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AUDITED ANNUAL REPORT AND FINANCIAL STATEMENTS
THREADNEEDLE FOCUS INVESTMENT FUNDS ICVC
JANUARY 2017

THREADNEEDLE FOCUS INVESTMENT FUNDS ICVC

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*These pages comprise the Authorised Corporate Director's Report.

Company Information

Company

Threadneedle Focus Investment Funds ICVC (the Company)
Registered Number IC000666

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 D Fleming (Resigned from the Board on 29 April 2016)
T N Gillbanks
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 Focus Investment Funds ICVC for the 12 months to 21 January 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 for further information about Columbia Threadneedle Investments.

Thank you for your continued support.



Tim Gillbanks
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 on behalf of the directors of Threadneedle Investment Services Limited.

T N Gillbanks

L Weatherup

23 March 2017

Threadneedle Credit Opportunities Fund

Investment Report

Investment Objective

The investment objective of the Credit Opportunities Fund is to achieve a total positive return over an 18-24 month period in all market conditions.

There is a risk to capital, and there is no guarantee that such a return will be achieved in 18-24 months or any other timescale.

Investment Policy

The ACD's investment policy is to invest the assets of the Fund to gain exposure to a range of credit related instruments, by investing directly or indirectly in such securities. These instruments generate returns from contracted income flows and changes in credit worthiness.

The ACD will invest primarily in corporate bonds, sovereign bonds and other debt securities including money market securities.

If the ACD considers it desirable it may further invest up to one third of the total assets of the Fund in other securities and deposits. For liquidity purposes it may further invest in cash and near cash.

Performance of Gross Accumulation Class 1 Shares

Over the twelve months to 21 January 2017, the published share price of the Threadneedle Credit Opportunities Fund has risen from 1.2757 to 1.3435 euros.

The total return on the fund for the twelve months ending 31 January 2017, including gross reinvested income in euros, is +4.80%.

For information the Citigroup EUR 1 Month Eurodeposit Total Return Index returned -0.44% over the same period.

Market Overview and Portfolio Activity

The start of the review period was marked by a widening in investment-grade and high-yield bond spreads amid global growth concerns, weakness in emerging markets and the tail end of an energy shock. Markets later calmed down and spreads compressed as commodity prices rallied and central banks scaled up stimulus measures. However, June's Brexit

vote triggered a short-lived bout of volatility and flight to safe havens. Core sovereign yields subsequently fell to record lows amid hopes of continued monetary easing.

These hopes were realised in August, when the Bank of England (BoE) cut rates, introduced a 'Term Funding Scheme' and expanded its quantitative easing (QE) programme to include corporate bonds. Corporate bond spreads subsequently narrowed but the rally ebbed as the third quarter progressed and investors became concerned that central banks could run out of ammunition. UK gilts also suffered as sterling's slump pushed up inflation expectations and the BoE adopted a more hawkish stance. The Bank of Japan underwhelmed markets with its plan to stimulate economic activity via "yield curve control".

Politics dominated markets in Q4. Donald Trump's unexpected election victory fuelled a global bond sell-off as investors priced in higher US fiscal deficits, inflation and interest rates. The sell-off accelerated after OPEC members reached a deal to cut output, which saw oil prices surge. However, this boosted commodity-linked credits. In December, Italian voters rejected their prime minister's planned constitutional reforms, forcing his resignation. This prompted jitters in European credit, as did Italy's troubled banking sector. In December, the Federal Reserve raised rates by 25 basis points (bps). The move was expected but the Fed's hawkish outlook – notably projections of three rate hikes in 2017 – surprised investors. By contrast, the European Central Bank opted to extend its quantitative easing programme, albeit at a slower pace.

The start of 2017 was marked by heavy issuance in credit markets both in Europe and in the US, and by generally robust economic indicators from the eurozone, which pressured bonds in the region.

Over the reporting period, global investment grade spreads tightened from over 180 bps to 130 bps. European high-yield spreads also tightened meaningfully from 660 bps to end the period below 360 bps.

In the first half of the review period, activity was concentrated on the directional book – that is, long or short strategies that can be employed with corporate bonds or derivatives – and

the event book, meaning strategies centred around corporate events such as mergers and acquisitions or refinancing. In the directional book, we maintained risk exposure through the market volatility. Toward the end of the first half, we pared back our directional net longs by increasing the short book, especially in financials and high yield. Activity in the carry and event books largely entailed replacing positions that had rolled off due to maturities, calls or tenders. In the high-yield directional book, purchases were focused on BB-rated credits and bonds in more defensive sectors. We finished the first half with a more balanced portfolio, with more focus on the relative value and short directional strategies to balance our long portfolio, where we continued to focus on pipeline and energy investments.

We continued to reduce our directional net longs in the second half of the review period. In the directional investment grade strategy, we added to asset-backed securities (ABS) as we believed the sector's valuations were attractive relative to sterling corporates, as the ABS sector lagged following the launch of the BoE's corporate bond purchases. In the investment-grade segment, we added to our real-estate names. In our view, the sector benefits from favourable demographics and has the potential for credit improvement. The sector offers favourable relative value, and our focus is on the most stable sectors (north European residential and industrials) rather than on more cyclical commercial offices.

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 corporate credit is sufficiently robust to offset the structural risk that arises from reducing policy support. Though a changing policy outlook will doubtless provide challenges in the coming year, this risk may be largely mitigated by fundamental demand for income and corporate bonds from elsewhere, and largely supportive credit metrics. Political risk, as a result of both Trump's trade policy and the European election cycle, poses a greater threat to credit markets in our view.

STATEMENT OF TOTAL RETURN

for the accounting period 22 January 2016 to 21 January 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains/(losses)	2	24,666	(33,589)
Revenue	3	36,834	34,042
Expenses	4	(7,351)	(6,241)
Foreign exchange gain on distribution		950	1,142
Interest payable and similar charges	5	(11,336)	(10,028)
Net revenue before taxation		19,097	18,915
Taxation	6	–	–
Net revenue after taxation		19,097	18,915
Total return before distributions		43,763	(14,674)
Distributions	7	(19,099)	(18,917)
Foreign exchange gain on translation		106,715	33,113
Change in net assets attributable to shareholders from investment activities		131,379	(478)

BALANCE SHEET

as at 21 January 2017

	Notes	2017 £000	2016 £000
Assets:			
Fixed assets:			
Investments		944,831	859,994
Current assets:			
Debtors	8	34,621	15,624
Cash and bank balances	9	254,103	245,577
Total assets		1,233,555	1,121,195
Liabilities:			
Investment liabilities		(19,199)	(19,824)
Creditors:			
Bank overdrafts	9	–	(2)
Distribution payable		(332)	(489)
Other creditors	10	(4,332)	(29,477)
Total liabilities		(23,863)	(49,792)
Net assets attributable to shareholders		1,209,692	1,071,403

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 22 January 2016 to 21 January 2017

	2017 £000	2016 £000
Opening net assets attributable to shareholders	1,071,403	759,200
Amounts receivable on the issue of shares	451,827	622,022
Amounts payable on the cancellation of shares	(467,772)	(328,448)
	(15,945)	293,574
Dilution adjustment	849	650
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	131,379	(478)
Retained distribution on accumulation shares	22,006	18,457
Closing net assets attributable to shareholders	1,209,692	1,071,403

DISTRIBUTION TABLE

for the accounting period 22 January 2016 to 21 January 2017

Interest distribution in pence per share

Class 1 GBP Hedged Shares

Net accumulation

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Net Revenue Accumulated 2016/2017	Net Revenue Accumulated 2015/2016
Group 1						
22/01/16 to 21/01/17	1.7284	0.3457	1.3827	–	1.3827	3.4681
Group 2						
22/01/16 to 21/01/17	0.5465	0.1093	0.4372	0.9455	1.3827	3.4681
Total distributions in the period					1.3827	3.4681

Threadneedle Credit Opportunities Fund

DISTRIBUTION TABLE

(continued)

Class 1 Shares

Gross income

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
Group 1				
22/01/16 to 21/01/17	1.2738	–	1.2738	0.8287
Group 2				
22/01/16 to 21/01/17	0.3120	0.9618	1.2738	0.8287
Total distributions in the period			1.2738	0.8287

Class 1 Shares

Gross accumulation

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Gross Revenue Accumulated 2015/2016
Group 1				
22/01/16 to 21/01/17	1.7059	–	1.7059	1.3902
Group 2				
22/01/16 to 21/01/17	0.5829	1.1230	1.7059	1.3902
Total distributions in the period			1.7059	1.3902

Class 1 GBP Hedged Shares

Gross accumulation*

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Gross Revenue Accumulated 2015/2016
Group 1				
22/01/16 to 21/01/17	1.3233	–	1.3233	0.2986
Group 2				
22/01/16 to 21/01/17	1.3233	–	1.3233	0.2986
Total distributions in the period			1.3233	0.2986

Class 1 USD Hedged Shares

Gross accumulation

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Gross Revenue Accumulated 2015/2016
Group 1				
22/01/16 to 21/01/17	1.3082	–	1.3082	1.3977
Group 2				
22/01/16 to 21/01/17	0.3620	0.9462	1.3082	1.3977
Total distributions in the period			1.3082	1.3977

Class 2 GBP Hedged Shares

Net income

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
Group 1						
22/01/16 to 21/01/17	2.0390	0.4078	1.6312	–	1.6312	1.5481
Group 2						
22/01/16 to 21/01/17	1.6481	0.3296	1.3185	0.3127	1.6312	1.5481
Total distributions in the period					1.6312	1.5481

Class 2 GBP Hedged Shares

Net accumulation

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Net Revenue Accumulated 2016/2017	Net Revenue Accumulated 2015/2016
Group 1						
22/01/16 to 21/01/17	2.4633	0.4927	1.9706	–	1.9706	2.3677
Group 2						
22/01/16 to 21/01/17	1.3895	0.2779	1.1116	0.8590	1.9706	2.3677
Total distributions in the period					1.9706	2.3677

Class 2 Shares

Gross accumulation

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Gross Revenue Accumulated 2015/2016
Group 1				
22/01/16 to 21/01/17	2.3424	–	2.3424	1.7797
Group 2				
22/01/16 to 21/01/17	0.9106	1.4318	2.3424	1.7797
Total distributions in the period			2.3424	1.7797

Class X GBP Hedged Shares

Gross accumulation*

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017
Group 1			
22/01/16 to 21/01/17	2.3054	–	2.3054
Group 2			
22/01/16 to 21/01/17	0.2903	2.0151	2.3054
Total distributions in the period			2.3054

Group 2: shares purchased during a distribution period.

