USD	2,110,000	*Royal Bank of Scotland 8% 29/12/2049	1,747	0.19	USD	5,640,000	Neptune Finco 10.875% Notes 15/10/2025	5,547	0.59
USD	3,550,000	*Royal Bank of Scotland 8.625% 29/12/2049	3,069	0.33			<b>CCC+ 0.49% (0.52%)</b>		
EUR	4,750,000	Thomas Cook Group 6.25% 15/06/2022	4,428	0.47	EUR	5,109,000	Kloekner Penta 7.125% 01/05/2020	4,608	0.49
EUR	500,000	Virgin Media Finance 4.5% 15/01/2025	458	0.05					
GBP	6,765,000	Virgin Media Finance 6.375% 15/10/2024	7,267	0.78					
GBP	475,000	Virgin Media Finance 7% 15/04/2023	514	0.05					



## Threadneedle High Yield Bond Fund

### Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Value £000	% of Investment
<b>UNITED STATES OF AMERICA 5.30% (3.19%) (continued)</b>					<b>ANALYSIS OF INVESTMENTS BY ASSET CLASS</b>		
		<b>Caa1 0.00% (0.08%)</b>			Fixed interest	721,471	83.89
		<b>CCC– 0.11% (0.00%)</b>			Floating rate notes	149,559	17.39
USD	1,961,878	*DFC Finance PIK 12% 16/06/2020	1,034	0.11	Derivatives	(11,025)	(1.28)
		<b>Not Rated 0.00% (0.46%)</b>			<b>Total value of investments</b>	<b>860,005</b>	<b>100.00</b>
		<b>Total United States of America</b>	<b>49,544</b>	<b>5.30</b>			
<b>DERIVATIVES –1.18% (0.02%)</b>							
		<b>Credit Default Swaps 0.39% (0.11%)</b>					
EUR	35,000,000	Barclays Itraxx Crossover Credit Default Swap Index Sell Protection 20/12/2021 Spread 500	2,918	0.31			
EUR	2,000,000	BNP Paribas Virgin Media Finance Credit Default Swap Sell Protection 20/12/2018 Spread 500	133	0.01			
EUR	2,000,000	Goldman Sachs Fiat Chrysler Finance North America Credit Default Swap Sell Protection 20/12/2018 Spread 500	124	0.01			
EUR	6,000,000	Goldman Sachs Itraxx Crossover Credit Default Swap Index Sell Protection 20/12/2021 Spread 500	500	0.05			
EUR	2,000,000	Goldman Sachs Virgin Media Finance Credit Default Swap Sell Protection 20/09/2018 Spread 500	116	0.01			
		<b>Forward Foreign Exchange Contracts –1.57% (–0.09%)</b>					
		Sell EUR 238,200,000					
		Buy GBP 202,164,199 Citigroup	(4,582)	(0.49)			
		Sell EUR 238,200,000					
		Buy GBP 202,166,652 J.P. Morgan	(4,580)	(0.49)			
		Sell EUR 238,440,000					
		Buy GBP 202,353,060 UBS	(4,602)	(0.49)			
		Sell EUR 4,380,000					
		Buy GBP 3,759,280 Goldman Sachs	(42)	–			
		Sell USD 73,825,000					
		Buy GBP 59,400,627 Goldman Sachs	(1,149)	(0.12)			
		Sell USD 832,000					
		Buy GBP 675,359 UBS	(7)	–			
		Sell CHF 8,782,000					
		Buy GBP 7,005,087 Goldman Sachs	(102)	(0.01)			
		Sell USD 9,934					
		Buy GBP 8,122 J.P. Morgan	–	–			
		Sell GBP 11,264,751					
		Buy USD 14,040,656 J.P. Morgan	248	0.03			
		Sell GBP 47,692					
		Buy USD 58,488 J.P. Morgan	–	–			
		<b>Total Derivatives</b>	<b>(11,025)</b>	<b>(1.18)</b>			
<b>Total value of investments</b>			<b>860,005</b>	<b>92.03</b>			
<b>Net other assets (7.61%)</b>			<b>74,445</b>	<b>7.97</b>			
<b>Net assets</b>			<b>934,450</b>	<b>100.00</b>			

March 2016 comparatives in brackets.

\*Variable rate bonds.



## Threadneedle Global Select Fund

### Portfolio Statement

as at 7 March 2017

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
<b>BELGIUM 1.43% (1.16%)</b>				<b>HONG KONG 1.09% (1.01%)</b>			
	<b>Beverages 1.43% (1.16%)</b>				<b>Life Insurance 1.09% (1.01%)</b>		
188,256	Anheuser-Busch InBev	16,408	1.43	2,399,200	AIA Group	12,448	1.09
	<b>Total Belgium</b>	<b>16,408</b>	<b>1.43</b>		<b>Total Hong Kong</b>	<b>12,448</b>	<b>1.09</b>
<b>BERMUDA 1.83% (1.48%)</b>				<b>INDIA 1.57% (1.59%)</b>			
	<b>Financial Services 1.83% (1.48%)</b>				<b>Banks 1.57% (1.59%)</b>		
627,948	Ihs Markit	20,944	1.83	1,021,973	HDFC Bank	17,912	1.57
	<b>Total Bermuda</b>	<b>20,944</b>	<b>1.83</b>		<b>Total India</b>	<b>17,912</b>	<b>1.57</b>
<b>BRAZIL 0.44% (0.40%)</b>				<b>INDONESIA 1.76% (1.22%)</b>			
	<b>General Retailers 0.44% (0.40%)</b>				<b>Banks 1.76% (1.22%)</b>		
1,435,600	Kroton Educacional	5,046	0.44	27,326,000	Bank Rakyat Indonesia	20,116	1.76
	<b>Total Brazil</b>	<b>5,046</b>	<b>0.44</b>		<b>Total Indonesia</b>	<b>20,116</b>	<b>1.76</b>
<b>CANADA 1.42% (0.00%)</b>				<b>JAPAN 5.44% (6.34%)</b>			
	<b>Oil &amp; Gas Producers 1.42% (0.00%)</b>				<b>Construction &amp; Materials 0.00% (1.04%)</b>		
628,200	Suncor Energy USD	16,221	1.42		<b>Industrial Engineering 1.79% (1.22%)</b>		
	<b>Total Canada</b>	<b>16,221</b>	<b>1.42</b>	629,900	Kubota	8,202	0.72
<b>CAYMAN ISLANDS 4.52% (3.78%)</b>				787,800	Yaskawa Electric	12,210	1.07
	<b>General Retailers 2.08% (1.43%)</b>				<b>Automobiles &amp; Parts 1.26% (0.00%)</b>		
283,819	Alibaba Group ADR	23,821	2.08	445,500	Bridgestone	14,428	1.26
	<b>Software &amp; Computer Services 2.44% (2.35%)</b>				<b>Household Goods &amp; Home Construction 1.38% (1.25%)</b>		
1,246,700	Tencent Holdings	27,902	2.44	1,158,100	Sekisui Chemical	15,822	1.38
	<b>Total Cayman Islands</b>	<b>51,723</b>	<b>4.52</b>		<b>Leisure Goods 1.01% (0.86%)</b>		
<b>CHINA 2.53% (1.80%)</b>				65,300	Nintendo	11,609	1.01
	<b>Pharmaceuticals &amp; Biotechnology 0.94% (0.56%)</b>				<b>Financial Services 0.00% (1.97%)</b>		
2,828,000	Sinopharm Group	10,728	0.94		<b>Total Japan</b>	<b>62,271</b>	<b>5.44</b>
	<b>Life Insurance 1.59% (1.24%)</b>			<b>JERSEY 1.72% (1.47%)</b>			
4,144,500	Ping An Insurance Group of China	18,263	1.59		<b>Support Services 1.72% (1.47%)</b>		
	<b>Total China</b>	<b>28,991</b>	<b>2.53</b>	395,202	Wolseley	19,717	1.72
<b>DENMARK 0.98% (2.22%)</b>					<b>Total Jersey</b>	<b>19,717</b>	<b>1.72</b>
	<b>Pharmaceuticals &amp; Biotechnology 0.98% (2.22%)</b>			<b>MEXICO 0.81% (2.99%)</b>			
403,077	Novo Nordisk	11,197	0.98		<b>Beverages 0.81% (1.73%)</b>		
	<b>Total Denmark</b>	<b>11,197</b>	<b>0.98</b>	131,445	Fomento Economico Mexicano ADR	9,214	0.81
<b>FRANCE 0.00% (1.06%)</b>					<b>Banks 0.00% (1.26%)</b>		
	<b>Oil &amp; Gas Producers 0.00% (1.06%)</b>				<b>Total Mexico</b>	<b>9,214</b>	<b>0.81</b>
	<b>Total France</b>	<b>—</b>	<b>—</b>	<b>NETHERLANDS 1.45% (1.43%)</b>			
<b>GERMANY 2.53% (3.03%)</b>					<b>Media 1.45% (0.00%)</b>		
	<b>Chemicals 0.99% (1.41%)</b>			1,141,326	RELX (EUR)	16,627	1.45
245,794	Brenntag	11,299	0.99		<b>Technology Hardware &amp; Equipment 0.00% (1.43%)</b>		
	<b>Automobiles &amp; Parts 0.00% (1.62%)</b>				<b>Total Netherlands</b>	<b>16,627</b>	<b>1.45</b>
	<b>Mobile Telecommunications 1.54% (0.00%)</b>			<b>REPUBLIC OF IRELAND 4.33% (3.93%)</b>			
1,271,174	Deutsche Telekom	17,625	1.54		<b>Construction &amp; Materials 1.16% (0.00%)</b>		
	<b>Total Germany</b>	<b>28,924</b>	<b>2.53</b>	459,193	CRH (Dublin Listing)	13,295	1.16
					<b>Support Services 1.29% (0.00%)</b>		
				430,841	Johnson Controls International	14,763	1.29



## Threadneedle Global Select Fund

### Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
<b>REPUBLIC OF IRELAND 4.33% (3.93%) (continued)</b>					<b>Industrial Engineering 0.55% (0.00%)</b>		
	<b>Pharmaceuticals &amp; Biotechnology 0.65% (0.55%)</b>			82,064	Graco	6,284	0.55
149,217	Alkermes	7,369	0.65		<b>Industrial Transportation 1.50% (3.34%)</b>		
	<b>Banks 1.23% (1.53%)</b>			191,384	Union Pacific	17,182	1.50
72,432,241	Bank of Ireland	14,077	1.23		<b>Support Services 1.47% (0.00%)</b>		
	<b>Nonlife Insurance 0.00% (1.85%)</b>			157,450	United Rentals	16,767	1.47
	<b>Total Republic of Ireland</b>	<b>49,504</b>	<b>4.33</b>		<b>Beverages 0.00% (1.01%)</b>		
<b>SPAIN 2.01% (2.65%)</b>					<b>Leisure Goods 2.59% (0.38%)</b>		
	<b>General Retailers 1.27% (1.80%)</b>			754,554	Activision Blizzard	29,600	2.59
545,570	Inditex	14,490	1.27		<b>Personal Goods 1.71% (2.81%)</b>		
	<b>Mobile Telecommunications 0.74% (0.85%)</b>			88,944	Estee Lauder Companies Class A	6,037	0.53
673,242	Cellnex Telecom	8,558	0.74	289,778	NIKE	13,498	1.18
	<b>Total Spain</b>	<b>23,048</b>	<b>2.01</b>		<b>Health Care Equipment &amp; Services 5.46% (3.74%)</b>		
<b>SWITZERLAND 4.06% (3.27%)</b>				134,610	Align Technology	11,347	0.99
	<b>Electronic &amp; Electrical Equipment 1.44% (0.95%)</b>			137,330	Centene	7,996	0.70
272,182	TE Connectivity	16,562	1.44	252,191	Dentsply Sirona	12,982	1.13
	<b>Pharmaceuticals &amp; Biotechnology 1.16% (0.00%)</b>			157,941	Stryker	16,804	1.47
216,695	Novartis	13,260	1.16	139,344	Zimmer Holdings	13,402	1.17
	<b>Banks 1.46% (2.32%)</b>				<b>Pharmaceuticals &amp; Biotechnology 4.26% (7.21%)</b>		
1,298,911	UBS Group	16,684	1.46	328,170	Gilead Sciences	18,876	1.65
	<b>Total Switzerland</b>	<b>46,506</b>	<b>4.06</b>	512,592	Pfizer	14,447	1.26
<b>UNITED KINGDOM 5.61% (8.80%)</b>				206,967	Vertex Pharmaceuticals	15,436	1.35
	<b>Oil &amp; Gas Producers 0.79% (1.08%)</b>				<b>General Retailers 5.00% (4.43%)</b>		
417,933	Royal Dutch Shell A Shares (NL Listing)	8,997	0.79	42,655	Amazon.com	29,626	2.59
	<b>Personal Goods 2.31% (2.08%)</b>			121,001	Costco Wholesale	16,552	1.45
674,986	Unilever	26,453	2.31	170,912	TJX Companies	11,024	0.96
	<b>Tobacco 0.53% (1.19%)</b>				<b>Media 1.39% (2.28%)</b>		
119,406	British American Tobacco	6,094	0.53	518,168	Comcast	15,914	1.39
	<b>Media 0.00% (1.08%)</b>				<b>Travel &amp; Leisure 1.34% (4.33%)</b>		
	<b>Fixed Line Telecommunications 0.61% (1.07%)</b>			354,021	Spirit Airlines	15,326	1.34
2,091,905	BT Group	6,949	0.61		<b>Banks 4.63% (2.01%)</b>		
	<b>Nonlife Insurance 1.37% (2.30%)</b>			862,502	Bank of America	17,869	1.56
164,972	Aon	15,664	1.37	293,581	BB&T	11,616	1.01
	<b>Total United Kingdom</b>	<b>64,157</b>	<b>5.61</b>	312,429	JPMorgan Chase	23,564	2.06
<b>UNITED STATES OF AMERICA 53.21% (49.79%)</b>					<b>Financial Services 8.67% (5.19%)</b>		
	<b>Oil &amp; Gas Producers 2.30% (1.09%)</b>			810,711	Charles Schwab	28,011	2.45
192,674	EOG Resources	15,822	1.38	96,768	Goldman Sachs Group	20,008	1.75
199,073	Occidental Petroleum	10,575	0.92	255,591	Master Card Class A	23,354	2.04
	<b>Oil Equipment, Services &amp; Distribution 1.45% (1.03%)</b>			380,974	Visa 'A' Shares	27,811	2.43
718,576	Enterprise Products Partners	16,609	1.45		<b>Software &amp; Computer Services 6.53% (6.50%)</b>		
	<b>Construction &amp; Materials 1.49% (0.00%)</b>			58,097	Alphabet Class A	40,383	3.53
66,746	Sherwin-Williams	17,043	1.49	12,515	Alphabet Class C	8,498	0.74
	<b>Electronic &amp; Electrical Equipment 1.13% (2.81%)</b>			229,271	Facebook	25,849	2.26
224,662	Amphenol	12,926	1.13		<b>Technology Hardware &amp; Equipment 1.74% (1.63%)</b>		
				943,374	Micron Technology	19,901	1.74
					<b>Total United States of America</b>	<b>608,939</b>	<b>53.21</b>



