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ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
THREADNEEDLE SPECIALIST INVESTMENT FUNDS ICVC
APRIL 2017

THREADNEEDLE SPECIALIST INVESTMENT FUNDS ICVC

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

Company Information

Company

Threadneedle Specialist Investment Funds ICVC (the Company)
Registered Number IC000232

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)
T Gilbanks (Resigned from the Board on 31 March 2017)
D Jordison
D Kremer (Appointed to the Board on 22 July 2016)
A Roughead (non-executive)
L Weatherup (Appointed to the Board on 11 July 2016)

Authorised Corporate Director's Report

The ACD, Threadneedle Investment Services Limited, has pleasure in presenting the Annual Report and Financial Statements for Threadneedle Specialist Investment Funds ICVC for the 12 months to 30 April 2017.

The Target Return Fund ceased trading on 28 February 2017. Accordingly the going concern basis of preparation is no longer appropriate for this sub-fund and its financial statements have been prepared on a basis other than going concern.

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.



L Weatherup
Director

DIRECTORS' STATEMENT

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

L Weatherup
Director

26 July 2017

D Jordison
Director

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

Notes to the financial statements

for the accounting period 1 May 2016 to 30 April 2017

1 ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of investments, in compliance with FRS 102 and in accordance with the Statement of Recommended Practice for Authorised Funds (SORP) issued by the Investment Management Association in May 2014. The Target Return Fund ceased trading on 28 February 2017. Accordingly the going concern basis of preparation is no longer appropriate for this sub-fund and its financial statements have been prepared on a basis other than going concern. No adjustments were necessary in the sub-fund's financial statements to reduce assets to their realisable values, to provide for liabilities arising from the termination or to reclassify fixed assets and long-term liabilities as current assets and liabilities. The comparative financial information for the year ended 30 April 2016 has been prepared on a going concern basis.

(b) Basis of valuation of investments

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

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

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

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

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

The Fair Value of Collective Investment Schemes (CIS) holdings is the bid price for authorised unit trusts and the quoted price for open-ended investment companies and offshore funds.

(c) Exchange rates

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

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

(d) Derivatives

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

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

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

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

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

(e) Recognition of revenue

Revenue is included in the Statement of Total Return on the following bases: Dividends on quoted equities and preference shares are recognised when the security is traded ex-dividend.

Dividends, interest and other income receivable include any withholding taxes but exclude any other taxes such as attributable tax credits.

Special dividends are treated as either revenue or capital depending on the facts of each particular case.

Stock dividends are recognised as revenue on the basis of the market value of the shares at the date they are quoted ex-dividend.

Interest on debt securities and bank and short-term deposits is recognised on an earned basis.

In the case of debt securities any difference between acquisition cost and maturity value is recognised as revenue over the life of the security using the effective yield basis of calculating amortisation.

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

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

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

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

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

(f) Treatment of expenses (including management expenses)

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

American Extended Alpha Fund
Global Extended Alpha Fund
UK Absolute Alpha Fund
UK Extended Alpha Fund

Any fees arising as a result of outperformance are transferred to capital. 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 individual funds.

(g) Fee rebate

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

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

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

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

(i) 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 221). Where undertaken, the allocation of return in relation to hedging transactions is applied in respect of that hedged share class only.

(j) Deferred tax

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

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

2 DISTRIBUTION POLICIES

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

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

Notes to the financial statements

(continued)

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

- (b) Where distributions are unclaimed for a period of six years these are brought back into the relevant fund as capital.
- (c) The ACD's charges in respect of the following funds are added back for the purpose of determining the amount available for distribution:
Emerging Market Local Fund
Global Equity Income Fund
Pan European Equity Dividend Fund
UK Equity Alpha Income Fund
US Equity Income Fund
- (d) In addition to the ACD charge, all other expenses of the US Equity Income Fund are added back for the purpose of determining the amount available for distribution.
- (e) When a transfer is made between the revenue and capital of the same share class marginal tax relief is not taken into account when determining the distribution. Marginal tax relief is only taken into account where the transfer of benefit is between the revenue and capital property of at least two different share classes of the fund.
- (f) Any fees arising as a result of outperformance are added back for the purpose of determining the amount for distribution.

3 RISK MANAGEMENT POLICIES

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

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

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

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

Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the funds might suffer through holding market positions in the face of price movements. This means the value of an investor's holding may go down as well as up and an investor may not recover the amount invested. 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 portfolios are exposed to market price fluctuations, which are monitored by the ACD as per the policies as set out in the Prospectus.

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

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

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

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

Liquidity risk

Liquidity risk is the risk that the funds cannot raise sufficient cash to meet its liabilities when due. One of the key factors influencing this will be the ability to sell investments at, or close to, the fair value without a significant loss being realised.

Under normal circumstances, the funds will remain close to fully invested. However, where circumstances require: either because a view of illiquid securities markets or high levels of cancellations in the funds, the funds may hold cash and/or more liquid assets.

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

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

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

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

Credit risk/Counterparty risk

Credit risk is the risk that the counterparty in a financial transaction will fail to fulfil their obligation or commitment. Credit risk arises from three main sources. Firstly, the possibility that the issuer of a security will be unable to pay interest and principal in a timely manner. Secondly, for asset backed investments (including FRNs) there is the possibility of default of the issuer and default in the underlying assets meaning that the fund may not receive back the full principal originally invested. Thirdly, there is counterparty risk, which is the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the fund has fulfilled its responsibilities, which could result in the funds suffering a loss. In order to manage credit risk the funds are subject to investment limits for issuers of securities. Issuer credit ratings are evaluated periodically and an approved issuer list is maintained and monitored. In addition the funds only buy and sell investments through brokers which have been approved by the ACD as an acceptable counterparty and limits are set and monitored to cover the exposure to any individual broker. Changes in brokers financial ratings are periodically reviewed.

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

Interest rate risk

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

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

The interest rate risk profile for a fund is shown in the notes to the financial statements, contained within the full financial statements.

Currency risk

Foreign currency risk is the risk that the value of the funds' investments will fluctuate as a result of changes in foreign currency exchange rates. For those funds where a proportion of the net assets of the fund are denominated in currencies other than the fund's base currency, the balance sheet can be affected by movements in exchange rates. The ACD monitors the foreign currency exposure of the funds and may seek to manage exposure to currency movements by using forward exchange contracts or by hedging the value of investments that are priced in other currencies. Hedged Share Classes are available to investors as set out in the Further Information – Characteristics of Shares section on page 221. The foreign currency risk profile for the relevant funds is shown in their notes to the financial statements, contained within the full financial statements.

4 CROSS HOLDINGS

There were no cross holdings in the current or prior year for any funds within the Threadneedle Specialist Investment Funds ICVC.

*The RMP is available on request from the client services team contact details on page 228.

Threadneedle UK Mid 250 Fund

Investment Report

Investment Objective

The investment objective of the UK Mid 250 Fund is to achieve capital growth from a portfolio of UK 'mid cap' equities.

Investment Policy

The ACD's investment policy is to invest the assets of the Fund primarily in a selection of medium sized companies which are constituents of the FTSE 250 (ex Investment Trusts) Index. If the ACD considers it desirable, it may also invest in companies which are not included in that index, and may hold cash and/or money market instruments.

Performance of Accumulation Class 1 Shares*

Over the twelve months to 30 April 2017, the published share price of the Threadneedle UK Mid 250 Fund has risen from 216.20p to 252.41p.

For comparison, using noon prices, the performance of the Class 1 share class was +16.75% and +17.42% for the Class 2 share class compared to a return of +19.03% for the Morningstar UK Unit Trusts/OEICs - (IA) UK All Companies Peer Group (on a bid to bid basis, with income reinvested for a UK basic rate taxpayer).

For information purposes, using global close prices, the total return of the FTSE Mid 250 (ex Investment Trusts) Index was +18.94%.

Market Overview and Portfolio Activity

The FTSE 250 set new highs over the year and generated a return very close to the broader market. Mid-caps initially underperformed as the uncertainty induced by the Brexit referendum had a bigger impact on these stocks than large-caps. However, the Bank of

England (BoE)'s stimulus measures in August proved supportive. The fourth quarter of 2016 saw some confidence return to midcaps post-referendum as economic datapoints generally remained very firm. Stocks which are positively correlated to growth got an additional boost after Donald Trump's unexpected election victory. Mid-caps also had a buoyant run in 2017.

At the end of March, the focus returned to Brexit as Prime Minister May triggered Article 50. While this move did not have much impact on markets, the same could not be said about her unexpected call for a snap general election on 8 June. Sterling subsequently rallied as investors grew hopeful that an increased majority for the Conservatives could enable the government to achieve a favourable post-Brexit deal with the EU. Nevertheless, the currency still finished the review period lower.

Early post-referendum economic indicators were bleak but later readings surprised on the upside. However, the initial estimate of growth for Q1 2017 was disappointing. While the UK's labour market remains robust, we are beginning to see early signs of higher inflation – largely due to sterling's decline – start to weigh on consumer spending. On a positive note, the currency's weakness has been a big boost to exports.

We made several new additions over the review period chiefly JRP Group, Just Eat, Vectura and Amec Foster Wheeler. Retirement-focused financial services company JRP Group is benefiting from the enhanced annuity market; we expect it to do well in a flat or rising interest-rate environment. In our view, Just Eat has a strong business model with a lot of potential in the medium-term. We purchased Vectura as part of a move to broaden our exposure to economically unrelated areas; we expect the company to develop

into a significant player in the respiratory drugs market over the next few years. We added energy-services company Amec Foster Wheeler, on the strength of its potential as a recovery story. We are positive about the firm's impending takeover by rival John Wood Group.

On the sales side, we exited Pets at Home, which we think is vulnerable to a Brexit-induced downturn with a large domestic store base. We sold out of Home Retail Group after its purchase by Sainsbury's, and decided to close our position in Hunting at a profit, following its strong run. Other notable exits included Moneysupermarket.com. Following the change of CEO, we had growing concerns about the lack of operational leverage in the business.

Despite the strong performance from small and mid-caps against the broader market, we believe there is still scope for more positive news despite the Brexit, and now election, uncertainty. We continue to monitor consumer borrowing and spending levels, as well as employment data and inflation data. We expect consumers to remain resilient and for sterling's fall to continue to support exporters.

We shall continue to focus on our disciplined investment process and believe that there will be interesting investment opportunities within small and mid-caps.

Election Update

The commentary contains a market background with a snapshot of investor sentiment during the period under review. Although the UK election has since taken place, the result has no retroactive bearing on what investors were thinking prior to the vote.

STATEMENT OF TOTAL RETURN

for the accounting period 1 May 2016 to 30 April 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains/(losses)	2	15,407	(457)
Revenue	3	2,372	2,712
Expenses	4	(1,072)	(1,252)
Net revenue before taxation		1,300	1,460
Taxation	5	–	(23)
Net revenue after taxation		1,300	1,437
Total return before distributions		16,707	980
Distributions	6	(1,302)	(1,491)
Change in net assets attributable to shareholders from investment activities		15,405	(511)

BALANCE SHEET

as at 30 April 2017

	Notes	2017 £000	2016 £000
Assets:			
Fixed assets:			
Investments		111,192	105,322
Current assets:			
Debtors	7	2,270	585
Cash and bank balances		4,318	1,126
Total assets		117,780	107,033
Liabilities:			
Creditors:			
Other creditors	8	(1,498)	(2,374)
Total liabilities		(1,498)	(2,374)
Net assets attributable to shareholders		116,282	104,659

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 1 May 2016 to 30 April 2017

	2017 £000	2016 £000
Opening net assets attributable to shareholders	104,659	104,367
Amounts receivable on the issue of shares	20,680	47,406
Amounts payable on the cancellation of shares	(25,852)	(48,198)
	(5,172)	(792)
Dilution adjustment	79	203
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	15,405	(511)
Retained distribution on accumulation shares	1,311	1,392
Closing net assets attributable to shareholders	116,282	104,659

DISTRIBUTION TABLE

for the accounting period 1 May 2016 to 30 April 2017

Dividend distribution in pence per share

Class 1 – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2017	Revenue Accumulated 2016
Group 1				
01/05/16 to 30/04/17	1.5378	–	1.5378	1.5984
Group 2				
01/05/16 to 30/04/17	0.9403	0.5975	1.5378	1.5984
Total distributions in the period			1.5378	1.5984

Class 2 – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2017	Revenue Accumulated 2016
Group 1				
01/05/16 to 30/04/17	3.0352	–	3.0352	3.0819
Group 2				
01/05/16 to 30/04/17	0.9249	2.1103	3.0352	3.0819
Total distributions in the period			3.0352	3.0819

*In pound Sterling and against UK peer group.

Threadneedle UK Mid 250 Fund

DISTRIBUTION TABLE

(continued)

Class X – Accumulation shares*

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2017	Revenue Accumulated 2016
Group 1 01/05/16 to 30/04/17	2.2503	–	2.2503	1.0336
Group 2 01/05/16 to 30/04/17	2.2503	–	2.2503	1.0336
Total distributions in the period			2.2503	1.0336

Class Z – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2017	Revenue Accumulated 2016
Group 1 01/05/16 to 30/04/17	2.3913	–	2.3913	2.4171
Group 2 01/05/16 to 30/04/17	1.4119	0.9794	2.3913	2.4171
Total distributions in the period			2.3913	2.4171

Group 2: shares purchased during a distribution period.

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

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

Threadneedle UK Mid 250 Fund

Comparative Table Disclosure

	Class 1 – Accumulation shares			Class 2 – Accumulation shares		
	30/04/2017	30/04/2016	30/04/2015	30/04/2017	30/04/2016	30/04/2015
Change in net assets per share						
Opening net asset value per share (p)	215.87	213.97	186.57	232.13	228.77	198.33
Return before operating charges (p)	39.91	5.54	30.54	43.14	5.91	32.64
Operating charges (p)	(3.66)	(3.64)	(3.14)	(2.59)	(2.55)	(2.20)
Return after operating charges (p)*	36.25	1.90	27.40	40.55	3.36	30.44
Distributions (p)	(1.54)	(1.60)	(1.64)	(3.04)	(3.08)	(2.92)
Retained distributions on accumulation shares (p)	1.54	1.60	1.64	3.04	3.08	2.92
Closing net asset value per share (p)	252.12	215.87	213.97	272.68	232.13	228.77
*after direct transaction costs of (p)	0.80	0.79	0.55	0.87	0.85	0.59
Performance						
Return after charges (%)	16.79	0.89	14.69	17.47	1.47	15.35
Other information						
Closing net asset value (£000)	14,959	17,692	23,970	41,427	27,386	53,860
Closing number of shares	5,933,290	8,196,031	11,202,200	15,192,158	11,797,761	23,543,378
Operating charges (%)**	1.65	1.64	1.65	1.08	1.07	1.08
Direct transaction costs (%)***	0.36	0.36	0.28	0.36	0.36	0.28
Prices						
Highest share price (p)	252.41	231.84	217.75	272.98	248.72	232.75
Lowest share price (p)	189.90	204.01	170.75	204.41	219.11	181.99
	Class X – Accumulation shares		Class Z – Accumulation shares			
	30/04/2017	30/04/2016 ¹	30/04/2017	30/04/2016	30/04/2015	
Change in net assets per share						
Opening net asset value per share (p)	94.50	100.00	160.53	157.92	136.67	
Return before operating charges (p)	17.69	(5.50)	29.86	4.07	22.53	
Operating charges (p)	(0.03)	–	(1.49)	(1.46)	(1.28)	
Return after operating charges (p)*	17.66	(5.50)	28.37	2.61	21.25	
Distributions (p)	(2.25)	(1.03)	(2.39)	(2.42)	(2.26)	
Retained distributions on accumulation shares (p)	2.25	1.03	2.39	2.42	2.26	
Closing net asset value per share (p)	112.16	94.50	188.90	160.53	157.92	
*after direct transaction costs of (p)	0.35	0.14	0.60	0.59	0.41	
Performance						
Return after charges (%)	18.69	(5.50)	17.67	1.65	15.55	
Other information						
Closing net asset value (£000)	3	3	59,893	59,578	26,537	
Closing number of shares	3,000	3,000	31,707,053	37,114,309	16,803,968	
Operating charges (%)**	0.03	0.01 [†]	0.90	0.89	0.90	
Direct transaction costs (%)***	0.36	0.36	0.36	0.36	0.28	
Prices						
Highest share price (p)	112.27	100.90	189.10	171.88	160.66	
Lowest share price (p)	83.37	89.01	141.41	151.46	125.51	

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

**The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share class of a fund based on the financial year's expenses and may vary from year to year. It includes charges such as the fund's annual management charge, registration fee, custody fees and distribution cost but ordinarily excludes the costs of buying or selling assets for the fund (unless these assets are shares of another fund). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit columbiathreadneedle.com/fees.

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

¹Class X – Accumulation shares commenced 2 December 2015.

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

Threadneedle UK Mid 250 Fund

Notes to the financial statements

for the accounting period 1 May 2016 to 30 April 2017

1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 4 and 5.

2 NET CAPITAL GAINS/(LOSSES)

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

	2017 £000	2016 £000
Non-derivative securities	15,409	(456)
Transaction costs	(2)	(1)
Net capital gains/(losses)	15,407	(457)

3 REVENUE

	2017 £000	2016 £000
UK dividends	2,212	2,635
Overseas dividends	125	37
Bank interest	6	12
Underwriting commission	29	28
Total revenue	2,372	2,712

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	(945)	(1,126)
Registration fees	(90)	(94)
	(1,035)	(1,220)
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depositary's fees	(11)	(11)
Safe custody fees	(11)	(11)
	(22)	(22)
Other expenses:		
Regulatory fees	(5)	(6)
Professional fees	(2)	–
Audit fees	(8)	(4)
	(15)	(10)
Total expenses*	(1,072)	(1,252)

*Including irrecoverable VAT where applicable.

5 TAXATION

	2017 £000	2016 £000
a) Analysis of charge in period		
Overseas taxes	–	(23)
Total current tax (note 5b)	–	(23)
Total tax charge for the period	–	(23)
b) Factors affecting taxation charge for period		
Net revenue before taxation	1,300	1,460
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(260)	(292)
Effects of:		
Revenue not subject to taxation	456	510
Overseas taxes	–	(23)
Overseas tax expensed	–	3
Excess expenses	(196)	(192)
Revenue taxable in other periods	–	(18)
Retail Distribution Review (RDR) conversion transfer from capital	–	(11)
Current tax charge for period (note 5a)	–	(23)

The fund has not recognised a deferred tax asset of £1,958,520 (2016: £1,743,964) arising as a result of having unutilised management expenses. The movement in deferred tax asset may not agree to the excess expenses figure quoted above due to prior year adjustments. It is unlikely that these expenses will be utilised in future years.

6 DISTRIBUTIONS

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

	2017 £000	2016 £000
Final	1,311	1,392
	1,311	1,392
Add: Revenue deducted on the cancellation of shares	140	266
Deduct: Revenue received on the creation of shares	(149)	(167)
Net distribution for the period	1,302	1,491
Net revenue after taxation	1,300	1,437
Equalisation on conversion	2	54
Total distributions	1,302	1,491

Details of the distribution per share are set out in the table on pages 6 to 7.

7 DEBTORS

	2017 £000	2016 £000
Amounts receivable for the issue of shares	267	101
Sales awaiting settlement	1,576	59
Accrued revenue	427	425
Total debtors	2,270	585

8 OTHER CREDITORS

	2017 £000	2016 £000
Amounts payable for the cancellation of shares	(1,397)	(2,272)
Accrued expenses	(9)	(10)
Amounts payable to ACD	(92)	(92)
Total other creditors	(1,498)	(2,374)

9 DILUTION ADJUSTMENT

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

10 RELATED PARTY TRANSACTIONS

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

The aggregate monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 7 and 8.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 8.

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

Threadneedle UK Mid 250 Fund

Notes to the financial statements

(continued)

11 SHAREHOLDER FUNDS

Threadneedle UK Mid 250 Fund currently has four share classes; Class 1, Class 2, Class X and Class Z shares. The charges on each share class are as follows:

Annual management charge

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

Registration fees

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

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on page 8. The distribution per share class is given in the distribution table on pages 6 to 7. All classes have the same rights on winding up.

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

Reconciliation of shares

	2017
Class 1 – Accumulation shares	
Opening shares	8,196,031
Shares issued	1,355,710
Shares redeemed	(3,511,031)
Net conversions	(107,420)
Closing shares	5,933,290
Class 2 – Accumulation shares	
Opening shares	11,797,761
Shares issued	6,129,903
Shares redeemed	(2,733,437)
Net conversions	(2,069)
Closing shares	15,192,158
Class X – Accumulation shares	
Opening shares	3,000
Shares issued	–
Shares redeemed	–
Net conversions	–
Closing shares	3,000
Class Z – Accumulation shares	
Opening shares	37,114,309
Shares issued	1,539,589
Shares redeemed	(7,093,987)
Net conversions	147,142
Closing shares	31,707,053

12 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 5.

Market price risk sensitivity

A 5% market increase applied to the fund would result in an increase on the net asset value of the fund by 4.46% and vice versa (2016: 4.46%).

Currency exposures

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

	Monetary exposures	Non-monetary exposures	Total
Currency 2017	£000	£000	£000
Euro	50	–	50

Currency sensitivity

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

Credit/Counterparty exposure

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

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

Interest rate risk

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

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

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 30 April was:

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
Currency 2017	£000	£000	£000	£000
Euro	–	–	50	50
UK Sterling	4,318	–	113,412	117,730
Currency 2016	£000	£000	£000	£000
UK Sterling	1,126	–	105,907	107,033

	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
Currency 2017	£000	£000	£000	£000
UK Sterling	–	–	(1,498)	(1,498)
Currency 2016	£000	£000	£000	£000
UK Sterling	–	–	(2,374)	(2,374)

Interest rate risk sensitivity

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

13 FAIR VALUE DISCLOSURE

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

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

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

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

	2017		2016	
Valuation technique	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	111,192	–	105,322	–
	111,192	–	105,322	–

14 CONTINGENT LIABILITIES AND COMMITMENTS

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

Threadneedle UK Mid 250 Fund

Notes to the financial statements

(continued)

15 PORTFOLIO TRANSACTION COSTS

2017

Purchases	Value	Commissions		Taxes	
	£000	£000	%	£000	%
Equities	56,235	59	0.10	239	0.43
Collective investment schemes	3,000	–	–	–	–
Corporate actions	2,744	–	–	–	–
Total	61,979	59		239	

Gross purchases total: **62,277**

Sales	Value	Commissions		Taxes	
	£000	£000	%	£000	%
Equities	66,897	66	0.10	–	–
Collective investment schemes	3,000	–	–	–	–
Corporate actions	1,985	–	–	–	–
Total	71,882	66		–	

Total sales net of transaction costs: **71,816**

Transaction costs as a percentage of average Net Assets

Commissions:	0.12%
Taxes:	0.24%

2016

Purchases	Value	Commissions		Taxes	
	£000	£000	%	£000	%
Equities	66,035	74	0.11	271	0.41
Corporate actions	1,955	–	–	–	–
Total	67,990	74		271	

Gross purchases total: **68,335**

Sales	Value	Commissions		Taxes	
	£000	£000	%	£000	%
Equities	59,694	61	0.10	–	–
Corporate actions	5,309	–	–	–	–
Total	65,003	61		–	

Total sales net of transaction costs: **64,942**

Transaction costs as a percentage of average Net Assets

Commissions:	0.12%
Taxes:	0.24%

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 0.22% (2016: 0.29%), being the difference between the respective buying and selling prices for the fund's investments.

Threadneedle Ethical UK Equity Fund*

Investment Report

Investment Objective

The investment objective of the Fund is to achieve a total return by way of income and capital growth by investing in companies that meet the ACD's criteria for responsible and ethical practices.

Investment Policy

The investment policy is to invest predominantly in shares of UK companies that meet the Fund's ethical investment criteria as determined and published by the ACD from time to time.

In doing so, the ACD will have regard to the environmental, social and corporate governance standards and practice of companies and the extent to which they contribute to products, services or practices that enhance quality of life.

Depending on the number of companies that satisfy the ACD's ethical investment criteria from time to time, this may result in a concentrated portfolio of holdings.

The Fund's ethical investment criteria may be amended from time-to-time. If the ACD considers it desirable, it may also invest in fixed income instruments, money market instruments, cash and near cash.

The Fund is permitted to use derivatives for efficient portfolio management purposes.

Performance of Accumulation Class Z Shares**

Over the twelve months to 30 April 2017, the published share price of the Threadneedle Ethical UK Equity Fund has risen from 100.32p to 121.05p.

For comparison, using noon prices, the performance of the Class Z share class was +20.66% and +20.19% for the Class T share class compared to a return of +19.03% for the Morningstar UK Unit Trusts/OEICs - (IA) UK All Companies Peer Group (on a bid to bid basis, with income reinvested for a UK basic rate taxpayer).

For information purposes, using global close prices, the total return of the MSCI UK IMI extended SRI Index was +17.91%.

Market Overview and Portfolio Activity

MSCI's UK IMI extended SRI index underperformed the broader UK equity market over the year. UK equities rallied despite

Brexit-induced uncertainty. The referendum in June was initially followed by political and market uncertainty but this proved short-lived; Theresa May's swift appointment as the new prime minister aided the recovery. Overseas earners led the post-vote rally as sterling's slump was seen as beneficial for these stocks. The Bank of England (BoE)'s stimulus measures in August also proved supportive. In November, Donald Trump's unexpected victory led investors to favour cyclical over defensives. However, this trade ebbed in 2017 as it became apparent that the path to implementing his growth-friendly policies would be far from smooth.

At the end of March, the focus returned to Brexit as Prime Minister May triggered Article 50. While this did not have much market impact – having already been largely priced in – the same could not be said about her unexpected call for a snap general election on 8 June. Sterling subsequently rallied as investors grew hopeful that an increased majority for the Conservatives could enable the government to achieve a favourable post-Brexit deal with the EU. Nevertheless, the currency still finished the review period lower.

Early post-referendum economic indicators were bleak but later readings surprised on the upside. However, the initial estimate of growth for Q1 2017 was disappointing and other recent indicators suggest consumer spending is losing momentum. Sterling's weakness has propelled inflation higher; the figure edged above the BoE's 2% target in February.

During the review period, there were several additions to the portfolio, chiefly Actual Experience, Xafinity, Micro Focus, DS Smith and Marks & Spencer. For both Actual Experience and Xafinity, we believe there is potential for corporate governance practices and ESG (environmental, social and governance) disclosure to evolve following their stock-market flotations. Actual Experience enables improvements of corporate digital experiences, quality and analytics, which lead to enhanced customer experience and employee engagement. Xafinity is a UK specialist in pensions actuarial, consulting and administration. The firm has high exposure to demographic trends and challenges. IT company Micro Focus International has exposure to the theme of cyber security through its 'identity and access' business, which provides solutions for an increasingly salient threat. The company has managed operational sustainability and security issues well and there have been improvements in governance structures. However, there are still opportunities for further progress in this area. DS Smith is a leading packaging business with a strong focus

on sustainability. The firm is Europe's largest recycler and re-processor of corrugated board and paper for recycling. The well-regulated nature of the industry in these markets further reduces ESG risk. Marks & Spencer has strong sustainability credentials through its Plan A approach to integrating sustainability criteria into products and operations.

We sold ARM Holdings, following the takeover by SoftBank Group. Other exits included Stagecoach and Dignity. These companies were not our highest conviction names in terms of sustainability. Moreover, Stagecoach has limited exposure to sustainable product opportunities. Other notable exits included Reckitt Benckiser, where we took profits once we felt the company was fully valued and decided to deploy capital in names which we felt had greater investment potential.

The synchronous global economic recovery which began in the first quarter of 2016 has seen global markets perform well, and the data has continued to surprise on the upside. Bulls are heartened by the absence of bearish indicators on 'growth', the spike in new orders, and the fact that inventories are pretty flat, which should feed through to production.

As the US Federal Reserve normalises monetary policy, we expect US yields to trend higher and the spread between US and UK interest rates to widen. This will affect the value of sterling, but there is no indication that the BoE will take action to defend the currency by hiking rates. However, we are also seeing bubble-like behaviour – the UK savings rate is close to record lows but consumer finance debt continues to grow rapidly.

Currency weakness has led to UK corporates becoming attractive takeover targets and has also provided earnings upgrades for global companies, in turn providing support for dividends. Export growth could also surprise on the upside, helping to reduce the UK's large current account deficit.

We continue to seek companies that deliver innovative solutions to achieving sustainable outcomes, where short-term sentiment is likely to create buying opportunities.

Election Update

The commentary contains a market background with a snapshot of investor sentiment during the period under review. Although the UK election has since taken place, the result has no retroactive bearing on what investors were thinking prior to the vote.

STATEMENT OF TOTAL RETURN

for the accounting period 1 May 2016 to 30 April 2017

	Notes	2017 £000	2016* £000
Income			
Net capital gains/(losses)	2	3,924	(225)
Revenue	3	624	358
Expenses	4	(304)	(152)
Net revenue before taxation		320	206
Taxation	5	–	–
Net revenue after taxation		320	206
Total return before distributions		4,244	(19)
Distributions	6	(320)	(206)
Change in net assets attributable to shareholders from investment activities		3,924	(225)

BALANCE SHEET

as at 30 April 2017

	Notes	2017 £000	2016* £000
Assets:			
Fixed assets:			
Investments		24,908	21,562
Current assets:			
Debtors	7	168	639
Cash and bank balances		153	–
Total assets		25,229	22,201
Liabilities:			
Creditors:			
Bank overdrafts		–	(293)
Distribution payable		(142)	(204)
Other creditors	8	(237)	(47)
Total liabilities		(379)	(544)
Net assets attributable to shareholders		24,850	21,657

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 1 May 2016 to 30 April 2017

	2017 £000	2016* £000
Opening net assets attributable to shareholders	21,657	–
Amounts receivable on the issue of shares	1,444	16,915
Amounts payable on the cancellation of shares	(2,188)	(984)
Amounts receivable on in specie transfers	–	5,951
	(744)	21,882
Dilution adjustment	5	–
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	3,924	(225)
Retained distribution on accumulation shares	8	–
Closing net assets attributable to shareholders	24,850	21,657

DISTRIBUTION TABLE

for the accounting period 1 May 2016 to 30 April 2017

Dividend distribution in pence per share

Class T – Income shares*

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2016
Group 1				
01/05/16 to 31/10/16	0.7969	–	0.7969	–
01/11/16 to 30/04/17	0.6972	–	0.6972	0.9333
Group 2				
01/05/16 to 31/10/16	0.4890	0.3079	0.7969	–
01/11/16 to 30/04/17	0.6231	0.0741	0.6972	0.9333
Total distributions in the period			1.4941	0.9333

*Fund launched on 30 October 2016.

**In pound Sterling and against UK peer group.

Threadneedle Ethical UK Equity Fund*

DISTRIBUTION TABLE

(continued)

Class Z – Accumulation shares*

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2016
Group 1				
01/05/16 to 31/10/16	1.0198	–	1.0198	–
01/11/16 to 30/04/17	0.9343	–	0.9343	1.0483
Group 2				
01/05/16 to 31/10/16	0.4866	0.5332	1.0198	–
01/11/16 to 30/04/17	0.7967	0.1376	0.9343	1.0483
Total distributions in the period			1.9541	1.0483

Group 2: shares purchased during a distribution period.

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

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

Threadneedle Ethical UK Equity Fund

Comparative Table Disclosure

	Class T – Income shares		Class Z – Accumulation shares	
	30/04/2017	30/04/2016 ¹	30/04/2017	30/04/2016 ²
Change in net assets per share				
Opening net asset value per share (p)	98.99	100.00	100.12	100.00
Return before operating charges (p)	21.24	0.59	21.67	0.58
Operating charges (p)	(1.44)	(0.67)	(1.08)	(0.46)
Return after operating charges (p)*	19.80	(0.08)	20.59	0.12
Distributions (p)	(1.49)	(0.93)	(1.95)	(1.05)
Retained distributions on accumulation shares (p)	–	–	1.95	1.05
Closing net asset value per share (p)	117.30	98.99	120.71	100.12
*after direct transaction costs of (p)	0.21	0.42	0.22	0.41
Performance				
Return after charges (%)	20.00	(0.08)	20.57	0.12
Other information				
Closing net asset value (£000)	23,837	21,625	1,013	32
Closing number of shares	20,321,664	21,846,123	839,594	31,808
Operating charges (%)**	1.35	1.34 [†]	0.96	0.93 [†]
Direct transaction costs (%)***	0.19	0.42	0.19	0.42
Prices				
Highest share price (p)	118.33	103.39	121.05	103.42
Lowest share price (p)	92.55	90.13	93.67	90.23

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

**The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share class of a fund based on the financial year's expenses and may vary from year to year. It includes charges such as the fund's annual management charge, registration fee, custody fees and distribution cost but ordinarily excludes the costs of buying or selling assets for the fund (unless these assets are shares of another fund). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit columbiathreadneedle.com/fees.

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

¹Class T – Income shares commenced 30 October 2015.

²Class Z – Accumulation shares commenced 30 October 2015.

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

Threadneedle Ethical UK Equity Fund

Notes to the financial statements

for the accounting period 1 May 2016 to 30 April 2017

1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 4 and 5.

2 NET CAPITAL GAINS/(LOSSES)

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

	2017	2016
	£000	£000
Non-derivative securities	3,925	(229)
Other (losses)/gains	(1)	4
Net capital gains/(losses)	3,924	(225)

3 REVENUE

	2017	2016
	£000	£000
UK dividends	621	354
Overseas dividends	–	2
Bank interest	1	2
Underwriting commission	2	–
Total revenue	624	358

4 EXPENSES

	2017	2016
	£000	£000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(259)	(127)
Registration fees	(25)	(12)
	(284)	(139)
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depositary's fees	(3)	(1)
Safe custody fees	(9)	(4)
	(12)	(5)
Other expenses:		
Audit fees	(8)	(8)
	(8)	(8)
Total expenses*	(304)	(152)

*Including irrecoverable VAT where applicable.

5 TAXATION

	2017	2016
	£000	£000
a) Analysis of charge in period		
Total current tax (note 5b)	–	–
Total tax charge for the period	–	–
b) Factors affecting taxation charge for period		
Net revenue before taxation	320	206
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(64)	(41)
Effects of:		
Revenue not subject to taxation	124	71
Excess expenses	(60)	(30)
Current tax charge for period (note 5a)	–	–

The fund has not recognised a deferred tax asset of £89,336 (2016: £29,745) arising as a result of having unutilised management expenses. The movement in deferred tax asset may not agree to the excess expenses figure quoted above due to prior year adjustments. It is unlikely that these expenses will be utilised in future years.

6 DISTRIBUTIONS

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

	2017	2016
	£000	£000
Interim	168	–
Final	150	204
	318	204
Add: Revenue deducted on the cancellation of shares	4	2
Deduct: Revenue received on the creation of shares	(2)	–
Net distribution for the period	320	206

Details of the distribution per share are set out in the table on pages 12 to 13.

7 DEBTORS

	2017	2016
	£000	£000
Amounts receivable for the issue of shares	7	1
Sales awaiting settlement	9	428
Accrued revenue	152	210
Total debtors	168	639

8 OTHER CREDITORS

	2017	2016
	£000	£000
Amounts payable for the cancellation of shares	(8)	(16)
Purchases awaiting settlement	(197)	–
Accrued expenses	(7)	(8)
Amounts payable to ACD	(25)	(23)
Total other creditors	(237)	(47)

9 DILUTION ADJUSTMENT

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

10 RELATED PARTY TRANSACTIONS

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

The aggregate monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 7 and 8.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 8.

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

11 SHAREHOLDER FUNDS

Threadneedle Ethical UK Equity Fund currently has two share classes; Class T and Class Z shares. The charges on each share class are as follows:

Annual management charge	
Class T shares	1.15%
Class Z shares	0.75%
Registration fees	
Class T shares	0.110%
Class Z shares	0.110%

Threadneedle Ethical UK Equity Fund

Notes to the financial statements

(continued)

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on page 14. The distribution per share class is given in the distribution table on pages 12 to 13. All classes have the same rights on winding up.

Reconciliation of shares

	2017
Class T – Income shares	
Opening shares	21,846,123
Shares issued	526,560
Shares redeemed	(2,051,019)
Net conversions	–
Closing shares	<u>20,321,664</u>
Class Z – Accumulation shares	
Opening shares	31,808
Shares issued	827,781
Shares redeemed	(19,995)
Net conversions	–
Closing shares	<u>839,594</u>

12 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 5.

Market price risk sensitivity

A 5% market increase applied to the fund would result in an increase on the net asset value of the fund by 3.95% and vice versa (2016: 4.19%).

Currency exposures

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

	Monetary exposures £000	Non- monetary exposures £000	Total £000
Currency 2017			
Euro	7	323	330
Currency 2016			
Euro	2	339	341

Currency sensitivity

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

Credit/Counterparty exposure

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

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

Interest rate risk

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

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

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 30 April was:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2017				
Euro	5	–	325	330
UK Sterling	148	–	24,751	24,899
Currency 2016				
Euro	–	–	341	341
UK Sterling	–	–	21,860	21,860

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2017				
UK Sterling	–	–	(379)	(379)
Currency 2016				
UK Sterling	(293)	–	(251)	(544)

Interest rate risk sensitivity

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

13 FAIR VALUE DISCLOSURE

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

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

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

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

	2017		2016	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Valuation technique				
Level 1	24,908	–	21,562	–
	<u>24,908</u>	<u>–</u>	<u>21,562</u>	<u>–</u>

14 CONTINGENT LIABILITIES AND COMMITMENTS

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

15 PORTFOLIO TRANSACTION COSTS

	Value £000	Commissions £000	%	Taxes £000	%
Purchases					
Equities	8,529	6	0.07	29	0.34
Corporate actions	68	–	–	–	–
Total	<u>8,597</u>	<u>6</u>		<u>29</u>	

Gross purchases total:

8,632

	Value £000	Commissions £000	%	Taxes £000	%
Sales					
Equities	8,121	8	0.10	–	–
Corporate actions	1,099	–	–	–	–
Total	<u>9,220</u>	<u>8</u>		<u>–</u>	

Total sales net of transaction costs:

9,212

Transaction costs as a percentage of average Net Assets

Commissions:	0.06%
Taxes:	0.13%

Threadneedle Ethical UK Equity Fund

Notes to the financial statements

(continued)

2016

Purchases	Value	Commissions		Taxes	
	£000	£000	%	£000	%
Equities	18,109	6	0.03	84	0.46
In specie transactions	5,951	–	–	–	–
Corporate actions	3	–	–	–	–
Total	24,063	6		84	

Gross purchases total: 24,153

Sales	Value	Commissions		Taxes	
	£000	£000	%	£000	%
Equities	2,304	3	0.14	–	–
Corporate actions	61	–	–	–	–
Total	2,365	3		–	

Total sales net of transaction costs: 2,362

Transaction costs as a percentage of average Net Assets

Commissions:	0.04%
Taxes:	0.38%

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 0.56% (2016: 0.40%), being the difference between the respective buying and selling prices for the fund's investments.

Threadneedle UK Extended Alpha Fund

Investment Report

Investment Objective

The investment objective of the UK Extended Alpha Fund is to achieve above average capital growth from a concentrated portfolio of UK equities.

Investment Policy

The ACD's investment policy is to actively manage an exposure primarily to a concentrated portfolio of UK equities, i.e. equities of companies domiciled in the UK, or which have significant UK operations, by investing directly or indirectly in such securities. This approach means that the ACD has the flexibility to take significant stock and sector positions which may lead to increased levels of volatility. If the ACD considers it desirable it may further invest up to one third of the assets of the Fund in markets outside the United Kingdom. The Fund's exposure may be gained through long and short positions.

The ACD may take long and short positions through the use of derivatives and forward transactions. In addition in order to gain long exposure, the ACD may invest in equities, collective investment schemes including exchange traded funds and/or related indices. If the ACD considers it desirable, it may hold a substantial proportion or all of the Fund in cash and/or other securities (including fixed interest securities and money market instruments).

Performance of Accumulation Class 1 Shares*

Over the twelve months to 30 April 2017, the published share price of limited issue shares in the Threadneedle UK Extended Alpha Fund has risen from 385.63p to 450.02p.

For comparison, using noon prices, the performance of the Class 1 share class was +16.70% and +17.35% for the Class 2 share class compared to a return of +19.03% for the Morningstar UK Unit Trusts/OEICs – (IA) UK All Companies Peer Group (on a bid to bid basis, with income reinvested for a UK basic rate taxpayer).

For information purposes, using global close prices, the total return of the FTSE All-Share Index was +20.14%.

Market Overview and Portfolio Activity

UK equities posted double-digit returns in a year which saw the country move towards leaving the EU. The referendum in June was initially followed by political and market uncertainty but this proved short-lived; Theresa May's swift appointment as the new prime minister aided the recovery. Overseas earners led the post-vote rally as sterling's slump was seen as beneficial for these stocks. The Bank of England (BoE)'s stimulus

measures in August also proved supportive. In November, Donald Trump's unexpected victory led investors to favour cyclical over defensives. However, this trade ebbed in 2017 as it became apparent that the path to implementing his growth-friendly policies would be far from smooth.

At the end of March, the focus returned to Brexit as Prime Minister May triggered Article 50. While this did not have much market impact – having already been largely priced in – the same could not be said about her unexpected call for a snap general election on 8 June. Sterling subsequently rallied as investors grew hopeful that an increased majority for the Conservatives could enable the government to achieve a favourable post-Brexit deal with the EU. Nevertheless, the currency still finished the review period lower.

Early post-referendum economic indicators were bleak but later readings surprised on the upside. However, the initial estimate of growth for Q1 2017 was disappointing and other recent indicators suggest consumer spending is losing momentum. Sterling's weakness has propelled inflation higher; the figure edged above the BoE's 2% target in February.

In the long book, we focused on building up our existing holdings, notably Rio Tinto. The stock was trading at an attractive valuation. In our view, this is effectively the only mining company worth investing in. The company is using its very strong near-term cash flow to reduce expensive debt. We also like the increasingly oligopolistic market structure in the iron ore market; the key players are now stressing that they are more interested in returns and profitability than in volume growth.

We added to Unilever immediately after the company rejected the takeover approach from Kraft Heinz. Subsequently, management announced a strategic review of ways in which the firm can "accelerate delivery of value" to shareholders and also upgraded this year's operating margin guidance. Other major holdings that were topped up over the review period included CRH and GlaxoSmithKline. We also made several new additions to the portfolio, chiefly Land Securities. The company has a high-quality property portfolio of long, well-diversified inflation-protected leases.

We exited ARM Holdings, following its takeover by Japan's SoftBank. We closed our position in WPP at a profit taking advantage of the rally which occurred amid improved sentiment after Trump's election. However, we felt the cheapness we initially identified was now reduced and that the risk-reward profile seemed much less asymmetric than during the period of market weakness in October 2016. Pearson was another exit; the proceeds were recycled into stocks where the fund manager has more conviction.

In the short book, new additions included a media firm. We feel its shares are likely to de-rate. The company has built up a lot of debt in recent years

through business acquisitions; this disparate array of assets has become increasingly complex to manage. The firm also faces new competitive threats in the form of consultancy and business strategy groups. We initiated a new short position in an international engineering company which has stretched valuations (relative to the market); we believe there is potential for growth to overwhelm expectations. Other new shorts included positions in a heat-treatment specialist and a supermarket.

We closed shorts in an airline company and a betting firm as we believed the scope for further share price declines was limited. We also closed an unsuccessful short in a global bottling business, as the position hit our stop-loss level. Other exits in the short book included a global distributor; there were no clear signs of deterioration in the company's operating performance; consequently we decided to move on.

While the overall market environment is not changing materially, some headwinds may be growing more severe. Recently, we have seen "Trumponomics" trades lose some momentum, as we expected. Markets focusing on the short term and complacent animal spirits cannot replace the need to fix economies and increase productivity.

As the Federal Reserve normalises monetary policy, we expect US yields to trend higher and the spread between US and UK interest rates to widen. This will affect the value of sterling, but we do not believe the BoE will hike rates. However, we are seeing bubble-like behaviour – a record-low savings rate coupled with rapidly growing consumer finance debt is one such characteristic.

Currency weakness has led to UK corporates becoming attractive takeover targets and has also generated earnings upgrades for global companies, in turn providing support for dividends. Export growth could also surprise on the upside, helping to reduce the UK's large current account deficit.

Political headlines will continue to create some volatility in global markets, but this will provide more opportunities for investors who are willing and able to focus on long-term fundamentals.

Election Update

The commentary contains a market background with a snapshot of investor sentiment during the period under review. Although the UK election has since taken place, the result has no retroactive bearing on what investors were thinking prior to the vote.

STATEMENT OF TOTAL RETURN

for the accounting period 1 May 2016 to 30 April 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains/(losses)	2	15,153	(842)
Revenue	3	4,045	3,015
Expenses	4	(994)	(1,416)
Interest payable and similar charges	5	(347)	(411)
Net revenue before taxation		2,704	1,188
Taxation	6	–	–
Net revenue after taxation		2,704	1,188
Total return before distributions		17,857	346
Distributions	7	(2,704)	(1,949)
Change in net assets attributable to shareholders from investment activities		15,153	(1,603)

BALANCE SHEET

as at 30 April 2017

	Notes	2017 £000	2016 £000
Assets:			
Fixed assets:			
Investments		118,536	87,907
Current assets:			
Debtors	8	1,446	869
Cash and bank balances	9	6,603	1,523
Total assets		126,585	90,299
Liabilities:			
Investment liabilities		(99)	(66)
Creditors:			
Other creditors	10	(959)	(247)
Total liabilities		(1,058)	(313)
Net assets attributable to shareholders		125,527	89,986

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 1 May 2016 to 30 April 2017

	2017 £000	2016 £000
Opening net assets attributable to shareholders	89,986	68,031
Amounts receivable on the issue of shares	56,324	31,779
Amounts payable on the cancellation of shares	(39,002)	(10,662)
	17,322	21,117
Dilution adjustment	316	183
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	15,153	(1,603)
Retained distribution on accumulation shares	2,750	2,258
Closing net assets attributable to shareholders	125,527	89,986

DISTRIBUTION TABLE

for the accounting period 1 May 2016 to 30 April 2017

Dividend distribution in pence per share

Class 1 – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2017	Revenue Accumulated 2016
Group 1 01/05/16 to 30/04/17	7.6426	–	7.6426	7.6844
Group 2 01/05/16 to 30/04/17	4.5930	3.0496	7.6426	7.6844
Total distributions in the period			7.6426	7.6844

Class 2 – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2017	Revenue Accumulated 2016
Group 1 01/05/16 to 30/04/17	10.6814	–	10.6814	10.4037
Group 2 01/05/16 to 30/04/17	6.7873	3.8941	10.6814	10.4037
Total distributions in the period			10.6814	10.4037

*In pound Sterling and against UK peer group.

Threadneedle UK Extended Alpha Fund

DISTRIBUTION TABLE

(continued)

Class X – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2017	Revenue Accumulated 2016
Group 1 01/05/16 to 30/04/17	6.3823	–	6.3823	6.0153
Group 2 01/05/16 to 30/04/17	6.3823	–	6.3823	6.0153
Total distributions in the period			6.3823	6.0153

Group 2: shares purchased during a distribution period.

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

Threadneedle UK Extended Alpha Fund

Comparative Table Disclosure

	Class 1 – Accumulation shares			Class 2 – Accumulation shares		
	30/04/2017	30/04/2016	30/04/2015	30/04/2017	30/04/2016	30/04/2015
Change in net assets per share						
Opening net asset value per share (p)	385.34	384.21	338.72	410.94	408.45	358.66
Return before operating charges (p)	70.34	6.37	50.54	75.19	5.84	53.04
Operating charges (p)	(5.88)	(5.24)	(5.05)	(3.77)	(3.35)	(3.25)
Return after operating charges (p)*	64.46	1.13	45.49	71.42	2.49	49.79
Distributions (p)	(7.64)	(7.68)	(6.96)	(10.68)	(10.40)	(9.53)
Retained distributions on accumulation shares (p)	7.64	7.68	6.96	10.68	10.40	9.53
Closing net asset value per share (p)	449.80	385.34	384.21	482.36	410.94	408.45
*after direct transaction costs of (p)	1.59	1.33	1.41	1.69	1.41	1.50
Performance						
Return after charges (%)	16.73	0.29	13.43	17.38	0.61	13.88
Other information						
Closing net asset value (£000)	5,743	3,758	5,627	119,778	86,222	62,398
Closing number of shares	1,276,758	975,368	1,464,611	24,831,469	20,981,507	15,276,830
Operating charges (%)**	1.40	1.40	1.42	0.84	0.84	0.86
Performance fee (%)	–	0.86	0.48	–	1.01	0.66
Direct transaction costs (%)***	0.38	0.35	0.40	0.38	0.35	0.40
Prices						
Highest share price (p)	452.41	396.62	394.50	485.03	421.79	419.46
Lowest share price (p)	367.13	338.13	319.24	391.86	360.23	338.67
Class X – Accumulation shares						
	30/04/2017	30/04/2016	30/04/2015			
Change in net assets per share						
Opening net asset value per share (p)	185.33	180.90	156.63			
Return before operating charges (p)	34.02	4.55	24.45			
Operating charges (p)	(0.14)	(0.12)	(0.18)			
Return after operating charges (p)*	33.88	4.43	24.27			
Distributions (p)	(6.38)	(6.02)	(5.47)			
Retained distributions on accumulation shares (p)	6.38	6.02	5.47			
Closing net asset value per share (p)	219.21	185.33	180.90			
*after direct transaction costs of (p)	0.76	0.63	0.64			
Performance						
Return after charges (%)	18.28	2.45	15.50			
Other information						
Closing net asset value (£000)	6	6	6			
Closing number of shares	3,000	3,000	3,000			
Operating charges (%)**	0.07	0.07	0.11			
Performance fee (%)	–	–	–			
Direct transaction costs (%)***	0.38	0.35	0.40			
Prices						
Highest share price (p)	220.33	189.70	186.10			
Lowest share price (p)	176.93	162.16	148.64			

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

**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.

Threadneedle UK Extended Alpha Fund

Notes to the financial statements

for the accounting period 1 May 2016 to 30 April 2017

1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 4 and 5.

2 NET CAPITAL GAINS/(LOSSES)

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

	2017	2016
	£000	£000
Non-derivative securities	15,473	(1,231)
Derivative contracts	(310)	385
Other (losses)/gains	(7)	5
Transaction costs	(3)	(1)
Net capital gains/(losses)	15,153	(842)

3 REVENUE

	2017	2016
	£000	£000
UK dividends	3,481	2,287
Overseas dividends	6	10
Derivative revenue	548	700
Bank interest	7	17
Underwriting commission	3	1
Total revenue	4,045	3,015

4 EXPENSES

	2017	2016
	£000	£000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(893)	(591)
Performance fees*	–	(758)
Registration fees	(61)	(41)
	(954)	(1,390)
Payable to the depository or associates of the depository, and the agents of either of them:		
Depository's fees	(13)	(7)
Safe custody fees	(11)	(10)
	(24)	(17)
Other expenses:		
Regulatory fees	(5)	(5)
Professional fees	(2)	–
Audit fees	(9)	(4)
	(16)	(9)
Total expenses**	(994)	(1,416)

*The ACD is entitled to receive a performance fee in the event of the NAV per Share of the fund outperforming the FTSE All Share 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: £777,071).

**Including irrecoverable VAT where applicable.

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2017	2016
	£000	£000
Dividends payable on short positions	(344)	(278)
Interest payable	(3)	(1)
Derivative expense	–	(132)
Total interest payable & similar charges	(347)	(411)

6 TAXATION

	2017	2016
	£000	£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	2,704	1,188
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(541)	(238)
Effects of:		
Revenue not subject to taxation	690	458
Excess expenses	(149)	(220)
Current tax charge for period (note 6a)	–	–

The fund has not recognised a deferred tax asset of £990,050 (2016: £840,905) arising as a result of having unutilised management expenses. The movement in deferred tax asset may not agree to the excess expenses figure quoted above due to prior year adjustments. It is unlikely that these expenses will be utilised in future years.

7 DISTRIBUTIONS

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

	2017	2016
	£000	£000
Final	2,750	2,258
	2,750	2,258
Add: Revenue deducted on the cancellation of shares	426	142
Deduct: Revenue received on the creation of shares	(472)	(451)
Net distribution for the period	2,704	1,949
Net revenue after taxation	2,704	1,188
Capitalised performance fee rebate	–	757
Equalisation on conversion	–	4
Total distributions	2,704	1,949

Details of the distribution per share are set out in the table on pages 18 to 19.

8 DEBTORS

	2017	2016
	£000	£000
Amounts receivable for the issue of shares	497	41
Accrued revenue	949	828
Total debtors	1,446	869

9 CASH AND BANK BALANCES

	2017	2016
	£000	£000
Amounts held at futures clearing houses and brokers	120	–
Cash and bank balances	6,483	1,523
Total cash and bank balances	6,603	1,523

10 OTHER CREDITORS

	2017	2016
	£000	£000
Amounts payable for the cancellation of shares	(437)	(18)
Purchases awaiting settlement	(357)	(92)
Accrued expenses	(81)	(80)
Amounts payable to ACD	(84)	(57)
Total other creditors	(959)	(247)

Threadneedle UK Extended Alpha Fund

Notes to the financial statements

(continued)

11 DILUTION ADJUSTMENT

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

12 RELATED PARTY TRANSACTIONS

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

The aggregate monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 8 and 10.

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

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

13 SHAREHOLDER FUNDS

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

Annual management charge

Class 1 shares	1.25%
Class 2 shares	0.75%
Class X shares	N/A*

Registration fees

Class 1 shares	0.110%
Class 2 shares	0.050%
Class X shares	0.035%

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on page 20. The distribution per share class is given in the distribution table on pages 18 to 19.

All classes have the same rights on winding up.

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

Reconciliation of shares

	2017
Class 1 – Accumulation shares	
Opening shares	975,368
Shares issued	569,725
Shares redeemed	(265,133)
Net conversions	(3,202)
Closing shares	1,276,758
Class 2 – Accumulation shares	
Opening shares	20,981,507
Shares issued	12,218,854
Shares redeemed	(8,371,887)
Net conversions	2,995
Closing shares	24,831,469
Class X – Accumulation shares	
Opening shares	3,000
Shares issued	–
Shares redeemed	–
Net conversions	–
Closing shares	3,000

14 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 5.

Value at Risk (VaR) disclosure

VaR is used to measure the level of Global Exposure which the fund undertakes. VaR is measured in three variables: the amount of potential loss, the probability of that amount of loss, and the time frame.

The fund's VaR limit is 1.6 x benchmark¹ VaR and is measured using the covariance model based on a 99% confidence limit over a 1 month holding period, using the previous 180 weeks of data.

As at year end the fund's VaR was 9.3% (2016: 9.2%). This means that there is estimated to be a 1% chance that the fund could lose more than 9.3% (2016: 9.2%) of its value in a month.

At 30 April, 2017 the VaR utilisation was 62% (2016: 68%) (actual VaR/VaR limit). During the year ended 30 April, 2017 the lowest VaR utilisation was 59% (2016: 65%), the highest VaR utilisation was 65% (2016: 79%) and the average utilisation was 62% (2016: 71%).

¹The benchmark of the fund is shown on page 218.

Currency exposures

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

	Monetary exposures	Non-monetary exposures	Total
	£000	£000	£000
Currency 2017			
Euro	30	–	30
US Dollar	69	–	69
Currency 2016	£000	£000	£000
Euro	11	–	11
US Dollar	42	–	42

Currency sensitivity

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

Credit/Counterparty exposure

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

	Collateral Pledged
	£000
2017	
Counterparty	
UBS	120

As at the prior balance sheet date there is no derivative exposure or collateral to disclose.

The fund did not hold any collateral received from the fund's counterparties in the current year (2016: £100,000). The collateral held was in the form of cash. Collateral received is not owned by the fund and therefore is not included in the fund's cash balance.

Positive exposure represents the fund's exposure to that counterparty and not the fund's holdings with that counterparty.

Interest rate risk

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

Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the fund's financial assets and financial liabilities at 30 April was:

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
	£000	£000	£000	£000
Currency 2017				
Euro	–	–	30	30
UK Sterling	6,603	–	119,696	126,299
US Dollar	–	–	69	69
Currency 2016	£000	£000	£000	£000
Euro	–	–	11	11
UK Sterling	1,523	–	88,698	90,221
US Dollar	–	–	68	68

Threadneedle UK Extended Alpha Fund

Notes to the financial statements

(continued)

	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
	£000	£000	£000	£000
Currency 2017				
UK Sterling	–	–	(871)	(871)
Currency 2016	£000	£000	£000	£000
UK Sterling	–	–	(288)	(288)
US Dollar	–	–	(26)	(26)

Interest rate risk sensitivity

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

Derivative risks

Derivatives including portfolio 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.

At 30 April 2017, the fund had outstanding portfolio swaps with an asset value of £Nil (2016: £Nil) and a liability value of £99,000 (2016: £66,000).

As part of the fund strategy, the fund manager is permitted to short sell in accordance with the investment restrictions to obtain leverage. To achieve this, the fund has entered into a portfolio swap throughout this accounting period, whereby the total return of a basket of securities, including capital appreciation or depreciation, has been received in exchange for a series of periodic cash flows calculated by reference to financing costs, stock loan fees and interest in respect of short positions. The swap is subject to a monthly reset process, thereby crystallising returns and risk exposure each month. The use of short selling strategies increases the risk profile of the fund, and may result in a higher degree of volatility than a fund that does not employ short exposure. Any such positions entered into are regularly reviewed by the fund manager.

15 FAIR VALUE DISCLOSURE

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

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

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

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

Valuation technique	2017		2016	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	118,536	–	87,907	–
Level 2	–	(99)	–	(66)
	118,536	(99)	87,907	(66)

16 CONTINGENT LIABILITIES AND COMMITMENTS

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

17 PORTFOLIO TRANSACTION COSTS

2017

	Value £000	Commissions £000	%	Taxes £000	%
Purchases					
Equities	71,411	49	0.07	359	0.50
Corporate actions	355	–	–	–	–
Total	71,766	49		359	

Gross purchases total:

72,174

	Value £000	Commissions £000	%	Taxes £000	%
Sales					
Equities	56,148	30	0.05	–	–
Corporate actions	923	–	–	–	–
Total	57,071	30		–	

Total sales net of transaction costs:

57,041

Transaction costs as a percentage of average Net Assets

Commissions:	0.07%
Taxes:	0.31%

2016

	Value £000	Commissions £000	%	Taxes £000	%
Purchases					
Equities	46,002	27	0.06	223	0.49
Corporate actions	135	–	–	–	–
Total	46,137	27		223	

Gross purchases total:

46,387

	Value £000	Commissions £000	%	Taxes £000	%
Sales					
Equities	17,769	17	0.10	–	–
Corporate actions	1,560	–	–	–	–
Total	19,329	17		–	

Total sales net of transaction costs:

19,312

Transaction costs as a percentage of average Net Assets

Commissions:	0.06%
Taxes:	0.30%

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

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

Direct transaction costs: Broker commissions, fees and taxes.

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

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

At the balance sheet date, the portfolio dealing spread was 0.07% (2016: 0.12%), being the difference between the respective buying and selling prices for the fund's investments.

Threadneedle UK Equity Alpha Income Fund

Investment Report

Investment Objective

The investment objective of the UK Equity Alpha Income Fund is to achieve a reasonable and growing income with the prospects of capital growth from a concentrated portfolio of UK equities.

Investment Policy

The ACD's investment policy is to invest the assets of the Fund in a concentrated portfolio of predominantly UK equities. The Alpha Income investment approach is a highly focused management style, which gives the ACD the flexibility to take significant stock and sector positions, which may lead to increased levels of volatility. The portfolio will consist primarily of equities of companies domiciled in the UK, or which have significant UK operations.

Performance of Income Class 1 Shares*

Over the twelve months to 30 April 2017, the published share price of the Threadneedle UK Equity Alpha Income Fund has risen from 62.84p to 69.91p.

For comparison, using noon prices, the performance of the Class 1 share class was +16.44% and +17.09% for the Class 2 share class compared to a return of +15.96% for the Morningstar UK Unit Trusts/OEICS – (IA) UK Equity Income Peer Group (on a bid to bid basis, with income reinvested for a UK basic rate taxpayer).

For information purposes, using global close prices, the total return of the FTSE All-Share Index was +20.14%.

Market Overview and Portfolio Activity

UK equities posted double-digit returns in a year which saw the country move towards leaving the EU. The referendum in June was initially followed by political and market uncertainty but this proved short-lived; Theresa May's swift appointment as the new prime minister aided the recovery. Overseas earners led the post-vote rally as sterling's slump was seen as beneficial for these stocks. The Bank of England's (BoE's) stimulus measures in August also proved supportive. In November, Donald Trump's unexpected victory led investors to favour cyclical over defensives. However, this trade ebbed in 2017 as it became apparent that the path to implementing his growth-friendly policies would be far from smooth.

At the end of March, the focus returned to Brexit as Prime Minister May triggered Article 50. While this did not have much market impact – having already been largely priced in – the same could not be said about her unexpected call for a snap general election on 8 June. Sterling subsequently rallied as investors grew hopeful that an increased majority for the Conservatives could enable the government to achieve a favourable post-Brexit deal with the EU. Nevertheless, the currency still finished the review period lower.

Early post-referendum economic indicators were bleak but later readings surprised on the upside. However, the initial estimate of growth for Q1 2017 was disappointing and other recent indicators suggest consumer spending is losing momentum. Sterling's weakness has propelled inflation higher; the figure edged above the BoE's 2% target in February.

New additions over the year included Smiths Group, Restaurant Group and ITV. Restaurant Group's direction had previously seemed unclear but it now has an impressive new management team in place and the business has plenty of room for improvement. In the case of ITV, we were encouraged by management's upbeat outlook, although Brexit jitters had an adverse short-term impact on the company.

We also participated in the rights issue of Phoenix Group Holdings, which funded its acquisition of Abbey Life, and of Cobham. In our view, the aerospace firm has a resilient underlying business, which offers multiple opportunities for value creation.

Other holdings that were topped up over the review period included BT and Marks & Spencer. For the former, the resolution of its negotiations with Ofcom should be a positive catalyst for the stock. Despite concerns over the prospects of UK retailers, we believe Marks & Spencer has some interesting levers to pull and should benefit from cost-cutting and closing stores in unprofitable locations.

We offloaded subscale holdings including Cheshnara, Kier and Close Brothers. Other exits included some good businesses which we had acquired between 2010 and 2013 that had been re-rated such as DS Smith, RELX, 3i and National Grid. We also sold out of Standard Life following news of its plans to takeover Aberdeen Asset Management; we feel this acquisition is likely to be unfavourable and were wary of the terms and execution of the deal.

The synchronous global economic recovery which began in the first quarter of 2016 has seen global markets perform well, and the data has continued to surprise on the upside. Bulls are heartened by the absence of bearish indicators on 'growth', the spike in new orders, and the fact that inventories are pretty flat, which should feed through to production.

While these factors could make 2017 a stellar year for investors, markets focusing on the short term and complacent animal spirits cannot replace the need to fix our economies and increase productivity.

In the UK, we are seeing bubble-like behaviour – the savings rate is close to record lows but consumer finance debt continues to grow rapidly. As the Federal Reserve normalises monetary policy, we expect US yields to trend higher and the spread between US and UK interest rates to widen. This will affect the value of sterling, but there is no indication that the BoE will take action to defend the currency by hiking rates.

Currency weakness has led to UK corporates becoming attractive takeover targets and has also provided earnings upgrades for global companies, in turn providing support for dividends. Export growth could also surprise on the upside, helping to reduce the UK's large current account deficit.

Recently, we have seen "Trumponomics" trades lose some momentum, as we expected.

We will continue to avoid whipsaw momentum trades and focus instead on bottom-up stock picking. As patient, conviction investors, it is possible to utilise market volatility to add to favoured names at attractive valuations, while making sure that our portfolio construction remains focused on risk-adjusted returns.

