



Fund Manager(s)  
**Philip Dicken**  
Since: 11 2005

### Fund Facts

Index	HSBC Smaller European Companies
Benchmark Sector <sup>2</sup>	Morningstar - Offshore and International Funds - Europe Small-Cap and Europe Ex UK Small & Mid Cap Combined
Fund Size	€734.2m
Launch Date	November 2005
Historic Yield	0.30% p.a.
Pay Dates	7 May
XD Dates	8 March
Type of Share	Accumulation

### Share Class & General

	Retail	Inst
Initial Charge	5.00%	0.00%
Annual	1.50%	1.00%
Min. Investment	€2,500	€750,000

All information expressed in Euro

<sup>1</sup> SI: Since Inception

### Contact Details

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All data as at 31 01 11



## Threadneedle Pan European Smaller Companies Fund

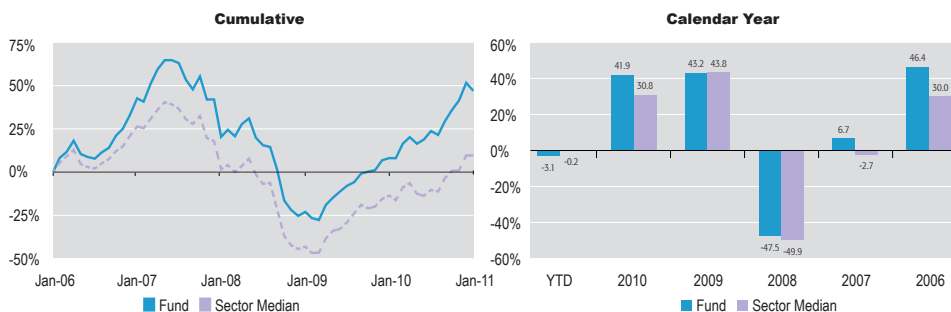
### Investment Objective and Policy

The Fund aims to achieve capital growth.

The Fund invests primarily in the equities of smaller companies domiciled in Continental Europe and the UK, or, with significant Continental European or UK operations.

If desirable, the Manager may further invest in other securities (including fixed interest securities, other equities and money market securities).

### 5 Year Performance



### Fund Performance - Cumulative

	1M%	3M%	YTD%	1Y%	3Y%	5Y%	SI <sup>1</sup>
Fund (Net)	-3.1	8.0	-3.1	36.0	22.1	47.0	69.3
Index (Gross)	1.0	9.3	1.0	24.5	11.9	15.6	28.9
Sector Median (Net) <sup>2</sup>	-0.2	9.3	-0.2	27.5	9.0	9.6	21.1
Ranking <sup>2</sup>	67/70	55/69	67/70	7/69	11/61	3/44	1/44
Quartile Ranking <sup>2</sup>	4	4	4	1	1	1	1

### Performance 12 Months Ending

31st Jan 07	31st Jan 08	31st Jan 09	31st Jan 10	31st Jan 11
42.7%	-15.6%	-36.0%	40.4%	36.0%

Note: All performance figures relate to the Net Acc Class 1 (Retail) GBP share class (converted into EUR).

### Top 10 Holdings

Company	%	
Umicore S.A.	2.1	
DiaSorin S.p.A.	2.1	Total % in top 10: 20.0
Rubis S.A.	2.0	
Paddy Power PLC	2.0	Total Number of Stocks in Portfolio: 88
Edenred	2.0	
Sika AG	2.0	
Fuchs Petrolub AG Nvtg Prf	2.0	
Symrise AG	2.0	
Koninklijke Vopak N.V.	2.0	
Andritz Ag	1.9	

Past performance is not a guide to the future.

Index returns assume reinvestment of dividends and capital gains and unlike fund returns do not reflect fees or expenses. The index is unmanaged and cannot be invested in directly.

The value of investments and any income from them can fall as well as rise. Source performance: Copyright © 2011 Morningstar UK Limited, assumes income is reinvested for a non-UK taxpayer in fund currency, bid to bid (which means performance does not include the effect of any initial charge). Source other: Threadneedle. All performance and information is quoted in retail share class.

<sup>2</sup> The Sector Median (Net), Ranking and Quartile Ranking are referenced to the Benchmark Sector.

## Sector Weightings

%	Fund	Index	Deviation from Index	
Industrials	33.2	27.0		6.2%
Consumer Services	17.6	14.4		3.2%
Health Care	11.8	6.5		5.3%
Consumer Goods	11.5	9.6		1.8%
Basic Materials	10.3	6.2		4.1%
Financials	5.4	19.9		-14.4%
Oil & Gas	3.9	6.9		-3.0%
Technology	3.6	6.4		-2.8%
Utilities	2.1	2.0		0.1%
Telecommunications	0.0	1.1		-1.1%
Cash	0.7	-		0.7%

## Country Weightings

%	Fund	Index	Deviation from Index	
France	18.0	8.3		9.7%
UK	16.8	26.1		-9.2%
Germany	14.4	10.6		3.8%
Switzerland	10.3	7.9		2.4%
Belgium	6.3	2.6		3.7%
Sweden	6.1	6.8		-0.7%
Netherlands	5.3	3.5		1.8%
Italy	4.6	9.0		-4.5%
Norway	4.3	4.8		-0.5%
Denmark	3.3	2.5		0.8%
Other	9.8	17.9		-8.1%
Cash	0.7	-		0.7%

## Risk Analysis

Absolute Volatility	19.93%
Relative Volatility	3.07
Tracking Error	11.42%
Sharpe Ratio	0.22

## Relative Performance Summary

Information Ratio	0.27
Jensen Alpha	3.47%
Beta	0.70
R <sup>2</sup>	0.83

Note: Against Index over 3 years

## Important Information

The Tracking Error is likely to be higher than expected due to a mismatch in the timing of the fund and the index. Any opinions expressed are made in good faith but are subject to change without notice.