## Threadneedle Global Select Fund

### Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
<b>DERIVATIVES 0.00% (0.00%)</b>			
	Forward Foreign Exchange Contracts 0.00% (0.00%)		
	Sell USD 129,000		
	Buy GBP 105,100 Citigroup	(1)	—
	<b>Total Derivatives</b>	<b>(1)</b>	<b>—</b>
<b>Total value of investments</b>		<b>1,129,912</b>	<b>98.74</b>
<b>Net other assets (0.58%)</b>		<b>14,386</b>	<b>1.26</b>
<b>Net assets</b>		<b>1,144,298</b>	<b>100.00</b>

March 2016 comparatives in brackets.



## Threadneedle Global Bond Fund

### Portfolio Statement

as at 7 March 2017

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
<b>AUSTRALIA 6.91% (8.36%)</b>					<b>GERMANY 2.50% (1.13%)</b>				
		<b>Aaa 6.91% (8.36%)</b>					<b>Aaa 2.50% (1.13%)</b>		
AUD	36,935,000	Australia Government Bond 1.75% 21/11/2020	22,703	4.96	EUR	8,160,000	Bundesrepublik Deutschland 0% 15/08/2026	6,925	1.52
AUD	12,770,000	Australia Government Bond 4.25% 21/04/2026	8,898	1.95	EUR	3,300,000	Bundesrepublik Deutschland 4% 04/01/2037	4,494	0.98
		<b>Total Australia</b>	<b>31,601</b>	<b>6.91</b>			<b>Total Germany</b>	<b>11,419</b>	<b>2.50</b>
<b>AUSTRIA 0.00% (0.47%)</b>					<b>HONG KONG 0.35% (0.32%)</b>				
		<b>BB+ 0.00% (0.47%)</b>					<b>A 0.35% (0.32%)</b>		
		<b>Total Austria</b>	<b>—</b>	<b>—</b>	USD	1,950,000	AIA Group 1.75% 13/03/2018	1,595	0.35
							<b>Total Hong Kong</b>	<b>1,595</b>	<b>0.35</b>
<b>BELGIUM 1.47% (1.90%)</b>					<b>ITALY 3.12% (5.92%)</b>				
		<b>Not Rated 1.47% (1.90%)</b>					<b>Baa2u 2.33% (4.01%)</b>		
EUR	6,010,000	Belgium Government Bond 0.8% 22/06/2025	5,353	1.17	EUR	13,350,000	Buoni Poliennali Del Tesoro 1.25% 01/12/2026	10,660	2.33
EUR	1,500,000	Belgium Government Bond 1.9% 22/06/2038	1,392	0.30			<b>Not Rated 0.79% (1.91%)</b>		
		<b>Total Belgium</b>	<b>6,745</b>	<b>1.47</b>	EUR	4,200,000	Banca Monte dei Paschi di Siena 3.5% 20/03/2017	3,628	0.79
<b>BRITISH VIRGIN ISLANDS 0.52% (0.00%)</b>							<b>Total Italy</b>	<b>14,288</b>	<b>3.12</b>
		<b>A+ 0.52% (0.00%)</b>			<b>JAPAN 10.90% (9.05%)</b>				
USD	3,000,000	Sinopec Group 2% 29/09/2021	2,357	0.52			<b>AA- 0.27% (0.00%)</b>		
		<b>Total British Virgin Islands</b>	<b>2,357</b>	<b>0.52</b>	USD	1,550,000	Japan Tobacco 2% 13/04/2021	1,241	0.27
<b>CANADA 3.80% (2.01%)</b>							<b>A+ 0.38% (0.36%)</b>		
		<b>AAA 2.14% (0.37%)</b>			CAD	2,850,000	Japan Bank for International Cooperation 2.3% 19/03/2018	1,759	0.38
CAD	6,850,000	Canada Housing Trust No 1 2.55% 15/03/2025	4,355	0.95			<b>A1 10.25% (8.69%)</b>		
USD	4,500,000	CPPIB Capital 2.25% 25/01/2022	3,673	0.80	JPY	502,000,000	Japan Government 0.1% 20/09/2026	3,636	0.80
CAD	2,700,000	Province of British Columbia 3.25% 18/12/2021	1,778	0.39	JPY	2,577,250,000	Japan Government 0.2% 20/06/2036	17,159	3.75
		<b>A+ 1.66% (1.56%)</b>			JPY	369,000,000	Japan Government 0.4% 20/06/2025	2,747	0.60
USD	3,130,000	Province of Ontario Canada 2% 30/01/2019	2,581	0.57	JPY	1,070,450,000	Japan Government 1.4% 20/12/2045	8,854	1.94
USD	3,425,000	Province of Ontario Canada 2.5% 10/09/2021	2,827	0.62	JPY	695,000,000	Japan Government 1.9% 20/03/2025	5,776	1.26
USD	2,575,000	Province of Ontario Canada 3.2% 16/05/2024	2,166	0.47	JPY	1,003,000,000	Japan Government 2.1% 20/03/2027	8,693	1.90
		<b>BBB+ 0.00% (0.08%)</b>					<b>Total Japan</b>	<b>49,865</b>	<b>10.90</b>
		<b>Total Canada</b>	<b>17,380</b>	<b>3.80</b>	<b>MEXICO 1.10% (1.01%)</b>				
<b>FRANCE 7.23% (1.65%)</b>							<b>BBB+ 1.10% (1.01%)</b>		
		<b>Aa2e 1.03% (0.00%)</b>			USD	2,100,000	Petroleos Mexicanos 5.75% 01/03/2018	1,782	0.39
EUR	5,475,000	France Government Bond OAT 1.75% 25/06/2039	4,735	1.03	AUD	5,200,000	Petroleos Mexicanos 6.125% 26/04/2017	3,249	0.71
		<b>Aa2u 6.20% (1.65%)</b>					<b>Total Mexico</b>	<b>5,031</b>	<b>1.10</b>
EUR	17,830,000	France Government Bond OAT 0.25% 25/11/2026	14,447	3.16	<b>NETHERLANDS 5.27% (1.30%)</b>				
EUR	2,415,000	France Government Bond OAT 1.5% 25/05/2031	2,129	0.46			<b>AAA 0.72% (0.67%)</b>		
EUR	9,500,000	France Government Bond OAT 3% 25/04/2022	9,508	2.08	USD	4,000,000	Nederlandse Financierings Maatschappij voor Ontwikkelingslanden 1.5% 12/02/2018	3,282	0.72
EUR	2,070,000	France Government Bond OAT 3.25% 25/05/2045	2,278	0.50			<b>A+ 1.49% (0.00%)</b>		
		<b>Total France</b>	<b>33,097</b>	<b>7.23</b>	AUD	3,400,000	BMW Finance 2.5% 24/08/2020	2,103	0.46
					USD	6,000,000	Siemens Financieringsmaatschappij 1.7% 15/09/2021	4,721	1.03
							<b>BBB+ 0.78% (0.00%)</b>		
					USD	4,500,000	Deutsche Telekom 1.95% 19/09/2021	3,556	0.78