Election Update

The commentary contains a market background with a snapshot of investor sentiment during the period under review. Although the UK election has since taken place, the result has no retroactive bearing on what investors were thinking prior to the vote.

STATEMENT OF TOTAL RETURN

for the accounting period 1 May 2016 to 30 April 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains/(losses)	2	97,081	(63,380)
Revenue	3	37,112	41,473
Expenses	4	(8,680)	(9,732)
Interest payable and similar charges	5	(1)	(3)
Net revenue before taxation		28,431	31,738
Taxation	6	–	–
Net revenue after taxation		28,431	31,738
Total return before distributions		125,512	(31,642)
Distributions	7	(36,445)	(40,772)
Change in net assets attributable to shareholders from investment activities		89,067	(72,414)

BALANCE SHEET

as at 30 April 2017

	Notes	2017 £000	2016 £000
Assets:			
Fixed assets:			
Investments		816,466	901,110
Current assets:			
Debtors	8	11,930	11,983
Cash and bank balances		18,820	6,478
Total assets		847,216	919,571
Liabilities:			
Creditors:			
Distribution payable		(19,059)	(22,227)
Other creditors	9	(987)	(2,947)
Total liabilities		(20,046)	(25,174)
Net assets attributable to shareholders		827,170	894,397

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 1 May 2016 to 30 April 2017

	2017 £000	2016 £000
Opening net assets attributable to shareholders	894,397	894,898
Amounts receivable on the issue of shares	53,272	113,720
Amounts payable on the cancellation of shares	(209,835)	(41,807)
	(156,563)	71,913
Dilution adjustment	269	–
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	89,067	(72,414)
Closing net assets attributable to shareholders	827,170	894,397

DISTRIBUTION TABLE

for the accounting period 1 May 2016 to 30 April 2017

Dividend distribution in pence per share

Class 1 – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
Group 1				
01/05/16 to 31/10/16	1.3683	–	1.3683	1.3683
01/11/16 to 30/04/17	1.5544	–	1.5544	1.5099
Group 2				
01/05/16 to 31/10/16	0.5609	0.8074	1.3683	1.3683
01/11/16 to 30/04/17	0.8208	0.7336	1.5544	1.5099
Total distributions in the period			2.9227	2.8782

*In pound Sterling and against UK peer group.

Threadneedle UK Equity Alpha Income Fund

DISTRIBUTION TABLE

(continued)

Class 2 – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
Group 1				
01/05/16 to 31/10/16	1.4600	–	1.4600	1.4600
01/11/16 to 30/04/17	1.6755	–	1.6755	1.6114
Group 2				
01/05/16 to 31/10/16	0.4135	1.0465	1.4600	1.4600
01/11/16 to 30/04/17	0.9090	0.7665	1.6755	1.6114
Total distributions in the period			3.1355	3.0714

Class X – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
Group 1				
01/05/16 to 31/10/16	2.2020	–	2.2020	2.2020
01/11/16 to 30/04/17	2.5746	–	2.5746	2.4440
Group 2				
01/05/16 to 31/10/16	2.2020	–	2.2020	2.2020
01/11/16 to 30/04/17	2.5746	–	2.5746	2.4440
Total distributions in the period			4.7766	4.6460

Class Z – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
Group 1				
01/05/16 to 31/10/16	2.8380	–	2.8380	2.8380
01/11/16 to 30/04/17	3.2822	–	3.2822	3.1449
Group 2				
01/05/16 to 31/10/16	1.1652	1.6728	2.8380	2.8380
01/11/16 to 30/04/17	1.7770	1.5052	3.2822	3.1449
Total distributions in the period			6.1202	5.9829

Group 2: shares purchased during a distribution period.

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

Threadneedle UK Equity Alpha Income Fund

Comparative Table Disclosure

	Class 1 – Income shares			Class 2 – Income share		
	30/04/2017	30/04/2016	30/04/2015	30/04/2017	30/04/2016	30/04/2015
Change in net assets per share						
Opening net asset value per share (p)	61.29	66.79	64.81	64.48	69.91	67.50
Return before operating charges (p)	11.01	(1.58)	5.86	11.64	(1.66)	6.13
Operating charges (p)	(1.07)	(1.04)	(1.07)	(0.74)	(0.70)	(0.73)
Return after operating charges (p)*	9.94	(2.62)	4.79	10.90	(2.36)	5.40
Distributions (p)	(2.92)	(2.88)	(2.81)	(3.14)	(3.07)	(2.99)
Closing net asset value per share (p)	68.31	61.29	66.79	72.24	64.48	69.91
*after direct transaction costs of (p)	0.08	0.11	0.13	0.08	0.12	0.14
Performance						
Return after charges (%)	16.22	(3.92)	7.39	16.90	(3.38)	8.00
Other information						
Closing net asset value (£000)	101,101	105,816	147,362	480,324	569,415	528,351
Closing number of shares	147,998,197	172,645,151	220,633,666	664,928,344	883,036,374	755,709,233
Operating charges (%)**	1.63	1.62	1.63	1.06	1.05	1.06
Direct transaction costs (%)***	0.12	0.17	0.20	0.12	0.17	0.20
Prices						
Highest share price (p)	70.38	72.26	71.09	74.43	68.99	74.40
Lowest share price (p)	58.59	60.19	59.42	61.70	57.26	62.04

	Class X – Income shares			Class Z – Income shares		
	30/04/2017	30/04/2016	30/04/2015 ¹	30/04/2017	30/04/2016	30/04/2015
Change in net assets per share						
Opening net asset value per share (p)	97.43	104.60	100.00	127.85	138.27	133.12
Return before operating charges (p)	17.62	(2.50)	6.76	23.06	(3.28)	12.13
Operating charges (p)	(0.02)	(0.02)	(0.01)	(1.21)	(1.16)	(1.19)
Return after operating charges (p)*	17.60	(2.52)	6.75	21.85	(4.44)	10.94
Distributions (p)	(4.78)	(4.65)	(2.15)	(6.12)	(5.98)	(5.79)
Closing net asset value per share (p)	110.25	97.43	104.60	143.58	127.85	138.27
*after direct transaction costs of (p)	0.12	0.18	0.09	0.16	0.23	0.28
Performance						
Return after charges (%)	18.06	(2.41)	6.75	17.09	(3.21)	8.22
Other information						
Closing net asset value (£000)	3	3	3	245,742	219,163	219,182
Closing number of shares	3,000	3,000	3,000	171,147,904	171,417,409	158,514,732
Operating charges (%)**	0.02	0.02	0.02 ¹	0.88	0.87	0.88
Direct transaction costs (%)***	0.12	0.17	0.20	0.12	0.17	0.20
Prices						
Highest share price (p)	113.59	108.19	110.95	147.89	142.92	147.05
Lowest share price (p)	93.39	90.76	96.20	122.37	119.25	122.47

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

**The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share class of a fund based on the financial year's expenses and may vary from year to year. It includes charges such as the fund's annual management charge, registration fee, custody fees and distribution cost but ordinarily excludes the costs of buying or selling assets for the fund (unless these assets are shares of another fund). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit columbiathreadneedle.com/fees.

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

¹Class X – Income shares commenced 19 November 2014.

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

Threadneedle UK Equity Alpha Income Fund

Notes to the financial statements

for the accounting period 1 May 2016 to 30 April 2017

1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 4 and 5.

2 NET CAPITAL GAINS/(LOSSES)

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

	2017 £000	2016 £000
Non-derivative securities	97,137	(63,406)
Other (losses)/gains	(54)	27
Transaction costs	(2)	(1)
Net capital gains/(losses)	97,081	(63,380)

3 REVENUE

	2017 £000	2016 £000
UK dividends	36,933	41,359
Overseas dividends	60	20
Interest on short term investments	16	24
Bank interest	9	11
Underwriting commission	94	59
Total revenue	37,112	41,473

4 EXPENSES

	2017 £000	2016 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(8,014)	(9,035)
Registration fees	(538)	(573)
	(8,552)	(9,608)
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depositary's fees	(89)	(86)
Safe custody fees	(25)	(30)
	(114)	(116)
Other expenses:		
Regulatory fees	(4)	(4)
Professional fees	(2)	–
Audit fees	(8)	(4)
	(14)	(8)
Total expenses*	(8,680)	(9,732)

*Including irrecoverable VAT where applicable.

5 INTEREST PAYABLE AND SIMILAR CHARGES

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

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	28,431	31,738
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(5,686)	(6,348)
Effects of:		
Revenue not subject to taxation	7,262	8,057
Excess expenses	(1,576)	(1,709)
Current tax charge for period (note 6a)	–	–

The fund has not recognised a deferred tax asset of £8,902,924 (2016: £7,326,970) arising as a result of having unutilised management expenses. The movement in deferred tax asset may not agree to the excess expenses figure quoted above due to prior year adjustments. It is unlikely that these expenses will be utilised in future years.

7 DISTRIBUTIONS

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

	2017 £000	2016 £000
Interim	16,436	19,703
Final	19,059	22,227
	35,495	41,930
Add: Revenue deducted on the cancellation of shares	1,584	348
Deduct: Revenue received on the creation of shares	(634)	(1,506)
Net distribution for the period	36,445	40,772
Net revenue after taxation	28,431	31,738
Annual management charge to capital	8,014	9,035
Undistributed revenue brought forward	1	–
Undistributed revenue carried forward	(1)	(1)
Total distributions	36,445	40,772

Details of the distribution per share are set out in the table on pages 24 to 25.

8 DEBTORS

	2017 £000	2016 £000
Amounts receivable for the issue of shares	4,411	2,286
Accrued revenue	7,519	9,697
Total debtors	11,930	11,983

9 OTHER CREDITORS

	2017 £000	2016 £000
Amounts payable for the cancellation of shares	(240)	(276)
Purchases awaiting settlement	–	(1,843)
Accrued expenses	(18)	(28)
Amounts payable to ACD	(729)	(800)
Total other creditors	(987)	(2,947)

10 DILUTION ADJUSTMENT

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

11 RELATED PARTY TRANSACTIONS

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

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

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

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

Threadneedle UK Equity Alpha Income Fund

Notes to the financial statements

(continued)

12 SHAREHOLDER FUNDS

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

Annual management charge

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

Registration fees

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

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on page 26. The distribution per share class is given in the distribution table on pages 24 to 25. All classes have the same rights on winding up.

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

Reconciliation of shares

	2017
Class 1 – Income shares	
Opening shares	172,645,151
Shares issued	4,248,290
Shares redeemed	(23,432,122)
Net conversions	(5,463,122)
Closing shares	<u>147,998,197</u>
Class 2 – Income shares	
Opening shares	883,036,374
Shares issued	45,016,946
Shares redeemed	(261,651,399)
Net conversions	(1,473,577)
Closing shares	<u>664,928,344</u>
Class X – Income shares	
Opening shares	3,000
Shares issued	–
Shares redeemed	–
Net conversions	–
Closing shares	<u>3,000</u>
Class Z – Income shares	
Opening shares	171,417,409
Shares issued	14,431,610
Shares redeemed	(18,053,090)
Net conversions	3,351,975
Closing shares	<u>171,147,904</u>

13 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 5.

Market price risk sensitivity

A 5% market increase applied to the fund would result in an increase on the net asset value of the fund by 4.78% and vice versa (2016: 5.08%).

Currency exposures

As at the balance sheet date there are no material assets denominated in currencies other than Sterling (2016: same).

Currency sensitivity

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

Credit/Counterparty exposure

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

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

Interest rate risk

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

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

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 30 April was:

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
Currency 2017	£000	£000	£000	£000
UK Sterling	18,820	–	828,396	847,216
Currency 2016	£000	£000	£000	£000
UK Sterling	6,478	–	913,093	919,571

	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
Currency 2017	£000	£000	£000	£000
UK Sterling	–	–	(20,046)	(20,046)
Currency 2016	£000	£000	£000	£000
UK Sterling	–	–	(25,174)	(25,174)

Interest rate risk sensitivity

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

14 FAIR VALUE DISCLOSURE

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

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

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

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

Valuation technique	2017		2016	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	816,466	–	901,110	–
	<u>816,466</u>	<u>–</u>	<u>901,110</u>	<u>–</u>

15 CONTINGENT LIABILITIES AND COMMITMENTS

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

16 PORTFOLIO TRANSACTION COSTS

2017

Purchases	Value	Commissions	Taxes		
	£000	£000	%	£000	%
Equities	120,308	141	0.12	565	0.47
Corporate actions	11,010	–	–	–	–
Total	131,318	141		565	
Gross purchases total:	132,024				

Threadneedle UK Equity Alpha Income Fund

Notes to the financial statements

(continued)

	Value	Commissions	Taxes		
Sales	£000	£000	%	£000	%
Equities	314,040	234	0.07	–	–
Total	314,040	234		–	

Total sales net of transaction costs: 313,806

Transaction costs as a percentage of average Net Assets

Commissions:	0.05%
Taxes:	0.07%

2016

	Value	Commissions	Taxes		
Purchases	£000	£000	%	£000	%
Equities	232,401	248	0.11	1,113	0.48
Corporate actions	4,689	–	–	–	–
Total	237,090	248		1,113	

Gross purchases total: 238,451

	Value	Commissions	Taxes		
Sales	£000	£000	%	£000	%
Equities	167,263	189	0.11	–	–
Corporate actions	820	–	–	–	–
Total	168,083	189		–	

Total sales net of transaction costs: 167,894

Transaction costs as a percentage of average Net Assets

Commissions:	0.05%
Taxes:	0.12%

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 0.10% (2016: 0.13%), being the difference between the respective buying and selling prices for the fund's investments.

Threadneedle UK Absolute Alpha Fund

Investment Report

Investment Objective

The investment objective of the UK Absolute Alpha Fund is to achieve an absolute return, irrespective of market conditions, over the long term and a positive return over a 12 month period. There is risk to capital, and there is no guarantee that such a return will be achieved within 12 months, or any other timescale.

Investment Policy

The ACD's investment policy is to principally invest in: equity securities, or equity related derivatives, of corporate issuers headquartered in the United Kingdom, (or corporate issuers who exercise a predominant part of their activity in the United Kingdom), fixed interest securities, cash, or money market instruments. If the ACD considers it desirable, the ACD may invest in securities and derivatives related to corporate issuers headquartered outside the United Kingdom. The Fund's exposure to any equities may be gained through long and short positions.

The ACD may take long and short positions through the use of derivatives and forward transactions. In addition in order to gain long exposure the ACD may invest in equities, collective investment schemes including exchange traded funds and/or related indices.

Performance of Accumulation Class 1 Shares*

Over the twelve months to 30 April 2017, the published share price of the Threadneedle UK Absolute Alpha Fund has risen from 135.61p to 135.74p.

For comparison, using noon prices, the performance of the Class 1 share class was +0.10% and +0.68% for the Class 2 share class compared to a return of +3.00% for the Morningstar UK Unit Trusts/OEICS – (IA) UK Absolute Return Peer Group (on a bid to bid basis, with income reinvested for a UK basic rate taxpayer).

For information purposes, the UK LIBOR 3 Month returned +0.42%.

Market Overview and Portfolio Activity

UK equities posted double-digit returns in a year which saw the country move towards leaving the EU. The referendum in June was initially followed by political and market uncertainty but this proved short-lived. Theresa May's swift appointment as the new prime minister aided the recovery. Overseas earners led the post-vote rally as sterling's slump was seen as beneficial for these stocks. The Bank of England (BoE)'s stimulus measures in August also proved supportive. In November, Donald Trump's unexpected victory led investors to favour cyclical over defensives.

However, this trade ebbed in 2017 as it became apparent that the path to implementing his growth-friendly policies would be far from smooth.

At the end of March, the focus returned to Brexit as Prime Minister May triggered Article 50. While this did not have much market impact – having already been largely priced in – the same could not be said about her unexpected call for a snap general election on 8 June. Sterling subsequently rallied as investors grew hopeful that an increased majority for the Conservatives could enable the government to achieve a favourable post-Brexit deal with the EU. Nevertheless, the currency still finished the review period lower.

Early post-referendum economic indicators were bleak but later readings surprised on the upside. However, the initial estimate of growth for Q1 2017 was disappointing and other recent indicators suggest consumer spending is losing momentum. Sterling's weakness has propelled inflation higher; the figure edged above the BoE's 2% target in February.

Notable additions in the long book included DS Smith; we expect the firm to retain its market leadership and look to broaden overseas opportunities. We added Unilever to the portfolio immediately after the company rejected a takeover bid from Kraft Heinz. Subsequently, Unilever's management announced a strategic review and also upgraded this year's operating margin guidance. Other new holdings included Elementis and John Wood Group. At chemicals firm Elementis, the new management team is firmly committed to reviving growth through a combination of internal improvements and product innovation. This ambition does not rely on a recovery in end markets but we are increasingly optimistic that both chromium and oilfield demand will begin to improve this year. We have a positive view on John Wood Group's valuation, the company's management and the planned takeover of Amec Foster Wheeler. We participated in the rights issues of Informa and Melrose Industries, which funded successful acquisitions of US firms.

We sold ARM Holdings, following the takeover by Japan's Softbank. Other major exits over the review period included Wolseley and BT. The former benefited from the improved sentiment following Donald Trump's election victory but we closed our position as we felt valuations were no longer attractive and that the stock's risk/reward profile seemed much less asymmetric than during the period of market weakness in October. In line with the fund managers' process, we sold BT following the profit warning in January and recycled proceeds into ideas where we had greater conviction.

The short book saw several new positions over the review period, notably in an oil major, a global mobile telecoms operator and a firm in the media sector. In the case of the first two, we have doubts over the long-term sustainability of dividends but do not feel these risks have been priced into the shares. We felt the media firm's shares are likely to de-rate. The company has built up a lot of debt in recent years through business acquisitions; this disparate array of assets has become increasingly complex to manage. The firm also faces new competitive threats in the form of consultancy and business strategy groups.

In the short book, we closed shorts in an airline company and a betting firm as we believed the scope for further share price declines was limited, and in a global bottling business as the position hit our stop loss. Other positions that were closed included those in a broadcasting company, a global recruitment firm and a cinema operator.

While the overall market environment is not changing materially, some headwinds may be growing more severe. Recently, we have seen "Trumponomics" trades lose some momentum, as we expected. Markets focusing on the short term and unjustified exuberance cannot replace the need to fix economies and increase productivity.

As the Federal Reserve normalises monetary policy, we expect US yields to trend higher and the spread between US and UK interest rates to widen. This will affect the value of sterling, but we do not believe the BoE will hike rates. However, we are seeing bubble-like behaviour – a record-low savings rate is coupled with rapidly growing consumer finance debt.

We feel that performance pressures across the active industry have led to shorter investment horizons and reduced tolerance for underperformance. This increased trading activity and volatility is undoubtedly creating more opportunities for those investors who are willing and able to focus on fundamentals and take a longer-term view. We therefore remain confident that 2017 will deliver a more normal outcome in terms of the relationship between returns and volatility.

Election Update

The commentary contains a market background with a snapshot of investor sentiment during the period under review. Although the UK election has since taken place, the result has no retroactive bearing on what investors were thinking prior to the vote.

STATEMENT OF TOTAL RETURN

for the accounting period 1 May 2016 to 30 April 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains	2	38,033	42,787
Revenue	3	17,429	14,669
Expenses	4	(8,260)	(14,132)
Interest payable and similar charges	5	(11,261)	(7,120)
Net expense before taxation		(2,092)	(6,583)
Taxation	6	–	(66)
Net expense after taxation		(2,092)	(6,649)
Total return before distributions		35,941	36,138
Distributions	7	(258)	(1,000)
Change in net assets attributable to shareholders from investment activities		35,683	35,138

BALANCE SHEET

as at 30 April 2017

	Notes	2017 £000	2016 £000
Assets:			
Fixed assets:			
Investments		471,120	506,044
Current assets:			
Debtors	8	6,294	16,688
Cash and bank balances	9	251,900	497,292
Total assets		729,314	1,020,024
Liabilities:			
Investment liabilities		(3,268)	(5,113)
Creditors:			
Distribution payable		–	(121)
Other creditors	10	(39,517)	(15,444)
Total liabilities		(42,785)	(20,678)
Net assets attributable to shareholders		686,529	999,346

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 1 May 2016 to 30 April 2017

	2017 £000	2016 £000
Opening net assets attributable to shareholders	999,346	379,187
Amounts receivable on the issue of shares	228,002	650,307
Amounts payable on the cancellation of shares	(577,253)	(66,740)
	(349,251)	583,567
Dilution adjustment	385	530
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	35,683	35,138
Retained distribution on accumulation shares	366	924
Closing net assets attributable to shareholders	686,529	999,346

DISTRIBUTION TABLE

for the accounting period 1 May 2016 to 30 April 2017

Dividend distribution in pence per share

Class 1 – Accumulation shares

There is no distribution for the accounting period 1 May 2016 to 30 April 2017, as expenses exceed revenue (2016: Nil).

Class 1 EUR Hedged – Accumulation shares*

There is no distribution for the accounting period 1 May 2016 to 30 April 2017, as expenses exceed revenue (2016: 0.1197).

Class 2 – Income shares

There is no distribution for the accounting period 1 May 2016 to 30 April 2017, as expenses exceed revenue (2016: Nil).

Class 2 – Accumulation shares

There is no distribution for the accounting period 1 May 2016 to 30 April 2017, as expenses exceed revenue (2016: Nil).

Class 2 EUR Hedged – Accumulation shares

There is no distribution for the accounting period 1 May 2016 to 30 April 2017, as expenses exceed revenue (2016: 0.0883).

*In pound Sterling and against UK peer group.

Threadneedle UK Absolute Alpha Fund

DISTRIBUTION TABLE

(continued)

Class X – Accumulation shares*

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2017	Revenue Accumulated 2016
Group 1				
01/05/16 to 30/04/17	0.7549	–	0.7549	0.3996
Group 2				
01/05/16 to 30/04/17	0.5626	0.1923	0.7549	0.3996
Total distributions in the period			0.7549	0.3996

Class Z – Income shares

There is no distribution for the accounting period 1 May 2016 to 30 April 2017, as expenses exceed revenue (2016: 0.1994).

Class Z – Accumulation shares

There is no distribution for the accounting period 1 May 2016 to 30 April 2017, as expenses exceed revenue (2016: 0.2104).

Class Z CHF Hedged – Accumulation shares*

There is no distribution for the accounting period 1 May 2016 to 30 April 2017, as expenses exceed revenue (2016: 0.1297).

Class Z EUR Hedged – Accumulation shares*

There is no distribution for the accounting period 1 May 2016 to 30 April 2017, as expenses exceed revenue (2016: 0.2597).

Class Z USD Hedged – Accumulation shares*

There is no distribution for the accounting period 1 May 2016 to 30 April 2017, as expenses exceed revenue (2016: 0.2107).

Group 2: shares purchased during a distribution period.

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

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

Threadneedle UK Absolute Alpha Fund

Comparative Table Disclosure

	Class 1 – Accumulation shares			Class 1 EUR Hedged – Accumulation shares	
	30/04/2017	30/04/2016	30/04/2015	30/04/2017	30/04/2016 ¹
Change in net assets per share					
Opening net asset value per share (p)	135.54	132.43	123.79	110.91	100.00
Return before operating charges (p)	2.29	5.30	10.74	10.34	12.72
Operating charges (p)	(2.16)	(2.19)	(2.10)	(1.88)	(1.81)
Return after operating charges (p)*	0.13	3.11	8.64	8.46	10.91
Distributions (p)	–	–	–	–	(0.12)
Retained distributions on accumulation shares (p)	–	–	–	–	0.12
Closing net asset value per share (p)	135.67	135.54	132.43	119.37	110.91
*after direct transaction costs of (p)	0.39	0.59	0.32	0.34	0.48
Performance					
Return after charges (%)	0.10	2.35	6.98	7.63	10.91
Other information					
Closing net asset value (£000)	20,954	38,005	28,970	16,262	41,270
Closing number of shares	15,444,784	28,039,213	21,875,058	13,623,761	37,209,977
Operating charges (%)**	1.63	1.62	1.64	1.62	1.64 ¹
Performance fee (%)	–	1.11	1.52	–	0.52
Direct transaction costs (%)***	0.29	0.44	0.24	0.29	0.44
Prices					
Highest share price (p)	137.31	138.25	134.07	125.12	116.13
Lowest share price (p)	129.09	132.01	123.90	108.49	99.55

	Class 2 – Income shares			Class 2 – Accumulation shares		
	30/04/2017	30/04/2016	30/04/2015 ²	30/04/2017	30/04/2016	30/04/2015
Change in net assets per share						
Opening net asset value per share (p)	105.87	102.70	100.00	138.57	134.78	125.42
Return before operating charges (p)	1.77	4.25	3.24	2.37	5.24	10.76
Operating charges (p)	(1.08)	(1.08)	(0.41)	(1.44)	(1.45)	(1.40)
Return after operating charges (p)*	0.69	3.17	2.83	0.93	3.79	9.36
Distributions (p)	–	–	(0.13)	–	–	–
Retained distributions on accumulation shares (p)	–	–	–	–	–	–
Closing net asset value per share (p)	106.56	105.87	102.70	139.50	138.57	134.78
*after direct transaction costs of (p)	0.30	0.46	0.10	0.40	0.61	0.33
Performance						
Return after charges (%)	0.65	3.09	2.83	0.67	2.81	7.46
Other information						
Closing net asset value (£000)	3	3	3	95,196	134,956	85,090
Closing number of shares	3,000	3,000	3,000	68,240,443	97,391,528	63,133,102
Operating charges (%)**	1.05	1.03	1.00 ¹	1.06	1.05	1.07
Performance fee (%)	–	0.96	0.54	–	1.20	1.51
Direct transaction costs (%)***	0.29	0.44	0.24	0.29	0.44	0.24
Prices						
Highest share price (p)	107.28	107.77	104.04	140.44	141.06	136.44
Lowest share price (p)	101.15	102.49	98.96	132.41	134.47	125.56

Threadneedle UK Absolute Alpha Fund

Comparative Table Disclosure

(continued)

	Class 2 EUR Hedged – Accumulation shares			Class X – Accumulation shares	
	30/04/2017	30/04/2016	30/04/2015	30/04/2017	30/04/2016 ³
Change in net assets per share					
Opening net asset value per share (p)	120.15	109.53	116.02	100.03	100.00
Return before operating charges (p)	11.28	11.83	(5.29)	1.53	0.05
Operating charges (p)	(1.34)	(1.21)	(1.20)	(0.06)	(0.02)
Return after operating charges (p)*	9.94	10.62	(6.49)	1.47	0.03
Distributions (p)	–	(0.09)	–	(0.75)	(0.40)
Retained distributions on accumulation shares (p)	–	0.09	–	0.75	0.40
Closing net asset value per share (p)	130.09	120.15	109.53	101.50	100.03
*after direct transaction costs of (p)	0.37	0.51	0.29	0.29	0.43
Performance					
Return after charges (%)	8.27	9.70	(5.59)	1.47	0.03
Other information					
Closing net asset value (£000)	135,089	371,387	109,901	49,162	3
Closing number of shares	103,842,844	309,103,768	100,340,175	48,436,200	3,000
Operating charges (%)**	1.06	1.05	1.06	0.06	0.02 ¹
Performance fee (%)	–	1.03	1.36	–	–
Direct transaction costs (%)***	0.29	0.44	0.24	0.29	0.44
Prices					
Highest share price (p)	135.88	125.75	117.47	101.59	100.82
Lowest share price (p)	117.62	106.77	106.47	96.08	99.83

	Class Z – Income shares			Class Z – Accumulation shares		
	30/04/2017	30/04/2016	30/04/2015 ⁴	30/04/2017	30/04/2016	30/04/2015
Change in net assets per share						
Opening net asset value per share (p)	105.09	102.20	100.00	123.18	119.65	111.52
Return before operating charges (p)	1.80	4.00	2.87	2.10	4.60	9.16
Operating charges (p)	(0.91)	(0.91)	(0.35)	(1.06)	(1.07)	(1.03)
Return after operating charges (p)*	0.89	3.09	2.52	1.04	3.53	8.13
Distributions (p)	–	(0.20)	(0.32)	–	(0.21)	(0.13)
Retained distributions on accumulation shares (p)	–	–	–	–	0.21	0.13
Closing net asset value per share (p)	105.98	105.09	102.20	124.22	123.18	119.65
*after direct transaction costs of (p)	0.30	0.46	0.10	0.35	0.54	0.29
Performance						
Return after charges (%)	0.85	3.02	2.52	0.84	2.95	7.29
Other information						
Closing net asset value (£000)	57,997	63,832	17,752	296,436	323,935	137,471
Closing number of shares	54,723,180	60,739,726	17,369,667	238,637,618	262,986,098	114,893,293
Operating charges (%)**	0.88	0.87	0.86 ¹	0.88	0.87	0.88
Performance fee (%)	–	1.12	0.75	–	1.17	1.86
Direct transaction costs (%)***	0.29	0.44	0.24	0.29	0.44	0.24
Prices						
Highest share price (p)	106.52	107.12	103.73	124.85	125.32	121.08
Lowest share price (p)	100.51	101.99	98.96	117.81	119.37	111.65

Threadneedle UK Absolute Alpha Fund

Comparative Table Disclosure

(continued)

	Class Z CHF Hedged – Accumulation shares		Class Z EUR Hedged – Accumulation shares	
	30/04/2017	30/04/2016 ⁵	30/04/2017	30/04/2016 ⁶
Change in net assets per share				
Opening net asset value per share (p)	105.81	100.00	106.45	100.00
Return before operating charges (p)	10.87	6.72	10.03	7.39
Operating charges (p)	(1.27)	(0.91)	(0.99)	(0.94)
Return after operating charges (p)*	9.60	5.81	9.04	6.45
Distributions (p)	–	(0.13)	–	(0.26)
Retained distributions on accumulation shares (p)	–	0.13	–	0.26
Closing net asset value per share (p)	115.41	105.81	115.49	106.45
*after direct transaction costs of (p)	0.42	0.45	0.33	0.46
Performance				
Return after charges (%)	9.07	5.81	8.49	6.45
Other information				
Closing net asset value (£000)	396	7,480	12,585	15,789
Closing number of shares	342,397	7,069,856	10,896,822	14,832,227
Operating charges (%)**	0.87	0.88 [†]	0.88	0.89 [†]
Performance fee (%)	–	0.67	–	0.37
Direct transaction costs (%)***	0.29	0.44	0.29	0.44
Prices				
Highest share price (p)	119.74	111.55	120.50	111.40
Lowest share price (p)	102.82	96.82	104.24	96.18
Class Z USD Hedged – Accumulation shares				
	30/04/2017	30/04/2016 ⁷		
Change in net assets per share				
Opening net asset value per share (p)	105.20	100.00		
Return before operating charges (p)	16.70	6.13		
Operating charges (p)	(1.03)	(0.93)		
Return after operating charges (p)*	15.67	5.20		
Distributions (p)	–	(0.21)		
Retained distributions on accumulation shares (p)	–	0.21		
Closing net asset value per share (p)	120.87	105.20		
*after direct transaction costs of (p)	0.34	0.47		
Performance				
Return after charges (%)	14.90	5.20		
Other information				
Closing net asset value (£000)	2,449	2,686		
Closing number of shares	2,026,405	2,553,384		
Operating charges (%)**	0.88	0.88 [†]		
Performance fee (%)	–	0.60		
Direct transaction costs (%)***	0.29	0.44		
Prices				
Highest share price (p)	127.30	111.42		
Lowest share price (p)	103.42	97.81		

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

**The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share class of a fund based on the financial year's expenses and may vary from year to year. It includes charges such as the fund's annual management charge, registration fee, custody fees and distribution cost but ordinarily excludes the costs of buying or selling assets for the fund (unless these assets are shares of another fund). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit columbiathreadneedle.com/fees.

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

¹Class 1 EUR Hedged – Accumulation shares commenced 1 July 2015.

²Class 2 – Income shares commenced 3 December 2014.

³Class X – Accumulation shares commenced 16 March 2016.

⁴Class Z – Income shares commenced 3 December 2014.

⁵Class Z CHF Hedged – Accumulation shares commenced 30 September 2015.

⁶Class Z EUR Hedged – Accumulation shares commenced 30 September 2015.

⁷Class Z USD Hedged – Accumulation shares commenced 30 September 2015.

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

Threadneedle UK Absolute Alpha Fund

Notes to the financial statements

for the accounting period 1 May 2016 to 30 April 2017

1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 4 and 5.

2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2017	2016
	£000	£000
Non-derivative securities	53,051	1,355
Derivative contracts	(57,983)	18,905
Forward currency contracts	42,988	22,514
Other (losses)/gains	(19)	14
Transaction costs	(4)	(1)
Net capital gains	38,033	42,787

3 REVENUE

	2017	2016
	£000	£000
UK dividends	14,979	11,496
Overseas dividends	12	440
Interest on debt securities	215	–
Interest on short term investments	397	1,001
Derivative revenue	1,762	1,669
Bank interest	37	63
Underwriting commission	27	–
Total revenue	17,429	14,669

4 EXPENSES

	2017	2016
	£000	£000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(7,399)	(6,177)
Performance fees*	(104)	(7,387)
Registration fees	(624)	(475)
	(8,127)	(14,039)
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depositary's fees	(88)	(64)
Safe custody fees	(22)	(15)
	(110)	(79)
Other expenses:		
Regulatory fees	(5)	(4)
Audit fees	(18)	(10)
	(23)	(14)
Total expenses**	(8,260)	(14,132)

*The ACD is entitled to receive a performance fee for each shareclass in the event of the NAV per share of the shareclass outperforming the 3 Month LIBOR (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 the 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. 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: £9,145,337).

**Including irrecoverable VAT where applicable.

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2017	2016
	£000	£000
Dividends payable on short positions	(3,804)	(1,347)
Interest payable	(1)	(1)
Derivative expense	(7,456)	(5,772)
Total interest payable & similar charges	(11,261)	(7,120)

6 TAXATION

	2017	2016
	£000	£000
a) Analysis of charge in period		
Overseas taxes	–	(66)
Total current tax (note 6b)	–	(66)
Total tax charge for the period	–	(66)

b) Factors affecting taxation charge for period

Net expense before taxation	(2,092)	(6,583)
Net expense before taxation multiplied by the standard rate of corporation tax of 20%	418	1,317
Effects of:		
Revenue not subject to taxation	2,981	2,386
Overseas taxes	–	(66)
Excess expenses	(3,399)	(3,703)
Current tax charge for period (note 6a)	–	(66)

The fund has not recognised a deferred tax asset of £10,357,852 (2016: £6,958,414) arising as a result of having unutilised management expenses. The movement in deferred tax asset may not agree to the excess expenses figure quoted above due to prior year adjustments. It is unlikely that these expenses will be utilised in future years.

7 DISTRIBUTIONS

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

	2017	2016
	£000	£000
Final	366	1,045
	366	1,045
Add: Revenue deducted on the cancellation of shares	4	1
Deduct: Revenue received on the creation of shares	(112)	(46)
Net distribution for the period	258	1,000
Net expense after taxation	(2,092)	(6,649)
Performance fee charged to capital	104	7,387
Shortfall transfer from capital to revenue	2,246	262
Total distributions	258	1,000

Details of the distribution per share and any share class with a shortfall are set out in the table on pages 30 to 31.

8 DEBTORS

	2017	2016
	£000	£000
Amounts receivable for the issue of shares	452	10,960
Sales awaiting settlement	2,194	–
Accrued revenue	3,593	5,678
Foreign withholding tax recoverable	54	50
Total debtors	6,294	16,688

9 CASH AND BANK BALANCES

	2017	2016
	£000	£000
Amounts held at futures clearing houses and brokers	14,065	28,838
Cash and bank balances	237,835	468,454
Total cash and bank balances	251,900	497,292

Threadneedle UK Absolute Alpha Fund

Notes to the financial statements

(continued)

10 OTHER CREDITORS

	2017	2016
	£000	£000
Amounts payable for the cancellation of shares	(575)	(703)
Purchases awaiting settlement	(37,845)	(13,474)
Accrued expenses	(488)	(454)
Amounts payable to ACD	(505)	(813)
Accrued performance fee	(104)	–
Total other creditors	<u>(39,517)</u>	<u>(15,444)</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.

13 SHAREHOLDER FUNDS

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

Annual management charge

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

Registration fees

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

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 32 to 34. The distribution per share class is given in the distribution table on pages 30 to 31.

All classes have the same rights on winding up.

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

Reconciliation of shares

	2017
Class 1 – Accumulation shares	
Opening shares	28,039,213
Shares issued	796,544
Shares redeemed	(13,245,262)
Net conversions	(145,711)
Closing shares	<u>15,444,784</u>
Class 1 EUR Hedged – Accumulation shares	
Opening shares	37,209,977
Shares issued	24,266,829
Shares redeemed	(47,853,045)
Net conversions	–
Closing shares	<u>13,623,761</u>

Class 2 – Income shares	2017
Opening shares	3,000
Shares issued	271,784
Shares redeemed	(271,784)
Net conversions	–
Closing shares	<u>3,000</u>
Class 2 – Accumulation shares	
Opening shares	97,391,528
Shares issued	12,942,032
Shares redeemed	(41,860,872)
Net conversions	(232,245)
Closing shares	<u>68,240,443</u>
Class 2 EUR Hedged – Accumulation shares	
Opening shares	309,103,768
Shares issued	50,179,639
Shares redeemed	(255,334,158)
Net conversions	(106,405)
Closing shares	<u>103,842,844</u>
Class X – Accumulation shares	
Opening shares	3,000
Shares issued	48,947,876
Shares redeemed	(514,676)
Net conversions	–
Closing shares	<u>48,436,200</u>
Class Z – Income shares	
Opening shares	60,739,726
Shares issued	16,087,224
Shares redeemed	(22,174,413)
Net conversions	70,643
Closing shares	<u>54,723,180</u>
Class Z – Accumulation shares	
Opening shares	262,986,098
Shares issued	40,690,017
Shares redeemed	(65,519,045)
Net conversions	480,548
Closing shares	<u>238,637,618</u>
Class Z CHF Hedged – Accumulation shares	
Opening shares	7,069,856
Shares issued	226,311
Shares redeemed	(6,953,770)
Net conversions	–
Closing shares	<u>342,397</u>
Class Z EUR Hedged – Accumulation shares	
Opening shares	14,832,227
Shares issued	2,971,155
Shares redeemed	(6,906,560)
Net conversions	–
Closing shares	<u>10,896,822</u>
Class Z USD Hedged – Accumulation shares	
Opening shares	2,553,384
Shares issued	1,168,209
Shares redeemed	(1,695,188)
Net conversions	–
Closing shares	<u>2,026,405</u>

14 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 5.

Threadneedle UK Absolute Alpha Fund

Notes to the financial statements

(continued)

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 10.0% 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 3.5% (2016: 2.7%). This means that there is estimated to be a 1% chance that the fund could lose more than 3.5% (2016: 2.7%) of its value in a month.

At 30 April, 2017 the VaR utilisation was 35% (2016: 26%) (actual VaR/VaR limit). During the year ended 30 April, 2017 the lowest VaR utilisation was 15% (2016: 25%), the highest VaR utilisation was 53% (2016: 95%) and the average utilisation was 34% (2016: 38%).

Currency exposures

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

	Monetary exposures	Non-monetary exposures	Total
	£000	£000	£000
Currency 2017			
Euro	(23)	163,384	163,361
Swiss Franc	3	394	397
US Dollar	308	2,421	2,729
Currency 2016			
Euro	735	429,233	429,968
Swiss Franc	(22)	7,529	7,507
US Dollar	90	2,693	2,783

Currency sensitivity analysis

The only material currency exposure of the fund is to the Euro. A movement of 7.75% (2016: 6.74%) in this currency (equivalent to the movement in the year) would result in a change in the fund value of 1.84% (2016: 2.90%).

Credit/Counterparty exposure

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

2017	Counterparty	Futures Exposure	Forward Exchange Exposure	Foreign Contracts Exposure	Portfolio Swaps Exposure	Collateral Pledged
	JP Morgan	–	–	–	–	6,600
	UBS	1,459	–	–	–	3,100
2016	Counterparty	Futures Exposure	Forward Exchange Exposure	Foreign Contracts Exposure	Portfolio Swaps Exposure	Collateral Pledged
	J.P. Morgan	–	–	1,389	–	9,150
	UBS	–	–	–	1,988	–

The fund did not hold any collateral received from the fund's counterparties in the current year (2016: £710,000). The collateral held was in the form of cash. Collateral received is not owned by the fund and therefore is not included in the fund's cash balance.

Positive exposure represents the fund's exposure to that counterparty and not the fund's holdings with that counterparty.

Interest rate risk

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

As part of the fund strategy, the fund manager is permitted to short sell in accordance with the investment restrictions to obtain leverage. To achieve this, the fund has entered into a portfolio swap throughout this accounting period, whereby the total return of a basket of securities, including capital appreciation or depreciation, has been received in exchange for a series of periodic cash flows calculated by reference to financing costs, stock loan fees and interest in

respect of short positions. The swap is subject to a monthly reset process, thereby crystallising returns and risk exposure each month. The use of short selling strategies increases the risk profile of the fund, and may result in a higher degree of volatility than a fund that does not employ short exposure. Any such positions entered into are regularly reviewed by the fund manager.

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 30 April was:

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
	£000	£000	£000	£000
Currency 2017				
Euro	1	–	164,047	164,048
Swiss Franc	3	–	394	397
UK Sterling	251,896	88,184	389,065	729,145
US Dollar	1	–	2,728	2,729
Currency 2016				
Euro	2	–	436,396	436,398
Swiss Franc	–	–	7,541	7,541
UK Sterling	497,332	–	520,273	1,017,605
US Dollar	–	–	2,937	2,937
	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
	£000	£000	£000	£000
Currency 2017				
Euro	–	–	(687)	(687)
UK Sterling	–	–	(209,103)	(209,103)
Currency 2016				
Euro	–	–	(6,430)	(6,430)
Swiss Franc	–	–	(34)	(34)
UK Sterling	–	–	(458,517)	(458,517)
US Dollar	–	–	(154)	(154)

Interest rate risk sensitivity

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

Derivatives including forward foreign exchange contracts, futures and portfolio 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.

At 30 April 2017, the fund had outstanding forward foreign exchange contracts, futures and portfolio swaps with an asset value of £1,459,000 (2016: £3,400,000) and a liability value of £3,268,000 (2016: £1,481,000).

15 FAIR VALUE DISCLOSURE

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

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

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

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

Threadneedle UK Absolute Alpha Fund

Notes to the financial statements

(continued)

Valuation technique	2017		2016	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	471,120	–	502,644	(5,090)
Level 2	–	(3,268)	–	–
Level 3	–	–	3,400	(23)
	<u>471,120</u>	<u>(3,268)</u>	<u>506,044</u>	<u>(5,113)</u>

Included within Level 1 are debt securities of £88,184,000 (2016: £Nil). The valuation of some highly liquid exchange-traded debt securities (G7 sovereign debt, supranational debt or certain corporate bonds) is sufficiently close to a binding quoted price to categorise at this level.

16 CONTINGENT LIABILITIES AND COMMITMENTS

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

17 PORTFOLIO TRANSACTION COSTS

2017

Purchases	Value	Commissions		Taxes	
	£000	£000	%	£000	%
Bonds	1,109,685	–	–	–	–
Equities	341,455	314	0.09	1,630	0.48
Corporate actions	2,721	–	–	–	–
Total	1,453,861	314		1,630	

Gross purchases total: 1,455,805

Sales	Value	Commissions		Taxes	
	£000	£000	%	£000	%
Bonds	1,021,701	–	–	–	–
Equities	513,240	441	0.09	–	–
Corporate actions	7,663	–	–	–	–
Total	1,542,604	441		–	

Total sales net of transaction costs: 1,542,163

Transaction costs as a percentage of average Net Assets

Commissions: 0.09%
Taxes: 0.20%

Commissions
£000

Futures 29

2016

Purchases	Value	Commissions		Taxes	
	£000	£000	%	£000	%
Equities	491,206	511	0.10	2,255	0.46
Total	491,206	511		2,255	

Gross purchases total: 493,972

Sales	Value	Commissions		Taxes	
	£000	£000	%	£000	%
Equities	153,429	184	0.12	–	0.00
Corporate actions	4,795	–	0.00	–	0.00
Total	158,224	184		–	

Total sales net of transaction costs: 158,040

Transaction costs as a percentage of average Net Assets

Commissions: 0.10%
Taxes: 0.34%

Commissions
£000

Futures 24

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

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

Direct transaction costs: Broker commissions, fees and taxes.

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

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

At the balance sheet date, the portfolio dealing spread was 0.11% (2016: 0.14%), being the difference between the respective buying and selling prices for the fund's investments.

Threadneedle Absolute Return Bond Fund

Investment Report

Investment Objective

The investment objective of the Absolute Return Bond Fund is to achieve a total positive return over a 12 month period in all market conditions. There is a risk to capital, and there is no guarantee that such a return will be achieved within 12 months, or any other timescale.

Investment Policy

The ACD's investment policy is to invest the assets of the Fund so as to gain exposure to global bond and currency markets. The ACD will invest primarily in derivatives, cash and near cash, fixed interest securities, index linked securities, money market instruments and deposits. At times the portfolio may be concentrated in any one or a combination of such assets. The ACD may take long and short positions through derivatives in such issues.

Performance of Accumulation Class 1 Shares*

Over the twelve months to 30 April 2017, the published share price of the Threadneedle Absolute Return Bond Fund has fallen from 60.49p to 57.07p.

Using noon prices, the performance of the Class 1 share class was -5.65% and -5.05% for the Class 2 share class compared to a return of +3.00% for the Morningstar UK Unit Trusts/OEICs – (IA) Absolute Return Peer Group (on a bid to bid basis, with income reinvested for a UK basic rate taxpayer).

For information purposes, the LIBOR 3 Month Deposit Rate returned +0.42%.

Market Overview and Portfolio Activity

There were several regime changes in the review period, with central banks appearing to retreat from the dogma of flatter yield curves and negative interest rates. The rise of populism manifested itself most clearly in the UK's vote to exit the EU and Donald Trump's election as US president. However, populist parties suffered in elections in the Netherlands and France.

Trump's election led to a widespread bond-market correction amid expectations that his politics would push up inflation and the fiscal

deficit. This accelerated following OPEC's November announcement that it would cut output and after the Federal Reserve's December meeting. The 25 basis-point rate hike at this meeting was fully expected but policymakers' projections of three rate hikes in 2017, as opposed to two, were unexpected and less palatable to investors. By contrast, the first hike of 2017 – in March – was followed by a bond market rally as Chair Yellen reiterated that the US Federal Reserve would proceed slowly with future hikes. The end of the year saw the "Trumpflation" trade ebb as it became apparent Trump's policies lacked detail.

Other major developed-world central banks eased policy over the period. The Bank of England expanded its stimulus, cut rates and introduced a cheaper bank funding scheme in anticipation of a growth slowdown in the aftermath of the Brexit referendum. The Bank of Japan (BoJ) moved from targeting the quantity of money to the price of it, by committing to keep medium-term bond yields around 0% to steepen the yield curve. The BoJ also committed to overshoot the inflation target to raise inflation expectations.

The European Central Bank (ECB) held fire in the wake of the Brexit vote. However, in late 2016, the central bank extended its bond-buying scheme until at least December 2017, albeit at a reduced monthly rate from April. In early 2017, worries over populism in Europe pressured peripheral and French bonds. These fears were eased by the defeat of the eurosceptic Freedom Party in the Dutch elections in March and later, by growing confidence that the next French president would be a Europhile. This benefited periphery bonds although Italian bonds remained under pressure amid concerns over the country's banks.

Within rates, in the first half of the period, we broadly positioned for a flatter yield curve in the US, given subdued inflation around the world. Towards the end of 2016, we moved to a long position, due to our lack of conviction that fiscal stimulus could sustainably end the secular forces affecting inflation. In 2017, we held a broadly steepening bias to core government bond curves given the slow withdrawal of policy stimulus in an inflationary environment and the shift to shorter maturity bonds in the ECB purchase programme. We maintained short positions on Italian debt throughout the second half of the period to reflect the reduced support from the ECB and residual political risk there. Select emerging markets

local rates continued to offer value where central banks had room to ease policy that had previously been tightened to offset currency weakness.

Within currency strategies, we increased exposure to US dollars over the first half of the year, as the market pricing of the Fed's intentions remained too benign relative to our expectations. Ahead of the US election, we closed the exposure to the Mexican peso due to the tail risk impact of a Trump victory. At the end of 2016, our long exposure to the US dollar was largely expressed against the Chinese renminbi and New Zealand dollar. As "Trumponomics" hopes faded in early 2017, we reduced our long dollar bias and moved to a long euro position to reflect the improving fundamentals and what we viewed as overblown political risk.

One of the major unknowns over the coming quarters will be the extent to which President Trump can deliver on his campaign promises of infrastructure spending, tax reform and trade protection. Full delivery of these promises on an economy that is already close to full employment may be inflationary and could influence the US Federal plans to normalise policy. However, the ineffectual leadership displayed so far, and the diffuse nature of Republican aims, suggests that there could be some policy disappointments; consequently the dollar's path in 2017 is uncertain.

In Europe, the story appears more clear-cut, with a steadily improving economy and the potential for a paring back of policy support from the ECB at some stage this year. Given the rapid reduction in economic slack in the eurozone, we feel more confident of the prospects for the single currency, providing political risks pass without incident. The likely tapering of quantitative easing from the ECB as well as a start to the Fed's balance sheet runoff are likely to insert some term premium back into bond markets and support our view of steeper yield curves, particularly in the eurozone.

Election Update

The commentary contains a market background with a snapshot of investor sentiment during the period under review. Although the UK election has since taken place, the result has no retroactive bearing on what investors were thinking prior to the vote.

STATEMENT OF TOTAL RETURN

for the accounting period 1 May 2016 to 30 April 2017

	Notes	2017 £000	2016 £000
Income			
Net capital losses	2	(6,458)	(13,576)
Revenue	3	2,042	3,186
Expenses	4	(942)	(2,214)
Interest payable and similar charges	5	(759)	(2,616)
Net revenue/(expense) before taxation		341	(1,644)
Taxation	6	–	–
Net revenue/(expense) after taxation		341	(1,644)
Total return before distributions		(6,117)	(15,220)
Distributions	7	(375)	–
Change in net assets attributable to shareholders from investment activities		(6,492)	(15,220)

BALANCE SHEET

as at 30 April 2017

	Notes	2017 £000	2016 £000
Assets:			
Fixed assets:			
Investments		41,597	149,437
Current assets:			
Debtors	8	461	2,053
Cash and bank balances	9	2,795	35,190
Total assets		44,853	186,680
Liabilities:			
Investment liabilities		(636)	(4,162)
Creditors:			
Bank overdrafts	9	(135)	(341)
Other creditors	10	(184)	(796)
Total liabilities		(955)	(5,299)
Net assets attributable to shareholders		43,898	181,381

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 1 May 2016 to 30 April 2017

	2017 £000	2016 £000
Opening net assets attributable to shareholders	181,381	234,423
Amounts receivable on the issue of shares	9,833	60,016
Amounts payable on the cancellation of shares	(141,018)	(97,894)
	(131,185)	(37,878)
Dilution adjustment	60	56
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	(6,492)	(15,220)
Retained distribution on accumulation shares	134	–
Closing net assets attributable to shareholders	43,898	181,381

DISTRIBUTION TABLE

for the accounting period 1 May 2016 to 30 April 2017

Interest distribution in pence per share

Class 1 – Accumulation shares[†]

There is no distribution for the accounting period 1 May 2016 to 30 April 2017, as expenses exceed revenue (2016: Nil).

Class 1 EUR Hedged – Accumulation shares**

There is no distribution for the accounting period 1 May 2016 to 30 April 2017, as expenses exceed revenue (2016: Nil).

Class 1 – Gross accumulation shares

There is no distribution for the accounting period 1 May 2016 to 30 April 2017, as expenses exceed revenue (2016: Nil).

Class 1 EUR Hedged – Gross accumulation shares*

There is no distribution for the accounting period 1 May 2016 to 30 April 2017, as expenses exceed revenue (2016: Nil).

Class 1 USD Hedged – Gross accumulation shares*

There is no distribution for the accounting period 1 May 2016 to 30 April 2017, as expenses exceed revenue (2016: Nil).

*In pound Sterling and against UK peer group.

Threadneedle Absolute Return Bond Fund

DISTRIBUTION TABLE

(continued)

Class 2 – Accumulation shares[†]

Distribution Period	Gross Revenue	Equalisation	Revenue Accumulated 2017	Revenue Accumulated 2016
Group 1 01/05/16 to 30/04/17	0.3729	–	0.3729	–
Group 2 01/05/16 to 30/04/17	0.2548	0.1181	0.3729	–
Total distributions in the period			0.3729	–

Class 2 – Gross accumulation shares

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2017	Gross Revenue Accumulated 2016
Group 1 01/05/16 to 30/04/17	0.3752	–	0.3752	–
Group 2 01/05/16 to 30/04/17	0.1607	0.2145	0.3752	–
Total distributions in the period			0.3752	–

Class 2 EUR Hedged – Gross accumulation shares*

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2017	Gross Revenue Accumulated 2016
Group 1 01/05/16 to 30/04/17	0.6070	–	0.6070	0.0380
Group 2 01/05/16 to 30/04/17	0.6070	–	0.6070	0.0380
Total distributions in the period			0.6070	0.0380

Class X – Gross accumulation shares

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2017	Gross Revenue Accumulated 2016
Group 1 01/05/16 to 30/04/17	1.2435	–	1.2435	0.2869
Group 2 01/05/16 to 30/04/17	1.2435	–	1.2435	0.2869
Total distributions in the period			1.2435	0.2869

Group 2: shares purchased during a distribution period.

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

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

[†]Distributions paid before 6 April 2017 have been paid net.

Threadneedle Absolute Return Bond Fund

Comparative Table Disclosure

(continued)

	Class 1 USD Hedged – Gross accumulation shares [§]			Class 2 – Accumulation shares		
	30/04/2017	30/04/2016 ³		30/04/2017	30/04/2016	30/04/2015
Change in net assets per share						
Opening net asset value per share (p)	95.00	100.00		64.25	68.61	66.14
Return before operating charges (p)	8.06	(4.76)		(2.78)	(3.89)	2.95
Operating charges (p)	(1.36)	(0.24)		(0.44)	(0.47)	(0.48)
Return after operating charges (p)*	6.70	(5.00)		(3.22)	(4.36)	2.47
Distributions (p)	–	–		(0.37)	–	–
Retained distributions on accumulation shares (p)**	–	–		0.37	–	–
Closing net asset value per share (p)	101.70	95.00		61.03	64.25	68.61
*after direct transaction costs of (p)	–	–		–	–	–
Performance						
Return after charges (%)	7.05	(5.00)		(5.01)	(6.35)	3.73
Other information						
Closing net asset value (£000)	10	10		17,932	40,212	42,450
Closing number of shares	10,000	10,000		29,384,069	62,586,519	61,873,221
Operating charges (%)**	1.31	1.38 [†]		0.71	0.71	0.72
Direct transaction costs (%)**	–	–		–	–	–
Prices						
Highest share price (p)	111.14	100.48		64.85	70.69	68.68
Lowest share price (p)	90.52	95.10		60.82	62.60	61.15
	Class 2 – Gross accumulation shares [§]			Class 2 EUR Hedged – Gross accumulation shares [§]		
	30/04/2017	30/04/2016	30/04/2015	30/04/2017	30/04/2016 ⁴	
Change in net assets per share						
Opening net asset value per share (p)	66.50	71.01	68.46	98.67	100.00	
Return before operating charges (p)	(2.89)	(4.02)	3.05	2.58	(1.21)	
Operating charges (p)	(0.46)	(0.49)	(0.50)	(0.72)	(0.12)	
Return after operating charges (p)*	(3.35)	(4.51)	2.55	1.86	(1.33)	
Distributions (p)	(0.38)	–	–	(0.61)	(0.04)	
Retained distributions on accumulation shares (p)**	0.38	–	–	0.61	0.04	
Closing net asset value per share (p)	63.15	66.50	71.01	100.53	98.67	
*after direct transaction costs of (p)	–	–	–	–	–	
Performance						
Return after charges (%)	(5.04)	(6.35)	3.72	1.89	(1.33)	
Other information						
Closing net asset value (£000)	4,034	70,599	68,607	10	10	
Closing number of shares	6,387,577	106,168,549	96,616,552	10,000	10,000	
Operating charges (%)**	0.71	0.71	0.72	0.70	0.70 [†]	
Direct transaction costs (%)**	–	–	–	–	–	
Prices						
Highest share price (p)	67.12	73.16	71.08	110.84	103.03	
Lowest share price (p)	62.95	64.79	63.29	94.06	98.03	

Threadneedle Absolute Return Bond Fund

Comparative Table Disclosure

(continued)

	Class X – Gross accumulation shares ⁶		
	30/04/2017	30/04/2016	30/04/2015
Change in net assets per share			
Opening net asset value per share (p)	103.07	109.33	104.70
Return before operating charges (p)	(4.50)	(6.24)	4.65
Operating charges (p)	(0.04)	(0.02)	(0.02)
Return after operating charges (p)*	(4.54)	(6.26)	4.63
Distributions (p)	(1.24)	(0.29)	–
Retained distributions on accumulation shares (p)**	1.24	0.29	–
Closing net asset value per share (p)	98.53	103.07	109.33
*after direct transaction costs of (p)	–	–	–
Performance			
Return after charges (%)	(4.40)	(5.73)	4.42
Other information			
Closing net asset value (£000)	3	3	3
Closing number of shares	3,001	3,001	3,001
Operating charges (%)***	0.04	0.02	0.02
Direct transaction costs (%)****	–	–	–
Prices			
Highest share price (p)	104.05	112.71	109.44
Lowest share price (p)	98.20	100.28	96.82

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

**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 EUR Hedged – Accumulation shares commenced 24 February 2016.

²Class 1 EUR Hedged – Gross accumulation shares commenced 24 February 2016.

³Class 1 USD Hedged – Gross accumulation shares commenced 24 February 2016.

⁴Class 2 EUR Hedged – Gross accumulation shares commenced 24 February 2016.

⁶The Ongoing Charges Figure is annualised based on the fees incurred since commencement date.

Threadneedle Absolute Return Bond Fund

Notes to the financial statements

for the accounting period 1 May 2016 to 30 April 2017

1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 4 and 5.

2 NET CAPITAL LOSSES

Net capital losses during the period comprise:

	2017 £000	2016 £000
Non-derivative securities	5,805	2,077
Derivative contracts	(1,266)	2,664
Forward currency contracts	(12,110)	(14,083)
Other gains/(losses)	1,113	(4,233)
Transaction costs	–	(1)
Net capital losses	(6,458)	(13,576)

3 REVENUE

	2017 £000	2016 £000
Interest on debt securities	2,015	3,072
Interest on short term investments	8	44
Bank interest	19	70
Total revenue	2,042	3,186

4 EXPENSES

	2017 £000	2016 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(833)	(2,013)
Registration fees	(61)	(152)
	(894)	(2,165)
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depositary's fees	(11)	(21)
Safe custody fees	(13)	(19)
	(24)	(40)
Other expenses:		
Regulatory fees	(5)	(4)
Professional fees	(2)	–
Audit fees	(17)	(5)
	(24)	(9)
Total expenses*	(942)	(2,214)

*Including irrecoverable VAT where applicable.

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £000	2016 £000
Interest payable	(7)	(10)
Derivative expense	(752)	(2,606)
Total interest payable & similar charges	(759)	(2,616)

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/(expense) before taxation	341	(1,644)
Net revenue/(expense) before taxation multiplied by the standard rate of corporation tax of 20%	(68)	329
Effects of:		
Excess expenses	68	(329)
Current tax charge for period (note 6a)	–	–

The fund has not recognised a deferred tax asset of £1,050,346 (2016: £1,118,000) arising as a result of having unutilised management expenses. The movement in deferred tax asset may not agree to the excess expenses figure quoted above due to prior year adjustments. It is unlikely that these expenses will be utilised in future years.

Interest distributions have been made in respect of all distributions during the period. Income tax at 20% on net share classes paid prior to 6 April 2017 will be accounted for on shareholders' behalf to HM Revenue & Customs.

7 DISTRIBUTIONS

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

	2017 £000	2016 £000
Final	134	–
	134	–
Add: Revenue deducted on the cancellation of shares*	266	–
Deduct: Revenue received on the creation of shares*	(25)	–
Net distribution for the period	375	–
Net revenue/(expense) after taxation	341	(1,644)
Equalisation on conversion	1	–
Shortfall transfer from capital to revenue	33	1,644
Total distributions	375	–

Details of the distribution per share and any share class with a shortfall are set out in the table on pages 39 to 40.

*Equalisation was introduced with effect from 1 May 2016.

8 DEBTORS

	2017 £000	2016 £000
Amounts receivable for the issue of shares	3	47
Accrued revenue	455	2,006
United Kingdom income tax recoverable	3	–
Total debtors	461	2,053

9 CASH AND BANK BALANCES

	2017 £000	2016 £000
Amounts held at futures clearing houses and brokers	963	3,044
Cash and bank balances	1,832	32,146
	2,795	35,190
Cash overdrafts at broker	(135)	(341)
Total cash and bank balances	2,660	34,849

10 OTHER CREDITORS

	2017 £000	2016 £000
Amounts payable for the cancellation of shares	(141)	(637)
Accrued expenses	(14)	(17)
Amounts payable to ACD	(29)	(142)
Total other creditors	(184)	(796)

11 DILUTION ADJUSTMENT

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

12 RELATED PARTY TRANSACTIONS

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

The aggregate monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 8 and 10.

Threadneedle Absolute Return Bond Fund

Notes to the financial statements

(continued)

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

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

13 SHAREHOLDER FUNDS

Threadneedle Absolute Return Bond Fund currently has three share classes; Class 1, Class 2 and Class X shares. The charges on each share class are as follows:

Annual management charge

Class 1 shares	0.85%
Class 2 shares	0.50%
Class X shares	N/A*

Registration fees

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

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 41 to 43. The distribution per share class is given in the distribution table on pages 39 to 40.

All classes have the same rights on winding up.

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

Reconciliation of shares

	2017
Class 1 – Accumulation shares	
Opening shares	50,794,716
Shares issued	607,483
Shares redeemed	(15,909,870)
Net conversions	(626,025)
Closing shares	<u>34,866,304</u>
Class 1 EUR Hedged – Accumulation shares	
Opening shares	10,000
Shares issued	–
Shares redeemed	–
Net conversions	–
Closing shares	<u>10,000</u>
Class 1 – Gross accumulation shares	
Opening shares	64,329,631
Shares issued	3,515,831
Shares redeemed	(64,387,961)
Net conversions	(32,216)
Closing shares	<u>3,425,285</u>
Class 1 EUR Hedged – Gross accumulation shares	
Opening shares	10,000
Shares issued	28
Shares redeemed	(28)
Net conversions	–
Closing shares	<u>10,000</u>
Class 1 USD Hedged – Gross accumulation shares	
Opening shares	10,000
Shares issued	–
Shares redeemed	–
Net conversions	–
Closing shares	<u>10,000</u>
Class 2 – Accumulation shares	
Opening shares	62,586,519
Shares issued	1,333,546
Shares redeemed	(35,129,913)
Net conversions	593,917
Closing shares	<u>29,384,069</u>

	2017
Class 2 – Gross accumulation shares	
Opening shares	106,168,549
Shares issued	10,244,272
Shares redeemed	(110,048,730)
Net conversions	23,486
Closing shares	<u>6,387,577</u>

	2017
Class 2 EUR Hedged – Gross accumulation shares	
Opening shares	10,000
Shares issued	–
Shares redeemed	–
Net conversions	–
Closing shares	<u>10,000</u>

	2017
Class X – Gross accumulation shares	
Opening shares	3,001
Shares issued	–
Shares redeemed	–
Net conversions	–
Closing shares	<u>3,001</u>

14 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 5.

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 3.3% and is measured using the covariance model based on a 99% confidence limit over a 1 month holding period, using the previous 180 weeks of data.