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

Threadneedle Credit Opportunities Fund

Comparative Table Disclosure (Presentational Currency (£))

	Class 1 GBP Hedged – Net accumulation shares			Class 1 – Gross income shares ⁵		
	21/01/2017	21/01/2016	21/01/2015	21/01/2017	21/01/2016	21/01/2015 ¹
Change in net assets per share						
Opening net asset value per share (p)	126.71	128.14	127.69	73.34	74.31	79.07
Return before operating charges (p)	9.14	1.35	2.77	14.46	0.73	(3.00)
Operating charges (p)	(1.47)	(1.91)	(1.78)	(1.20)	(0.87)	(0.91)
Return after operating charges (p)*	7.67	(0.56)	0.99	13.26	(0.14)	(3.91)
Distributions (p)	(1.73)	(4.34)	(2.67)	(1.27)	(0.83)	(0.85)
Retained distributions on accumulation shares (p)**	1.38	3.47	2.13	–	–	–
Closing net asset value per share (p)	134.03	126.71	128.14	85.33	73.34	74.31
*after direct transaction costs of (p)	–	–	–	–	–	–
Performance						
Return after charges (%)	6.05	(0.44)	0.77	18.08	(0.19)	(4.94)
Other information						
Closing net asset value (£000)	4,859	6,746	31,920	1,373	1,223	558
Closing number of shares	3,625,193	5,324,280	24,910,159	1,609,258	1,667,012	750,156
Operating charges (%)**	1.38	1.38	1.38	1.13	1.14	1.14 ¹
Performance fee (%)	–	–	–	–	–	–
Direct transaction costs (%)**	–	–	–	–	–	–
	Class 1 – Gross accumulation shares ⁵			Class 1 GBP Hedged – Gross accumulation shares ⁵		
	21/01/2017	21/01/2016	21/01/2015	21/01/2017	21/01/2016 ²	
Change in net assets per share						
Opening net asset value per share (p)	98.23	98.40	105.12	97.29	100.00	
Return before operating charges (p)	18.96	0.97	(5.54)	7.32	(1.32)	
Operating charges (p)	(1.20)	(1.14)	(1.18)	(1.46)	(1.39)	
Return after operating charges (p)*	17.76	(0.17)	(6.72)	5.86	(2.71)	
Distributions (p)	(1.71)	(1.39)	(2.06)	(1.32)	(0.30)	
Retained distributions on accumulation shares (p)**	1.71	1.39	2.06	1.32	0.30	
Closing net asset value per share (p)	115.99	98.23	98.40	103.15	97.29	
*after direct transaction costs of (p)	–	–	–	–	–	
Performance						
Return after charges (%)	18.08	(0.17)	(6.39)	6.02	(2.71)	
Other information						
Closing net asset value (£000)	370,583	315,286	205,390	11	10	
Closing number of shares	319,486,290	320,957,409	208,728,939	10,000	10,000	
Operating charges (%)**	1.13	1.13	1.13	1.37	1.37 ¹	
Performance fee (%)	–	–	(0.03)	–	–	
Direct transaction costs (%)**	–	–	–	–	–	
	Class 1 USD Hedged – Gross accumulation shares ⁵			Class 2 GBP Hedged – Net income shares		
	21/01/2017	21/01/2016	21/01/2015	21/01/2017	21/01/2016	21/01/2015 ³
Change in net assets per share						
Opening net asset value per share (p)	91.64	86.37	79.13	96.70	98.85	100.00
Return before operating charges (p)	22.02	6.55	8.35	7.33	0.55	(0.22)
Operating charges (p)	(1.46)	(1.28)	(1.11)	(0.75)	(0.76)	(0.72)
Return after operating charges (p)*	20.56	5.27	7.24	6.58	(0.21)	(0.94)
Distributions (p)	(1.31)	(1.40)	(1.66)	(2.04)	(1.94)	(0.21)
Retained distributions on accumulation shares (p)**	1.31	1.40	1.66	–	–	–
Closing net asset value per share (p)	112.20	91.64	86.37	101.24	96.70	98.85
*after direct transaction costs of (p)	–	–	–	–	–	–
Performance						
Return after charges (%)	22.44	6.10	9.15	6.80	(0.21)	(0.94)
Other information						
Closing net asset value (£000)	15,309	15,430	16,866	611	464	252
Closing number of shares	13,644,156	16,838,448	19,527,086	603,553	480,253	255,253
Operating charges (%)**	1.38	1.38	1.38	0.71	0.71	0.70 ¹
Performance fee (%)	–	–	–	–	–	–
Direct transaction costs (%)**	–	–	–	–	–	–

Threadneedle Credit Opportunities Fund

Comparative Table Disclosure (Presentational Currency (£))

(continued)

	Class 2 GBP Hedged – Net accumulation shares			Class 2 – Gross accumulation shares ⁵		
	21/01/2017	21/01/2016	21/01/2015	21/01/2017	21/01/2016	21/01/2015
Change in net assets per share						
Opening net asset value per share (p)	116.86	117.58	116.47	97.15	96.75	102.74
Return before operating charges (p)	8.82	0.78	2.43	18.85	0.96	(5.42)
Operating charges (p)	(0.91)	(0.91)	(0.84)	(0.63)	(0.56)	(0.57)
Return after operating charges (p)*	7.91	(0.13)	1.59	18.22	0.40	(5.99)
Distributions (p)	(2.46)	(2.96)	(2.41)	(2.34)	(1.78)	(2.29)
Retained distributions on accumulation shares (p)**	1.97	2.37	1.93	2.34	1.78	2.29
Closing net asset value per share (p)	124.28	116.86	117.58	115.37	97.15	96.75
*after direct transaction costs of (p)	–	–	–	–	–	–
Performance						
Return after charges (%)	6.77	(0.11)	1.37	18.75	0.41	(5.83)
Other information						
Closing net asset value (£000)	58,431	82,777	69,776	758,426	649,467	434,438
Closing number of shares	47,014,065	70,836,967	59,339,656	657,377,228	668,546,178	449,021,497
Operating charges (%)**	0.71	0.71	0.71	0.56	0.56	0.56
Performance fee (%)	–	–	–	–	–	(0.03)
Direct transaction costs (%)**	–	–	–	–	–	–
Class X GBP Hedged – Gross accumulation shares⁵						
21/01/2017⁴						
Change in net assets per share						
Opening net asset value per share (p)	100.00					
Return before operating charges (p)	5.30					
Operating charges (p)	(0.04)					
Return after operating charges (p)*	5.26					
Distributions (p)	(2.31)					
Retained distributions on accumulation shares (p)**	2.31					
Closing net asset value per share (p)	105.26					
*after direct transaction costs of (p)	–					
Performance						
Return after charges (%)	5.26					
Other information						
Closing net asset value (£000)	89					
Closing number of shares	84,033					
Operating charges (%)**	0.04 ¹					
Performance fee (%)	–					
Direct transaction costs (%)**	–					

**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.

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

⁵Only available to eligible investors.

¹Class 1 – Gross income shares commenced 17 July 2014.

²Class 1 GBP Hedged – Gross accumulation shares commenced 28 October 2015.

³Class 2 GBP Hedged – Net income shares commenced 19 November 2014.

⁴Class X GBP Hedged – Gross accumulation shares commenced 16 March 2016.

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

Threadneedle Credit Opportunities Fund

Comparative Table Disclosure (Fund Currency (€))

(continued)

	Class 1 GBP Hedged – Net accumulation shares			Class 1 – Gross income shares ⁵		
	21/01/2017	21/01/2016	21/01/2015	21/01/2017	21/01/2016	21/01/2015 ¹
Change in net assets per share						
Opening net asset value per share (c)	163.95	167.32	155.06	94.89	97.03	100.00
Return before operating charges (c)	(7.02)	0.23	15.17	6.55	0.05	(0.72)
Operating charges (c)	(1.69)	(2.48)	(2.21)	(1.39)	(1.12)	(1.13)
Return after operating charges (c)*	(8.71)	(2.25)	12.96	5.16	(1.07)	(1.85)
Distributions (c)	(2.00)	(5.61)	(3.48)	(1.47)	(1.07)	(1.12)
Retained distributions on accumulation shares (c)**	1.60	4.49	2.78	–	–	–
Closing net asset value per share (c)	154.84	163.95	167.32	98.58	94.89	97.03
*after direct transaction costs of (c)	–	–	–	–	–	–
Performance						
Return after charges (%)	(5.31)	(1.34)	8.36	5.44	(1.10)	(1.85)
Other information						
Closing net asset value (€000)	5,613	8,729	41,681	1,586	1,582	728
Closing number of shares	3,625,193	5,324,280	24,910,159	1,609,258	1,667,012	750,156
Operating charges (%)**	1.38	1.38	1.38	1.13	1.14	1.14 ¹
Performance fee (%)	–	–	–	–	–	–
Direct transaction costs (%)**	–	–	–	–	–	–
Prices						
Highest share price (c)	172.18	187.94	168.43	100.31	99.40	100.00
Lowest share price (c)	147.73	164.54	153.38	94.15	95.24	97.36
	Class 1 – Gross accumulation shares ⁵			Class 1 GBP Hedged – Gross accumulation shares ⁵		
	21/01/2017	21/01/2016	21/01/2015	21/01/2017	21/01/2016 ²	
Change in net assets per share						
Opening net asset value per share (c)	127.10	128.49	127.65	125.88	138.00	
Return before operating charges (c)	8.29	0.09	2.30	(5.03)	(10.33)	
Operating charges (c)	(1.39)	(1.48)	(1.46)	(1.68)	(1.79)	
Return after operating charges (c)*	6.90	(1.39)	0.84	(6.71)	(12.12)	
Distributions (c)	(1.97)	(1.80)	(2.68)	(1.53)	(0.39)	
Retained distributions on accumulation shares (c)**	1.97	1.80	2.68	1.53	0.39	
Closing net asset value per share (c)	134.00	127.10	128.49	119.17	125.88	
*after direct transaction costs of (c)	–	–	–	–	–	
Performance						
Return after charges (%)	5.43	(1.08)	0.66	(5.33)	(8.78)	
Other information						
Closing net asset value (€000)	428,123	407,947	268,197	12	12	
Closing number of shares	319,486,290	320,957,409	208,728,939	10,000	10,000	
Operating charges (%)**	1.13	1.13	1.13	1.37	1.37 ¹	
Performance fee (%)	–	–	(0.03)	–	–	
Direct transaction costs (%)**	–	–	–	–	–	
Prices						
Highest share price (c)	134.35	131.66	130.74	132.34	143.56	
Lowest share price (c)	126.10	127.57	127.75	113.64	126.35	

Threadneedle Credit Opportunities Fund

Comparative Table Disclosure (Fund Currency (€))

(continued)

	Class 1 USD Hedged – Gross accumulation shares [§]			Class 2 GBP Hedged – Net income shares		
	21/01/2017	21/01/2016	21/01/2015	21/01/2017	21/01/2016	21/01/2015 [§]
Change in net assets per share						
Opening net asset value per share (c)	118.57	112.78	96.09	125.12	129.08	125.12
Return before operating charges (c)	12.73	7.45	18.07	(4.93)	(0.47)	5.13
Operating charges (c)	(1.68)	(1.66)	(1.38)	(0.87)	(0.99)	(0.89)
Return after operating charges (c)*	11.05	5.79	16.69	(5.80)	(1.46)	4.24
Distributions (c)	(1.51)	(1.81)	(2.16)	(2.36)	(2.50)	(0.28)
Retained distributions on accumulation shares (c)**	1.51	1.81	2.16	–	–	–
Closing net asset value per share (c)	129.62	118.57	112.78	116.96	125.12	129.08
*after direct transaction costs of (c)	–	–	–	–	–	–
Performance						
Return after charges (%)	9.32	5.13	17.37	(4.64)	(1.13)	3.39
Other information						
Closing net asset value (€000)	17,686	19,965	22,023	706	601	329
Closing number of shares	13,644,156	16,838,448	19,527,086	603,553	480,253	255,253
Operating charges (%)**	1.38	1.38	1.38	0.71	0.71	0.70 [†]
Performance fee (%)	–	–	–	–	–	–
Direct transaction costs (%)**	–	–	–	–	–	–
Prices						
Highest share price (c)	132.79	126.56	113.19	131.68	145.34	130.12
Lowest share price (c)	113.28	112.79	93.85	113.22	125.59	124.40
	Class 2 GBP Hedged – Net accumulation shares			Class 2 – Gross accumulation shares [§]		
	21/01/2017	21/01/2016	21/01/2015	21/01/2017	21/01/2016	21/01/2015
Change in net assets per share						
Opening net asset value per share (c)	151.20	153.54	141.43	125.70	126.34	124.76
Return before operating charges (c)	(6.00)	(0.39)	13.79	8.32	0.08	2.29
Operating charges (c)	(1.05)	(1.18)	(1.05)	(0.73)	(0.72)	(0.71)
Return after operating charges (c)*	(7.05)	(1.57)	12.74	7.59	(0.64)	1.58
Distributions (c)	(2.85)	(3.83)	(3.15)	(2.71)	(2.30)	(2.99)
Retained distributions on accumulation shares (c)**	2.28	3.06	2.52	2.71	2.30	2.99
Closing net asset value per share (c)	143.58	151.20	153.54	133.29	125.70	126.34
*after direct transaction costs of (c)	–	–	–	–	–	–
Performance						
Return after charges (%)	(4.66)	(1.02)	9.01	6.04	(0.51)	1.27
Other information						
Closing net asset value (€000)	67,504	107,105	91,113	876,185	840,342	567,286
Closing number of shares	47,014,065	70,836,967	59,339,656	657,377,228	668,546,178	449,021,497
Operating charges (%)**	0.71	0.71	0.71	0.56	0.56	0.56
Performance fee (%)	–	–	–	–	–	(0.03)
Direct transaction costs (%)**	–	–	–	–	–	–
Prices						
Highest share price (c)	159.09	172.87	154.51	133.62	129.83	128.27
Lowest share price (c)	136.78	151.75	140.00	124.75	126.16	124.88