## Threadneedle Global Bond Fund

### Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
<b>NETHERLANDS 5.27% (1.30%) (continued)</b>									
		<b>Not Rated 2.28% (0.63%)</b>			EUR	4,490,000	Spain Government Bond 2.9% 31/10/2046	3,844	0.84
EUR	11,835,000	Netherlands Government 0.75% 15/07/2027	10,442	2.28			<b>Total Spain</b>	<b>4,730</b>	<b>1.03</b>
		<b>Total Netherlands</b>	<b>24,104</b>	<b>5.27</b>					
<b>NORWAY 0.43% (0.41%)</b>					<b>SUPRANATIONAL 2.10% (1.63%)</b>				
		<b>BBB+ 0.43% (0.00%)</b>			GBP	2,710,000	Aaa 1.36% (0.71%) European Investment Bank 1% 21/09/2026	2,573	0.56
USD	2,400,000	Eksportfinans 5.5% 26/06/2017	1,989	0.43	USD	4,520,000	International Bank for Reconstruction and Development 2% 26/01/2022	3,669	0.80
		<b>BBB 0.00% (0.41%)</b>					<b>Aa1 0.00% (0.33%)</b>		
		<b>Total Norway</b>	<b>1,989</b>	<b>0.43</b>			<b>AA 0.74% (0.00%)</b>		
<b>PERU 0.00% (0.13%)</b>					EUR	3,960,000	European Financial Stability Facility 1.7% 13/02/2043	3,360	0.74
		<b>BBB 0.00% (0.13%)</b>					<b>Baa2 0.00% (0.59%)</b>		
		<b>Total Peru</b>	<b>—</b>	<b>—</b>			<b>Total Supranational</b>	<b>9,602</b>	<b>2.10</b>
<b>REPUBLIC OF IRELAND 0.00% (1.89%)</b>					<b>SWEDEN 0.69% (0.65%)</b>				
		<b>A+ 0.00% (1.89%)</b>			USD	3,800,000	Aaa 0.69% (0.65%) Kommuninvest I Sverige 2.88% 31/05/2018	3,172	0.69
		<b>Total Republic of Ireland</b>	<b>—</b>	<b>—</b>			<b>Total Sweden</b>	<b>3,172</b>	<b>0.69</b>
<b>ROMANIA 0.00% (1.28%)</b>					<b>UNITED ARAB EMIRATES 1.31% (1.21%)</b>				
		<b>Not Rated 0.00% (1.28%)</b>			USD	4,750,000	A2 0.86% (0.80%) First Gulf Bank 2.86% 09/10/2017	3,916	0.86
		<b>Total Romania</b>	<b>—</b>	<b>—</b>	USD	2,485,000	A3 0.45% (0.00%) Emirates NBD 3.25% 19/11/2019	2,074	0.45
<b>SINGAPORE 0.14% (0.13%)</b>							<b>Baa1 0.00% (0.41%)</b>		
		<b>BBB+ 0.14% (0.13%)</b>					<b>Total United Arab Emirates</b>	<b>5,990</b>	<b>1.31</b>
USD	800,000	BOC Aviation 2.88% 10/10/2017	659	0.14	<b>UNITED KINGDOM 6.34% (10.70%)</b>				
		<b>Total Singapore</b>	<b>659</b>	<b>0.14</b>			<b>Aa1u 5.66% (10.53%)</b>		
<b>SLOVENIA 2.33% (0.00%)</b>					GBP	4,550,000	United Kingdom Gilt 0.5% 22/07/2022	4,532	0.99
		<b>A 2.33% (0.00%)</b>			GBP	2,480,000	United Kingdom Gilt 1.5% 22/07/2026	2,566	0.56
EUR	11,000,000	Republic of Slovenia 1.25% 22/03/2027	9,381	2.05	GBP	2,025,000	United Kingdom Gilt 1.5% 22/07/2047	1,886	0.41
EUR	1,630,000	Republic of Slovenia 1.5% 25/03/2035	1,285	0.28	GBP	6,165,000	United Kingdom Gilt 1.75% 07/09/2037	6,113	1.34
		<b>Total Slovenia</b>	<b>10,666</b>	<b>2.33</b>	GBP	4,511,000	United Kingdom Gilt 3.25% 22/01/2044	5,843	1.28
<b>SOUTH KOREA 3.23% (1.51%)</b>					GBP	770,000	United Kingdom Gilt 3.5% 22/01/2045	1,047	0.23
		<b>AA 2.80% (0.00%)</b>			GBP	297,000	United Kingdom Gilt 3.5% 22/07/2068	482	0.11
USD	4,275,000	Doosan Infracore 2.375% 21/11/2019	3,491	0.76	GBP	2,380,000	United Kingdom Gilt 4.5% 07/09/2034	3,405	0.74
USD	6,000,000	Export-Import Bank of Korea 2.75% 25/01/2022	4,890	1.07			<b>A 0.50% (0.00%)</b>		
USD	1,500,000	Export-Import Bank of Korea 2.88% 17/09/2018	1,247	0.27	USD	2,800,000	*HSBC Holdings 3.262% 13/03/2023	2,297	0.50
USD	3,000,000	Korea Development Bank 3.5% 22/08/2017	2,481	0.54			<b>A- 0.18% (0.17%)</b>		
USD	850,000	Korea Finance 2.875% 22/08/2018	706	0.16	USD	1,000,000	BP Capital Markets 2.24% 26/09/2018	826	0.18
		<b>Aa2 0.43% (0.28%)</b>					<b>Total United Kingdom</b>	<b>28,997</b>	<b>6.34</b>
USD	716,000	Korea Midland Power 2.75% 11/02/2019	593	0.13	<b>UNITED STATES OF AMERICA 37.20% (35.58%)</b>				
USD	1,650,000	Korea Western Power 2.875% 10/10/2018	1,370	0.30			<b>AAA 0.48% (31.08%)</b>		
		<b>AA- 0.00% (1.23%)</b>			USD	1,730,000	Microsoft 1.55% 08/08/2021	1,375	0.30
		<b>Total South Korea</b>	<b>14,778</b>	<b>3.23</b>	USD	1,025,000	Microsoft 2.875% 06/02/2024	841	0.18
<b>SPAIN 1.03% (3.60%)</b>							<b>Aaa 23.54% (0.00%)</b>		
		<b>BBB+ 1.03% (3.60%)</b>			USD	4,250,000	Johnson & Johnson 2.25% 03/03/2022	3,470	0.76
EUR	1,000,000	Spain Government Bond 0.75% 30/07/2021	886	0.19	USD	36,750,000	United States Treasury Note/Bond 0.875% 15/05/2017	30,161	6.59



## Threadneedle Global Bond Fund

### Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value		
UNITED STATES OF AMERICA 37.20% (35.58%) (continued)							Not Rated 8.71% (0.00%)				
USD	280,000	United States Treasury Note/Bond 1.125% 30/06/2021	222	0.05	USD	13,025,000	United States Treasury Note/Bond 1.875% 31/01/2022	10,608	2.32		
USD	14,000,000	United States Treasury Note/Bond 1.5% 15/08/2026	10,516	2.30	USD	35,875,000	United States Treasury Note/Bond 1.875% 28/02/2022	29,234	6.39		
USD	820,000	United States Treasury Note/Bond 1.625% 31/05/2023	648	0.14	Total United States of America				170,218	37.20	
USD	3,275,000	United States Treasury Note/Bond 1.625% 31/10/2023	2,577	0.56	DERIVATIVES 0.21% (–0.39%)						
USD	2,115,000	United States Treasury Note/Bond 1.625% 15/05/2026	1,611	0.35	Forward Foreign Exchange Contracts 0.21% (–0.39%)						
USD	16,350,000	United States Treasury Note/Bond 2% 15/11/2026	12,827	2.80			Sell USD 15,645,355				
USD	25,300,000	United States Treasury Note/Bond 2.125% 30/11/2023	20,548	4.49			Buy AUD 20,588,485 HSBC	(9)	–		
USD	4,210,000	United States Treasury Note/Bond 2.25% 15/08/2046	2,880	0.63			Sell USD 5,708,767				
USD	3,175,000	United States Treasury Note/Bond 2.5% 15/02/2045	2,306	0.50			Buy CAD 7,603,118 J.P. Morgan	(30)	(0.01)		
USD	955,000	United States Treasury Note/Bond 2.5% 15/02/2046	692	0.15			Sell USD 1,690,009				
USD	9,640,000	United States Treasury Note/Bond 2.5% 15/05/2046	6,978	1.53			Buy EUR 1,598,964 Barclays	2	–		
USD	600,000	United States Treasury Note/Bond 2.875% 15/11/2046	471	0.10			Sell USD 2,939,881				
USD	4,455,000	United States Treasury Note/Bond 3.5% 15/02/2039	3,974	0.87			Buy EUR 2,787,819 UBS	9	–		
USD	4,175,000	United States Treasury Note/Bond 3.875% 15/08/2040	3,910	0.86			Sell USD 3,609,373				
USD	3,825,000	United States Treasury Note/Bond 4.5% 15/02/2036	3,946	0.86			Buy EUR 3,395,281 J.P. Morgan	(13)	–		
		AA+ 0.00% (0.70%)					Sell USD 45,256,455				
		AA– 1.56% (1.52%)					Buy EUR 42,837,263 UBS	65	0.01		
USD	2,900,000	Federal National Mortgage Association 0% 09/10/2019	2,262	0.49			Sell USD 9,305,215				
USD	1,350,000	Oracle 2.375% 15/01/2019	1,124	0.25			Buy GBP 7,497,823 Citigroup	(134)	(0.03)		
USD	4,475,000	Port Authority of New York & New Jersey 4.458% 01/10/2062	3,752	0.82			Sell USD 2,529,906				
		A 0.14% (0.00%)					Buy JPY 283,316,088 J.P. Morgan	(34)	(0.01)		
USD	800,000	Gilead Sciences 0% 01/03/2022	631	0.14			Sell USD 61,393,204				
		BBB+ 2.05% (1.61%)					Buy JPY 7,024,076,255 UBS	250	0.06		
USD	2,210,000	AT&T 2.38% 27/11/2018	1,829	0.40			Sell AUD 20,853,697				
CAD	700,000	AT&T 3.825% 25/11/2020	453	0.10			Sell EUR 2,131,331				
USD	2,000,000	Citigroup 2.5% 29/07/2019	1,654	0.36			Buy USD 2,244,697 Barclays	(9)	–		
USD	2,080,000	ERAC USA Finance 2.6% 01/12/2021	1,674	0.37			Sell JPY 300,884,205	(9)	–		
USD	1,650,000	Huntington National Bank 2.2% 01/04/2019	1,356	0.30			Buy USD 2,632,073 Barclays	(9)	–		
USD	1,625,000	McKesson 2.284% 15/03/2019	1,339	0.29			Sell AUD 48,898,374				
USD	1,272,000	Verizon Communications 2.946% 15/03/2022	1,038	0.23			Buy USD 37,508,828 J.P. Morgan	308	0.07		
		Baa1 0.00% (0.00%)					Sell EUR 6,350,402	(39)	(0.01)		
		BBB 0.72% (0.67%)					Buy USD 6,673,231 UBS				
USD	903,000	DTE Energy 2.4% 01/12/2019	743	0.16			Sell GBP 6,789,119				
USD	1,450,000	FedEx 2.3% 01/02/2020	1,197	0.26			Buy USD 8,444,795 HSBC	137	0.03		
USD	1,675,000	Kellogg 1.75% 17/05/2017	1,371	0.30			Sell EUR 8,230,988	(24)			
							Buy USD 8,681,331 Barclays				
							Sell GBP 7,010,162				
							Buy USD 8,738,413 Goldman Sachs	157	0.03		
							Sell CAD 11,636,641				
							Buy USD 8,901,214 HSBC	181	0.04		
							Total Derivatives	958	0.21		
						Total value of investments		449,241	98.18		
						Net other assets (8.55%)		8,308	1.82		
						Net assets		457,549	100.00		
						March 2016 comparatives in brackets.					
						*Variable rate bonds.					
						ANALYSIS OF INVESTMENTS BY ASSET CLASS					
								Value	% of		
								£000	Investment		
						Fixed interest		445,986	99.28		
						Floating rate notes		2,297	0.51		
						Derivatives		958	0.21		
						Total value of investments		449,241	100.00		



## Threadneedle UK Institutional Fund

### Portfolio Statement

as at 7 March 2017

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
<b>OIL &amp; GAS 8.09% (7.57%)</b>				<b>Support Services 5.02% (4.15%)</b>			
	<b>Oil &amp; Gas Producers 7.25% (6.58%)</b>			275,394	Diploma	2,925	0.27
2,539,620	BP	11,786	1.10	3,574,473	Hays	5,726	0.54
523,692	Cairn Energy	1,147	0.11	2,013,179	Howden Joinery Group	8,560	0.80
1,321,090	EnQuest	651	0.06	400,822	Mears Group	2,044	0.19
2,837,511	Royal Dutch Shell B Shares	63,901	5.98	312,380	Northgate	1,741	0.16
	<b>Oil Equipment, Services &amp; Distribution 0.84% (0.99%)</b>			225,490	PayPoint	2,223	0.21
1,174,037	John Wood Group	8,917	0.84	273,511	Paysafe Group	1,123	0.10
	<b>Total Oil &amp; Gas</b>	<b>86,402</b>	<b>8.09</b>	7,156,050	Rentokil Initial	17,268	1.62
<b>BASIC MATERIALS 2.80% (2.76%)</b>				135,809	Ricardo	1,226	0.11
	<b>Chemicals 2.50% (2.17%)</b>			701,181	RPS Group	1,784	0.17
1,279,447	Elementis	3,777	0.35	53,226	Sanne Group IPO	357	0.03
479,174	Johnson Matthey	14,356	1.34	176,350	Wolseley	8,798	0.82
179,151	*Scapa Group	652	0.06		<b>Total Industrials</b>	<b>177,733</b>	<b>16.63</b>
406,625	Victrex	8,019	0.75	<b>CONSUMER GOODS 16.70% (19.13%)</b>			
	<b>Mining 0.30% (0.59%)</b>				<b>Automobiles &amp; Parts 1.36% (1.42%)</b>		
146,647	Acacia Mining	624	0.06	3,892,303	GKN	14,546	1.36
1,075,959	Centamin	1,711	0.16		<b>Beverages 3.27% (2.99%)</b>		
561,434	Petra Diamonds	798	0.08	1,446,748	Diageo	32,682	3.06
	<b>Total Basic Materials</b>	<b>29,937</b>	<b>2.80</b>	1,242,286	Stock Spirits Group	2,186	0.21
<b>INDUSTRIALS 16.63% (11.94%)</b>					<b>Food Producers 0.04% (0.00%)</b>		
	<b>Construction &amp; Materials 3.40% (1.23%)</b>			151,540	*Hotel Chocolat Group	443	0.04
7,513,369	*Breedon Aggregates	5,710	0.53		<b>Household Goods &amp; Home Construction 0.45% (2.83%)</b>		
450,616	Costain Group	1,868	0.17	314,399	Countryside Properties	720	0.07
300,445	CRH	8,698	0.81	397,905	Crest Nicholson Holdings	2,200	0.21
469,974	Marshalls	1,447	0.14	114,450	Galliford Try	1,756	0.17
6,572,713	Melrose Industries	15,265	1.43		<b>Leisure Goods 0.14% (0.12%)</b>		
387,651	Polypipe Group	1,313	0.12	919,219	Photo-Me International	1,533	0.14
754,206	Tyman	2,112	0.20		<b>Personal Goods 5.16% (4.60%)</b>		
	<b>Aerospace &amp; Defence 3.78% (3.71%)</b>			896,879	Burberry Group	15,857	1.48
168,025	Avon Rubber	1,613	0.15	109,409	Ted Baker	3,079	0.29
2,666,022	BAE Systems	17,143	1.60	925,291	Unilever	36,262	3.39
5,251,671	Cobham	6,696	0.63		<b>Tobacco 6.28% (7.17%)</b>		
1,634,977	Rolls-Royce Holdings	12,409	1.16	764,913	British American Tobacco	39,041	3.65
1,325,241	Senior	2,551	0.24	736,909	Imperial Brands	28,120	2.63
	<b>General Industrials 1.75% (1.24%)</b>				<b>Total Consumer Goods</b>	<b>178,425</b>	<b>16.70</b>
4,393,453	Coats Group	2,460	0.23	<b>HEALTH CARE 10.72% (11.70%)</b>			
1,053,223	Smiths Group	16,199	1.52		<b>Health Care Equipment &amp; Services 1.75% (2.15%)</b>		
	<b>Electronic &amp; Electrical Equipment 0.74% (0.35%)</b>			138,730	Consort Medical	1,405	0.13
966,837	E2V Technologies	2,630	0.25	1,406,806	Smith & Nephew	17,290	1.62
540,088	Lucoeco	956	0.09		<b>Pharmaceuticals &amp; Biotechnology 8.97% (9.55%)</b>		
623,760	Morgan Advanced Materials	1,990	0.19	673,754	AstraZeneca	32,013	2.99
284,032	Oxford Instruments	2,210	0.21	161,566	*Clinigen Group	1,351	0.13
	<b>Industrial Engineering 0.96% (1.01%)</b>			230,036	Dechra Pharmaceuticals	3,830	0.36
163,721	Bodycote	1,337	0.12	134,351	Genus	2,381	0.22
545,696	Fenner	1,625	0.15	3,191,464	GlaxoSmithKline	53,728	5.03
2,149,010	Rotork	5,463	0.51	1,691,752	Vectura Group	2,544	0.24
1,127,764	Severfield	860	0.08		<b>Total Health Care</b>	<b>114,542</b>	<b>10.72</b>
514,647	Trifast	1,038	0.10				
	<b>Industrial Transportation 0.98% (0.25%)</b>						
28,382	Clarkson	706	0.07				
97,687	James Fisher & Sons	1,571	0.15				
2,009,827	Royal Mail	8,088	0.76				