As at year end the fund's VaR was 2.4% (2016: 3.2%). This means that there is estimated to be a 1% chance that the fund could lose more than 2.4% (2016: 3.2%) of its value in a month.

At 30 April, 2017 the VaR utilisation was 73% (2016: 97%) (actual VaR/VaR limit). During the year ended 30 April, 2017 the lowest VaR utilisation was -13% (2016: 37%), the highest VaR utilisation was 101% (2016: 103%) and the average utilisation was 74% (2016: 88%).

[†]The benchmark of the fund is shown on page 218.

Currency exposures

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

	Monetary exposures	Non-monetary exposures	Total
	£000	£000	£000
Currency 2017			
Australian Dollar	(77)	122	45
Canadian Dollar	10	(11)	(1)
China Renminbi	–	(15)	(15)
Czech Koruna	–	2,163	2,163
Euro	128	5,581	5,709
Hungarian Forint	–	(46)	(46)
Japanese Yen	10	(4,414)	(4,404)
Mexican Peso	10	(10)	–
New Zealand Dollar	10	(8)	2
Polish Zloty	10	(166)	(156)
Russian Ruble	82	(222)	(140)
Swedish Krona	10	(27)	(17)
Swiss Franc	10	1,553	1,563
US Dollar	851	(1,175)	(324)
Currency 2016			
Australian Dollar	157	23	180
Canadian Dollar	91	(17,240)	(17,149)
China Renminbi	–	(56,425)	(56,425)
Euro	448	70,940	71,388
Japanese Yen	90	(52,766)	(52,676)
Mexican Peso	91	37,042	37,133
New Zealand Dollar	89	(36,283)	(36,194)
Norwegian Krone	–	(26)	(26)
Russian Ruble	–	(18,749)	(18,749)
US Dollar	167	70,254	70,421

Threadneedle Absolute Return Bond Fund

Notes to the financial statements

(continued)

Currency sensitivity

The fund has a material exposure to the following currencies. The table shows how the fund value will increase or decrease based on the movement in the currency (equivalent to the currency movement in the year).

Currency 2017	Currency Movement	Fund Movement
	%	%
Euro	7.75	1.01
Japanese Yen	7.78	0.78

Currency 2016	Currency Movement	Fund Movement
	%	%
China Yuan Renminbi	0.35	0.11
Euro	6.74	2.65
Japanese Yen	14.77	4.29
Mexican Peso	6.30	1.29
New Zealand Dollar	3.79	0.76
Russian Ruble	19.52	(2.02)
US Dollar	4.68	1.82

Credit/Counterparty exposure

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

2017	Counterparty	Forward Foreign		Collateral Pledged
		Futures Exposure	Exchange Contracts Exposure	
		£000	£000	£000
	Barclays	–	11	–
	Citigroup	–	32	–
	HSBC	–	86	–
	J.P. Morgan	–	104	–
	Lloyds	–	12	–
	UBS	–	300	–

2016	Counterparty	Forward Foreign		Collateral Pledged
		Futures Exposure	Exchange Contracts Exposure	
		£000	£000	£000
	Citigroup	–	–	670
	HSBC	–	–	990
	J.P. Morgan	–	1,068	620
	RBS	–	–	1,440
	UBS	524	–	–

The fund did not hold any collateral received from the fund's counterparties in the current year (2016: £2,060,000). The collateral held was in the form of cash. Collateral received is not owned by the fund and therefore is not included in the fund's cash balance.

Positive exposure represents the fund's exposure to that counterparty and not the fund's holdings with that counterparty.

Analysis of investments by credit ratings

	2017		2016	
	Value	% of Investment	Value	% of Investment
	£000		£000	
AAA	–	–	6,726	4.63
Aaa	1,501	3.66	9,959	6.86
AA+	–	–	10,656	7.34
Aa1u	8,837	21.57	–	–
AA	2,321	5.67	3,085	2.12
Aa2	682	1.67	–	–
AA-	2,216	5.41	10,704	7.37
A+	1,518	3.71	14,338	9.87
A	3,022	7.38	12,550	8.64
A2	–	–	3,777	2.60
A-	1,512	3.69	17,322	11.92
BBB+	7,636	18.64	25,473	17.53
BBB	5,197	12.69	26,471	18.22
Baa2	–	–	5,052	3.48
Not Rated	6,091	14.87	–	–
Derivatives	428	1.04	(838)	(0.58)
	40,961	100.00	145,275	100.00

The derivative positions do not have a significant impact on the risk profile.

Interest rate risk

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

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

Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the fund's financial assets and financial liabilities at 30 April was:

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
	£000	£000	£000	£000
Currency 2017				
Australian Dollar	10	–	2,569	2,579
Canadian Dollar	10	–	–	10
China Renminbi	–	–	29,159	29,159
Czech Koruna	–	–	23,501	23,501
Euro	128	–	30,274	30,402
Japanese Yen	10	–	314	324
Mexican Peso	10	–	–	10
New Zealand Dollar	10	–	–	10
Polish Zloty	10	–	9	19
Russian Ruble	–	6,091	1,281	7,372
Swedish Krona	10	–	–	10
Swiss Franc	10	–	1,800	1,810
UK Sterling	4,861	28,506	18,223	51,590
US Dollar	878	2,783	39,787	43,448
Currency 2016				
Australian Dollar	158	–	23	181
Canadian Dollar	91	–	11,353	11,444
China Renminbi	–	–	1,037	1,037
Euro	449	–	81,828	82,277
Japanese Yen	90	–	–	90
Mexican Peso	91	–	37,578	37,669
New Zealand Dollar	89	–	459	548
Norwegian Krone	–	–	10,971	10,971
UK Sterling	58,777	103,360	36,193	198,330
US Dollar	362	17,836	191,870	210,068
	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
	£000	£000	£000	£000
Currency 2017				
Australian Dollar	(88)	–	(2,446)	(2,534)
Canadian Dollar	–	–	(11)	(11)
China Renminbi	–	–	(29,174)	(29,174)
Czech Koruna	–	–	(21,338)	(21,338)
Euro	–	–	(24,693)	(24,693)
Hungarian Forint	–	–	(46)	(46)
Japanese Yen	–	–	(4,728)	(4,728)
Mexican Peso	–	–	(10)	(10)
New Zealand Dollar	–	–	(8)	(8)
Polish Zloty	–	–	(175)	(175)
Russian Ruble	–	–	(7,512)	(7,512)
Swedish Krona	–	–	(27)	(27)
Swiss Franc	–	–	(247)	(247)
UK Sterling	–	–	(12,071)	(12,071)
US Dollar	(47)	–	(43,725)	(43,772)
Currency 2016				
Canadian Dollar	–	–	(28,593)	(28,593)
China Renminbi	–	–	(57,462)	(57,462)
Euro	–	–	(10,889)	(10,889)
Japanese Yen	–	–	(52,766)	(52,766)
Mexican Peso	–	–	(536)	(536)
New Zealand Dollar	–	–	(36,742)	(36,742)
Norwegian Krone	–	–	(10,997)	(10,997)
Russian Ruble	–	–	(18,749)	(18,749)
UK Sterling	–	–	(14,852)	(14,852)
US Dollar	(340)	–	(139,307)	(139,647)

Threadneedle Absolute Return Bond Fund

Notes to the financial statements

(continued)

Interest rate risk sensitivity

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

Derivative risks

Derivatives including credit default swaps, forward foreign exchange contracts and futures are employed when they are the cheapest and most efficient method of gaining exposure. This increases the risk profile of the fund and may result in a higher degree of volatility. All open positions are regularly reviewed by the fund manager. The fund has entered into various credit default swaps, forward foreign exchange contracts and futures 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 30 April 2017, the fund had outstanding credit default swaps, forward foreign exchange contracts and futures with an asset value of £1,064,000 (2016: £3,324,000) and a liability value of £636,000 (2016: £4,162,000).

15 FAIR VALUE DISCLOSURE

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

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

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

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

Valuation technique	2017		2016	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	9,221	(429)	7,419	(121)
Level 2	32,376	(207)	142,018	(4,041)
	41,597	(636)	149,437	(4,162)

Included within Level 1 are debt securities of £8,837,000 (2016: £6,774,000). The valuation of some highly liquid exchange-traded debt securities (G7 sovereign debt, supranational debt or certain corporate bonds) is sufficiently close to a binding quoted price to categorise at this level.

16 CONTINGENT LIABILITIES AND COMMITMENTS

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

17 PORTFOLIO TRANSACTION COSTS

During the period under review the fund's purchases and sales of bonds amounted to £97,616,980 (2016: £180,820,569) and £207,349,692 (2016: £247,279,143) respectively. Corporate action costs and proceeds amounted to £nil (2016: £nil) and £13,349 (2016: £260,557) respectively.

The purchases and sales are not subject to transaction costs.

Commissions on futures traded in the period amounted to £788 (2016: £xxx).

At the balance sheet date, the portfolio dealing spread was 0.11% (2016: 0.24%), being the difference between the respective buying and selling prices for the fund's investments.

Threadneedle Sterling Medium and Long-Dated Corporate Bond Fund*

Investment Report

Investment Objective

The objective of the Sterling Medium and Long-Dated Corporate Bond Fund is to achieve a long-term total return.

Investment Policy

The policy of the Sterling Medium and Long-Dated Corporate Bond Fund is to invest principally in investment grade Sterling denominated corporate bonds, predominately those with a maturity of more than 5 years. In addition, the Fund may invest in, non-Sterling investment grade bonds, sub-investment grade bonds, convertible bonds and preference shares, of any maturity. The Fund may also invest in other transferable securities, collective investment schemes, money market instruments, deposits, cash and near cash.

Performance of Gross Income Class 2 Shares**

Over the four months to 30 April 2017*, the published share price of Class 2 shares in the Threadneedle Sterling Medium and Long-Dated Corporate Bond Fund has risen from 127.13p to 133.31p.

For comparison, using noon prices, the performance of the Class 2 share class was +5.13% compared to a return of +4.22% for the Morningstar UK Unit Trusts/OEICs – (IA) Sterling Corporate Bond Peer Group (on a bid to bid basis, with income reinvested for a UK basic rate taxpayer).

For information purposes, using global close prices, the total return of the iBoxx GBP Non-Gilt (5+ Y) was +5.08%.

Market Overview and Portfolio Activity

UK corporate bonds delivered positive returns in the 12 months under review and outperformed gilts. The period was marked by two political shocks that drove large market moves. The first was the UK's unexpected decision, in June, to leave the EU, while the second was Donald Trump's victory in November's US presidential election. The vote for "Brexit" saw 10-year gilt yields fall to record lows as investors sought havens. Credit spreads widened, having tightened earlier in anticipation of the inclusion, from June, of corporate bonds in the European Central Bank's (ECB's) purchase programme.

Subsequently, though, sterling credit markets resumed their tightening trend. The Bank of England's (BoE's) post-referendum stimulus also bolstered sentiment. This comprised a cut in the base rate to a record low of 0.25%, more gilt purchases, a renewed corporate-bond-buying programme, and a bank-funding scheme. The rate cut was widely anticipated but the rest exceeded expectations. This sent gilt yields to fresh lows and led to tighter spreads and a dramatic uptick in primary market activity. Expectations of accommodative monetary policy elsewhere also supported bonds as the Brexit vote caused the Federal Reserve to hold fire on rate hikes.

Trump's election led to a widespread core bond-market correction amid expectations that his politics would push up inflation and the fiscal deficit. Investment grade corporate credit also suffered but the asset class was more resilient than gilts. The bond sell-off accelerated after the Federal Reserve's December meeting. The 25 basis-point rate hike at this meeting was fully expected but policymakers' projections of three rate hikes in 2017, as opposed to two, were unexpected and less palatable to investors.

In the first quarter of 2017, worries over European politics and waning "Trumpflation" trades – following the president's failure to reform Obamacare – supported gilts. However, yields trended higher following some hawkish dissent at the BoE's meeting in March and the release of data showing that inflation had crossed the central bank's target. Despite this, the UK's central bank held fire on policy changes after its stimulus in August. By contrast, the Fed's first hike of 2017 – in March – was followed by a bond market rally as Chair Yellen reiterated that the Fed would proceed slowly with future hikes.

Towards the end of the review period, the UK prime minister unexpectedly announced a snap June election. This move was taken positively by the market as investors priced in a "soft Brexit". However, growing hopes that the next French president would not be a Euro-sceptic weighed on gilts as Emmanuel Macron's victory in the first round vote turned investors against safe havens.

Over the year as a whole, credit spreads tightened (by 22 basis points) and the asset class delivered excess returns of 4.06% over gilts.

At the start of the review period, we reduced relative duration as yields fell. We were also cautious on credit against a backdrop of weaker macro data and increasingly equity-friendly corporate activity; consequently, we marginally reduced risk. Following the Brexit vote, we focused on adding names that had sold-off but which we believed had little to do with the outlook for the UK. One such example was Brown-Forman 2028. At the end of the second quarter, we began to cover our underweight in RWE as the company announced a corporate restructuring; we believed this would be favourable. Furthermore, the bonds were trading at attractive spreads.

In the third quarter of 2016, the launch of the BoE's corporate bond purchases resulted in market moves which yielded some relative value opportunities. To this end, we added names such as Peabody and Places for People Homes.

In the second half of the review period, we ran the portfolio's duration broadly in line with the benchmark's and marginally reduced our overweight to credit risk – which was already modest. Increasingly, we felt high quality bonds offered better relative value. We expect the UK to experience a period of lower growth in 2017, due to Brexit-related uncertainty. While we expect sterling's weakness to push up inflation, we believe this rise will prove transitory in nature.

Corporate credit remains supported by easy monetary policy and reasonable market valuations (spreads). However, this is somewhat tempered by more equity-friendly behaviour and signs of deteriorating credit quality. We are at a late stage in the credit cycle.

Assets were transferred from Threadneedle Investment Funds III UK Medium and Long-Dated Corporate Bond Fund on the 9 December 2016.

Election Update

The commentary contains a market background with a snapshot of investor sentiment during the period under review. Although the UK election has since taken place, the result has no retroactive bearing on what investors were thinking prior to the vote.

STATEMENT OF TOTAL RETURN

for the accounting period 9 December 2016 to 30 April 2017

	Notes	2017 £000
Income		
Net capital gains	2	9,219
Revenue	3	2,644
Expenses	4	(404)
Interest payable and similar charges	5	(26)
Net revenue before taxation		2,214
Taxation	6	–
Net revenue after taxation		2,214
Total return before distributions		11,433
Distributions	7	(2,214)
Change in net assets attributable to shareholders from investment activities		9,219

BALANCE SHEET

as at 30 April 2017

	Notes	2017 £000
Assets:		
Fixed assets:		
Investments		216,832
Current assets:		
Debtors	8	4,695
Cash and bank balances	9	5,469
Total assets		226,996
Liabilities:		
Investment liabilities		(106)
Creditors:		
Bank overdrafts	9	(186)
Distribution payable		(458)
Other creditors	10	(1,875)
Total liabilities		(2,625)
Net assets attributable to shareholders		224,371

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 9 December 2016 to 30 April 2017

	2017 £000
Opening net assets attributable to shareholders	–
Amounts receivable on the issue of shares	9,881
Amounts payable on the cancellation of shares	(14,120)
Amounts receivable on in specie transfers	219,391
	215,152
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	9,219
Closing net assets attributable to shareholders	224,371

DISTRIBUTION TABLE

for the accounting period 9 December 2016 to 30 April 2017

Interest distribution in pence per share

Class 2 – Gross income shares*

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable
2016/2017			
Group 1			
09/12/16 to 31/12/16	0.2126	–	0.2126
01/01/17 to 31/01/17	0.2746	–	0.2746
01/02/17 to 28/02/17	0.2545	–	0.2545
01/03/17 to 31/03/17	0.2775	–	0.2775
01/04/17 to 30/04/17	0.2702	–	0.2702
Group 2			
09/12/16 to 31/12/16	0.0895	0.1131	0.2126
01/01/17 to 31/01/17	0.0702	0.2044	0.2746
01/02/17 to 28/02/17	0.0178	0.2367	0.2545
01/03/17 to 31/03/17	0.0729	0.2046	0.2775
01/04/17 to 30/04/17	0.0745	0.1957	0.2702
Total distributions in the period			1.2894

Group 2: shares purchased during a distribution period.

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

*Fund launched on 9 December 2016.

**In pound Sterling and against UK peer group.

Threadneedle Sterling Medium and Long-Dated Corporate Bond Fund

Comparative Table Disclosure

	Class 2 – Gross income shares [§]
	4/30/2017 ¹
Change in net assets per share	
Opening net asset value per share (p)	127.13
Return before operating charges (p)	6.90
Operating charges (p)	(0.23)
Return after operating charges (p)*	6.67
Distributions (p)	(1.29)
Closing net asset value per share (p)	132.51
*after direct transaction costs of (p)	–
Performance	
Return after charges (%)	5.25
Other information	
Closing net asset value (£000)	224,371
Closing number of shares	169,329,161
Operating charges (%)***	0.46 [†]
Direct transaction costs (%)****	–
Prices	
Highest share price (p)	133.76
Lowest share price (p)	126.53

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

**Any difference between the distributions and the retained distributions on accumulation shares is due to the tax withheld.

***The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share class of a fund based on the financial year's expenses and may vary from year to year. It includes charges such as the fund's annual management charge, registration fee, custody fees and distribution cost but ordinarily excludes the costs of buying or selling assets for the fund (unless these assets are shares of another fund). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit columbiathreadneedle.com/fees.

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

[§]Only available to eligible investors.

¹Class 2 – Gross income shares commenced 9 December 2016.

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

Threadneedle Sterling Medium and Long-Dated Corporate Bond Fund

Notes to the financial statements

for the accounting period 9 December 2016 to 30 April 2017

1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 4 and 5.

2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2017 £000
Non-derivative securities	8,736
Derivative contracts	212
Forward currency contracts	(29)
Other gains	300
Net capital gains	<u>9,219</u>

3 REVENUE

	2017 £000
Interest on debt securities	2,641
Bank interest	3
Total revenue	<u>2,644</u>

4 EXPENSES

	2017 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:	
Annual management charge	(349)
Registration fees	(31)
	<u>(380)</u>
Payable to the depositary or associates of the depositary, and the agents of either of them:	
Depositary's fees	(10)
Safe custody fees	(6)
	<u>(16)</u>
Other expenses:	
Audit fees	(8)
	<u>(8)</u>
Total expenses*	<u>(404)</u>

*Including irrecoverable VAT where applicable.

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £000
Interest payable	(1)
Derivative expense	(25)
Total interest payable & similar charges	<u>(26)</u>

6 TAXATION

	2017 £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	<u>2,214</u>
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	
Effects of:	(443)
Distributions treated as tax deductible	<u>443</u>
Current tax charge for period (note 6a)	<u>–</u>

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
Interim	1,757
Final	<u>458</u>
	2,215
Add: Revenue deducted on the cancellation of shares	12
Deduct: Revenue received on the creation of shares	<u>(13)</u>
Net distribution for the period	<u>2,214</u>

Details of the distribution per share are set out in the table on page 48.

8 DEBTORS

	2017 £000
Amounts receivable for the issue of shares	767
Sales awaiting settlement	815
Accrued revenue	<u>3,113</u>
Total debtors	<u>4,695</u>

9 CASH AND BANK BALANCES

	2017 £000
Amounts held at futures clearing houses and brokers	513
Cash and bank balances	<u>4,956</u>
	5,469
Cash overdrafts at broker	<u>(186)</u>
Total cash and bank balances	<u>5,283</u>

10 OTHER CREDITORS

	2017 £000
Purchases awaiting settlement	(1,784)
Accrued expenses	(10)
Amounts payable to ACD	<u>(81)</u>
Total other creditors	<u>(1,875)</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. Assets received by the fund via in-specie transfers were from other funds managed by Columbia Threadneedle.

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 Sterling Medium and Long-Dated Corporate Bond Fund

Notes to the financial statements

(continued)

13 SHAREHOLDER FUNDS

Threadneedle Sterling Medium and Long-Dated Corporate Bond Fund currently has one share class; Class 2 shares. The charges on the share class are as follows:

Annual management charge	
Class 2 shares	0.40%
Registration fees	
Class 2 shares	0.035%

The net asset value of the share class, the net asset value per share, and the number of shares in the class are given in the comparative tables on page 49. The distribution per share class is given in the distribution table on page 48.

Reconciliation of shares

	2017
Class 2 - Gross income shares*	
Opening shares	–
Shares issued	180,172,499
Shares redeemed	(10,843,338)
Net conversions	–
Closing shares	<u>169,329,161</u>

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

14 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 5.

Market price risk sensitivity

A 1.00% interest rate increase applied to the bond portion of the fund would result in a decrease on the net asset value of 10.62% and vice versa (2016: 10.64%).

Currency exposures

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

	Monetary exposures £000	Non- monetary exposures £000	Total £000
Currency 2017			
Euro	546	(529)	17
US Dollar	102	(94)	8

Currency sensitivity

As the fund has no material currency exposure, no sensitivity analysis has been shown.

Credit/Counterparty exposure

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

	Futures Exposure £000	Forward Foreign Exchange Contracts Exposure £000
2017 Counterparty		
Citigroup	–	811
Lloyds	–	4
UBS	126	–

The fund held £670,000 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 Value £000	% of Investment
AAA	24,879	11.48
AA+	1,035	0.48
Aa1	399	0.18
Aa1u	10,769	4.97
AA	12,125	5.59
Aa2	1,683	0.78
AA-	9,051	4.18
A+	4,858	2.24
A1	780	0.36
A	17,887	8.25
A2	1,435	0.66
A-	22,653	10.45
A3	429	0.20
BBB+	54,929	25.35
Baa1	1,744	0.81
BBB	21,972	10.14
Baa2	3,709	1.71
BBB-	12,652	5.84
Baa3	2,300	1.06
BB+	3,820	1.76
BB-	2,236	1.03
B+	1,293	0.60
B	799	0.37
Not Rated	2,350	1.08
Derivatives	939	0.43
	<u>216,726</u>	<u>100.00</u>

The derivative positions do not have a significant impact on the risk profile.

Interest rate risk

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

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

Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the fund's financial assets and financial liabilities at 30 April was:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2017				
Euro	517	1,690	53	2,260
UK Sterling	18,364	188,541	20,177	227,082
US Dollar	1,437	10,707	553	12,697
	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2017				
Euro	(13)	–	(2,230)	(2,243)
UK Sterling	–	–	(2,736)	(2,736)
US Dollar	(173)	–	(12,516)	(12,689)

Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances.

Derivative risks

Derivatives including forward foreign exchange contracts and futures 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.

Threadneedle Sterling Medium and Long-Dated Corporate Bond Fund

Notes to the financial statements

(continued)

The fund has entered into various forward foreign exchange contracts and futures 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 30 April 2017, the fund had outstanding forward foreign exchange contracts and futures with an asset value of £1,046,000 and a liability value of £106,000.

15 FAIR VALUE DISCLOSURE

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

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

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

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

Valuation technique	2017	
	Assets £000	Liabilities £000
Level 1	14,145	(88)
Level 2	202,687	(18)
	<u>216,832</u>	<u>(106)</u>

Included within Level 1 are debt securities of £13,931,000. The valuation of some highly liquid exchange-traded debt securities (G7 sovereign debt, supranational debt or certain corporate bonds) is sufficiently close to a binding quoted price to categorise at this level.

16 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding.

17 PORTFOLIO TRANSACTION COSTS

During the period under review the fund's purchases and sales of bonds amounted to £43,455,314 and £48,030,693 respectively. Corporate action costs and proceeds amounted to £nil and £336,426 respectively. In specie purchases and sales amounted to £212,711,068 and £nil respectively.

The purchases and sales are not subject to transaction costs.

Commissions on futures traded in the period amounted to £788.

At the balance sheet date, the portfolio dealing spread was 0.86%, being the difference between the respective buying and selling prices for the fund's investments.

Threadneedle Sterling Short-Dated Corporate Bond Fund*

Investment Report

Investment Objective

The objective of the Sterling Short-Dated Corporate Bond Fund is to achieve a long-term total return.

Investment Policy

The policy of the Sterling Short-Dated Corporate Bond Fund is to invest principally in investment grade Sterling denominated corporate bonds, predominantly those with a maturity of up to 5 years. In addition, the Fund may invest in non-Sterling investment grade bonds, government bonds, sub-investment grade bonds, convertible bonds and preference shares, of any maturity.

The Fund may also invest in other transferable securities, collective investment schemes, money market instruments, deposits, cash and near cash.

Performance of Income Class 2 Shares**

Over the four months to 30 April 2017*, the published share price of Class 2 shares in the Threadneedle Sterling Short-Dated Corporate Bond Fund risen from 106.35p to 107.39p.

For comparison, using noon prices, the performance of the Class 2 share class was +1.45% compared to a return of +4.22% for the Morningstar UK Unit Trusts/OEICs – (IA) Sterling Corporate Bond Peer Group (on a bid to bid basis, with income reinvested for a UK basic rate taxpayer).

For information purposes, using global close prices, the total return of the iBoxx GBP Non-Gilt (1-5 Y) was +1.42%.

Market Overview and Portfolio Activity

UK corporate bonds delivered positive returns in the 12 months under review and outperformed gilts. The period was marked by two political shocks that drove large market moves. The first was the UK's unexpected decision, in June, to leave the EU, while the second was Donald Trump's victory in November's US presidential election.

The vote for "Brexit" saw three-year gilt yields fall to record lows as investors sought havens. Credit spreads widened, having

tightened earlier in anticipation of the inclusion, from June, of corporate bonds in the European Central Bank's (ECB's) purchase programme. Subsequently, though, sterling credit markets resumed their tightening trend. The Bank of England's (BoE's) post-referendum stimulus also bolstered sentiment. This comprised a cut in the base rate to a record low of 0.25%, more gilt purchases, a renewed corporate-bond-buying programme, and a bank-funding scheme. The rate cut was widely anticipated but the rest exceeded expectations. This sent gilt yields to fresh lows and led to tighter spreads and a dramatic uptick in primary market activity. Expectations of accommodative monetary policy elsewhere also supported bonds as the Brexit vote caused the Federal Reserve to hold fire on rate hikes.

Trump's election led to a widespread core bond-market correction amid expectations that his politics would push up inflation and the fiscal deficit. Investment grade corporate credit also suffered but the asset class was more resilient than gilts. The bond sell-off accelerated after the Federal Reserve's December meeting. The 25 basis-point rate hike at this meeting was fully expected but policymakers' projections of three rate hikes in 2017, as opposed to two, were unexpected and less palatable to investors.

In the first quarter of 2017, worries over European politics and waning "Trumpflation" trades – following the president's failure to reform Obamacare – supported gilts. However, yields trended higher following some hawkish dissent at the BoE's meeting in March and the release of data showing that inflation had crossed the central bank's target. Despite this, the UK's central bank held fire on policy changes after its stimulus in August. By contrast, the Fed's first hike of 2017 – in March – was followed by a bond market rally as Chair Yellen reiterated that the Fed would proceed slowly with future hikes.

Towards the end of the review period, the UK prime minister unexpectedly announced a snap June election. This move was taken positively by the market as investors priced in a "soft Brexit". However, growing hopes that the next French president would not be a Eurosceptic weighed on gilts as Emmanuel Macron's victory in the first-round vote turned investors against safe havens.

The year saw robust sterling corporate bond issuance, with supply worth £47.6bn, helped by particularly high issuance in the first four months of 2017.

Over the review period, we maintained a broadly neutral duration relative to the benchmark. The fund was positioned with an overweight to credit risk that was marginally reduced towards the end of the 12-month period. We were cautious on credit in the run-up to the EU referendum and rotated away from banks into more defensive sectors such as regulated utilities. We became more constructive on credit over the third quarter of 2016 as the BoE launched its raft of easing measures. Recently, we have seen higher quality bonds as offering better value owing to spread compression. Consequently, we have been looking to move up in credit quality by increasing our exposure to quasi-sovereign and securitised/collateralised bonds.

Looking ahead, we expect business investment to suffer as the Brexit saga drags on. We also believe consumption will weaken as real incomes get squeezed under rising inflation. The BoE will likely seek to guide the economy through the uncertainty with minimal policy volatility, but there could well be a greater degree of dissent among Monetary Policy Committee members in forthcoming meetings. Meanwhile, corporate credit remains supported by easy monetary policy and reasonable market valuations (spreads). However, this is somewhat tempered by more equity-friendly behaviour and signs of deteriorating credit quality.

Assets were transferred from Threadneedle Investment Funds III UK Short-Dated Corporate Bond Fund on the 9 December 2016.

Election Update

The commentary contains a market background with a snapshot of investor sentiment during the period under review. Although the UK election has since taken place, the result has no retroactive bearing on what investors were thinking prior to the vote.

STATEMENT OF TOTAL RETURN

for the accounting period 9 December 2016 to 30 April 2017

	Notes	2017 £000
Income		
Net capital gains	2	5,381
Revenue	3	6,455
Expenses	4	(1,072)
Interest payable and similar charges	5	(1)
Net revenue before taxation		5,382
Taxation	6	–
Net revenue after taxation		5,382
Total return before distributions		10,763
Distributions	7	(5,382)
Change in net assets attributable to shareholders from investment activities		5,381

BALANCE SHEET

as at 30 April 2017

	Notes	2017 £000
Assets:		
Fixed assets:		
Investments		804,458
Current assets:		
Debtors	8	31,477
Cash and bank balances		17,893
Total assets		853,828
Liabilities:		
Investment liabilities		(518)
Creditors:		
Distribution payable		(1,261)
Other creditors	9	(6,706)
Total liabilities		(8,485)
Net assets attributable to shareholders		845,343

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 9 December 2016 to 30 April 2017

	2017 £000
Opening net assets attributable to shareholders	–
Amounts receivable on the issue of shares	171,642
Amounts payable on the cancellation of shares	(55,178)
Amounts receivable on in specie transfers	723,082
	839,546
Dilution adjustment	28
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	5,381
Retained distribution on accumulation shares	388
Closing net assets attributable to shareholders	845,343

DISTRIBUTION TABLE

for the accounting period 9 December 2016 to 30 April 2017

Interest distribution in pence per share

Class 1 – Accumulation shares**

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Net Revenue Accumulated 2017
Group 1					
09/12/16 to 31/12/16	0.0768	0.0154	0.0614	–	0.0614
01/01/17 to 31/01/17	0.1029	0.0206	0.0823	–	0.0823
01/02/17 to 28/02/17	0.0978	0.0196	0.0782	–	0.0782
01/03/17 to 31/03/17	0.1153	–	0.1153	–	0.1153
01/04/17 to 30/04/17	0.1060	–	0.1060	–	0.1060
Group 2					
09/12/16 to 31/12/16	0.0283	0.0057	0.0226	0.0388	0.0614
01/01/17 to 31/01/17	0.0186	0.0037	0.0149	0.0674	0.0823
01/02/17 to 28/02/17	0.0908	0.0182	0.0726	0.0056	0.0782
01/03/17 to 31/03/17	0.0294	–	0.0294	0.0859	0.1153
01/04/17 to 30/04/17	0.0682	–	0.0682	0.0378	0.1060
Total distributions in the period					0.4432

*Fund launched on 9 December 2016.

**In pound Sterling and against UK peer group.

Threadneedle Sterling Short-Dated Corporate Bond Fund

DISTRIBUTION TABLE

(continued)

Class 1 – Gross accumulation shares*

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2017
Group 1			
09/12/16 to 31/12/16	0.0784	–	0.0784
01/01/17 to 31/01/17	0.1049	–	0.1049
01/02/17 to 28/02/17	0.1001	–	0.1001
01/03/17 to 31/03/17	0.1178	–	0.1178
01/04/17 to 30/04/17	0.1084	–	0.1084
Group 2			
09/12/16 to 31/12/16	0.0784	–	0.0784
01/01/17 to 31/01/17	0.1049	–	0.1049
01/02/17 to 28/02/17	0.1001	–	0.1001
01/03/17 to 31/03/17	0.0278	0.0900	0.1178
01/04/17 to 30/04/17	0.1084	–	0.1084
Total distributions in the period			0.5096

Class 2 – Income shares**†

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2017
Group 1					
09/12/16 to 31/12/16	0.1079	0.0216	0.0863	–	0.0863
01/01/17 to 31/01/17	0.1464	0.0293	0.1171	–	0.1171
01/02/17 to 28/02/17	0.1374	0.0275	0.1099	–	0.1099
01/03/17 to 31/03/17	0.1594	–	–	–	0.1594
01/04/17 to 30/04/17	0.1486	–	–	–	0.1486
Group 2					
09/12/16 to 31/12/16	0.0496	0.0099	0.0397	0.0466	0.0863
01/01/17 to 31/01/17	0.0589	0.0118	0.0471	0.0700	0.1171
01/02/17 to 28/02/17	0.0560	0.0112	0.0448	0.0651	0.1099
01/03/17 to 31/03/17	0.0597	–	–	0.0997	0.1594
01/04/17 to 30/04/17	0.0715	–	–	0.0771	0.1486
Total distributions in the period					0.6213

Class 2 – Gross income shares*

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2017
Group 1			
09/12/16 to 31/12/16	0.1083	–	0.1083
01/01/17 to 31/01/17	0.1469	–	0.1469
01/02/17 to 28/02/17	0.1378	–	0.1378
01/03/17 to 31/03/17	0.1600	–	0.1600
01/04/17 to 30/04/17	0.1490	–	0.1490
Group 2			
09/12/16 to 31/12/16	0.0529	0.0554	0.1083
01/01/17 to 31/01/17	0.0831	0.0638	0.1469
01/02/17 to 28/02/17	0.0560	0.0818	0.1378
01/03/17 to 31/03/17	0.0438	0.1162	0.1600
01/04/17 to 30/04/17	0.0616	0.0874	0.1490
Total distributions in the period			0.7020

Class X – Gross income shares*

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2017
Group 1			
09/12/16 to 31/12/16	0.1270	–	0.1270
01/01/17 to 31/01/17	0.1736	–	0.1736
01/02/17 to 28/02/17	0.1618	–	0.1618
01/03/17 to 31/03/17	0.1862	–	0.1862
01/04/17 to 30/04/17	0.1747	–	0.1747
Group 2			
09/12/16 to 31/12/16	0.0705	0.0565	0.1270
01/01/17 to 31/01/17	0.0336	0.1400	0.1736
01/02/17 to 28/02/17	0.0659	0.0959	0.1618
01/03/17 to 31/03/17	0.0474	0.1388	0.1862
01/04/17 to 30/04/17	0.1090	0.0657	0.1747
Total distributions in the period			0.8233

Class X – Gross accumulation shares*

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2017
Group 1			
09/12/16 to 31/12/16	0.1301	–	0.1301
01/01/17 to 31/01/17	0.1782	–	0.1782
01/02/17 to 28/02/17	0.1663	–	0.1663
01/03/17 to 31/03/17	0.1916	–	0.1916
01/04/17 to 30/04/17	0.1801	–	0.1801
Group 2			
09/12/16 to 31/12/16	0.1001	0.0300	0.1301
01/01/17 to 31/01/17	0.1382	0.0400	0.1782
01/02/17 to 28/02/17	0.0663	0.1000	0.1663
01/03/17 to 31/03/17	0.1916	–	0.1916
01/04/17 to 30/04/17	0.1801	–	0.1801
Total distributions in the period			0.8463

Class Y – Gross Income shares*

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2017
Group 1			
29/03/17 to 31/03/17	0.0066	–	0.0066
01/04/17 to 30/04/17	0.1543	–	0.1543
Group 2			
29/03/17 to 31/03/17	0.0066	–	0.0066
01/04/17 to 30/04/17	0.1543	–	0.1543
Total distributions in the period			0.1609

Group 2: shares purchased during a distribution period.

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

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

†Distributions paid before 6 April 2017 have been paid net.

Threadneedle Sterling Short-Dated Corporate Bond Fund

Comparative Table Disclosure

	Class 1 – Accumulation shares 30/04/2017 ¹	Class 1 – Gross accumulation shares ⁵ 30/04/2017 ²
Change in net assets per share		
Opening net asset value per share (p)	101.29	103.43
Return before operating charges (p)	1.57	1.60
Operating charges (p)	(0.35)	(0.35)
Return after operating charges (p)*	1.22	1.25
Distributions (p)	(0.50)	(0.51)
Retained distributions on accumulation shares (p)**	0.44	0.51
Closing net asset value per share (p)	102.45	104.68
*after direct transaction costs of (p)	–	–
Performance		
Return after charges (%)	1.20	1.21
Other information		
Closing net asset value (£000)	4,390	144
Closing number of shares	4,285,227	137,694
Operating charges (%)***	0.88 [†]	0.87 [†]
Direct transaction costs (%)****	–	–
Prices		
Highest share price (p)	102.58	104.81
Lowest share price (p)	101.21	103.36
	Class 2 – Income shares 30/04/2017 ³	Class 2 – Gross income shares ⁵ 30/04/2017 ⁴
Change in net assets per share		
Opening net asset value per share (p)	106.35	106.71
Return before operating charges (p)	1.65	1.65
Operating charges (p)	(0.19)	(0.19)
Return after operating charges (p)*	1.46	1.46
Distributions (p)	(0.70)	(0.70)
Retained distributions on accumulation shares (p)**	–	–
Closing net asset value per share (p)	107.11	107.47
*after direct transaction costs of (p)	–	–
Performance		
Return after charges (%)	1.37	1.37
Other information		
Closing net asset value (£000)	154,712	443,539
Closing number of shares	144,439,030	412,697,442
Operating charges (%)***	0.46 [†]	0.46 [†]
Direct transaction costs (%)****	–	–
Prices		
Highest share price (p)	107.39	107.76
Lowest share price (p)	106.28	106.64

Threadneedle Sterling Short-Dated Corporate Bond Fund

Comparative Table Disclosure

(continued)

	Class X – Gross income shares ⁵ 30/04/2017 ⁵	Class X – Gross accumulation shares ⁵ 30/04/2017 ⁵
Change in net assets per share		
Opening net asset value per share (p)	101.09	103.59
Return before operating charges (p)	1.56	1.61
Operating charges (p)	(0.02)	(0.02)
Return after operating charges (p)*	1.54	1.59
Distributions (p)	(0.82)	(0.85)
Retained distributions on accumulation shares (p)**	–	0.85
Closing net asset value per share (p)	101.81	105.18
*after direct transaction costs of (p)	–	–
Performance		
Return after charges (%)	1.52	1.53
Other information		
Closing net asset value (£000)	196,037	46,518
Closing number of shares	192,551,783	44,225,469
Operating charges (%)**	0.06 [†]	0.06 [†]
Direct transaction costs (%)**	–	–
Prices		
Highest share price (p)	102.11	105.31
Lowest share price (p)	101.03	103.54
	Class Y – Gross income shares⁵ 30/04/2017⁷	
Change in net assets per share		
Opening net asset value per share (p)	100.00	
Return before operating charges (p)	0.28	
Operating charges (p)	–	
Return after operating charges (p)*	0.28	
Distributions (p)	(0.16)	
Retained distributions on accumulation shares (p)**	–	
Closing net asset value per share (p)	100.12	
*after direct transaction costs of (p)	–	
Performance		
Return after charges (%)	0.28	
Other information		
Closing net asset value (£000)	3	
Closing number of shares	3,000	
Operating charges (%)**	0.27 [†]	
Direct transaction costs (%)**	–	
Prices		
Highest share price (p)	100.39	
Lowest share price (p)	100.00	

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

**Any difference between the distributions and the retained distributions on accumulation shares is due to the tax withheld.

***The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share class of a fund based on the financial year's expenses and may vary from year to year. It includes charges such as the fund's annual management charge, registration fee, custody fees and distribution cost but ordinarily excludes the costs of buying or selling assets for the fund (unless these assets are shares of another fund). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit columbiathreadneedle.com/fees.

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

⁵Only available to eligible investors.

¹Class 1 – Accumulation shares commenced 9 December 2016.

²Class 1 – Gross accumulation shares commenced 9 December 2016.

³Class 2 – Income shares commenced 9 December 2016.

⁴Class 2 – Gross income shares commenced 9 December 2016.

⁵Class X – Gross income shares commenced 9 December 2016.

⁶Class X – Gross accumulation shares commenced 9 December 2016.

⁷Class Y – Gross income shares commenced 29 March 2017.

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

Threadneedle Sterling Short-Dated Corporate Bond Fund

Notes to the financial statements

for the accounting period 9 December 2016 to 30 April 2017

1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 4 and 5.

2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2017 £000
Non-derivative securities	1,837
Forward currency contracts	3,723
Other losses	(178)
Transaction costs	(1)
Net capital gains	<u>5,381</u>

3 REVENUE

	2017 £000
Interest on debt securities	6,447
Interest on short term investments	2
Bank interest	6
Total revenue	<u>6,455</u>

4 EXPENSES

	2017 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:	
Annual management charge	(902)
Registration fees	(107)
	<u>(1,009)</u>
Payable to the depositary or associates of the depositary, and the agents of either of them:	
Depositary's fees	(36)
Safe custody fees	(17)
	<u>(53)</u>
Other expenses:	
Audit fees	(10)
	<u>(10)</u>
Total expenses*	<u>(1,072)</u>

*Including irrecoverable VAT where applicable.

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £000
Interest payable	(1)
Total interest payable & similar charges	<u>(1)</u>

6 TAXATION

	2017 £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	5,382
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(1,076)
Effects of:	
Distributions treated as tax deductible	1,076
Current tax charge for period (note 6a)	–
Interest distributions have been made in respect of all distributions during the period. Income tax at 20% on net share classes paid prior to 6 April 2017 will be accounted for on shareholders' behalf to HM Revenue & Customs.	

7 DISTRIBUTIONS

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

	2017 £000
Interim	4,142
Final	1,345
	<u>5,487</u>
Add: Revenue deducted on the cancellation of shares	54
Deduct: Revenue received on the creation of shares	(159)
Net distribution for the period	<u>5,382</u>

Details of the distribution per share are set out in the table on pages 53 to 54.

8 DEBTORS

	2017 £000
Amounts receivable for the issue of shares	9,063
Sales awaiting settlement	9,037
Accrued revenue	13,377
Total debtors	<u>31,477</u>

9 OTHER CREDITORS

	2017 £000
Purchases awaiting settlement	(6,465)
Accrued expenses	(21)
Amounts payable to ACD	(220)
Total other creditors	<u>(6,706)</u>

10 DILUTION ADJUSTMENT

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

11 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, as ACD, is a related party and acts as principal in respect of all transactions of shares in the fund. Assets received by the fund via in-specie transfers were from other funds managed by Columbia Threadneedle.

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

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

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

12 SHAREHOLDER FUNDS

Threadneedle Sterling Short-Dated Corporate Bond Fund currently has four share classes; Class 1, Class 2, Class X and Class Y shares. The charges on each share class are as follows:

Annual management charge	
Class 1 shares	0.75%
Class 2 shares	0.40%
Class X shares	N/A*
Class Y shares	0.25%
Registration fees	
Class 1 shares	0.110%
Class 2 shares	0.035%
Class X shares	0.035%
Class Y shares	0.035%

Threadneedle Sterling Short-Dated Corporate Bond Fund

Notes to the financial statements

(continued)

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 55 to 56. The distribution per share class is given in the distribution table on pages 53 to 54.

All classes have the same rights on winding up.

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

Reconciliation of shares

	2017
Class 1 – Accumulation shares*	
Opening shares	–
Shares issued	4,440,810
Shares redeemed	(155,583)
Net conversions	–
Closing shares	<u>4,285,227</u>
Class 1 – Gross accumulation shares*	
Opening shares	–
Shares issued	137,694
Shares redeemed	–
Net conversions	–
Closing shares	<u>137,694</u>
Class 2 – Income shares*	
Opening shares	–
Shares issued	147,557,007
Shares redeemed	(3,188,752)
Net conversions	70,775
Closing shares	<u>144,439,030</u>
Class 2 – Gross income shares*	
Opening shares	–
Shares issued	461,021,104
Shares redeemed	(48,253,125)
Net conversions	(70,537)
Closing shares	<u>412,697,442</u>
Class X – Gross income shares*	
Opening shares	–
Shares issued	192,551,783
Shares redeemed	–
Net conversions	–
Closing shares	<u>192,551,783</u>
Class X – Gross accumulation shares*	
Opening shares	–
Shares issued	44,225,469
Shares redeemed	–
Net conversions	–
Closing shares	<u>44,225,469</u>
Class Y – Gross income shares*	
Opening shares	–
Shares issued	3,000
Shares redeemed	–
Net conversions	–
Closing shares	<u>3,000</u>

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

13 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 5.

Market price risk sensitivity

A 1.00% interest rate increase applied to the bond portion of the fund would result in a decrease on the net asset value of 2.64% and vice versa (2016: 2.64%).

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.

Currency 2017	Monetary exposures £000	Non-monetary exposures £000	Total £000
Canadian Dollar	130	(76)	54
Euro	1,986	(1,892)	94
US Dollar	1,544	(716)	828

Currency sensitivity

As the fund has no material currency exposure, no sensitivity analysis has been shown.

Credit/Counterparty exposure

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

2017 Counterparty	Forward Foreign Exchange Contracts Exposure £000
Citigroup	8,886
Lloyds	78

The fund held £7,050,000 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	
	Value £000	% of Investment
AAA	82,493	10.26
Aaa	23,246	2.89
AA+	3,996	0.50
Aa1u	4,025	0.50
AA	7,185	0.89
Aa2	1,426	0.18
AA-	40,327	5.02
A+	21,514	2.68
A1u	2,460	0.31
A	24,057	2.99
A-	57,414	7.14
BBB+	163,095	20.29
Baa1	16,348	2.03
BBB	142,077	17.67
Baa2	1,644	0.20
BBB-	100,004	12.44
Baa3	15,754	1.96
BB+	25,028	3.11
BB	8,103	1.01
BB-	9,371	1.17
B+	1,209	0.15
B1	3,353	0.42
B	4,501	0.56
Ba3	625	0.08
CCC+	1,304	0.16
Not Rated	34,417	4.28
Derivatives	8,964	1.11
	<u>803,940</u>	<u>100.00</u>

The derivative positions do not have a significant impact on the risk profile.

Interest rate risk

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

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

Threadneedle Sterling Short-Dated Corporate Bond Fund

Notes to the financial statements

(continued)

Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the fund's financial assets and financial liabilities at 30 April was:

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
Currency 2017	£000	£000	£000	£000
Canadian Dollar	91	8,839	38	8,968
Euro	20,362	32,464	896	53,722
UK Sterling	129,843	510,613	225,175	865,631
US Dollar	47,149	63,508	13,262	123,919

	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
Currency 2017	£000	£000	£000	£000
Canadian Dollar	–	–	(8,914)	(8,914)
Euro	–	–	(53,628)	(53,628)
UK Sterling	–	–	(21,264)	(21,264)
US Dollar	–	–	(123,091)	(123,091)

Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances.

Derivative risks

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

At 30 April 2017, the fund had outstanding forward foreign exchange contracts with an asset value of £9,482,000 and a liability value of £518,000.

14 FAIR VALUE DISCLOSURE

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

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

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

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

Valuation technique	2017	
	Assets £000	Liabilities £000
Level 1	11,706	–
Level 2	792,752	(518)
	<u>804,458</u>	<u>(518)</u>

Included within Level 1 are debt securities of £11,706,000. The valuation of some highly liquid exchange-traded debt securities (G7 sovereign debt, supranational debt or certain corporate bonds) is sufficiently close to a binding quoted price to categorise at this level.

15 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding.

16 PORTFOLIO TRANSACTION COSTS

During the period under review the fund's purchases and sales of bonds amounted to £359,963,303 and £244,787,650 respectively. Corporate action costs and proceeds amounted to £nil and £1,222,285 respectively. In specie purchases and sales amounted to £684,753,496 and £nil respectively.

The purchases and sales are not subject to transaction costs.

At the balance sheet date, the portfolio dealing spread was 0.34%, being the difference between the respective buying and selling prices for the fund's investments.

Threadneedle UK Fixed Interest Fund*

Investment Report

Investment Objective

The objective of the UK Fixed Interest Fund is to achieve a long-term total return and to maximise this return whilst moderating the risk of investment at any particular point in the economic and business cycle.

Investment Policy

The policy of the UK Fixed Interest Fund is to invest principally in UK government bonds (gilts), and other Sterling denominated fixed interest securities. The Fund may also invest in other transferable securities, collective investment schemes, money market instruments, deposits, cash and near cash and hold securities of any duration.

Performance of Accumulation Class Z Shares**

Over the four months to 30 April 2017*, the published share price of Class Z shares in the Threadneedle UK Fixed Interest Fund risen from 163.26p to 169.56p.

For comparison, using noon prices, the performance of the Class Z share class was +3.30% compared to a return of +3.36% for the Morningstar UK Unit Trusts/OEICs – (IA) UK Gilt Peer Group (on a bid to bid basis, with income reinvested for a UK basic rate taxpayer).

For information purposes, using global close prices, the total return of the FTSE UK Gilts Government (All stocks) was +3.58%.

Market Overview and Portfolio Activity

Gilts delivered positive returns in the 12 months under review. The start of the period was dominated by anticipation of, and reaction to, the UK's referendum on its EU membership. The result saw 10-year gilt yields fall to record lows as investors sought safe havens. The Bank of England's (BoE's) post-referendum stimulus also bolstered sentiment towards gilts. This comprised a cut in the base rate to a record low of 0.25%, more gilt purchases, a renewed corporate-bond-buying programme, and a bank-funding scheme. Expectations of accommodative monetary policy elsewhere also supported UK bonds as the Brexit vote caused the Federal Reserve to hold fire on rate hikes.

Donald Trump's election in November pressured core sovereigns amid expectations that his politics would push up inflation and the fiscal deficit. The bond sell-off ended a day after the Federal Reserve's

December meeting. The 25 basis-point rate hike was fully expected but policymakers' projections of three rate hikes in 2017, as opposed to two, were less palatable to investors. By contrast, in its December meeting, the European Central Bank (ECB) extended its bond-buying scheme until at least December 2017, albeit at a reduced monthly rate from April.

In the first quarter of 2017, worries over European politics and waning "Trumpflation" trades following the president's failure to reform Obamacare supported gilts. However, yields rose after a hawkish dissent at the BoE's meeting in March and the release of data showing that inflation had crossed the central bank's target. Despite this, the BoE made no policy changes after its stimulus in August. By contrast, the Fed's first hike of 2017 – in March – provided a boost to bonds around the world as Chair Yellen emphasised caution over the pace of future hikes.

Towards the end of the review period, the UK prime minister unexpectedly announced a snap election. Gilts subsequently rallied; investors hoped an enlarged parliamentary majority would allow the government to pursue a "soft Brexit". However, the rally ebbed after Emmanuel Macron's victory in the first round of the French presidential election soured investors' appetites for safe havens.

We had always planned to be flat in duration (interest-rate risk) moving into the Brexit vote; therefore, after a sharp rally early in June, we took down the long-held overweight in gilt duration to a neutral position. Once the shock result was in, we ceased trading for a day before adding some duration at the 10-year point.

Activity in July was limited as we were content with the portfolio's post-referendum positioning following a small move long at the end of June. Overall duration was fairly consistent around 0.3 years long. In the middle of October, Brexit-related concerns saw us adopt a short duration position. In the second half of the month, we further reduced relative duration to -0.25 years (by selling 10-years) as we thought the sell-off that was in progress would persist, however, markets then rallied and we built duration back up to -0.2 by buying 5-year bonds. We moved to a flat duration position in the run-up to the US election. This was retained until mid-November, when we took it down to -0.2 years. We expected fiscal easing measures announced in the Autumn Statement to underwhelm the market and thus provide a boost to gilt prices. Consequently, we moved to a flat relative duration ahead of the Chancellor's statement and to 0.3 years afterwards.

By early December the portfolio was 0.4 years long. It was long across the yield curve except in the ultra-long segment, where it remained short. In mid-December, we cut the portfolio's relative duration to 0.2 years long as bond markets were weak. Gilts subsequently rallied, and by the end of 2016 we had increased duration slightly, to 0.25 years long.

In January we participated in the Debt Management Office's (DMO's) syndication of ultra-long (2057) gilts. This saw relative duration rise slightly. Early in February we booked some profits on this, with a view that the DMO's auction of 30-year gilts on 9 February would present an opportunity to re-enter long positions. Later we increased relative duration to 0.4 years by adding in the 10-year area, when yields hit 1.30%. We maintained this long duration position through to the end of the period as yields were pushed downwards by a combination of investor positioning (short covering) and worries about political uncertainty in Europe.

One of the major unknowns over the coming quarters will be the extent to which Trump can implement his campaign promises of infrastructure spending, tax reform and trade protection. The full delivery of these promises on an economy that is already close to full employment may be inflationary and could influence the Fed's monetary policy. However, the ineffectual leadership displayed so far, and the diffuse nature of Republican aims, suggests that there could be some policy disappointments.

In Europe, the story appears more clear-cut, with a steadily improving economy and the potential for less policy support from the ECB at some stage this year. The likely tapering of quantitative easing from the ECB as well as a start to the US Federal's balance sheet runoff are likely to insert some term premium back into bond markets, leading to steeper yield curves, particularly in the eurozone.

Assets were transferred from Threadneedle Investment Funds III UK Fixed Interest Fund on the 9 December 2016.

Election Update

The commentary contains a market background with a snapshot of investor sentiment during the period under review. Although the UK election has since taken place, the result has no retroactive bearing on what investors were thinking prior to the vote.

STATEMENT OF TOTAL RETURN

for the accounting period 9 December 2016 to 30 April 2017

	Notes	2017 £000
Income		
Net capital gains	2	15,669
Revenue	3	2,224
Expenses	4	(637)
Net revenue before taxation		1,587
Taxation	5	–
Net revenue after taxation		1,587
Total return before distributions		17,256
Distributions	6	(1,587)
Change in net assets attributable to shareholders from investment activities		15,669

BALANCE SHEET

as at 30 April 2017

	Notes	2017 £000
Assets:		
Fixed assets:		
Investments		462,454
Current assets:		
Debtors	7	6,605
Cash and bank balances		3,477
Total assets		472,536
Liabilities:		
Creditors:		
Distribution payable		(1,521)
Other creditors	8	(2,087)
Total liabilities		(3,608)
Net assets attributable to shareholders		468,928

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 9 December 2016 to 30 April 2017

	2017 £000
Opening net assets attributable to shareholders	–
Amounts receivable on the issue of shares	38,318
Amounts payable on the cancellation of shares	(18,522)
Amounts receivable on in specie transfers	433,380
	453,176
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	15,669
Retained distribution on accumulation shares	83
Closing net assets attributable to shareholders	468,928

DISTRIBUTION TABLE

for the accounting period 9 December 2016 to 30 April 2017

Interest distribution in pence per share

Class 1 – Income shares*

Distribution Period	Gross Revenue	Equalisation	Distribution Payable 2017
Group 1 09/12/16 to 30/04/17	0.3761	–	0.3761
Group 2 09/12/16 to 30/04/17	0.1681	0.2080	0.3761
Total distributions in the period			0.3761

Class 1 – Accumulation shares*

Distribution Period	Gross Revenue	Equalisation	Revenue Accumulated 2017
Group 1 09/12/16 to 30/04/17	0.4571	–	0.4571
Group 2 09/12/16 to 30/04/17	0.2071	0.2500	0.4571
Total distributions in the period			0.4571

*Fund launched on 9 December 2016.

**In pound Sterling and against UK peer group.

Threadneedle UK Fixed Interest Fund

DISTRIBUTION TABLE

(continued)

Class 2 – Income shares*

Distribution Period	Gross Revenue	Equalisation	Distribution Payable 2017
Group 1			
09/12/16 to 30/04/17	0.3621	–	0.3621
Group 2			
09/12/16 to 30/04/17	0.0491	0.3130	0.3621
Total distributions in the period			0.3621

Class 2 – Gross income shares*

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2017
Group 1			
09/12/16 to 30/04/17	0.4578	–	0.4578
Group 2			
09/12/16 to 30/04/17	0.1964	0.2614	0.4578
Total distributions in the period			0.4578

Class Z – Accumulation shares*

Distribution Period	Gross Revenue	Equalisation	Distribution Payable 2017
Group 1			
09/12/16 to 30/04/17	0.5630	–	0.5630
Group 2			
09/12/16 to 30/04/17	0.2778	0.2852	0.5630
Total distributions in the period			0.5630

Group 2: shares purchased during a distribution period.

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

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

Threadneedle UK Fixed Interest Fund

Comparative Table Disclosure

	Class 1 – Income shares 30/04/2017 ¹	Class 1 – Accumulation shares 30/04/2017 ²
Change in net assets per share		
Opening net asset value per share (p)	131.87	160.32
Return before operating charges (p)	5.24	6.36
Operating charges (p)	(0.28)	(0.33)
Return after operating charges (p)*	4.96	6.03
Distributions (p)	(0.38)	(0.46)
Retained distributions on accumulation shares (p)**	–	0.46
Closing net asset value per share (p)	136.45	166.35
*after direct transaction costs of (p)	–	–
Performance		
Return after charges (%)	3.76	3.76
Other information		
Closing net asset value (£000)	648	561
Closing number of shares	474,812	336,991
Operating charges (%)***	0.53 [†]	0.52 [†]
Direct transaction costs (%)****	–	–
Prices		
Highest share price (p)	138.20	168.01
Lowest share price (p)	131.00	159.26
	Class 2 – Income shares 30/04/2017 ³	Class 2 – Gross income shares ⁵ 30/04/2017 ⁴
Change in net assets per share		
Opening net asset value per share (p)	102.13	129.05
Return before operating charges (p)	4.07	5.12
Operating charges (p)	(0.15)	(0.18)
Return after operating charges (p)*	3.92	4.94
Distributions (p)	(0.36)	(0.46)
Retained distributions on accumulation shares (p)**	–	–
Closing net asset value per share (p)	105.69	133.53
*after direct transaction costs of (p)	–	–
Performance		
Return after charges (%)	3.84	3.83
Other information		
Closing net asset value (£000)	29	443,227
Closing number of shares	27,798	331,920,395
Operating charges (%)***	0.36 [†]	0.36 [†]
Direct transaction costs (%)****	–	–
Prices		
Highest share price (p)	107.10	135.32
Lowest share price (p)	101.46	128.20

Threadneedle UK Fixed Interest Fund

Comparative Table Disclosure

(continued)

	Class Z – Accumulation shares 30/04/2017 ⁵
Change in net assets per share	
Opening net asset value per share (p)	163.26
Return before operating charges (p)	6.49
Operating charges (p)	(0.25)
Return after operating charges (p)*	6.24
Distributions (p)	(0.56)
Retained distributions on accumulation shares (p)**	0.56
Closing net asset value per share (p)	169.50
*after direct transaction costs of (p)	–
Performance	
Return after charges (%)	3.82
Other information	
Closing net asset value (£000)	24,463
Closing number of shares	14,432,487
Operating charges (%)***	0.38 [†]
Direct transaction costs (%)****	–
Prices	
Highest share price (p)	171.19
Lowest share price (p)	162.19

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

**Any difference between the distributions and the retained distributions on accumulation shares is due to the tax withheld.

***The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share class of a fund based on the financial year's expenses and may vary from year to year. It includes charges such as the fund's annual management charge, registration fee, custody fees and distribution cost but ordinarily excludes the costs of buying or selling assets for the fund (unless these assets are shares of another fund). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit columbiathreadneedle.com/fees.

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

⁵Only available to eligible investors.

¹Class 1 – Income shares commenced 9 December 2016.

²Class 1 – Accumulation shares commenced 9 December 2016.

³Class 2 – Income shares commenced 9 December 2016.

⁴Class 2 – Gross income shares commenced 9 December 2016.

⁵Class Z – Accumulation shares commenced 9 December 2016.

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

Threadneedle UK Fixed Interest Fund

Notes to the financial statements

for the accounting period 9 December 2016 to 30 April 2017

1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 4 and 5.

2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2017 £000
Non-derivative securities	15,669
Net capital gains	<u>15,669</u>

3 REVENUE

	2017 £000
Interest on debt securities	2,222
Bank interest	<u>2</u>
Total revenue	<u>2,224</u>

4 EXPENSES

	2017 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:	
Annual management charge	(531)
Registration fees	<u>(70)</u>
	<u>(601)</u>
Payable to the depositary or associates of the depositary, and the agents of either of them:	
Depositary's fees	(21)
Safe custody fees	<u>(6)</u>
	<u>(27)</u>
Other expenses:	
Audit fees	<u>(9)</u>
	<u>(9)</u>
Total expenses*	<u>(637)</u>

*Including irrecoverable VAT where applicable.

5 TAXATION

	2017 £000
a) Analysis of charge in period	
Total current tax (note 5b)	—
Total tax charge for the period	<u>—</u>
b) Factors affecting taxation charge for period	
Net revenue before taxation	<u>1,587</u>
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(317)
Effects of:	
Distributions treated as tax deductible	<u>317</u>
Current tax charge for period (note 5a)	<u>—</u>

6 DISTRIBUTIONS

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

	2017 £000
Final	<u>1,604</u>
	1,604
Add: Revenue deducted on the cancellation of shares	38
Deduct: Revenue received on the creation of shares	<u>(55)</u>
Net distribution for the period	<u>1,587</u>

Details of the distribution per share are set out in the table on pages 60 to 61.

7 DEBTORS

	2017 £000
Amounts receivable for the issue of shares	4,401
Accrued revenue	<u>2,204</u>
Total debtors	<u>6,605</u>

8 OTHER CREDITORS

	2017 £000
Amounts payable for the cancellation of shares	(71)
Purchases awaiting settlement	(1,873)
Accrued expenses	(13)
Amounts payable to ACD	<u>(130)</u>
Total other creditors	<u>(2,087)</u>

9 DILUTION ADJUSTMENT

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

10 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, as ACD, is a related party and acts as principal in respect of all transactions of shares in the fund. Assets received by the fund via in-specie transfers were from other funds managed by Columbia Threadneedle.

The aggregate monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 7 and 8.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 8.

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

11 SHAREHOLDER FUNDS

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

Annual management charge	
Class 1 shares	0.40%
Class 2 shares	0.30%
Class Z shares	0.25%
Registration fees	
Class 1 shares	0.110%
Class 2 shares	0.035%
Class Z shares	0.110%

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 62 to 63. The distribution per share class is given in the distribution table on pages 60 to 61.

All classes have the same rights on winding up.

Reconciliation of shares

	2017
Class 1 – Income shares*	
Opening shares	—
Shares issued	530,548
Shares redeemed	(55,736)
Net conversions	—
Closing shares	<u>474,812</u>
Class 1 – Accumulation shares*	
Opening shares	—
Shares issued	858,597
Shares redeemed	(521,606)
Net conversions	—
Closing shares	<u>336,991</u>

Threadneedle UK Fixed Interest Fund

Notes to the financial statements

(continued)

	2017
Class 2 – Income shares*	
Opening shares	–
Shares issued	30,875
Shares redeemed	(3,077)
Net conversions	–
Closing shares	<u>27,798</u>
Class 2 – Gross income shares*	
Opening shares	–
Shares issued	342,965,458
Shares redeemed	(11,045,063)
Net conversions	–
Closing shares	<u>331,920,395</u>
Class Z – Accumulation shares*	
Opening shares	–
Shares issued	16,194,771
Shares redeemed	(1,762,284)
Net conversions	–
Closing shares	<u>14,432,487</u>

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

12 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 5.

Market price risk sensitivity

A 1.00% interest rate increase applied to the bond portion of the fund would result in a decrease on the net asset value of 11.34% and vice versa (2016: 11.37%).

Currency exposures

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

Currency sensitivity

As the fund has no material currency exposure, no sensitivity analysis has been shown.

Credit/Counterparty exposure

As at the balance sheet date there is no derivative exposure or collateral to disclose.

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

Analysis of investments by credit ratings

	2017	
	Value £000	% of Investment
AAA	13,063	2.82
Aaa	8,597	1.86
AA+	4,247	0.92
Aa1u	401,255	86.77
AA	9,529	2.06
Not Rated	25,763	5.57
	<u>462,454</u>	<u>100.00</u>

Interest rate risk

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

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

Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the fund's financial assets and financial liabilities at 30 April was:

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
Currency 2017	£000	£000	£000	£000
UK Sterling	3,477	462,454	6,605	472,536
	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
Currency 2017	£000	£000	£000	£000
UK Sterling	–	–	(3,608)	(3,608)

Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances.