Threadneedle Credit Opportunities Fund

Comparative Table Disclosure (Fund Currency (€))

(continued)

	Class X GBP Hedged – Gross accumulation shares ⁵ 21/01/2017 ⁴
Change in net assets per share	
Opening net asset value per share (c)	127.13
Return before operating charges (c)	(5.49)
Operating charges (c)	(0.04)
Return after operating charges (c)*	(5.53)
Distributions (c)	(2.66)
Retained distributions on accumulation shares (c)**	2.66
Closing net asset value per share (c)	121.60
*after direct transaction costs of (c)	–
Performance	
Return after charges (%)	(4.35)
Other information	
Closing net asset value (€000)	102
Closing number of shares	84,033
Operating charges (%)***	0.04 ¹
Direct transaction costs (%)****	–
Prices	
Highest share price (c)	133.87
Lowest share price (c)	115.54

**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.

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

⁵Only available to eligible investors.

¹Class 1 – Gross income shares commenced 17 July 2014.

²Class 1 GBP Hedged – Gross accumulation shares commenced 28 October 2015.

³Class 2 GBP Hedged – Net income shares commenced 19 November 2014.

⁴Class X GBP Hedged – Gross accumulation shares commenced 16 March 2016.

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

Threadneedle Credit Opportunities Fund

Notes to the financial statements

for the accounting period 22 January 2016 to 21 January 2017

1 ACCOUNTING POLICIES

(1) 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.

(2) Basis of valuation of investments

The investments of the fund 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 & financial statements and in the ACD's opinion there has been no material movements in the fund 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.

(3) Exchange rates

Assets and liabilities in foreign currencies are translated into the fund's local currency, which is the Euro, at the exchange rate ruling at 12 noon (UK time), being the valuation point on the last working day of the accounting period.

Revenue and expenses denominated in foreign currency are translated into the fund's local currency at the exchange rate ruling at the date of the transaction.

For reporting purposes, the presentational currency of the Company is sterling. Foreign exchange translation adjustments arising from the translation of the fund into the Company's presentational currency are included within "Foreign exchange loss on translation" in the Statement of Total Return and within the Finance Cost note as a foreign exchange loss on translation.

(4) 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 losses/gains 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".

(5) Recognition of revenue

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

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.

(6) 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.

In addition, the ACD is entitled to receive a performance fee in the event of the NAV per share of the Fund outperforming the relevant benchmark index. The performance fee is only chargeable at the end of any Performance Period i.e. 31 December, and will be paid within one month of that date. If no performance fee has been charged since the launch of the Share Class, no performance fee will be payable until such time as there is an Excess Return and there is a performance fee accrual at the end of the Performance Period.

Further details including the relevant benchmark index, can be found within the "Expenses" note of the fund.

(7) 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.

(8) 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 29). Where undertaken, the allocation of return in relation to hedging transactions is applied in respect of that hedged share class only.

(9) 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.

(10) Distribution policy

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.

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.

Any fees arising as a result of outperformance are added back for the purpose of determining the amount for distribution.

2 NET CAPITAL GAINS/(LOSSES)

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

	2017	2016
	£000	£000
Non-derivative securities	9,452	(38,999)
Derivative contracts	(2,726)	7,422
Forward currency contracts	28,595	(2,795)
Other (losses)/gains	(10,653)	784
Transaction costs	(2)	(1)
Net capital gains/(losses)	24,666	(33,589)

3 REVENUE

	2017	2016
	£000	£000
Interest on debt securities	36,811	33,997
Bank interest	23	45
Total revenue	36,834	34,042

Threadneedle Credit Opportunities Fund

Notes to the financial statements

(continued)

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	(6,580)	(5,571)
Registration fees	(573)	(480)
	<u>(7,153)</u>	<u>(6,051)</u>
Payable to the depository or associates of the depository, and the agents of either of them:		
Depository's fees	(119)	(111)
Safe custody fees	(51)	(48)
	<u>(170)</u>	<u>(159)</u>
Other expenses:		
Regulatory fee	(11)	(11)
Audit fees	(17)	(20)
	<u>(28)</u>	<u>(31)</u>
*Total expenses	<u>(7,351)</u>	<u>(6,241)</u>

The ACD is entitled to receive a performance fee in the event of the NAV per Share of the fund outperforming the Citigroup EUR 1 Month Eurodeposit Index (with revenue reinvested, calculated at market close). The performance fee rate of 20% is multiplied by the Excess Return. Performance fees are calculated on a calendar basis and may vary substantially from year to year depending on how a fund has performed against its benchmark. As the accounting period falls during the calculation period of the performance fee, the performance fees are accrued at that point in time, but may not represent the actual amount that will be paid. Therefore, previously accrued amounts may be required to be reversed. The performance fee by nature is a capital charge, and is therefore charged to capital when calculating the distribution. No performance fee was paid during the reporting period in respect of the calendar year ended 31 December 2016 (2015: £Nil).

*Including irrecoverable VAT where applicable.

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £000	2016 £000
Interest payable	(535)	(270)
Derivative expense	(10,801)	(9,758)
Total interest payable & similar charges	<u>(11,336)</u>	<u>(10,028)</u>

6 TAXATION

	2017 £000	2016 £000
a) Analysis of charge in period		
Total current tax (note 6b)	–	–
Total tax charge for the period	–	–
b) Factors affecting taxation charge for period		
Net revenue before taxation	19,097	18,915
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(3,820)	(3,783)
Effects of:		
Distributions treated as tax deductible	3,820	3,784
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 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
Final	22,298	18,917
	<u>22,298</u>	<u>18,917</u>
Add: Revenue deducted on the cancellation of shares*	2,533	–
Deduct: Revenue received on the creation of shares*	(5,732)	–
Foreign exchange gain on distribution	(950)	(1,142)
Net distribution for the period	18,149	17,775
Net revenue after taxation	19,097	18,915
Equalisation on conversion	2	2
Total distributions	<u>19,099</u>	<u>18,917</u>

Details of the distribution per share are set out in the table on pages 4 to 5.

*Equalisation was introduced with effect from 22 January 2016.

8 DEBTORS

	2017 £000	2016 £000
Amounts receivable for the issue of shares	18,802	35
Sales awaiting settlement	2,003	–
Accrued revenue	13,816	15,589
Total debtors	<u>34,621</u>	<u>15,624</u>

9 CASH AND BANK BALANCES

	2017 £000	2016 £000
Amounts held at futures clearing houses and brokers	19,407	18,457
Cash and bank balances	234,696	227,120
	<u>254,103</u>	<u>245,577</u>
Bank overdrafts	–	(2)
Total cash and bank balances	<u>254,103</u>	<u>245,575</u>

10 OTHER CREDITORS

	2017 £000	2016 £000
Amounts payable for the cancellation of shares	(259)	(12,977)
Purchases awaiting settlement	(3,521)	(15,987)
Accrued expenses	(53)	(48)
Amounts payable to ACD	(499)	(465)
Total other creditors	<u>(4,332)</u>	<u>(29,477)</u>

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 Credit Opportunities Fund

Notes to the financial statements

(continued)

13 SHAREHOLDER FUNDS

Threadneedle Credit Opportunities Fund currently has five share classes; Class 1, Class 1 Hedged, Class 2, Class 2 Hedged and Class X Hedged shares. The charges on each share class are as follows:

Annual management charge	
Class 1 shares	1.00%
Class 1 Hedged shares	1.25%
Class 2 shares	0.50%
Class 2 Hedged shares	0.65%
Class X Hedged shares	N/A*
Registration fees	
Class 1 shares	0.110%
Class 1 Hedged shares	0.110%
Class 2 shares	0.035%
Class 2 Hedged shares	0.035%
Class X Hedged 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 6 to 10. The distribution per share class is given in the distribution table on pages 4 to 5.

All classes have the same rights on winding up.

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

Reconciliation of shares

Class 1 GBP Hedged – Net accumulation shares	2017
Opening shares	5,324,280
Shares issued	1,032,091
Shares redeemed	(2,205,869)
Net conversions	(525,309)
Closing shares	<u>3,625,193</u>
Class 1 – Gross income shares	
Opening shares	1,667,012
Shares issued	694,677
Shares redeemed	(752,431)
Net conversions	–
Closing shares	<u>1,609,258</u>
Class 1 – Gross accumulation shares	
Opening shares	320,957,409
Shares issued	120,978,136
Shares redeemed	(122,449,255)
Net conversions	–
Closing shares	<u>319,486,290</u>
Class 1 GBP Hedged – Gross accumulation shares	
Opening shares	10,000
Shares issued	–
Shares redeemed	–
Net conversions	–
Closing shares	<u>10,000</u>
Class 1 USD Hedged – Gross accumulation shares	
Opening shares	16,838,448
Shares issued	4,430,210
Shares redeemed	(7,624,502)
Net conversions	–
Closing shares	<u>13,644,156</u>
Class 2 GBP Hedged – Net income shares	
Opening shares	480,253
Shares issued	160,700
Shares redeemed	(44,347)
Net conversions	6,947
Closing shares	<u>603,553</u>
Class 2 GBP Hedged – Net accumulation shares	
Opening shares	70,836,967
Shares issued	6,159,251
Shares redeemed	(30,544,780)
Net conversions	562,627
Closing shares	<u>47,014,065</u>

Class 2 – Gross accumulation shares	2017
Opening shares	668,546,178
Shares issued	278,852,869
Shares redeemed	(290,021,819)
Net conversions	–
Closing shares	<u>657,377,228</u>

Class X GBP Hedged – Gross accumulation shares*	
Opening shares	–
Shares issued	84,033
Shares redeemed	–
Net conversions	–
Closing shares	<u>84,033</u>

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

14 RISK MANAGEMENT POLICIES

Market price risk

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

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

The fund's investment portfolio is 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.

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 4.7% 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 0.9% (2016: 1%). This means that there is estimated to be a 1% chance that the firm could lose more than 0.9% of its value in a month.

At 21 January, 2017 the VaR utilisation was 19% (2016: 22%) (actual VaR/VaR limit). During the year ended 21 January, 2017 the lowest VaR utilisation was 14% (2016: 21%), the highest VaR utilisation was 43% (2016: 37%) and the average utilisation was 28% (2016: 28%).

In pursuing their investment objectives, the fund 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 fund's 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 fund may also enter into a range of derivative transactions whose purpose is efficient portfolio management. In addition the fund only executes derivative contracts where both the derivative instrument and the counterparty have been approved by the ACD.

Threadneedle Credit Opportunities Fund

Notes to the financial statements

(continued)

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 fund's 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 as summarised below.

These policies have been consistent for both the current and prior period to which these financial statements relate.

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

Liquidity risk

Liquidity risk is the risk that the fund 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 fund will remain close to fully invested. However, where circumstances require: either because a view of illiquid securities markets or high levels of cancellations in the fund, the fund may hold cash and/or more liquid assets. Temporary higher liquidity levels may also arise during the carrying out of a change in asset allocation policy, or following a large issue of shares.