## Threadneedle UK Institutional Fund

### Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
<b>CONSUMER SERVICES 16.98% (16.42%)</b>				<b>Nonlife Insurance 1.71% (1.52%)</b>			
	<b>Food &amp; Drug Retailers 2.62% (2.63%)</b>			3,057,748	RSA Insurance Group	18,224	1.71
5,348,548	Booker Group	10,633	1.00	<b>Life Insurance 6.52% (6.46%)</b>			
7,077,216	WM Morrison Supermarkets	17,261	1.62	10,730,584	Legal & General Group	27,234	2.55
	<b>General Retailers 1.91% (0.78%)</b>			1,641,052	Prudential	26,962	2.52
81,689	Dignity	2,276	0.21	1,428,518	St James's Place	15,485	1.45
293,083	<sup>†</sup> Joules Group	698	0.07	<b>Real Estate Investment &amp; Services 0.48% (0.39%)</b>			
1,078,202	Lookers	1,332	0.12	787,484	Grainger	2,011	0.19
4,124,317	Marks & Spencer Group	13,849	1.30	198,438	Savills	1,733	0.16
925,909	N Brown Group	1,900	0.18	768,647	U and I Group	1,364	0.13
188,406	Pets at Home Group	347	0.03	<b>Real Estate Investment Trusts 1.23% (1.78%)</b>			
	<b>Media 5.74% (5.65%)</b>			299,337	Derwent London	8,337	0.78
646,670	Ascential	1,946	0.18	1,648,398	Hansteen Holdings	1,962	0.18
259,105	Euromoney Institutional Investor	2,811	0.26	1,100,480	Londonmetric Property REIT	1,709	0.16
937,328	ITE Group	1,458	0.14	364,249	Newriver REIT	1,230	0.11
7,605,027	ITV	15,720	1.47	<b>Financial Services 2.14% (2.41%)</b>			
1,943,456	Pearson	13,245	1.24	378,514	Arrow Global Group	1,187	0.11
1,466,192	RELX	22,491	2.10	1,073,553	IP Group	1,688	0.16
497,586	STV Group	1,793	0.17	517,098	London Stock Exchange Group	15,973	1.49
717,286	Wilmington Group	1,951	0.18	134,740	Rathbone Brothers	3,112	0.29
	<b>Travel &amp; Leisure 6.71% (7.36%)</b>			622,494	Xafinity	966	0.09
1,102,342	Compass Group	16,381	1.53	<b>Equity Investment Instruments 0.00% (0.00%)</b>			
5,760,584	Firstgroup	7,005	0.66	3,346,750	Govett Strategic Investment Trust (Liquidated)	—	—
1,347,954	Flybe Group	664	0.06	<b>Total Financials</b>			
130,222	Fuller Smith & Turner	1,272	0.12			<b>206,066</b>	<b>19.28</b>
85,489	Go-Ahead Group	1,540	0.14	<b>TECHNOLOGY 1.63% (2.79%)</b>			
734,287	Gym Group	1,219	0.11	<b>Software &amp; Computer Services 1.40% (1.48%)</b>			
744,691	Hollywood Bowl Group	1,214	0.11	336,158	AVEVA Group	6,411	0.60
145,544	InterContinental Hotels	5,579	0.52	347,917	FDM Group Holdings IPO	2,435	0.23
890,362	J D Wetherspoon	8,458	0.79	127,015	Fidessa Group	3,286	0.31
1,711,244	Merlin Entertainments	8,476	0.79	718,110	Kainos Group	1,508	0.14
895,421	Rank Group	1,868	0.18	269,218	Softcat	873	0.08
343,712	Restaurant Group	1,120	0.11	928,612	<sup>†</sup> Ubisense Group	418	0.04
2,011,972	SSP Group	8,303	0.78	<b>Technology Hardware &amp; Equipment 0.23% (1.31%)</b>			
4,200,538	Stagecoach Group	8,678	0.81	2,363,909	Spirent Communications	2,429	0.23
	<b>Total Consumer Services</b>	<b>181,488</b>	<b>16.98</b>	<b>Total Technology</b>			
						<b>17,360</b>	<b>1.63</b>
<b>TELECOMMUNICATIONS 2.45% (3.73%)</b>				<b>COLLECTIVE INVESTMENT SCHEMES 2.12% (2.45%)</b>			
	<b>Fixed Line Telecommunications 2.45% (3.73%)</b>			<b>UK Equity 2.12% (2.45%)</b>			
7,778,993	BT Group	25,842	2.42	9,000,000	Threadneedle UK Mid 250 Fund	22,693	2.12
678,766	<sup>†</sup> CityFibre Infrastructure Holdings	339	0.03	<b>Total Collective Investment Schemes</b>			
	<b>Total Telecommunications</b>	<b>26,181</b>	<b>2.45</b>			<b>22,693</b>	<b>2.12</b>
<b>UTILITIES 2.13% (2.41%)</b>				<b>Total value of investments</b>			
	<b>Gas, Water &amp; Multiutilities 2.13% (2.41%)</b>					<b>1,063,621</b>	<b>99.53</b>
6,820,378	Centrica	15,128	1.41	<b>Net other assets (2.05%)</b>			
874,595	Pennon Group	7,666	0.72			<b>5,076</b>	<b>0.47</b>
	<b>Total Utilities</b>	<b>22,794</b>	<b>2.13</b>	<b>Net assets</b>			
						<b>1,068,697</b>	<b>100.00</b>
<b>FINANCIALS 19.28% (17.05%)</b>				<i>March 2016 comparatives in brackets.</i>			
	<b>Banks 7.20% (4.49%)</b>			<i><sup>†</sup>Alternative Investment Market.</i>			
7,933,139	Barclays	18,044	1.69				
3,676,316	HSBC Holdings	24,484	2.29				
5,784,762	Royal Bank of Scotland Group	13,785	1.29				
64,770	Secure Trust Bank	1,367	0.13				
2,598,275	Standard Chartered	19,209	1.80				



## Threadneedle UK Overseas Earnings Fund

### Portfolio Statement

as at 7 March 2017

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
<b>OIL &amp; GAS 6.40% (6.78%)</b>				<b>CONSUMER SERVICES 23.55% (26.29%)</b>			
	<b>Oil &amp; Gas Producers 6.40% (6.78%)</b>				<b>Food &amp; Drug Retailers 4.80% (5.11%)</b>		
337,534	Royal Dutch Shell B Shares	7,601	6.40	913,165	Booker Group	1,815	1.53
	<b>Total Oil &amp; Gas</b>	<b>7,601</b>	<b>6.40</b>	1,591,279	WM Morrison Supermarkets	3,881	3.27
<b>BASIC MATERIALS 2.73% (1.96%)</b>					<b>General Retailers 2.60% (3.27%)</b>		
	<b>Chemicals 2.73% (1.96%)</b>			919,195	Marks & Spencer Group	3,087	2.60
61,638	Johnson Matthey	1,847	1.56		<b>Media 7.22% (8.01%)</b>		
70,585	Victrex	1,392	1.17	1,273,810	ITV	2,633	2.22
	<b>Total Basic Materials</b>	<b>3,239</b>	<b>2.73</b>	389,474	Pearson	2,654	2.24
<b>INDUSTRIALS 16.30% (11.76%)</b>				213,939	RELX	3,282	2.76
	<b>Construction &amp; Materials 1.85% (0.68%)</b>				<b>Travel &amp; Leisure 8.93% (9.90%)</b>		
945,568	Melrose Industries	2,196	1.85	120,227	Compass Group	1,787	1.50
	<b>Aerospace &amp; Defence 3.44% (3.84%)</b>			1,619,235	Firstgroup	1,969	1.66
200,410	BAE Systems	1,289	1.09	218,288	J D Wetherspoon	2,074	1.75
975,024	Cobham	1,243	1.05	549,937	Rank Group	1,147	0.97
203,984	Rolls-Royce Holdings	1,548	1.30	602,037	Restaurant Group	1,962	1.65
	<b>General Industrials 2.16% (1.65%)</b>			802,070	Stagecoach Group	1,657	1.40
166,921	Smiths Group	2,567	2.16		<b>Total Consumer Services</b>	<b>27,948</b>	<b>23.55</b>
	<b>Industrial Engineering 0.79% (1.07%)</b>			<b>TELECOMMUNICATIONS 2.89% (4.58%)</b>			
367,727	Rotork	935	0.79		<b>Fixed Line Telecommunications 2.89% (4.58%)</b>		
	<b>Industrial Transportation 1.00% (0.00%)</b>			1,031,211	BT Group	3,426	2.89
296,241	Royal Mail	1,192	1.00		<b>Total Telecommunications</b>	<b>3,426</b>	<b>2.89</b>
	<b>Support Services 7.06% (4.52%)</b>			<b>UTILITIES 3.63% (3.60%)</b>			
635,899	Electrocomponents	3,074	2.59		<b>Gas, Water &amp; Multiutilities 3.63% (3.60%)</b>		
380,880	Howden Joinery Group	1,619	1.36	1,441,565	Centrica	3,197	2.69
1,529,247	Rentokil Initial	3,690	3.11	126,680	Pennon Group	1,110	0.94
	<b>Total Industrials</b>	<b>19,353</b>	<b>16.30</b>		<b>Total Utilities</b>	<b>4,307</b>	<b>3.63</b>
<b>CONSUMER GOODS 17.02% (20.43%)</b>				<b>FINANCIALS 17.58% (13.78%)</b>			
	<b>Automobiles &amp; Parts 1.70% (1.78%)</b>				<b>Banks 4.40% (1.60%)</b>		
540,949	GKN	2,022	1.70	1,035,555	Royal Bank of Scotland Group	2,468	2.08
	<b>Beverages 3.23% (2.84%)</b>			372,035	Standard Chartered	2,750	2.32
169,885	Diageo	3,838	3.23		<b>Nonlife Insurance 3.32% (2.95%)</b>		
	<b>Food Producers 1.55% (0.00%)</b>			660,177	RSA Insurance Group	3,935	3.32
241,594	Tate & Lyle	1,835	1.55		<b>Life Insurance 5.75% (5.38%)</b>		
	<b>Household Goods &amp; Home Construction 0.00% (2.47%)</b>			1,353,170	Legal & General Group	3,434	2.89
	<b>Personal Goods 5.32% (5.40%)</b>			206,702	Prudential	3,396	2.86
127,844	Burberry Group	2,260	1.90		<b>Financial Services 4.11% (3.85%)</b>		
103,483	Unilever	4,055	3.42	370,443	3i Group	2,615	2.20
	<b>Tobacco 5.22% (7.94%)</b>			1,549,692	Sherborne Investors Guernsey B	2,263	1.91
37,437	British American Tobacco	1,911	1.61		<b>Total Financials</b>	<b>20,861</b>	<b>17.58</b>
112,339	Imperial Brands	4,287	3.61				
	<b>Total Consumer Goods</b>	<b>20,208</b>	<b>17.02</b>	<b>Total value of investments</b>			
<b>HEALTH CARE 10.06% (10.05%)</b>						<b>118,879</b>	<b>100.16</b>
	<b>Pharmaceuticals &amp; Biotechnology 10.06% (10.05%)</b>			<b>Net other (liabilities)/assets (0.77%)</b>			
119,396	AstraZeneca	5,673	4.78			<b>(188)</b>	<b>(0.16)</b>
372,006	GlaxoSmithKline	6,263	5.28	<b>Net assets</b>			
	<b>Total Health Care</b>	<b>11,936</b>	<b>10.06</b>			<b>118,691</b>	<b>100.00</b>

March 2016 comparatives in brackets.