13 FAIR VALUE DISCLOSURE

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

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

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

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

Valuation technique	2017	
	Assets £000	Liabilities £000
Level 1	431,826	–
Level 2	30,628	–
	<u>462,454</u>	–

14 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding.

15 PORTFOLIO TRANSACTION COSTS

During the period under review the fund's purchases and sales of bonds amounted to £294,750,392 and £285,672,471 respectively. In specie purchases and sales amounted to £285,672,471 and £nil respectively.

The purchases and sales are not subject to transaction costs.

At the balance sheet date, the portfolio dealing spread was 0.08%, being the difference between the respective buying and selling prices for the fund's investments.

Threadneedle UK Index Linked Fund*

Investment Report

Investment Objective

The objective of the UK Index Linked Fund is to achieve a long-term total return and to maximise this return whilst moderating the risk of investment at any particular point in the economic and business cycle.

Investment Policy

The policy of the UK Index Linked Fund is to invest principally in UK index linked gilts and other Sterling denominated index linked securities. The Fund may also invest in other transferable securities, collective investment schemes, money market instruments, deposits, cash and near cash and hold securities of any duration.

Performance of Accumulation Class 2 Shares**

Over the five months to 30 April 2017*, the published share price of Class 2 shares in the Threadneedle UK Index Linked Fund risen from 196.50p to 206.89p.

For comparison, using noon prices, the performance of the Class 2 share class was +5.31% compared to a return of +5.95% for the Morningstar UK Unit Trusts/OEICs – (IA) UK Index Linked Gilts Peer Group (on a bid to bid basis, with income reinvested for a UK basic rate taxpayer).

For information purposes, using global close prices, the total return of the FTSE UK Gilts Index Linked Government (All stocks) was +6.51%.

Market Overview and Portfolio Activity

Gilts delivered positive returns in the 12 months under review. The start of the period was dominated by anticipation of, and reaction to, the UK's referendum on its EU membership. The result saw 10-year gilt yields fall to record lows as investors sought safe havens. The Bank of England's (BoE's) post-referendum stimulus also bolstered sentiment towards gilts. This comprised a cut in the base rate to a record low of 0.25%, more gilt purchases, a renewed corporate-bond-buying programme, and a bank-funding scheme. Expectations of accommodative monetary policy elsewhere also supported UK bonds as the Brexit vote caused the Federal Reserve to hold fire on rate hikes.

Donald Trump's election in November pressured core sovereigns (government debt from major economies) amid expectations that his politics would push up inflation and the fiscal deficit. The bond sell-off ended a day after the Federal Reserve's December meeting. The 25 basis-point rate hike was fully expected but policymakers' projections of three rate hikes in 2017, as opposed to two, were less palatable to investors. By contrast, in its December meeting, the European Central Bank (ECB) extended its bond-buying scheme until at least December 2017, albeit at a reduced monthly rate from April.

In the first quarter of 2017, worries over European politics and waning "Trumpflation" trades following the president's failure to reform Obamacare supported gilts. However, yields rose after a hawkish dissent at the BoE's meeting in March and the release of data showing that inflation had crossed the central bank's target. Despite this, the BoE made no policy changes after its stimulus in August. By contrast, the Fed's first hike of 2017 – in March – provided a boost to bonds around the world as Chair Yellen emphasised caution over the pace of future hikes.

Towards the end of the review period, the UK prime minister unexpectedly announced a snap election. Gilts subsequently rallied; investors hoped an enlarged parliamentary majority would allow the government to pursue a "soft Brexit". However, the rally ebbed after Emmanuel Macron's victory in the first round of the French presidential election soured investors' appetites for safe havens.

We planned to be neutral duration (that is, to have neutral sensitivity to changes in interest rates) moving into the Brexit vote and so after a sharp rally early in June, as polls tilted towards Brexit and US jobs growth disappointed, the portfolio's long-held overweight duration was taken down to a neutral position. Once the result was in, we ceased trading for a day before adding some duration at the ten-year point of the yield curve, which is the highest-beta part of the curve. We maintained a long duration in July and held this position through August after the BoE's stimulus triggered a rally. We pared back duration to near neutral levels in early September.

In early October, we moved longer duration as we believed the sell-off at the end of September was overdone. We later took a position in nominal gilts against index-linked as, in our view, inflation expectations had

become too elevated. This position was closed via a stop-loss trade. In the middle of November, we were fairly negative in terms of duration (relative to the benchmark), due to the sustained elevated level of breakevens. In the second half of November, we moved our short position in 10-years to ultra-long bonds. The portfolio finished 2016 with a duration of 0.2 years long.

We moved duration longer to 0.3 in early February by buying 20-year inflation-linked bonds. In the third week of February, we consolidated holdings so that overall duration was 0.35 (on a relative basis). At the start of March, we reduced duration to 0.2 and later to 0.1 by selling linkers with 34- and 52-year maturities and buying those with 5-year maturities. The portfolio finished the review period with a marginally long duration, relative to its benchmark.

One of the major unknowns over the coming quarters will be the extent to which Trump can implement his campaign promises of infrastructure spending, tax reform and trade protection. The full delivery of these promises on an economy that is already close to full employment may be inflationary and could influence the US Federal's monetary policy. However, the ineffectual leadership displayed so far, and the diffuse nature of Republican aims, suggests that there could be some policy disappointments.

In Europe, the story appears more clear-cut, with a steadily improving economy and the potential for less policy support from the ECB at some stage this year. The likely tapering of quantitative easing from the ECB as well as a start to the Fed's balance sheet runoff are likely to insert some term premium back into bond markets, leading to steeper yield curves, particularly in the eurozone.

Assets were transferred from Threadneedle Investment Funds III UK Index Linked Fund on the 28 November 2016.

Election Update

The commentary contains a market background with a snapshot of investor sentiment during the period under review. Although the UK election has since taken place, the result has no retroactive bearing on what investors were thinking prior to the vote.

STATEMENT OF TOTAL RETURN

for the accounting period 28 November 2016 to 30 April 2017

	Notes	2017 £000
Income		
Net capital gains	2	4,848
Revenue	3	274
Expenses	4	(172)
Net revenue before taxation		102
Taxation	5	–
Net revenue after taxation		102
Total return before distributions		4,950
Distributions	6	(106)
Change in net assets attributable to shareholders from investment activities		4,844

BALANCE SHEET

as at 30 April 2017

	Notes	2017 £000
Assets:		
Fixed assets:		
Investments		95,691
Current assets:		
Debtors	7	297
Cash and bank balances		159
Total assets		96,147
Liabilities:		
Creditors:		
Distribution payable		(65)
Other creditors	8	(84)
Total liabilities		(149)
Net assets attributable to shareholders		95,998

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 28 November 2016 to 30 April 2017

	2017 £000
Opening net assets attributable to shareholders	–
Amounts receivable on the issue of shares	14,940
Amounts payable on the cancellation of shares	(14,639)
Amounts receivable on in specie transfers	90,800
	91,102
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	4,844
Retained distribution on accumulation shares	52
Closing net assets attributable to shareholders	95,998

DISTRIBUTION TABLE

for the accounting period 28 November 2016 to 30 April 2017

Interest distribution in pence per share

Class 1 – Income shares*

There is no distribution for the accounting period 28 November 2016 to 30 April 2017, as expenses exceed revenue.

Class 1 – Gross accumulation shares*

There is no distribution for the accounting period 28 November 2016 to 30 April 2017, as expenses exceed revenue.

Class 2 – Income shares*

Distribution Period	Gross Revenue	Equalisation	Distribution Payable 2017
Group 1 28/11/16 to 30/04/17	0.1230	–	0.1230
Group 2 28/11/16 to 30/04/17	0.0930	0.0300	0.1230
Total distributions in the period			0.1230

*Fund launched on 25 November 2016.

**In pound Sterling and against UK peer group.

Threadneedle UK Index Linked Fund

DISTRIBUTION TABLE

(continued)

Class 2 – Accumulation shares*

Distribution Period	Gross Revenue	Equalisation	Revenue Accumulated 2017
Group 1 28/11/16 to 30/04/17	0.2069	–	0.2069
Group 2 28/11/16 to 30/04/17	0.0711	0.1358	0.2069
Total distributions in the period			0.2069

Class 2 – Gross income shares*

Distribution Period	Gross Revenue	Equalisation	Distribution Payable 2017
Group 1 28/11/16 to 30/04/17	0.1597	–	0.1597
Group 2 28/11/16 to 30/04/17	0.0668	0.0929	0.1597
Total distributions in the period			0.1597

Class D – Accumulation shares*

Distribution Period	Gross Revenue	Equalisation	Revenue Accumulated 2017
Group 1 28/11/16 to 30/04/17	0.0543	–	0.0543
Group 2 28/11/16 to 30/04/17	0.0472	0.0071	0.0543
Total distributions in the period			0.0543

Class X – Gross accumulation shares*

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2017
Group 1 28/11/16 to 30/04/17	0.2659	–	0.2659
Group 2 28/11/16 to 30/04/17	0.1858	0.0801	0.2659
Total distributions in the period			0.2659

Group 2: shares purchased during a distribution period.

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

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

Threadneedle UK Index Linked Fund

Comparative Table Disclosure

	Class 1 – Income shares 30/04/2017 ¹	Class 1 – Gross accumulation shares ⁵ 30/04/2017 ²
Change in net assets per share		
Opening net asset value per share (p)	169.80	117.00
Return before operating charges (p)	9.21	6.41
Operating charges (p)	(0.65)	(0.47)
Return after operating charges (p)*	8.56	5.94
Distributions (p)	–	–
Retained distributions on accumulation shares (p)**	–	–
Closing net asset value per share (p)	178.36	122.94
*after direct transaction costs of (p)	–	–
Performance		
Return after charges (%)	5.04	5.08
Other information		
Closing net asset value (£000)	448	60
Closing number of shares	251,173	48,433
Operating charges (%)***	0.89 [†]	0.97 [†]
Direct transaction costs (%)****	–	–
Prices		
Highest share price (p)	185.69	127.98
Lowest share price (p)	165.59	114.13
	Class 2 – Income shares 30/04/2017 ³	Class 2 – Accumulation shares 30/04/2017 ⁴
Change in net assets per share		
Opening net asset value per share (p)	114.20	196.50
Return before operating charges (p)	6.17	10.65
Operating charges (p)	(0.21)	(0.35)
Return after operating charges (p)*	5.96	10.30
Distributions (p)	(0.12)	(0.21)
Retained distributions on accumulation shares (p)**	–	0.21
Closing net asset value per share (p)	120.04	206.80
*after direct transaction costs of (p)	–	–
Performance		
Return after charges (%)	5.22	5.24
Other information		
Closing net asset value (£000)	68	17,007
Closing number of shares	57,028	8,223,803
Operating charges (%)***	0.42 [†]	0.42 [†]
Direct transaction costs (%)****	–	–
Prices		
Highest share price (p)	125.07	215.24
Lowest share price (p)	111.36	191.65

Threadneedle UK Index Linked Fund

Comparative Table Disclosure

(continued)

	Class 2 – Gross income shares ⁵ 30/04/2017 ⁵	Class D – Accumulation shares 30/04/2017 ⁶
Change in net assets per share		
Opening net asset value per share (p)	151.70	192.00
Return before operating charges (p)	8.29	10.41
Operating charges (p)	(0.27)	(0.48)
Return after operating charges (p)*	8.02	9.93
Distributions (p)	(0.16)	(0.05)
Retained distributions on accumulation shares (p)**	–	0.05
Closing net asset value per share (p)	159.56	201.93
*after direct transaction costs of (p)	–	–
Performance		
Return after charges (%)	5.29	5.17
Other information		
Closing net asset value (£000)	64,216	478
Closing number of shares	40,246,041	236,471
Operating charges (%)***	0.42 [†]	0.59 [†]
Direct transaction costs (%)****	–	–
Prices		
Highest share price (p)	166.24	210.20
Lowest share price (p)	148.02	187.26
	Class X – Gross accumulation shares⁵ 30/04/2017⁷	
Change in net assets per share		
Opening net asset value per share (p)	100.00	
Return before operating charges (p)	5.49 [†]	
Operating charges (p)	(0.03)	
Return after operating charges (p)*	5.46	
Distributions (p)	(0.27)	
Retained distributions on accumulation shares (p)**	0.27	
Closing net asset value per share (p)	105.46	
*after direct transaction costs of (p)	–	
Performance		
Return after charges (%)	5.46	
Other information		
Closing net asset value (£000)	13,721	
Closing number of shares	13,011,638	
Operating charges (%)***	0.07 [†]	
Direct transaction costs (%)****	–	
Prices		
Highest share price (p)	109.74	
Lowest share price (p)	97.60	

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

**Any difference between the distributions and the retained distributions on accumulation shares is due to the tax withheld.

***The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share class of a fund based on the financial year's expenses and may vary from year to year. It includes charges such as the fund's annual management charge, registration fee, custody fees and distribution cost but ordinarily excludes the costs of buying or selling assets for the fund (unless these assets are shares of another fund). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit columbiathreadneedle.com/fees.

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

⁵Only available to eligible investors.

¹Class 1 – Income shares commenced 25 November 2016.

²Class 1 – Gross accumulation shares commenced 25 November 2016.

³Class 2 – Income shares commenced 25 November 2016.

⁴Class 2 – Accumulation shares commenced 25 November 2016.

⁵Class 2 – Gross income shares commenced 25 November 2016.

⁶Class D – Accumulation shares commenced 25 November 2016.

⁷Class X – Gross accumulation shares commenced 25 November 2016.

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

Threadneedle UK Index Linked Fund

Notes to the financial statements

for the accounting period 28 November 2016 to 30 April 2017

1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 4 and 5.

2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2017 £000
Non-derivative securities	4,848
Net capital gains	<u>4,848</u>

3 REVENUE

	2017 £000
Interest on debt securities	273
Bank interest	1
Total revenue	<u>274</u>

4 EXPENSES

	2017 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:	
Annual management charge	(132)
Registration fees	(16)
	<u>(148)</u>
Payable to the depository or associates of the depository, and the agents of either of them:	
Depository's fees	(5)
Safe custody fees	(5)
	<u>(10)</u>
Other expenses:	
Audit fees	(14)
	<u>(14)</u>
Total expenses*	<u>(172)</u>

*Including irrecoverable VAT where applicable.

5 TAXATION

	2017 £000
a) Analysis of charge in period	
Total current tax (note 5b)	–
Total tax charge for the period	–
b) Factors affecting taxation charge for period	
Net revenue before taxation	102
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(20)
Effects of:	
Distributions treated as tax deductible	20
Current tax charge for period (note 5a)	–

6 DISTRIBUTIONS

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

	2017 £000
Final	116
	<u>116</u>
Add: Revenue deducted on the cancellation of shares	1
Deduct: Revenue received on the creation of shares	(11)
Net distribution for the period	<u>106</u>
Net revenue after taxation	102
Shortfall transfer from capital to revenue	4
Total distributions	<u>106</u>

Details of the distribution per share and any share class with a shortfall are set out in the table on pages 66 to 67.

7 DEBTORS

	2017 £000
Amounts receivable for the issue of shares	166
Accrued revenue	131
Total debtors	<u>297</u>

8 OTHER CREDITORS

	2017 £000
Amounts payable for the cancellation of shares	(45)
Accrued expenses	(12)
Amounts payable to ACD	(27)
Total other creditors	<u>(84)</u>

9 DILUTION ADJUSTMENT

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

10 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, as ACD, is a related party and acts as principal in respect of all transactions of shares in the fund. Assets received by the fund via in-specie transfers were from other funds managed by Columbia Threadneedle.

The aggregate monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 7 and 8.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 8.

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

11 SHAREHOLDER FUNDS

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

Annual management charge	
Class 1 shares	0.75%
Class 2 shares	0.35%
Class D shares	0.45%
Class X shares	N/A*
Registration fees	
Class 1 shares	0.110%
Class 2 shares	0.035%
Class D shares	0.110%
Class X shares	0.035%

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 68 to 69. The distribution per share class is given in the distribution table on pages 66 to 67.

All classes have the same rights on winding up.

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

Reconciliation of shares

	2017
Class 1 – Income shares*	
Opening shares	–
Shares issued	307,812
Shares redeemed	(56,639)
Net conversions	–
Closing shares	<u>251,173</u>

Threadneedle UK Index Linked Fund

Notes to the financial statements

(continued)

	2017
Class 1 – Gross accumulation shares*	
Opening shares	–
Shares issued	11,247,092
Shares redeemed	(11,198,659)
Net conversions	–
Closing shares	<u>48,433</u>
Class 2 – Income shares*	
Opening shares	–
Shares issued	57,097
Shares redeemed	(69)
Net conversions	–
Closing shares	<u>57,028</u>
Class 2 – Accumulation shares*	
Opening shares	–
Shares issued	8,651,602
Shares redeemed	(427,799)
Net conversions	–
Closing shares	<u>8,223,803</u>
Class 2 – Gross income shares*	
Opening shares	–
Shares issued	40,258,005
Shares redeemed	(11,964)
Net conversions	–
Closing shares	<u>40,246,041</u>
Class D – Accumulation shares*	
Opening shares	–
Shares issued	395,838
Shares redeemed	(159,367)
Net conversions	–
Closing shares	<u>236,471</u>
Class X – Gross accumulation shares*	
Opening shares	–
Shares issued	13,070,922
Shares redeemed	(59,284)
Net conversions	–
Closing shares	<u>13,011,638</u>

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

12 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 5.

Market price risk sensitivity

A 1.00% interest rate increase applied to the bond portion of the fund would result in a decrease on the net asset value of 11.30% and vice versa (2016: 11.33%).

Currency exposures

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

Currency sensitivity

As the fund has no material currency exposure, no sensitivity analysis has been shown.

Credit/Counterparty exposure

As at the balance sheet date there is no derivative exposure or collateral to disclose.

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

Analysis of investments by credit ratings

	2017	
	Value £000	% of Investment
Aa1u	93,917	98.15
AA	1,103	1.15
Not Rated	671	0.70
	<u>95,691</u>	<u>100.00</u>

Interest rate risk

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

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

Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the fund's financial assets and financial liabilities at 30 April was:

Currency 2017	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
	£000	£000	£000	£000
UK Sterling	159	95,691	297	96,147

Currency 2017	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
	£000	£000	£000	£000
UK Sterling	–	–	(149)	(149)

Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances.

13 FAIR VALUE DISCLOSURE

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

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

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

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

Valuation technique	2017	
	Assets £000	Liabilities £000
Level 1	94,588	–
Level 2	1,103	–
	<u>95,691</u>	<u>–</u>

Included within Level 1 are debt securities of £94,588,000. The valuation of some highly liquid exchange-traded debt securities (G7 sovereign debt, supranational debt or certain corporate bonds) is sufficiently close to a binding quoted price to categorise at this level.

14 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding.

15 PORTFOLIO TRANSACTION COSTS

During the period under review the fund's purchases and sales of bonds amounted to £32,474,845 and £91,203,480 respectively. In specie purchases and sales amounted to £32,924,290 and £nil respectively.

The purchases and sales are not subject to transaction costs.

At the balance sheet date, the portfolio dealing spread was 0.07%, being the difference between the respective buying and selling prices for the fund's investments.

Threadneedle Target Return Fund*

Investment Report

Investment Objective

The investment objective of the Target Return Fund is to achieve a total positive return in Euros over a 12 month period in all market conditions.

There is a risk to capital, and there is no guarantee that such a return will be achieved within 12 months, or any other timescale.

Investment Policy

The ACD's investment policy is to invest the assets of the Fund to gain exposure to global bond and currency markets. The ACD will invest in derivatives, cash and near cash, fixed interest securities, index linked securities, money market instruments and deposits. At times the portfolio may be concentrated in any one or a combination of such assets. The ACD may take long and short positions through derivatives in such issues. Where securities are non-euro denominated they may be hedged into Euros on a Portfolio Currency level.

Market Overview and Portfolio Activity

There were several regime changes in the review period, with central banks appearing to retreat from the dogma of flatter yield curves and negative interest rates. The rise of populism manifested itself most clearly in the UK's vote to exit the EU and Donald Trump's election as US president. However, populist parties suffered in elections in the Netherlands and France.

Trump's election led to a widespread bond-market correction amid expectations that his politics would push up inflation and the fiscal deficit. This accelerated following OPEC's November announcement

that it would cut output and after the Federal Reserve's December meeting. The 25 basis-point rate hike at this meeting was fully expected but policymakers' projections of three rate hikes in 2017, as opposed to two, were unexpected and less palatable to investors. The end of the year saw the "Trumpflation" trade ebb as it became apparent Trump's policies lacked detail.

Other major developed-world central banks eased policy over the period. The Bank of England expanded its stimulus, cut rates and introduced a cheaper bank funding scheme in anticipation of a growth slowdown in the aftermath of the Brexit referendum. The Bank of Japan (BoJ) moved from targeting the quantity of money to the price of it, by committing to keep medium-term bond yields around 0% to steepen the yield curve. The BoJ also committed to overshoot the inflation target to raise inflation expectations.

The European Central Bank (ECB) held fire in the wake of the Brexit vote. However, in late 2016, the central bank extended its bond-buying scheme until at least December 2017, albeit at a reduced monthly rate from April. In early 2017, worries over populism in Europe pressured peripheral and French bonds. These fears were eased by the defeat of the eurosceptic Freedom Party in the Dutch elections in March and later, by growing confidence that the next French president would be a Europhile. This benefited periphery bonds although Italian bonds remained under pressure amid concerns over the country's banks.

Within rates, in the first half of the period, we broadly positioned for a flatter yield curve in the US, given subdued inflation levels around the world. Towards the end of 2016, we moved to a long position, due to our lack of conviction that fiscal stimulus could sustainably

end the secular forces affecting inflation. In 2017, we held a broadly steepening bias to core government bond curves given the slow withdrawal of policy stimulus in an inflationary environment and the shift to shorter maturity bonds in the ECB purchase programme. We maintained short positions on Italian debt throughout the second half of the period to reflect the reduced support from the ECB. Select EM local rates continued to offer value where central banks had room to ease policy that had previously been tightened having tightened to offset previous earlier currency weakness.

Within currency strategies, we increased exposure to US dollars over the first half of the year, as the market pricing of the US Federal's intentions remained too benign relative to our expectations. Ahead of the US election, we closed exposure to the Mexican peso due to the tail risk impact of a Trump victory. At the end of 2016, our long exposure to the US dollar was largely expressed against the Chinese renminbi and New Zealand dollar. As "Trumponomics" hopes faded in early 2017, we reduced our long dollar bias and moved to a long euro position to reflect the improving fundamentals and what we viewed as overblown political risk.

The Fund was closed on 28 February 2017, all unitholders had left and all securities were sold by this date.

Election Update

The commentary contains a market background with a snapshot of investor sentiment during the period under review. Although the UK election has since taken place, the result has no retroactive bearing on what investors were thinking prior to the vote.

STATEMENT OF TOTAL RETURN

for the accounting period 1 May 2016 to 30 April 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains	2	649	9
Revenue	3	167	182
Expenses	4	(173)	(257)
Interest payable and similar charges	5	(86)	(238)
Net revenue/(expense) before taxation		(92)	(313)
Taxation	6	–	–
Net revenue/(expense) after taxation		(92)	(313)
Total return before distributions		557	(304)
Distributions	7	–	–
Change in net assets attributable to shareholders from investment activities		557	(304)

BALANCE SHEET

as at 30 April 2017

	Notes	2017 £000	2016 £000
Assets:			
Fixed assets:			
Investments		–	13,974
Current assets:			
Debtors	8	5	163
Cash and bank balances	9	2	1,780
Total assets		7	15,917
Liabilities:			
Investment liabilities		–	(366)
Creditors:			
Bank overdrafts	9	(1)	(32)
Other creditors	10	(6)	(97)
Total liabilities		(7)	(495)
Net assets attributable to shareholders		–	15,422

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 1 May 2016 to 30 April 2017

	2017 £000	2016 £000
Opening net assets attributable to shareholders	15,422	18,588
Amounts receivable on the issue of shares	2,522	10,070
Amounts payable on the cancellation of shares	(18,510)	(12,943)
	15,988	(2,873)
Dilution adjustment	9	11
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	557	(304)
Closing net assets attributable to shareholders	–	15,422

DISTRIBUTION TABLE

for the accounting period 1 May 2016 to 30 April 2017

Interest distribution in pence per share

Class 1 – Accumulation shares[†]

There is no distribution for the accounting period 1 May 2016 to 30 April 2017, as expenses exceed revenue (2016: Nil).

Class 1 – Gross accumulation shares

There is no distribution for the accounting period 1 May 2016 to 30 April 2017, as expenses exceed revenue (2016: Nil).

Class 1 CHF Hedged – Gross accumulation shares

There is no distribution for the accounting period 1 May 2016 to 30 April 2017, as expenses exceed revenue (2016: Nil).

Class 1 USD Hedged – Gross accumulation shares

There is no distribution for the accounting period 1 May 2016 to 30 April 2017, as expenses exceed revenue (2016: Nil).

Class 2 – Gross income shares

There is no distribution for the accounting period 1 May 2016 to 30 April 2017, as expenses exceed revenue (2016: Nil).

Class 2 – Gross accumulation shares

There is no distribution for the accounting period 1 May 2016 to 30 April 2017, as expenses exceed revenue (2016: Nil).

*The fund was closed on 28 February 2017.

**Gross performance is calculated in Factset using daily cash flows and daily global close valuations.

Threadneedle Target Return Fund

DISTRIBUTION TABLE

(continued)

Class X – Gross accumulation shares

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Gross Revenue Accumulated 2015/2016
Group 1				
01/05/16 to 31/10/16	0.2079	–	0.2079	–
01/11/16 to 30/04/17	–	–	–	–
Group 2				
01/05/16 to 31/10/16	0.2079	–	0.2079	–
01/11/16 to 30/04/17	–	–	–	–
Total distributions in the period			0.2079	–

Class Z – Accumulation shares[†]

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Net Revenue Accumulated 2016/2017	Net Revenue Accumulated 2015/2016
Group 1						
01/05/16 to 31/10/16	0.0029	0.0006	0.0023	–	0.0023	–
01/11/16 to 30/04/17	–	–	–	–	–	–
Group 2						
01/05/16 to 31/10/16	0.0029	0.0006	0.0023	–	0.0023	–
01/11/16 to 30/04/17	–	–	–	–	–	–
Total distributions in the period					0.0023	–

Class Z – Gross accumulation shares

There is no distribution for the accounting period 1 May 2016 to 30 April 2017, as expenses exceed revenue (2016: Nil).

Group 2: shares purchased during a distribution period.

Effective 20 February 2017, the names of share classes in the sub-fund have changed to remove the reference to net.

Further details can be found in the Important Information section.

[†]Distributions paid before 6 April 2017 have been paid net.

Threadneedle Target Return Fund

Comparative Table Disclosure

	Class 1 – Accumulation shares			Class 1 – Gross accumulation shares [§]		
	30/04/2017	30/04/2016	30/04/2015	30/04/2017	30/04/2016	30/04/2015
Change in net assets per share						
Opening net asset value per share (p)	87.16	87.90	96.99	88.85	89.61	98.73
Return before operating charges (p)	4.31	0.55	(7.70)	4.39	0.55	(7.70)
Operating charges (p)	(1.47)	(1.29)	(1.39)	(1.49)	(1.31)	(1.42)
Return after operating charges (p)*	2.84	(0.74)	(9.09)	2.90	(0.76)	(9.12)
Distributions (p)	–	–	–	–	–	–
Retained distributions on accumulation shares (p)**	–	–	–	–	–	–
Closing net asset value per share (p)***	90.00	87.16	87.90	91.75	88.85	89.61
*after direct transaction costs of (p)	–	–	–	–	–	–
Performance						
Return after charges (%)	3.26	(0.84)	(9.37)	3.26	(0.85)	(9.24)
Other information						
Closing net asset value (£000)***	660	1,099	1,411	2,802	12,548	14,378
Closing number of shares***	733,649	1,260,835	1,605,013	3,053,473	14,123,047	16,045,619
Operating charges (%)****	–	1.50	1.51	–	1.49	1.51
Direct transaction costs (%)*****	–	–	–	–	–	–
Prices						
Highest share price (p)	97.36	91.65	97.12	99.25	93.43	98.84
Lowest share price (p)	82.93	81.11	84.41	84.54	82.69	85.93
	Class 1 CHF Hedged – Gross accumulation shares [§]			Class 1 USD Hedged – Gross accumulation shares [§]		
	30/04/2017	30/04/2016	30/04/2015	30/04/2017	30/04/2016	30/04/2015
Change in net assets per share						
Opening net asset value per share (p)	96.58	102.83	98.31	65.03	66.31	59.14
Return before operating charges (p)	7.13	(4.80)	6.00	9.17	(0.30)	8.15
Operating charges (p)	(1.64)	(1.45)	(1.48)	(1.20)	(0.98)	(0.98)
Return after operating charges (p)*	5.49	(6.25)	4.52	7.97	(1.28)	7.17
Distributions (p)	–	–	–	–	–	–
Retained distributions on accumulation shares (p)**	–	–	–	–	–	–
Closing net asset value per share (p)***	102.07	96.58	102.83	73.00	65.03	66.31
*after direct transaction costs of (p)	–	–	–	–	–	–
Performance						
Return after charges (%)	5.68	(6.08)	4.60	12.26	(1.93)	12.12
Other information						
Closing net asset value (£000)***	8	7	8	182	293	240
Closing number of shares***	7,751	7,751	7,751	249,062	450,136	361,931
Operating charges (%)****	–	1.49	1.51	–	1.49	1.58
Direct transaction costs (%)*****	–	–	–	–	–	–
Prices						
Highest share price (p)	108.32	108.91	113.04	75.88	69.22	70.19
Lowest share price (p)	92.50	90.94	89.88	61.94	63.01	55.03

Threadneedle Target Return Fund

Comparative Table Disclosure

(continued)

	Class 2 – Gross income shares [§]			Class 2 – Gross accumulation shares [§]		
	30/04/2017	30/04/2016	30/04/2015	30/04/2017	30/04/2016	30/04/2015
Change in net assets per share						
Opening net asset value per share (p)	89.51	89.66	98.26	95.06	95.23	104.34
Return before operating charges (p)	4.34	0.57	(7.81)	4.61	0.61	(8.26)
Operating charges (p)	(0.90)	(0.72)	(0.79)	(0.95)	(0.78)	(0.85)
Return after operating charges (p)*	3.44	(0.15)	(8.60)	3.66	(0.17)	(9.11)
Distributions (p)	–	–	–	–	–	–
Retained distributions on accumulation shares (p)**	–	–	–	–	–	–
Closing net asset value per share (p)***	92.95	89.51	89.66	98.72	95.06	95.23
*after direct transaction costs of (p)	–	–	–	–	–	–
Performance						
Return after charges (%)	3.84	(0.17)	(8.75)	3.85	(0.18)	(8.73)
Other information						
Closing net asset value (£000)***	81	78	78	815	863	1,824
Closing number of shares***	87,285	87,285	87,285	825,391	907,527	1,915,067
Operating charges (%)****	–	0.82	0.84	–	0.83	0.84
Direct transaction costs (%)*****	–	–	–	–	–	–
Prices						
Highest share price (p)	100.29	93.49	98.36	106.52	99.30	104.46
Lowest share price (p)	85.25	83.05	86.02	90.55	88.21	91.35
	Class X – Gross accumulation shares [§]			Class Z – Accumulation shares		
	30/04/2017	30/04/2016	30/04/2015	30/04/2017	30/04/2016	30/04/2015
Change in net assets per share						
Opening net asset value per share (p)	97.14	96.64	105.14	92.54	92.78	101.75
Return before operating charges (p)	4.61	0.62	(8.34)	4.54	0.57	(8.09)
Operating charges (p)	(0.31)	(0.12)	(0.16)	(1.03)	(0.81)	(0.88)
Return after operating charges (p)*	4.30	0.50	(8.50)	3.51	(0.24)	(8.97)
Distributions (p)	(0.21)	–	–	–	–	–
Retained distributions on accumulation shares (p)**	0.21	–	–	–	–	–
Closing net asset value per share (p)***	101.44	97.14	96.64	96.05	92.54	92.78
*after direct transaction costs of (p)	–	–	–	–	–	–
Performance						
Return after charges (%)	4.43	0.52	(8.08)	3.79	(0.26)	(8.82)
Other information						
Closing net asset value (£000)***	3	3	3	365	63	67
Closing number of shares***	3,001	3,001	3,001	379,131	68,348	72,071
Operating charges (%)****	–	0.13	0.16	–	0.89	0.91
Direct transaction costs (%)*****	–	–	–	–	–	–
Prices						
Highest share price (p)	109.16	101.36	105.28	103.66	96.74	101.87
Lowest share price (p)	92.62	89.86	92.63	88.14	85.90	89.01

Threadneedle Target Return Fund

Comparative Table Disclosure

(continued)

	Class Z – Gross accumulation shares [§]		
	30/04/2017	30/04/2016	30/04/2015
Change in net assets per share			
Opening net asset value per share (p)	89.77	89.99	98.70
Return before operating charges (p)	4.35	0.58	(7.85)
Operating charges (p)	(0.96)	(0.80)	(0.86)
Return after operating charges (p)*	3.39	(0.22)	(8.71)
Distributions (p)	–	–	–
Retained distributions on accumulation shares (p)**	–	–	–
Closing net asset value per share (p)***	93.16	89.77	89.99
*after direct transaction costs of (p)	–	–	–
Performance			
Return after charges (%)	3.78	(0.24)	(8.82)
Other information			
Closing net asset value (£000)***	435	468	579
Closing number of shares****	467,121	520,787	643,426
Operating charges (%)*****	–	0.90	0.92
Direct transaction costs (%)*****	–	–	–
Prices			
Highest share price (p)	100.55	93.84	98.80
Lowest share price (p)	85.49	83.32	86.34

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

**Any difference between the distributions and the retained distributions on accumulation shares is due to the tax withheld.

***This figure is as at the last dealing point of share class on 28 February 2017.

****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.

[§]Only available to eligible investors.

Threadneedle Target Return Fund

Notes to the financial statements

for the accounting period 1 May 2016 to 30 April 2017

1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 4 and 5.

2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2017 £000	2016 £000
Non-derivative securities	1,663	920
Derivative contracts	54	236
Forward currency contracts	(1,254)	(996)
Other gains/(losses)	186	(151)
Net capital gains	649	9

3 REVENUE

	2017 £000	2016 £000
Interest on debt securities	166	176
Bank interest	1	6
Total revenue	167	182

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	(134)	(213)
Registration fees	(12)	(19)
	(146)	(232)
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depositary's fees	(1)	(2)
Safe custody fees	(8)	(9)
	(9)	(11)
Other expenses:		
Regulatory fees	(5)	(6)
Professional fees	(2)	–
Audit fees	(11)	(8)
	(18)	(14)
Total expenses*	(173)	(257)

*Including irrecoverable VAT where applicable.

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £000	2016 £000
Interest payable	(5)	(5)
Derivative expense	(81)	(233)
Total interest payable & similar charges	(86)	(238)

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/(expense) before taxation	92	(313)
Net revenue/(expense) before taxation multiplied by the standard rate of corporation tax of 20%	(18)	63
Effects of:		
Excess expenses	18	(63)
Current tax charge for period (note 6a)	–	–

The fund has not recognised a deferred tax asset of £195,357 (2016: £177,005) arising as a result of having unutilised management expenses. The movement in deferred tax asset may not agree to the excess expenses figure quoted above due to prior year adjustments.

Interest distributions have been made in respect of all distributions during the period. Income tax at 20% on net share classes paid prior to 6 April 2017 will be accounted for on shareholders' behalf to HM Revenue & Customs.

7 DISTRIBUTIONS

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

	2017 £000	2016 £000
Add: Revenue deducted on the cancellation of shares*	–	–
Net distribution for the period	–	–
Net revenue/(expense) after taxation	(92)	(313)
Shortfall transfer from capital to revenue	92	313
Total distributions	–	–

Details of the distribution per share and any share class with a shortfall are set out in the table on pages 72 to 73.

*Equalisation was introduced with effect from 1 May 2016.

8 DEBTORS

	2017 £000	2016 £000
Amounts receivable for the issue of shares	–	8
Accrued revenue	5	155
Total debtors	5	163

9 CASH AND BANK BALANCES

	2017 £000	2016 £000
Amounts held at futures clearing houses and brokers	–	237
Cash and bank balances	2	1,543
	2	1,780
Bank overdrafts	(1)	(32)
Total cash and bank balances	1	1,748

10 OTHER CREDITORS

	2017 £000	2016 £000
Amounts payable for the cancellation of shares	–	(66)
Accrued expenses	(6)	(14)
Amounts payable to ACD	–	(17)
Total other creditors	(6)	(97)

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 Target Return Fund

Notes to the financial statements

(continued)

13 SHAREHOLDER FUNDS

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

Annual management charge	
Class 1 shares	1.25%
Class 2 shares	0.65%
Class X shares	N/A*
Class Z shares	0.65%
Registration fees	
Class 1 shares	0.110%
Class 2 shares	0.035%
Class X shares	0.035%
Class Z shares	0.110%

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 74 to 76. The distribution per share class is given in the distribution table on pages 72 to 73.

All classes have the same rights on winding up.

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

Reconciliation of shares

	2017
Class 1 – Accumulation shares	
Opening shares	1,260,835
Shares issued	11,112
Shares redeemed	(1,271,947)
Net conversions	–
Closing shares	–
Class 1 – Gross accumulation shares	
Opening shares	14,123,047
Shares issued	1,343,503
Shares redeemed	(15,466,550)
Net conversions	–
Closing shares	–
Class 1 CHF Hedged – Gross accumulation shares	
Opening shares	7,751
Shares issued	–
Shares redeemed	(7,751)
Net conversions	–
Closing shares	–
Class 1 USD Hedged – Gross accumulation shares	
Opening shares	450,136
Shares issued	125,333
Shares redeemed	(575,469)
Net conversions	–
Closing shares	–
Class 2 – Gross income shares	
Opening shares	87,285
Shares issued	–
Shares redeemed	(87,285)
Net conversions	–
Closing shares	–
Class 2 – Gross accumulation shares	
Opening shares	907,527
Shares issued	556,894
Shares redeemed	(1,464,421)
Net conversions	–
Closing shares	–

	2017
Class X – Gross accumulation shares	
Opening shares	3,001
Shares issued	–
Shares redeemed	(3,001)
Net conversions	–
Closing shares	–
Class Z – Accumulation shares	
Opening shares	68,348
Shares issued	516,733
Shares redeemed	(585,081)
Net conversions	–
Closing shares	–
Class Z – Gross accumulation shares	
Opening shares	520,787
Shares issued	72,320
Shares redeemed	(593,107)
Net conversions	–
Closing shares	–

14 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 5.

Currency exposures

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

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

	Monetary exposures £000	Non-monetary exposures £000	Total £000
Currency 2016			
Australian Dollar	8	(17)	(9)
Canadian Dollar	8	(1,492)	(1,484)
China Yuan Renminbi	–	(4,878)	(4,878)
Euro	1,606	19,905	21,511
Japanese Yen	8	(4,501)	(4,493)
Mexican Peso	8	3,159	3,167
New Zealand Dollar	8	(3,099)	(3,091)
Norwegian Krone	–	(2)	(2)
Russian Ruble	–	(1,631)	(1,631)
Swiss Franc	–	8	8
US Dollar	85	6,309	6,394

Currency sensitivity analysis

As at the Balance Sheet date the fund has no material currency exposure in the current year, no sensitivity analysis has been shown.

	Currency Movement %	Fund Movement %
Currency 2016		
China Yuan Renminbi	0.35	0.11
Euro	6.74	9.40
Japanese Yen	14.77	4.30
Mexican Peso	6.30	1.29
New Zealand Dollar	3.79	0.76
Russian Ruble	19.52	(2.06)
US Dollar	4.68	1.94

Credit/Counterparty exposure

As at the balance sheet date there is no derivative exposure or collateral to disclose.

	Futures Exposure £000	Forward Foreign Exchange Contracts Exposure £000	Collateral Pledged £000
2016			
Counterparty			
Bank of Scotland	–	27	–
HSBC	–	–	110
J.P. Morgan	–	2	–
RBS	–	–	94
UBS	47	–	–

Threadneedle Target Return Fund

Notes to the financial statements

(continued)

The fund did not hold any collateral received from the fund's counterparties in the current year (2016: £94,000). The collateral held was in the form of cash. Collateral received is not owned by the fund and therefore is not included in the fund's cash balance.

Positive exposure represents the fund's exposure to that counterparty and not the fund's holdings with that counterparty.

Analysis of investments by credit ratings

	2017		2016	
	Value £000	% of Investment	Value £000	% of Investment
AAA	–	–	616	4.53
AA-	–	–	885	6.50
A+	–	–	1,780	13.08
A	–	–	1,900	13.96
A-	–	–	610	4.48
BBB+	–	–	3,868	28.42
BBB	–	–	2,423	17.81
BBB-	–	–	687	5.05
Not Rated	–	–	959	7.05
Derivatives	–	–	(120)	(0.88)
	–	0.00	13,608	100.00

The derivative positions do not have a significant impact on the risk profile.

Interest rate risk

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

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

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2017				
Australian Dollar	8	–	2	10
Canadian Dollar	8	–	1,094	1,102
China Yuan Renminbi	–	–	365	365
Euro	1,498	11,696	9,921	23,115
Japanese Yen	8	–	–	8
Mexican Peso	8	–	3,457	3,465
New Zealand Dollar	7	–	185	192
Norwegian Krone	–	–	1,043	1,043
Swiss Franc	–	–	8	8
UK Sterling	144	–	287	431
US Dollar	99	2,032	18,008	20,139
Currency 2016				
Australian Dollar	–	–	(19)	(19)
Canadian Dollar	–	–	(2,586)	(2,586)
China Yuan Renminbi	–	–	(5,243)	(5,243)
Euro	–	–	(1,604)	(1,604)
Japanese Yen	–	–	(4,501)	(4,501)
Mexican Peso	–	–	(298)	(298)
New Zealand Dollar	–	–	(3,283)	(3,283)
Norwegian Krone	–	–	(1,045)	(1,045)
Russian Ruble	–	–	(1,631)	(1,631)
UK Sterling	–	–	(501)	(501)
US Dollar	(32)	–	(13,713)	(13,745)

Interest rate risk sensitivity

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

Derivative risks

Derivatives including credit default swaps, forward foreign exchange contracts and futures are employed when they are the cheapest and most efficient method of gaining exposure. This increases the risk profile of the fund and may result in a higher degree of volatility. All open positions are regularly reviewed by the fund manager. The fund has entered into various credit default swaps, forward foreign exchange contracts and futures 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 30 April 2017, the fund had outstanding credit default swaps, forward foreign exchange contracts and futures with an asset value of £Nil (2016: £246,000) and a liability value of £Nil (2016: £366,000).

15 FAIR VALUE DISCLOSURE

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

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

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

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

	2017		2016	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Valuation technique				
Level 1	–	–	674	(11)
Level 2	–	–	13,300	(355)
	–	–	13,974	(366)

16 CONTINGENT LIABILITIES AND COMMITMENTS

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

17 PORTFOLIO TRANSACTION COSTS

During the period under review the fund's purchases and sales of bonds amounted to £12,955,918 (2016: £18,949,290) and £28,088,109 (2016: £21,297,221).

The purchases and sales are not subject to transaction costs.

At the balance sheet date there is no portfolio dealing spread (2016: 0.21%).

Threadneedle Pan European Focus Fund

Investment Report

Investment Objective

The investment objective of the Pan European Focus Fund is to achieve above average capital growth.

Investment Policy

The ACD's investment policy is to actively manage a concentrated portfolio of primarily European equities including UK Equities with the ability to hold cash and/or money market securities in order to enable the pursuit of the Fund's investment objective. This approach means that the ACD has the flexibility to take significant stock and sector positions, which may lead to increased levels of volatility. The portfolio will primarily consist of equities of companies domiciled in Europe including the UK or which have a significant part of their economic activities in Europe and/or the UK. Where securities are non-euro denominated they may be hedged into Euros. If the ACD considers it desirable it may hold a substantial proportion or all of the Funds in cash and/or money market instruments.

Performance of Accumulation Class 1 Shares*

Over the twelve months to 30 April 2017, the published share price of the Threadneedle Pan European Focus Fund has risen from 218.10p to 238.23p in sterling terms and from 2.7970 to 2.8272 Euros.

For comparison, using noon prices, the sterling performance of the Class 1 share class was +9.23% and +9.85% for the Class 2 share class compared to a return of +23.83% for the Morningstar UK Unit Trusts/OEICs - (IA) Europe Including UK Peer Group (on a bid to bid basis, with income reinvested for a UK basic rate taxpayer).

For information purposes, using global close prices, the total return of the MSCI Europe Index was +26.35%.

Market Overview and Portfolio Activity

European markets enjoyed strong gains over the year ended 30 April 2017. The eurozone's composite purchasing managers' index ended the review period firmly in expansionary territory, while inflation climbed from recent lows; the rise was partly due to higher food and fuel costs. Increased mergers and acquisitions activity, a firmer oil price and some positive economic news from China also bolstered markets.

There were bouts of volatility during the year, notably when the UK voted to leave the EU, introducing a period of political and economic uncertainty, and boosting support for anti-EU and anti-euro factions elsewhere. Mindful of recessionary risks, the Bank of England provided economic support and reassured investors. In Italy, the prime minister resigned after his proposals were rejected in a constitutional referendum – the post-Brexit wave of political upheavals did not extend to elections in Austria, the Netherlands and France, however, as moderate candidates prevailed.

The US election campaign also caused some jitters. Nevertheless, Donald Trump's victory sparked an equity-market rally, particularly in cyclical (economy sensitive) stocks; he plans to stimulate the US economy, a key export market for Europe. During the year, the US Federal Reserve increased interest rates, bolstering financial stocks – the prospect of looser regulation under Trump's presidency also supported the sector. In Italy, the banking system has been under strain, but is starting to recapitalise.

New holdings included DNB and L'Oréal. DNB is one of the better quality banks in Europe and stands to benefit from higher growth, interest rates and bond yields, all of which are likely to come through in due course. Cosmetics firm L'Oréal has a powerful brand portfolio, supported by heavy advertising expenditure. Mindful

of the improving economic backdrop in Europe, we sold Imperial Brands in order to focus on more cyclical opportunities. Other sales included Ferroviario; the transport-infrastructure group owns a stake in Heathrow Airport, and may be vulnerable to any post-Brexit downturn in the UK economy.

It will take time before the full political, financial and economic repercussions of the political events over the last twelve months become clear. There remain elections in Germany, the UK and France (parliamentary elections will follow the presidential contest).

Of particular importance has been the rise in long-term bond yields, especially in the US (Trump's policies could lead to deflation). The oil price and China's economic outlook have also affected equity markets, and will continue to do so. Escalating geopolitical tensions are another risk factor – relations between the US and Russia have chilled following US airstrikes in Syria, and Trump has threatened action against North Korea.

Volatile markets provide us with investment opportunities. Mergers and acquisitions activity may increase further, while relatively low energy prices and loose credit conditions continue to support the trading environment for European companies. In the UK, exporters and global businesses are likely to benefit from sterling's weakness.

Election Update

The commentary contains a market background with a snapshot of investor sentiment during the period under review. Although the UK election has since taken place, the result has no retroactive bearing on what investors were thinking prior to the vote.

STATEMENT OF TOTAL RETURN

for the accounting period 1 May 2016 to 30 April 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains	2	6,062	84
Revenue	3	1,665	1,725
Expenses	4	(895)	(1,084)
Interest payable and similar charges	5	(3)	(3)
Net revenue before taxation		767	638
Taxation	6	(90)	(48)
Net revenue after taxation		677	590
Total return before distributions		6,739	674
Distributions	7	(677)	(590)
Change in net assets attributable to shareholders from investment activities		6,062	84

BALANCE SHEET

as at 30 April 2017

	Notes	2017 £000	2016 £000
Assets:			
Fixed assets:			
Investments		68,643	75,797
Current assets:			
Debtors	8	563	355
Cash and bank balances		2,285	160
Total assets		71,491	76,312
Liabilities:			
Creditors:			
Other creditors	9	(114)	(114)
Total liabilities		(114)	(114)
Net assets attributable to shareholders		71,377	76,198

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 1 May 2016 to 30 April 2017

	2017 £000	2016 £000
Opening net assets attributable to shareholders	76,198	84,567
Amounts receivable on the issue of shares	9,936	34,675
Amounts payable on the cancellation of shares	(21,493)	(43,714)
	(11,557)	(9,039)
Dilution adjustment	4	62
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	6,062	84
Retained distribution on accumulation shares	670	524
Closing net assets attributable to shareholders	71,377	76,198

DISTRIBUTION TABLE

for the accounting period 1 May 2016 to 30 April 2017

Dividend distribution in pence per share

Class 1 – Income shares*

Distribution Period	Revenue	Equalisation	Distribution Payable 2017	Distribution Paid 2016
Group 1				
01/05/16 to 30/04/17	0.5776	–	0.5776	0.2260
Group 2				
01/05/16 to 30/04/17	0.5776	–	0.5776	0.2260
Total distributions in the period			0.5776	0.2260

Class 1 – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2017	Revenue Accumulated 2016
Group 1				
01/05/16 to 30/04/17	1.1555	–	1.1555	0.6103
Group 2				
01/05/16 to 30/04/17	0.6883	0.4672	1.1555	0.6103
Total distributions in the period			1.1555	0.6103

*In pound Sterling and against UK peer group.

Threadneedle Pan European Focus Fund

DISTRIBUTION TABLE

(continued)

Class 2 – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2017	Revenue Accumulated 2016
Group 1 01/05/16 to 30/04/17	2.6075	–	2.6075	1.9571
Group 2 01/05/16 to 30/04/17	1.6549	0.9526	2.6075	1.9571
Total distributions in the period			2.6075	1.9571

Class X – Accumulation shares*

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2017	Revenue Accumulated 2016
Group 1 01/05/16 to 30/04/17	2.1933	–	2.1933	0.6070
Group 2 01/05/16 to 30/04/17	1.0933	1.1000	2.1933	0.6070
Total distributions in the period			2.1933	0.6070

Class Z – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2017	Revenue Accumulated 2016
Group 1 01/05/16 to 30/04/17	2.0453	–	2.0453	1.5902
Group 2 01/05/16 to 30/04/17	1.6377	0.4076	2.0453	1.5902
Total distributions in the period			2.0453	1.5902

Group 2: shares purchased during a distribution period.

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

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

Threadneedle Pan European Focus Fund

Comparative Table Disclosure

	Class 1 – Income shares		Class 1 – Accumulation shares		
	30/04/2017	30/04/2016 ¹	30/04/2017	30/04/2016	30/04/2015
Change in net assets per share					
Opening net asset value per share (p)	101.67	100.00	217.96	216.94	195.11
Return before operating charges (p)	11.18	3.56	23.93	4.58	25.14
Operating charges (p)	(1.72)	(1.66)	(3.75)	(3.56)	(3.31)
Return after operating charges (p)*	9.46	1.90	20.18	1.02	21.83
Distributions (p)	(0.58)	(0.23)	(1.16)	(0.61)	(0.31)
Retained distributions on accumulation shares (p)	–	–	1.16	0.61	0.31
Closing net asset value per share (p)	110.55	101.67	238.14	217.96	216.94
*after direct transaction costs of (p)	0.50	0.63	1.06	1.36	1.09
Performance					
Return after charges (%)	9.30	1.90	9.26	0.47	11.19
Other information					
Closing net asset value (£000)	3	3	21,665	22,205	19,850
Closing number of shares	3,000	3,000	9,097,364	10,187,450	9,150,025
Operating charges (%)**	1.65	1.66 [†]	1.68	1.65	1.69
Direct transaction costs (%)***	0.48	0.63	0.48	0.63	0.56
Prices					
Highest share price (p)	111.42	104.41	238.78	225.00	225.05
Lowest share price (p)	96.15	100.00	206.12	200.34	171.06
	Class 2 – Accumulation shares			Class X – Accumulation shares	
	30/04/2017	30/04/2016	30/04/2015	30/04/2017	30/04/2016 ²
Change in net assets per share					
Opening net asset value per share (p)	231.18	228.78	204.58	99.37	100.00
Return before operating charges (p)	25.49	4.86	26.51	11.05	(0.60)
Operating charges (p)	(2.63)	(2.46)	(2.31)	(0.10)	(0.03)
Return after operating charges (p)*	22.86	2.40	24.20	10.95	(0.63)
Distributions (p)	(2.61)	(1.96)	(1.51)	(2.19)	(0.61)
Retained distributions on accumulation shares (p)	2.61	1.96	1.51	2.19	0.61
Closing net asset value per share (p)	254.04	231.18	228.78	110.32	99.37
*after direct transaction costs of (p)	1.13	1.44	1.15	0.51	0.62
Performance					
Return after charges (%)	9.89	1.05	11.83	11.02	(0.63)
Other information					
Closing net asset value (£000)	41,807	51,127	61,675	5,178	3
Closing number of shares	16,456,859	22,115,405	26,958,573	4,693,111	3,000
Operating charges (%)**	1.11	1.08	1.12	0.09	0.03 [†]
Direct transaction costs (%)***	0.48	0.63	0.56	0.48	0.63
Prices					
Highest share price (p)	254.70	238.19	237.27	110.60	102.02
Lowest share price (p)	218.82	212.23	179.84	94.21	91.01

Threadneedle Pan European Focus Fund

Comparative Table Disclosure

(continued)

	Class Z – Accumulation shares		
	30/04/2017	30/04/2016	30/04/2015
Change in net assets per share			
Opening net asset value per share (p)	156.16	154.27	137.69
Return before operating charges (p)	17.24	3.28	17.89
Operating charges (p)	(1.49)	(1.39)	(1.31)
Return after operating charges (p)*	15.75	1.89	16.58
Distributions (p)	(2.05)	(1.59)	(1.26)
Retained distributions on accumulation shares (p)	2.05	1.59	1.26
Closing net asset value per share (p)	171.91	156.16	154.27
*after direct transaction costs of (p)	0.76	0.97	0.78
Performance			
Return after charges (%)	10.09	1.23	12.04
Other information			
Closing net asset value (£000)	2,724	2,860	3,042
Closing number of shares	1,584,429	1,831,136	1,972,215
Operating charges (%)**	0.93	0.90	0.94
Direct transaction costs (%)***	0.48	0.63	0.56
Prices			
Highest share price (p)	172.35	160.80	159.98
Lowest share price (p)	147.86	143.31	121.16

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

**The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share class of a fund based on the financial year's expenses and may vary from year to year. It includes charges such as the fund's annual management charge, registration fee, custody fees and distribution cost but ordinarily excludes the costs of buying or selling assets for the fund (unless these assets are shares of another fund). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit columbiathreadneedle.com/fees.

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

¹Class 1 – Income shares commenced 24 February 2016.

²Class X – Accumulation shares commenced 2 December 2015.

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

Threadneedle Pan European Focus Fund

Notes to the financial statements

for the accounting period 1 May 2016 to 30 April 2017

1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 4 and 5.

2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2017 £000	2016 £000
Non-derivative securities	6,000	(14)
Forward currency contracts	–	2
Other gains	64	100
Transaction costs	(2)	(4)
Net capital gains	6,062	84

3 REVENUE

	2017 £000	2016 £000
UK dividends	356	834
Overseas dividends	1,308	886
Bank interest	1	5
Total revenue	1,665	1,725

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	(803)	(1,001)
Registration fees	(44)	(51)
	(847)	(1,052)
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depositary's fees	(8)	(8)
Safe custody fees	(11)	(13)
	(19)	(21)
Other expenses:		
Regulatory fees	(5)	(7)
Professional fees	(2)	–
Audit fees	(9)	(4)
Fees Payable to Auditors – non audit services	(13)	–
	(29)	(11)
Total expenses*	(895)	(1,084)

*Including irrecoverable VAT where applicable.

5 INTEREST PAYABLE AND SIMILAR CHARGES

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

6 TAXATION

	2017 £000	2016 £000
a) Analysis of charge in period		
Overseas taxes	(90)	(48)
Total current tax (note 6b)	(90)	(48)
Total tax charge for the period	(90)	(48)

	2017 £000	2016 £000
b) Factors affecting taxation charge for period		
Net revenue before taxation	767	638
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(153)	(128)
Effects of:		
Revenue not subject to taxation	333	344
Overseas taxes	(90)	(48)
Excess expenses	(180)	(216)
Current tax charge for period (note 6a)	(90)	(48)

The fund has not recognised a deferred tax asset of £1,384,027 (2016: £1,204,654) arising as a result of having unutilised management expenses. The movement in deferred tax asset may not agree to the excess expenses figure quoted above due to prior year adjustments. It is unlikely that these expenses will be utilised in future years.

7 DISTRIBUTIONS

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

	2017 £000	2016 £000
Final	670	524
	670	524
Add: Revenue deducted on the cancellation of shares	77	240
Deduct: Revenue received on the creation of shares	(70)	(174)
Net distribution for the period	677	590

Details of the distribution per share are set out in the table on pages 80 to 81.

8 DEBTORS

	2017 £000	2016 £000
Amounts receivable for the issue of shares	31	11
Accrued revenue	442	278
*Foreign withholding tax recoverable	90	66
Total debtors	563	355

*As per a Memorandum of Understanding ("MOU") between the governments of Switzerland and the U.K., a U.K. OEIC is entitled to reclaim Swiss withholding tax ("WHT") that is suffered on dividend income payments. However since October 2016 the Swiss Tax Authority (STA) have requested additional information to support these reclaims and, whilst the Fund continues to be eligible, our claims have not currently been accepted as we have not currently been able to satisfy the detailed information requested due largely to data protection issues. As at 30 April 2017 within foreign withholding tax recoverable we continue to accrue for the refunds which amount to £19,959 which represents 0.03% of the overall NAV. We are monitoring the situation with the STA and should our view on recovery change, for example, if claims are formally rejected, the accruals may be written off.

9 OTHER CREDITORS

	2017 £000	2016 £000
Amounts payable for the cancellation of shares	(40)	(14)
Purchases awaiting settlement	–	(10)
Accrued expenses	(9)	(12)
Amounts payable to ACD	(65)	(78)
Total other creditors	(114)	(114)

10 DILUTION ADJUSTMENT

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

11 RELATED PARTY TRANSACTIONS

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

Threadneedle Pan European Focus Fund

Notes to the financial statements

(continued)

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

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

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

12 SHAREHOLDER FUNDS

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

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

Registration fees

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

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 82 to 83. The distribution per share class is given in the distribution table on pages 80 to 81.

All classes have the same rights on winding up.

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

Reconciliation of shares

	2017
Class 1 – Income shares	
Opening shares	3,000
Shares issued	–
Shares redeemed	–
Net conversions	–
Closing shares	<u>3,000</u>
Class 1 – Accumulation shares	
Opening shares	10,187,450
Shares issued	116,581
Shares redeemed	(1,206,622)
Net conversions	(45)
Closing shares	<u>9,097,364</u>
Class 2 – Accumulation shares	
Opening shares	22,115,405
Shares issued	1,370,842
Shares redeemed	(7,026,930)
Net conversions	(2,458)
Closing shares	<u>16,456,859</u>
Class X – Accumulation shares	
Opening shares	3,000
Shares issued	4,690,111
Shares redeemed	–
Net conversions	–
Closing shares	<u>4,693,111</u>
Class Z – Accumulation shares	
Opening shares	1,831,136
Shares issued	1,104,333
Shares redeemed	(1,354,741)
Net conversions	3,701
Closing shares	<u>1,584,429</u>

13 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 5.

Market price risk sensitivity

A 5% market increase applied to the fund would result in an increase on the net asset value of the fund by 4.27% and vice versa (2016: 3.80%).

Currency exposures

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

	Monetary exposures	Non- monetary exposures	Total
	£000	£000	£000
Currency 2017			
Danish Krone	34	1,428	1,462
Euro	324	44,812	45,136
Norwegian Krone	27	634	661
Swedish Krona	1	4,522	4,523
Swiss Franc	21	3,772	3,793
Currency 2016			
Danish Krone	24	2,829	2,853
Euro	96	38,880	38,976
Swiss Franc	19	1,928	1,947
US Dollar	24	1,548	1,572

Currency sensitivity analysis

The only material currency exposure of the fund is to the Euro. A movement of 7.75% (2016: 6.74%) in this currency (equivalent to the movement in the year) would result in a change in the fund value of 4.90% (2016: 3.45%).

Credit/Counterparty exposure

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

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

Interest rate risk

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

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

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 30 April was:

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
	£000	£000	£000	£000
Currency 2017				
Danish Krone	–	–	1,462	1,462
Euro	13	–	45,123	45,136
Norwegian Krone	–	–	661	661
Swedish Krona	1	–	4,522	4,523
Swiss Franc	1	–	3,792	3,793
UK Sterling	2,270	–	13,646	15,916
Currency 2016				
Danish Krone	–	–	2,853	2,853
Euro	11	–	38,975	38,986
Swiss Franc	–	–	1,947	1,947
UK Sterling	149	–	30,805	30,954
US Dollar	–	–	1,572	1,572

Threadneedle Pan European Focus Fund

Notes to the financial statements

(continued)

	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
	£000	£000	£000	£000
Currency 2017				
UK Sterling	–	–	(114)	(114)
Currency 2016	£000	£000	£000	£000
Euro	–	–	(10)	(10)
UK Sterling	–	–	(104)	(104)

Interest rate risk sensitivity

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

14 FAIR VALUE DISCLOSURE

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

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

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

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

Valuation technique	2017		2016	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	68,643	–	75,797	–
	68,643	–	75,797	–

15 CONTINGENT LIABILITIES AND COMMITMENTS

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

16 PORTFOLIO TRANSACTION COSTS

2017

Purchases	Value	Commissions	Taxes	
	£000	£000	%	£000
Equities	99,196	82	0.08	154
Total	99,196	82		154

Gross purchases total:

99,432

Sales	Value	Commissions	Taxes	
	£000	£000	%	£000
Equities	112,691	105	0.09	–
Total	112,691	105		–

Total sales net of transaction costs: **112,586**

Transaction costs as a percentage of average Net Assets

Commissions:	0.26%
Taxes:	0.22%

2016

Purchases	Value	Commissions	Taxes	
	£000	£000	%	£000
Equities	137,525	127	0.09	307
Total	137,525	127		307

Gross purchases total:

137,959

Sales	Value	Commissions	Taxes	
	£000	£000	%	£000
Equities	143,048	132	0.09	–
Corporate actions	188	–	–	–
Total	143,236	132		–

Total sales net of transaction costs: **143,104**

Transaction costs as a percentage of average Net Assets

Commissions:	0.29%
Taxes:	0.34%

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

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

Direct transaction costs: Broker commissions, fees and taxes.

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

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

At the balance sheet date, the portfolio dealing spread was 0.05% (2016: 0.12%), being the difference between the respective buying and selling prices for the fund's investments.

Threadneedle Pan European Equity Dividend Fund

Investment Report

Investment Objective

The investment objective of the Pan European Equity Dividend Fund is to achieve a growing income combined with prospects for capital growth from a portfolio of Pan European equities.

Investment Policy

The ACD's investment policy is to invest the assets of the Fund primarily in the equities of companies domiciled in Continental Europe and the UK or with significant Continental European and UK activities.

The ACD will look to invest in companies that exhibit a high potential for paying above average dividends.

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

Performance of Income Class 1 Shares*

Over the twelve months to 30 April 2017, the published share price of the Threadneedle Pan European Equity Dividend Fund has risen from 82.10p to 91.49p in sterling terms and from 1.0529 to 1.0858 Euros.

For comparison, using noon prices, the performance of the Class 1 share class was +15.59% and +16.27% for the Class 2 share class compared to a return of +23.83% for the Morningstar UK Unit Trusts/OEICs – (IA) Europe Including UK Peer Group (on a bid to bid basis, with income reinvested for a UK basic rate taxpayer).