The ACD manages the fund's cash to ensure it can meet its liabilities. The ACD receives daily reports of subscriptions and cancellations enabling the ACD to raise cash from the fund's portfolio in order to meet cancellation requests. In addition the ACD monitors market liquidity of all securities, with particular focus on the Floating Rate Notes (FRN) market, seeking to ensure the fund maintains sufficient liquidity to meet known and potential cancellation activity. Fund cash balances are monitored daily by the ACD and Administrator. Where investments cannot be realised in time to meet any potential liability, the fund may borrow up to 10% of its value to ensure settlement. All of the fund's financial liabilities are payable on demand or in less than one year.

In exceptional circumstances the ACD with prior agreement of the Depositary may suspend dealing for a period of 28 days which may be extended further with 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 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 fund 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.

*The RMP is available on request.

Credit/Counterparty exposure

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

2017 Counterparty	Credit Default Swaps Exposure	Futures and Options Exposure	Forward Foreign Exchange Contracts Exposure	Collateral Pledged
	£000	£000	£000	£000
Bank of Scotland	–	–	1,786	–
Barclays	–	–	–	519
BNP Paribas	639	–	–	–
Citigroup	–	–	136	7,566
Credit Suisse	–	–	–	190
Goldman Sachs	–	–	–	1,558
HSBC	–	–	12	1,169
J.P. Morgan	187	–	1,011	1,956
Lloyds	–	–	1,784	–
RBC	–	–	7	–
UBS	–	282	–	–

2016 Counterparty	Credit Default Swaps Exposure	Futures and Options Exposure	Forward Foreign Exchange Contracts Exposure	Collateral Pledged
	£000	£000	£000	£000
Bank of Scotland	–	–	7	–
Barclays	95	–	–	363
BNP Paribas	631	–	–	757
Citigroup	–	–	9,155	11,299
Credit Suisse	–	–	–	15
Goldman Sachs	–	–	205	781
HSBC	–	–	493	140
J.P. Morgan	295	–	–	4,645
Lloyds	–	–	9,186	–
Merrill Lynch	273	–	–	–
UBS	–	–	–	62

The fund held £6,042,000 (2016: £7,698,000) 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	15,258	1.65	7,376	0.88
AA	16,047	1.73	–	–
AA–	9,057	0.98	17,028	2.03
A+	15,686	1.69	3,931	0.47
A	4,102	0.44	4,509	0.54
A–	70,809	7.65	32,684	3.89
A3	4,854	0.52	–	–
BBB+	135,769	14.67	91,045	10.84
Baa1	–	–	8,472	1.01
BBB	133,973	14.47	134,314	15.99
Baa2	11,975	1.29	2,255	0.27
BBB–	144,958	15.66	106,696	12.70
Baa3	19,242	2.08	20,394	2.43
BB+	63,659	6.88	66,039	7.86
Ba1	–	–	5,750	0.68
BB	22,102	2.39	58,837	7.00
Ba2	7,144	0.77	6,043	0.72
BB–	55,362	5.98	33,108	3.94

Threadneedle Credit Opportunities Fund

Notes to the financial statements

(continued)

	2017		2016	
	Value £000	% of Investment	Value £000	% of Investment
B+	20,972	2.27	36,054	4.29
B	66,729	7.21	60,937	7.25
Ba3	3,632	0.39	5,287	0.63
B2	1,567	0.17	–	–
B–	37,170	4.02	31,975	3.81
B3	2,928	0.32	5,489	0.65
B3u	–	–	2,938	0.35
CCC+	17,653	1.91	30,524	3.63
CCC	5,089	0.55	–	–
Caa2	5,615	0.61	5,630	0.67
Ca	–	–	7,164	0.85
Not Rated	39,164	4.23	52,280	6.22
Derivatives	(4,884)	(0.53)	3,411	0.40
	925,632	100.00	840,170	100.00

Foreign currency risk

Foreign currency risk is the risk that the value of the funds' investments will fluctuate as a result of changes in foreign currency exchange rates. For those funds where a portion of the net assets of the fund are denominated in currencies other than the fund's base currency (Euro), 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 Further Information – Characteristics of Shares section on page 29.

For reporting purposes, the presentational currency of the Company is sterling as stated in the Accounting Policies. This does not increase the foreign currency risk of the fund.

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	Non-	Total
	exposures	monetary	
	£000	£000	£000
Currency 2017			
Australian Dollar	25	(23)	2
Euro	227,763	900,093	1,127,856
UK Sterling	43,288	21,196	64,484
US Dollar	12,984	4,366	17,350
Currency 2016			
Australian Dollar	13,977	(13,829)	148
Euro	200,650	770,902	971,552
UK Sterling	10,595	79,304	89,899
US Dollar	6,011	3,793	9,804

Currency sensitivity

The only material currency exposure of the fund is to the EURO. A movement of 10.71% (2016: 0.91%) in this currency (equivalent to the movement in the year) would result in a change in the fund value of 9.96% (2016 0.83%).

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 fund invests in floating rate securities which 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.

The income of the fund 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.

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 21 January was:

	Floating rate	Fixed rate	Financial	Total
	financial	financial	assets not	
	assets	assets	carrying	
	£000	£000	interest	
Currency 2017				
Australian Dollar	15	521	13	549
Euro	282,918	314,317	632,519	1,229,754
UK Sterling	156,777	189,112	72,733	418,622
US Dollar	66,560	174,491	21,954	263,005
Currency 2016				
Australian Dollar	13,973	–	4	13,977
Euro	281,114	257,334	583,018	1,121,466
UK Sterling	118,814	176,742	107,586	403,142
US Dollar	51,852	182,518	24,502	258,872

	Floating rate	Fixed rate	Financial	Total
	financial	financial	liabilities	
	liabilities	liabilities	not carrying	
	£000	£000	interest	
Currency 2017				
Australian Dollar	–	–	(547)	(547)
Euro	–	–	(101,898)	(101,898)
UK Sterling	(91)	–	(354,047)	(354,138)
US Dollar	–	–	(245,655)	(245,655)
Currency 2016				
Australian Dollar	–	–	(13,829)	(13,829)
Euro	–	–	(149,915)	(149,915)
UK Sterling	–	–	(313,243)	(313,243)
US Dollar	(2)	–	(249,065)	(249,067)

Interest rate risk sensitivity

No sensitivity analysis is shown as the Fund has minimal exposure to interest rate risk.

Derivative risks

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 21 January 2017, the fund had outstanding credit default swaps, forward foreign exchange contracts, futures and options and interest rate swaps with an asset value of £14,315,000 (2016: £23,235,000) and a liability value of £19,199,000 (2016: £19,824,000).

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.

Threadneedle Credit Opportunities Fund

Notes to the financial statements

(continued)

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	981	(699)	–	(5,341)
Level 2	934,197	(18,500)	857,972	(14,483)
Level 3	9,653	–	2,022	–
	<u>944,831</u>	<u>(19,199)</u>	<u>859,994</u>	<u>(19,824)</u>

16 CONTINGENT LIABILITIES AND COMMITMENTS

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

17 PORTFOLIO TRANSACTION COSTS

21 January 2017

Purchases	Value	Commissions		Taxes	
	£000	£000	%	£000	%
Bonds	642,305	–	–	–	–
Total	<u>642,305</u>	–	–	–	–

Gross purchases total:

642,305

Sales	Value	Commissions		Taxes	
	£000	£000	%	£000	%
Bonds	647,499	–	–	–	–
Corporate actions	9,315	–	–	–	–
Total	<u>656,814</u>	–	–	–	–

Total sales net of transaction costs:

656,814

Transaction costs as a percentage of average Net Assets

Commissions: 0.00%
Taxes: 0.00%

Commission
£000

Futures and Options

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21 January 2016

Purchases	Value	Commissions		Taxes	
	£000	£000	%	£000	%
Bonds	739,604	–	–	–	–
Total	<u>739,604</u>	–	–	–	–

Gross purchases total:

739,604

Sales	Value	Commissions		Taxes	
	£000	£000	%	£000	%
Bonds	593,767	–	–	–	–
Total	<u>593,767</u>	–	–	–	–

Total sales net of transaction costs:

593,767

Transaction costs as a percentage of average Net Assets

Commissions: 0.00%
Taxes: 0.00%

Commission
£000

Futures and Options

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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 0.68% (2016: 0.92%), 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 21 January 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 Focus Investment Funds ICVC ("the Company") for the Period ended 21 January 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' 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, 23 March 2017.

Independent Auditors' Report to the Shareholders of Threadneedle Focus Investment Funds ICVC

Report on the financial statements

Our opinion

In our opinion Threadneedle Focus Investment Funds' financial statements (the "financial statements"):

- give a true and fair view of the financial position of the Company and its subfund as at 21 January 2017 and of the net revenue and the net capital gains/(losses) of the scheme property of the Company for the year then ended; and
- have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Principles, the Statement of Recommended Practice for Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

Threadneedle Focus Investment Funds ICVC (the "Company") is an umbrella fund with a single sub-fund. The financial statements of the Company comprise the financial statements of the sub-fund, which are prepared by Threadneedle Investment Services Limited (the "Authorised Corporate Director"), and comprise for the sub-fund:

- the balance sheet as at 21 January 2017;
- the statement of total return for the period then ended;
- the statement of changes in net assets attributable to shareholders for the period then ended;
- the notes to the financial statements, which include a summary of significant accounting policies and 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.

Opinion 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 period 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 Authorised Corporate Director's Responsibilities Statement set out on page 17, 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 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 members as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes Sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 and for no other purpose.

We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("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 the Company's subfund's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Authorised Corporate Director; and
- the overall presentation of the financial statements.

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 and Financial Statements (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
23 March 2017

PricewaterhouseCoopers LLP
Chartered Accountants and
Statutory Auditors

- The maintenance and integrity of the Threadneedle website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Threadneedle Credit Opportunities Fund