## Performance Summary for the twelve months ended 28 February 2017

Funds	Sector	Index	Class 1 Net Return %	Class 2 Net Return %	Sector Median Net Return %	Fund Gross Total Return %	Index Total Return %
<b>UNITED KINGDOM</b>							
<b>UK Fund</b>	(IA) UK All Companies	FTSE All-Share	+19.09	+19.77	+19.07	+20.66	+22.81
<b>UK Select Fund</b>	(IA) UK All Companies	FTSE All-Share	+11.95	+12.63	+19.07	+13.66	+22.81
<b>UK Smaller Companies Fund</b>	(IA) UK Smaller Companies	Numis NSCI ex Investment Companies	+17.16	+17.88	+19.59	+18.70	+21.22
<b>UK Growth &amp; Income Fund</b>	(IA) UK All Companies	FTSE All-Share	+18.14	+18.81	+19.07	+19.53	+22.81
<b>UK Equity Income Fund</b>	(IA) UK Equity Income	FTSE All-Share	+17.39	+18.08	+14.84	+18.84	+22.81
<b>UK Monthly Income Fund</b>	(IA) UK Equity Income	FTSE All-Share	+11.23	—	+14.84	+12.88	+22.81
<b>Monthly Extra Income Fund</b>	(IA) UK Equity & Bond Income	—	+16.15	—	+15.21	+17.37	—
<b>UK Corporate Bond Fund</b>	(IA) £ Corporate Bond	iBoxx £ Non Gilt	+11.94	+12.28	+10.88	+13.19	+11.14
<b>Sterling Bond Fund</b>	(IA) UK Gilt	FTA UK All Stocks Gilts	+5.03	—	+5.87	+6.30	+6.14
<b>UK Institutional Fund</b>	(IA) UK All Companies	FTSE All-Share	+19.18	+20.21	+19.07	+20.83	+22.81
<b>UK Overseas Earnings Fund</b>	(IA) UK All Companies	FTSE All-Share	—	+19.93	+19.07	+21.50	+22.81
<b>EUROPE</b>							
<b>European Fund</b>	(IA) Europe Excluding UK	FTSE World Europe ex UK	+14.71	+15.42	+21.82	+17.23	+27.26
<b>European Select Fund</b>	(IA) Europe Excluding UK	FTSE World Europe ex UK	+17.81	+18.48	+21.82	+20.50	+27.26
<b>European Smaller Companies Fund</b>	(IA) European Smaller Companies	HSBC European Smaller Companies ex UK	+22.69	+23.44	+24.64	+25.32	+32.77
<b>Pan European Smaller Companies Fund</b>	(IA) European Smaller Companies	Euromoney Smaller Europe Inc UK	+17.95	+18.67	+24.64	+20.36	+29.08
<b>Pan European Fund</b>	(IA) Europe Including UK	MSCI World Europe	+17.57	+18.29	+22.82	+20.01	+26.34
<b>European Bond Fund<sup>†</sup></b>	(IA) Global Bond	ML Pan Europe Large Cap	+9.35	+9.88	+14.83	+11.84	+9.64
<b>European Corporate Bond Fund<sup>†</sup></b>	(IA) Global Bond	iBoxx European All Corporate Bond Index	+13.78	+14.29	+14.83	+16.41	+14.22
<b>European High Yield Bond Fund<sup>†</sup></b>	(IA) Global Bond	ML Euro Currency HiYield 3% Constrained ex Sub Fin – 100% Hdg E (£ Terms)	+20.62	+21.34	+14.83	+23.69	+24.74
<b>European High Yield Bond Fund (£)<sup>†</sup></b>	(IA) Global Bond	ML Euro Currency HiYield 3% Constrained ex Sub Fin – 100% Hdg E (£ Terms)	+10.14	+10.79	+4.84	+12.94	+13.89
<b>Strategic Bond Fund</b>	(IA) £ Strategic Bond	60% iBoxx Sterling Non Gilts Index and 40% Merrill Lynch European Currency High Yield Index 3% constrained B-BB(100% hedged to Sterling)	+10.47	+11.11	+9.84	+12.70	+10.09
<b>US</b>							
<b>American Fund</b>	(IA) North America	S&P 500	+34.94	+35.72	+38.11	+39.11	+39.96
<b>American Select Fund</b>	(IA) North America	S&P 500	+40.20	+41.01	+38.11	+44.62	+39.96
<b>American Smaller Companies Fund (US)</b>	(IA) North American Smaller Companies	S&P 400 Mid Cap	+47.55	+48.46	+46.47	+50.49	+47.52
<b>Dollar Bond Fund<sup>†</sup></b>	(IA) Global Bond	50% ML Euro-Dollar & Globals/50% ML US Treasuries – Master	+15.19	—	+14.83	+16.60	+13.90
<b>JAPAN</b>							
<b>Japan Fund</b>	(IA) Japan	Japan TOPIX 1st Section	+31.60	+32.42	34.06	+34.73	+36.63



**Performance Summary for the twelve months ended 28 February 2017 (continued)**

Funds	Sector	Index	Class 1 Net Return %	Class 2 Net Return %	Sector Median Net Return %	Fund Gross Total Return %	Index Total Return %
<b>PACIFIC BASIN &amp; EMERGING MARKETS, ASIA PACIFIC EXCLUDING JAPAN</b>							
<b>Asia Fund</b>	(IA) Asia Pacific Excluding Japan	MSCI All Country Asia Pacific ex Japan	+38.36	+39.21	+40.66	+40.99	+43.65
<b>Latin America Fund<sup>†</sup></b>	UK Registered – Equity Latin America	MSCI Latin America 10/40	+57.03	+57.98	+27.94	+56.29	+65.79
<b>Emerging Market Bond Fund<sup>†</sup></b>	(IA) Global Bond	JPM EMBI Global	+26.45	+26.78	+14.83	+29.60	+25.49
<b>INTERNATIONAL</b>							
<b>High Yield Bond Fund</b>	(IA) £ High Yield	ML Euro Currency HiYield 3% Constrained ex Sub Financial – 100% Hdq £	+11.26	+11.90	+16.15	+14.20	+15.06
<b>Global Select Fund</b>	(IA) Global Growth	MSCI AC World Free	+29.58	+30.37	+31.25	+35.52	+37.47
<b>Global Bond Fund</b>	(IA) Global Bond	JPM GBI Global (Traded) (prior to 31/07/2012 JPM Global ex Japan)	+7.50	+8.13	+14.83	+10.40	+10.40
<b>CASH</b>							
<b>Sterling Fund</b>	–	–	–0.05	–	–	–	–

The Fund Sector is taken from the UK Unit Trusts/OEICs universe. Comparing the fund's performance to this Fund Sector is only relevant for UK Investors.

<sup>†</sup>The Sector Median for these funds (as defined by the Investment Association) is not felt to be representative.

Net returns (Source: Morningstar) are calculated using official noon prices, bid to bid basis with net income reinvested and are net of assumed fees and expenses but does not include any initial charges. Gross returns (Source: Factset) represent the fund at total level and are calculated using global close authorised valuations based on in-house calculated transactions with cash flow at the start of the day and are gross of total expenses to facilitate comparison with the index. All data shown in GBP.



## Threadneedle OEIC Returns against the Offshore Universe

### Performance Summary for the twelve months ended 28 February 2017

Funds	Sector	Index	Share Class 1 Return %	Share Class 2 Return %	Sector Median Net Return %	Fund Gross Total Return %	Index Total Return %	Currency
<b>UK EQUITY</b>								
UK Fund	UK Large Cap Blend	FTSE All Share	+19.09	+19.77	+19.52	+20.66	+22.81	GBP
UK Select Fund	UK Large Cap Blend	FTSE All Share	+11.95	+12.63	+19.52	+13.66	+22.81	GBP
UK Smaller Companies Fund	UK Small Cap Equity	Numis ex IT	+17.16	+17.88	+16.83	+18.70	+21.22	GBP
UK Growth & Income Fund	UK Large Cap Value	FTSE All Share	+18.14	+18.81	+16.77	+19.53	+22.81	GBP
UK Equity Income Fund	UK Large Cap Value	FTSE All Share	+17.39	+18.08	+16.77	+18.84	+22.81	GBP
UK Monthly Income Fund	UK Large Cap Value	FTSE All Share	+11.23	–	+16.77	+20.83	+22.81	GBP
Monthly Extra Income Fund	GBP Aggressive Allocation	–	+16.15	–	–	+17.37	–	GBP
UK Institutional Fund	UK Large Cap Blend	FTSE All Share	+19.18	+20.21	+19.52	+20.83	+22.81	GBP
UK Overseas Earnings Fund	UK Large Cap Blend	FTSE All Share	–	+19.93	+19.52	+21.50	+22.81	GBP
<b>EUROPE EQUITY</b>								
European Fund	Europe ex UK Large Cap	FTSE World Europe ex UK	+5.76	+6.42	+14.35	+7.04	+16.20	EUR
European Select Fund	Europe ex UK Large Cap	FTSE World Europe ex UK	+8.62	+9.25	+14.35	+10.03	+16.20	EUR
European Smaller Companies Fund	Europe Small-Mid Cap Combined	EuroMoney European Small Cos. Ex UK	+13.13	+13.82	+14.76	+14.42	+21.26	EUR
Pan European Smaller Companies Fund	Europe Small-Mid Cap Combined	EuroMoney Smaller Europe Inc UK	+8.75	+9.42	+14.76	+9.90	+17.89	EUR
Pan European Fund	Europe Large Cap Blend	MSCI World Europe	+8.40	+9.07	+10.83	+9.58	+15.36	EUR
<b>AMERICAS</b>								
American Fund	US Large Cap Growth	S&P 500	+21.18	+21.88	+19.27	+24.21	+24.98	USD
American Select Fund	US Large Cap Growth	S&P 500	+25.90	+26.63	+19.27	+29.13	+24.98	USD
American Smaller Companies Fund (US)	US Mid Cap Equity	S&P 400 Mid Cap	+32.50	+33.32	+27.95	+34.37	+31.73	USD
Latin America Fund	Latin America Equity	MSCI Latin America 10/40	+41.02	+41.88	+40.22	+39.56	+48.01	USD
<b>FAR EAST &amp; PACIFIC</b>								
Japan Fund	Japan Large Cap	Japan TOPIX 1st Section	+17.42	+18.14	+19.59	+19.25	+20.94	JPY
Asia Fund	Asia-Pacific ex-Japan	MSCI AC Asia Pacific ex Japan	+24.25	+25.01	+23.77	+25.90	+28.27	USD
<b>MONEY MARKET &amp; BOND</b>								
UK Corporate Bond Fund	GBP Corporate Bond	iBoxx £ Non Gilt	+11.94	+12.28	+11.16	+13.19	+11.14	GBP
High Yield Bond Fund	High Yield Bond	ML Euro Currency HiYield 3% Constrained ex Sub Fin – 100% Hdg £	+11.26	+11.90	+16.30	+14.20	+15.06	GBP
Strategic Bond Fund	GBP Flexible Bond	60% iBoxx Sterling Non Gilts/40% ML Euro Currency HiYield – Constrained B-BB (GBP Hdg)	+10.47	+11.11	+11.49	+12.70	+10.09	GBP
Sterling Bond Fund*	GBP Government Bond	FTA UK All Stocks Gilts	+5.16	–	+5.16	+6.30	+6.14	GBP
European Bond Fund*	Europe Bond	ML Pan Europe Large Cap	+0.94	+1.57	+0.65	+2.12	+0.11	EUR
European Corporate Bond Fund*	Fixed Income Europe/Corporate	iBoxx Euro Corporate	+4.98	+5.64	+4.36	+6.29	+4.29	EUR
European High Yield Bond Fund*	Europe High Yield	ML Euro Currency HiYield 3% Constrained ex Sub Fin – 100% Hdg E (£ terms)	+11.02	+11.71	+11.28	+12.94	+13.89	EUR
Dollar Bond Fund*	USD Diversified Bond	50% ML Euro-Dollar & Globals/50% ML US Treasuries – Master	+3.05	–	+1.78	+4.11	+1.70	USD



## Threadneedle OEIC Returns against the Offshore Universe

### Performance Summary for the twelve months ended 28 February 2017 (continued)

Funds	Sector	Index	Share Class 1 Return %	Share Class 2 Return %	Sector Median Net Return %	Fund Gross Total Return %	Index Total Return %	Currency
<b>Emerging Market Bond Fund*</b>	Global Emerging Markets	JPM EMBI Global	+13.81	+14.52	+13.31	+15.73	+12.06	USD
<b>Global Bond Fund*</b>	Global Bond	JPM GBI Global ex Japan (Traded)	-1.57	-1.11	+3.46	+0.81	+0.81	EUR
<b>GLOBAL EQUITY</b>								
<b>Global Select Fund</b>	Global Large Cap Growth	MSCI AC World	+16.36	+17.07	+18.07	+18.34	+22.76	USD

Morningstar changed its definition of the GIFS Offshore Universe as at February 2011. This resulted in Threadneedle OEIC funds being removed from it. For the purposes of comparison, Threadneedle continues to use this Universe with its OEICs included.