For information purposes, using global close prices, the total return of the MSCI Europe Index was +26.35%.

Market Overview and Portfolio Activity

European markets enjoyed strong gains over the year ended 30 April 2017. The eurozone's composite purchasing managers' index ended

the review period firmly in expansionary territory, while inflation climbed from recent lows; the rise was partly due to higher food and fuel costs. Increased mergers and acquisitions activity, a firmer oil price and some positive economic news from China also bolstered markets.

There were bouts of volatility during the year, notably when the UK voted to leave the EU, introducing a period of political and economic uncertainty, and boosting support for anti-EU and anti-euro factions elsewhere. Mindful of recessionary risks, the Bank of England provided economic support and reassured investors. In Italy, the prime minister resigned after his proposals were rejected in a constitutional referendum – the post-Brexit wave of political upheavals did not extend to elections in Austria, the Netherlands and France, however, as moderate candidates prevailed.

The US election campaign also caused some jitters. Nevertheless, Donald Trump's victory sparked an equity-market rally, particularly in cyclical (economy sensitive) stocks; he plans to stimulate the US economy, a key export market for Europe. During the year, the US Federal Reserve increased interest rates, bolstering financial stocks – the prospect of looser regulation under Trump's presidency also supported the sector. In Italy, the banking system has been under strain, but is starting to recapitalise.

New holdings included British American Tobacco, Deutsche Telekom and DS Smith. British American Tobacco has launched a takeover bid for American peer Reynolds; the business is cash-generative and has an attractive yield. Deutsche Telekom was trading at a compelling valuation and has exciting expansion opportunities in the US; the telecoms industry is consolidating. DS Smith operates in a competitive industry, but improved economic growth should help, and new capacity in the packaging sector is coming on stream later than expected. The trend towards bespoke packaging improves pricing power by creating switching costs.

We sold food group Nestlé in order to focus on more cyclical opportunities, and trimmed paint firm Akzo Nobel; the stock had surged following a takeover approach. Other sales included Publicis; the advertising and PR firm had lost some key contracts.

It will take time before the full political, financial and economic repercussions of the political events over the last twelve months become clear. There remain elections in Germany, the UK and France (parliamentary elections will follow the presidential contest).

Of particular importance has been the rise in long-term bond yields, especially in the US (Trump's policies could lead to reflation). The oil price and China's economic outlook have also affected equity markets, and will continue to do so. Escalating geopolitical tensions are another risk factor – relations between the US and Russia have chilled following US airstrikes in Syria, and Trump has threatened action against North Korea.

Volatile markets provide us with investment opportunities. Mergers and acquisitions activity may increase further, while relatively low energy prices and loose credit conditions continue to support the trading environment for European companies. In the UK, exporters and global businesses are likely to benefit from sterling's weakness.

Election Update

The commentary contains a market background with a snapshot of investor sentiment during the period under review. Although the UK election has since taken place, the result has no retroactive bearing on what investors were thinking prior to the vote.

STATEMENT OF TOTAL RETURN

for the accounting period 1 May 2016 to 30 April 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains/(losses)	2	9,230	(2,583)
Revenue	3	3,112	2,812
Expenses	4	(1,067)	(994)
Interest payable and similar charges	5	(7)	(3)
Net revenue before taxation		2,038	1,815
Taxation	6	(205)	(169)
Net revenue after taxation		1,833	1,646
Total return before distributions		11,063	(937)
Distributions	7	(2,785)	(2,546)
Change in net assets attributable to shareholders from investment activities		8,278	(3,483)

BALANCE SHEET

as at 30 April 2017

	Notes	2017 £000	2016 £000
Assets:			
Fixed assets:			
Investments		84,390	69,982
Current assets:			
Debtors	8	959	1,605
Cash and bank balances		2,133	569
Total assets		87,482	72,156
Liabilities:			
Creditors:			
Distribution payable		(1,194)	(1,023)
Other creditors	9	(941)	(250)
Total liabilities		(2,135)	(1,273)
Net assets attributable to shareholders		85,347	70,883

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 1 May 2016 to 30 April 2017

	2017 £000	2016 £000
Opening net assets attributable to shareholders	70,883	65,610
Amounts receivable on the issue of shares	34,710	32,472
Amounts payable on the cancellation of shares	(29,491)	(24,766)
	5,219	7,706
Dilution adjustment	40	45
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	8,278	(3,483)
Retained distribution on accumulation shares	927	1,005
Closing net assets attributable to shareholders	85,347	70,883

DISTRIBUTION TABLE

for the accounting period 1 May 2016 to 30 April 2017

Dividend distribution in pence per share

Class 1 – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
Group 1				
01/05/16 to 31/10/16	1.2094	–	1.2094	1.1804
01/11/16 to 30/04/17	1.8839	–	1.8839	1.8590
Group 2				
01/05/16 to 31/10/16	0.4195	0.7899	1.2094	1.1804
01/11/16 to 30/04/17	1.3967	0.4872	1.8839	1.8590
Total distributions in the period			3.0933	3.0394

Class 1 – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
Group 1				
01/05/16 to 31/10/16	1.8198	–	1.8198	1.7105
01/11/16 to 30/04/17	2.8729	–	2.8729	2.7349
Group 2				
01/05/16 to 31/10/16	0.7801	1.0397	1.8198	1.7105
01/11/16 to 30/04/17	2.1753	0.6976	2.8729	2.7349
Total distributions in the period			4.6927	4.4454

*In pound Sterling and against UK peer group.

Threadneedle Pan European Equity Dividend Fund

DISTRIBUTION TABLE

(continued)

Class 2 – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
Group 1				
01/05/16 to 31/10/16	1.3094	–	1.3094	1.2706
01/11/16 to 30/04/17	2.0280	–	2.0280	1.9893
Group 2				
01/05/16 to 31/10/16	0.6714	0.6380	1.3094	1.2706
01/11/16 to 30/04/17	1.6432	0.3848	2.0280	1.9893
Total distributions in the period			3.3374	3.2599

Class 2 – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
Group 1				
01/05/16 to 31/10/16	2.0014	–	2.0014	1.8692
01/11/16 to 30/04/17	3.1427	–	3.1427	2.9676
Group 2				
01/05/16 to 31/10/16	0.4371	1.5643	2.0014	1.8692
01/11/16 to 30/04/17	2.1739	0.9688	3.1427	2.9676
Total distributions in the period			5.1441	4.8368

Class X – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
Group 1				
01/05/16 to 31/10/16	1.6386	–	1.6386	1.5732
01/11/16 to 30/04/17	2.5553	–	2.5553	2.4795
Group 2				
01/05/16 to 31/10/16	0.8799	0.7587	1.6386	1.5732
01/11/16 to 30/04/17	1.3880	1.1673	2.5553	2.4795
Total distributions in the period			4.1939	4.0527

Class X – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
Group 1				
01/05/16 to 31/10/16	1.7433	–	1.7433	1.6100
01/11/16 to 30/04/17	2.7410	–	2.7410	2.5566
Group 2				
01/05/16 to 31/10/16	1.7433	–	1.7433	1.6100
01/11/16 to 30/04/17	2.7410	–	2.7410	2.5566
Total distributions in the period			4.4843	4.1666

Class Z – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
Group 1				
01/05/16 to 31/10/16	1.8875	–	1.8875	1.8276
01/11/16 to 30/04/17	2.9554	–	2.9554	2.8942
Group 2				
01/05/16 to 31/10/16	0.6086	1.2789	1.8875	1.8276
01/11/16 to 30/04/17	2.1590	0.7964	2.9554	2.8942
Total distributions in the period			4.8429	4.7218

Class Z – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
Group 1				
01/05/16 to 31/10/16	1.6911	–	1.6911	1.5782
01/11/16 to 30/04/17	2.6838	–	2.6838	2.5256
Group 2				
01/05/16 to 31/10/16	0.7728	0.9183	1.6911	1.5782
01/11/16 to 30/04/17	1.1873	1.4965	2.6838	2.5256
Total distributions in the period			4.3749	4.1038

Group 2: shares purchased during a distribution period.

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

Threadneedle Pan European Equity Dividend Fund

Comparative Table Disclosure

	Class 1 – Income shares			Class 1 – Accumulation shares		
	30/04/2017	30/04/2016	30/04/2015	30/04/2017	30/04/2016	30/04/2015
Change in net assets per share						
Opening net asset value per share (p)	80.20	84.24	81.34	120.68	122.07	113.26
Return before operating charges (p)	13.91	0.35	7.56	21.01	0.59	10.76
Operating charges (p)	(1.45)	(1.35)	(1.38)	(2.20)	(1.98)	(1.95)
Return after operating charges (p)*	12.46	(1.00)	6.18	18.81	(1.39)	8.81
Distributions (p)	(3.09)	(3.04)	(3.28)	(4.69)	(4.45)	(4.61)
Retained distributions on accumulation shares (p)	–	–	–	4.69	4.45	4.61
Closing net asset value per share (p)	89.57	80.20	84.24	139.49	120.68	122.07
*after direct transaction costs of (p)	0.15	0.17	0.28	0.23	0.24	0.39
Performance						
Return after charges (%)	15.54	(1.19)	7.60	15.59	(1.14)	7.78
Other information						
Closing net asset value (£000)	29,403	31,556	29,659	16,550	14,903	16,462
Closing number of shares	32,826,121	39,344,572	35,206,169	11,864,580	12,349,052	13,485,347
Operating charges (%)**	1.67	1.67	1.69	1.67	1.67	1.69
Direct transaction costs (%)***	0.17	0.21	0.34	0.17	0.21	0.34
Prices						
Highest share price (p)	93.39	85.89	90.55	141.06	124.51	128.45
Lowest share price (p)	77.64	74.67	72.16	116.82	109.79	100.47
	Class 2 – Income shares			Class 2 – Accumulation shares		
	30/04/2017	30/04/2016	30/04/2015	30/04/2017	30/04/2016	30/04/2015
Change in net assets per share						
Opening net asset value per share (p)	84.48	88.29	84.83	129.13	129.89	119.81
Return before operating charges (p)	14.70	0.39	7.91	22.53	0.63	11.45
Operating charges (p)	(1.01)	(0.94)	(0.96)	(1.55)	(1.39)	(1.37)
Return after operating charges (p)*	13.69	(0.55)	6.95	20.98	(0.76)	10.08
Distributions (p)	(3.34)	(3.26)	(3.49)	(5.14)	(4.84)	(4.98)
Retained distributions on accumulation shares (p)	–	–	–	5.14	4.84	4.98
Closing net asset value per share (p)	94.83	84.48	88.29	150.11	129.13	129.89
*after direct transaction costs of (p)	0.16	0.17	0.30	0.24	0.26	0.43
Performance						
Return after charges (%)	16.21	(0.62)	8.19	16.25	(0.59)	8.41
Other information						
Closing net asset value (£000)	4,197	5,784	5,890	11,833	11,759	9,242
Closing number of shares	4,426,377	6,845,532	6,671,607	7,882,950	9,106,816	7,115,294
Operating charges (%)**	1.10	1.10	1.11	1.10	1.10	1.10
Direct transaction costs (%)***	0.17	0.21	0.34	0.17	0.21	0.34
Prices						
Highest share price (p)	98.62	90.02	94.90	151.69	133.22	136.63
Lowest share price (p)	81.80	78.58	75.45	125.02	117.34	106.56

Threadneedle Pan European Equity Dividend Fund

Comparative Table Disclosure

(continued)

	Class X – Income shares			Class X – Accumulation shares		
	30/04/2017	30/04/2016	30/04/2015 ¹	30/04/2017	30/04/2016	30/04/2015
Change in net assets per share						
Opening net asset value per share (p)	105.54	109.18	100.00	110.10	109.73	100.02
Return before operating charges (p)	18.44	0.52	12.04	19.30	0.42	9.79
Operating charges (p)	(0.12)	(0.11)	(0.09)	(0.05)	(0.05)	(0.08)
Return after operating charges (p)*	18.32	0.41	11.95	19.25	0.37	9.71
Distributions (p)	(4.19)	(4.05)	(2.77)	(4.48)	(4.17)	(4.43)
Retained distributions on accumulation shares (p)	–	–	–	4.48	4.17	4.43
Closing net asset value per share (p)	119.67	105.54	109.18	129.35	110.10	109.73
*after direct transaction costs of (p)	0.20	0.22	0.38	0.21	0.22	0.34
Performance						
Return after charges (%)	17.36	0.38	11.95	17.48	0.34	9.71
Other information						
Closing net asset value (£000)	2,831	875	257	4	3	3
Closing number of shares	2,365,594	829,014	235,076	3,000	3,000	3,000
Operating charges (%)**	0.10	0.10	0.08 ¹	0.04	0.05	0.08
Direct transaction costs (%)***	0.17	0.21	0.34	0.17	0.21	0.34
Prices						
Highest share price (p)	123.76	111.42	117.30	130.55	113.55	115.21
Lowest share price (p)	102.24	97.95	91.39	106.66	99.82	89.35
	Class Z – Income shares			Class Z – Accumulation shares		
	30/04/2017	30/04/2016	30/04/2015	30/04/2017	30/04/2016	30/04/2015 ²
Change in net assets per share						
Opening net asset value per share (p)	125.01	130.30	124.88	112.01	112.48	100.00
Return before operating charges (p)	21.77	0.59	11.66	19.55	0.55	13.50
Operating charges (p)	(1.26)	(1.16)	(1.19)	(1.13)	(1.02)	(1.02)
Return after operating charges (p)*	20.51	(0.57)	10.47	18.42	(0.47)	12.48
Distributions (p)	(4.84)	(4.72)	(5.05)	(4.37)	(4.10)	(3.96)
Retained distributions on accumulation shares (p)	–	–	–	4.37	4.10	3.96
Closing net asset value per share (p)	140.68	125.01	130.30	130.43	112.01	112.48
*after direct transaction costs of (p)	0.24	0.26	0.43	0.21	0.23	0.38
Performance						
Return after charges (%)	16.41	(0.44)	8.38	16.44	(0.42)	12.48
Other information						
Closing net asset value (£000)	20,242	5,806	4,023	287	197	74
Closing number of shares	14,388,985	4,643,822	3,087,378	220,227	175,631	65,320
Operating charges (%)**	0.92	0.92	0.94	0.92	0.93	0.91 ¹
Direct transaction costs (%)***	0.17	0.21	0.34	0.17	0.21	0.34
Prices						
Highest share price (p)	146.05	132.86	139.99	131.78	115.56	118.29
Lowest share price (p)	121.06	116.18	111.16	108.46	101.75	92.38

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

**The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share class of a fund based on the financial year's expenses and may vary from year to year. It includes charges such as the fund's annual management charge, registration fee, custody fees and distribution cost but ordinarily excludes the costs of buying or selling assets for the fund (unless these assets are shares of another fund). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit columbiathreadneedle.com/fees.

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

¹Class X – Income shares commenced 28 July 2014.

²Class Z – Accumulation shares commenced 20 August 2014.

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

Threadneedle Pan European Equity Dividend Fund

Notes to the financial statements

for the accounting period 1 May 2016 to 30 April 2017

1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 4 and 5.

2 NET CAPITAL GAINS/(LOSSES)

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

	2017	2016
	£000	£000
Non-derivative securities	9,150	(2,618)
Forward currency contracts	64	(46)
Other gains	18	87
Transaction costs	(2)	(6)
Net capital gains/(losses)	9,230	(2,583)

3 REVENUE

	2017	2016
	£000	£000
UK dividends	959	989
Overseas dividends	2,153	1,822
Bank interest	–	1
Total revenue	3,112	2,812

4 EXPENSES

	2017	2016
	£000	£000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(952)	(900)
Registration fees	(71)	(62)
	(1,023)	(962)
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depositary's fees	(9)	(7)
Safe custody fees	(12)	(12)
	(21)	(19)
Other expenses:		
Regulatory fees	(6)	(8)
Professional fees	(2)	–
Audit fees	(9)	(5)
Fees Payable to Auditors – non audit services	(6)	–
	(23)	(13)
Total expenses*	(1,067)	(994)

*Including irrecoverable VAT where applicable.

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2017	2016
	£000	£000
Interest payable	(7)	(3)
Total interest payable & similar charges	(7)	(3)

6 TAXATION

	2017	2016
	£000	£000
a) Analysis of charge in period		
Overseas taxes	(205)	(169)
Total current tax (note 6b)	(205)	(169)
Total tax charge for the period	(205)	(169)
b) Factors affecting taxation charge for period		
Net revenue before taxation	2,038	1,815
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(408)	(363)
Effects of:		
Revenue not subject to taxation	620	562
Overseas taxes	(205)	(169)
Excess expenses	(212)	(199)
Current tax charge for period (note 6a)	(205)	(169)

The fund has not recognised a deferred tax asset of £779,505 (2016: £567,416) arising as a result of having unutilised management expenses. The movement in deferred tax asset may not agree to the excess expenses figure quoted above due to prior year adjustments. It is unlikely that these expenses will be utilised in future years.

7 DISTRIBUTIONS

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

	2017	2016
	£000	£000
Interim	1,055	1,016
Final	1,788	1,635
	2,843	2,651
Add: Revenue deducted on the cancellation of shares	216	232
Deduct: Revenue received on the creation of shares	(274)	(337)
Net distribution for the period	2,785	2,546
Net revenue after taxation	1,833	1,646
Annual management charge to capital	952	900
Total distributions	2,785	2,546

Details of the distribution per share are set out in the table on pages 77 to 88.

8 DEBTORS

	2017	2016
	£000	£000
Amounts receivable for the issue of shares	103	857
Accrued revenue	580	510
*Foreign withholding tax recoverable	276	238
Total debtors	959	1,605

*As per a Memorandum of Understanding ("MOU") between the governments of Switzerland and the U.K., a U.K. OEIC is entitled to reclaim Swiss withholding tax ("WHT") that is suffered on dividend income payments. However since October 2016 the Swiss Tax Authority (STA) have requested additional information to support these reclaims and, whilst the Fund continues to be eligible, our claims have not currently been accepted as we have not currently been able to satisfy the detailed information requested due largely to data protection issues. As at 30 April 2017 within foreign tax recoverable we continue to accrue for the refunds which amount to £118,133 which represents 0.14% of the overall NAV. We are monitoring the situation with the STA and should our view on recovery change, for example, if claims are formally rejected, the accruals may be written off.

9 OTHER CREDITORS

	2017	2016
	£000	£000
Amounts payable for the cancellation of shares	(168)	(156)
Purchases awaiting settlement	(675)	–
Accrued expenses	(9)	(13)
Amounts payable to ACD	(89)	(81)
Total other creditors	(941)	(250)

10 DILUTION ADJUSTMENT

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

11 RELATED PARTY TRANSACTIONS

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

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

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

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

Threadneedle Pan European Equity Dividend Fund

Notes to the financial statements

(continued)

12 SHAREHOLDER FUNDS

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

Annual management charge	
Class 1 shares	1.50%
Class 2 shares	1.00%
Class X shares	N/A*
Class Z shares	0.75%
Registration fees	
Class 1 shares	0.110%
Class 2 shares	0.035%
Class X shares	0.035%
Class Z shares	0.110%

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 89 to 90. The distribution per share class is given in the distribution table on pages 77 to 88.

All classes have the same rights on winding up.

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

Reconciliation of shares

	2017
Class 1 – Income shares	
Opening shares	39,344,572
Shares issued	1,890,478
Shares redeemed	(8,413,495)
Net conversions	4,566
Closing shares	<u>32,826,121</u>
Class 1 – Accumulation shares	
Opening shares	12,349,052
Shares issued	5,973,800
Shares redeemed	(6,446,569)
Net conversions	(11,703)
Closing shares	<u>11,864,580</u>
Class 2 – Income shares	
Opening shares	6,845,532
Shares issued	333,706
Shares redeemed	(2,752,861)
Net conversions	–
Closing shares	<u>4,426,377</u>
Class 2 – Accumulation shares	
Opening shares	9,106,816
Shares issued	5,917,810
Shares redeemed	(7,139,944)
Net conversions	(1,732)
Closing shares	<u>7,882,950</u>
Class X – Income shares	
Opening shares	829,014
Shares issued	2,200,801
Shares redeemed	(664,221)
Net conversions	–
Closing shares	<u>2,365,594</u>
Class X – Accumulation shares	
Opening shares	3,000
Shares issued	–
Shares redeemed	–
Net conversions	–
Closing shares	<u>3,000</u>
Class Z – Income shares	
Opening shares	4,643,822
Shares issued	10,326,075
Shares redeemed	(580,912)
Net conversions	–
Closing shares	<u>14,388,985</u>

	2017
Class Z – Accumulation shares	
Opening shares	175,631
Shares issued	59,081
Shares redeemed	(25,839)
Net conversions	11,354
Closing shares	<u>220,227</u>

13 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 5.

Market price risk sensitivity

A 5% market increase applied to the fund would result in an increase on the net asset value of the fund by 4.43% and vice versa (2016: 4.34%).

Currency exposures

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

	Monetary exposures £000	Non- monetary exposures £000	Total £000
Currency 2017			
Danish Krone	(30)	2,389	2,359
Euro	2,246	39,521	41,767
Norwegian Krone	64	1,492	1,556
Swedish Krona	(82)	9,831	9,749
Swiss Franc	(44)	9,305	9,261
US Dollar	2	–	2
Currency 2016			
Euro	916	27,763	28,679
Swedish Krona	30	7,031	7,061
Swiss Franc	142	12,294	12,436
US Dollar	5	–	5

Currency sensitivity analysis

The fund has a material exposure to the following currencies. The table shows how the fund value will increase or decrease based on the movement in the currency (equivalent to the currency movement in the year).

	Currency Movement	Fund Movement
Currency 2017		
Euro	7.75	3.79
Swedish Krona	3.03	0.35
Swiss Franc	8.87	0.96
Currency 2016		
Euro	6.74	2.73
Swiss Franc	2.48	0.44

Credit/Counterparty exposure

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

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

Interest rate risk

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

Threadneedle Pan European Equity Dividend Fund

Notes to the financial statements

(continued)

Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the fund's financial assets and financial liabilities at 30 April was:

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
Currency 2017	£000	£000	£000	£000
Danish Krone	2	–	2,410	2,412
Euro	2,033	–	39,902	41,935
Norwegian Krone	–	–	1,556	1,556
Swedish Krona	1	(1)	9,858	9,858
Swiss Franc	–	–	9,424	9,424
UK Sterling	97	–	22,241	22,338
US Dollar	–	–	2	2
Currency 2016	£000	£000	£000	£000
Euro	492	–	28,187	28,679
Swedish Krona	–	–	7,061	7,061
Swiss Franc	–	–	12,436	12,436
UK Sterling	77	–	24,118	24,195
US Dollar	–	–	5	5

	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
Currency 2017	£000	£000	£000	£000
Danish Krone	–	–	(53)	(53)
Euro	–	–	(168)	(168)
Swedish Krona	–	–	(109)	(109)
Swiss Franc	–	–	(163)	(163)
UK Sterling	–	–	(1,685)	(1,685)
Currency 2016	£000	£000	£000	£000
UK Sterling	–	–	(1,493)	(1,493)

Interest rate risk sensitivity

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

Derivative risks

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

14 FAIR VALUE DISCLOSURE

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

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

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

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

Valuation technique	2017		2016	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	84,390	–	69,982	–
	84,390	–	69,982	–

15 CONTINGENT LIABILITIES AND COMMITMENTS

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

16 PORTFOLIO TRANSACTION COSTS

Purchases	2017		Commissions		Taxes	
	Value £000	£000	%	£000	%	
Equities	49,813	35	0.07	61	0.12	
Total	49,813	35		61		

Gross purchases total:

49,909

Sales	2017		Commissions		Taxes	
	Value £000	£000	%	£000	%	
Equities	44,498	35	0.08	–	–	
Corporate actions	188	–	–	–	–	
Total	44,686	35		–		

Total sales net of transaction costs:

44,651

Transaction costs as a percentage of average Net Assets

Commissions: 0.09%

Taxes: 0.08%

2016

Purchases	2016		Commissions		Taxes	
	Value £000	£000	%	£000	%	
Equities	43,544	37	0.08	72	0.16	
Total	43,544	37		72		

Gross purchases total:

43,653

Sales	2016		Commissions		Taxes	
	Value £000	£000	%	£000	%	
Equities	36,196	30	0.08	–	–	
Corporate actions	62	–	–	–	–	
Total	36,258	30		–		

Total sales net of transaction costs:

36,228

Transaction costs as a percentage of average Net Assets

Commissions: 0.10%

Taxes: 0.11%

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

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

Direct transaction costs: Broker commissions, fees and taxes.

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

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

At the balance sheet date, the portfolio dealing spread was 0.05% (2016: 0.06%), being the difference between the respective buying and selling prices for the fund's investments.

Threadneedle American Extended Alpha Fund

Investment Report

Investment Objective

The investment objective of the American Extended Alpha Fund is to achieve above average capital growth.

Investment Policy

The ACD's investment policy is to actively manage an exposure primarily to equities of companies which are domiciled in North America or which have significant North American operations, by investing directly or indirectly in such securities. If the ACD considers it desirable it may further invest up to one third of the total assets of the Fund in markets other than in North America. Exposure to North American and other markets may be gained through both long and short positions.

The ACD may invest in equities, derivatives, forward transactions and collective investment schemes. The ACD may also invest in other securities (including fixed interest securities and money market securities), deposits and cash.

In order to gain short exposure the ACD will invest in derivatives. The ACD may also invest in derivatives to gain long exposure.

Performance of Accumulation Class 1 Shares*

Over the twelve months to 30 April 2017, the published share price of the Threadneedle American Extended Alpha Fund has risen from 242.83p to 329.84p.

For comparison, on a total return basis using noon prices, the performance of the Class 1 share class was +35.83% and +36.95% for the Class 2 share class compared to a return of +31.79% for the Morningstar UK Unit Trusts/OEICIS – (IA) North America Peer Group (on a bid to bid basis, with income reinvested for a UK basic rate taxpayer).

For information purposes, using global close prices, the total return of the S&P 500 Composite Index was +33.52%.

Market Overview and Portfolio Activity

In the 12 months to April 30, the S&P 500 rose 7.2% in US dollar terms, in a period that was dominated by political turbulence,

particularly the surprising outcomes of the UK's EU referendum vote and the US presidential election. Although at the beginning of 2016, markets had expected bond yields to rise, by mid-2016, fears about the UK's Brexit vote saw US bond yields plunge below 1.4%. Domestically, US equities were volatile, vigorously swayed by the November 8 presidential election. Donald Trump's surprise election victory brought a significant change to market leadership, as investors began to price in the implications of his policies. These include a likely fiscal stimulus (especially in infrastructure), the scope for corporation and personal tax cuts and the potential for overseas cash repatriation. However, there are also risks posed by greater protectionism, faster inflation and a stronger dollar. Though markets fell in the election's immediate aftermath, a recovery rally soon took hold. However, as high tax-paying businesses have underperformed the market since the election, investors appear to have been placing little faith in Trump's legislative programme.

The economic recovery continued apace, and confidence measures were notably strong; in particular, small-business optimism showed the largest increase since 1980. Additionally, unemployment continued to fall, and the improvement in corporate earnings was sustained. Against this backdrop, the Federal Reserve raised rates twice by 25 basis points (bps) over the period, and indicated at least two further rate hikes in 2017.

The period drew to a close amid rising geopolitical tensions, particularly relating to Syria and North Korea. The Trump administration floated a range of policy proposals as it reached the 100-day mark. Principal among these was a plan to reform the US tax code, though investors will need to see more detail before the implications for corporate profitability can be fully understood.

During the period we focused on adding high quality companies to our core holdings, such as Sherwin-Williams. We believe its acquisition of Valspar can improve Sherwin-Williams' competitive position and pricing power. We also took advantage of market volatility to add to existing core positions, including Apple and Microsoft. In the case of Apple, we viewed the stabilisation in gross margins as favourable, and increased our holding as the company

prepared for the launch of the new iPhone 7. Overall, we reduced the name count in the portfolio, in order to place great emphasis on our core, high conviction holdings.

The legislative difficulties faced by the Trump administration have led some investors to question the likelihood that the president can implement his broader pro-growth agenda. This apparent scepticism suggests that domestic-tilted companies could outperform should the administration ultimately succeed in implementing pro-growth policies. While comprehensive reform of the tax system may prove difficult, a narrower outcome, which includes a cut to corporation tax rates, could provide a boost to profitability, investment and, in the longer run, productivity. From a valuation perspective, while the market is not especially cheap in aggregate, sector valuations are revealing. Presently, the highest-yielding sectors, such as utilities and consumer staples, are trading at historically high levels. By contrast, higher-growth areas, such as technology and healthcare, currently look more reasonably valued, as do many cyclical. We continue to view the current market environment as favourable for active managers. The tightening of monetary policy and wider divergences in stock performance suggest that after a positive start, 2017 can continue to yield opportunities for an active approach.

Election Update

The commentary contains a market background with a snapshot of investor sentiment during the period under review. Although the UK election has since taken place, the result has no retroactive bearing on what investors were thinking prior to the vote.

STATEMENT OF TOTAL RETURN

for the accounting period 1 May 2016 to 30 April 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains	2	65,098	10,053
Revenue	3	3,305	3,857
Expenses	4	(2,606)	(2,648)
Interest payable and similar charges	5	(560)	(1,200)
Net revenue before taxation		139	9
Taxation	6	(383)	(196)
Net expense after taxation		(244)	(187)
Total return before distributions		64,854	9,866
Distributions	7	(312)	(359)
Change in net assets attributable to shareholders from investment activities		64,542	9,507

BALANCE SHEET

as at 30 April 2017

	Notes	2017 £000	2016 £000
Assets:			
Fixed assets:			
Investments		163,783	165,509
Current assets:			
Debtors	8	788	14,420
Cash and bank balances	9	16,915	30,225
Total assets		181,486	210,154
Liabilities:			
Investment liabilities		(2)	(1)
Creditors:			
Bank overdrafts	9	(1,766)	(831)
Other creditors	10	(883)	(2,730)
Total liabilities		(2,651)	(3,562)
Net assets attributable to shareholders		178,835	206,592

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 1 May 2016 to 30 April 2017

	2017 £000	2016 £000
Opening net assets attributable to shareholders	206,592	256,243
Amounts receivable on the issue of shares	21,870	23,339
Amounts payable on the cancellation of shares	(114,516)	(82,843)
	(92,646)	(59,504)
Dilution adjustment	103	15
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	64,542	9,507
Retained distribution on accumulation shares	244	331
Closing net assets attributable to shareholders	178,835	206,592

DISTRIBUTION TABLE

for the accounting period 1 May 2016 to 30 April 2017

Dividend distribution in pence per share

Class 1 – Accumulation shares

There is no distribution for the accounting period 1 May 2016 to 30 April 2017, as expenses exceed revenue (2016: Nil).

Class 1 EUR Hedged – Accumulation shares

There is no distribution for the accounting period 1 May 2016 to 30 April 2017, as expenses exceed revenue (2016: Nil).

Class 2 – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2017	Revenue Accumulated 2016
Group 1 01/05/16 to 30/04/17	0.9610	–	0.9610	0.7690
Group 2 01/05/16 to 30/04/17	0.2568	0.7042	0.9610	0.7690
Total distributions in the period			0.9610	0.7690

*In pound Sterling and against UK peer group.

Threadneedle American Extended Alpha Fund

DISTRIBUTION TABLE

(continued)

Class Z – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2017	Revenue Accumulated 2016
Group 1 01/05/16 to 30/04/17	0.3696	–	0.3696	0.2964
Group 2 01/05/16 to 30/04/17	0.1461	0.2235	0.3696	0.2964
Total distributions in the period			0.3696	0.2964

Group 2: shares purchased during a distribution period.

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

Threadneedle American Extended Alpha Fund

Comparative Table Disclosure

	Class 1 – Accumulation shares			Class 1 EUR Hedged – Accumulation shares		
	30/04/2017	30/04/2016	30/04/2015	30/04/2017	30/04/2016	30/04/2015
Change in net assets per share						
Opening net asset value per share (p)	242.77	232.37	193.11	207.27	194.52	200.65
Return before operating charges (p)	91.91	14.29	42.71	63.01	15.97	(2.82)
Operating charges (p)	(4.86)	(3.89)	(3.45)	(3.97)	(3.22)	(3.31)
Return after operating charges (p)*	87.05	10.40	39.26	59.04	12.75	(6.13)
Distributions (p)	–	–	–	–	–	–
Retained distributions on accumulation shares (p)	–	–	–	–	–	–
Closing net asset value per share (p)	329.82	242.77	232.37	266.31	207.27	194.52
*after direct transaction costs of (p)	0.50	0.29	0.56	0.40	0.24	0.54
Performance						
Return after charges (%)	35.86	4.48	20.33	28.48	6.55	(3.06)
Other information						
Closing net asset value (£000)	86,608	94,137	125,329	2,007	1,312	2,837
Closing number of shares	26,258,801	38,776,171	53,934,161	753,580	632,927	1,458,549
Operating charges (%)**	1.64	1.64	1.63	1.64	1.64	1.61
Direct transaction costs (%)***	0.16	0.12	0.26	0.16	0.12	0.26
Prices						
Highest share price (p)	347.99	254.95	247.06	273.65	217.46	213.13
Lowest share price (p)	238.42	214.62	190.38	201.79	183.82	184.81
	Class 2 – Accumulation shares			Class Z – Accumulation shares		
	30/04/2017	30/04/2016	30/04/2015	30/04/2017	30/04/2016	30/04/2015
Change in net assets per share						
Opening net asset value per share (p)	258.00	244.92	201.87	131.68	125.08	103.19
Return before operating charges (p)	97.98	15.14	44.88	50.03	7.75	22.95
Operating charges (p)	(2.57)	(2.06)	(1.83)	(1.47)	(1.15)	(1.06)
Return after operating charges (p)*	95.41	13.08	43.05	48.56	6.60	21.89
Distributions (p)	(0.96)	(0.77)	(0.53)	(0.37)	(0.30)	(0.18)
Retained distributions on accumulation shares (p)	0.96	0.77	0.53	0.37	0.30	0.18
Closing net asset value per share (p)	353.41	258.00	244.92	180.24	131.68	125.08
*after direct transaction costs of (p)	0.52	0.31	0.59	0.28	0.16	0.32
Performance						
Return after charges (%)	36.98	5.34	21.33	36.88	5.28	21.21
Other information						
Closing net asset value (£000)	88,084	110,300	127,275	2,136	843	802
Closing number of shares	24,923,929	42,752,521	51,966,483	1,185,323	640,388	641,494
Operating charges (%)**	0.82	0.82	0.81	0.89	0.89	0.88
Direct transaction costs (%)***	0.16	0.12	0.26	0.16	0.12	0.26
Prices						
Highest share price (p)	372.48	270.79	260.30	189.99	138.22	132.97
Lowest share price (p)	253.67	226.80	199.05	129.46	115.82	101.75

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

**The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share class of a fund based on the financial year's expenses and may vary from year to year. It includes charges such as the fund's annual management charge, registration fee, custody fees and distribution cost but ordinarily excludes the costs of buying or selling assets for the fund (unless these assets are shares of another fund). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit columbiathreadneedle.com/fees.

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

Threadneedle American Extended Alpha Fund

Notes to the financial statements

for the accounting period 1 May 2016 to 30 April 2017

1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 4 and 5.

2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2017	2016
	£000	£000
Non-derivative securities	58,689	7,597
Derivative contracts	3,827	(106)
Forward currency contracts	(105)	62
Other gains	2,689	2,501
Transaction costs	(2)	(1)
Net capital gains	65,098	10,053

3 REVENUE

	2017	2016
	£000	£000
UK dividends	–	29
Overseas dividends	2,717	2,057
Interest on short term investments	94	65
Derivative revenue	476	1,699
Bank interest	18	7
Total revenue	3,305	3,857

4 EXPENSES

	2017	2016
	£000	£000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(2,392)	(2,426)
Registration fees	(157)	(155)
	(2,549)	(2,581)
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depositary's fees	(23)	(21)
Safe custody fees	(12)	(11)
	(35)	(32)
Other expenses:		
Regulatory fees	(7)	(6)
Professional fees	–	(23)
Audit fees	(13)	(6)
Fees Payable to Auditors – non audit services	(2)	–
	(22)	(35)
Total expenses*	(2,606)	(2,648)

*Including irrecoverable VAT where applicable.

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2017	2016
	£000	£000
Dividends payable on short positions	(556)	(640)
Interest payable	(4)	(1)
Derivative expense	–	(559)
Total interest payable & similar charges	(560)	(1,200)

6 TAXATION

	2017	2016
	£000	£000
a) Analysis of charge in period		
Overseas taxes	(383)	(196)
Total current tax (note 6b)	(383)	(196)
Total tax charge for the period	(383)	(196)

b) Factors affecting taxation charge for period

	2017	2016
	£000	£000
Net revenue before taxation	139	9
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(28)	(2)
Effects of:		
Revenue not subject to taxation	528	399
Overseas taxes	(383)	(196)
Overseas tax expensed	–	4
Excess expenses	(500)	(393)
Revenue taxable in other periods	–	(7)
Retail Distribution Review (RDR) conversion transfer from capital	–	(1)
Current tax charge for period (note 6a)	(383)	(196)

The fund has not recognised a deferred tax asset of £8,468,034 (2016: £7,960,831) arising as a result of having unutilised management expenses. The movement in deferred tax asset may not agree to the excess expenses figure quoted above due to prior year adjustments. It is unlikely that these expenses will be utilised in future years.

7 DISTRIBUTIONS

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

	2017	2016
	£000	£000
Final	244	331
	244	331
Add: Revenue deducted on the cancellation of shares	99	50
Deduct: Revenue received on the creation of shares	(31)	(22)
Net distribution for the period	312	359
Net expense after taxation	(244)	(187)
Equalisation on conversion	–	4
Shortfall transfer from capital to revenue	556	542
Total distributions	312	359

Details of the distribution per share and any share class with a shortfall are set out in the table on pages 94 to 95.

8 DEBTORS

	2017	2016
	£000	£000
Amounts receivable for the issue of shares	535	109
Sales awaiting settlement	112	14,073
Accrued revenue	141	208
Foreign withholding tax recoverable	–	30
Total debtors	788	14,420

9 CASH AND BANK BALANCES

	2017	2016
	£000	£000
Amounts held at futures clearing houses and brokers	2,621	1,114
Cash and bank balances	14,294	29,111
	16,915	30,225
Cash overdrafts at broker	(1,766)	(831)
Total cash and bank balances	15,149	29,394

10 OTHER CREDITORS

	2017	2016
	£000	£000
Amounts payable for the cancellation of shares	(634)	(1,030)
Purchases awaiting settlement	–	(1,459)
Accrued expenses	(50)	(35)
Amounts payable to ACD	(199)	(206)
Total other creditors	(883)	(2,730)

Threadneedle American Extended Alpha Fund

Notes to the financial statements

(continued)

11 DILUTION ADJUSTMENT

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

12 RELATED PARTY TRANSACTIONS

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

The aggregate monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 8 and 10.

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

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

13 SHAREHOLDER FUNDS

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

Annual management charge

Class 1 shares	1.50%
Class 2 shares	0.75%
Class Z shares	0.75%

Registration fees

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

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on page 96. The distribution per share class is given in the distribution table on pages 94 to 95. All classes have the same rights on winding up.

Reconciliation of shares

	2017
Class 1 – Accumulation shares	
Opening shares	38,776,171
Shares issued	1,925,577
Shares redeemed	(14,331,853)
Net conversions	(111,094)
Closing shares	<u>26,258,801</u>
Class 1 EUR Hedged – Accumulation shares	
Opening shares	632,927
Shares issued	980,675
Shares redeemed	(860,022)
Net conversions	–
Closing shares	<u>753,580</u>
Class 2 – Accumulation shares	
Opening shares	42,752,521
Shares issued	3,408,666
Shares redeemed	(21,331,060)
Net conversions	93,802
Closing shares	<u>24,923,929</u>
Class Z – Accumulation shares	
Opening shares	640,388
Shares issued	1,143,043
Shares redeemed	(618,708)
Net conversions	20,600
Closing shares	<u>1,185,323</u>

14 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 5.

Value at Risk (VaR) disclosure

VaR is used to measure the level of Global Exposure which the fund undertakes. VaR is measured in three variables: the amount of potential loss, the probability of that amount of loss, and the time frame.

The fund's VaR limit is 1.6 x benchmark¹ VaR and is measured using the covariance model based on a 99% confidence limit over a 1 month holding period, using the previous 180 weeks of data.

As at year end the fund's VaR was 10.5% (2016: 8.8%). This means that there is estimated to be a 1% chance that the fund could lose more than 10.5% (2016: 8.8%) of its value in a month.

At 30 April, 2017 the VaR utilisation was 71% (2016: 64%) (actual VaR/VaR limit). During the year ended 30 April, 2017 the lowest VaR utilisation was 63% (2016: 63%), the highest VaR utilisation was 76% (2016: 78%) and the average utilisation was 66% (2016: 65%).

¹The benchmark of the fund is shown on page 215.

Currency exposures

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

	Monetary exposures £000	Non-monetary exposures £000	Total £000
Currency 2017			
Australian Dollar	1	–	1
Canadian Dollar	(1)	–	(1)
Euro	(168)	2,174	2,006
US Dollar	17,013	161,564	178,577
Currency 2016			
Australian Dollar	1	–	1
Canadian Dollar	1	–	1
Euro	7	1,321	1,328
US Dollar	42,746	163,590	206,336

Currency sensitivity analysis

The only material currency exposure of the fund is to the US Dollar. A movement of 11.45% (2016: 4.68%) in this currency (equivalent to the movement in the year) would result in a change in the fund value of 11.43% (2016: 4.67%).

Credit/Counterparty exposure

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

	Forward Foreign Exchange Contracts Exposure £000	Portfolio Swaps Exposure £000	Collateral Pledged £000
2017			
Counterparty			
J.P. Morgan	16	–	–
Merill Lynch	–	597	1,615
2016			
Counterparty			
Bank of Scotland	2	–	–
J.P. Morgan	15	–	–
Merill Lynch	–	95	285

The fund held £750,000 (2016: £7,000) 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.

Threadneedle American Extended Alpha Fund

Notes to the financial statements

(continued)

Interest rate risk

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

Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the fund's financial assets and financial liabilities at 30 April was:

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
	£000	£000	£000	£000
Currency 2017				
Australian Dollar	1	–	–	1
Euro	29	–	2,176	2,205
UK Sterling	100	–	796	896
US Dollar	16,785	–	164,248	181,033
Currency 2016				
Australian Dollar	1	–	–	1
Canadian Dollar	1	–	–	1
Euro	7	–	1,420	1,427
UK Sterling	312	–	773	1,085
US Dollar	29,904	–	179,513	209,417

	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
	£000	£000	£000	£000
Currency 2017				
Canadian Dollar	–	–	(1)	(1)
Euro	–	–	(199)	(199)
UK Sterling	(1,766)	–	(878)	(2,644)
US Dollar	–	–	(2,456)	(2,456)
Currency 2016				
Euro	–	–	(99)	(99)
UK Sterling	(831)	–	(1,328)	(2,159)
US Dollar	–	–	(3,081)	(3,081)

Interest rate risk sensitivity

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

Derivative risks

Derivatives including forward foreign exchange contracts and portfolio 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. At 30 April 2017, the fund had outstanding forward foreign exchange contracts and portfolio swaps with an asset value of £614,000 (2016: £113,000) and a liability value of £2,000 (2016: £1,000).

As part of the fund strategy, the fund manager is permitted to short sell in accordance with the investment restrictions to obtain leverage. To achieve this, the fund has entered into a portfolio swap throughout this accounting period, whereby the total return of a basket of securities, including capital appreciation or depreciation, has been received in exchange for a series of periodic cash flows calculated by reference to financing costs, stock loan fees and interest in respect of short positions. The swap is subject to a monthly reset process, thereby crystallising returns and risk exposure each month. The use of short selling strategies increases the risk profile of the fund, and may result in a higher degree of volatility than a fund that does not employ short exposure. Any such positions entered into are regularly reviewed by the fund manager.

15 FAIR VALUE DISCLOSURE

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

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

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

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

Valuation technique	2017		2016	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	163,169	–	165,396	–
Level 2	614	(2)	113	(1)
	163,783	(2)	165,509	(1)

16 CONTINGENT LIABILITIES AND COMMITMENTS

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

17 PORTFOLIO TRANSACTION COSTS

Purchases	2017		Commissions		Taxes	
	Value £000	£000	%	£000	%	
Equities	198,876	145	0.07	–	–	
Total	198,876	145				

Gross purchases total:

199,021

Sales	2017		Commissions		Taxes	
	Value £000	£000	%	£000	%	
Equities	258,240	201	0.08	6	–	
Corporate actions	1,844	–	–	–	–	
Total	260,084	201		6		

Total sales net of transaction costs: 259,877

Transaction costs as a percentage of average Net Assets

Commissions: 0.16%
Taxes: 0.00%

Futures	2017		Commissions		Taxes	
	Value £000	£000	%	£000	%	
	11	–	–	–	–	

Purchases	2016		Commissions		Taxes	
	Value £000	£000	%	£000	%	
Equities	175,048	122	0.07	–	–	
Total	175,048	122				

Gross purchases total:

175,170

Sales	2016		Commissions		Taxes	
	Value £000	£000	%	£000	%	
Equities	214,848	145	0.07	4	–	
Corporate actions	1,543	–	–	–	–	
Total	216,391	145		4		

Total sales net of transaction costs: 216,242

Transaction costs as a percentage of average Net Assets

Commissions: 0.12%
Taxes: 0.00%

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

Threadneedle American Extended Alpha Fund

Notes to the financial statements

(continued)

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

Direct transaction costs: Broker commissions, fees and taxes.

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

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

At the balance sheet date, the portfolio dealing spread was 0.02% (2016: 0.02%), being the difference between the respective buying and selling prices for the fund's investments.

Threadneedle US Equity Income Fund*

Investment Report

Investment Objective

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

Investment Policy

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

The ACD will look to invest in companies that exhibit a high potential for paying above average income.

Performance of Income Class 1 Shares**

Over the eleven months to 30 April 2017* the published share price of the Threadneedle US Equity Income Fund has risen from 100.00p to 127.53p.

For comparison, on a total return basis using noon prices, the performance of the Class 1 share class was +29.80% and +30.41% for the Class 2 share class compared to a return of +31.79% for the Morningstar UK Unit Trusts/OEICs – (IA) North America Peer Group (on a bid to bid basis, with income reinvested for a UK basic rate taxpayer).

For information purposes, using global close prices, the total return of the S&P 500 Composite Index was +33.52%.

Market Overview and Portfolio Activity

In the 12 months to April 30, the S&P 500 rose 7.2% in US dollar terms, in a period that was dominated by political turbulence,

particularly the surprising outcomes of the UK's EU referendum vote and the US presidential election. Although at the beginning of 2016, markets had expected bond yields to rise, by mid-2016, fears about the UK's Brexit vote saw US bond yields plunge below 1.4%. Domestically, US equities were volatile, vigorously swayed by the November 8 presidential election. Donald Trump's surprise election victory brought a significant change to market leadership, as investors began to price in the implications of his policies. These include a likely fiscal stimulus (especially in infrastructure), the scope for corporation and personal tax cuts and the potential for overseas cash repatriation. However, there are also risks posed by greater protectionism, faster inflation and a stronger dollar. Though markets fell in the election's immediate aftermath, a recovery rally soon took hold. However, as high tax-paying businesses have underperformed the market since the election, investors appear to have been placing little faith in Trump's legislative programme.

The economic recovery continued apace, and confidence measures were notably strong; in particular, small-business optimism showed the largest increase since 1980. Additionally, unemployment continued to fall, and the improvement in corporate earnings was sustained. Against this backdrop, the Federal Reserve raised rates twice by 25 basis points (bps) over the period, and indicated at least two further rate hikes in 2017.

The period drew to a close amid rising geopolitical tensions, particularly relating to Syria and North Korea. The Trump administration floated a range of policy proposals as it reached the 100-day mark. Principal among these was a plan to reform the US tax code, though investors will need to see more detail before the implications for corporate profitability can be fully understood.

During the period, we added to existing holdings that we believe can deliver significant dividend growth. Examples include Apple, Microsoft, ExxonMobil and Cisco.

The legislative difficulties faced by the Trump administration have led some investors to question the likelihood that the president can implement his broader pro-growth agenda.

This apparent scepticism suggests that domestic-tilted companies could outperform should the administration ultimately succeed in implementing pro-growth policies. While comprehensive reform of the tax system may prove difficult, a narrower outcome, which includes a cut to corporation tax rates, could provide a boost to profitability, investment and, in the longer run, productivity. From a valuation perspective, while the market is not especially cheap in aggregate, sector valuations are revealing. Presently, the highest-yielding sectors, such as utilities and consumer staples, are trading at historically high levels. By contrast, higher-growth areas, such as technology and healthcare, currently look more reasonably valued, as do many cyclicals. We continue to view the current market environment as favourable for active managers. For income stocks, a rising interest rate environment has seen dividend indices lag in 2017. We believe the valuation support provided by a dividend growth approach will be key to navigating this environment.

Assets were transferred from Threadneedle Investment Funds III US Equity Income Fund on 23 May 2016.

Election Update

The commentary contains a market background with a snapshot of investor sentiment during the period under review. Although the UK election has since taken place, the result has no retroactive bearing on what investors were thinking prior to the vote.

STATEMENT OF TOTAL RETURN

for the accounting period 23 May 2016 to 30 April 2017

	Notes	2017 £000
Income		
Net capital gains	2	27,895
Revenue	3	3,293
Expenses	4	(223)
Net revenue before taxation		3,070
Taxation	5	(463)
Net revenue after taxation		2,607
Total return before distributions		30,502
Distributions	6	(2,809)
Change in net assets attributable to shareholders from investment activities		27,693

BALANCE SHEET

as at 30 April 2017

	Notes	2017 £000
Assets:		
Fixed assets:		
Investments		116,240
Current assets:		
Debtors	7	286
Cash and bank balances		3,553
Total assets		120,079
Liabilities:		
Creditors:		
Distribution payable		(772)
Other creditors	8	(561)
Total liabilities		(1,333)
Net assets attributable to shareholders		118,746

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 23 May 2016 to 30 April 2017

	2017 £000
Opening net assets attributable to shareholders	–
Amounts receivable on the issue of shares	23,116
Amounts payable on the cancellation of shares	(25,558)
Amounts receivable on in specie transfers	93,473
	91,031
Dilution adjustment	21
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	27,693
Retained distribution on accumulation shares	1
Closing net assets attributable to shareholders	118,746

DISTRIBUTION TABLE

for the accounting period 23 May 2016 to 30 April 2017

Dividend distribution in pence per share

Class 1 – Income shares*

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017
Group 1			
23/05/16 to 31/07/16	0.4476	–	0.4476
01/08/16 to 31/10/16	0.8256	–	0.8256
01/11/16 to 31/01/17	0.8814	–	0.8814
01/02/17 to 30/04/17	0.8348	–	0.8348
Group 2			
23/05/16 to 31/07/16	0.2376	0.2100	0.4476
01/08/16 to 31/10/16	0.2456	0.5800	0.8256
01/11/16 to 31/01/17	0.7418	0.1396	0.8814
01/02/17 to 30/04/17	0.4212	0.4136	0.8348
Total distributions in the period			2.9894

Class 1 – Accumulation shares*

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017
Group 1			
24/10/16 to 31/10/16	0.0743	–	0.0743
01/11/16 to 31/01/17	0.7543	–	0.7543
01/02/17 to 30/04/17	0.7183	–	0.7183
Group 2			
24/10/16 to 31/10/16	0.0743	–	0.0743
01/11/16 to 31/01/17	0.7543	–	0.7543
01/02/17 to 30/04/17	0.7183	–	0.7183
Total distributions in the period			1.5469

*Fund launched on 23 May 2016.

**In pound Sterling and against UK peer group.

Threadneedle US Equity Income Fund

DISTRIBUTION TABLE

(continued)

Class 1 EUR Hedged – Accumulation shares*

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017
Group 1			
24/10/16 to 31/10/16	0.0855	–	0.0855
01/11/16 to 31/01/17	0.7139	–	0.7139
01/02/17 to 30/04/17	0.6805	–	0.6805
Group 2			
24/10/16 to 31/10/16	0.0855	–	0.0855
01/11/16 to 31/01/17	0.7139	–	0.7139
01/02/17 to 30/04/17	0.6805	–	0.6805
Total distributions in the period			1.4799

Class 2 – Income shares *

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017
Group 1			
23/05/16 to 31/07/16	0.4490	–	0.4490
01/08/16 to 31/10/16	0.8263	–	0.8263
01/11/16 to 31/01/17	0.8913	–	0.8913
01/02/17 to 30/04/17	0.8363	–	0.8363
Group 2			
23/05/16 to 31/07/16	0.4490	–	0.4490
01/08/16 to 31/10/16	0.8263	–	0.8263
01/11/16 to 31/01/17	0.8913	–	0.8913
01/02/17 to 30/04/17	0.8363	–	0.8363
Total distributions in the period			3.0029

Class 2 EUR Hedged – Income shares*

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017
Group 1			
23/05/16 to 31/07/16	0.4490	–	0.4490
01/08/16 to 31/10/16	0.8236	–	0.8236
01/11/16 to 31/01/17	0.8417	–	0.8417
01/02/17 to 30/04/17	0.7862	–	0.7862
Group 2			
23/05/16 to 31/07/16	0.4490	–	0.4490
01/08/16 to 31/10/16	0.8236	–	0.8236
01/11/16 to 31/01/17	0.8417	–	0.8417
01/02/17 to 30/04/17	0.7862	–	0.7862
Total distributions in the period			2.9005

Class 2 EUR Hedged – Accumulation shares*

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017
Group 1			
24/10/16 to 31/10/16	0.0855	–	0.0855
01/11/16 to 31/01/17	0.7150	–	0.7150
01/02/17 to 30/04/17	0.6817	–	0.6817
Group 2			
24/10/16 to 31/10/16	0.0855	–	0.0855
01/11/16 to 31/01/17	0.7150	–	0.7150
01/02/17 to 30/04/17	0.6817	–	0.6817
Total distributions in the period			1.4822

Class L – Income shares*

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017
Group 1			
23/05/16 to 31/07/16	0.7366	–	0.7366
01/08/16 to 31/10/16	1.3609	–	1.3609
01/11/16 to 31/01/17	1.4406	–	1.4406
01/02/17 to 30/04/17	1.3691	–	1.3691
Group 2			
23/05/16 to 31/07/16	0.3390	0.3976	0.7366
01/08/16 to 31/10/16	0.5767	0.7842	1.3609
01/11/16 to 31/01/17	0.6310	0.8096	1.4406
01/02/17 to 30/04/17	0.5582	0.8109	1.3691
Total distributions in the period			4.9072

Class X – Income shares*

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017
Group 1			
23/05/16 to 31/07/16	0.7490	–	0.7490
01/08/16 to 31/10/16	1.3888	–	1.3888
01/11/16 to 31/01/17	1.4889	–	1.4889
01/02/17 to 30/04/17	1.3948	–	1.3948
Group 2			
23/05/16 to 31/07/16	0.2062	0.5428	0.7490
01/08/16 to 31/10/16	0.4149	0.9739	1.3888
01/11/16 to 31/01/17	0.4807	1.0082	1.4889
01/02/17 to 30/04/17	0.1948	1.2000	1.3948
Total distributions in the period			5.0215

Class Z – Income shares*

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017
Group 1			
23/05/16 to 31/07/16	0.4486	–	0.4486
01/08/16 to 31/10/16	0.8261	–	0.8261
01/11/16 to 31/01/17	0.8878	–	0.8878
01/02/17 to 30/04/17	0.8448	–	0.8448
Group 2			
23/05/16 to 31/07/16	0.4486	–	0.4486
01/08/16 to 31/10/16	0.2461	0.5800	0.8261
01/11/16 to 31/01/17	0.8878	–	0.8878
01/02/17 to 30/04/17	0.0730	0.7718	0.8448
Total distributions in the period			3.0073

Class Z CHF Hedged – Income shares*

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017
Group 1			
24/10/16 to 31/10/16	0.0856	–	0.0856
01/11/16 to 31/01/17	0.7256	–	0.7256
01/02/17 to 30/04/17	0.6920	–	0.6920
Group 2			
24/10/16 to 31/10/16	0.0856	–	0.0856
01/11/16 to 31/01/17	0.7256	–	0.7256
01/02/17 to 30/04/17	0.6920	–	0.6920
Total distributions in the period			1.5032

Class Z – Accumulation shares*

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017
Group 1			
24/10/16 to 31/10/16	0.0743	–	0.0743
01/11/16 to 31/01/17	0.7550	–	0.7550
01/02/17 to 30/04/17	0.7206	–	0.7206
Group 2			
24/10/16 to 31/10/16	0.0743	–	0.0743
01/11/16 to 31/01/17	0.7550	–	0.7550
01/02/17 to 30/04/17	0.7206	–	0.7206
Total distributions in the period			1.5499

Class Z EUR Hedged – Accumulation shares*

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017
Group 1			
24/10/16 to 31/10/16	0.0854	–	0.0854
01/11/16 to 31/01/17	0.7153	–	0.7153
01/02/17 to 30/04/17	0.6824	–	0.6824
Group 2			
24/10/16 to 31/10/16	0.0854	–	0.0854
01/11/16 to 31/01/17	0.7153	–	0.7153
01/02/17 to 30/04/17	0.6824	–	0.6824
Total distributions in the period			1.4831

Group 2: shares purchased during a distribution period.

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

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

Threadneedle US Equity Income Fund

Comparative Table Disclosure

	Class 1 – Income shares 30/04/2017 ¹	Class 1 – Accumulation shares 30/04/2017 ²
Change in net assets per share		
Opening net asset value per share (p)	100.00	100.00
Return before operating charges (p)	31.64	10.32
Operating charges (p)	(1.98)	(0.61)
Return after operating charges (p)*	29.66	9.71
Distributions (p)	(2.99)	(1.55)
Retained distributions on accumulation shares (p)	–	1.55
Closing net asset value per share (p)	126.67	109.71
*after direct transaction costs of (p)	0.06	0.03
Performance		
Return after charges (%)	29.66	9.71
Other information		
Closing net asset value (£000)	288	3
Closing number of shares	227,050	3,000
Operating charges (%)**	1.67 [†]	1.63 [†]
Direct transaction costs (%)***	0.05	0.05
Prices		
Highest share price (p)	136.28	117.23
Lowest share price (p)	98.94	99.54
	Class 1 EUR Hedged – Accumulation shares 30/04/2017 ³	Class 2 – Income shares 30/04/2017 ⁴
Change in net assets per share		
Opening net asset value per share (p)	100.00	100.00
Return before operating charges (p)	7.23	31.44
Operating charges (p)	(0.59)	(1.17)
Return after operating charges (p)*	6.64	30.27
Distributions (p)	(1.48)	(3.00)
Retained distributions on accumulation shares (p)	1.48	–
Closing net asset value per share (p)	106.64	127.27
*after direct transaction costs of (p)	0.03	0.06
Performance		
Return after charges (%)	6.64	30.27
Other information		
Closing net asset value (£000)	11	4
Closing number of shares	10,000	3,000
Operating charges (%)**	1.65 [†]	1.03 [†]
Direct transaction costs (%)***	0.05	0.05
Prices		
Highest share price (p)	110.91	136.82
Lowest share price (p)	98.76	98.95

Threadneedle US Equity Income Fund

Comparative Table Disclosure

(continued)

	Class 2 EUR Hedged – Income shares 30/04/2017 ⁵	Class 2 EUR Hedged – Accumulation shares 30/04/2017 ⁶
Change in net assets per share		
Opening net asset value per share (p)	100.00	100.00
Return before operating charges (p)	26.61	7.31
Operating charges (p)	(1.18)	(0.39)
Return after operating charges (p)*	25.43	6.92
Distributions (p)	(2.90)	(1.48)
Retained distributions on accumulation shares (p)	–	1.48
Closing net asset value per share (p)	122.53	106.92
*after direct transaction costs of (p)	0.06	0.03
Performance		
Return after charges (%)	25.43	6.92
Other information		
Closing net asset value (£000)	12	11
Closing number of shares	10,000	10,000
Operating charges (%)**	1.07 [†]	1.08 [†]
Direct transaction costs (%)***	0.05	0.05
Prices		
Highest share price (p)	128.18	111.15
Lowest share price (p)	98.75	98.80
	Class L – Income shares 30/04/2017 ⁷	Class X – Income shares 30/04/2017 ⁸
Change in net assets per share		
Opening net asset value per share (p)	163.20	168.05
Return before operating charges (p)	51.25	52.61
Operating charges (p)	(1.28)	(0.15)
Return after operating charges (p)*	49.97	52.46
Distributions (p)	(4.91)	(5.02)
Retained distributions on accumulation shares (p)	–	–
Closing net asset value per share (p)	208.26	215.49
*after direct transaction costs of (p)	0.10	0.10
Performance		
Return after charges (%)	30.62	31.22
Other information		
Closing net asset value (£000)	32,363	86,005
Closing number of shares	15,540,116	39,910,418
Operating charges (%)**	0.68 [†]	0.08 [†]
Direct transaction costs (%)***	0.05	0.05
Prices		
Highest share price (p)	223.81	231.46
Lowest share price (p)	161.48	166.28

Threadneedle US Equity Income Fund

Comparative Table Disclosure

(continued)

	Class Z – Income shares 30/04/2017 ⁹	Class Z CHF Hedged – Income shares 30/04/2017 ¹⁰
Change in net assets per share		
Opening net asset value per share (p)	100.00	100.00
Return before operating charges (p)	31.44	8.12
Operating charges (p)	(1.05)	(0.33)
Return after operating charges (p)*	30.39	7.79
Distributions (p)	(3.01)	(1.50)
Retained distributions on accumulation shares (p)	–	–
Closing net asset value per share (p)	127.38	106.29
*after direct transaction costs of (p)	0.06	0.03
Performance		
Return after charges (%)	30.39	7.79
Other information		
Closing net asset value (£000)	24	11
Closing number of shares	19,166	10,000
Operating charges (%)**	0.89 [†]	0.90 [†]
Direct transaction costs (%)***	0.05	0.05
Prices		
Highest share price (p)	136.99	112.61
Lowest share price (p)	98.95	99.98
	Class Z – Accumulation shares 30/04/2017 ¹¹	Class Z EUR Hedged – Accumulation shares 30/04/2017 ¹²
Change in net assets per share		
Opening net asset value per share (p)	100.00	100.00
Return before operating charges (p)	10.41	7.33
Operating charges (p)	(0.33)	(0.32)
Return after operating charges (p)*	10.08	7.01
Distributions (p)	(1.55)	(1.48)
Retained distributions on accumulation shares (p)	1.55	1.48
Closing net asset value per share (p)	110.08	107.01
*after direct transaction costs of (p)	0.03	0.03
Performance		
Return after charges (%)	10.08	7.01
Other information		
Closing net asset value (£000)	3	11
Closing number of shares	3,000	10,000
Operating charges (%)**	0.88 [†]	0.90 [†]
Direct transaction costs (%)***	0.05	0.05
Prices		
Highest share price (p)	117.55	111.23
Lowest share price (p)	99.60	98.81

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

**The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share class of a fund based on the financial year's expenses and may vary from year to year. It includes charges such as the fund's annual management charge, registration fee, custody fees and distribution cost but ordinarily excludes the costs of buying or selling assets for the fund (unless these assets are shares of another fund). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit columbiathreadneedle.com/fees.

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

¹Class 1 – Income shares commenced 23 May 2016.

²Class 1 – Accumulation shares commenced 4 October 2016.

³Class 1 EUR Hedged – Accumulation shares commenced 4 October 2016.

⁴Class 2 – Income shares commenced 23 May 2016.

⁵Class 2 EUR Hedged – Income shares commenced 23 May 2016.

⁶Class 2 EUR Hedged – Accumulation shares commenced 4 October 2016.

⁷Class L – Income shares commenced 23 May 2016.

⁸Class X – Income shares commenced 23 May 2016.