Portfolio Statement

as at 21 January 2017

Holding		Investment	Value £000	% of Net Asset Value	Holding		Investment	Value £000	% of Net Asset Value
AUSTRALIA 4.64% (3.36%)					CANADA 1.47% (0.39%)				
AAA 0.00% (0.05%)					BBB 0.48% (0.00%)				
A 0.00% (0.41%)					USD 7,245,000 Cenovus Energy 3.8% 15/09/2023 5,828 0.48				
A- 1.52% (0.34%)					B- 0.99% (0.39%)				
GBP	3,250,000	AusNet Services Holdings 7.125% 26/06/2018	3,519	0.29	EUR 7,335,000 Cott Finance 5.5% 01/07/2024 6,741 0.56				
EUR	13,700,000	SGSP Australia Assets 2% 30/06/2022	12,504	1.03	USD 6,500,000 VPII Escrow 6.75% 15/08/2018 5,217 0.43				
USD	2,509,000	SGSP Australia Assets 3.25% 29/07/2026	1,936	0.16	Total Canada 17,786 1.47				
AUD	800,000	SGSP Australia Assets 5.5% 12/03/2021	521	0.04	CAYMAN ISLANDS 2.28% (2.93%)				
BBB+ 1.59% (2.07%)					BBB 1.77% (2.93%)				
EUR	5,936,000	Aurizon Network 2% 18/09/2024	5,200	0.43	GBP 16,883,000 *Thames Water Utilities Cayman Finance 5.375% 21/07/2025 17,091 1.41				
EUR	6,200,000	*BHP Billiton Finance 5.625% 22/10/2079	6,138	0.51	GBP 4,354,000 *Yorkshire Water Services Bradford Finance 6% 24/04/2025 4,380 0.36				
USD	9,945,000	Woodside Finance 3.65% 05/03/2025	7,897	0.65	BB- 0.51% (0.00%)				
BBB 0.25% (0.00%)					USD 2,397,000 Noble Holding International 5.25% 15/03/2042 1,341 0.11				
GBP	2,710,000	APT Pipelines 4.25% 26/11/2024	2,967	0.25	USD 6,718,000 Noble Holding International 6.95% 01/04/2045 4,815 0.40				
USD	3,710,000	Asciano Finance 5% 07/04/2018	3,101	0.26	Total Cayman Islands 27,627 2.28				
BB+ 0.60% (0.49%)					CROATIA 0.31% (0.13%)				
EUR	8,043,000	*Santos Finance FRN 8.25% 22/09/2070	7,187	0.60	Not Rated 0.31% (0.13%)				
BB 0.42% (0.00%)					EUR 4,260,000 *Aquarius Plus Investments FRN 08/08/2017 3,686 0.31				
EUR	5,577,000	*Origin Energy Finance 7.875% 16/06/2071	5,129	0.42	Total Croatia 3,686 0.31				
Total Australia 56,099 4.64					CZECH REPUBLIC 0.00% (0.57%)				
AUSTRIA 0.81% (1.52%)					Ba2 0.00% (0.57%)				
USD	5,000,000	*Erste Group Bank 5.5% 26/05/2025	4,145	0.34	Total Czech Republic - -				
Baa3 0.47% (0.00%)					DENMARK 0.55% (0.61%)				
EUR	5,200,000	BAWAG PSK Bank fuer Arbeit und Wirtschaft und Oesterreichische Postsparkasse 8.125% 30/10/2023	5,662	0.47	BBB+ 0.55% (0.00%)				
BB+ 0.00% (0.32%)					GBP 6,310,000 *Danske Bank 5.375% 29/09/2021 6,637 0.55				
Ba1 0.00% (0.53%)					BBB 0.00% (0.61%)				
Ca 0.00% (0.67%)					Total Denmark 6,637 0.55				
Total Austria 9,807 0.81					FINLAND 0.10% (0.11%)				
BELGIUM 0.00% (0.68%)					BB+ 0.00% (0.11%)				
BB 0.00% (0.68%)					Not Rated 0.10% (0.00%)				
Total Belgium - -					GBP 1,212,000 UPM-Kymmene 6.625% 23/01/2017 1,217 0.10				
BRITISH VIRGIN ISLANDS 0.45% (0.49%)					Total Finland 1,217 0.10				
GBP	5,000,000	Global Switch Holdings 4.375% 13/12/2022	5,484	0.45	FRANCE 2.92% (2.15%)				
Total British Virgin Islands 5,484 0.45					AA 0.43% (0.00%)				
					EUR 6,000,000 Sanofi 0% 13/01/2020 5,180 0.43				
					A- 0.67% (0.00%)				
					EUR 9,500,000 Autoroutes du Sud de la France 1.25% 18/01/2027 8,158 0.67				
					BBB+ 0.44% (0.00%)				
					USD 6,460,000 *AXA FRN 17/01/2047 5,298 0.44				
					BBB 0.62% (0.00%)				
					USD 8,550,000 *Credit Agricole 8.125% 19/09/2033 7,505 0.62				

Threadneedle Credit Opportunities Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
FRANCE 2.92% (2.15%) (continued)					ITALY 1.33% (1.59%)				
		BBB- 0.00% (1.08%)					Baa3 0.00% (0.20%)		
		BB+ 0.26% (0.00%)					BB+ 0.45% (0.34%)		
GBP	3,000,000	*Veolia Environment 4.85% 29/01/2049	3,091	0.26	GBP	5,150,000	Telecom Italia 7.375% 15/12/2017	5,403	0.45
		B+ 0.50% (0.70%)					B+ 0.10% (0.00%)		
EUR	304,000	Cerba European Laboratory 7% 01/02/2020	269	0.02	EUR	1,418,000	Zobelet Holding 7.875% 01/02/2018	1,231	0.10
EUR	3,093,000	Numericable-SFR 5.625% 15/05/2024	2,831	0.23			B3 0.24% (0.51%)		
USD	1,552,000	Numericable-SFR 6% 15/05/2022	1,303	0.11	EUR	3,463,000	Banca Monte dei Paschi di Siena 3.625% 01/04/2019	2,928	0.24
EUR	1,896,000	SFR Group 5.375% 15/05/2022	1,718	0.14			Not Rated 0.54% (0.54%)		
		B 0.00% (0.37%)			EUR	6,861,000	Davide Campari-Milano 4.5% 25/10/2019	6,528	0.54
		Total France	35,353	2.92			Total Italy	16,090	1.33
GERMANY 4.12% (2.13%)					JAPAN 0.24% (0.41%)				
		A 0.07% (0.00%)					BB+ 0.24% (0.41%)		
GBP	743,000	*Muenchener Rueckversicherungs- Gesellschaft in Muenchen 7.625% 21/06/2028	803	0.07	EUR	3,110,000	Softbank Group 4% 30/07/2022	2,951	0.24
		Baa1 0.00% (0.33%)					Total Japan	2,951	0.24
		BBB- 0.55% (0.00%)			JERSEY 0.57% (1.23%)				
EUR	5,471,000	RWE Finance 5.75% 14/02/2033	6,652	0.55			BBB- 0.00% (0.49%)		
		BB 0.46% (0.00%)					BB+ 0.27% (0.00%)		
GBP	5,400,000	*RWE 7% 29/03/2049	5,609	0.46	EUR	3,515,000	Lincoln Finance 6.875% 15/04/2021	3,293	0.27
		BB- 1.16% (0.13%)					B 0.00% (0.74%)		
EUR	4,695,000	IHO Verwaltungs 3.25% 15/09/2023	4,177	0.34			B- 0.30% (0.00%)		
EUR	5,407,000	IHO Verwaltungs PIK 2.75% 15/09/2021	4,816	0.40	GBP	3,390,000	TVL Finance 8.5% 15/05/2023	3,627	0.30
EUR	5,340,000	IHO Verwaltungs PIK 3.75% 15/09/2026	4,628	0.38			Total Jersey	6,920	0.57
EUR	618,000	Unitymedia Hessen 5.125% 21/01/2023	458	0.04	LUXEMBOURG 7.49% (4.94%)				
		B+ 0.53% (0.24%)					BBB+ 0.53% (0.00%)		
EUR	7,107,000	Pfleiderer 7.875% 01/08/2019	6,399	0.53	EUR	7,600,000	Grand City Properties 1.5% 17/04/2025	6,366	0.53
		B 0.56% (0.34%)					BBB 0.36% (0.82%)		
EUR	2,375,000	Safari Holding Verwaltungs 8.25% 15/02/2021	2,151	0.18	EUR	5,278,000	GELF Bond Issuer I 1.625% 20/10/2026	4,394	0.36
EUR	5,500,000	Unitymedia 3.75% 15/01/2027	4,555	0.38			Baa2 0.45% (0.00%)		
		B2 0.13% (0.00%)			EUR	6,488,000	SELP Finance 1.25% 25/10/2023	5,442	0.45
EUR	1,750,000	Prestigebidco 6.25% 15/12/2023	1,567	0.13			BBB- 2.06% (0.00%)		
		B- 0.00% (0.43%)			EUR	4,300,000	*Grand City Properties 3.75% 29/12/2049	3,731	0.31
		CCC+ 0.66% (0.66%)			EUR	4,664,000	HeidelbergCement Finance Luxembourg 8% 31/01/2017	4,043	0.33
EUR	8,672,000	CeramTec Group 8.25% 15/08/2021	8,000	0.66	EUR	16,183,000	HeidelbergCement Finance Luxembourg 8.5% 31/10/2019	17,187	1.42
		Total Germany	49,815	4.12			Baa3 0.01% (0.00%)		
GUERNSEY 0.00% (0.45%)							BB+ 0.00% (0.67%)		
		Not Rated 0.00% (0.45%)			EUR	150,000	HeidelbergCement Finance Luxembourg 9.5% 15/12/2018	153	0.01
		Total Guernsey	-	-			BB 0.24% (0.87%)		
ICELAND 0.73% (0.00%)							BB 0.24% (0.87%)		
		BBB 0.73% (0.00%)			EUR	252,000	Fiat Finance & Trade 6.625% 15/03/2018	232	0.02
EUR	10,200,000	Arion Bank 1.625% 01/12/2021	8,845	0.73			Total Iceland	8,845	0.73

Threadneedle Credit Opportunities Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
LUXEMBOURG 7.49% (4.94%) (continued)									
EUR	100,000	Fiat Finance & Trade 7.375% 09/07/2018	94	0.01	EUR	8,320,000	*SNS Bank FRN 05/11/2025	7,511	0.62
EUR	2,885,000	Hanesbrands 3.5% 15/06/2024	2,593	0.21	GBP	2,000,000	*Telefonica Europe 6.75% Perpetual	2,108	0.17
		BB- 0.00% (0.24%)			EUR	8,400,000	*Telefonica Europe 3.75% 31/12/2049	7,144	0.59
		B+ 0.12% (0.00%)							
GBP	1,460,000	Amigo Luxembourg 7.625% 15/01/2024	1,497	0.12	EUR	6,223,000	InterXion Holding 6% 15/07/2020	5,637	0.47
		B 2.51% (0.94%)							
EUR	5,327,000	Altice 7.25% 15/05/2022	4,914	0.41					
EUR	1,161,000	Befesa Zinc Capital 8.875% 15/05/2018	1,030	0.09	EUR	3,250,000	LGE HoldCo VI 7.125% 15/05/2024	3,207	0.27
EUR	4,544,000	Bormioli Rocco Holdings 10.5% 01/08/2018	4,045	0.34	EUR	7,227,000	United Group 7.875% 15/11/2020	6,546	0.54
EUR	5,095,000	Codere Finance 2 (Luxembourg) 6.75% 01/11/2021	4,272	0.35					
EUR	3,885,000	Crystal Almond 10% 01/11/2021	3,529	0.29	EUR	3,735,000	Celesio Finance 4.5% 26/04/2017	3,263	0.27
EUR	2,241,000	Intralot Capital 6% 15/05/2021	1,942	0.16					
EUR	2,200,000	Intralot Capital 6.75% 15/09/2021	1,953	0.16					
EUR	9,445,000	Wind Acquisition Finance 7% 23/04/2021	8,527	0.71					
		B- 1.21% (0.36%)							
EUR	5,110,000	Cerberus Nightingale 8.25% 01/02/2020	4,518	0.37					
EUR	200,000	JH Holding Finance PIK 8.25% 01/12/2022	186	0.02					
EUR	11,327,797	Play Topco 7.75% 28/02/2020	9,961	0.82					
		CCC+ 0.00% (1.04%)							
		Total Luxembourg	90,609	7.49				82,972	6.86
MEXICO 0.52% (0.53%)									
		BBB+ 0.35% (0.53%)							
GBP	4,495,000	United Mexican States 5.625% 19/03/2114	4,252	0.35					
		B+ 0.17% (0.00%)							
USD	2,302,000	Cemex 7.75% 16/04/2026	2,047	0.17					
		Total Mexico	6,299	0.52					
NETHERLANDS 6.86% (8.86%)									
		AA- 0.75% (0.00%)							
EUR	8,000,000	Nederland Gasunie 0% 18/11/2019	6,915	0.57					
EUR	2,470,000	*Nederland Gasunie 0.075% 16/10/2018	2,142	0.18					
		A+ 0.00% (0.37%)							
		BBB+ 1.81% (1.84%)							
USD	8,890,000	Deutsche Annington Finance 3.2% 02/10/2017	7,277	0.60					
GBP	3,031,000	*ING Bank 6.875% 29/05/2023	3,226	0.27					
GBP	3,374,000	PostNL 7.5% 14/08/2018	3,705	0.31					
EUR	8,551,000	Vesteda Finance 1.75% 22/07/2019	7,637	0.63					
		BBB 0.61% (1.28%)							
EUR	8,229,000	*Eneco Holding 3.25% 29/12/2049	7,351	0.61					
		BBB- 0.76% (1.84%)							
EUR	4,100,000	*Vonovia Finance 4% 29/12/2049	3,687	0.30					
EUR	6,200,000	*Vonovia Finance 4.625% 08/04/2074	5,616	0.46					
		BB+ 0.79% (1.00%)							
		Ba2 0.59% (0.00%)							
		BB- 0.47% (0.15%)							
		B+ 0.00% (0.52%)							
		B 0.81% (1.58%)							
		Not Rated 0.27% (0.28%)							
		Total Netherlands							
NORWAY 1.08% (1.16%)									
		A+ 0.81% (0.00%)							
USD	11,885,000	*DNB Bank FRN 02/06/2021	9,744	0.81					
		BBB+ 0.27% (0.00%)							
USD	4,001,000	Ekspportfinans 5.5% 26/06/2017	3,307	0.27					
		BBB 0.00% (0.34%)							
		BBB- 0.00% (0.82%)							
		Total Norway	13,051	1.08					
PORTUGAL 0.33% (0.42%)									
		Not Rated 0.33% (0.42%)							
EUR	17,100,000	Novo Banco 4% 21/01/2019 (Defaulted)	4,033	0.33					
		Total Portugal	4,033	0.33					
REPUBLIC OF IRELAND 0.56% (1.83%)									
		BB+ 0.14% (0.00%)							
EUR	1,930,000	Smurfit Kappa 2.375% 01/02/2024	1,677	0.14					
		BB- 0.20% (0.00%)							
EUR	2,710,000	*Governor & Co of the Bank of Ireland 7.375% 29/12/2049	2,390	0.20					
		B+ 0.00% (0.78%)							
		B 0.22% (0.00%)							
GBP	2,704,000	Virgin Media 5.5% 15/09/2024	2,746	0.22					
		B3u 0.00% (0.27%)							
		Not Rated 0.00% (0.78%)							
		Total Republic of Ireland	6,813	0.56					
SLOVENIA 0.00% (0.40%)									
		A- 0.00% (0.40%)							
		Total Slovenia							