Data reflects current management and other charges, but does not consider the effect of initial charges applicable to new investments.

*\*The performance of these funds relates to the gross accumulation shares of class 1.*



## Risk and Reward Profiles

for the accounting period 8 March 2016 to 7 March 2017

Fund	Share Class	SRRI*
UK Fund	Class 1 – Income shares	6
	Class 1 – Accumulation shares	6
	Class 2 – Income shares	6
	Class 2 – Accumulation shares	6
	Class X – Income shares	5
	**Class X – Accumulation shares	5
	Class Z – Income shares	5
	Class Z – Accumulation shares	6
	Class Z CHF Hedged – Accumulation shares	6
	Class Z EUR Hedged – Accumulation shares	6
	Class Z USD Hedged – Accumulation shares	6
UK Select Fund	Class 1 – Income shares	5
	Class 2 – Income shares	5
	**Class X – Accumulation shares	5
	Class Z – Income shares	5
UK Smaller Companies Fund	Class 1 – Income shares	5
	Class 2 – Income shares	5
	Class X – Income shares	5
	Class Z – Income shares	5
	Class Z – Accumulation shares	5
UK Growth & Income Fund	Class 1 – Income shares	5
	Class 2 – Income shares	5
	Class Z – Income shares	5
UK Equity Income Fund	Class 1 – Income shares	5
	Class 1 – Accumulation shares	5
	Class 1 CHF Hedged – Accumulation shares	5
	Class 1 EUR Hedged – Accumulation shares	5
	Class 1 USD Hedged – Accumulation shares	5
	Class 2 – Income shares	5
	**Class 2 – Accumulation shares	5
	Class X – Income shares	5
	Class Z – Income shares	5
	Class Z – Accumulation shares	5
	Class Z CHF Hedged – Accumulation shares	5
	Class Z EUR Hedged – Accumulation shares	5
	Class Z USD Hedged – Accumulation shares	5
UK Monthly Income Fund	Class 1 – Income shares	5
	Class 2 – Income shares	5
	Class Z – Income shares	5
Monthly Extra Income Fund	Class 1 – Income shares	5
	Class 1 EUR Hedged – Income shares	5
	Class Z – Income shares	5
	Class Z – Accumulation shares	5
UK Corporate Bond Fund	Class 1 – Income shares	3
	**Class 1 – Accumulation shares	3
	Class 1 – Gross income shares	3
	Class 2 – Income shares	3
	Class 2 – Gross accumulation shares	3
	Class 3 – Gross accumulation shares	3
	**Class L – Income shares	3
	**Class L – Accumulation shares	3
	**Class L – Gross income shares	3
	Class X – Gross income shares	3
	**Class X – Gross accumulation shares	3
Sterling Bond Fund	Class 1 – Income shares	4
	Class 1 – Gross accumulation shares	4
	Class X – Gross income shares	4
	**Class X – Gross accumulation shares	4
	Class Z – Income shares	4
	Class Z – Gross accumulation shares	4



## Risk and Reward Profiles

(continued)

Fund	Share Class	SRRI*
Sterling Fund	Class 1 – Income shares	1
	**Class 2 – Accumulation shares	1
	Class 3 – Gross accumulation shares	1
	**Class X – Gross accumulation shares	1
European Fund	Class 1 – Accumulation shares	6
	Class 2 – Accumulation shares	6
	Class X – Accumulation shares	6
	Class Z – Income shares	6
	Class Z – Accumulation shares	6
European Select Fund	Class 1 – Income shares	6
	Class 1 – Accumulation shares	6
	Class 1 SGD Hedged – Accumulation shares	6
	Class 1 USD Hedged – Accumulation shares	6
	Class 2 – Income shares	6
	Class 2 – Accumulation shares	6
	Class 2 USD Hedged – Accumulation shares	6
	Class X – Accumulation shares	6
	Class Z – Income shares	6
	Class Z – Accumulation shares	6
European Smaller Companies Fund	Class 1 – Income shares	6
	Class 1 – Accumulation shares	5
	Class 1 CHF Hedged – Accumulation shares	6
	Class 2 – Accumulation shares	5
	Class Z – Income shares	5
	Class Z – Accumulation shares	5
	Class Z CHF Hedged – Accumulation shares	5
Pan European Smaller Companies Fund	**Class 1 – Income shares	5
	Class 1 – Accumulation shares	5
	Class 1 CHF Hedged – Accumulation shares	5
	Class 1 USD Hedged – Accumulation shares	5
	Class 2 – Accumulation shares	5
	Class X – Accumulation shares	5
	Class Z – Income shares	5
	Class Z – Accumulation shares	5
	Class Z CHF Hedged – Accumulation shares	5
Pan European Fund	**Class 1 – Income shares	6
	Class 1 – Accumulation shares	6
	Class 2 – Accumulation shares	6
	Class 2i – Accumulation shares	6
	Class X – Accumulation shares	6
	Class Z – Income shares	6
	Class Z – Accumulation shares	6
European Bond Fund	Class 1 – Income shares	4
	Class 1 – Gross accumulation shares	4
	Class 2 – Gross accumulation shares	4
	Class Z – Income shares	4
European Corporate Bond Fund	Class 1 – Accumulation shares	4
	Class 1 – Gross accumulation shares	4
	Class 2 – Gross accumulation shares	4
	Class Z – Accumulation shares	4
European High Yield Bond Fund	Class 1 – Accumulation shares	4
	Class 1 – Gross income shares	4
	Class 1 USD Hedged – Monthly gross income shares	4
	Class 1 – Gross accumulation shares	4
	Class 2 – Gross income shares	4
	Class 2 – Gross accumulation shares	4
	Class 2 CHF Hedged – Gross accumulation shares	4
	Class X – Gross income shares	4
	Class X – Gross accumulation shares	4
	Class Z – Accumulation shares	4
	Class Z – Gross income shares	4



## Risk and Reward Profiles

(continued)

Fund	Share Class	SRRI*
	Class Z CHF Hedged – Gross income shares	5
	Class Z – Gross accumulation shares	4
	Class Z CHF Hedged – Gross accumulation shares	4
	**Class Z USD Hedged – Gross accumulation shares	4
<b>Strategic Bond Fund</b>	Class 1 – Income shares	3
	Class 1 – Gross income shares	3
	Class 2 – Income shares	3
	Class 2 – Gross income shares	3
	Class 2 – Gross accumulation shares	3
	Class Z – Income shares	3
	Class Z – Gross income shares	3
	Class Z – Gross accumulation shares	3
<b>American Fund</b>	Class 1 – Income shares	5
	Class 1 – Accumulation shares	5
	Class 1 EUR Hedged – Accumulation shares	5
	Class 2 – Accumulation shares	5
	Class X – Accumulation shares	5
	Class Z – Income shares	5
	Class Z – Accumulation shares	5
	Class Z EUR Hedged – Accumulation shares	5
<b>American Select Fund</b>	Class 1 – Income shares	6
	Class 1 – Accumulation shares	6
	Class 1 EUR Hedged – Accumulation shares	5
	Class 2 – Accumulation shares	5
	Class 2 EUR Hedged – Accumulation shares	5
	**Class X – Accumulation shares	6
	Class Z – Income shares	6
	Class Z – Accumulation shares	6
	Class Z CHF Hedged – Accumulation shares	5
	Class Z EUR Hedged – Accumulation shares	6
	Class Z GBP Hedged – Accumulation shares	5
<b>American Smaller Companies Fund (US)</b>	Class 1 – Income shares	6
	Class 1 – Accumulation shares	6
	Class 2 – Accumulation shares	6
	Class X – Accumulation shares	6
	Class Z – Income shares	6
	Class Z – Accumulation shares	6
<b>Dollar Bond Fund</b>	Class 1 – Income shares	4
	Class 1 – Gross accumulation shares	4
	Class Z – Income shares	4
	Class Z – Gross accumulation shares	4
<b>Japan Fund</b>	Class 1 – Accumulation shares	6
	Class 2 – Accumulation shares	6
	Class X – Income shares	6
	Class X – Accumulation shares	6
	Class Z – Accumulation shares	6
<b>Asia Fund</b>	Class 1 – Accumulation shares	6
	Class 2 – Accumulation shares	6
	Class X – Income shares	6
	Class X – Accumulation shares	6
	Class Z – Accumulation shares	6
<b>Latin America Fund</b>	Class 1 – Accumulation shares	6
	Class 2 – Accumulation shares	6
	Class X – Accumulation shares	6
	Class Z – Accumulation shares	6
<b>Emerging Market Bond Fund</b>	Class 1 – Income shares	4
	Class 1 – Gross income shares	4
	Class 1 – Gross accumulation shares	4
	Class 2 – Income shares	4
	Class 2 – Gross accumulation shares	4
	Class X – Gross income shares	4
	Class X – Gross accumulation shares	4
	Class Z – Income shares	4
	Class Z – Gross income shares	4
	Class Z – Gross accumulation shares	4



## Risk and Reward Profiles

(continued)

Fund	Share Class	SRRI*
High Yield Bond Fund	Class 1 – Income shares	3
	Class 1 – Gross income shares	3
	Class 1 USD Hedged – Gross income shares	3
	Class 1 – Gross accumulation shares	3
	Class 2 – Income shares	3
	Class 2 – Gross income shares	3
	Class 2 – Gross accumulation shares	3
	Class X – Gross income shares	3
	**Class X – Gross accumulation shares	3
	Class Z – Income shares	3
	Class Z – Accumulation shares	3
	Class Z – Gross income shares	3
	Class Z – Gross accumulation shares	3
Global Select Fund	Class 1 – Accumulation shares	5
	Class 2 – Accumulation shares	5
	Class X – Accumulation shares	5
	Class Z – Income shares	5
	Class Z – Accumulation shares	5
Global Bond Fund	Class 1 – Income shares	4
	Class 1 – Accumulation shares	4
	Class 1 – Gross income shares	4
	Class 1 – Gross accumulation shares	4
	Class 2 – Income shares	4
	Class 2 – Gross accumulation shares	4
	**Class X – Gross accumulation shares	4
	Class Z – Income shares	4
	Class Z – Gross income shares	4
	Class Z – Gross accumulation shares	4
UK Institutional Fund	Class 1 – Accumulation shares	5
	Class 2 – Accumulation shares	5
UK Overseas Earnings Fund	Class 2 – Income shares	5
	**Class 2 – Accumulation shares	5
	Class Z – Income shares	5

\*As at 7 March 2017 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).



## Risk and Reward Profiles

*(continued)*

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](http://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.

The risk and reward profile of the UK Fund Class 1 – Income shares changed from 5 to 6 on 8 June 2016.

The risk and reward profile of the UK Fund Class 1 – Accumulation shares changed from 5 to 6 on 8 June 2016.

The risk and reward profile of the UK Fund Class 2 – Income shares changed from 5 to 6 on 8 June 2016.

The risk and reward profile of the UK Fund Class 2 – Accumulation shares changed from 5 to 6 on 8 June 2016.

The risk and reward profile of the UK Fund Class Z – Accumulation shares changed from 5 to 6 on 8 June 2016.

The risk and reward profile of the European Smaller Companies Fund Class 1 – Accumulation shares changed from 6 to 5 on 24 November 2016.

The risk and reward profile of the European Smaller Companies Fund Class 2 – Accumulation shares changed from 6 to 5 on 24 November 2016.

The risk and reward profile of the European Smaller Companies Fund Class Z – Income shares changed from 6 to 5 on 24 November 2016.

The risk and reward profile of the European Smaller Companies Fund Class Z – Accumulation shares changed from 6 to 5 on 24 November 2016.