⁹Class Z – Income shares commenced 23 May 2016.

¹⁰Class Z CHF Hedged – Income shares commenced 4 October 2016.

¹¹Class Z – Accumulation shares commenced 4 October 2016.

¹²Class Z EUR Hedged – Accumulation shares commenced 4 October 2016.

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

Threadneedle US Equity Income Fund

Notes to the financial statements

for the accounting period 23 May 2016 to 30 April 2017

1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 4 and 5.

2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2017 £000
Non-derivative securities	27,842
Forward currency contracts	(1)
Other gains	55
Transaction costs	(1)
Net capital gains	<u>27,895</u>

3 REVENUE

	2017 £000
Overseas dividends	3,285
Bank interest	8
Total revenue	<u>3,293</u>

4 EXPENSES

	2017 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:	
Annual management charge	(142)
Registration fees	(38)
	<u>(180)</u>
Payable to the depositary or associates of the depositary, and the agents of either of them:	
Depositary's fees	(12)
Safe custody fees	(16)
	<u>(28)</u>
Other expenses:	
Regulatory fees	(3)
Audit fees	(12)
	<u>(15)</u>
Total expenses*	<u>(223)</u>

*Including irrecoverable VAT where applicable.

5 TAXATION

	2017 £000
a) Analysis of charge in period	
Corporation tax	(11)
Double taxation relief	11
Overseas taxes	(463)
Total current tax (note 5b)	(463)
Total tax charge for the period	<u>(463)</u>
b) Factors affecting taxation charge for period	
Net revenue before taxation	<u>3,070</u>
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(614)
Effects of:	
Revenue not subject to taxation	603
Overseas taxes	(463)
Double taxation relief	11
Current tax charge for period (note 5a)	<u>(463)</u>

6 DISTRIBUTIONS

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

	2017 £000
Interim	2,014
Final	<u>772</u>
	2,786
Add: Revenue deducted on the cancellation of shares	107
Deduct: Revenue received on the creation of shares	(84)
Net distribution for the period	<u>2,809</u>
Net revenue after taxation	2,607
All fees charged to capital	223
Tax relief on capitalised fees	(21)
Total distributions	<u>2,809</u>

Details of the distribution per share are set out in the table on pages 101 to 102.

7 DEBTORS

	2017 £000
Amounts receivable for the issue of shares	158
Accrued revenue	128
Total debtors	<u>286</u>

8 OTHER CREDITORS

	2017 £000
Amounts payable for the cancellation of shares	(523)
Accrued expenses	(18)
Amounts payable to ACD	(20)
Total other creditors	<u>(561)</u>

9 DILUTION ADJUSTMENT

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

10 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, as ACD, is a related party and acts as principal in respect of all transactions of shares in the fund. Assets received by the fund via in-specie transfers were from other funds managed by Columbia Threadneedle.

The aggregate monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 7 and 8.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 8.

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

Threadneedle US Equity Income Fund

Notes to the financial statements

(continued)

11 SHAREHOLDER FUNDS

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

Annual management charge

Class 1 shares	1.50%
Class 2 shares	1.00%
Class L shares	0.60%
Class X shares	N/A*
Class Z shares	0.75%

Registration fees

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

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 103 to 105. The distribution per share class is given in the distribution table on pages 101 to 102.

All classes have the same rights on winding up.

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

Reconciliation Of Shares

	2017
Class 1 – Income shares*	
Opening shares	–
Shares issued	227,050
Shares redeemed	–
Net conversions	–
Closing shares	<u>227,050</u>
Class 1 – Accumulation shares*	
Opening shares	–
Shares issued	3,000
Shares redeemed	–
Net conversions	–
Closing shares	<u>3,000</u>
Class 1 EUR Hedged – Accumulation shares*	
Opening shares	–
Shares issued	10,000
Shares redeemed	–
Net conversions	–
Closing shares	<u>10,000</u>
Class 2 – Income shares *	
Opening shares	–
Shares issued	3,000
Shares redeemed	–
Net conversions	–
Closing shares	<u>3,000</u>
Class 2 EUR Hedged – Income shares*	
Opening shares	–
Shares issued	10,000
Shares redeemed	–
Net conversions	–
Closing shares	<u>10,000</u>
Class 2 EUR Hedged – Accumulation shares*	
Opening shares	–
Shares issued	10,000
Shares redeemed	–
Net conversions	–
Closing shares	<u>10,000</u>

	2017
Class L – Income shares*	
Opening shares	–
Shares issued	20,671,249
Shares redeemed	(5,131,133)
Net conversions	–
Closing shares	<u>15,540,116</u>
Class X – Income shares*	
Opening shares	–
Shares issued	47,471,745
Shares redeemed	(7,561,327)
Net conversions	–
Closing shares	<u>39,910,418</u>
Class Z – Income shares*	
Opening shares	–
Shares issued	121,102
Shares redeemed	(101,936)
Net conversions	–
Closing shares	<u>19,166</u>
Class Z CHF Hedged – Income shares*	
Opening shares	–
Shares issued	10,000
Shares redeemed	–
Net conversions	–
Closing shares	<u>10,000</u>
Class Z – Accumulation shares*	
Opening shares	–
Shares issued	3,000
Shares redeemed	–
Net conversions	–
Closing shares	<u>3,000</u>
Class Z EUR Hedged – Accumulation shares*	
Opening shares	–
Shares issued	10,000
Shares redeemed	–
Net conversions	–
Closing shares	<u>10,000</u>

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

12 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 5.

Market price risk sensitivity

A 5% market increase applied to the fund would result in an increase on the net asset value of the fund by 4.75% and vice versa.

Currency exposures

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

	Monetary exposures	Non-monetary exposures	Total
	£000	£000	£000
Currency 2017			
Canadian Dollar	3	494	497
Euro	–	44	44
Swiss Franc	–	11	11
US Dollar	3,509	115,691	119,200

Currency sensitivity

The only material currency exposure of the fund is to the US Dollar. A movement of 11.45% in this currency (equivalent to the movement in the year) would result in a change in the fund value of 11.50%.

Threadneedle US Equity Income Fund

Notes to the financial statements

(continued)

Credit/Counterparty exposure

As at the balance sheet date there is no derivative exposure or collateral to disclose.

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

Interest rate risk

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

Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the fund's financial assets and financial liabilities at 30 April was:

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
Currency 2017	£000	£000	£000	£000
Canadian Dollar	3	–	494	497
Euro	–	–	44	44
Swiss Franc	–	–	11	11
UK Sterling	169	–	158	327
US Dollar	3,381	2,859	113,015	119,255

	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
Currency 2017	£000	£000	£000	£000
UK Sterling	–	–	(1,333)	(1,333)
US Dollar	–	–	(55)	(55)

Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances.

13 FAIR VALUE DISCLOSURE

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

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

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

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

Valuation technique	2017	
	Assets £000	Liabilities £000
Level 1	116,240	–
	116,240	–

14 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding.

15 PORTFOLIO TRANSACTION COSTS

2017

	Value £000	Commissions £000	%	Taxes £000	%
Purchases					
Equities	36,756	30	0.08	–	–
In specie transactions	91,535	–	–	–	–
Total	128,291	30		–	

Gross purchases total:

128,321

	Value £000	Commissions £000	%	Taxes £000	%
Sales					
Equities	39,378	24	0.06	1	–
Corporate actions	423	–	–	–	–
Total	39,801	24		1	

Total sales net of transaction costs: 39,776

Transaction costs as a percentage of average Net Assets

Commissions:	0.05%
Taxes:	0.00%

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

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

Direct transaction costs: Broker commissions, fees and taxes.

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

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

At the balance sheet date, the portfolio dealing spread was 0.03%, being the difference between the respective buying and selling prices for the fund's investments.

Threadneedle China Opportunities Fund

Investment Report

Investment Objective

The investment objective of the China Opportunities Fund is to achieve long-term capital growth.

Investment Policy

The ACD's investment policy is to invest the assets of the Fund primarily in equities and equity related securities of Chinese companies. These are defined as companies domiciled in and/or whose significant activities are in the People's Republic of China.

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

In exceptional circumstances and on a temporary basis, the ACD may hold a substantial proportion of the Fund in cash and/or money market instruments.

Performance of Accumulation Class 1 Shares*

Over the twelve months to 30 April 2017, the published share price of the Threadneedle China Opportunities Fund has risen from 214.11p to 287.31p.

For comparison, using noon prices, the performance of the Class 1 share class was +34.19% and +34.95% for the Class 2 share class compared to a return of +37.06% for the Morningstar UK Unit Trusts/OEICs – (IA) China – Greater China Peer Group (on a bid to bid basis, with income reinvested for a UK basic rate taxpayer).

For information purposes, using global close prices, the total return of the MSCI China Index was +39.18%.

Market Overview and Portfolio Activity

It was an extremely strong year for Chinese equities, with the MSCI China index returning 23.6% in local currency terms and 39.7% on a sterling basis. The fund's benchmark index, the MSCI China 10/40, also performed very well. The returns for UK-based investors were enhanced by the weakness of the pound following the Brexit vote in June.

Chinese equities benefited from a marked improvement in global risk appetite, a rally in commodity prices, better-than-expected corporate earnings and signs of economic stabilisation in China. While the market dipped towards the end of 2016, following Donald Trump's election victory and fears of greater US protectionism, it quickly rebounded as these concerns began to ease. At April's meeting between Donald Trump and Chinese President Xi Jinping, there was a notable thawing of relations and the risk of China being labelled a currency manipulator by the US administration has receded. The relative stability of the renminbi against the US dollar since the start of the year and the stabilisation of capital outflows from China has helped to allay fears of renminbi devaluation.

Overall, China's economy has proved stronger than expected, with annualised growth of 6.9% in Q1 2017, fuelled by higher levels of investment, exports and retail sales. Supply-side reform in 2016 reduced excess capacity in the domestic coal and steel sectors, which rebalanced demand and supply in the materials space. As a result, producer price inflation (PPI) rose from -4% in Q1 2016 to +7% in Q1 2017. This turnaround in PPI is positive for nominal GDP growth, industrial profits and cash flows.

At the same time, Chinese technology stocks have continued to perform well, and examples within the fund include e-commerce giants Alibaba Group and Tencent. During the period, the fund moved overweight in the technology sector, where new purchases included Hangzhou Hikvision Digital, the world's largest surveillance-camera products and services provider, which has been gaining global market share. The fund added to NetEase, a key beneficiary of China's booming online games market, which was one of the fund's top performers over the year.

Overall, companies operating in traditional sectors of the Chinese economy have benefited from the combination of improving PPI, cost savings and reduced capital expenditure. Chinese materials companies have performed well, supported by the better economic environment, and the fund gained from its exposure to China Resources Cement and Anhui Conch Cement. The fund also increased its exposure to beneficiaries of the growth in Chinese consumption. In this regard, we added new positions in names

including Kweichow Moutai, the largest premium spirit company in China; and Chow Tai Fook, one of China's leading gold and jewellery retailers. The fund also increased its exposure to large-cap banks via China Merchants Bank, which is one of China's best retail banks and is enjoying decent growth in fee income. Other new positions included New Oriental Education, one of China's top educational services providers, and Sands China, which is benefiting from the growth of mass-market gaming in Macau.

In order to fund this activity, the fund sold out of Haitong Securities, Sinopec Shanghai Petrochemical and CITIC Securities. The fund exited Beijing Enterprises Water because of its relatively high borrowings and China Vanke on the weakening sales momentum of its property projects. Some profits were taken in Baozun as the share price had more than doubled.

The ongoing structural rebalancing of China's economy is expected to moderate the rate of real GDP growth to the 6.5% level in 2017. However, the growth deceleration will be mild as growth stability remains a policy priority in the run-up to China's political reshuffle in late 2017. Although China is unlikely to raise interest rates in the near term given that the renminbi is showing stability against the US dollar, the recent wave of tighter financial supervisory measures undertaken by the China Banking Regulatory Commission to contain the rapid expansion of shadow banking is tightening market liquidity. While this financial deleveraging is good in the long term, in the short term it presents a headwind for financial markets as the resulting reduction in credit growth is expected to slow the momentum of economic growth.

At the company level, the fund continues to invest in those companies that stand to benefit from demand and supply rebalancing and those that can tap into the structural growth of China's middle class, which is generating increased demand for services.

Election Update

The commentary contains a market background with a snapshot of investor sentiment during the period under review. Although the UK election has since taken place, the result has no retroactive bearing on what investors were thinking prior to the vote.

STATEMENT OF TOTAL RETURN

for the accounting period 1 May 2016 to 30 April 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains/(losses)	2	25,569	(38,742)
Revenue	3	2,126	3,139
Expenses	4	(1,073)	(1,247)
Net revenue before taxation		1,053	1,892
Taxation	5	(145)	(244)
Net revenue after taxation		908	1,648
Total return before distributions		26,477	(37,094)
Distributions	6	(908)	(1,653)
Change in net assets attributable to shareholders from investment activities		25,569	(38,747)

BALANCE SHEET

as at 30 April 2017

	Notes	2017 £000	2016 £000
Assets:			
Fixed assets:			
Investments		84,156	83,045
Current assets:			
Debtors	7	858	69
Cash and bank balances		807	1,738
Total assets		85,821	84,852
Liabilities:			
Creditors:			
Other creditors	8	(1,074)	(349)
Total liabilities		(1,074)	(349)
Net assets attributable to shareholders		84,747	84,503

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 1 May 2016 to 30 April 2017

	2017 £000	2016 £000
Opening net assets attributable to shareholders	84,503	159,539
Amounts receivable on the issue of shares	45,919	65,899
Amounts payable on the cancellation of shares	(72,029)	(104,175)
	(26,110)	(38,276)
Dilution adjustment	198	334
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	25,569	(38,747)
Retained distribution on accumulation shares	587	1,653
Closing net assets attributable to shareholders	84,747	84,503

DISTRIBUTION TABLE

for the accounting period 1 May 2016 to 30 April 2017

Dividend distribution in pence per share

Class 1 – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2017	Revenue Accumulated 2016
Group 1 01/05/16 to 30/04/17	0.7800	–	0.7800	3.5720
Group 2 01/05/16 to 30/04/17	–	0.7800	0.7800	3.5720
Total distributions in the period	0.7800	0.7800	0.7800	3.5720

Class 2 – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2017	Revenue Accumulated 2016
Group 1 01/05/16 to 30/04/17	2.4025	–	2.4025	4.8168
Group 2 01/05/16 to 30/04/17	–	2.4025	2.4025	4.8168
Total distributions in the period	2.4025	2.4025	2.4025	4.8168

*In pound Sterling and against UK peer group.

Threadneedle China Opportunities Fund

DISTRIBUTION TABLE

(continued)

Class Z – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2017	Revenue Accumulated 2016
Group 1				
01/05/16 to 30/04/17	1.8439	–	1.8439	2.7777
Group 2				
01/05/16 to 30/04/17	–	1.8439	1.8439	2.7777
Total distributions in the period			1.8439	2.7777

Group 2: shares purchased during a distribution period.

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

Threadneedle China Opportunities Fund

Comparative Table Disclosure

	Class 1 – Accumulation shares			Class 2 – Accumulation shares		
	30/04/2017	30/04/2016	30/04/2015	30/04/2017	30/04/2016	30/04/2015
Change in net assets per share						
Opening net asset value per share (p)	213.82	288.65	190.67	225.02	302.03	198.35
Return before operating charges (p)	77.60	(70.94)	101.86	81.91	(74.35)	106.30
Operating charges (p)	(4.30)	(3.89)	(3.88)	(3.01)	(2.66)	(2.62)
Return after operating charges (p)*	73.30	(74.83)	97.98	78.90	(77.01)	103.68
Distributions (p)	(0.78)	(3.57)	0.00	(2.40)	(4.82)	(2.09)
Retained distributions on accumulation shares (p)	0.78	3.57	0.00	2.40	4.82	2.09
Closing net asset value per share (p)	287.12	213.82	288.65	303.92	225.02	302.03
*after direct transaction costs of (p)	0.48	0.55	0.69	0.51	0.58	0.70
Performance						
Return after charges (%)	34.28	(25.92)	51.39	35.06	(25.50)	52.27
Other information						
Closing net asset value (£000)	21,531	20,131	46,604	45,160	35,160	70,555
Closing number of shares	7,498,733	9,414,761	16,145,270	14,859,167	15,624,961	23,360,408
Operating charges (%)**	1.65	1.67	1.67	1.09	1.09	1.10
Direct transaction costs (%)***	0.18	0.23	0.30	0.18	0.23	0.30
Prices						
Highest share price (p)	297.31	294.24	309.53	314.49	308.00	323.76
Lowest share price (p)	200.65	183.40	183.49	211.23	192.76	190.90
Class Z – Accumulation shares						
	30/04/2017	30/04/2016	30/04/2015			
Change in net assets per share						
Opening net asset value per share (p)	143.75	192.60	126.27			
Return before operating charges (p)	52.28	(47.45)	67.76			
Operating charges (p)	(1.56)	(1.40)	(1.43)			
Return after operating charges (p)*	50.72	(48.85)	66.33			
Distributions (p)	(1.84)	(2.78)	(0.16)			
Retained distributions on accumulation shares (p)	1.84	2.78	0.16			
Closing net asset value per share (p)	194.47	143.75	192.60			
*after direct transaction costs of (p)	0.32	0.37	0.47			
Performance						
Return after charges (%)	35.28	(25.36)	52.53			
Other information						
Closing net asset value (£000)	18,056	29,212	42,380			
Closing number of shares	9,284,713	20,321,337	22,004,369			
Operating charges (%)**	0.91	0.91	0.91			
Direct transaction costs (%)***	0.18	0.23	0.30			
Prices						
Highest share price (p)	201.21	196.44	206.46			
Lowest share price (p)	134.95	123.10	121.54			

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

**The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share class of a fund based on the financial year's expenses and may vary from year to year. It includes charges such as the fund's annual management charge, registration fee, custody fees and distribution cost but ordinarily excludes the costs of buying or selling assets for the fund (unless these assets are shares of another fund). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit columbiathreadneedle.com/fees.

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

Threadneedle China Opportunities Fund

Notes to the financial statements

for the accounting period 1 May 2016 to 30 April 2017

1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 4 and 5.

2 NET CAPITAL GAINS/(LOSSES)

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

	2017 £000	2016 £000
Non-derivative securities	25,089	(38,976)
Forward currency contracts	110	17
Other gains	370	224
Transaction costs	–	(7)
Net capital gains/(losses)	25,569	(38,742)

3 REVENUE

	2017 £000	2016 £000
Overseas dividends	2,117	3,136
Bank interest	9	3
Total revenue	2,126	3,139

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	(959)	(1,112)
Registration fees	(67)	(83)
	(1,026)	(1,195)
Payable to the depository or associates of the depository, and the agents of either of them:		
Depository's fees	(10)	(10)
Safe custody fees	(22)	(31)
	(32)	(41)
Other expenses:		
Regulatory fees	(7)	(7)
Audit fees	(8)	(4)
	(15)	(11)
Total expenses*	(1,073)	(1,247)

*Including irrecoverable VAT where applicable.

5 TAXATION

	2017 £000	2016 £000
a) Analysis of charge in period		
Overseas taxes	(145)	(244)
Total current tax (note 5b)	(145)	(244)
Total tax charge for the period	(145)	(244)
b) Factors affecting taxation charge for period		
Net revenue before taxation	1,053	1,892
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(211)	(378)
Effects of:		
Revenue not subject to taxation	390	615
Overseas tax expensed	(145)	(244)
Excess expenses	(179)	(236)
Retail Distribution Review (RDR) conversion transfer from capital	–	(1)
Current tax charge for period (note 5a)	(145)	(244)

The fund has not recognised a deferred tax asset of £1,387,499 (2016: £1,208,331) arising as a result of having unutilised management expenses. The movement in deferred tax asset may not agree to the excess expenses figure quoted above due to prior year adjustments. It is unlikely that these expenses will be utilised in future years.

6 DISTRIBUTIONS

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

	2017 £000	2016 £000
Final	587	1,653
	587	1,653
Add: Revenue deducted on the cancellation of shares*	740	–
Deduct: Revenue received on the creation of shares*	(419)	–
Net distribution for the period	908	1,653
Net revenue after taxation	908	1,648
Equalisation on conversion	–	5
Total distributions	908	1,653

Details of the distribution per share are set out in the table on pages 109 to 110.

*Equalisation was introduced with effect from 1 May 2016.

7 DEBTORS

	2017 £000	2016 £000
Amounts receivable for the issue of shares	14	58
Sales awaiting settlement	844	–
Accrued revenue	–	11
Total debtors	858	69

8 OTHER CREDITORS

	2017 £000	2016 £000
Amounts payable for the cancellation of shares	(959)	(232)
Accrued expenses	(12)	(17)
Amounts payable to ACD	(83)	(80)
Corporation tax payable	(20)	(20)
Total other creditors	(1,074)	(349)

9 DILUTION ADJUSTMENT

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

10 RELATED PARTY TRANSACTIONS

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

The aggregate monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 7 and 8.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 8.

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

11 SHAREHOLDER FUNDS

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

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

Threadneedle China Opportunities Fund

Notes to the financial statements

(continued)

Registration fees

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

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on page 111. The distribution per share class is given in the distribution table on pages 109 to 110. All classes have the same rights on winding up.

Reconciliation of shares

	2017
Class 1 – Accumulation shares	
Opening shares	9,414,760
Shares issued	12,926,115
Shares redeemed	(14,804,467)
Net conversions	(37,675)
Closing shares	<u>7,498,733</u>
Class 2 – Accumulation shares	
Opening shares	15,624,961
Shares issued	2,917,588
Shares redeemed	(3,676,761)
Net conversions	(6,621)
Closing shares	<u>14,859,167</u>
Class Z – Accumulation shares	
Opening shares	20,321,337
Shares issued	2,301,991
Shares redeemed	(13,404,922)
Net conversions	66,307
Closing shares	<u>9,284,713</u>

12 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 5.

Market price risk sensitivity

A 5% market increase applied to the fund would result in an increase on the net asset value of the fund by 4.81% and vice versa (2016: 4.70%).

Currency exposures

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

	Monetary exposures	Non- monetary exposures	Total
	£000	£000	£000
Currency 2017			
Hong Kong Dollar	862	57,950	58,812
Taiwan Dollar	9	–	9
US Dollar	740	26,206	26,946
Currency 2016			
Hong Kong Dollar	12	66,017	66,029
Taiwan Dollar	7	365	372
US Dollar	1,600	16,553	18,153

Currency sensitivity analysis

The fund has a material exposure to the following currencies. The table shows how the fund value will increase or decrease based on the movement in the currency (equivalent to the currency movement in the year).

	Currency Movement	Fund Movement
	%	%
Currency 2017		
Hong Kong Dollar	11.22	7.78
US Dollar	11.45	3.64
Currency 2016		
Hong Kong Dollar	4.60	3.60
US Dollar	4.68	1.00

Credit/Counterparty exposure

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

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

Interest rate risk

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

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

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 30 April was:

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
	£000	£000	£000	£000
Currency 2017				
Hong Kong Dollar	18	–	58,794	58,812
Taiwan Dollar	9	–	–	9
UK Sterling	41	–	14	55
US Dollar	739	–	26,207	26,946
Currency 2016				
Hong Kong Dollar	–	–	66,029	66,029
Taiwan Dollar	7	–	365	372
UK Sterling	124	–	174	298
US Dollar	1,606	–	16,663	18,269
	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
	£000	£000	£000	£000
Currency 2017				
UK Sterling	–	–	(1,075)	(1,075)
Currency 2016				
UK Sterling	–	–	(349)	(349)
US Dollar	–	–	(116)	(116)

Interest rate risk sensitivity

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

13 FAIR VALUE DISCLOSURE

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

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

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

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

	2017		2016	
Valuation technique	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	84,156	–	83,045	–
	<u>84,156</u>	<u>–</u>	<u>83,045</u>	<u>–</u>

Threadneedle China Opportunities Fund

Notes to the financial statements

(continued)

14 CONTINGENT LIABILITIES AND COMMITMENTS

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

15 PORTFOLIO TRANSACTION COSTS

2017

	Value		Commissions		Taxes	
	£000		£000	%	£000	%
Purchases						
Equities	34,985		41	0.12	22	0.06
Corporate actions	84		–	–	–	–
Total	35,069		41		22	

Gross purchases total: 35,132

	Value		Commissions		Taxes	
	£000		£000	%	£000	%
Sales						
Equities	59,212		54	0.09	50	0.08
Total	59,212		54		50	

Total sales net of transaction costs: 59,108

Transaction costs as a percentage of average Net Assets

Commissions: 0.10%
Taxes: 0.08%

2016

	Value		Commissions		Taxes	
	£000		£000	%	£000	%
Purchases						
Equities	40,490		65	0.16	25	0.06
Corporate actions	110		–	–	–	–
Total	40,600		65		25	

Gross purchases total: 40,690

	Value		Commissions		Taxes	
	£000		£000	%	£000	%
Sales						
Equities	75,778		84	0.11	74	0.10
Corporate actions	309		–	–	–	–
Total	76,087		84		74	

Total sales net of transaction costs: 75,929

Transaction costs as a percentage of average Net Assets

Commissions: 0.14%
Taxes: 0.09%

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

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

Direct transaction costs: Broker commissions, fees and taxes.

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

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

At the balance sheet date, the portfolio dealing spread was 0.12% (2016: 0.21%), being the difference between the respective buying and selling prices for the fund's investments.

16 POST BALANCE SHEET EVENT

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

Share class	Net asset value per share (£)		
	30 April 2017	18 July 2017	% Movement
Class 1 – Accumulation shares	287.27	322.10	12.12
Class 2 – Accumulation shares	304.08	341.37	12.26
Class Z – Accumulation shares	194.57	218.52	12.31

Threadneedle Global Emerging Markets Equity Fund

Investment Report

Investment Objective

The investment objective of the Global Emerging Markets Equity Fund is to achieve long-term capital growth.

Investment Policy

The ACD's investment policy is to invest the assets of the Fund primarily in equities of Emerging Markets companies. These are defined as companies domiciled in and/or whose significant activities are in Emerging Market countries. Emerging Market countries are those characterised as developing or emerging by the World Bank, the United Nations or the MSCI Emerging Markets Free Index.

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

In addition, the ACD may use derivatives and forward transactions for purposes that are limited to efficient portfolio management.

Performance of Accumulation Class 1 Shares*

Over the twelve months to 30 April 2017, the published share price of the Threadneedle Global Emerging Markets Equity Fund has risen from 84.33p to 105.14p.

For comparison, using noon prices, the performance of the Class 1 share class was +24.68% and +25.38% for the Class 2 share class compared to a return of +34.86% for the Morningstar UK Unit Trusts/OEICS – (IA) Global Emerging Markets Peer Group (on a bid to bid basis, with income reinvested for a UK basic rate taxpayer).

For information purposes, using global close prices, the total return of the MSCI Emerging Markets Index was +35.40%.

Market Overview and Portfolio Activity

It was a very strong year for emerging market (EM) equities, with the MSCI Emerging Markets index gaining 18.3% in local currency terms and 35.4% on a sterling basis. The returns for UK-based investors were enhanced by the weakness of the pound following the Brexit vote. Asia was the top performing region, followed by Latin America, whereas EMEA (Europe, Middle East and Africa) lagged. Technology was the strongest sector, followed by financials, energy and materials, with the move towards cyclical (generally, stocks issued by companies whose earnings rise and fall with

changes in economic conditions) that followed Donald Trump's election success contributing to their performance.

Over the year as a whole, emerging markets benefited from a marked improvement in global risk appetite, an early rally in commodity prices, stronger-than-expected corporate results, ongoing monetary and fiscal stimulus and signs of economic stabilisation in China. Trump's victory in November's US presidential election temporarily dented sentiment given his protectionist views, which were largely directed towards Mexico and China. However, the threat of potential trade wars has diminished, with the prospect of the US, Canada and Mexico forming a 'trade powerhouse', and the US focusing on increasing exports to China, as opposed to limiting Chinese imports. In addition, concerns over the impact on capital flows from higher US interest rates and the strength of the dollar have been alleviated, helped by dovish comments from the Federal Reserve that accompanied its second rate rise in March.

India and China were among the top performing markets over the year. In India, risk-on sentiment and ample liquidity after the demonetisation programme drove the equity market to record highs in April 2017. The sharp rally in Indian equities has been fuelled by favourable policy support and the clear victory of the ruling party (the BJP) in state elections, which demonstrates the support Prime Minister Modi currently has for his policy agenda. The passage of the goods and services tax bill is also progressing well. The reporting period started off well for China with measures to stimulate property construction in the second half of 2015 having a positive effect on economic activity. More recently, discussions around credit tightening have started to gain momentum, and leading indicators, such as the purchasing managers' indices and trade, already appear to have peaked; those markers contributed to Q1 2017 GDP growth of 6.9%, which surpassed expectations.

Taiwan and South Korea were also among the top performers, buoyed by the strength of technology company earnings. Sentiment towards Brazil was helped by policy change following the impeachment of President Dilma Rousseff and the establishment of a new administration under Michael Temer. The Polish market benefited from strong domestic and overseas interest, bolstered by reduced geopolitical risk in Europe following a swathe of favourable election results. Towards the end of the period, Turkish equities gained from

currency appreciation as President Erdogan consolidated his powers through a constitutional referendum; investors hope that the result will help to end the country's political instability.

Several new positions were added to the portfolio, including Chinese e-commerce giant Alibaba, which is improving its monetisation capability through its dominant data traffic and higher value proposition to merchants. In Russia, a new position was established in Sberbank, a well-capitalised bank with opportunities to grow its market share. The fund added to Korean technology giant Samsung Electronics, given the outlook for the company's memory (DRAM/NAND) and display (OLED) divisions.

To help fund this activity, the fund exited BM&F Bovespa, taking profits following a strong performance. Other sales included Argentine company Pampa Energia, which had reached our price target. The fund reduced its exposure to Chinese exporters following trade concerns, through exiting Shenzhou International and AAC Technologies. The fund reduced its exposure to South Africa, due to political concerns, by selling Bidvest and SABMiller.

Uncertainty around trade protectionism remains a concern, with China and Mexico at the forefront of potential policy implications. However, recent conciliatory moves by the US have eased concerns. In China, the high level of corporate debt and over-supply in the property market will put pressure on growth. It will be important to monitor the scale of policy tightening and its impact on the economy in the second half of 2017.

EM economies in aggregate have seen substantial improvements in their external balances, so there should be less pressure on bonds and currencies. There has been a broad-based pick-up in earnings growth, which has now overtaken that in developed markets. Structural progress is ongoing, with reforms and favourable demographics providing a compelling investment argument. EMs are trading at undemanding valuations which, combined with the domestic demand theme, creates a strong investment case.

Election Update

The commentary contains a market background with a snapshot of investor sentiment during the period under review. Although the UK election has since taken place, the result has no retroactive bearing on what investors were thinking prior to the vote.

STATEMENT OF TOTAL RETURN

for the accounting period 1 May 2016 to 30 April 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains/(losses)	2	61,654	(44,587)
Revenue	3	6,179	6,090
Expenses	4	(3,129)	(2,535)
Interest payable and similar charges	5	(2)	–
Net revenue before taxation		3,048	3,555
Taxation	6	(442)	(661)
Net revenue after taxation		2,606	2,894
Total return before distributions		64,260	(41,693)
Distributions	7	(2,606)	(2,890)
Change in net assets attributable to shareholders from investment activities		61,654	(44,583)

BALANCE SHEET

as at 30 April 2017

	Notes	2017 £000	2016 £000
Assets:			
Fixed assets:			
Investments		305,884	226,489
Current assets:			
Debtors	8	5,108	9,873
Cash and bank balances		15,585	22,056
Total assets		326,577	258,418
Liabilities:			
Creditors:			
Bank overdrafts		(2,253)	–
Other creditors	9	(4,994)	(11,514)
Total liabilities		(7,247)	(11,514)
Net assets attributable to shareholders		319,330	246,904

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 1 May 2016 to 30 April 2017

	2017 £000	2016 £000
Opening net assets attributable to shareholders	246,904	308,216
Amounts receivable on the issue of shares	112,596	126,180
Amounts payable on the cancellation of shares	(104,780)	(146,295)
	7,816	(20,115)
Dilution adjustment	154	496
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	61,654	(44,583)
Retained distribution on accumulation shares	2,802	2,890
Closing net assets attributable to shareholders	319,330	246,904

DISTRIBUTION TABLE

for the accounting period 1 May 2016 to 30 April 2017

Dividend distribution in pence per share				
Class 1 – Accumulation shares				
Distribution Period	Revenue	Equalisation	Revenue Accumulated 2017	Revenue Accumulated 2016
Group 1 01/05/16 to 30/04/17	0.2812	–	0.2812	0.6380
Group 2 01/05/16 to 30/04/17	–	0.2812	0.2812	0.6380
Total distributions in the period			0.2812	0.6380
Class 2 – Accumulation shares				
Distribution Period	Revenue	Equalisation	Revenue Accumulated 2017	Revenue Accumulated 2016
Group 1 01/05/16 to 30/04/17	0.8987	–	0.8987	1.0473
Group 2 01/05/16 to 30/04/17	0.3296	0.5691	0.8987	1.0473
Total distributions in the period			0.8987	1.0473

*In pound Sterling and against UK peer group.

Threadneedle Global Emerging Markets Equity Fund

DISTRIBUTION TABLE

(continued)

Class X – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid 2017	Distribution Paid 2016
Group 1 01/05/16 to 30/04/17	2.0053	–	2.0053	2.0200
Group 2 01/05/16 to 30/04/17	2.0053	–	2.0053	2.0200
Total distributions in the period			2.0053	2.0200

Class X – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2017	Revenue Accumulated 2016
Group 1 01/05/16 to 30/04/17	1.6637	–	1.6637	1.7060
Group 2 01/05/16 to 30/04/17	0.7224	0.9413	1.6637	1.7060
Total distributions in the period			1.6637	1.7060

Class Z – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2017	Revenue Accumulated 2016
Group 1 01/05/16 to 30/04/17	1.2711	–	1.2711	1.2150
Group 2 01/05/16 to 30/04/17	0.5013	0.7698	1.2711	1.2150
Total distributions in the period			1.2711	1.2150

Group 2: shares purchased during a distribution period.

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

Threadneedle Global Emerging Markets Equity Fund

Comparative Table Disclosure

	Class 1 – Accumulation shares			Class 2 – Accumulation shares		
	30/04/2017	30/04/2016	30/04/2015	30/04/2017	30/04/2016	30/04/2015
Change in net assets per share						
Opening net asset value per share (p)	84.26	96.07	82.36	89.51	101.48	86.50
Return before operating charges (p)	22.40	(10.39)	15.23	23.85	(11.02)	16.03
Operating charges (p)	(1.63)	(1.42)	(1.52)	(1.14)	(0.95)	(1.05)
Return after operating charges (p)*	20.77	(11.81)	13.71	22.71	(11.97)	14.98
Distributions (p)	(0.28)	(0.64)	0.00	(0.90)	(1.05)	(0.52)
Retained distributions on accumulation shares (p)	0.28	0.64	0.00	0.90	1.05	0.52
Closing net asset value per share (p)	105.03	84.26	96.07	112.22	89.51	101.48
*after direct transaction costs of (p)	0.45	0.55	0.32	0.48	0.56	0.33
Performance						
Return after charges (%)	24.65	(12.29)	16.65	25.37	(11.80)	17.32
Other information						
Closing net asset value (£000)	83,187	70,692	138,966	132,690	110,847	113,042
Closing number of shares	79,200,870	83,901,872	144,648,003	118,241,653	123,843,226	111,396,049
Operating charges (%)**	1.66	1.68	1.66	1.09	1.10	1.10
Direct transaction costs (%)***	0.46	0.65	0.35	0.46	0.65	0.35
Prices						
Highest share price (p)	107.76	97.13	101.27	114.79	102.60	106.95
Lowest share price (p)	80.61	72.32	82.19	85.66	76.53	86.32
	Class X – Income shares			Class X – Accumulation shares		
	30/04/2017	30/04/2016	30/04/2015 ¹	30/04/2017	30/04/2016	30/04/2015
Change in net assets per share						
Opening net asset value per share (p)	92.93	106.60	100.00	78.02	87.59	73.93
Return before operating charges (p)	24.81	(11.60)	8.83	20.84	(9.49)	13.74
Operating charges (p)	(0.05)	(0.05)	(0.05)	(0.09)	(0.08)	(0.08)
Return after operating charges (p)*	24.76	(11.65)	8.78	20.75	(9.57)	13.66
Distributions (p)	(2.01)	(2.02)	(2.18)	(1.66)	(1.71)	(1.34)
Retained distributions on accumulation shares (p)	–	–	–	1.66	1.71	1.34
Closing net asset value per share (p)	115.68	92.93	106.60	98.77	78.02	87.59
*after direct transaction costs of (p)	0.50	0.59	0.27	0.43	0.49	0.28
Performance						
Return after charges (%)	26.64	(10.93)	8.78	26.60	(10.93)	18.48
Other information						
Closing net asset value (£000)	3	3	3	72,418	29,584	36,183
Closing number of shares	3,000	3,000	3,000	73,320,963	37,916,932	41,309,362
Operating charges (%)**	0.05	0.05	0.06 [†]	0.10	0.10	0.10
Direct transaction costs (%)***	0.46	0.65	0.35	0.46	0.65	0.35
Prices						
Highest share price (p)	120.07	107.79	114.58	100.78	88.59	92.28
Lowest share price (p)	89.00	80.65	93.51	74.73	66.27	73.78

Threadneedle Global Emerging Markets Equity Fund

Comparative Table Disclosure

(continued)

	Class Z – Accumulation shares		
	30/04/2017	30/04/2016	30/04/2015
Change in net assets per share			
Opening net asset value per share (p)	105.83	119.78	101.91
Return before operating charges (p)	28.20	(13.01)	18.90
Operating charges (p)	(1.12)	(0.94)	(1.03)
Return after operating charges (p)*	27.08	(13.95)	17.87
Distributions (p)	(1.27)	(1.22)	(0.33)
Retained distributions on accumulation shares (p)	1.27	1.22	0.33
Closing net asset value per share (p)	132.91	105.83	119.78
*after direct transaction costs of (p)	0.57	0.66	0.39
Performance			
Return after charges (%)	25.59	(11.65)	17.54
Other information			
Closing net asset value (£000)	31,032	35,778	20,022
Closing number of shares	23,348,073	33,806,826	16,715,762
Operating charges (%)**	0.91	0.92	0.91
Direct transaction costs (%)***	0.46	0.65	0.35
Prices			
Highest share price (p)	135.84	121.11	126.22
Lowest share price (p)	101.29	90.38	101.71

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

**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.

¹Class X – Income shares commenced 28 July 2014.

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

Threadneedle Global Emerging Markets Equity Fund

Notes to the financial statements

for the accounting period 1 May 2016 to 30 April 2017

1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 4 and 5.

2 NET CAPITAL GAINS/(LOSSES)

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

	2017 £000	2016 £000
Non-derivative securities	60,062	(44,103)
Forward currency contracts	19	281
Other gains/(losses)	1,591	(740)
Transaction costs	(18)	(25)
Net capital gains/(losses)	<u>61,654</u>	<u>(44,587)</u>

3 REVENUE

	2017 £000	2016 £000
UK dividends	76	37
Overseas dividends	6,017	6,025
Interest on short term investments	61	11
Bank interest	25	17
Total revenue	<u>6,179</u>	<u>6,090</u>

4 EXPENSES

	2017 £000	2016 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(2,799)	(2,253)
Registration fees	(188)	(152)
	<u>(2,987)</u>	<u>(2,405)</u>
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depositary's fees	(33)	(22)
Safe custody fees	(71)	(62)
Revenue collection expenses	(10)	(25)
	<u>(114)</u>	<u>(109)</u>
Other expenses:		
Regulatory fees	(6)	(16)
Professional fees	(2)	–
Audit fees	(12)	(5)
Fees Payable to Auditors – non audit services	(8)	–
	<u>(28)</u>	<u>(21)</u>
Total expenses*	<u>(3,129)</u>	<u>(2,535)</u>

*Including irrecoverable VAT where applicable.

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £000	2016 £000
Interest payable	(2)	–
Total interest payable & similar charges	<u>(2)</u>	<u>–</u>

6 TAXATION

	2017 £000	2016 £000
a) Analysis of charge in period		
Overseas taxes	(442)	(661)
Total current tax (note 6b)	<u>(442)</u>	<u>(661)</u>
Total tax charge for the period	<u>(442)</u>	<u>(661)</u>

	2017 £000	2016 £000
b) Factors affecting taxation charge for period		
Net revenue before taxation	3,048	3,555
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(610)	(711)
Effects of:		
Revenue not subject to taxation	1,085	1,090
Overseas taxes	(442)	(661)
Overseas tax expensed	17	14
Excess expenses	(492)	(393)
Current tax charge for period (note 6a)	<u>(442)</u>	<u>(661)</u>

The fund has not recognised a deferred tax asset of £2,718,758 (2016: £2,226,797) arising as a result of having unutilised management expenses. The movement in deferred tax asset may not agree to the excess expenses figure quoted above due to prior year adjustments. It is unlikely that these expenses will be utilised in future years.

7 DISTRIBUTIONS

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

	2017 £000	2016 £000
Final	2,802	2,890
	<u>2,802</u>	<u>2,890</u>
Add: Revenue deducted on the cancellation of shares*	596	–
Deduct: Revenue received on the creation of shares*	(792)	–
Net distribution for the period	<u>2,606</u>	<u>2,890</u>
Net revenue after taxation	2,606	2,894
Equalisation on conversion	–	(4)
Total distributions	<u>2,606</u>	<u>2,890</u>

Details of the distribution per share are set out in the table on pages 115 to 116.

*Equalisation was introduced with effect from 1 May 2016.

8 DEBTORS

	2017 £000	2016 £000
Amounts receivable for the issue of shares	198	2,840
Sales awaiting settlement	4,150	6,624
Accrued revenue	756	409
Foreign withholding tax recoverable	4	–
Total debtors	<u>5,108</u>	<u>9,873</u>

9 OTHER CREDITORS

	2017 £000	2016 £000
Amounts payable for the cancellation of shares	(459)	(152)
Purchases awaiting settlement	(4,258)	(11,114)
Accrued expenses	(28)	(37)
Amounts payable to ACD	(249)	(211)
Total other creditors	<u>(4,994)</u>	<u>(11,514)</u>

10 DILUTION ADJUSTMENT

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

11 RELATED PARTY TRANSACTIONS

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

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

Threadneedle Global Emerging Markets Equity Fund

Notes to the financial statements

(continued)

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

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

12 SHAREHOLDER FUNDS

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

Annual management charge

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

Registration fees

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

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 117 to 118. The distribution per share class is given in the distribution table on pages 115 to 116.

All classes have the same rights on winding up.

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

Reconciliation of shares

	2017
Class 1 – Accumulation shares	
Opening shares	83,901,872
Shares issued	29,650,090
Shares redeemed	(34,334,032)
Net conversions	(17,060)
Closing shares	<u>79,200,870</u>
Class 2 – Accumulation shares	
Opening shares	123,843,226
Shares issued	43,575,252
Shares redeemed	(49,169,560)
Net conversions	(7,265)
Closing shares	<u>118,241,653</u>
Class X – Income shares	
Opening shares	3,000
Shares issued	–
Shares redeemed	–
Net conversions	–
Closing shares	<u>3,000</u>
Class X – Accumulation shares	
Opening shares	37,916,932
Shares issued	40,171,961
Shares redeemed	(4,767,930)
Net conversions	–
Closing shares	<u>73,320,963</u>
Class Z – Accumulation shares	
Opening shares	33,806,826
Shares issued	2,254,770
Shares redeemed	(12,733,202)
Net conversions	19,679
Closing shares	<u>23,348,073</u>

13 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 5.

Market price risk sensitivity

A 5% market increase applied to the fund would result in an increase on the net asset value of the fund by 4.68% and vice versa (2016: 4.11%).

Currency exposures

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

	Monetary exposures	Non- monetary exposures	Total
	£000	£000	£000
Currency 2017			
Brazilian Real	3,435	12,898	16,333
Czech Koruna	258	7,184	7,442
Hong Kong Dollar	(1,538)	34,755	33,217
Indian Rupee	93	30,903	30,996
Indonesian Rupiah	5	13,942	13,947
Mexican Peso	891	20,743	21,634
Norwegian Krone	1	–	1
Philippines Peso	7	905	912
Polish Zloty	–	11,647	11,647
Russian Ruble	(4,973)	7,512	2,539
Singapore Dollar	3	–	3
South Africa Rand	2	16,275	16,277
South Korean Won	46	28,996	29,042
Taiwan Dollar	330	16,626	16,956
Thai Baht	170	10,853	11,023
Turkish Lira	1	7,449	7,450
UAE Dirham	71	–	71
US Dollar	14,945	85,050	99,995
Currency 2016	£000	£000	£000
Brazilian Real	388	8,861	9,249
Czech Koruna	190	3,974	4,164
Hong Kong Dollar	(1,512)	29,880	28,368
Indian Rupee	80	25,671	25,751
Indonesian Rupiah	669	4,626	5,295
Malaysian Ringgit	–	2,734	2,734
Mexican Peso	43	18,369	18,412
Norwegian Krone	1	–	1
Philippines Peso	7	5,829	5,836
Polish Zloty	–	8,615	8,615
Russian Ruble	1,053	2,149	3,202
Singapore Dollar	3	–	3
South Africa Rand	763	17,679	18,442
South Korean Won	–	19,797	19,797
Taiwan Dollar	(1,467)	10,032	8,565
Thai Baht	305	11,627	11,932
Turkish Lira	–	9,395	9,395
UAE Dirham	63	–	63
US Dollar	19,488	47,483	66,971
Currency sensitivity analysis			
The fund has a material exposure to the following currencies. The table shows how the fund value will increase or decrease based on the movement in the currency (equivalent to the currency movement in the year).			
	Currency Movement	Fund Movement	
Currency 2017	%	%	
Hong Kong Dollar	11.22	1.17	
US Dollar	11.45	3.59	
	Currency Movement	Fund Movement	
Currency 2016	%	%	
Hong Kong Dollar	4.60	0.53	
Indian Rupee	0.45	0.05	
US Dollar	4.68	1.27	

Threadneedle Global Emerging Markets Equity Fund

Notes to the financial statements

(continued)

Credit/Counterparty exposure

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

	Forward Foreign Exchange Contracts Exposure	Forward Foreign Exchange Contracts Exposure
	£000	£000
2017		
Counterparty		
Citigroup	1	
2016		
Counterparty		
Citigroup	1	

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

Positive exposure represents the fund's exposure to that counterparty and not the fund's holdings with that counterparty.

Interest rate risk

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

Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the fund's financial assets and financial liabilities at 30 April was:

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
	£000	£000	£000	£000
Currency 2017				
Brazilian Real	828	–	15,505	16,333
Czech Koruna	–	–	7,442	7,442
Hong Kong Dollar	–	–	34,755	34,755
Indian Rupee	93	–	30,903	30,996
Indonesian Rupiah	–	–	13,947	13,947
Mexican Peso	184	–	21,450	21,634
Norwegian Krone	1	–	–	1
Philippines Peso	7	–	905	912
Polish Zloty	–	–	11,647	11,647
Russian Ruble	–	–	7,512	7,512
Singapore Dollar	3	–	–	3
South Africa Rand	2	–	16,275	16,277
South Korean Won	–	–	29,042	29,042
Taiwan Dollar	330	–	16,626	16,956
Thai Baht	89	–	10,934	11,023
Turkish Lira	1	–	7,449	7,450
UK Sterling	238	–	344	582
UAE Dirham	71	–	–	71
US Dollar	13,738	–	86,402	100,140
Currency 2016				
Brazilian Real	388	–	8,861	9,249
Czech Koruna	–	–	4,164	4,164
Hong Kong Dollar	–	–	29,880	29,880
Indian Rupee	80	–	25,671	25,751
Indonesian Rupiah	45	–	5,250	5,295
Malaysian Ringgit	–	–	2,734	2,734
Mexican Peso	43	–	22,976	23,019
Norwegian Krone	1	–	–	1
Philippines Peso	–	–	5,836	5,836
Polish Zloty	–	–	8,615	8,615
Russian Ruble	482	–	2,720	3,202
Singapore Dollar	3	–	–	3
South Africa Rand	–	–	19,205	19,205
South Korean Won	–	–	19,797	19,797
Taiwan Dollar	97	–	10,032	10,129
Thai Baht	75	–	12,721	12,796
Turkish Lira	–	–	10,202	10,202
UK Sterling	386	–	2,840	3,226
UAE Dirham	63	–	–	63
US Dollar	20,376	–	51,677	72,053

	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
	£000	£000	£000	£000
Currency 2017				
Hong Kong Dollar	–	–	(1,538)	(1,538)
Russian Ruble	(2,253)	–	(2,720)	(4,973)
UK Sterling	–	–	(737)	(737)
US Dollar	–	–	(145)	(145)
Currency 2016				
Hong Kong Dollar	–	–	(1,512)	(1,512)
Mexican Peso	–	–	(4,607)	(4,607)
South Africa Rand	–	–	(763)	(763)
Taiwan Dollar	–	–	(1,564)	(1,564)
Thai Baht	–	–	(864)	(864)
Turkish Lira	–	–	(807)	(807)
UK Sterling	–	–	(3,117)	(3,117)
US Dollar	–	–	(5,082)	(5,082)

Interest rate risk sensitivity

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

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

At 30 April 2017, the fund had outstanding forward foreign exchange contracts with an asset value of £1,000 (2016: £1,000) and a liability value of £Nil (2016: £Nil).

14 FAIR VALUE DISCLOSURE

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

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

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

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

Valuation technique	2017		2016	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	305,883	–	226,488	–
Level 2	1	–	1	–
	305,884	–	226,489	–

15 CONTINGENT LIABILITIES AND COMMITMENTS

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

Threadneedle Global Emerging Markets Equity Fund

Notes to the financial statements

(continued)

16 PORTFOLIO TRANSACTION COSTS

2017

	Value	Commissions		Taxes	
Purchases	£000	£000	%	£000	%
Equities	339,338	476	0.14	156	0.05
Corporate actions	97	–	–	–	–
Total	339,435	476		156	

Gross purchases total:

340,067

	Value	Commissions		Taxes	
Sales	£000	£000	%	£000	%
Equities	321,262	519	0.16	231	0.07
Corporate actions	225	–	–	–	–
Total	321,487	519		231	

Total sales net of transaction costs:

320,737

Transaction costs as a percentage of average Net Assets

Commissions:	0.33%
Taxes:	0.13%

2016

	Value	Commissions		Taxes	
Purchases	£000	£000	%	£000	%
Equities	317,208	496	0.16	164	0.05
Corporate actions	148	–	–	–	–
Total	317,356	496		164	

Gross purchases total:

318,016

	Value	Commissions		Taxes	
Sales	£000	£000	%	£000	%
Equities	352,906	533	0.15	300	0.08
Corporate actions	1,018	–	–	–	–
Total	353,924	533		300	

Total sales net of transaction costs:

353,091

Transaction costs as a percentage of average Net Assets

Commissions:	0.45%
Taxes:	0.20%

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 0.17% (2016: 0.18%), being the difference between the respective buying and selling prices for the fund's investments.

Threadneedle Emerging Market Local Fund

Investment Report

Investment Objective

The investment objective of the Emerging Market Local Fund is to achieve a total return primarily by way of income with some capital growth.

Investment Policy

The ACD's investment policy is to actively manage an exposure primarily to emerging market local currencies and debt securities issued by governments in Emerging Markets and/or companies which are domiciled or have significant operations in an Emerging Market. Those debt securities may be denominated in any currency, but at least two-thirds of the Fund will be invested in securities denominated in the local emerging market currency. Emerging markets countries are those characterised as developing or emerging by the MSCI Emerging Markets Index or those not listed in the OECD country list. If the ACD considers it desirable the Fund may gain exposure of up to one third of the total assets of the Fund to non-emerging market currencies and non-emerging market government/corporate debt securities.

The ACD will utilise the following investments to obtain the Funds exposure: government bonds, treasury bills, corporate bonds, cash or near cash, securitised notes, foreign exchange forward transactions, swaps (including but not limited to cross currency interest rate and credit default swaps) and other types of derivative. At times the portfolio may be concentrated in any one or a combination of such assets.

Performance of Income Class 1 Shares*

Over the twelve months to 30 April 2017, the published share price of the Class 1 shares in the Threadneedle Emerging Market Local Fund has risen from 83.42p to 92.75p.

For comparison, using noon prices, the performance of the Class 1 share class was +17.68%. The performance of the Class 1 gross accumulation share class was +18.49% and +19.46% for the Class 2 gross accumulation share class.

For information purposes, using global close prices, the total return of the JPM GBI-EM Global Diversified Composite was +17.79%.

Market Overview and Portfolio Activity

In the year to April 30, emerging market (EM) fixed income made strong gains, with the JP Morgan GBI-EM Global Diversified Composite index rising 4.03% in dollar terms.

Politics was a dominant theme over the period. Brazil made strong gains, as the country's senate voted decisively to impeach President Dilma Rousseff on allegations of administrative misconduct. Under her successor, Michel Temer, parliament is pushing for privatisation reform in the aviation and oil industries. The spending-cap bill – the new administration's first major piece of legislation – passed its final senate vote, but political turmoil surrounding corruption allegations against President Michel Temer persisted, as details concerning the US\$2.6bn Odebrecht plea deal emerged, implicating a number of Temer's ministers. The resulting sharp bouts of volatility within rates created significant opportunities. Indeed, after Temer nominated Ilan Goldfajn as central bank president, rates performed particularly well. For Turkey, by contrast, politics sent its markets into turmoil in July, as an unsuccessful coup led to significantly wider rates.

A second significant theme for EM over the period was that of divergent inflationary trends, where large economies emerging from recessions, such as Brazil and Russia, have seen inflation expectations fall sharply. Within these markets, inflation is now sufficiently close to central banks' targets so that investors view rate cuts as increasingly likely. This is a sharp contrast to the fortunes of Mexico and Turkey where inflation has continued to trend higher. In Europe, inflation edged higher over the period, aided by weaker oil prices.

However, throughout the year commodity prices began recovering, providing a further boost to EM performance.

Portfolio activity over the period centred around the following themes:

We added to our overweight in Brazil as we believed the central bank had room to aggressively ease monetary policy amid expectations of slowing economic performance and the positive disinflationary trend.

Similarly in Russia, we established a large overweight position, feeling that the country's bonds are trading at attractive yields within investment opportunities available. We also feel there is room for the country's central bank to ease policy as the disinflationary trend continues.

We moved to underweight Turkey local rates amid expectations that the political uncertainty and need to tighten liquidity is likely to weigh on local rates.

We also preferred to act on the inflationary divergent stories through a general underweight to European rates.

While concerns remain over Donald Trump's policies, the outlook has markedly improved. The rhetoric towards Mexico has softened since the US president has taken office, helping the Mexican peso rally strongly.

Politics will remain a focus, with multiple elections taking place in emerging markets (EMs) and in Europe. These could still deliver surprising outcomes with long-term implications, as was evident last year with the Brexit vote and Trump's victory in the US.

Idiosyncratic stories create strong opportunities, as we have seen recently with Argentina and Venezuela, and we would expect opportunities to continue to emerge. We remain mindful of risks driven by US policies and a higher rate environment, alongside risks of a strengthening US dollar. Nonetheless, we believe there remain buffers within EMs to absorb these shocks in the coming years.

Election Update

The commentary contains a market background with a snapshot of investor sentiment during the period under review. Although the UK election has since taken place, the result has no retroactive bearing on what investors were thinking prior to the vote.

STATEMENT OF TOTAL RETURN

for the accounting period 1 May 2016 to 30 April 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains/(losses)	2	3,381	(1,682)
Revenue	3	4,285	1,633
Expenses	4	(662)	(292)
Interest payable and similar charges	5	(19)	(9)
Net revenue before taxation		3,604	1,332
Taxation	6	–	–
Net revenue after taxation		3,604	1,332
Total return before distributions		6,985	(350)
Distributions	7	(4,169)	(1,570)
Change in net assets attributable to shareholders from investment activities		2,816	(1,920)

BALANCE SHEET

as at 30 April 2017

	Notes	2017 £000	2016 £000
Assets:			
Fixed assets:			
Investments		62,606	24,555
Current assets:			
Debtors	8	1,292	2,478
Cash and bank balances	9	10,680	744
Total assets		74,578	27,777
Liabilities:			
Investment liabilities		(707)	(953)
Creditors:			
Bank overdrafts	9	(228)	(1,513)
Distribution payable		(119)	(76)
Other creditors	10	(61)	(178)
Total liabilities		(1,115)	(2,720)
Net assets attributable to shareholders		73,463	25,057

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 1 May 2016 to 30 April 2017

	2017 £000	2016 £000
Opening net assets attributable to shareholders	25,057	26,966
Amounts receivable on the issue of shares	82,229	3,780
Amounts payable on the cancellation of shares	(41,375)	(5,214)
	40,854	(1,434)
Dilution adjustment	122	10
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	2,816	(1,920)
Retained distribution on accumulation shares	4,614	1,435
Closing net assets attributable to shareholders	73,463	25,057

DISTRIBUTION TABLE

for the accounting period 1 May 2016 to 30 April 2017

Interest distribution in pence per share

Class 1 – Income shares[†]

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
Group 1						
01/05/16 to 31/10/16	3.4336	0.6867	2.7469	–	2.7469	2.0469
01/11/16 to 30/04/17	2.6376	–	–	–	2.6376	2.3207
Group 2						
01/05/16 to 31/10/16	2.0284	0.4057	1.6227	1.1242	2.7469	2.0469
01/11/16 to 30/04/17	0.8217	–	–	1.8159	2.6376	2.3207
Total distributions in the period					5.3845	4.3676

Class 1 – Gross accumulation shares

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Gross Revenue Accumulated 2015/2016
Group 1				
01/05/16 to 31/10/16	5.2679	–	5.2679	3.6542
01/11/16 to 30/04/17	4.1886	–	4.1886	4.0596
Group 2				
01/05/16 to 31/10/16	2.6379	2.6300	5.2679	3.6542
01/11/16 to 30/04/17	1.3937	2.7949	4.1886	4.0596
Total distributions in the period			9.4565	7.7138

*In pound Sterling and against UK peer group.

Threadneedle Emerging Market Local Fund

DISTRIBUTION TABLE

(continued)

Class 2 – Gross accumulation shares

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Gross Revenue Accumulated 2015/2016
Group 1				
01/05/16 to 31/10/16	6.1159	–	6.1159	4.2120
01/11/16 to 30/04/17	4.8972	–	4.8972	4.7635
Group 2				
01/05/16 to 31/10/16	3.4006	2.7153	6.1159	4.2120
01/11/16 to 30/04/17	3.6909	1.2063	4.8972	4.7635
Total distributions in the period			11.0131	8.9755

Class X – Gross income shares

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
Group 1				
01/05/16 to 31/10/16	3.6423	–	3.6423	2.6666
01/11/16 to 30/04/17	2.8254	–	2.8254	2.8823
Group 2				
01/05/16 to 31/10/16	2.2587	1.3836	3.6423	2.6666
01/11/16 to 30/04/17	2.8254	–	2.8254	2.8823
Total distributions in the period			6.4677	5.5489

Class X – Gross accumulation shares

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Gross Revenue Accumulated 2015/2016
Group 1				
01/05/16 to 31/10/16	7.4426	–	7.4426	5.1000
01/11/16 to 30/04/17	5.9693	–	5.9693	5.7083
Group 2				
01/05/16 to 31/10/16	7.4426	–	7.4426	5.1000
01/11/16 to 30/04/17	2.8293	3.1400	5.9693	5.7083
Total distributions in the period			13.4119	10.8083

Class Z – Income shares[†]

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
Group 1						
01/05/16 to 31/10/16	3.0408	0.6082	2.4326	–	2.4326	1.7897
01/11/16 to 30/04/17	2.3442	–	–	–	2.3442	1.9272
Group 2						
01/05/16 to 31/10/16	0.6889	0.1378	0.5511	1.8815	2.4326	1.7897
01/11/16 to 30/04/17	1.8994	–	–	0.4448	2.3442	1.9272
Total distributions in the period					4.7768	3.7169

Class Z – Gross accumulation shares

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Gross Revenue Accumulated 2015/2016
Group 1				
01/05/16 to 31/10/16	3.8063	–	3.8063	2.6156
01/11/16 to 30/04/17	3.0396	–	3.0396	3.2279
Group 2				
01/05/16 to 31/10/16	1.9960	1.8103	3.8063	2.6156
01/11/16 to 30/04/17	1.1696	1.8700	3.0396	3.2279
Total distributions in the period			6.8459	5.8435

Group 2: shares purchased during a distribution period.

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

[†]Distributions paid before 6 April 2017 have been paid net.

Threadneedle Emerging Market Local Fund

Comparative Table Disclosure

	Class 1 – Income shares			Class 1 – Gross accumulation shares [§]		
	30/04/2017	30/04/2016	30/04/2015	30/04/2017	30/04/2016	30/04/2015
Change in net assets per share						
Opening net asset value per share (p)	80.90	87.18	96.57	124.04	124.82	129.09
Return before operating charges (p)	16.08	0.60	(1.29)	25.57	1.27	(1.91)
Operating charges (p)	(1.57)	(1.42)	(1.75)	(2.44)	(2.05)	(2.36)
Return after operating charges (p)*	14.51	(0.82)	(3.04)	23.13	(0.78)	(4.27)
Distributions (p)	(5.38)	(5.46)	(6.35)	(9.46)	(7.71)	(8.68)
Retained distributions on accumulation shares (p)**	–	–	–	9.46	7.71	8.68
Closing net asset value per share (p)	90.03	80.90	87.18	147.17	124.04	124.82
*after direct transaction costs of (p)	–	–	–	–	–	–
Performance						
Return after charges (%)	17.94	(0.94)	(3.15)	18.65	(0.62)	(3.31)
Other information						
Closing net asset value (£000)	1,042	390	773	19,912	8,587	10,523
Closing number of shares	1,157,863	482,384	886,381	13,530,180	6,922,799	8,430,188
Operating charges (%)**	1.72	1.79	1.82	1.71	1.78	1.81
Direct transaction costs (%)**	–	–	–	–	–	–
Prices						
Highest share price (p)	99.71	88.32	102.92	153.84	127.16	138.24
Lowest share price (p)	76.55	71.89	86.78	117.44	106.52	120.50
	Class 2 – Gross accumulation shares [§]			Class X – Gross income shares [§]		
	30/04/2017	30/04/2016	30/04/2015	30/04/2017	30/04/2016	30/04/2015 [†]
Change in net assets per share						
Opening net asset value per share (p)	142.30	142.02	145.69	84.57	89.58	100.00
Return before operating charges (p)	29.38	1.54	(2.21)	17.60	0.70	(5.37)
Operating charges (p)	(1.45)	(1.26)	(1.46)	(0.13)	(0.16)	(0.17)
Return after operating charges (p)*	27.93	0.28	(3.67)	17.47	0.54	(5.54)
Distributions (p)	(11.01)	(8.98)	(9.93)	(6.47)	(5.55)	(4.88)
Retained distributions on accumulation shares (p)**	11.01	8.98	9.93	–	–	–
Closing net asset value per share (p)	170.23	142.30	142.02	95.57	84.57	89.58
*after direct transaction costs of (p)	–	–	–	–	–	–
Performance						
Return after charges (%)	19.63	0.20	(2.52)	20.66	0.60	(5.54)
Other information						
Closing net asset value (£000)	24,351	13,769	13,493	549	219	81
Closing number of shares	14,305,251	9,674,891	9,501,381	574,467	258,972	90,470
Operating charges (%)**	0.88	0.96	0.99	0.14	0.20	0.23 [†]
Direct transaction costs (%)**	–	–	–	–	–	–
Prices						
Highest share price (p)	177.20	145.83	156.48	105.71	90.76	103.46
Lowest share price (p)	134.81	121.61	136.69	80.16	74.71	88.82

Threadneedle Emerging Market Local Fund

Comparative Table Disclosure

(continued)

	Class X – Gross accumulation shares [§]			Class Z – Income shares		
	30/04/2017	30/04/2016	30/04/2015	30/04/2017	30/04/2016	30/04/2015
Change in net assets per share						
Opening net asset value per share (p)	172.73	171.03	174.13	71.43	76.18	83.59
Return before operating charges (p)	35.72	1.97	(2.72)	14.21	0.51	(1.11)
Operating charges (p)	(0.27)	(0.27)	(0.38)	(0.65)	(0.61)	(0.75)
Return after operating charges (p)*	35.45	1.70	(3.10)	13.56	(0.10)	(1.86)
Distributions (p)	(13.41)	(10.81)	(11.92)	(4.78)	(4.65)	(5.55)
Retained distributions on accumulation shares (p)**	13.41	10.81	11.92	–	–	–
Closing net asset value per share (p)	208.18	172.73	171.03	80.21	71.43	76.18
*after direct transaction costs of (p)	–	–	–	–	–	–
Performance						
Return after charges (%)	20.52	0.99	(1.78)	18.98	(0.13)	(2.23)
Other information						
Closing net asset value (£000)	24,857	5	5	2,487	1,635	1,798
Closing number of shares	11,940,032	3,000	3,000	3,100,397	2,289,633	2,359,854
Operating charges (%)***	0.13	0.17	0.21	0.81	0.88	0.91
Direct transaction costs (%)****	–	–	–	–	–	–
Prices						
Highest share price (p)	215.90	176.97	187.53	88.41	77.18	89.39
Lowest share price (p)	163.73	146.94	164.18	67.63	63.15	75.58
Class Z – Gross accumulation shares[§]						
	30/04/2017	30/04/2016	30/04/2015			
Change in net assets per share						
Opening net asset value per share (p)	89.41	89.20	91.38			
Return before operating charges (p)	18.46	0.94	(1.34)			
Operating charges (p)	(0.83)	(0.73)	(0.84)			
Return after operating charges (p)*	17.63	0.21	(2.18)			
Distributions (p)	(6.85)	(5.84)	(6.22)			
Retained distributions on accumulation shares (p)**	6.85	5.84	6.22			
Closing net asset value per share (p)	107.04	89.41	89.20			
*after direct transaction costs of (p)	–	–	–			
Performance						
Return after charges (%)	19.72	0.24	(2.39)			
Other information						
Closing net asset value (£000)	265	452	293			
Closing number of shares	247,652	505,822	328,685			
Operating charges (%)***	0.82	0.88	0.91			
Direct transaction costs (%)****	–	–	–			
Prices						
Highest share price (p)	111.38	91.63	98.17			
Lowest share price (p)	84.71	76.41	85.83			

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

**Any difference between the distributions and the retained distributions on accumulation shares is due to the tax withheld.