Please note this fund may not be registered or authorised in all jurisdictions. For detailed information please consult [threadneedle.com](http://threadneedle.com)

## Fund Codes

### Retail (Net) Acc EUR

Sedol	B0PHJS6
ISIN	GB00B0PHJS66
Bloomberg	TDNPS1A:LN Equity
Reuters	-
WKN	A0HMGB
Valoren	2398783

For further details on fund codes for other classes, please contact Threadneedle.



Standard & Poor's Fund Services is an independent company that awards ratings based on a wide variety of factors including performance, fund management style, overall investment process, corporate profile and stability of investment team. Fund Management Ratings range from 'A' to 'AAA'.

Please refer to further Risk Warnings and Glossary at the rear of this document.

## Risk Warnings

**MARKET RISK:** Past performance is not a guide to future performance. The value of investments and the income from them may go down as well as up, and an investor may not get back the amount invested.

**SMALLER COMPANIES RISK:** Smaller companies can be more volatile and less liquid than their larger counterparts.

**CASH RISK:** Where a fund holds at any one time a substantial proportion of their assets in cash, near cash or money market instruments, it might not, under such circumstances, participate fully in a rise in market values of the asset classes the fund would otherwise invest in.

**CURRENCY RISK:** If the investment returns are not denominated in an investor's currency, investors are exposed to fluctuations in exchange rates. Changes in exchange rates may also cause the value of investments to fall as well as rise.

## Summarised Glossary

In addition to the above specific risk warnings applicable to the fund, the second page of the factsheet includes a number of statistical measures that should also assist investors and/or their advisors in selecting funds that meets both their investment objectives and appetite for risk.

**SHARPE RATIO:** This measure is a risk-adjusted return statistic. It measures the fund's return over and above cash (excess return over a risk free asset) divided by the absolute volatility of the fund. It shows the trade-off between risk and return. The greater the result, the better the return the fund has delivered given the risks within the fund.

**ABSOLUTE VOLATILITY:** One of the main ways in which the risk of an investment is measured is calculating the degree to which its value fluctuates around an average. The standard method for calculating this volatility is standard deviation. Absolute volatility is the standard deviation of the fund's last three years' performance which is then expressed as a percentage. All the other risk measures below are also based on the last 3 years' fund performance.

**AVERAGE LIFE:** This is the weight adjusted average life of the bonds held in the portfolio i.e. on average how many years to go before their expected redemption.

**BETA:** This is a measure of the volatility of the fund relative to its benchmark. A figure greater than 1 indicates that the fund will tend to outperform in a rising market and underperform in a falling one. I.e. is more volatile than the market. The reverse applies to a Beta of less than 1.

**INFORMATION RATIO:** This statistic is commonly used to measure a fund manager's skill against the benchmark. The out/underperformance of the fund relative to its peer group is divided by the tracking error. Therefore, anything positive is above average and anything negative is below average. The larger the number the better.

**JENSEN ALPHA:** A risk-adjusted performance measure that represents the average return on the fund over and above that predicted by the CAPM (Capital Asset Pricing Model), given the fund's beta and the average market return as represented by the benchmark. If the value is positive then the fund has outperformed the market and if it is negative then the opposite is true.

**MODIFIED DURATION:** Is a measure of risk for fixed interest securities as it predicts the sensitivity of the value of the fund's portfolio to a change in interest rates. The higher the value the greater the volatility of the fund's performance resulting from changes to interest rates. If the modified duration of a fund is 5 years then the average price movement of the fund resulting from a +/- 1% change in interest rates is 5%.

**R<sup>2</sup>:** This is a measure of how close the portfolio of a fund is correlated (or can be explained by) the performance of the benchmark. A result of 1 means a perfect correlation whilst 0 means there is effectively no relationship between the two performances. The degree of reliance that can be placed on the result is not linear, however. Generally, a correlation is only significant for values of 0.75 and above. Finally, it is worth noting that the higher the R<sup>2</sup> the greater the reliance that can be placed on the beta result.

**RELATIVE VOLATILITY:** Shows how much more or less volatile the fund has been relative to its benchmark which for all risk measures will be an index. For example if the fund's absolute volatility is 9% and the benchmark's is 10% then the relative volatility is 0.90.

**TRACKING ERROR:** Indicates how closely the fund tracks the benchmark. It is the standard deviation of the monthly returns of the fund divided by the monthly returns of its benchmark. The lower the number the closer the fund follows its benchmark.

Please refer to the Databook or [threadneedle.com](https://threadneedle.com) for a full Glossary of Terms.

Subscriptions to a fund may only be made on the basis of the current Prospectus. Investors should note the "Risk factors" section of the Prospectus in terms of risks applicable to investing in this or any other fund.

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