The risk and reward profile of the European Smaller Companies Fund Class Z CHF Hedged – Accumulation shares changed from 6 to 5 on 24 November 2016.

The risk and reward profile of the Pan European Smaller Companies Fund changed from 6 to 5 for all share classes on 24 November 2016.

The risk and reward profile of the American Select Fund Class 1 – Accumulation shares changed from 5 to 6 on 8 June 2016.

The risk and reward profile of the American Select Fund Class 1 EUR Hedged – Accumulation shares changed from 6 to 5 on 24 November 2016.

The risk and reward profile of the American Select Fund Class 2 – Accumulation shares changed from 6 to 5 on 18 November 2016.

The risk and reward profile of the American Select Fund Class 2 EUR Hedged – Accumulation shares changed from 6 to 5 on 24 November 2016.

The risk and reward profile of the American Select Fund Class Z – Income shares changed from 5 to 6 on 8 June 2016.

The risk and reward profile of the American Select Fund Class Z – Accumulation shares changed from 5 to 6 on 8 June 2016.

The risk and reward profile of the High Yield Bond Fund changed from 4 to 3 for all share classes on 24 November 2016.

The risk and reward profile of the UK Institutional Fund Class 1 – Accumulation shares changed from 6 to 5 on 24 November 2016.

The risk and reward profile of the UK Institutional Fund Class 2 – Accumulation shares changed from 6 to 5 on 18 November 2016.

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



## Important Information

Threadneedle Investment Funds ICVC (the Company) is an open-ended investment company with variable capital incorporated in England and Wales under regulation 14 (Authorisation) of the Open-Ended Investment Companies Regulations 2001 (as amended) and the shareholders are not liable for the debts of the Company.

The Company is structured as an umbrella company in which different sub-funds (funds) may be established from time to time by the ACD with the approval of the Financial Conduct Authority (FCA) and the agreement of the depositary.

References in this document to any fund do not constitute an offer or invitation to subscribe to shares in such a fund. We recommend you obtain detailed information before the purchase of shares. Subscriptions to a fund may only be made on the basis of the current Prospectus or Key Investor Information document (KIID) and the latest annual and interim reports. Please refer also to the Risk Factors in the Prospectus.

Past performance is not a guide to future returns. The value of investments and any income from them is not guaranteed and may fall as well as rise and the investor may not get back the original investment. Exchange rate movements could increase or decrease the value of underlying investments/holdings. The dealing price of the funds may include a dilution adjustment. Further details are available in the Prospectus.

The mention of any specific shares or bonds should not be taken as a recommendation to deal and anyone considering dealing in these financial instruments should consult a stockbroker or financial adviser. The research and analysis included in this document has been produced by Threadneedle for its own investment management activities, may have been acted upon prior to publication and is made available here incidentally. Any opinions expressed are made as at the date of publication but are subject to change without notice.

### Prospectus

A prospectus (the Prospectus), which describes each fund in detail, is available from Threadneedle Investment Services Limited, International Financial Data Services, P.O. Box 10033, Chelmsford, Essex CM99 2AL and from the paying agents and distributors in the countries where the fund is distributed.

The funds are segregated portfolios of assets and, accordingly, the assets of a fund belong exclusively to that Fund and shall not be used to discharge directly or indirectly the liabilities of, or claims against, any other person or body, including the umbrella, or any other fund, and shall not be available for any such purpose.

Each fund has the investment powers equivalent to those of a UCITS scheme (as defined in the FCA rules).

Other funds may be launched in the future.

### Key Investor Information Document – 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](http://columbiathreadneedle.com).

### Changes to the management of the ACD

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

- Appointment of Ms. Kath Cates (non-executive director) on 29 March 2016
- Resignation of Mr. Campbell Fleming on 29 April 2016
- Appointment of Ms. Laura Weatherup on 11 July 2016

- Appointment of Mr. Dominik Kremer on 22 July 2016
- Resignation of Mr Tim Gillbanks on 31 March 2017

### Changes to the Prospectus

During the period from 8 March 2016 to 7 March 2017 the following changes were made to the Prospectus of the Company:

- Change to the investment policy for the UK Growth & Income Fund
- Increase to the depositary's fee effective from 1 October 2016 (from 0.008% per annum to 0.01% per annum)
- Updates to risk factors
- Updated disclosures required in relation to the depositary and remuneration following implementation of the UCITS V Directive
- Updates to list of directors and funds managed by the ACD
- Updates to taxation section
- Correction to investment and borrowing powers section for the UCITS funds to improve clarity and for consistency with the COLL rules
- Updated address of the auditor

### Changes to the Instrument of Incorporation

The Instrument of Incorporation of the Company was amended on 8 March 2016, when income equalisation was introduced for certain funds. For more information, please refer to [columbiathreadneedle.co.uk/income-equalisation](http://columbiathreadneedle.co.uk/income-equalisation).

### Increase to the Depositary's fee

From 1 October 2016, the fee payable to the Depositary was increased from 0.008% to 0.01% per annum. This was agreed as a result of additional services to be performed by the Depositary as a result of the implementation of EU Directive 2014/91/EU (UCITS V).

### Introduction of income equalisation for certain funds of the Company

The ACD has decided to introduce income equalisation for certain funds of the Company with effect from 8 March 2016. Further information on income equalisation can be found at [columbiathreadneedle.co.uk/income-equalisation](http://columbiathreadneedle.co.uk/income-equalisation).

### Characteristics of Shares

The Company is structured as an umbrella company and currently consists of 32 different sub-funds. Several classes of share may be issued in respect of the fund, distinguished by their criteria for subscription and fee structure.

Share Class	Currency	Minimum Investment	Eligibility
Class 1	Class 1 GBP	GBP 2,000	Retail and non-retail investors
	Class 1 EUR (including Class 1 Hedged Shares)	EUR 2,500	
	Class 1 USD (including Class 1 Hedged Shares)	USD 3,000	
	Class 1 JPY	JPY 280,000	
	Class 1 CHF (including Class 1 Hedged Shares)	CHF 3,000	
	Class 1 SGD (Hedged Shares)	SGD 4,000	
Class L	Class L GBP	GBP 0.5 million	Intended to be available to non-retail investors (not currently available)
Class M	Class M AUD (Hedged Share Class)	AUD 750	Retail and non-retail investors
	Class M USD (Hedged Share Class)	USD 3,000	



## Important Information

(continued)

Share Class	Currency	Minimum Investment	Eligibility
Class 2	Class 2 GBP	GBP 0.5 million	Non-retail investors
	Class 2 EUR (including Class 2 Hedged Shares)	EUR 0.75 million	
	Class 2 USD (including Class 2 Hedged Shares)	USD 0.8 million	
	Class 2 JPY	JPY 70 million	
	Class 2 CHF (Hedged Share Class)	CHF 1.2 million	
Class 2i	Class 2i USD	USD 0.8 million	Available to non-retail investors in the Pan European Fund
	Class 2i GBP	GBP 0.5 million	
	Class 2i EUR	EUR 0.75 million	
	Class 2i JPY	JPY 70 million	
Class 3	Class 3 GBP	GBP 0.5 million	Non-retail investors
Class X	Class X GBP	GBP 3 million	Available only to Eligible Shareholders
	Class X EUR	EUR 5 million	
	Class X USD	USD 5 million	
	Class X JPY	JPY 420 million	
	Class X AUD (Hedged Share Class)	AUD 5 million	
Class Z	Class Z GBP*	GBP 1 million	Available at the ACD's discretion to eligible distributors which have entered into separate fee arrangements with their clients
	Class Z EUR (including Class Z Hedged Shares)*	EUR 1.5 million	
	Class Z USD (including Class Z Hedged Shares)*	USD 1.5 million	
	Class Z JPY*	JPY 140 million	
	Class Z CHF (including Class Z Hedged Shares)*	CHF 1.5 million	

\*Class Z Shares are available at the ACD's discretion to eligible distributors that have entered into separate fee arrangements with their clients.

The limits for minimum initial investment, minimum subsequent investment and minimum holding of shares may be waived at the discretion of the ACD. The level of net income attributable to each share class will differ. For further information please refer to the Prospectus.

### Changes to the share class names

With effect from 6 April 2017, all payments from the Funds will be paid gross of UK tax, following changes to the way savings and investments are taxed in the UK. As a result of the change, the word "net" has been removed from the names of all the share classes that were previously "net" paying shares.

### Hedged Share Classes (HSCs)

HSCs use currency hedging transactions to try to reduce the exposure to the Reference Currency and replace it with an exposure to the hedged Currency. The terms Reference Currency, Portfolio Currency and Hedged Currency are defined as follows:

- "Reference Currency" or "Reference Currencies" means (according to the context) the primary investment currency of the share class against which the currency hedging transaction will be applied in order to reduce any exchange rate fluctuation with the Hedged Currency;
- "Portfolio Currency" or "Portfolio Currencies" means (according to the context) the currency or currencies in which the underlying assets of the fund are invested in line with the investment objectives applicable to the fund;
- "Hedged Currency" is the currency in which the Hedged Share Class is denominated.

These HSCs should not be confused with other share classes that may be denominated in other currencies but will not be hedged. For full details of the HSCs available, including details of the Reference Currency or Portfolio Currency of each fund for which HSCs are available, please refer to the latest version of the Prospectus.

### Income Equalisation

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

### Performance

For the period under review, where applicable, fund performance has been compared to the relevant peer group. We show a peer group comparison as this more accurately reflects the way the fund is managed. We continue to show stock market indices for information purposes and for those funds where The Investment Association sector is not felt to be a representative peer group. Audited peer group information is only available from Morningstar's Fund Services at month end points.

### Report and Financial Statements

Annual long-form reports and financial statements of the Company 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. As a result of changes to the FCA Rules, the ACD is no longer required to prepare and send short-reports from 22 November 2016. The ACD intends to continue to produce short-form reports, which will be made available on our website [columbiathreadneedle.com/shortform](http://columbiathreadneedle.com/shortform) and for this year-end only will be sent to you. Going forward, the ACD will provide hard copies of the short reports to Shareholders upon request.

The documents will also be available from the paying agents in the countries where the funds are registered. The reports will provide information on the performance of the funds, the market background, and details of each of the portfolios. The annual accounting period for the funds ends on 7 March and the interim reporting period ends on 7 September.

The Auditors gave their opinion on the financial statements presented in English. They take no responsibility for the translation of these financial statements. Where there is any inconsistency between the version presented in English and any translation, the English language version takes precedence.

### 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 should 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.

### Holdings in shares of other funds of the Company

None of the funds of the Company held shares in other funds of the Company (listed on the contents page on page 1) at the end of the period.

### Remuneration Disclosures

This disclosure is made in respect of the remuneration policy of Threadneedle Asset Management Holdings S.à.r.l (TAM Sàrl or the Group), as it applies to Threadneedle



## Important Information

(continued)

Investment Services Limited (the Management Company) in respect of the Undertakings for Collective Investment in Transferable Securities (UCITS) Directive and the FCA's associated SYSC 19E requirements. The Remuneration Policy applies to all its subsidiary entities to which the UCITS Directive requirements apply, and was last approved by the Remuneration Committee (as described below) in December 2016. The Remuneration Policy and practices for Threadneedle Investment Services Limited will be updated during 2017. The remuneration requirements under the UCITS Directive apply to the first full performance year commencing after the coming into force of UCITS V on 18 March 2016. The first full performance year for Threadneedle Investment Funds ICVC commenced on 1 January 2017.

### 1. The Remuneration Committee

The Remuneration Committee (the Committee) of TAM Sàrl is a sub-committee of the TAM Sàrl Board with the responsibility to establish the philosophy and objectives that will govern the Group's compensation and benefit programmes; review and approve compensation and benefit plans, policies, and practices; and oversee and approve the Group's remuneration. It has been determined to be independent of the day-to-day executive management of the Group, its members being Directors of the Group who are nominated by Ameriprise Financial Inc., the Group's parent company.

Current Committee members are Mr Walter Berman, Mr John Junek\* and Mr Ted Truscott. Meetings are normally held in January, March, June, September and December. The Group's Head of Reward and Benefits acts as Secretary to the Committee. The Committee may invite the attendance of any Group employee or functional expert from the parent company as deemed appropriate, to allow it to fulfil its responsibilities including ensuring remuneration is consistent with effective risk management and does not encourage excessive risk taking.

\*Mr John Junek retired on 20 January 2017.