***The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share class of a fund based on the financial year's expenses and may vary from year to year. It includes charges such as the fund's annual management charge, registration fee, custody fees and distribution cost but ordinarily excludes the costs of buying or selling assets for the fund (unless these assets are shares of another fund). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit columbiathreadneedle.com/fees.

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

[§]Only available to eligible investors.

[†]Class X – Gross income shares commenced 28 July 2014.

[‡]The Ongoing Charges Figure is annualised based on the fees incurred since commencement date.

Threadneedle Emerging Market Local Fund

Notes to the financial statements

for the accounting period 1 May 2016 to 30 April 2017

1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 4 and 5.

2 NET CAPITAL GAINS/(LOSSES)

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

	2017 £000	2016 £000
Non-derivative securities	5,984	(1,092)
Derivative contracts	(139)	(129)
Forward currency contracts	(2,577)	(323)
Other gains/(losses)	115	(137)
Transaction costs	(2)	(1)
Net capital gains/(losses)	3,381	(1,682)

3 REVENUE

	2017 £000	2016 £000
Interest on debt securities	4,231	1,625
Interest on short term investments	35	1
Bank interest	19	7
Total revenue	4,285	1,633

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	(565)	(238)
Registration fees	(39)	(16)
	(604)	(254)
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depositary's fees	(7)	(2)
Safe custody fees	(22)	(16)
Revenue collection expenses	(7)	(6)
	(36)	(24)
Other expenses:		
Regulatory fees	(5)	(7)
Professional fees	(2)	–
Audit fees	(14)	(7)
Fees Payable to Auditors – non audit services	(1)	–
	(22)	(14)
Total expenses*	(662)	(292)

*Including irrecoverable VAT where applicable.

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £000	2016 £000
Interest payable	(3)	(1)
Derivative expense	(16)	(8)
Total interest payable & similar charges	(19)	(9)

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	3,604	1,332
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(721)	(266)
Effects of:		
Distributions treated as tax deductible	721	266
Current tax charge for period (note 6a)	–	–

Interest distributions have been made in respect of all distributions during the period. Income tax at 20% on net share classes paid prior to 6 April 2017 will be accounted for on shareholders' behalf to HM Revenue & Customs.

7 DISTRIBUTIONS

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

	2017 £000	2016 £000
Interim	2,780	750
Final	2,107	835
	4,887	1,585
Add: Revenue deducted on the cancellation of shares	630	97
Deduct: Revenue received on the creation of shares	(1,348)	(112)
Net distribution for the period	4,169	1,570
Net revenue after taxation	3,604	1,332
Annual management charge to capital	565	238
Total distributions	4,169	1,570

Details of the distribution per share are set out in the table on pages 123 to 124.

8 DEBTORS

	2017 £000	2016 £000
Amounts receivable for the issue of shares	328	716
Sales awaiting settlement	–	1,286
Accrued revenue	960	471
Foreign withholding tax recoverable	4	5
Total debtors	1,292	2,478

9 CASH AND BANK BALANCES

	2017 £000	2016 £000
Amounts held at futures clearing houses and brokers	435	382
Cash and bank balances	10,245	362
	10,680	744
Bank overdrafts	–	(1,136)
Cash overdrafts at broker	(228)	(377)
Total cash and bank balances	10,452	(769)

10 OTHER CREDITORS

	2017 £000	2016 £000
Amounts payable for the cancellation of shares	–	(14)
Purchases awaiting settlement	–	(127)
Accrued expenses	(14)	(16)
Amounts payable to ACD	(47)	(21)
Total other creditors	(61)	(178)

11 DILUTION ADJUSTMENT

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

12 RELATED PARTY TRANSACTIONS

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

The aggregate monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 8 and 10.

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 Emerging Market Local Fund

Notes to the financial statements

(continued)

13 SHAREHOLDER FUNDS

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

Annual management charge	
Class 1 shares	1.50%
Class 2 shares	0.75%
Class X shares	N/A*
Class Z shares	0.60%
Registration fees	
Class 1 shares	0.110%
Class 2 shares	0.035%
Class X shares	0.035%
Class Z shares	0.110%

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 125 to 127. The distribution per share class is given in the distribution table on pages 123 to 124.

All classes have the same rights on winding up.

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

Reconciliation of shares

	2017
Class 1 – Income shares	
Opening shares	482,384
Shares issued	905,565
Shares redeemed	(215,279)
Net conversions	(14,807)
Closing shares	<u>1,157,863</u>
Class 1 – Gross accumulation shares	
Opening shares	6,922,799
Shares issued	8,712,774
Shares redeemed	(2,101,317)
Net conversions	(4,076)
Closing shares	<u>13,530,180</u>
Class 2 – Gross accumulation shares	
Opening shares	9,674,891
Shares issued	24,708,021
Shares redeemed	(20,077,111)
Net conversions	(550)
Closing shares	<u>14,305,251</u>
Class X – Gross income shares	
Opening shares	258,972
Shares issued	315,495
Shares redeemed	–
Net conversions	–
Closing shares	<u>574,467</u>
Class X – Gross accumulation shares	
Opening shares	3,000
Shares issued	11,946,590
Shares redeemed	(9,558)
Net conversions	–
Closing shares	<u>11,940,032</u>
Class Z – Income shares	
Opening shares	2,289,633
Shares issued	7,432,918
Shares redeemed	(6,638,835)
Net conversions	16,681
Closing shares	<u>3,100,397</u>

Class Z – Gross accumulation shares

Opening shares	505,822
Shares issued	94,503
Shares redeemed	(359,200)
Net conversions	6,527
Closing shares	<u>247,652</u>

14 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 5.

Value at Risk (VaR) disclosure

VaR is used to measure the level of Global Exposure which the fund undertakes. VaR is measured in three variables: the amount of potential loss, the probability of that amount of loss, and the time frame.

The fund's VaR limit is 1.5 x benchmark¹ VaR and is measured using the covariance model based on a 99% confidence limit over a 1 month holding period, using the previous 180 weeks of data.

As at year end the fund's VaR was 7.9% (2016: 8.2%). This means that there is estimated to be a 1% chance that the fund could lose more than 7.9% (2016: 2.5%) of its value in a month.

At 30 April, 2017 the VaR utilisation was 72% (2016: 79%) (actual VaR/VaR limit). During the year ended 30 April, 2017 the lowest VaR utilisation was 67% (2016: 51%), the highest VaR utilisation was 83% (2016: 98%) and the average utilisation was 74% (2016: 77%).

¹The benchmark of the fund is shown on page 218.

Currency exposures

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

	Monetary exposures £000	Non- monetary exposures £000	Total £000
Currency 2017			
Brazilian Real	–	6,682	6,682
Chilean Peso	–	829	829
China Renminbi	–	(6,612)	(6,612)
Colombian Peso	138	5,733	5,871
Czech Koruna	11	5,868	5,879
Dominican Republic Peso	15	433	448
Euro	(21)	(6,645)	(6,666)
Hungarian Forint	84	3,498	3,582
Indonesian Rupiah	114	7,191	7,305
Malaysian Ringgit	3	5,982	5,985
Mexican Peso	133	7,057	7,190
Peruvian New Sol	42	1,543	1,585
Philippines Peso	2	220	222
Polish Zloty	4	7,430	7,434
Romanian Leu	104	2,126	2,230
Russian Ruble	123	4,206	4,329
Serbian Dinar	7	679	686
South Africa Rand	134	6,646	6,780
Thai Baht	–	5,573	5,573
Turkish Lira	70	6,352	6,422
US Dollar	9,532	(2,017)	7,515
Currency 2016			
Brazilian Real	7	2,675	2,682
China Renminbi	–	(2,012)	(2,012)
Colombian Peso	65	1,452	1,517
Czech Koruna	–	(18)	(18)
Dominican Republic Peso	14	401	415
Euro	(16)	247	231
Hungarian Forint	29	1,321	1,350
Indonesian Rupiah	41	2,721	2,762
Israeli Shekel	–	(1,460)	(1,460)
Japanese Yen	–	(1,242)	(1,242)

Threadneedle Emerging Market Local Fund

Notes to the financial statements

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Currency 2016	£000	£000	£000
Malaysian Ringgit	–	2,217	2,217
Mexican Peso	49	3,429	3,478
Peruvian New Sol	2	406	408
Philippines Peso	2	137	139
Polish Zloty	41	2,198	2,239
Romanian Leu	6	730	736
Russian Ruble	34	1,092	1,126
Serbian Dinar	5	445	450
South Africa Rand	45	2,111	2,156
Taiwan Dollar	–	(475)	(475)
Thai Baht	–	2,084	2,084
Turkish Lira	54	2,280	2,334
US Dollar	523	3,473	3,996

Currency sensitivity analysis

The fund has a material exposure to the following currencies. The table shows how the fund value will increase or decrease based on the movement in the currency (equivalent to the currency movement in the year).

Currency 2017	Currency Movement	Fund Movement
	%	%
Polish Zloty	11.65	1.18
US Dollar	11.45	1.17

Currency 2016	Currency Movement	Fund Movement
	%	%
Brazilian Real	9.68	1.04
Indonesian Rupiah	3.02	0.33
Mexican Peso	6.30	0.87
US Dollar	4.68	0.75

Credit/Counterparty exposure

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

2017	Credit Default Swaps Exposure	Interest Rate Swaps Exposure	Forward Foreign Exchange Contracts Exposure	Collateral Pledged
Counterparty				
Bank of Scotland	–	–	175	–
Barclays	–	–	142	–
Citigroup	–	–	373	–
Goldman Sachs	–	–	7	–
HSBC	–	–	–	201
J.P. Morgan	–	–	7	–
UBS	–	68	–	–

2016	Credit Default Swaps Exposure	Interest Rate Swaps Exposure	Forward Foreign Exchange Contracts Exposure	Collateral Pledged
Counterparty				
Citigroup	71	–	83	–
Goldman Sachs	–	–	10	–
UBS	–	–	30	–

The fund held £506,000 (2016: £210,000) 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	% of Investment	Value	% of Investment
	£000		£000	
A	3,914	6.32	2,112	8.95
A–	2,883	4.66	1,601	6.78
A3	2,424	3.92	–	–
BBB+	–	–	500	2.12
BBB	2,427	3.92	870	3.69
Baa2	6,925	11.19	2,402	10.18
BBB–	10,465	16.91	1,827	7.74
Baa3	3,544	5.72	2,226	9.43
BB+	–	–	910	3.86
BB	11,323	18.29	2,405	10.19
Ba2	3,051	4.93	793	3.36
BB–	1,381	2.23	180	0.76
B1	–	–	481	2.04
B	377	0.61	–	–
B–	–	–	1,083	4.59
Not Rated	12,723	20.55	6,219	26.34
Derivatives	462	0.75	(7)	(0.03)
	61,899	100.00	23,602	100.00

The derivative positions do not have a significant impact on the risk profile.

Interest rate risk

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

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

Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the fund's financial assets and financial liabilities at 30 April was:

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
	£000	£000	£000	£000
Currency 2017				
Brazilian Real	–	13,029	–	13,029
Chilean Peso	–	–	829	829
Colombian Peso	–	4,782	1,089	5,871
Czech Koruna	11	–	5,868	5,879
Dominican Republic Peso	–	433	15	448
Euro	19	–	–	19
Hungarian Forint	10	2,622	995	3,627
Indonesian Rupiah	–	6,230	1,075	7,305
Malaysian Ringgit	–	2,056	3,929	5,985
Mexican Peso	12	4,282	3,385	7,679
Peruvian New Sol	–	2,883	42	2,925
Philippines Peso	–	220	2	222
Polish Zloty	–	–	7,573	7,573
Romanian Leu	98	1,861	271	2,230
Russian Ruble	–	9,713	123	9,836
Serbian Dinar	–	679	7	686
South Africa Rand	–	6,378	402	6,780
Thai Baht	–	–	5,573	5,573
Turkish Lira	1	3,165	3,256	6,422
UK Sterling	884	–	666	1,550
US Dollar	9,645	3,104	21,813	34,562
Currency 2016				
Brazilian Real	7	2,675	–	2,682
Colombian Peso	–	1,510	739	2,249
Czech Koruna	–	–	27	27
Dominican Republic Peso	–	401	14	415
Euro	21	–	702	723
Hungarian Forint	–	910	768	1,678

Threadneedle Emerging Market Local Fund

Notes to the financial statements

(continued)

Currency 2016	£000	£000	£000	£000
Indonesian Rupiah	–	2,341	421	2,762
Malaysian Ringgit	–	–	2,217	2,217
Mexican Peso	–	2,112	3,996	6,108
Peruvian New Sol	–	149	259	408
Philippines Peso	–	137	2	139
Polish Zloty	7	1,452	780	2,239
Romanian Leu	43	930	1,257	2,230
Russian Ruble	–	2,405	2,149	4,554
Serbian Dinar	–	445	5	450
South Africa Rand	7	2,476	5,046	7,529
Thai Baht	–	–	2,084	2,084
Turkish Lira	–	3,397	2,275	5,672
UK Sterling	659	–	793	1,452
US Dollar	–	2,268	23,566	25,834

	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
Currency 2017	£000	£000	£000	£000
Brazilian Real	–	–	(6,347)	(6,347)
China Renminbi	–	–	(6,612)	(6,612)
Euro	(40)	–	(6,645)	(6,685)
Hungarian Forint	–	–	(45)	(45)
Mexican Peso	–	–	(489)	(489)
Peruvian New Sol	–	–	(1,340)	(1,340)
Polish Zloty	–	–	(139)	(139)
Russian Ruble	–	–	(5,507)	(5,507)
UK Sterling	–	–	(1,356)	(1,356)
US Dollar	(188)	–	(26,859)	(27,047)

Currency 2016	£000	£000	£000	£000
China Renminbi	–	–	(2,012)	(2,012)
Colombian Peso	–	–	(732)	(732)
Czech Koruna	–	–	(45)	(45)
Euro	(36)	–	(456)	(492)
Hungarian Forint	–	–	(328)	(328)
Israeli Shekel	–	–	(1,460)	(1,460)
Japanese Yen	–	–	(1,242)	(1,242)
Mexican Peso	–	–	(2,630)	(2,630)
Romanian Leu	–	–	(1,494)	(1,494)
Russian Ruble	–	–	(3,428)	(3,428)
South Africa Rand	–	–	(5,373)	(5,373)
Taiwan Dollar	–	–	(475)	(475)
Turkish Lira	–	–	(3,338)	(3,338)
UK Sterling	–	–	(1,508)	(1,508)
US Dollar	(1,477)	–	(20,361)	(21,838)

Interest rate risk sensitivity

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

Derivative risks

Derivatives including forward foreign exchange contracts 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 forward foreign exchange contracts 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 30 April 2017, the fund had outstanding forward foreign exchange contracts and interest rate swaps with an asset value of £1,169,000 (2016: £946,000) and a liability value of £707,000 (2016: £953,000).

15 FAIR VALUE DISCLOSURE

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

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

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

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

Valuation technique	2017		2016	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 2	62,606	(707)	24,555	(953)
	62,606	(707)	24,555	(953)

16 CONTINGENT LIABILITIES AND COMMITMENTS

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

17 PORTFOLIO TRANSACTION COSTS

The total cost of bond purchases during the period was £100,779,124 (2016: £23,300,805) and proceeds received from bond sales were £69,389,913 (2016: £23,326,928). No commission or taxes was incurred on purchases or sales in the current year (2016: £Nil).

The purchases and sales are not subject to transaction costs.

At the balance sheet date, the portfolio dealing spread was 0.25% (2016: 0.48%), being the difference between the respective buying and selling prices for the fund's investments.

Threadneedle Global Extended Alpha Fund

Investment Report

Investment Objective

The investment objective of the Global Extended Alpha Fund is to achieve long term capital growth.

Investment Policy

The ACD's investment policy is to actively manage an exposure by investing directly or indirectly into equity securities worldwide, including companies located in developed and emerging markets. Exposure to these markets may be gained through both long and short positions.

The ACD may invest in equities, derivatives, forward transactions and collective investment schemes. The ACD may also invest in other securities (including fixed interest securities and money market securities), deposits and cash.

In order to gain short exposure the ACD will invest in derivatives. The ACD may also invest in derivatives to gain long exposure.

Performance of Accumulation Class 1 Shares*

Over the twelve months to 30 April 2017, the published share price of Class 1 shares in the Threadneedle Global Extended Alpha Fund has risen from 201.90p to 259.27p.

For comparison, using noon prices, the performance of the Class 1 share class was +28.42% and +29.47% for the Class 2 share class compared to a return of +27.77% for the Morningstar UK Unit Trusts/OEICs – (IA) Global Growth Peer Group (on a bid to bid basis, with income reinvested for a UK basic rate taxpayer).

For information purposes, using global close prices, the total return of the MSCI AC World Index was +31.08%.

Market Overview and Portfolio Activity

Global equities made solid gains during the year under review. Political shocks generated much of the news throughout the period, with the UK's Brexit vote and Donald Trump's election victory confounding both pollsters and markets. However, both events were followed by strong rallies: fears about the global impact of Brexit subsided soon after the vote had taken place, while growing expectations that the Trump administration would implement fiscal stimulus, while paring back taxes and regulations, propelled US stocks to a series of record highs.

In the US, robust employment data in the third and fourth quarters heightened expectations for a rate hike – which was duly delivered in December, when the Federal Reserve raised interest rates by 25 basis points. The central bank also hiked rates in March 2017 by an equal amount. Markets consistently hit record highs in early 2017 on high hopes for "Trumponomics", but the rally tapered off late in the period as the president's failure to pass signature healthcare reform cast doubt over his ability to implement his wider legislative programme.

Central bank activity also came to the fore in the eurozone. After initially boosting stimulus, the European Central Bank held fire in the wake of the Brexit vote, before, late in the year, extending its bond-buying scheme until at least December 2017 – albeit at a reduced pace. As the new year progressed, economic markers were increasingly encouraging while the heavier-than-expected defeat of a populist candidate in the Netherlands' general election, and the victory of centrist Emmanuel Macron in the first round of France's presidential polls, assuaged fears concerning the future of the euro and the EU.

In the UK, markets quickly bounced back as fears about the global impact of Brexit eased, while FTSE 100 companies benefited from higher foreign earnings as sterling came under sustained pressure. While data releases since the referendum suggested the economy had been far more resilient than expected, rising inflation later in the period appeared to be dampening consumer sentiment. Towards the end of the review period, the prime minister surprised everyone by calling a snap general election for 8 June. Sterling strengthened in response, as investors anticipated that an increased parliamentary majority could allow the government to pursue a "soft Brexit".

Japan battled to boost inflation and weaken the yen throughout the year, with mixed results. Emerging markets made strong gains over the year, despite the prospect, then reality, of rising interest rates in the US. Trump's rhetoric on trade prompted concern among some key US trading partners, notably Mexico and China.

Key new positions during the period included Costco, Goldman Sachs, EOG Resources and Charles Schwab.

Costco is the largest membership-only wholesale retailer in the US and second globally. The stock had sold off following a number of short-term headwinds, which we believe have now passed. Improving sales, margin expansion and continued international

success should offer attractive upside, while the barriers to entry in its industry should enable Costco to deliver consistently high returns. For Goldman Sachs, we see strong potential for the investment bank's return on equity, as the Trump administration is likely to deliver a secular change for the industry, which could manifest in declining regulatory costs. Simultaneously, the bank stands to benefit from cyclical tailwinds including a steeper yield curve, better economic growth and reawakened risk appetite. Charles Schwab is a leading US investment-services business that stands to benefit from changing demographics and rising interest rates in the US. Finally, EOG Resources is a leader in shale production and is present in multiple basins across the US. By embracing technology, EOG is able to generate high returns on investment and, with low marginal costs of production, stands to benefit from a rising oil price.

Among sales, the fund exited its position in Priceline following a strong run of performance that took it to our price target. We also sold Willis Towers Watson and added the proceeds to the position in Goldman Sachs. Other exits during the period included Bristol-Myers Squibb.

The widely held belief that President Trump will pursue expansionary, pro-growth policies appears to be priced into markets, and current valuations suggest almost flawless execution of these policies. However, it is quite possible that they will not be fully enacted or may be imperfectly executed. Moreover, his protectionist pronouncements may dampen growth. Consequently, growth, while positive, could still disappoint.

Against this backdrop, our focus on quality growth looks likely to be rewarded. Where appropriate, we have been adding to companies that stand to benefit from the shift in economic sentiment, particularly in the US, but without compromising the focus on quality. We also continue to like defensive and secular growth companies, which regularly demonstrate the ability to deliver consistent levels of growth despite the economic outlook.

Election Update

The commentary contains a market background with a snapshot of investor sentiment during the period under review. Although the UK election has since taken place, the result has no retroactive bearing on what investors were thinking prior to the vote.

STATEMENT OF TOTAL RETURN

for the accounting period 1 May 2016 to 30 April 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains	2	47,002	4,963
Revenue	3	3,381	1,802
Expenses	4	(2,453)	(3,200)
Interest payable and similar charges	5	(1,036)	(428)
Net expense before taxation		(108)	(1,826)
Taxation	6	(312)	(172)
Net expense after taxation		(420)	(1,998)
Total return before distributions		46,582	2,965
Distributions	7	(239)	(98)
Change in net assets attributable to shareholders from investment activities		46,343	2,867

BALANCE SHEET

as at 30 April 2017

	Notes	2017 £000	2016 £000
Assets:			
Fixed assets:			
Investments		199,219	152,495
Current assets:			
Debtors	8	1,538	455
Cash and bank balances		8,680	16,087
Total assets		209,437	169,037
Liabilities:			
Creditors:			
Other creditors	9	(596)	(3,543)
Total liabilities		(596)	(3,543)
Net assets attributable to shareholders		208,841	165,494

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 1 May 2016 to 30 April 2017

	2017 £000	2016 £000
Opening net assets attributable to shareholders	165,494	86,282
Amounts receivable on the issue of shares	92,308	105,591
Amounts payable on the cancellation of shares	(95,764)	(29,468)
	(3,456)	76,123
Dilution adjustment	149	123
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	46,343	2,867
Retained distribution on accumulation shares	311	99
Closing net assets attributable to shareholders	208,841	165,494

DISTRIBUTION TABLE

for the accounting period 1 May 2016 to 30 April 2017

Dividend distribution in pence per share

Class 1 – Income shares*

There is no distribution for the accounting period 1 May 2016 to 30 April 2017, as expenses exceed revenue (2016: 0.0053).

Class 1 – Accumulation shares

There is no distribution for the accounting period 1 May 2016 to 30 April 2017, as expenses exceed revenue (2016: Nil).

Class 2 – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2017	Revenue Accumulated 2016
Group 1				
01/05/16 to 30/04/17	0.5746	–	0.5746	0.3199
Group 2				
01/05/16 to 30/04/17	0.2801	0.2945	0.5746	0.3199
Total distributions in the period			0.5746	0.3199

*In pound Sterling and against UK peer group.

Threadneedle Global Extended Alpha Fund

DISTRIBUTION TABLE

(continued)

Class X – Accumulation shares*

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2017	Revenue Accumulated 2016
Group 1 01/05/16 to 30/04/17	1.2052	–	1.2052	0.2046
Group 2 01/05/16 to 30/04/17	0.4852	0.7200	1.2052	0.2046
Total distributions in the period			1.2052	0.2046

Class Z – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2017	Revenue Accumulated 2016
Group 1 01/05/16 to 30/04/17	0.1810	–	0.1810	0.1518
Group 2 01/05/16 to 30/04/17	0.0691	0.1119	0.1810	0.1518
Total distributions in the period			0.1810	0.1518

Group 2: shares purchased during a distribution period.

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

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

Threadneedle Global Extended Alpha Fund

Comparative Table Disclosure

	Class 1 – Income shares		Class 1 – Accumulation shares		
	30/04/2017	30/04/2016 ¹	30/04/2017	30/04/2016	30/04/2015
Change in net assets per share					
Opening net asset value per share (p)	104.07	100.00	201.74	198.35	164.32
Return before operating charges (p)	31.57	4.39	61.29	6.65	37.15
Operating charges (p)	(2.04)	(0.31)	(3.93)	(3.26)	(3.12)
Return after operating charges (p)*	29.53	4.08	57.36	3.39	34.03
Distributions (p)	0.00	(0.01)	0.00	0.00	0.00
Retained distributions on accumulation shares (p)	–	–	0.00	0.00	0.00
Closing net asset value per share (p)	133.60	104.07	259.10	201.74	198.35
*after direct transaction costs of (p)	0.18	0.04	0.35	0.42	0.36
Performance					
Return after charges (%)	28.38	4.08	28.43	1.71	20.71
Other information					
Closing net asset value (£000)	8	3	101,649	99,436	58,399
Closing number of shares	6,311	3,000	39,231,252	49,289,441	29,443,212
Operating charges (%)**	1.63	1.65 [†]	1.65	1.65	1.69
Performance fee (%)	–	1.33	–	–	–
Direct transaction costs (%)***	0.14	0.22	0.14	0.22	0.19
Prices					
Highest share price (p)	136.74	107.67	265.19	208.99	212.03
Lowest share price (p)	102.79	100.00	199.65	178.47	162.82
	Class 2 – Accumulation shares			Class X – Accumulation shares	
	30/04/2017	30/04/2016	30/04/2015	30/04/2017	30/04/2016 ²
Change in net assets per share					
Opening net asset value per share (p)	213.87	209.29	171.96	100.70	100.00
Return before operating charges (p)	65.21	6.30	39.00	30.55	0.70
Operating charges (p)	(2.12)	(1.72)	(1.67)	(0.09)	–
Return after operating charges (p)*	63.09	4.58	37.33	30.46	0.70
Distributions (p)	(0.57)	(0.32)	0.00	(1.21)	(0.20)
Retained distributions on accumulation shares (p)	0.57	0.32	0.00	1.21	0.20
Closing net asset value per share (p)	276.96	213.87	209.29	131.16	100.70
*after direct transaction costs of (p)	0.37	0.45	0.37	0.19	0.03
Performance					
Return after charges (%)	29.50	2.19	21.71	30.25	0.70
Other information					
Closing net asset value (£000)	86,416	65,885	27,880	13,138	3
Closing number of shares	31,201,424	30,805,568	13,320,878	10,017,162	3,000
Operating charges (%)**	0.83	0.82	0.87	0.07	0.04 [†]
Performance fee (%)	–	1.44	–	–	0.07
Direct transaction costs (%)***	0.14	0.22	0.19	0.14	0.22
Prices					
Highest share price (p)	283.16	221.48	223.18	134.19	104.09
Lowest share price (p)	211.75	188.87	170.44	99.51	98.55

Threadneedle Global Extended Alpha Fund

Comparative Table Disclosure

(continued)

	Class Z – Accumulation shares		
	30/04/2017	30/04/2016	30/04/2015 ³
Change in net assets per share			
Opening net asset value per share (p)	99.24	96.70	100.00
Return before operating charges (p)	30.31	3.40	(3.28)
Operating charges (p)	(1.14)	(0.86)	(0.02)
Return after operating charges (p)*	29.17	2.54	(3.30)
Distributions (p)	(0.18)	(0.15)	0.00
Retained distributions on accumulation shares (p)	0.18	0.15	0.00
Closing net asset value per share (p)	128.41	99.24	96.70
*after direct transaction costs of (p)	0.18	0.21	–
Performance			
Return after charges (%)	29.39	2.63	(3.30)
Other information			
Closing net asset value (£000)	7,630	167	3
Closing number of shares	5,941,918	168,525	3,000
Operating charges (%)**	0.91	0.89	0.98 [†]
Performance fee (%)	–	0.74	–
Direct transaction costs (%)***	0.14	0.22	0.19
Prices			
Highest share price (p)	131.30	102.77	100.52
Lowest share price (p)	98.25	87.65	96.35

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

**The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share class of a fund based on the financial year's expenses and may vary from year to year. It includes charges such as the fund's annual management charge, registration fee, custody fees and distribution cost but ordinarily excludes the costs of buying or selling assets for the fund (unless these assets are shares of another fund). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit columbiathreadneedle.com/fees.

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

¹Class 1 – Income shares commenced 24 February 2016.

²Class X – Accumulation shares commenced 16 March 2016.

³Class Z – Accumulation shares commenced 22 April 2015.

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

Threadneedle Global Extended Alpha Fund

Notes to the financial statements

for the accounting period 1 May 2016 to 30 April 2017

1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 4 and 5.

2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2017	2016
	£000	£000
Non-derivative securities	42,673	4,688
Derivative contracts	3,918	200
Forward currency contracts	(89)	284
Other gains/(losses)	502	(206)
Transaction costs	(2)	(3)
Net capital gains	47,002	4,963

3 REVENUE

	2017	2016
	£000	£000
UK dividends	414	352
Overseas dividends	2,586	1,345
Interest on short term investments	48	15
Derivative revenue	315	84
Bank interest	18	6
Total revenue	3,381	1,802

4 EXPENSES

	2017	2016
	£000	£000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(2,210)	(1,454)
Performance fees*	(22)	(1,608)
Registration fees	(149)	(99)
	(2,381)	(3,161)
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depositary's fees	(21)	(11)
Safe custody fees	(19)	(14)
	(40)	(25)
Other expenses:		
Regulatory fees	(5)	(7)
Professional fees	(2)	(1)
Audit fees	(13)	(6)
Fees Payable to Auditors – non audit services	(12)	–
	(32)	(14)
Total expenses**	(2,453)	(3,200)

*The ACD is entitled to receive a performance fee in the event of the NAV per Share of the fund outperforming the MSCI All Countries World 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: £1,608,288).

**Including irrecoverable VAT where applicable.

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2017	2016
	£000	£000
Dividends payable on short positions	(1,035)	(427)
Interest payable	(1)	(1)
Total interest payable & similar charges	(1,036)	(428)

6 TAXATION

	2017	2016
	£000	£000
a) Analysis of charge in period		
Overseas taxes	(312)	(172)
Total current tax (note 6b)	(312)	(172)
Total tax charge for the period	(312)	(172)
b) Factors affecting taxation charge for period		
Net expense before taxation	(108)	(1,826)
Net expense before taxation multiplied by the standard rate of corporation tax of 20%	22	365
Effects of:		
Revenue not subject to taxation	585	326
Overseas taxes	(312)	(172)
Overseas tax expensed	3	2
Excess expenses	(610)	(690)
Revenue taxable in other periods	–	(3)
Current tax charge for period (note 6a)	(312)	(172)

The fund has not recognised a deferred tax asset of £1,834,307 (2016: £1,228,439) arising as a result of having unutilised management expenses. The movement in deferred tax asset may not agree to the excess expenses figure quoted above due to prior year adjustments. It is unlikely that these expenses will be utilised in future years.

7 DISTRIBUTIONS

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

	2017	2016
	£000	£000
Final	311	99
	311	99
Add: Revenue deducted on the cancellation of shares	34	7
Deduct: Revenue received on the creation of shares	(106)	(8)
Net distribution for the period	239	98
Net expense after taxation	(420)	(1,998)
Performance fee charged to capital	22	1,608
Shortfall transfer from capital to revenue	637	488
Total distributions	239	98

Details of the distribution per share and any share class with a shortfall are set out in the table on pages 131 to 132.

8 DEBTORS

	2017	2016
	£000	£000
Amounts receivable for the issue of shares	848	135
Sales awaiting settlement	297	–
Accrued revenue	315	280
*Foreign withholding tax recoverable	78	40
Total debtors	1,538	455

*As per a Memorandum of Understanding ("MOU") between the governments of Switzerland and the U.K., a U.K. OEIC is entitled to reclaim Swiss withholding tax ("WHT") that is suffered on dividend income payments. However since October 2016 the Swiss Tax Authority (STA) have requested additional information to support these reclaims and, whilst the Fund continues to be eligible, our claims have not currently been accepted as we have not currently been able to satisfy the detailed information requested due largely to data protection issues. As at 30 April 2017 within foreign tax recoverable we continue to accrue for the refunds which amount to £19,173 which represents 0.01% of the overall NAV. We are monitoring the situation with the STA and should our view on recovery change, for example, if claims are formally rejected, the accruals may be written off.

Threadneedle Global Extended Alpha Fund

Notes to the financial statements

(continued)

9 OTHER CREDITORS

	2017	2016
	£000	£000
Amounts payable for the cancellation of shares	(249)	(2,254)
Purchases awaiting settlement	(98)	(1,035)
Accrued expenses	(30)	(75)
Amounts payable to ACD	(197)	(179)
Accrued performance fee	(22)	–
Total other creditors	(596)	(3,543)

10 DILUTION ADJUSTMENT

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

11 RELATED PARTY TRANSACTIONS

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

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

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

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

12 SHAREHOLDER FUNDS

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

Annual management charge	
Class 1 shares	1.50%
Class 2 shares	0.75%
Class X shares	N/A*
Class Z shares	0.75%
Registration fees	
Class 1 shares	0.110%
Class 2 shares	0.035%
Class X shares	0.035%
Class Z shares	0.110%

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 133 to 134. The distribution per share class is given in the distribution table on pages 131 to 132.

All classes have the same rights on winding up.

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

Reconciliation of shares

	2017
Class 1 – Income shares	
Opening shares	3,000
Shares issued	3,311
Shares redeemed	–
Net conversions	–
Closing shares	6,311
Class 1 – Accumulation shares	
Opening shares	49,289,441
Shares issued	20,391,622
Shares redeemed	(30,449,762)
Net conversions	(49)
Closing shares	39,231,252

Class 2 – Accumulation shares

Opening shares	30,805,568
Shares issued	8,939,828
Shares redeemed	(8,544,018)
Net conversions	46
Closing shares	31,201,424

Class X – Accumulation shares

Opening shares	3,000
Shares issued	10,014,162
Shares redeemed	–
Net conversions	–
Closing shares	10,017,162

Class Z – Accumulation shares

Opening shares	168,525
Shares issued	5,827,377
Shares redeemed	(53,984)
Net conversions	–
Closing shares	5,941,918

13 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 5.

Value at Risk (VaR) disclosure

VaR is used to measure the level of Global Exposure which the fund undertakes. VaR is measured in three variables: the amount of potential loss, the probability of that amount of loss, and the time frame.

The fund's VaR limit is 1.6 x benchmark† VaR and is measured using the covariance model based on a 99% confidence limit over a 1 month holding period, using the previous 180 weeks of data.

As at year end the fund's VaR was 9.4% (2016: 8.6%). This means that there is estimated to be a 1% chance that the fund could lose more than 9.4% (2016: 8.6%) of its value in a month.

At 30 April, 2017 the VaR utilisation was 72% (2016: 68%) (actual VaR/VaR limit). During the year ended 30 April, 2017 the lowest VaR utilisation was 67% (2016: 67%), the highest VaR utilisation was 74% (2016: 74%) and the average utilisation was 70% (2016: 69%).

†The benchmark of the fund is shown on page 215.

Currency exposures

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

	Monetary exposures	Non-monetary exposures	Total
	£000	£000	£000
Currency 2017			
Australian Dollar	1	–	1
Brazilian Real	–	1,570	1,570
Danish Krone	14	1,897	1,911
Euro	49	12,672	12,721
Hong Kong Dollar	1	14,082	14,083
Indian Rupee	–	4,197	4,197
Indonesian Rupiah	7	4,906	4,913
Japanese Yen	55	9,525	9,580
Swiss Franc	19	5,688	5,707
US Dollar	8,955	135,047	144,002
Currency 2016			
Brazilian Real	–	1,095	1,095
Danish Krone	6	1,981	1,987
Euro	103	12,487	12,590
Hong Kong Dollar	–	6,628	6,628
Indian Rupee	–	3,004	3,004
Indonesian Rupiah	–	2,136	2,136
Japanese Yen	(89)	5,845	5,756
Mexican Peso	–	2,892	2,892
Swedish Krona	(42)	–	(42)

Threadneedle Global Extended Alpha Fund

Notes to the financial statements

(continued)

Currency 2016	£000	£000	£000
Swiss Franc	8	3,427	3,435
US Dollar	13,004	102,125	115,129

Currency sensitivity analysis

The only material currency exposure of the fund is to the US Dollar. A movement of 11.45% (2016: 4.68%) in this currency (equivalent to the movement in the year) would result in a change in the fund value of 7.90% (2016: 3.25%).

Credit/Counterparty exposure

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

	Portfolio Swaps Exposure £000
2017	
Counterparty	
UBS	1,033
2016	
Counterparty	
UBS	48

The fund held £1,437,000 (2016: £290,000) of collateral received from the fund's counterparties. The collateral held was in the form of cash. Collateral received is not owned by the fund and therefore is not included in the fund's cash balance.

Positive exposure represents the fund's exposure to that counterparty and not the fund's holdings with that counterparty.

Interest rate risk

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

Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the fund's financial assets and financial liabilities at 30 April was:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2017				
Australian Dollar	1	–	–	1
Brazilian Real	–	–	1,570	1,570
Danish Krone	–	–	1,911	1,911
Euro	2	–	12,788	12,790
Hong Kong Dollar	1	–	14,082	14,083
Indian Rupee	–	–	4,197	4,197
Indonesian Rupiah	–	–	4,913	4,913
Japanese Yen	–	–	9,583	9,583
Swiss Franc	–	–	5,707	5,707
UK Sterling	73	–	10,588	10,661
US Dollar	8,603	–	135,410	144,013
Currency 2016				
Brazilian Real	–	–	1,095	1,095
Danish Krone	–	–	1,987	1,987
Euro	5	–	12,588	12,593
Hong Kong Dollar	–	–	6,628	6,628
Indian Rupee	–	–	3,004	3,004
Indonesian Rupiah	–	–	2,136	2,136
Japanese Yen	–	–	5,765	5,765
Mexican Peso	–	–	2,892	2,892
Swiss Franc	–	–	3,435	3,435
UK Sterling	92	–	13,346	13,438
US Dollar	15,978	–	102,221	118,199

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2017				
Euro	–	–	(69)	(69)
Japanese Yen	–	–	(3)	(3)
UK Sterling	–	–	(505)	(505)
US Dollar	–	–	(11)	(11)
Currency 2016				
Euro	–	–	(3)	(3)
Japanese Yen	–	–	(9)	(9)
Swedish Krona	–	–	(42)	(42)
UK Sterling	–	–	(2,554)	(2,554)
US Dollar	–	–	(3,070)	(3,070)

Interest rate risk sensitivity

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

Derivative risks

Derivatives including portfolio 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.

At 30 April 2017, the fund had outstanding portfolio swaps with an asset value of £1,033,000 (2016: £48,000) and a liability value of £Nil (2016: £Nil).

As part of the fund strategy, the fund manager is permitted to short sell in accordance with the investment restrictions to obtain leverage. To achieve this, the fund has entered into a portfolio swap throughout this accounting period, whereby the total return of a basket of securities, including capital appreciation or depreciation, has been received in exchange for a series of periodic cash flows calculated by reference to financing costs, stock loan fees and interest in respect of short positions. The swap is subject to a monthly reset process, thereby crystallising returns and risk exposure each month. The use of short selling strategies increases the risk profile of the fund, and may result in a higher degree of volatility than a fund that does not employ short exposure. Any such positions entered into are regularly reviewed by the fund manager.

14 FAIR VALUE DISCLOSURE

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

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

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

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

Valuation technique	2017		2016	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	198,186	–	152,447	–
Level 2	1,033	–	48	–
	199,219	–	152,495	–

Threadneedle Global Extended Alpha Fund

Notes to the financial statements

(continued)

15 CONTINGENT LIABILITIES AND COMMITMENTS

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

16 PORTFOLIO TRANSACTION COSTS

2017

Purchases	Value	Commissions		Taxes	
	£000	£000	%	£000	%
Equities	122,209	111	0.09	58	0.05
Total	122,209	111		58	

Gross purchases total: 122,378

Sales	Value	Commissions		Taxes	
	£000	£000	%	£000	%
Equities	119,243	108	0.09	3	–
Corporate actions	(50)	–	–	–	–
Total	119,193	108		3	

Total sales net of transaction costs: 119,082

Transaction costs as a percentage of average Net Assets

Commissions:	0.11%
Taxes:	0.03%

2016

Purchases	Value	Commissions		Taxes	
	£000	£000	%	£000	%
Equities	124,783	107	0.09	84	0.07
Total	124,783	107		84	

Gross purchases total: 124,974

Sales	Value	Commissions		Taxes	
	£000	£000	%	£000	%
Equities	57,450	55	0.10	6	0.01
Corporate actions	1,245	–	–	–	–
Total	58,695	55		6	

Total sales net of transaction costs: 58,634

Transaction costs as a percentage of average Net Assets

Commissions:	0.14%
Taxes:	0.08%

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

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

Direct transaction costs: Broker commissions, fees and taxes.

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

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

At the balance sheet date, the portfolio dealing spread was 0.10% (2016: 0.07%), being the difference between the respective buying and selling prices for the fund's investments.

Threadneedle Global Equity Income Fund

Investment Report

Investment Objective

The investment objective of the Global Equity Income Fund is to achieve a high and growing income over the long term combined with prospects for capital growth.

Investment Policy

The ACD's investment policy is to invest no less than two-thirds of the gross assets of the Fund in global equities. Income will be in the form of dividend distribution.

If the ACD considers it desirable it may further invest up to one third of the total assets of the Fund in derivatives, forward transactions and other securities (including fixed interest securities and money market securities) deposits and cash.

Performance of Income Class 1 Shares*

Over the twelve months to 30 April 2017, the published share price of Class 1 shares in the Threadneedle Global Equity Income Fund has risen from 116.18p to 137.57p.

For comparison, using noon prices, the performance of the Class 1 share class was +22.85% and +23.54% for the Class 2 share class compared to a return of +24.55% for the Morningstar UK Unit Trusts/OEICS – (IA) Global Equity Income Peer Group (on a bid to bid basis, with income reinvested for a UK basic rate taxpayer).

For information purposes, using global close prices, the total return of the MSCI AC World Free Index was +31.08%.

Market Overview and Portfolio Activity

Global equities made solid gains during the year under review. Political shocks generated much of the news throughout the period, with the UK's Brexit vote and Donald Trump's election victory confounding both pollsters and markets. However, both events were followed by strong rallies: fears about the global impact of Brexit subsided soon after the vote had taken place, while growing expectations that the Trump administration would implement fiscal stimulus, while paring back taxes and regulations, propelled US stocks to a series of record highs.

In the US, robust employment data in the third and fourth quarters heightened expectations for a rate hike – which was duly delivered

in December, when the Federal Reserve raised interest rates by 25 basis points. The central bank also hiked rates in March 2017 by an equal amount. Markets consistently hit record highs in early 2017 on high hopes for "Trumponomics", but the rally tapered off late in the period as the president's failure to pass signature healthcare reform cast doubt over his ability to implement his wider legislative programme.

Central bank activity also came to the fore in the eurozone. After initially boosting stimulus, the European Central Bank held fire in the wake of the Brexit vote, before, late in the year, extending its bond-buying scheme until at least December 2017 – albeit at a reduced pace. As the new year progressed, economic markers were increasingly encouraging, while the heavier-than-expected defeat of a populist candidate in the Netherlands' general election, and the victory of centrist Emmanuel Macron in the first round of France's presidential polls, assuaged fears concerning the future of the euro and the EU.

In the UK, markets quickly bounced back as fears about the global impact of Brexit eased, while FTSE 100 companies benefited from higher foreign earnings as sterling came under sustained pressure. While data releases since the referendum suggested the economy had been far more resilient than expected, rising inflation later in the period appeared to be dampening consumer sentiment. Towards the end of the review period, the prime minister surprised everyone by calling a snap general election for 8 June. Sterling strengthened in response, as investors anticipated that an increased parliamentary majority could allow the government to pursue a "soft Brexit".

Japan battled to boost inflation and weaken the yen throughout the year, with mixed results. Emerging markets made strong gains over the year, despite the prospect, then reality, of rising interest rates in the US. Trump's rhetoric on trade prompted concern among some key US trading partners, notably Mexico and China.

Key purchases over the period included Deutsche Telekom, Wells Fargo, British American Tobacco, Daiwa Securities and Watsco.

Deutsche Telekom looks set to benefit from continued share gains in the US and stabilisation in its German fixed-line business. After exiting National Bank of Canada, we switched the proceeds into Wells Fargo, which should benefit from its sensitivity to a rising

US interest rate. Daiwa Securities Group, a leading Japanese brokerage/investment bank, offers an attractive yield coupled with interesting growth prospects. In our view, the trend of improving corporate governance in Japan and Prime Minister Shinzo Abe's desire for a move from "savings to investing" should be an advantage to the company over the medium term. A fall in the share price presented an opportunity to buy back into Watsco, a heating, ventilation and air-conditioning business. The company stands to gain from pent-up demand in the replacement market, particularly within the US Sun Belt states, and highly accretive deals which should allow it to consolidate a long-fragmented market. British American Tobacco is one of the most globally diversified tobacco businesses, with good growth potential.

Among key sales over the period, we exited Coca-Cola and JP Morgan, following a rally in performance but subsequent concerns over the US president's policies, and BB&T, after strong performance had taken the yield below our hurdle level. We also trimmed Givaudan and Reynolds American, among others.

The widely-held belief that President Trump will pursue expansionary, pro-growth policies appears to be priced into markets, and current valuations suggest almost flawless execution of these policies. However, it is quite possible that they will not be fully enacted or indeed may be imperfectly executed. Moreover, his protectionist pronouncements may dampen growth. As such, growth, while positive, could still disappoint.

Against this backdrop, we continue our focus on "quality income", seeking competitively advantaged companies that generate strong cashflow and offer high, growing and sustainable dividend yields. In our view, a strategy that emphasises both income and growth characteristics should be attractive to long-term investors even during a rising rate environment.

Election Update

The commentary contains a market background with a snapshot of investor sentiment during the period under review. Although the UK election has since taken place, the result has no retroactive bearing on what investors were thinking prior to the vote.

STATEMENT OF TOTAL RETURN

for the accounting period 1 May 2016 to 30 April 2017

	Notes	2017 £000	2016 £000
Income			
Net capital gains/(losses)	2	306,559	(11,201)
Revenue	3	74,555	68,488
Expenses	4	(15,840)	(13,883)
Interest payable and similar charges	5	(8)	(4)
Net revenue before taxation		58,707	54,601
Taxation	6	(7,015)	(6,991)
Net revenue after taxation		51,692	47,610
Total return before distributions		358,251	36,409
Distributions	7	(65,370)	(59,650)
Change in net assets attributable to shareholders from investment activities		292,881	(23,241)

BALANCE SHEET

as at 30 April 2017

	Notes	2017 £000	2016 £000
Assets:			
Fixed assets:			
Investments		1,781,716	1,512,441
Current assets:			
Debtors	8	11,905	9,494
Cash and bank balances	9	16,800	27,647
Total assets		1,810,421	1,549,582
Liabilities:			
Investment liabilities		(30)	(3)
Creditors:			
Distribution payable		(12,834)	(12,240)
Other creditors	10	(5,377)	(3,250)
Total liabilities		(18,241)	(15,493)
Net assets attributable to shareholders		1,792,180	1,534,089

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 1 May 2016 to 30 April 2017

	2017 £000	2016 £000
Opening net assets attributable to shareholders	1,534,089	1,595,012
Amounts receivable on the issue of shares	369,843	315,571
Amounts payable on the cancellation of shares	(427,993)	(374,189)
	(58,150)	(58,618)
Dilution adjustment	325	109
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	292,881	(23,241)
Retained distribution on accumulation shares	23,035	20,827
Closing net assets attributable to shareholders	1,792,180	1,534,089

DISTRIBUTION TABLE

for the accounting period 1 May 2016 to 30 April 2017

Dividend distribution in pence per share				
Class 1 – Income shares				
Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
Group 1				
01/05/16 to 31/07/16	1.1774	–	1.1774	1.1842
01/08/16 to 31/10/16	1.1789	–	1.1789	0.9206
01/11/16 to 31/01/17	0.9075	–	0.9075	0.8684
01/02/17 to 30/04/17	1.5607	–	1.5607	1.3956
Group 2				
01/05/16 to 31/07/16	0.5784	0.5990	1.1774	1.1842
01/08/16 to 31/10/16	0.3733	0.8056	1.1789	0.9206
01/11/16 to 31/01/17	0.4834	0.4241	0.9075	0.8684
01/02/17 to 30/04/17	0.8569	0.7038	1.5607	1.3956
Total distributions in the period			4.8245	4.3688

*In pound Sterling and against UK peer group.

Threadneedle Global Equity Income Fund

DISTRIBUTION TABLE

(continued)

Class 1 – Monthly Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
Group 1				
01/05/16 to 31/05/16	0.3215	–	0.3215	0.4657
01/06/16 to 30/06/16	0.5279	–	0.5279	0.4143
01/07/16 to 31/07/16	0.1672	–	0.1672	0.1443
01/08/16 to 31/08/16	0.3999	–	0.3999	0.3290
01/09/16 to 30/09/16	0.3939	–	0.3939	0.3689
01/10/16 to 31/10/16	0.2232	–	0.2232	0.1021
01/11/16 to 30/11/16	0.2565	–	0.2565	0.2381
01/12/16 to 31/12/16	0.4803	–	0.4803	0.4494
01/01/17 to 31/01/17	0.0462	–	0.0462	0.0636
01/02/17 to 28/02/17	0.3912	–	0.3912	0.4434
01/03/17 to 31/03/17	0.6152	–	0.6152	0.3953
01/04/17 to 30/04/17	0.3259	–	0.3259	0.3653
Group 2				
01/05/16 to 31/05/16	0.2364	0.0851	0.3215	0.4657
01/06/16 to 30/06/16	0.4579	0.0700	0.5279	0.4143
01/07/16 to 31/07/16	0.0572	0.1100	0.1672	0.1443
01/08/16 to 31/08/16	0.0587	0.3412	0.3999	0.3290
01/09/16 to 30/09/16	0.1456	0.2483	0.3939	0.3689
01/10/16 to 31/10/16	0.1715	0.0517	0.2232	0.1021
01/11/16 to 30/11/16	0.0547	0.2018	0.2565	0.2381
01/12/16 to 31/12/16	0.3852	0.0951	0.4803	0.4494
01/01/17 to 31/01/17	–	0.0462	0.0462	0.0636
01/02/17 to 28/02/17	0.0947	0.2965	0.3912	0.4434
01/03/17 to 31/03/17	0.0548	0.5604	0.6152	0.3953
01/04/17 to 30/04/17	0.2070	0.1189	0.3259	0.3653
Total distributions in the period			4.1489	3.7794

Class 1 SGD Hedged – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
Group 1				
01/05/16 to 31/07/16	0.9923	–	0.9923	1.0049
01/08/16 to 31/10/16	0.9951	–	0.9951	0.7453
01/11/16 to 31/01/17	0.7252	–	0.7252	0.7019
01/02/17 to 30/04/17	1.2679	–	1.2679	1.1570
Group 2				
01/05/16 to 31/07/16	–	0.9923	0.9923	1.0049
01/08/16 to 31/10/16	–	0.9951	0.9951	0.7453
01/11/16 to 31/01/17	–	0.7252	0.7252	0.7019
01/02/17 to 30/04/17	0.5120	0.7559	1.2679	1.1570
Total distributions in the period			3.9805	3.6091

Class 1 AUD Hedged – Monthly Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
Group 1				
01/05/16 to 31/05/16	0.3073	–	0.3073	0.4596
01/06/16 to 30/06/16	0.5080	–	0.5080	0.4088
01/07/16 to 31/07/16	0.1630	–	0.1630	0.1409
01/08/16 to 31/08/16	0.3991	–	0.3991	0.3120
01/09/16 to 30/09/16	0.3907	–	0.3907	0.3350
01/10/16 to 31/10/16	0.2225	–	0.2225	0.1014
01/11/16 to 30/11/16	0.2544	–	0.2544	0.2194
01/12/16 to 31/12/16	0.4565	–	0.4565	0.4213
01/01/17 to 31/01/17	0.0437	–	0.0437	0.0581
01/02/17 to 28/02/17	0.3961	–	0.3961	0.4094
01/03/17 to 31/03/17	0.6228	–	0.6228	0.3831
01/04/17 to 30/04/17	0.3205	–	0.3205	0.3633
Group 2				
01/05/16 to 31/05/16	–	0.3073	0.3073	0.4596
01/06/16 to 30/06/16	–	0.5080	0.5080	0.4088
01/07/16 to 31/07/16	–	0.1630	0.1630	0.1409
01/08/16 to 31/08/16	–	0.3991	0.3991	0.3120
01/09/16 to 30/09/16	0.0246	0.3661	0.3907	0.3350
01/10/16 to 31/10/16	0.1292	0.0933	0.2225	0.1014
01/11/16 to 30/11/16	0.1059	0.1485	0.2544	0.2194
01/12/16 to 31/12/16	–	0.4565	0.4565	0.4213
01/01/17 to 31/01/17	–	0.0437	0.0437	0.0581
01/02/17 to 28/02/17	0.1273	0.2688	0.3961	0.4094
01/03/17 to 31/03/17	0.1484	0.4744	0.6228	0.3831
01/04/17 to 30/04/17	0.1522	0.1683	0.3205	0.3633
Total distributions in the period			4.0846	3.6123

Class 1 SGD Hedged – Monthly Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
Group 1				
01/05/16 to 31/05/16	0.3225	–	0.3225	0.4505
01/06/16 to 30/06/16	0.5346	–	0.5346	0.4175
01/07/16 to 31/07/16	0.1702	–	0.1702	0.1457
01/08/16 to 31/08/16	0.4091	–	0.4091	0.3229
01/09/16 to 30/09/16	0.3986	–	0.3986	0.3550
01/10/16 to 31/10/16	0.2216	–	0.2216	0.1065
01/11/16 to 30/11/16	0.2543	–	0.2543	0.2293
01/12/16 to 31/12/16	0.4567	–	0.4567	0.4368
01/01/17 to 31/01/17	0.0435	–	0.0435	0.0608
01/02/17 to 28/02/17	0.3699	–	0.3699	0.4317
01/03/17 to 31/03/17	0.6130	–	0.6130	0.3941
01/04/17 to 30/04/17	0.3194	–	0.3194	0.3712
Group 2				
01/05/16 to 31/05/16	–	0.3225	0.3225	0.4505
01/06/16 to 30/06/16	–	0.5346	0.5346	0.4175
01/07/16 to 31/07/16	–	0.1702	0.1702	0.1457
01/08/16 to 31/08/16	0.1030	0.3061	0.4091	0.3229
01/09/16 to 30/09/16	–	0.3986	0.3986	0.3550
01/10/16 to 31/10/16	–	0.2216	0.2216	0.1065
01/11/16 to 30/11/16	–	0.2543	0.2543	0.2293
01/12/16 to 31/12/16	–	0.4567	0.4567	0.4368
01/01/17 to 31/01/17	–	0.0435	0.0435	0.0608
01/02/17 to 28/02/17	–	0.3699	0.3699	0.4317
01/03/17 to 31/03/17	–	0.6130	0.6130	0.3941
01/04/17 to 30/04/17	0.0018	0.3176	0.3194	0.3712
Total distributions in the period			4.1134	3.7220

Class 1 – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
Group 1				
01/05/16 to 31/07/16	1.7625	–	1.7625	1.7050
01/08/16 to 31/10/16	1.7810	–	1.7810	1.3399
01/11/16 to 31/01/17	1.3834	–	1.3834	1.2742
01/02/17 to 30/04/17	2.3908	–	2.3908	2.0631
Group 2				
01/05/16 to 31/07/16	0.5793	1.1832	1.7625	1.7050
01/08/16 to 31/10/16	0.7251	1.0559	1.7810	1.3399
01/11/16 to 31/01/17	0.6279	0.7555	1.3834	1.2742
01/02/17 to 30/04/17	1.3507	1.0401	2.3908	2.0631
Total distributions in the period			7.3177	6.3822

Class 1 CHF Hedged – Accumulation shares*

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
Group 1				
01/05/16 to 31/07/16	0.9882	–	0.9882	0.5332
01/08/16 to 31/10/16	0.9938	–	0.9938	0.7739
01/11/16 to 31/01/17	0.7391	–	0.7391	0.7009
01/02/17 to 30/04/17	1.2847	–	1.2847	1.1535
Group 2				
01/05/16 to 31/07/16	0.9882	–	0.9882	0.5332
01/08/16 to 31/10/16	0.9938	–	0.9938	0.7739
01/11/16 to 31/01/17	0.7391	–	0.7391	0.7009
01/02/17 to 30/04/17	1.2847	–	1.2847	1.1535
Total distributions in the period			4.0058	3.1615

Class 1 SGD Hedged – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
Group 1				
01/05/16 to 31/07/16	1.0920	–	1.0920	1.0696
01/08/16 to 31/10/16	1.1083	–	1.1083	0.8007
01/11/16 to 31/01/17	0.8163	–	0.8163	0.7607
01/02/17 to 30/04/17	1.4354	–	1.4354	1.2634
Group 2				
01/05/16 to 31/07/16	0.2193	0.8727	1.0920	1.0696
01/08/16 to 31/10/16	0.5914	0.5169	1.1083	0.8007
01/11/16 to 31/01/17	0.2237	0.5926	0.8163	0.7607
01/02/17 to 30/04/17	–	1.4354	1.4354	1.2634
Total distributions in the period			4.4520	3.8944

Threadneedle Global Equity Income Fund

DISTRIBUTION TABLE

(continued)

Class 2 – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
Group 1				
01/05/16 to 31/07/16	1.2501	–	1.2501	1.2467
01/08/16 to 31/10/16	1.2557	–	1.2557	0.9813
01/11/16 to 31/01/17	0.9746	–	0.9746	0.9244
01/02/17 to 30/04/17	1.6645	–	1.6645	1.4753
Group 2				
01/05/16 to 31/07/16	0.0762	1.1739	1.2501	1.2467
01/08/16 to 31/10/16	0.4755	0.7802	1.2557	0.9813
01/11/16 to 31/01/17	0.8311	0.1435	0.9746	0.9244
01/02/17 to 30/04/17	0.9630	0.7015	1.6645	1.4753
Total distributions in the period			5.1449	4.6277

Class 2 EUR Hedged – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
Group 1				
01/05/16 to 31/07/16	0.8937	–	0.8937	0.8843
01/08/16 to 31/10/16	0.8873	–	0.8873	0.7024
01/11/16 to 31/01/17	0.6544	–	0.6544	0.6394
01/02/17 to 30/04/17	1.1086	–	1.1086	1.0476
Group 2				
01/05/16 to 31/07/16	0.8937	–	0.8937	0.8843
01/08/16 to 31/10/16	0.8873	–	0.8873	0.7024
01/11/16 to 31/01/17	0.6544	–	0.6544	0.6394
01/02/17 to 30/04/17	1.1086	–	1.1086	1.0476
Total distributions in the period			3.5440	3.2737

Class 2 – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
Group 1				
01/05/16 to 31/07/16	1.8851	–	1.8851	1.8077
01/08/16 to 31/10/16	1.9097	–	1.9097	1.4370
01/11/16 to 31/01/17	1.4953	–	1.4953	1.3649
01/02/17 to 30/04/17	2.5635	–	2.5635	2.1962
Group 2				
01/05/16 to 31/07/16	0.5472	1.3379	1.8851	1.8077
01/08/16 to 31/10/16	0.8304	1.0793	1.9097	1.4370
01/11/16 to 31/01/17	0.8019	0.6934	1.4953	1.3649
01/02/17 to 30/04/17	1.4115	1.1520	2.5635	2.1962
Total distributions in the period			7.8536	6.8058

Class X – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
Group 1				
01/05/16 to 31/07/16	1.0652	–	1.0652	1.1016
01/08/16 to 31/10/16	1.0990	–	1.0990	0.8005
01/11/16 to 31/01/17	0.8529	–	0.8529	0.7718
01/02/17 to 30/04/17	1.4498	–	1.4498	1.3038
Group 2				
01/05/16 to 31/07/16	0.6370	0.4282	1.0652	1.1016
01/08/16 to 31/10/16	0.6572	0.4418	1.0990	0.8005
01/11/16 to 31/01/17	0.8029	0.0500	0.8529	0.7718
01/02/17 to 30/04/17	0.7565	0.6933	1.4498	1.3038
Total distributions in the period			4.4669	3.9777

Class X – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
Group 1				
01/05/16 to 31/07/16	1.1682	–	1.1682	1.1628
01/08/16 to 31/10/16	1.2155	–	1.2155	0.8541
01/11/16 to 31/01/17	0.9523	–	0.9523	0.8301
01/02/17 to 30/04/17	1.6298	–	1.6298	1.4127
Group 2				
01/05/16 to 31/07/16	1.1682	–	1.1682	1.1628
01/08/16 to 31/10/16	1.2155	–	1.2155	0.8541
01/11/16 to 31/01/17	0.0023	0.9500	0.9523	0.8301
01/02/17 to 30/04/17	1.6298	–	1.6298	1.4127
Total distributions in the period			4.9658	4.2597

Class Z – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
Group 1				
01/05/16 to 31/07/16	1.2591	–	1.2591	1.2577
01/08/16 to 31/10/16	1.2630	–	1.2630	0.9800
01/11/16 to 31/01/17	0.9743	–	0.9743	0.9263
01/02/17 to 30/04/17	1.6833	–	1.6833	1.4902
Group 2				
01/05/16 to 31/07/16	0.5703	0.6888	1.2591	1.2577
01/08/16 to 31/10/16	0.4243	0.8387	1.2630	0.9800
01/11/16 to 31/01/17	0.5847	0.3896	0.9743	0.9263
01/02/17 to 30/04/17	0.8423	0.8410	1.6833	1.4902
Total distributions in the period			5.1797	4.6542

Class Z SGD Hedged – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
Group 1				
01/05/16 to 31/07/16	0.9936	–	0.9936	0.9990
01/08/16 to 31/10/16	1.0029	–	1.0029	0.7437
01/11/16 to 31/01/17	0.7320	–	0.7320	0.6994
01/02/17 to 30/04/17	1.2829	–	1.2829	1.1602
Group 2				
01/05/16 to 31/07/16	0.9936	–	0.9936	0.9990
01/08/16 to 31/10/16	1.0029	–	1.0029	0.7437
01/11/16 to 31/01/17	0.7320	–	0.7320	0.6994
01/02/17 to 30/04/17	1.2829	–	1.2829	1.1602
Total distributions in the period			4.0114	3.6023

Class Z – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
Group 1				
01/05/16 to 31/07/16	1.2081	–	1.2081	1.1610
01/08/16 to 31/10/16	1.2227	–	1.2227	0.9139
01/11/16 to 31/01/17	0.9511	–	0.9511	0.8707
01/02/17 to 30/04/17	1.6498	–	1.6498	1.4126
Group 2				
01/05/16 to 31/07/16	0.2256	0.9825	1.2081	1.1610
01/08/16 to 31/10/16	0.4605	0.7622	1.2227	0.9139
01/11/16 to 31/01/17	0.4616	0.4895	0.9511	0.8707
01/02/17 to 30/04/17	0.8830	0.7668	1.6498	1.4126
Total distributions in the period			5.0317	4.3582

Class Z CHF Hedged – Accumulation shares*

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
Group 1				
01/05/16 to 31/07/16	0.9969	–	0.9969	0.5333
01/08/16 to 31/10/16	1.0035	–	1.0035	0.7754
01/11/16 to 31/01/17	0.7488	–	0.7488	0.7035
01/02/17 to 30/04/17	1.3008	–	1.3008	1.1610
Group 2				
01/05/16 to 31/07/16	0.9969	–	0.9969	0.5333
01/08/16 to 31/10/16	1.0035	–	1.0035	0.7754
01/11/16 to 31/01/17	0.7488	–	0.7488	0.7035
01/02/17 to 30/04/17	1.3008	–	1.3008	1.1610
Total distributions in the period			4.0500	3.1732

Class Z SGD Hedged – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2016/2017	Revenue Accumulated 2015/2016
Group 1				
01/05/16 to 31/07/16	1.0743	–	1.0743	1.0353
01/08/16 to 31/10/16	1.0909	–	1.0909	0.7784
01/11/16 to 31/01/17	0.8070	–	0.8070	0.7377
01/02/17 to 30/04/17	1.4188	–	1.4188	1.2365
Group 2				
01/05/16 to 31/07/16	1.0743	–	1.0743	1.0353
01/08/16 to 31/10/16	1.0909	–	1.0909	0.7784
01/11/16 to 31/01/17	0.8070	–	0.8070	0.7377
01/02/17 to 30/04/17	1.4188	–	1.4188	1.2365
Total distributions in the period			4.3910	3.7879

Group 2: shares purchased during a distribution period.