Threadneedle Credit Opportunities Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
SPAIN 0.10% (0.00%)					A- 2.34% (1.80%)				
		BB- 0.10% (0.00%)			GBP	3,087,000	Aspire Defence Finance 4.674% 31/03/2040 'B'	3,520	0.29
EUR	1,260,000	NH Hotel Group 6.875% 15/11/2019	1,185	0.10	USD	1,935,000	Experian Finance 2.38% 15/06/2017	1,580	0.13
		Total Spain	1,185	0.10	GBP	2,750,000	*HSBC Bank 5% 20/03/2023	2,849	0.24
SWEDEN 2.03% (2.67%)					GBP	4,903,000	Mitchells & Butlers Finance 5.574% 15/12/2030	2,762	0.23
		BBB 0.66% (1.13%)			GBP	1,095,000	Mitchells & Butlers Finance 5.965% 15/12/2023	455	0.04
USD	9,825,000	*Swedish Export 2.88% 14/11/2023	7,954	0.66	EUR	4,948,000	National Grid Gas 0.625% 22/09/2024	4,154	0.34
		BBB- 1.37% (0.00%)			GBP	4,490,000	National Grid Gas 2.125% 22/09/2028	4,294	0.35
EUR	16,137,000	Akelius Residential 1.5% 23/01/2022	14,071	1.16	GBP	4,930,000	National Grid Gas 2.625% 22/09/2038	4,618	0.38
EUR	2,700,000	Akelius Residential 3.375% 23/09/2020	2,526	0.21	GBP	4,370,000	National Grid Gas 2.75% 22/09/2046	4,081	0.34
		BB- 0.00% (0.99%)							
		B 0.00% (0.55%)			GBP	5,000,000	*BG Energy Capital 6.5% 30/11/2072 GBP	5,197	0.43
		Total Sweden	24,551	2.03	USD	7,963,000	*BG Energy Capital 6.5% 30/11/2072 USD	6,705	0.55
SWITZERLAND 2.09% (0.89%)					GBP	3,550,000	*HSBC Holdings 6.375% 18/10/2022	3,660	0.30
		BBB+ 0.87% (0.00%)			GBP	2,779,000	*RSA Insurance Group 9.375% 20/05/2039	3,200	0.26
USD	7,000,000	Credit Suisse 4.282% 09/01/2028	5,637	0.47	GBP	6,104,000	*Telereal Securitisation 4.0902% 10/12/2033	6,265	0.52
EUR	5,130,000	*UBS 4.75% 12/02/2026	4,809	0.40	GBP	1,135,000	Vodafone Group 5.375% 05/12/2017	1,179	0.10
		BBB 0.78% (0.31%)			GBP	3,135,000	Western Power Distribution 3.625% 06/11/2023	3,347	0.28
EUR	9,823,000	*Credit Suisse 5.75% 18/09/2025	9,417	0.78					
		BB+ 0.44% (0.00%)			USD	10,738,000	Barclays Bank 4.337% 10/01/2028	8,690	0.72
USD	6,275,000	*UBS Group 7% 29/12/2049	5,354	0.44	USD	10,000,000	British Sky Broadcasting Group 3.75% 16/09/2024	8,135	0.67
		BB 0.00% (0.58%)			GBP	4,779,000	BSKYB Finance UK 5.75% 20/10/2017	4,951	0.41
		Total Switzerland	25,217	2.09	USD	13,450,000	Imperial Tobacco Finance 2.05% 11/02/2018	10,959	0.91
UNITED ARAB EMIRATES 0.40% (0.46%)									
		A3 0.40% (0.00%)							
EUR	5,555,000	Emirates 1.75% 23/03/2022	4,854	0.40					
		Baa1 0.00% (0.46%)			GBP	6,282,000	BUPA Finance 5% 08/12/2026	6,533	0.54
		Total United Arab Emirates	4,854	0.40					
UNITED KINGDOM 22.81% (25.23%)									
		AAA 1.26% (0.64%)			GBP	2,330,000	Barclays Bank 10% 21/05/2021	2,969	0.25
GBP	1,160,000	Broadgate Financing 4.949% 05/04/2029	930	0.08	GBP	5,917,000	G4S 7.75% 13/05/2019	6,699	0.55
GBP	2,500,000	*Driver UK FRN 25/01/2024	1,732	0.14	EUR	6,500,000	G4S International Finance 1.5% 09/01/2023	5,639	0.47
GBP	1,850,000	Meadowhall Finance 4.986% 12/01/2032	1,791	0.15	GBP	6,844,000	GKN Holdings 6.75% 28/10/2019	7,753	0.64
GBP	10,781,000	*Towd Point Mortgage Funding 2016 FRN 20/04/2045	10,805	0.89	GBP	5,055,000	Go-Ahead Group 5.375% 29/09/2017	5,203	0.43
		AA 0.38% (0.00%)			USD	5,600,000	Royal Bank of Scotland 3.875% 12/09/2023	4,377	0.36
GBP	5,605,000	Telereal Securitisation 4.9741% 10/09/2027	4,600	0.38	GBP	5,000,000	Unique Pub Finance 6.542% 30/03/2021	3,354	0.28
		A 0.27% (0.01%)			GBP	6,351,000	*TSB Banking Group 5.75% 06/05/2026	6,631	0.55
GBP	365,000	Canary Wharf Finance II 6.455% 22/04/2030	138	0.01	GBP	6,025,000	WM Morrison Supermarkets 4.625% 08/12/2023	6,796	0.56
GBP	1,624,000	Greene King Finance 4.0643% 15/03/2035	1,659	0.14					
GBP	1,329,000	Greene King Finance 5.106% 15/03/2034	1,502	0.12	GBP	1,850,000	Jaguar Land Rover Automotive 2.75% 24/01/2021	1,850	0.15
					GBP	2,993,000	*Spirit Issuer FRN 28/12/2036	2,948	0.24
					GBP	6,212,000	Tesco Property Finance 5.5% 13/10/2041	5,824	0.48
					GBP	2,397,000	William Hill 4.875% 07/09/2023	2,414	0.20

Threadneedle Credit Opportunities Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value	
UNITED KINGDOM 22.81% (25.23%) (continued)					USD	13,457,000	Anheuser-Busch InBev 3.3% 01/02/2023	11,122	0.92	
BB 0.70% (3.36%)										
GBP	1,910,000	Arrow Global Finance 5.125% 15/09/2024	1,920	0.16	BBB+ 2.39% (1.82%)					
GBP	3,230,000	*Barclays Bank 14% 29/11/2049	3,962	0.33	USD	13,585,000	AT&T 3.6% 17/02/2023	11,070	0.92	
GBP	2,650,000	*CYBG 5% 09/02/2026	2,563	0.21	GBP	7,500,000	*J.P. Morgan Chase 6.125% FRN 30/05/2017	7,493	0.62	
BB- 1.79% (1.58%)					USD	5,350,000	*Prudential Financial 8.875% 15/06/2038	4,713	0.39	
GBP	2,478,000	*Lloyds Banking Group 7.875% 29/12/2049	2,613	0.22	USD	7,000,000	Verizon Communications 4.4% 01/11/2034	5,554	0.46	
GBP	8,149,000	Moy Park Bondco 6.25% 29/05/2021	8,512	0.70	BBB 1.66% (2.49%)					
GBP	5,516,000	Southern Water Greensands Financing 8.5% 15/04/2019	6,294	0.52	GBP	1,427,000	Ahold Finance USA 6.5% 14/03/2017	1,436	0.12	
GBP	1,160,000	TalkTalk Telecom Group 5.375% 15/01/2022	1,160	0.10	EUR	8,025,000	Digital Euro Finco 2.625% 15/04/2024	7,126	0.59	
GBP	3,000,000	Virgin Media 4.875% 15/01/2027	2,988	0.25	EUR	7,033,000	Liberty Mutual Group 2.75% 04/05/2026	6,235	0.52	
Ba3 0.30% (0.49%)					USD	6,374,000	Scripps Networks 2.8% 15/06/2020	5,225	0.43	
GBP	3,429,000	Anglian Water Osprey Financing 7% 31/01/2018	3,632	0.30	BBB- 3.65% (3.44%)					
B+ 0.30% (1.13%)					USD	4,513,000	*Hartford Financial Services 8.125% 15/06/2038	3,915	0.32	
GBP	2,200,000	*Barclays Bank 7.75% 08/03/2075	2,213	0.18	EUR	6,049,000	Kinder Morgan Energy Partners 2.25% 16/03/2027	5,186	0.43	
EUR	1,554,000	Ephios 6.25% 01/07/2022	1,464	0.12	USD	7,625,000	Kinder Morgan Energy Partners 4.25% 01/09/2024	6,272	0.52	
B 1.25% (0.94%)					USD	2,170,000	L-3 Communications 3.85% 15/12/2026	1,767	0.15	
GBP	2,993,000	Cognita Finance 7.75% 15/08/2021	3,154	0.26	USD	3,300,000	L-3 Communications 5.2% 15/10/2019	2,881	0.24	
GBP	3,401,000	IDH Finance 6.25% 15/08/2022	3,221	0.27	EUR	4,300,000	Molson Coors Brewing 1.25% 15/07/2024	3,688	0.30	
USD	4,040,000	*Royal Bank of Scotland 8.625% 29/12/2049	3,355	0.28	USD	5,405,000	Molson Coors Brewing 5% 01/05/2042	4,604	0.38	
EUR	5,925,000	Thomas Cook Group 6.25% 15/06/2022	5,315	0.44	EUR	576,000	MPT Operating Partnership 5.75% 01/10/2020	521	0.04	
B- 0.00% (1.31%)					USD	13,202,000	Plains All American Pipeline 4.65% 15/10/2025	11,033	0.91	
CCC+ 0.80% (1.03%)					USD	4,191,000	Transcontinental Gas Pipe Line 7.85% 01/02/2026	4,338	0.36	
GBP	8,393,290	Annington Finance No.5 PIK 13% 15/01/2023	9,653	0.80	BB+ 0.99% (0.85%)					
CCC 0.42% (0.00%)					USD	7,390,000	Concho Resources 5.5% 01/04/2023	6,217	0.51	
GBP	5,000,000	Soho House Bond 9.125% 01/10/2018	5,089	0.42	USD	7,025,000	Continental Resources 5% 15/09/2022	5,831	0.48	
Caa2 0.46% (0.53%)					BB- 0.36% (0.00%)					
GBP	5,971,000	Co-Operative Bank United Kingdom 5.125% 20/09/2017	5,615	0.46	EUR	4,785,000	Catalent Pharma Solution 4.75% 15/12/2024	4,348	0.36	
Not Rated 1.69% (1.87%)					B 0.19% (0.24%)					
GBP	5,400,000	First Hydro Finance 9% 31/07/2021	7,028	0.58	USD	2,676,000	Wind Acquisitions Finance 7.375% Notes 23/04/2021	2,267	0.19	
GBP	950,000	Northern Ireland Electricity 6.875% 18/09/2018	1,035	0.09	B- 0.57% (0.49%)					
GBP	11,899,000	*Pennon Group 6.75% 08/03/2049	12,374	1.02	USD	7,146,000	Neptune Finco 10.875% Notes 15/10/2025	6,920	0.57	
Total United Kingdom			275,908	22.81	CCC+ 0.00% (0.12%)					
UNITED STATES OF AMERICA 12.13% (11.96%)					Not Rated 0.00% (0.40%)					
AA 0.52% (0.00%)					Total United States of America					
EUR	7,244,000	Berkshire Hathaway 0.25% 17/01/2021	6,267	0.52					146,707	12.13
AA- 0.00% (1.59%)					DERIVATIVES -0.40% (0.32%)					
A+ 0.49% (0.00%)					Credit Default Swaps -0.78% (-0.33%)					
USD	7,201,000	Loews 3.75% 01/04/2026	5,942	0.49	EUR	(4,050,000)	Barclays BCA Antonveneta Credit Default Swap Buy Protection 20/12/2019 Spread 500	1,706	0.14	
A- 1.31% (0.52%)					EUR	(7,050,000)	Barclays Ephios Credit Default Swap Buy Protection 20/12/2021 Spread 500	(544)	(0.04)	