### 2. Determining Incentive Remuneration Pools

The Management Company made its annual Total Incentive Award decisions from separate pools covering the Property business, Distribution unit, Investments business and Support functions, ultimately aggregated for governance and oversight at the EMEA regional level. Those pools are determined at the final discretion of the Committee with reference to four un-weighted factors being a 'Top-Down' assessment of market practice, legal and regulatory requirements and any other internal or external contextual factors; a 'Bottom-Up' calculation based on business performance against Plan and Target Incentive level for the firm (see 'Pay for Performance' below); the overall financial and strategic performance of the Group; and the financial and strategic performance of Ameriprise Financial as the Group's parent company and shareholder. The Committee also receives ongoing reports through the year from the Risk function regarding risk assessments and any themes or areas of note related to risk control or risk-related behavioural concerns.

The Committee takes all of these factors into account in order to make a balanced decision on the Total Incentive pool for the year in question.

### 3. Determining Individual Total Incentive Awards

Individual reward decisions are wholly discretionary, although strongly informed by the annual performance appraisal and by known market remuneration levels for equivalent jobs as well as by the pool funding available. Risk and Compliance provide a critical input to final performance rating setting, ensuring that any risk and relevant behavioural concerns are reflected in performance appraisals and subsequently in remuneration recommendations. The leads in Risk and Compliance also report directly to the Committee of the award process to ensure that the Committee receives a direct report on which to base its final risk adjustment decisions.

Base salaries are maintained at a market-competitive level in order to ensure that, if required, it is possible to award zero incentive.

### Pay for Performance

The bottom-up element of the incentive pool determination process measures team and wider business performance against key business targets for each area of the Group, including longer-term investment performance for the Investments and Property divisions and a mix of gross and net sales for Distribution. Investment performance is assessed against each fund's benchmarks and its risk profile. All such assessments' impacts on the bottom-up calculation are capped so as not to incentivise managers to take excessive risk in order to deliver higher incentive pools. While the Group and parent company financial and strategic results are important factors in pool determination, the model is set up to ensure that delivery of the core goals of the business, including delivering investment performance to its customers, is an explicit and significant driver in pool determination for those divisions.

Individual discretionary awards from the available pool, in context of market competitive reward levels for the job in question, are driven strongly by each individual's ratings against Goals (objectives) and the Group's Values, each of which is separately rated on a 5-point scale to ensure the Values assessment is given due prominence. Goals focus on the key deliverables for the role that year, in particular on the delivery of investment performance for Investments employees and for the Property division: all employees are also managed against a mandatory Risk Management Goal. Investment performance, where relevant to the role, is assessed against each fund's benchmark and its risk profile.

Ratings are consistency-checked across the business with the input of the Heads of Risk and Compliance to ensure balance and due reflection of risk management. There is no pre-determined grid or formula driving awards, which are discretionary in order to be able to account for and reflect all relevant factors.

### Delivery of Total Incentives

Threadneedle believes that deferred awards for higher earners are a matter of good practice and an important part of aligning key staff's interests with the long-term interests of customers and shareholders. To that end, Total Incentive awards for all employees in the Group may be delivered partly in deferred awards through the Ameriprise Financial Long-Term Incentive Award ("LTIA") programme and, for those in the Investments division, through a fund deferral programme. Deferrals, and delivery of awards in instruments, will comply with relevant regulatory requirements in force from time to time.

### 4. Identified Staff

The Management Company defines its Identified Staff in line with the definitions provided by SYSC 19B and associated guidance. Those Identified Staff are the senior management, risk takers, control functions and other employees whose total remuneration takes them in to the same bracket as senior management and risk takers, whose professional activities have a material impact on the risk profiles of the Management Company or of the funds it manages. In practice, that includes the named Fund Managers of the Management Company's funds.

### 5. Remuneration Payment Disclosure

As the remuneration requirements concerning payments to staff will apply from the performance year 2017, the Management Company is not yet able to disclose the following: (i) the total amount of remuneration paid by the Management Company to its staff for the financial year split into fixed and variable remuneration; (ii) the number of beneficiaries; (iii) any amount paid directly by the UCITS scheme itself including any performance fee and (iv) the aggregate amount of remuneration broken down by categories of UCITS Remuneration Code staff. 2016 variable remuneration was not split or governed under the UCITS V remuneration regime and is consequently not reported in this document. Full and clear disclosures as required by UCITS V will be made in respect of the 2017 performance year.



## Important Information

(continued)

### Key Risks of the fund:

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

Funds/Key risks	Investment	Currency	No Capital Guarantee	Counterparty	Issuer	Political and Financial	Liquidity	Effect of Portfolio Concentration	Inflation	Interest Rate	Valuation	Short Selling	Investment in Derivatives	Leverage	Derivatives for EPM/Hedging	Volatility	High Volatility	Investment in Deposits
UK Fund	X	X													X	X		
UK Select Fund	X	X						X							X	X		
UK Smaller Companies Fund	X	X					X								X	X		
UK Growth and Income Fund	X	X													X		X	
UK Equity Income Fund	X	X													X		X	
UK Monthly Income Fund	X	X													X		X	
Monthly Extra Income Fund	X	X			X		X		X	X					X	X		
UK Corporate Bond Fund	X	X			X		X		X	X					X			
High Yield Bond Fund	X	X			X		X		X	X	X				X	X		
Strategic Bond Fund	X	X		X	X		X		X	X	X	X	X	X				
Sterling Bond Fund	X	X			X		X		X	X					X			
Sterling Fund	X		X	X					X						X			X
European Fund	X	X													X		X	
European Select Fund	X	X						X							X		X	
European Smaller Companies Fund	X	X					X								X		X	
Pan European Smaller Companies Fund	X	X					X								X		X	
Pan European Fund	X	X													X		X	
European Bond Fund	X	X			X		X		X	X					X			
European Corporate Bond Fund	X	X			X		X		X	X					X			
European High Yield Bond Fund	X	X			X		X		X	X	X				X	X		
American Fund	X	X													X	X		
American Select Fund	X	X						X							X	X		
American Smaller Companies Fund (US)	X	X					X								X		X	
Dollar Bond Fund	X	X			X		X		X	X					X			
Japan Fund	X	X													X	X		
Asia Fund	X	X				X	X								X		X	
Latin America Fund	X	X				X	X								X		X	
Emerging Market Bond Fund	X	X			X	X	X		X	X					X	X		
Global Select Fund	X	X						X							X	X		
Global Bond Fund	X	X			X		X		X	X					X			
UK Institutional Fund	X	X													X		X	
UK Overseas Earnings Fund	X	X													X		X	

### Description of the Key Risks:

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

**Currency Risk:** Where investments are 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.

**No Capital Guarantee Risk:** Positive returns are not guaranteed and no form of capital protection applies.

**Counterparty Risk:** The fund may enter into financial transactions with selected counterparties. Any financial difficulties arising at these counterparties could significantly affect the availability and the value of fund assets.



## Important Information

*(continued)*

**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.

**Political and Financial Risk:** The fund invests in markets where economic and regulatory risk can be significant. These factors can affect liquidity, settlement and asset values. Any such event can have a negative effect on the value of your investment.

**Liquidity Risk:** The fund holds assets which could prove difficult to sell. The fund may have to lower the selling price, sell other investments or forego more appealing investment opportunities.

**Effect of Portfolio Concentration Risk:** The Fund has a concentrated portfolio (holds a limited number of investments and/or has a restricted investment universe) and if one or more of these investments declines or is otherwise affected, it may have a pronounced effect on the fund's value.

**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.

**Valuation Risk:** The fund's assets may sometimes be difficult to value objectively and the actual value may not be recognised until assets are sold.

**Short Selling Risk:** Short selling intends to make a profit from falling prices. However if the value of the underlying investment increases, the value of the short position will decrease. The potential losses are unlimited as the prices of the underlying investments can increase very significantly in a short space of time.

**Investment in Derivatives Risk:** Investment Policy of the fund allows it to invest materially in derivatives.

**Leverage Risk:** Leverage amplifies the effect that a change in the price of an investment has on the fund's value. As such, leverage can enhance returns to investors but can also increase losses, including losses in excess of the amount invested.

**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.

**High Volatility Risk:** The fund typically carries a risk of high volatility due to its portfolio composition or the portfolio management techniques used. This means that the fund's value is likely to fall and rise more frequently and this could be more pronounced than with other funds.

**Investment in Deposits Risk:** The Investment Policy of the fund allows it to invest principally in deposits.

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



## Directory

### Registered Office

Cannon Place  
78 Cannon Street  
London EC4N 6AG

### Authorised Corporate Director (ACD)

Threadneedle Investment Services Limited  
Cannon Place  
78 Cannon Street  
London EC4N 6AG

### Registrar

Threadneedle Investment Services Limited  
Delegated to:  
International Financial Data Services (UK) Limited  
(Authorised and regulated by the Financial Conduct Authority (FCA))  
St Nicholas Lane  
Basildon  
Essex SS15 5FS

### Investment Manager

Threadneedle Asset Management Limited  
Cannon Place  
78 Cannon Street  
London EC4N 6AG

### Depository

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

### Legal Advisers

Eversheds LLP  
One Wood Street  
London EC2V 7WS

Baum Financial Services Law Team  
Grosser Burstah 42  
20457 Hamburg  
Germany

### Independent Auditor

PricewaterhouseCoopers LLP  
Atria One  
144 Morrison Street  
Edinburgh EH3 8EX

### Authorised Corporate Director Client Services Details

#### UK Investors

**Address:** Threadneedle Investment Services Limited  
PO Box 10033  
Chelmsford  
Essex CM99 2AL  
**Telephone** (dealing & customer enquiries): 0800 953 0134\*  
**Fax** (dealing): 0845 113 0274  
**Email** (enquiries): questions@service.columbiathreadneedle.co.uk

#### Asian Investors

**Address:** Threadneedle Investment Services Limited  
International Financial Data Services  
47, avenue JF Kennedy  
L-1855 Luxembourg  
**Telephone** (dealing & customer enquiries): +852 3667 7111\*  
**Fax** (dealing): +352 2452 9807  
**Email** (enquiries): threadneedleenquiries@statestreet.com

### All Other Investors

**Address:** Threadneedle Investment Services Limited  
International Financial Data Services  
47, avenue JF Kennedy  
L-1855 Luxembourg  
**Telephone** (dealing & customer enquiries): +352 464 010 7020\*  
**Fax** (dealing): +352 2452 9807  
**Email** (enquiries): questions@service.columbiathreadneedle.co.uk  
**Website:** columbiathreadneedle.com

### Paying and Information Agent in Austria

Raiffeisen Bank International AG  
Am Stadtpark 9  
A-1030 Vienna  
Austria

### Paying and Information Agent in Belgium

J.P. Morgan Chase Bank Brussels  
1, Boulevard du Roi Albert II  
1210 Brussels  
Belgium

### Paying and Information Agent in France

BNP Paribas Securities Services  
66 rue de la Victoire  
75009 Paris  
France

### Paying and Information Agent in Germany

J.P. Morgan AG  
Junghofstr. 14  
60311 Frankfurt am Main  
Germany

### Paying and Information Agent in Hong Kong

HSBC Institutional Trust Services (Asia) Limited  
Services Transfer Agency, Fund Services  
1 Queen's Road Central  
Hong Kong

### Paying and Information Agent in Ireland

J.P. Morgan Bank Administration Services (Ireland) Limited  
J.P. Morgan House, International Financial Services Centre  
Dublin 1  
Ireland

### Paying and Information Agent in Italy

Allfunds Bank S.A. (filiale di Milano)  
via Bocchetto, 6  
20123 Milan  
Italy

BNP Paribas Securities Services  
Piazza Lina Bo Bardi, 3  
20124 Milan  
Italy

Société Générale Securities Services S.p.A.  
via Benigno Crespi 19/A – MAC2  
20159 Milan  
Italy

State Street Bank S.p.A.  
Via Ferrante Aporti, 10  
20125 Milan  
Italy

### Paying and Information Agent in Luxembourg

State Street Bank Luxembourg S.A.  
49 avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

\*Calls will be recorded.



## Directory

*(continued)*

### **Information Agent in Spain**

Threadneedle Investment Funds ICVC is duly authorised for its marketing in Spain under registered number 482 for such purposes with the Register of Foreign Collective Investment Schemes of the Comisión Nacional del Mercado de Valores (CNMV), in accordance with section 15. 2 of Law 35/2003 of 4 November 2003 on Collective Investment Schemes, as amended. A list of the appointed local distributors and Funds and share classes available for public distribution in Spain is available at the CNMV web page ([www.cnmv.es](http://www.cnmv.es)).

### **Paying and Information Agent in Sweden**

Skandinaviska Enskilda Banken AB  
Kungsträdgårdsgatan  
SE - 10640  
Stockholm  
Sweden

### **Representative and Paying Agent in Switzerland**

BNP Paribas Securities Services, Paris, Succursale de Zurich  
Selnaustrasse 16  
8002 Zurich  
Switzerland



To find out more visit [columbiathreadneedle.com](https://columbiathreadneedle.com)



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