Threadneedle Credit Opportunities Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
DERIVATIVES -0.40% (0.32%) (continued)									
EUR	(56,300,000)	Barclays Itraxx-Finance Credit Default Swap Index Buy Protection 20/06/2021 Spread 100	(430)	(0.04)	EUR	4,650,000	Credit Suisse Itraxx-European Credit Default Swap Index Sell Protection 20/12/2017 Spread 100	32	–
EUR	(3,850,000)	Barclays Metro Group Credit Default Swap Buy Protection 20/06/2021 Spread 100	21	–	EUR	(4,650,000)	Credit Suisse Kelda Group Credit Default Swap Buy Protection 20/03/2018 Spread 100	(35)	–
EUR	(3,670,000)	Barclays PostNL Credit Default Swap Buy Protection 20/12/2020 Spread 100	(98)	(0.01)	EUR	(12,050,000)	Goldman Sachs BCO Comercial Portugues Credit Default Swap Buy Protection 20/09/2019 Spread 500	147	0.01
EUR	(27,400,000)	Barclays RWE Credit Default Swap Buy Protection 20/03/2020 Spread 100	(405)	(0.03)	EUR	(6,000,000)	Goldman Sachs Casino Guichard Perrachon Credit Default Swap Buy Protection 20/12/2021 Spread 100	279	0.02
EUR	(8,145,000)	Barclays Swedbank Credit Default Swap Buy Protection 20/06/2020 Spread 100	(129)	(0.01)	EUR	(31,900,000)	Goldman Sachs Pernod Ricard Credit Default Swap Buy Protection 20/12/2019 Spread 100	(603)	(0.05)
EUR	(5,000,000)	Barclays UPC Holding Credit Default Swap Buy Protection 20/12/2021 Spread 500	(551)	(0.05)	EUR	(3,895,000)	Goldman Sachs PostNL Credit Default Swap Buy Protection 20/12/2020 Spread 100	(105)	(0.01)
EUR	(11,400,000)	BNP Paribas Tesco Credit Default Swap Buy Protection 20/06/2020 Spread 100	111	0.01	EUR	(5,000,000)	Goldman Sachs UPC Holding Credit Default Swap Buy Protection 20/12/2021 Spread 500	(550)	(0.05)
EUR	5,000,000	BNP Paribas Virgin Media Finance Credit Default Swap Sell Protection 20/12/2021 Spread 500	528	0.04	EUR	(8,400,000)	Goldman Sachs Vattenfall Credit Default Swap Buy Protection 20/06/2021 Spread 100	(193)	(0.02)
EUR	(5,500,000)	Citigroup ArcelorMittal Credit Default Swap Buy Protection 20/12/2021 Spread 500	(516)	(0.04)	USD	(31,000,000)	Goldman Sachs Westpac Banking Credit Default Swap Buy Protection 20/03/2020 Spread 100	(472)	(0.04)
EUR	(9,000,000)	Citigroup Credit Agricole Credit Default Swap Buy Protection 20/12/2018 Spread 500	(649)	(0.05)	EUR	(81,750,000)	HSBC Itraxx-Finance Credit Default Swap Index Buy Protection 20/06/2021 Spread 100	(625)	(0.05)
EUR	10,000,000	Citigroup ING Bank Credit Default Swap Sell Protection 20/06/2020 Spread 100	(72)	(0.01)	EUR	(11,500,000)	HSBC UBS Credit Default Swap Buy Protection 20/03/2019 Spread 300	(534)	(0.04)
EUR	(8,250,000)	Citigroup Itraxx Crossover Credit Default Swap Index Buy Protection 20/06/2018 Spread 500	(437)	(0.04)	EUR	(11,000,000)	J.P. Morgan Care UK Health and Social Care Credit Default Swap Buy Protection 20/12/2021 Spread 500	787	0.07
EUR	(21,600,000)	Citigroup Itraxx Crossover Credit Default Swap Index Buy Protection 20/12/2020 Spread 500	(1,743)	(0.14)	EUR	(1,900,000)	J.P. Morgan Ephios Credit Default Swap Buy Protection 20/12/2021 Spread 500	(146)	(0.01)
EUR	(31,000,000)	Citigroup Itraxx Crossover Credit Default Swap Index Buy Protection 20/12/2021 Spread 500	(2,547)	(0.21)	EUR	(21,100,000)	J.P. Morgan Gas Natural Capital Credit Default Swap Buy Protection 20/03/2020 Spread 100	(274)	(0.02)
EUR	(4,150,000)	Citigroup Itraxx-Finance Credit Default Swap Index Buy Protection 20/12/2017 Spread 500	(141)	(0.01)	EUR	(7,650,000)	J.P. Morgan Metro Group Credit Default Swap Buy Protection 20/06/2021 Spread 100	41	–
EUR	(10,680,000)	Citigroup Metro Group Credit Default Swap Buy Protection 20/06/2021 Spread 100	57	0.01	EUR	(14,850,000)	J.P. Morgan United Utilities Credit Default Swap Buy Protection 20/03/2020 Spread 100	(221)	(0.02)
EUR	(19,225,000)	Citigroup Pearson Credit Default Swap Buy Protection 20/09/2020 Spread 100	–	–	Interest Rate Swaps -0.03% (-0.05%)				
EUR	(5,650,000)	Citigroup PostNL Credit Default Swap Buy Protection 20/12/2020 Spread 100	(152)	(0.01)	EUR	2,050,000	Citigroup Interest Rate Swap Receive EUR Euribor + 316.50Bp Pay 4.5% 25/10/2019	(74)	(0.01)
EUR	(5,500,000)	Citigroup Rexel Senior Credit Default Swap Buy Protection 20/12/2021 Spread 500	(784)	(0.06)	EUR	2,500,000	Citigroup Interest Rate Swap Receive EUR Euribor Pay 1.182% 16/01/2019	(58)	–
EUR	(6,000,000)	Credit Suisse Casino Guichard Perrachon Credit Default Swap Buy Protection 20/12/2021 Spread 100	279	0.02	EUR	10,500,000	Citigroup Interest Rate Swap Receive EUR Euribor Pay 1.184% 15/01/2019	(246)	(0.02)
EUR	(1,800,000)	Credit Suisse Ephios Credit Default Swap Buy Protection 20/12/2021 Spread 500	(139)	(0.01)	EUR	(716)	Futures and Options 0.01% (-0.51%) UBS EURO-Bobl Future Expiring March 2017	(313)	(0.03)
EUR	(5,000,000)	Credit Suisse Ineos Group Credit Default Swap Buy Protection 20/12/2021 Spread 500	(405)	(0.03)	EUR	(457)	UBS EURO Bond Future Expiring March 2017	(102)	(0.01)

Threadneedle Credit Opportunities Fund

Portfolio Statement

(continued)

			Value	% of			Value	% of	
	Holding	Investment	£000	Net Asset Value		Holding	Investment	£000	Net Asset Value
DERIVATIVES -0.40% (0.32%) (continued)									
GBP	(551)	UBS Long Gilt Future Expiring March 2017	(284)	(0.02)					
USD	(273)	UBS US 5 Year Note Future Expiring March 2017	160	0.01					
USD	(670)	UBS US 10 Year Note Future Expiring March 2017	518	0.04					
USD	(112)	UBS US 10 Year Ultra Fut Future Expiring March 2017	120	0.01					
USD	(102)	UBS US Long Bond Future Expiring March 2017	163	0.01					
USD	(13)	UBS US Ultra Bond Future Expiring March 2017	20	-					
Forward Foreign Exchange Contracts 0.40% (1.21%)									
		Sell EUR 3,778							
		Buy AUD 5,400 HSBC	-	-					
		Sell GBP 1,095,650							
		Buy EUR 1,294,889 J.P. Morgan	25	-					
		Sell USD 1,508,000							
		Buy EUR 1,423,172 RBC	7	-					
		Sell USD 1,675,000							
		Buy EUR 1,546,240 Goldman Sachs	(22)	-					
		Sell USD 1,737							
		Buy EUR 1,643 J.P. Morgan	-	-					
		Sell GBP 91,585							
		Buy EUR 104,761 J.P. Morgan	(1)	-					
		Sell GBP 9,795							
		Buy EUR 11,246 J.P. Morgan	-	-					
		Sell GBP 99,394							
		Buy EUR 117,256 J.P. Morgan	2	-					
		Sell GBP 100,793							
		Buy EUR 117,346 J.P. Morgan	1	-					
		Sell GBP 11							
		Buy EUR 12 J.P. Morgan	-	-					
		Sell GBP 108,919							
		Buy EUR 129,542 J.P. Morgan	3	-					
		Sell USD 140,000,000							
		Buy EUR 129,924,124 Lloyds	(1,272)	(0.10)					
		Sell USD 140,482,000							
		Buy EUR 130,414,157 Bank of Scotland	(1,239)	(0.10)					
		Sell GBP 115,000,000							
		Buy EUR 136,233,810 Bank of Scotland	3,025	0.25					
		Sell GBP 115,023,000							
		Buy EUR 136,267,821 J.P. Morgan	3,032	0.25					
		Sell GBP 115,700,000							
		Buy EUR 137,077,187 Lloyds	3,056	0.25					
		Sell GBP 124,340							
		Buy EUR 147,883 J.P. Morgan	4	-					
		Sell GBP 143,507							
		Buy EUR 170,399 J.P. Morgan	4	-					
		Sell GBP 16,559							
		Buy EUR 19,012 J.P. Morgan	-	-					
		Sell GBP 168,551							
		Buy EUR 194,242 J.P. Morgan	(1)	-					
		Sell GBP 1,817,000							
		Buy EUR 2,111,099 HSBC	12	-					
		Sell GBP 1,800,000							
		Buy EUR 2,132,910 Citigroup	48	-					
		Sell USD 25,698							
		Buy EUR 24,127 J.P. Morgan	-	-					
		Sell GBP 222,888							
		Buy EUR 256,981 J.P. Morgan						(1)	-
		Sell GBP 23,490							
		Buy EUR 27,711 J.P. Morgan						1	-
		Sell AUD 4,700							
		Buy EUR 3,244 Citigroup							
		Sell GBP 2,983							
		Buy EUR 3,496 J.P. Morgan							
		Sell AUD 5,700							
		Buy EUR 3,936 Goldman Sachs							
		Sell GBP 3							
		Buy EUR 3 J.P. Morgan							
		Sell GBP 256							
		Buy EUR 302 J.P. Morgan							
		Sell USD 37,451							
		Buy EUR 35,658 J.P. Morgan							
		Sell GBP 31,302							
		Buy EUR 36,689 J.P. Morgan							
		Sell GBP 32,236							
		Buy EUR 37,781 J.P. Morgan						1	-
		Sell GBP 3,505							
		Buy EUR 4,025 J.P. Morgan							
		Sell GBP 374							
		Buy EUR 444 J.P. Morgan							
		Sell GBP 4,632							
		Buy EUR 5,393 J.P. Morgan							
		Sell GBP 47,300							
		Buy EUR 55,242 J.P. Morgan						1	-
		Sell USD 584,076							
		Buy EUR 558,705 J.P. Morgan						9	-
		Sell GBP 49,111							
		Buy EUR 56,759 J.P. Morgan							
		Sell GBP 502							
		Buy EUR 579 J.P. Morgan							
		Sell GBP 5,919							
		Buy EUR 6,822 J.P. Morgan							
		Sell USD 7,400,000							
		Buy EUR 6,970,352 Goldman Sachs						22	-
		Sell AUD 884,900							
		Buy EUR 610,567 UBS						(12)	-
		Sell GBP 58,128							
		Buy EUR 68,126 J.P. Morgan						1	-
		Sell GBP 59,827							
		Buy EUR 68,753 J.P. Morgan							
		Sell GBP 65,555							
		Buy EUR 77,898 J.P. Morgan						2	-
		Sell GBP 68,949							
		Buy EUR 79,665 J.P. Morgan							
		Sell GBP 7,128							
		Buy EUR 8,134 J.P. Morgan							
		Sell GBP 7,646							
		Buy EUR 8,786 J.P. Morgan							
		Sell GBP 70,527							
		Buy EUR 80,265 J.P. Morgan						(1)	-
		Sell USD 90,789							
		Buy EUR 86,767 J.P. Morgan						1	-
		Sell USD 10,000,000							
		Buy EUR 9,487,000 Citigroup						88	0.01
		Sell EUR 12,228							
		Buy GBP 10,309 J.P. Morgan							
		Sell EUR 12,463							
		Buy GBP 10,507 J.P. Morgan							

Threadneedle Credit Opportunities Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Value £000	% of Investment
DERIVATIVES -0.40% (0.32%) (continued)				ANALYSIS OF INVESTMENTS BY ASSET CLASS	
	Sell EUR 16,299			Fixed interest	678,440 73.30
	Buy GBP 14,322 J.P. Morgan	–	–	Floating rate notes	252,076 27.23
	Sell EUR 17,948			Derivatives	(4,884) (0.53)
	Buy GBP 15,320 J.P. Morgan	–	–	Total value of investments	925,632 100.00
	Sell EUR 35,374			ANALYSIS OF UNDERLYING EXPOSURE FUTURES AND OPTIONS	
	Buy GBP 31,000 J.P. Morgan	–	–		Value
	Sell EUR 40,751				£000
	Buy GBP 34,623 J.P. Morgan	(1)	–	UBS EURO-Bobl Future Expiring March 2017	(95,328)
	Sell EUR 46,126			UBS EURO Bond Future Expiring March 2017	(74,272)
	Buy GBP 39,374 J.P. Morgan	(1)	–	UBS Long Gilt Future Expiring March 2017	(78,745)
	Sell EUR 5,968,392			UBS US 5 Year Note Future Expiring March 2017	(30,131)
	Buy GBP 5,031,653 J.P. Morgan	(136)	(0.01)	UBS US 10 Year Note Future Expiring March 2017	(78,005)
	Sell EUR 71,828,786			UBS US 10 Year Ultra Fut Future Expiring March 2017	(14,047)
	Buy GBP 60,555,258 J.P. Morgan	(1,633)	(0.13)	UBS US Long Bond Future Expiring March 2017	(14,395)
	Sell EUR 748,932			UBS US Ultra Bond Future Expiring March 2017	(1,955)
	Buy GBP 631,387 J.P. Morgan	(17)	–	Total net exposure	(386,878)
	Sell EUR 8,786				
	Buy GBP 7,645 J.P. Morgan	–	–		
	Sell EUR 80,183				
	Buy GBP 70,455 J.P. Morgan	1	–		
	Sell EUR 91,400				
	Buy GBP 76,975 J.P. Morgan	(2)	–		
	Sell EUR 896				
	Buy GBP 767 J.P. Morgan	–	–		
	Sell EUR 91,935				
	Buy GBP 78,435 J.P. Morgan	(1)	–		
	Sell EUR 92,049				
	Buy GBP 78,443 J.P. Morgan	(1)	–		
	Sell EUR 143,412				
	Buy USD 152,975 J.P. Morgan	–	–		
	Sell EUR 17,594,356				
	Buy USD 18,387,915 J.P. Morgan	(272)	(0.02)		
	Sell EUR 24,250				
	Buy USD 25,307 J.P. Morgan	(1)	–		
	Sell EUR 271,465				
	Buy USD 284,211 J.P. Morgan	(4)	–		
	Sell EUR 468,004				
	Buy USD 495,092 J.P. Morgan	(2)	–		
	Sell EUR 65,195				
	Buy USD 67,823 J.P. Morgan	(1)	–		
	Sell EUR 81,741				
	Buy USD 86,030 J.P. Morgan	(1)	–		
	Total Derivatives	(4,884)	(0.40)		
	Total value of investments	925,632	76.52		
	Net other assets (21.58%)	284,060	23.48		
	Net assets	1,209,692	100.00		

January 2016 comparatives in brackets.

*Variable rate bonds.

Performance Summary – UK Universe

for the year ended 31 January 2017

Fund	Fund Sector	Net Tax Return Class 1 %	Net Tax Return Class 2 %	Index* Total Return %
Credit Opportunities Fund#	Absolute Return	+5.16	+5.74	+0.40

All fund and peer group data sourced from Morningstar.

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.

Unless otherwise stated, all of the above returns are quoted net of fees, in Sterling and on a bid to bid basis with net income reinvested for a UK basic rate taxpayer. Index returns are gross. These returns are also after annual management charges have been deducted.

*Index for the Credit Opportunities Fund is the Citigroup WMMI Euro Deposit EMU GBP (1 month).

#GBP Hedged Share Class shown.

Performance Summary – Offshore Universe

for the year ended 31 January 2017

Fund	Fund Sector	Performance Share Class 1 %	Index* Total Return %	Performance Share Class 2 %	Currency
Credit Opportunities Fund	Alternative Long/Short Debt	+4.80	-0.44	+5.40	EUR

Morningstar, Offshore Territories, NAV to NAV in fund currency, net of fees with gross income reinvested. Data reflects current management and other charges, but does not consider the effect of initial charges applicable to new investments. All index returns are gross.

*Index for the Credit Opportunities Fund is the Citigroup Euro Deposit (1 month).

Risk and Reward Profiles

Fund	Share Class	SRRI*
Credit Opportunities Fund	Class 1 GBP Hedged – Net accumulation shares	4
	Class 1 – Gross income shares	4
	Class 1 – Gross accumulation shares	4
	Class 1 GBP Hedged – Gross accumulation shares	4
	Class 1 USD Hedged – Gross accumulation shares	4
	Class 2 GBP Hedged – Net income shares	4
	Class 2 GBP Hedged – Net accumulation shares	4
	Class 2 – Gross accumulation shares	4
	**Class X GBP Hedged – Gross accumulation shares	4

*As at 21 January 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).

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

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

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

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

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

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

Important Information

Threadneedle Focus 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.

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.

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).

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.

Changes to the Prospectus

During the period from 22 January 2016 to 21 January 2017, the following changes were made to the prospectus of Threadneedle Focus Investment Funds ICVC (the Company):

- Increase to the depositary's fee effective from 1 October 2016 (from 0.008% per annum to 0.01% per annum);
- Additional description of the use of derivatives by the Funds (including new definitions for the "commitment approach" and "global exposure";
- Updated disclosures required following implementation of the UCITS V Directive (including descriptions of the depositary and remuneration);

- Additional risk disclosures for funds investing in other funds and update to risk disclosure relating to derivatives;
- Updates to list of directors and funds managed by the ACD;
- Updates to taxation section;
- Additional language regarding trigger levels for dilution adjustment.

Changes to the Instrument of Incorporation

The Instrument of Incorporation of the Company was updated on 22 January 2016 for the introduction of income equalisation to the Credit Opportunities Fund.

Introduction of income equalisation for the Credit Opportunities Fund

The ACD introduced income equalisation for the Credit Opportunities Fund with effect from 22 January 2016. Further information on income equalisation can be found at www.columbiathreadneedle.co.uk/income-equalisation.

Characteristics of Shares

The Company is structured as an umbrella company and currently consists of one sub-fund. Several classes of share may be issued in respect of the fund, distinguished by their criteria for subscription and fee structure.

Share Class	Minimum Investment	Eligibility
Class 1	Euro 2,500	Retail investors
Class 2	Euro 750,000	Non-retail investors
Class X	Euro 5 million	Eligible investors only
Hedged Share Class (Class 1)	GBP 2,000 USD 3,000	Retail investors
Hedged Share Class (Class 2)	GBP 500,000 USD 800,000	Non-retail investors
Hedged Share Class (Class X)	GBP 3 million USD 5 million	Eligible investors

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

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.

Important Information

(continued)

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.

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 www.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 21 January and the interim reporting period ends on 21 July.

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 will not suffer withholding tax under FATCA.

Important information for Swiss investors

The funds are not registered with the Swiss Financial Market Supervisory Authority (FINMA). The distribution of Shares in Switzerland in respect of this Fund will be exclusively made to, and directed at, regulated qualified investors (the Regulated Qualified Investors), as defined in Article 10(3)(a) and (b) of the Swiss Collective Investment Schemes Act of 23 June 2006, as amended (CISA). Accordingly, the fund has not been and will not be registered with the Swiss Financial Market Supervisory Authority (FINMA) and no Swiss representative or paying agent has been or will be appointed in Switzerland for this Fund. This report may be made available in Switzerland solely to Regulated Qualified Investors or existing investors.

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 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 Focus Investment Funds 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 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.

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

Important Information

(continued)

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.

Key Risks of the Fund:

The following Key Risks apply to the Credit Opportunities Fund. A definition of the key risks can be found below.

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.

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.

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.

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: The fund actively invests directly in foreign currency instruments. Currency markets are complex and exchange rates are sensitive to political and market events. This aspect of the fund's investment policy may affect the value of your investments.

Investment in Derivatives Risk: Short selling intends to make a profit from falling prices. However if the value of the underlying investment increases, the value of the short position will decrease. The potential losses are unlimited as the prices of the underlying investments can increase very significantly in a short space of time.

Leverage Risk: Leverage amplifies the effect that a change in the price of an investment has on the fund's value. As such, leverage can enhance returns to investors but can also increase losses, including losses in excess of the amount invested.

Directory

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Threadneedle Focus Investment Funds ICVC is duly authorised for its marketing in Spain under registered number 700 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).

*Calls will be recorded.

To find out more visit columbiathreadneedle.com



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