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

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

Threadneedle Global Equity Income Fund

Comparative Table Disclosure

	Class 1 – Income shares			Class 1 – Monthly Income shares		
	30/04/2017	30/04/2016	30/04/2015	30/04/2017	30/04/2016	30/04/2015 ¹
Change in net assets per share						
Opening net asset value per share (p)	114.61	116.66	109.33	99.29	101.08	100.00
Return before operating charges (p)	28.25	4.13	13.72	24.34	3.55	2.53
Operating charges (p)	(2.13)	(1.81)	(1.83)	(1.87)	(1.56)	(0.21)
Return after operating charges (p)*	26.12	2.32	11.89	22.47	1.99	2.32
Distributions (p)	(4.82)	(4.37)	(4.56)	(4.15)	(3.78)	(1.24)
Retained distributions on accumulation shares (p)	–	–	–	–	–	–
Closing net asset value per share (p)	135.91	114.61	116.66	117.61	99.29	101.08
*after direct transaction costs of (p)	0.19	0.15	0.16	0.17	0.13	0.03
Performance						
Return after charges (%)	22.79	1.99	10.88	22.63	1.97	2.32
Other information						
Closing net asset value (£000)	176,453	155,697	190,357	1,003	462	67
Closing number of shares	129,827,544	135,848,797	163,169,329	852,625	465,137	65,877
Operating charges (%)**	1.63	1.63	1.63	1.63	1.63	1.05 ¹
Direct transaction costs (%)***	0.15	0.13	0.15	0.15	0.13	0.15
Prices						
Highest share price (p)	143.12	118.98	123.11	123.42	103.02	106.19
Lowest share price (p)	111.05	101.42	103.46	96.20	87.93	99.27
Class 1 SGD Hedged – Income shares						
	30/04/2017	30/04/2016	30/04/2015			
Change in net assets per share						
Opening net asset value per share (p)	97.64	100.44	98.96	98.37	102.70	100.00
Return before operating charges (p)	19.23	2.30	7.09	22.52	0.74	4.02
Operating charges (p)	(1.75)	(1.49)	(1.60)	(1.82)	(1.46)	(0.32)
Return after operating charges (p)*	17.48	0.81	5.49	20.70	(0.72)	3.70
Distributions (p)	(3.98)	(3.61)	(4.01)	(4.08)	(3.61)	(1.00)
Retained distributions on accumulation shares (p)	–	–	–	–	–	–
Closing net asset value per share (p)	111.14	97.64	100.44	114.99	98.37	102.70
*after direct transaction costs of (p)	0.16	0.12	0.14	0.16	0.12	0.03
Performance						
Return after charges (%)	17.90	0.81	5.55	21.04	(0.70)	3.70
Other information						
Closing net asset value (£000)	9,175	12,215	15,075	427	258	10
Closing number of shares	8,255,637	12,510,818	15,009,221	371,044	262,037	10,000
Operating charges (%)**	1.63	1.63	1.63	1.63	1.62	1.60 ¹
Direct transaction costs (%)***	0.15	0.13	0.15	0.15	0.13	0.15
Prices						
Highest share price (p)	116.57	101.34	103.43	124.09	104.47	105.38
Lowest share price (p)	92.03	81.78	91.54	89.82	80.13	97.19
Class 1 AUD Hedged – Monthly Income shares						
	30/04/2017	30/04/2016	30/04/2015			

Threadneedle Global Equity Income Fund

Comparative Table Disclosure

(continued)

	Class 1 SGD Hedged – Monthly Income shares			Class 1 – Accumulation shares		
	30/04/2017	30/04/2016	30/04/2015 ³	30/04/2017	30/04/2016	30/04/2015
Change in net assets per share						
Opening net asset value per share (p)	101.39	104.17	100.00	171.58	167.94	151.14
Return before operating charges (p)	19.92	2.48	5.50	42.63	6.28	19.37
Operating charges (p)	(1.84)	(1.54)	(0.32)	(3.25)	(2.64)	(2.57)
Return after operating charges (p)*	18.08	0.94	5.18	39.38	3.64	16.80
Distributions (p)	(4.11)	(3.72)	(1.01)	(7.32)	(6.38)	(6.43)
Retained distributions on accumulation shares (p)	–	–	–	7.32	6.38	6.43
Closing net asset value per share (p)	115.36	101.39	104.17	210.96	171.58	167.94
*after direct transaction costs of (p)	0.16	0.13	0.03	0.29	0.22	0.23
Performance						
Return after charges (%)	17.83	0.90	5.18	22.95	2.17	11.12
Other information						
Closing net asset value (£000)	355	330	10	121,084	74,378	132,876
Closing number of shares	308,091	325,460	10,000	57,397,197	43,348,183	79,120,252
Operating charges (%)**	1.64	1.63	1.60 [†]	1.63	1.63	1.63
Direct transaction costs (%)***	0.15	0.13	0.15	0.15	0.13	0.15
Prices						
Highest share price (p)	120.60	104.93	106.80	219.64	175.96	175.23
Lowest share price (p)	95.59	85.04	97.40	166.26	147.55	144.86
	Class 1 CHF Hedged – Accumulation shares			Class 1 SGD Hedged – Accumulation shares		
	30/04/2017	30/04/2016 ⁴		30/04/2017	30/04/2016	30/04/2015
Change in net assets per share						
Opening net asset value per share (p)	97.62	100.00		107.87	106.78	101.00
Return before operating charges (p)	18.05	(1.02)		21.45	2.70	7.44
Operating charges (p)	(1.76)	(1.36)		(1.97)	(1.61)	(1.66)
Return after operating charges (p)*	16.29	(2.38)		19.48	1.09	5.78
Distributions (p)	(4.01)	(3.16)		(4.45)	(3.89)	(4.16)
Retained distributions on accumulation shares (p)	4.01	3.16		4.45	3.89	4.16
Closing net asset value per share (p)	113.91	97.62		127.35	107.87	106.78
*after direct transaction costs of (p)	0.16	0.11		0.18	(0.13)	(0.15)
Performance						
Return after charges (%)	16.69	(2.38)		18.06	1.02	5.72
Other information						
Closing net asset value (£000)	11	10		1,242	1,391	1,829
Closing number of shares	10,000	10,000		974,977	1,289,765	1,713,189
Operating charges (%)**	1.62	1.63 [†]		1.64	1.63	1.63
Direct transaction costs (%)***	0.15	0.13		0.15	0.13	0.15
Prices						
Highest share price (p)	118.01	100.06		132.07	110.65	108.75
Lowest share price (p)	91.87	85.00		101.71	87.93	95.37

Threadneedle Global Equity Income Fund

Comparative Table Disclosure

(continued)

	Class 2 – Income shares			Class 2 EUR Hedged – Income shares		
	30/04/2017	30/04/2016	30/04/2015	30/04/2017	30/04/2016	30/04/2015 ⁵
Change in net assets per share						
Opening net asset value per share (p)	119.39	120.93	112.78	86.07	85.80	100.00
Return before operating charges (p)	29.45	4.30	14.15	14.94	4.37	(10.09)
Operating charges (p)	(1.45)	(1.21)	(1.21)	(0.95)	(0.83)	(0.84)
Return after operating charges (p)*	28.00	3.09	12.94	13.99	3.54	(10.93)
Distributions (p)	(5.14)	(4.63)	(4.79)	(3.54)	(3.27)	(3.27)
Retained distributions on accumulation shares (p)	–	–	–	–	–	–
Closing net asset value per share (p)	142.25	119.39	120.93	96.52	86.07	85.80
*after direct transaction costs of (p)	0.20	0.15	0.17	0.14	0.11	0.12
Performance						
Return after charges (%)	23.45	2.56	11.47	16.25	4.13	(10.93)
Other information						
Closing net asset value (£000)	161,216	160,323	143,592	3	3	3
Closing number of shares	113,332,670	134,280,772	118,741,070	3,001	3,001	3,001
Operating charges (%)**	1.06	1.05	1.04	1.02	1.02	1.01 [†]
Direct transaction costs (%)***	0.15	0.13	0.15	0.15	0.13	0.15
Prices						
Highest share price (p)	149.74	123.93	127.61	99.82	88.95	100.44
Lowest share price (p)	115.71	105.33	107.00	81.93	76.19	79.83
	Class 2 – Accumulation shares			Class X – Income shares		
	30/04/2017	30/04/2016	30/04/2015	30/04/2017	30/04/2016	30/04/2015 ⁵
Change in net assets per share						
Opening net asset value per share (p)	179.90	175.21	156.73	106.37	106.68	100.00
Return before operating charges (p)	44.65	6.49	20.21	26.11	3.73	9.78
Operating charges (p)	(2.21)	(1.80)	(1.73)	(0.07)	(0.06)	(0.05)
Return after operating charges (p)*	42.44	4.69	18.48	26.04	3.67	9.73
Distributions (p)	(7.85)	(6.81)	(6.77)	(4.47)	(3.98)	(3.05)
Retained distributions on accumulation shares (p)	7.85	6.81	6.77	–	–	–
Closing net asset value per share (p)	222.34	179.90	175.21	127.94	106.37	106.68
*after direct transaction costs of (p)	0.30	0.23	0.23	0.18	0.14	0.12
Performance						
Return after charges (%)	23.59	2.68	11.79	24.48	3.44	9.73
Other information						
Closing net asset value (£000)	143,899	143,389	197,236	75,430	77,135	76,831
Closing number of shares	64,719,749	79,704,909	112,572,463	58,957,425	72,515,632	72,018,204
Operating charges (%)**	1.06	1.06	1.06	0.06	0.06	0.06 [†]
Direct transaction costs (%)***	0.15	0.13	0.15	0.15	0.13	0.15
Prices						
Highest share price (p)	231.34	184.46	182.82	134.51	110.33	112.57
Lowest share price (p)	174.35	154.18	150.62	103.13	93.22	94.04

Threadneedle Global Equity Income Fund

Comparative Table Disclosure

(continued)

	Class X – Accumulation shares			Class Z – Income shares		
	30/04/2017	30/04/2016	30/04/2015	30/04/2017	30/04/2016	30/04/2015
Change in net assets per share						
Opening net asset value per share (p)	116.68	112.54	99.90	122.53	123.81	115.24
Return before operating charges (p)	28.82	4.21	12.70	30.20	4.41	14.47
Operating charges (p)	(0.08)	(0.07)	(0.06)	(1.24)	(1.04)	(1.05)
Return after operating charges (p)*	28.74	4.14	12.64	28.96	3.37	13.42
Distributions (p)	(4.97)	(4.26)	(4.33)	(5.18)	(4.65)	(4.85)
Retained distributions on accumulation shares (p)	4.97	4.26	4.33	–	–	–
Closing net asset value per share (p)	145.42	116.68	112.54	146.31	122.53	123.81
*after direct transaction costs of (p)	0.20	0.15	0.15	0.21	0.16	0.17
Performance						
Return after charges (%)	24.63	3.68	12.65	23.64	2.72	11.65
Other information						
Closing net asset value (£000)	258,410	195,216	188,290	691,613	597,651	595,046
Closing number of shares	177,703,368	167,313,429	167,313,429	472,699,311	487,775,570	480,612,424
Operating charges (%)**	0.06	0.06	0.06	0.88	0.88	0.88
Direct transaction costs (%)***	0.15	0.13	0.15	0.15	0.13	0.15
Prices						
Highest share price (p)	151.17	119.56	117.47	153.96	127.15	130.67
Lowest share price (p)	113.10	99.47	96.45	118.75	107.92	109.43
	Class Z SGD Hedged – Income shares			Class Z – Accumulation shares		
	30/04/2017	30/04/2016	30/04/2015 [†]	30/04/2017	30/04/2016	30/04/2015
Change in net assets per share						
Opening net asset value per share (p)	97.77	99.83	100.00	117.53	114.22	102.03
Return before operating charges (p)	19.26	2.34	4.03	29.14	4.29	13.13
Operating charges (p)	(0.94)	(0.80)	(0.77)	(1.20)	(0.98)	(0.94)
Return after operating charges (p)*	18.32	1.54	3.26	27.94	3.31	12.19
Distributions (p)	(4.01)	(3.60)	(3.43)	(5.03)	(4.36)	(4.34)
Retained distributions on accumulation shares (p)	–	–	–	5.03	4.36	4.34
Closing net asset value per share (p)	112.08	97.77	99.83	145.47	117.53	114.22
*after direct transaction costs of (p)	0.16	0.12	0.13	0.20	0.15	0.15
Performance						
Return after charges (%)	18.74	1.54	3.26	23.77	2.90	11.95
Other information						
Closing net asset value (£000)	3	3	3	151,841	115,615	53,784
Closing number of shares	3,001	3,001	3,001	104,377,174	98,371,222	47,086,991
Operating charges (%)**	0.87	0.87	0.87 [†]	0.88	0.88	0.88
Direct transaction costs (%)***	0.15	0.13	0.15	0.15	0.13	0.15
Prices						
Highest share price (p)	117.47	101.46	102.83	151.34	120.49	119.18
Lowest share price (p)	92.18	81.50	90.79	113.91	100.63	98.13

Threadneedle Global Equity Income Fund

Comparative Table Disclosure

(continued)

	Class Z CHF Hedged – Accumulation shares		Class Z SGD Hedged – Accumulation shares		
	30/04/2017	30/04/2016 ⁸	30/04/2017	30/04/2016	30/04/2015 ⁹
Change in net assets per share					
Opening net asset value per share (p)	98.31	100.00	105.30	103.43	100.00
Return before operating charges (p)	18.20	(0.95)	20.97	2.71	4.20
Operating charges (p)	(0.95)	(0.74)	(1.01)	(0.84)	(0.77)
Return after operating charges (p)*	17.25	(1.69)	19.96	1.87	3.43
Distributions (p)	(4.05)	(3.17)	(4.39)	(3.79)	(3.47)
Retained distributions on accumulation shares (p)	4.05	3.17	4.39	3.79	3.47
Closing net asset value per share (p)	115.56	98.31	125.26	105.30	103.43
*after direct transaction costs of (p)	0.16	0.11	0.17	0.13	0.13
Performance					
Return after charges (%)	17.55	(1.69)	18.96	1.81	3.43
Other information					
Closing net asset value (£000)	11	10	4	3	3
Closing number of shares	10,000	10,000	3,001	3,001	3,001
Operating charges (%)**	0.87	0.88 [†]	0.85	0.87	0.86 [†]
Performance fee (%)	–	–	–	–	–
Direct transaction costs (%)***	0.15	0.13	0.15	0.13	0.15
Prices					
Highest share price (p)	119.62	100.76	129.80	108.00	105.38
Lowest share price (p)	92.56	85.20	99.32	85.41	92.05

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

**The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share class of a fund based on the financial year's expenses and may vary from year to year. It includes charges such as the fund's annual management charge, registration fee, custody fees and distribution cost but ordinarily excludes the costs of buying or selling assets for the fund (unless these assets are shares of another fund). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit columbiathreadneedle.com/fees.

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

¹Class 1 – Monthly Income shares commenced 18 February 2015.

²Class 1 AUD Hedged – Monthly Income shares commenced 18 February 2015.

³Class 1 SGD Hedged – Monthly Income shares commenced 18 February 2015.

⁴Class 1 CHF Hedged – Accumulation shares commenced 3 June 2015.

⁵Class 2 EUR Hedged – Income shares commenced 3 June 2014.

⁶Class X – Income shares commenced 28 July 2014.

⁷Class Z SGD Hedged – Income shares commenced 3 June 2014.

⁸Class Z CHF Hedged – Accumulation shares commenced 3 June 2015.

⁹Class Z SGD Hedged – Accumulation shares commenced 3 June 2014.

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

Threadneedle Global Equity Income Fund

Notes to the financial statements

for the accounting period 1 May 2016 to 30 April 2017

1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 4 and 5.

2 NET CAPITAL GAINS/(LOSSES)

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

	2017 £000	2016 £000
Non-derivative securities	305,430	(10,397)
Forward currency contracts	(520)	(311)
Other gains/(losses)	1,653	(490)
Transaction costs	(4)	(3)
Net capital gains/(losses)	306,559	(11,201)

3 REVENUE

	2017 £000	2016 £000
UK dividends	13,450	10,755
Overseas dividends	61,019	57,646
Interest distributions	14	–
Interest on short term investments	27	65
Bank interest	22	22
Management fee rebate on collective investment scheme holdings	23	–
Total revenue	74,555	68,488

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	(14,012)	(12,358)
Registration fees	(1,462)	(1,243)
	(15,474)	(13,601)

Payable to the depositary or associates of the depositary, and the agents of either of them:

Depositary's fees	(196)	(145)
Safe custody fees	(118)	(111)
Revenue collection expenses	(26)	–
	(340)	(256)

Other expenses:

Regulatory fees	(6)	(13)
Audit fees	(20)	(13)
	(26)	(26)

Total expenses*

	(15,840)	(13,883)
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*Including irrecoverable VAT where applicable.

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £000	2016 £000
Interest payable	(8)	(4)
Total interest payable & similar charges	(8)	(4)

6 TAXATION

	2017 £000	2016 £000
a) Analysis of charge in period		
Overseas taxes	(7,015)	(6,991)
Total current tax (note 6b)	(7,015)	(6,991)
Total tax charge for the period	(7,015)	(6,991)
b) Factors affecting taxation charge for period		
Net revenue before taxation	58,707	54,601
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(11,741)	(10,920)

	2017 £000	2016 £000
Effects of:		
Revenue not subject to taxation	12,527	11,338
Overseas taxes	(7,015)	(6,991)
Overseas tax expensed	241	329
Excess expenses	(1,027)	(607)
Revenue taxable in other periods	–	(140)
Current tax charge for period (note 6a)	(7,015)	(6,991)

The fund has not recognised a deferred tax asset of £4,230,717 (2016: £3,204,047) arising as a result of having unutilised management expenses. The movement in deferred tax asset may not agree to the excess expenses figure quoted above due to prior year adjustments. It is unlikely that these expenses will be utilised in future years.

7 DISTRIBUTIONS

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

	2017 £000	2016 £000
Interim	44,883	40,722
Final	20,498	18,654
	65,381	59,376
Add: Revenue deducted on the cancellation of shares	1,927	1,893
Deduct: Revenue received on the creation of shares	(1,938)	(1,619)
Net distribution for the period	65,370	59,650
Net revenue after taxation	51,692	47,610
Annual management charge to capital	14,012	12,358
Tax relief on capitalised fees	(333)	(317)
Equalisation on conversion	–	(1)
Undistributed revenue carried forward	(1)	–
Total distributions	65,370	59,650

Details of the distribution per share are set out in the table on pages 139 to 141.

8 DEBTORS

	2017 £000	2016 £000
Amounts receivable for the issue of shares	4,755	4,010
Sales awaiting settlement	4	–
Accrued revenue	5,291	4,404
*Foreign withholding tax recoverable	1,853	1,080
United Kingdom income tax recoverable	2	–
Total debtors	11,905	9,494

*As per a Memorandum of Understanding ("MOU") between the governments of Switzerland and the U.K., a U.K. OEIC is entitled to reclaim Swiss withholding tax ("WHT") that is suffered on dividend income payments. However since October 2016 the Swiss Tax Authority (STA) have requested additional information to support these reclaims and, whilst the Fund continues to be eligible, our claims have not currently been accepted as we have not currently been able to satisfy the detailed information requested due largely to data protection issues. As at 30 April 2017 within foreign withholding tax recoverable we continue to accrue for the refunds which amount to £805,326 which represents 0.04% of the overall NAV. We are monitoring the situation with the STA and should our view on recovery change, for example, if claims are formally rejected, the accruals may be written off.

9 CASH AND BANK BALANCES

	2017 £000	2016 £000
Amounts held at futures clearing houses and brokers	110	–
Cash and bank balances	16,690	27,647
Total cash and bank balances	16,800	27,647

Threadneedle Global Equity Income Fund

Notes to the financial statements

(continued)

10 OTHER CREDITORS

	2017	2016
	£000	£000
Amounts payable for the cancellation of shares	(2,595)	(2,044)
Purchases awaiting settlement	(1,366)	–
Accrued expenses	(64)	(70)
Amounts payable to ACD	(1,329)	(1,113)
Corporation tax payable	(23)	(23)
Total other creditors	(5,377)	(3,250)

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.

A balance of £22,000 (2016: £Nil), in respect of annual management rebates is receivable at the end of the accounting period.

The fund invests in a sub-fund of Threadneedle Investment Fund ICVC, all transactions in respect of which are transacted with Threadneedle Investment Services Limited. Details of the investments are shown in the Portfolio Statement. The fund has received £14,000 (2016: £Nil) interest distributions and £23,000 (2016: £Nil) management fee rebate on collective investment scheme holdings.

In addition this investment has produced a non-derivative security gain of £12,914 (2016: £Nil).

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

13 SHAREHOLDER FUNDS

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

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

Registration fees	
Class 1 shares	0.110%
Class 2 shares	0.035%
Class X shares	0.035%
Class Z shares	0.110%

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 142 to 146. The distribution per share class is given in the distribution table on pages 139 to 141.

All classes have the same rights on winding up.

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

Reconciliation of shares

	2017
Class 1 – Income shares	
Opening shares	135,848,797
Shares issued	6,015,280
Shares redeemed	(11,667,240)
Net conversions	(369,293)
Closing shares	129,827,544

	2017
Class 1 – Monthly Income shares	
Opening shares	465,137
Shares issued	1,394,034
Shares redeemed	(1,006,546)
Net conversions	–
Closing shares	852,625
Class 1 SGD Hedged – Income shares	
Opening shares	12,510,818
Shares issued	749,295
Shares redeemed	(5,004,476)
Net conversions	–
Closing shares	8,255,637
Class 1 AUD Hedged – Monthly Income shares	
Opening shares	262,037
Shares issued	117,838
Shares redeemed	(8,831)
Net conversions	–
Closing shares	371,044
Class 1 SGD Hedged – Monthly Income shares	
Opening shares	325,460
Shares issued	1,166,871
Shares redeemed	(1,184,240)
Net conversions	–
Closing shares	308,091
Class 1 – Accumulation shares	
Opening shares	43,348,183
Shares issued	22,704,379
Shares redeemed	(8,485,312)
Net conversions	(170,053)
Closing shares	57,397,197
Class 1 CHF Hedged – Accumulation shares	
Opening shares	10,000
Shares issued	–
Shares redeemed	–
Net conversions	–
Closing shares	10,000
Class 1 SGD Hedged – Accumulation shares	
Opening shares	1,289,765
Shares issued	274,564
Shares redeemed	(589,352)
Net conversions	–
Closing shares	974,977
Class 2 – Income shares	
Opening shares	134,280,772
Shares issued	42,732,726
Shares redeemed	(63,626,006)
Net conversions	(54,822)
Closing shares	113,332,670
Class 2 EUR Hedged – Income shares	
Opening shares	3,001
Shares issued	–
Shares redeemed	–
Net conversions	–
Closing shares	3,001
Class 2 – Accumulation shares	
Opening shares	79,704,909
Shares issued	38,120,201
Shares redeemed	(53,081,010)
Net conversions	(24,351)
Closing shares	64,719,749

Threadneedle Global Equity Income Fund

Notes to the financial statements

(continued)

	2017
Class X – Income shares	
Opening shares	72,515,632
Shares issued	1,607,801
Shares redeemed	(15,166,008)
Net conversions	–
Closing shares	<u>58,957,425</u>
Class X – Accumulation shares	
Opening shares	167,313,429
Shares issued	10,389,939
Shares redeemed	–
Net conversions	–
Closing shares	<u>177,703,368</u>
Class Z – Income shares	
Opening shares	487,775,570
Shares issued	82,200,060
Shares redeemed	(97,892,898)
Net conversions	616,579
Closing shares	<u>472,699,311</u>
Class Z SGD Hedged – Income shares	
Opening shares	3,001
Shares issued	–
Shares redeemed	–
Net conversions	–
Closing shares	<u>3,001</u>
Class Z – Accumulation shares	
Opening shares	98,371,222
Shares issued	31,478,339
Shares redeemed	(25,531,976)
Net conversions	59,589
Closing shares	<u>104,377,174</u>
Class Z CHF Hedged – Accumulation shares	
Opening shares	10,000
Shares issued	–
Shares redeemed	–
Net conversions	–
Closing shares	<u>10,000</u>
Class Z SGD Hedged – Accumulation shares	
Opening shares	3,001
Shares issued	–
Shares redeemed	–
Net conversions	–
Closing shares	<u>3,001</u>

14 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 5.

Market price risk sensitivity

A 5% market increase applied to the fund would result in an increase on the net asset value of the fund by 4.75% and vice versa (2016: 4.65%).

Currency exposures

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

	Monetary exposures £000	Non- monetary exposures £000	Total £000
Currency 2017			
Australian Dollar	7	107,372	107,379
Brazilian Real	135	40,399	40,534
Canadian Dollar	219	37,469	37,688
Danish Krone	101	15,840	15,941
Euro	1,562	190,626	192,188
Hong Kong Dollar	–	53,211	53,211
Japanese Yen	293	66,660	66,953

	Monetary exposures £000	Non- monetary exposures £000	Total £000
Currency 2017			
Mexican Peso	776	39,462	40,238
Norwegian Krone	242	–	242
Singapore Dollar	355	10,994	11,349
South Africa Rand	1	7,260	7,261
Swiss Franc	809	98,195	99,004
Taiwan Dollar	544	63,114	63,658
Thai Baht	566	–	566
US Dollar	2,618	761,656	764,274
	Monetary exposures £000	Non- monetary exposures £000	Total £000
Currency 2016			
Australian Dollar	1	99,715	99,716
Brazilian Real	109	20,274	20,383
Canadian Dollar	220	34,996	35,216
Danish Krone	62	–	62
Euro	1,599	155,098	156,697
Hong Kong Dollar	258	25,829	26,087
Japanese Yen	415	57,564	57,979
Mexican Peso	–	38,860	38,860
Norwegian Krone	110	13,418	13,528
Singapore Dollar	285	14,084	14,369
South Korean Won	–	10,171	10,171
Swiss Franc	441	76,064	76,505
Taiwan Dollar	–	35,867	35,867
Thai Baht	496	–	496
US Dollar	2,843	725,574	728,417

Currency sensitivity analysis

The fund has a material exposure to the following currencies. The table shows how the fund value will increase or decrease based on the movement in the currency (equivalent to the currency movement in the year).

	Currency Movement %	Fund Movement %
Currency 2017		
Euro	7.75	0.83
US Dollar	11.45	4.88
	Currency Movement %	Fund Movement %
Currency 2016		
Euro	6.74	0.69
US Dollar	4.68	2.22

Credit/Counterparty exposure

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

	Forward Foreign Exchange Contracts Exposure £000	Collateral Pledged £000
2017		
Counterparty		
J.P. Morgan	–	110
	Forward Foreign Exchange Contracts Exposure £000	Collateral Pledged £000
2016		
Counterparty		
J.P. Morgan	95	–

The fund did not hold any collateral received from the fund's counterparties in the current year (2016: £210,000). The collateral held was in the form of cash. Collateral received is not owned by the fund and therefore is not included in the fund's cash balance.

Positive exposure represents the fund's exposure to that counterparty and not the fund's holdings with that counterparty.

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(continued)

Interest rate risk

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

Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the fund's financial assets and financial liabilities at 30 April was:

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
Currency 2017	£000	£000	£000	£000
Australian Dollar	7	–	107,372	107,379
Brazilian Real	135	–	40,399	40,534
Canadian Dollar	219	–	37,469	37,688
Danish Krone	–	–	15,941	15,941
Euro	1	–	192,187	192,188
Hong Kong Dollar	–	–	53,211	53,211
Japanese Yen	1,365	–	66,954	68,319
Mexican Peso	776	–	39,462	40,238
Norwegian Krone	1	–	241	242
Singapore Dollar	297	–	11,053	11,350
South Africa Rand	1	–	7,260	7,261
Swiss Franc	4	–	99,000	99,004
Taiwan Dollar	556	–	63,114	63,670
Thai Baht	566	–	–	566
UK Sterling	11,342	–	297,185	308,527
US Dollar	1,530	–	774,232	775,762
Currency 2016	£000	£000	£000	£000
Australian Dollar	1	–	99,715	99,716
Brazilian Real	109	–	20,274	20,383
Canadian Dollar	–	–	35,216	35,216
Danish Krone	–	–	62	62
Euro	230	–	156,467	156,697
Hong Kong Dollar	–	–	26,087	26,087
Japanese Yen	–	–	57,979	57,979
Mexican Peso	–	–	38,860	38,860
Norwegian Krone	1	–	13,527	13,528
Singapore Dollar	285	–	14,277	14,562
South Korean Won	–	–	10,171	10,171
Swiss Franc	–	–	76,505	76,505
Taiwan Dollar	–	–	35,867	35,867
Thai Baht	496	–	–	496
UK Sterling	24,633	–	210,497	235,130
US Dollar	1,890	–	740,994	742,884
	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
Currency 2017	£000	£000	£000	£000
Japanese Yen	–	–	(1,366)	(1,366)
Singapore Dollar	–	–	(1)	(1)
Taiwan Dollar	–	–	(12)	(12)
UK Sterling	–	–	(16,833)	(16,833)
US Dollar	–	–	(11,488)	(11,488)
Currency 2016	£000	£000	£000	£000
Singapore Dollar	–	–	(193)	(193)
UK Sterling	–	–	(15,394)	(15,394)
US Dollar	–	–	(14,467)	(14,467)

Interest rate risk sensitivity

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

Derivative risks

Derivatives including forward foreign exchange contracts are employed when they are the cheapest and most efficient method of gaining exposure. This increases the risk profile of the fund and may result in a higher degree of volatility. All open positions are regularly reviewed by the fund manager. The fund has entered into

various forward foreign exchange contracts during this accounting period. Such contracts commit the fund to future deliveries or receipts, typically three months forward, of assets and liabilities, at prices decided at the point of striking the contract. They therefore allow the fund manager to limit risk, or to enhance fund performance in return for the acceptance of greater risk.

At 30 April 2017, the fund had outstanding forward foreign exchange contracts with an asset value of £Nil (2016: £98,000) and a liability value of £30,000 (2016: £3,000).

15 FAIR VALUE DISCLOSURE

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

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

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

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

Valuation technique	2017		2016	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	1,768,710	–	1,512,343	–
Level 2	13,006	(30)	98	(3)
	<u>1,781,716</u>	<u>(30)</u>	<u>1,512,441</u>	<u>(3)</u>

16 CONTINGENT LIABILITIES AND COMMITMENTS

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

17 PORTFOLIO TRANSACTION COSTS

Purchases	2017		2016	
	Value £000	Commissions £000	Value £000	Commissions £000
Equities	892,348	981	0.11	568
Collective investment schemes	40,019	–	–	–
Corporate actions	396	–	–	–
Total	<u>932,763</u>	<u>981</u>		<u>568</u>
Gross purchases total:	<u>934,312</u>			
Sales	Value £000	Commissions £000	Taxes %	
Equities	941,923	896	0.10	159
Collective investment schemes	27,000	–	–	–
Corporate actions	1,969	–	–	–
Total	<u>970,892</u>	<u>896</u>		<u>159</u>
Total sales net of transaction costs:	<u>969,837</u>			
Transaction costs as a percentage of average Net Assets				
Commissions:	0.11%			
Taxes:	0.04%			

Purchases	2016		2015	
	Value £000	Commissions £000	Value £000	Commissions £000
Equities	705,926	777	0.11	386
Total	<u>705,926</u>	<u>777</u>		<u>386</u>
Gross purchases total:	<u>707,089</u>			

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(continued)

Sales	Value	Commissions		Taxes	
	£000	£000	%	£000	%
Equities	707,836	784	0.11	78	0.01
Corporate actions	27,236	–	–	–	–
Total	735,072	784		78	

Total sales net of transaction costs: 734,210

Transaction costs as a percentage of average Net Assets

Commissions:	0.10%
Taxes:	0.03%

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

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

Direct transaction costs: Broker commissions, fees and taxes.

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

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

At the balance sheet date, the portfolio dealing spread was 0.11% (2016: 0.19%), being the difference between the respective buying and selling prices for the fund's investments.

Threadneedle Global Opportunities Bond Fund

Investment Report

Investment Objective

The Global Opportunities Bond Fund seeks to achieve a total positive return over a 12 month period in all market conditions. There is a risk to capital, and there is no guarantee that such a return will be achieved within 12 months, or any other timescale.

Investment Policy

The ACD's investment policy is to primarily invest the assets of the Fund so as to gain exposure to government and non-government fixed income and floating rate securities either directly or indirectly through derivatives. This includes developed and emerging market government bonds; Investment Grade, Non-Investment Grade and unrated corporate and government bonds; asset-backed transferable securities. In addition, when determined by the ACD to be appropriate, money market instruments, cash and near cash. At times the Fund may be concentrated in any one or a combination of these types of assets. The Fund may take long positions, and short positions through derivatives, in such assets.

Performance of Income Class 1 Shares*

Over the twelve months to 30 April 2017, the published share price of Class 1 shares in the Threadneedle Global Opportunities Bond Fund has fallen from 94.01p to 90.90p.

For comparison, using noon prices, the performance of the Class 1 share class was -3.12% compared to a return of +3.00% for the Morningstar UK Unit Trusts/OEICs – (IA) Absolute Return Peer Group (on a bid to bid basis, with income reinvested for a UK basic rate taxpayer).

For information purposes, using global close prices, the total return of the Citigroup GBP 1 Month Eurodeposit was +0.33%.

Market Overview and Portfolio Activity

There were several regime changes in the review period, with central banks appearing to retreat from the dogma of flatter yield curves and negative interest rates. The rise of populism manifested itself most clearly in the UK's vote to exit the EU and Donald Trump's election as US president. However, populist parties suffered in elections in the Netherlands and France.

Trump's election led to a widespread bond-market correction amid expectations that his politics would push up inflation and the fiscal deficit. This accelerated following OPEC's November announcement that it would cut output and after the Federal Reserve's December meeting. The 25 basis-point rate hike at this meeting was fully expected but policymakers' projections of three rate hikes in 2017, as opposed to two, were unexpected and less palatable to investors. By contrast, the first hike of 2017 – in March – was followed by a bond market rally as Chair Yellen reiterated that the Fed would proceed slowly with future hikes. The end of the year saw the "Trumpflation" trade ebb as it became apparent Trump's policies lacked detail.

Other major developed-world central banks eased policy over the period. The Bank of England expanded its stimulus, cut rates and introduced a cheaper bank funding scheme in anticipation of a growth slowdown in the aftermath of the Brexit referendum. The Bank of Japan (BoJ) moved from targeting the quantity of money to the price of it, by committing to keep medium-term bond yields around 0% to steepen the yield curve. The BoJ also committed to overshoot the inflation target to raise inflation expectations.

The European Central Bank (ECB) held fire in the wake of the Brexit vote. However, in late 2016, the central bank extended its bond-buying scheme until at least December 2017, albeit at a reduced monthly rate from April. In early 2017, worries over populism in Europe pressured peripheral and French bonds. These fears were eased by the defeat of the eurosceptic Freedom Party in the Dutch elections in March and later, by growing confidence that the next French president would be a Europhile. This benefited periphery bonds although Italian bonds remained under pressure amid concerns over the country's banks.

Within rates, in the first half of the period, we broadly positioned for a flatter yield curve in the US, given subdued inflation levels around the world. Towards the end of 2016, we moved to a long position, due to our lack of conviction that fiscal stimulus could sustainably end the secular forces affecting inflation. In 2017, we held a broadly steepening bias to core government bond curves given the slow withdrawal of policy stimulus in an inflationary environment and the shift to shorter maturity bonds in the ECB purchase programme. We maintained short positions on Italian debt throughout the second half

of the period to reflect the reduced support from the ECB and residual political risk there. Select emerging markets local rates continued to offer value where central banks had room to ease policy that had previously been tightened to offset currency weakness.

Within currency strategies, we increased exposure to US dollars over the first half of the year, as the market pricing of the Fed's intentions remained too benign relative to our expectations. Ahead of the US election, we closed the exposure to the Mexican peso due to the tail risk impact of a Trump victory. At the end of 2016, our long exposure to the US dollar was largely expressed against the Chinese renminbi and New Zealand dollar. As "Trumponomics" hopes faded in early 2017, we reduced our long dollar bias and moved to a long euro position to reflect the improving fundamentals and what we viewed as overblown political risk.

One of the major unknowns over the coming quarters will be the extent to which President Trump can deliver on his campaign promises of infrastructure spending, tax reform and trade protection. Full delivery of these promises on an economy that is already close to full employment may be inflationary and could influence the Fed's plans to normalise policy. However, the ineffectual leadership displayed so far, and the diffuse nature of Republican aims, suggests that there could be some policy disappointments; consequently the dollar's path in 2017 is uncertain.

In Europe, the story appears more clear-cut, with a steadily improving economy and the potential for a paring back of policy support from the ECB at some stage this year. Given the rapid reduction in economic slack in the eurozone, we feel more confident of the prospects for the single currency, providing political risks pass without incident. The likely tapering of quantitative easing from the ECB as well as a start to the Fed's balance sheet runoff are likely to insert some term premium back into bond markets and support our view of steeper yield curves, particularly in the eurozone.

Election Update

The commentary contains a market background with a snapshot of investor sentiment during the period under review. Although the UK election has since taken place, the result has no retroactive bearing on what investors were thinking prior to the vote.

STATEMENT OF TOTAL RETURN

for the accounting period 1 May 2016 to 30 April 2017

	Notes	2017 £000	2016 £000
Income			
Net capital losses	2	(3,335)	(7,924)
Revenue	3	3,379	3,820
Expenses	4	(739)	(918)
Interest payable and similar charges	5	(1,966)	(2,419)
Net revenue before taxation		674	483
Taxation	6	–	–
Net revenue after taxation		674	483
Total return before distributions		(2,661)	(7,441)
Distributions	7	(674)	(483)
Change in net assets attributable to shareholders from investment activities		(3,335)	(7,924)

BALANCE SHEET

as at 30 April 2017

	Notes	2017 £000	2016 £000
Assets:			
Fixed assets:			
Investments		80,305	82,240
Current assets:			
Debtors	8	739	1,330
Cash and bank balances	9	15,357	38,360
Total assets		96,401	121,930
Liabilities:			
Investment liabilities		(3,333)	(1,672)
Creditors:			
Bank overdrafts	9	(7,103)	(5,281)
Distribution payable		–	(4)
Other creditors	10	(545)	(466)
Total liabilities		(10,981)	(7,423)
Net assets attributable to shareholders		85,420	114,507

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 1 May 2016 to 30 April 2017

	2017 £000	2016 £000
Opening net assets attributable to shareholders	114,507	110,373
Amounts receivable on the issue of shares	23,858	24,732
Amounts payable on the cancellation of shares	(50,308)	(13,187)
	(26,450)	11,545
Dilution adjustment	42	47
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	(3,335)	(7,924)
Retained distribution on accumulation shares	656	466
Closing net assets attributable to shareholders	85,420	114,507

DISTRIBUTION TABLE

for the accounting period 1 May 2016 to 30 April 2017

Interest distribution in pence per share

Class 1 – Income shares[†]

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
Group 1						
01/05/16 to 31/10/16	0.2238	0.0448	0.1790	–	0.1790	–
01/11/16 to 30/04/17	–	–	–	–	–	–
Group 2						
01/05/16 to 31/10/16	0.2238	0.0448	0.1790	–	0.1790	–
01/11/16 to 30/04/17	–	–	–	–	–	–
Total distributions in the period					0.1790	–

*In pound Sterling and against UK peer group.

Threadneedle Global Opportunities Bond Fund

DISTRIBUTION TABLE

(continued)

Class 1 – Accumulation shares[†]

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Net Revenue Accumulated 2016/2017	Net Revenue Accumulated 2015/2016
Group 1						
01/05/16 to 31/10/16	0.2181	0.0436	0.1745	–	0.1745	–
01/11/16 to 30/04/17	–	–	–	–	–	0.0620
Group 2						
01/05/16 to 31/10/16	0.1075	0.0215	0.0860	0.0885	0.1745	–
01/11/16 to 30/04/17	–	–	–	–	–	0.0620
Total distributions in the period					0.1745	0.0620

Class 1 – Gross accumulation shares*

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Gross Revenue Accumulated 2015/2016
Group 1				
01/05/16 to 31/10/16	0.2183	–	0.2183	–
01/11/16 to 30/04/17	–	–	–	0.1123
Group 2				
01/05/16 to 31/10/16	0.2183	–	0.2183	–
01/11/16 to 30/04/17	–	–	–	0.1123
Total distributions in the period			0.2183	0.1123

Class X – Gross accumulation shares

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Gross Revenue Accumulated 2015/2016
Group 1				
01/05/16 to 31/10/16	0.7977	–	0.7977	0.3229
01/11/16 to 30/04/17	0.5115	–	0.5115	0.7911
Group 2				
01/05/16 to 31/10/16	0.7977	–	0.7977	0.3229
01/11/16 to 30/04/17	0.1615	0.3500	0.5115	0.7911
Total distributions in the period			1.3092	1.1140

Class Z – Income shares[†]

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
Group 1						
01/05/16 to 31/10/16	0.4323	0.0865	0.3458	–	0.3458	–
01/11/16 to 30/04/17	0.1680	–	–	–	0.1680	0.3110
Group 2						
01/05/16 to 31/10/16	0.1681	0.0336	0.1345	0.2113	0.3458	–
01/11/16 to 30/04/17	0.1402	–	–	0.0278	0.1680	0.3110
Total distributions in the period					0.5138	0.3110

Class Z – Accumulation shares[†]

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Net Revenue Accumulated 2016/2017	Net Revenue Accumulated 2015/2016
Group 1						
01/05/16 to 31/10/16	0.4341	0.0868	0.3473	–	0.3473	–
01/11/16 to 30/04/17	0.1699	–	–	–	0.1699	0.3359
Group 2						
01/05/16 to 31/10/16	0.2041	0.0408	0.1633	0.1840	0.3473	–
01/11/16 to 30/04/17	0.0666	–	–	0.1033	0.1699	0.3359
Total distributions in the period					0.5172	0.3359

Class Z – Gross income shares

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2016/2017	Distribution Paid 2015/2016
Group 1				
01/05/16 to 31/10/16	0.4357	–	0.4357	–
01/11/16 to 30/04/17	0.1693	–	0.1693	–
Group 2				
01/05/16 to 31/10/16	0.4357	–	0.4357	–
01/11/16 to 30/04/17	0.1693	–	0.1693	–
Total distributions in the period			0.6050	–

Class Z – Gross accumulation shares

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2016/2017	Gross Revenue Accumulated 2015/2016
Group 1				
01/05/16 to 31/10/16	0.4347	–	0.4347	–
01/11/16 to 30/04/17	0.1701	–	0.1701	0.3896
Group 2				
01/05/16 to 31/10/16	0.1127	0.3220	0.4347	–
01/11/16 to 30/04/17	0.0193	0.1508	0.1701	0.3896
Total distributions in the period			0.6048	0.3896

Group 2: shares purchased during a distribution period.

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

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

[†]Distributions paid before 6 April 2017 have been paid net.

Threadneedle Global Opportunities Bond Fund

Comparative Table Disclosure

	Class 1 – Income shares			Class 1 – Accumulation shares		
	30/04/2017	30/04/2016	30/04/2015 ¹	30/04/2017	30/04/2016	30/04/2015 ²
Change in net assets per share						
Opening net asset value per share (p)	93.77	100.33	100.00	93.79	100.32	100.00
Return before operating charges (p)	(1.73)	(5.37)	0.98	(1.70)	(5.34)	0.96
Operating charges (p)	(1.12)	(1.19)	(0.65)	(1.17)	(1.17)	(0.64)
Return after operating charges (p)*	(2.85)	(6.56)	0.33	(2.87)	(6.51)	0.32
Distributions (p)	(0.22)	–	–	(0.22)	(0.08)	–
Retained distributions on accumulation shares (p)**	–	–	–	0.17	0.06	–
Closing net asset value per share (p)	90.70	93.77	100.33	90.87	93.79	100.32
*after direct transaction costs of (p)	–	–	–	–	–	–
Performance						
Return after charges (%)	(3.04)	(6.54)	0.33	(3.06)	(6.49)	0.32
Other information						
Closing net asset value (£000)	3	3	3	63	24	3
Closing number of shares	3,000	3,000	3,000	69,588	25,101	3,101
Operating charges (%)**	1.22	1.23	1.19 ¹	1.27	1.23	1.18 ¹
Direct transaction costs (%)**	–	–	–	–	–	–
Prices						
Highest share price (p)	94.27	102.57	100.91	94.27	102.58	100.91
Lowest share price (p)	90.54	90.15	98.81	90.71	90.18	98.81
	Class 1 – Gross accumulation shares ⁵		Class X – Gross accumulation shares ⁵			
	30/04/2017	30/04/2016 ³	30/04/2017	30/04/2016	30/04/2015 ⁴	
Change in net assets per share						
Opening net asset value per share (p)	98.27	100.00	95.91	101.41	100.00	
Return before operating charges (p)	(1.82)	(1.11)	(1.70)	(5.47)	1.46	
Operating charges (p)	(1.23)	(0.62)	(0.13)	(0.03)	(0.05)	
Return after operating charges (p)*	(3.05)	(1.73)	(1.83)	(5.50)	1.41	
Distributions (p)	(0.22)	(0.11)	(1.31)	(1.11)	–	
Retained distributions on accumulation shares (p)**	0.22	0.11	1.31	1.11	–	
Closing net asset value per share (p)	95.22	98.27	94.08	95.91	101.41	
*after direct transaction costs of (p)	–	–	–	–	–	
Performance						
Return after charges (%)	(3.10)	(1.73)	(1.91)	(5.42)	1.41	
Other information						
Closing net asset value (£000)	3	3	19,607	3	3	
Closing number of shares	3,000	3,000	20,841,190	3,001	3,001	
Operating charges (%)**	1.27	1.24 ¹	0.14	0.03	0.05 ¹	
Direct transaction costs (%)**	–	–	–	–	–	
Prices						
Highest share price (p)	98.78	101.27	96.52	103.77	101.92	
Lowest share price (p)	95.05	94.47	93.29	91.98	99.47	

Threadneedle Global Opportunities Bond Fund

Comparative Table Disclosure

(continued)

	Class Z – Income shares			Class Z – Accumulation shares		
	30/04/2017	30/04/2016	30/04/2015 ⁵	30/04/2017	30/04/2016	30/04/2015 ⁵
Change in net assets per share						
Opening net asset value per share (p)	94.50	101.02	100.00	94.96	101.21	100.00
Return before operating charges (p)	(1.73)	(5.37)	1.93	(1.74)	(5.42)	1.90
Operating charges (p)	(0.75)	(0.76)	(0.68)	(0.76)	(0.75)	(0.65)
Return after operating charges (p)*	(2.48)	(6.13)	1.25	(2.50)	(6.17)	1.25
Distributions (p)	(0.60)	(0.39)	(0.23)	(0.60)	(0.42)	(0.21)
Retained distributions on accumulation shares (p)**	–	–	–	0.52	0.34	0.17
Closing net asset value per share (p)	91.42	94.50	101.02	92.38	94.96	101.21
*after direct transaction costs of (p)	–	–	–	–	–	–
Performance						
Return after charges (%)	(2.62)	(6.07)	1.25	(2.63)	(6.10)	1.25
Other information						
Closing net asset value (£000)	56	74	3	241	5,217	8
Closing number of shares	61,548	77,939	3,050	260,730	5,493,832	7,992
Operating charges (%)***	0.81	0.79	0.74 ¹	0.81	0.79	0.71 ¹
Direct transaction costs (%)****	–	–	–	–	–	–
Prices						
Highest share price (p)	95.02	103.37	101.76	95.48	103.50	101.80
Lowest share price (p)	91.42	91.09	99.65	92.21	91.24	99.69
	Class Z – Gross income shares ⁵			Class Z – Gross accumulation shares ⁵		
	30/04/2017	30/04/2016	30/04/2015 ⁷	30/04/2017	30/04/2016	30/04/2015 ⁵
Change in net assets per share						
Opening net asset value per share (p)	94.87	101.02	100.00	95.10	101.24	100.00
Return before operating charges (p)	(1.73)	(5.34)	1.93	(1.75)	(5.37)	1.94
Operating charges (p)	(0.75)	(0.81)	(0.69)	(0.76)	(0.77)	(0.70)
Return after operating charges (p)*	(2.48)	(6.15)	1.24	(2.51)	(6.14)	1.24
Distributions (p)	(0.61)	–	(0.22)	(0.60)	(0.39)	(0.22)
Retained distributions on accumulation shares (p)**	–	–	–	0.60	0.39	0.22
Closing net asset value per share (p)	91.78	94.87	101.02	92.59	95.10	101.24
*after direct transaction costs of (p)	–	–	–	–	–	–
Performance						
Return after charges (%)	(2.61)	(6.09)	1.24	(2.64)	(6.06)	1.24
Other information						
Closing net asset value (£000)	3	45	1,013	65,444	109,138	109,340
Closing number of shares	3,000	47,362	1,003,001	70,679,825	114,767,950	108,000,472
Operating charges (%)***	0.80	0.80	0.75 ¹	0.81	0.79	0.76 ¹
Direct transaction costs (%)****	–	–	–	–	–	–
Prices						
Highest share price (p)	95.41	103.39	101.76	95.63	103.56	101.81
Lowest share price (p)	91.78	91.12	96.65	92.39	91.33	99.70

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

**Any difference between the distributions and the retained distributions on accumulation shares is due to the tax withheld.

***The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share class of a fund based on the financial year's expenses and may vary from year to year. It includes charges such as the fund's annual management charge, registration fee, custody fees and distribution cost but ordinarily excludes the costs of buying or selling assets for the fund (unless these assets are shares of another fund). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit columbiathreadneedle.com/fees.

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

¹Only available to eligible investors.

²Class 1 – Income shares commenced 24 March 2015.

³Class 1 – Accumulation shares commenced 24 March 2015.

⁴Class 1 – Gross accumulation shares commenced 28 October 2015.

⁵Class X – Gross accumulation shares commenced 24 February 2015.

⁶Class Z – Income shares commenced 27 February 2015.

⁷Class Z – Accumulation shares commenced 27 February 2015.

⁸Class Z – Gross income shares commenced 27 February 2015.

⁹Class Z – Gross accumulation shares commenced 27 February 2015.

¹⁰The Ongoing Charges Figure is annualised based on the fees incurred since commencement date.

Threadneedle Global Opportunities Bond Fund

Notes to the financial statements

for the accounting period 1 May 2016 to 30 April 2017

1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed on pages 4 and 5.

2 NET CAPITAL LOSSES

Net capital losses during the period comprise:

	2017	2016
	£000	£000
Non-derivative securities	10,548	1,623
Derivative contracts	(2,669)	(468)
Forward currency contracts	(11,851)	(9,890)
Other gains	638	813
Transaction costs	(1)	(2)
Net capital losses	(3,335)	(7,924)

3 REVENUE

	2017	2016
	£000	£000
Interest on debt securities	3,300	3,703
Interest on short term investments	8	33
Bank interest	22	51
Management fee rebate on collective investment scheme holdings	49	33
Total revenue	3,379	3,820

4 EXPENSES

	2017	2016
	£000	£000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(585)	(754)
Registration fees	(101)	(128)
	(686)	(882)
Payable to the depository or associates of the depository, and the agents of either of them:		
Depository's fees	(10)	(11)
Safe custody fees	(16)	(13)
	(26)	(24)
Other expenses:		
Audit fees	(27)	(12)
	(27)	(12)
Total expenses*	(739)	(918)

*Including irrecoverable VAT where applicable.

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2017	2016
	£000	£000
Interest payable	(9)	(6)
Derivative expense	(1,957)	(2,413)
Total interest payable & similar charges	(1,966)	(2,419)

6 TAXATION

	2017	2016
	£000	£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	674	483
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(135)	(97)
Effects of:		
Distributions treated as tax deductible	135	97
Current tax charge for period (note 6a)	–	–

Interest distributions have been made in respect of all distributions during the period. Income tax at 20% on net share classes paid prior to 6 April 2017 will be accounted for on shareholders' behalf to HM Revenue & Customs.

7 DISTRIBUTIONS

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

	2017	2016
	£000	£000
Interim	432	–
Final	227	473
	659	473
Add: Revenue deducted on the cancellation of shares	102	19
Deduct: Revenue received on the creation of shares	(87)	(9)
Net distribution for the period	674	483

Details of the distribution per share are set out in the table on pages 152 to 153.

8 DEBTORS

	2017	2016
	£000	£000
Amounts receivable for the issue of shares	–	16
Sales awaiting settlement	–	262
Accrued revenue	739	1,052
Total debtors	739	1,330

9 CASH AND BANK BALANCES

	2017	2016
	£000	£000
Amounts held at futures clearing houses and brokers	11,522	6,636
Cash and bank balances	3,835	31,724
	15,357	38,360
Cash overdrafts at broker	(7,103)	(5,281)
Total cash and bank balances	8,254	33,079

10 OTHER CREDITORS

	2017	2016
	£000	£000
Amounts payable for the cancellation of shares	–	(17)
Purchases awaiting settlement	(490)	(365)
Accrued expenses	(13)	(13)
Amounts payable to ACD	(42)	(71)
Total other creditors	(545)	(466)

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.

A balance of £17,000 (2016: £33,000), in respect of annual management rebates is receivable at the end of the accounting period.

The fund invests in other sub-funds managed by Columbia Threadneedle, all transactions in respect of which are transacted with Threadneedle Investment Services Limited. Details of the investments are shown in the Portfolio Statement. In addition this investment has produced a non-derivative security gain of £720,034 (2016: £213,043).

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

Threadneedle Global Opportunities Bond Fund

Notes to the financial statements

(continued)

13 SHAREHOLDER FUNDS

Threadneedle Global Opportunities Bond Fund currently has three share classes; Class 1, Class X and Class Z shares. The charges on each share class are as follows:

Annual management charge	
Class 1 shares	1.10%
Class X shares	N/A*
Class Z shares	0.65%
Registration fees	
Class 1 shares	0.110%
Class X shares	0.035%
Class Z shares	0.110%

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 154 to 155. The distribution per share class is given in the distribution table on pages 152 to 153. All classes have the same rights on winding up.

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

Reconciliation of shares

	2017
Class 1 – Income shares	
Opening shares	3,000
Shares issued	–
Shares redeemed	–
Net conversions	–
Closing shares	<u>3,000</u>
Class 1 – Accumulation shares	
Opening shares	25,101
Shares issued	97,500
Shares redeemed	(53,013)
Net conversions	–
Closing shares	<u>69,588</u>
Class 1 – Gross accumulation shares	
Opening shares	3,000
Shares issued	–
Shares redeemed	–
Net conversions	–
Closing shares	<u>3,000</u>
Class X – Gross accumulation shares	
Opening shares	3,001
Shares issued	20,838,189
Shares redeemed	–
Net conversions	–
Closing shares	<u>20,841,190</u>
Class Z – Income shares	
Opening shares	77,939
Shares issued	10,559
Shares redeemed	(26,950)
Net conversions	–
Closing shares	<u>61,548</u>
Class Z – Accumulation shares	
Opening shares	5,493,832
Shares issued	167,845
Shares redeemed	(5,400,947)
Net conversions	–
Closing shares	<u>260,730</u>
Class Z – Gross income shares	
Opening shares	47,362
Shares issued	–
Shares redeemed	(44,362)
Net conversions	–
Closing shares	<u>3,000</u>

Class Z – Gross accumulation shares

	2017
Opening shares	114,767,950
Shares issued	4,287,188
Shares redeemed	(48,375,313)
Net conversions	–
Closing shares	<u>70,679,825</u>

14 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on page 5.

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 6.0% and is measured using the covariance model based on a 99% confidence limit over a 1 month holding period, using the previous 180 weeks of data.

As at year end the fund's VaR was 2.0% (2016: 2.5%). This means that there is estimated to be a 1% chance that the fund could lose more than 2.0% (2016: 2.5%) of its value in a month.

At 30 April, 2017 the VaR utilisation was 34% (2016: 41%) (actual VaR/VaR limit). During the year ended 30 April, 2017 the lowest VaR utilisation was 0% (2016: 25%), the highest VaR utilisation was 72% (2016: 51%) and the average utilisation was 32% (2016: 40%).

Currency exposures

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

	Monetary exposures £000	Non- monetary exposures £000	Total £000
Currency 2017			
Australian Dollar	(171)	244	73
Canadian Dollar	17	(18)	(1)
China Renminbi	–	(94)	(94)
Czech Koruna	–	4,494	4,494
Euro	(1,544)	11,891	10,347
Hungarian Forint	–	(91)	(91)
Japanese Yen	(460)	(7,955)	(8,415)
Mexican Peso	17	(13)	4
New Zealand Dollar	17	(18)	(1)
Norwegian Krone	2	–	2
Polish Zloty	–	(254)	(254)
Romanian Leu	2	–	2
Russian Ruble	162	(400)	(238)
Swedish Krona	17	(17)	–
Swiss Franc	17	2,912	2,929
Turkish Lira	1	–	1
US Dollar	(4,154)	3,585	(569)
Currency 2016			
Australian Dollar	(270)	373	103
Canadian Dollar	57	(5,492)	(5,435)
China Renminbi	–	(17,723)	(17,723)
Euro	(1,601)	23,739	22,138
Hungarian Forint	140	(296)	(156)
Japanese Yen	(381)	(16,125)	(16,506)
Mexican Peso	78	11,585	11,663
New Zealand Dollar	56	(11,412)	(11,356)
Norwegian Krone	–	(8)	(8)
Romanian Leu	54	(406)	(352)
Russian Ruble	–	(5,883)	(5,883)
Swiss Franc	2	(1)	1
Turkish Lira	2	–	2
US Dollar	(2,131)	24,756	22,625

Currency sensitivity analysis

The fund has a material exposure to the following currencies. The table shows how the fund value will increase or decrease based on the movement in the currency (equivalent to the currency movement in the year).

Threadneedle Global Opportunities Bond Fund

Notes to the financial statements

(continued)

Currency 2017	Currency Movement	Fund Movement
	%	%
Euro	7.75	0.94

Currency 2016	Currency Movement	Fund Movement
	%	%
China Yuan Renminbi	0.35	0.05
Euro	6.74	1.30
Japanese Yen	14.77	2.13
Mexican Peso	6.30	0.64
US Dollar	4.68	0.92

Credit/Counterparty exposure

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

2017 Counterparty	Credit Default Swaps Exposure	Futures Exposure	Forward Foreign Exchange Contracts Exposure	Collateral Pledged
	£000	£000	£000	£000
Barclays	–	–	–	80
Citigroup	–	–	10	320
Goldman Sachs	–	–	6	1,640
HSBC	–	–	28	–
J.P. Morgan	–	–	149	520
UBS	–	–	372	50

2016 Counterparty	Credit Default Swaps Exposure	Futures Exposure	Forward Foreign Exchange Contracts Exposure	Collateral Pledged
	£000	£000	£000	£000
Citigroup	–	–	28	–
Goldman Sachs	–	–	–	110
HSBC	–	–	–	230
J.P. Morgan	138	–	1,383	–
UBS	–	255	–	–

The fund did not hold any collateral received from the fund's counterparties in the current year (2016: £980,000). The collateral held was in the form of cash. Collateral received is not owned by the fund and therefore is not included in the fund's cash balance.

Positive exposure represents the fund's exposure to that counterparty and not the fund's holdings with that counterparty.

Analysis of investments by credit ratings

	2017		2016	
	Value	% of Investment	Value	% of Investment
	£000		£000	
AAA	433	0.56	8,187	10.16
Aaa	1,377	1.79	–	–
AaaU	9,494	12.33	–	–
Aa1u	5,015	6.52	8,605	10.68
AA	221	0.29	–	–
AA-	183	0.24	106	0.13
A+	331	0.43	143	0.18
A	155	0.20	1,959	2.43
A-	1,513	1.97	950	1.18
BBB+	10,112	13.14	6,341	7.87
Baa1	139	0.18	297	0.37
BBB	6,989	9.08	7,321	9.09
Baa2	963	1.25	–	–
BBB-	5,395	7.01	5,943	7.38
Baa3	1,934	2.51	1,642	2.04
BB+	3,945	5.13	7,972	9.89
Ba1	817	1.06	242	0.30
BB	3,081	4.00	3,251	4.03
BB-	3,278	4.26	5,232	6.49
B+	333	0.43	3,402	4.22
B	3,200	4.16	3,036	3.77

	2017		2016	
	Value	% of Investment	Value	% of Investment
	£000		£000	
Ba3	903	1.17	433	0.54
B2	–	–	385	0.48
B2e	203	0.26	–	–
B2u	222	0.29	–	–
B-	432	0.56	841	1.04
B3	172	0.22	415	0.52
CCC+	543	0.71	–	–
Not Rated	13,305	17.29	9,482	11.77
Collective investment schemes	4,059	5.27	3,255	4.04
Derivatives	(1,775)	(2.31)	1,128	1.40
	76,972	100.00	80,568	100.00

The derivative positions do not have a significant impact on the risk profile.

Interest rate risk

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

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

Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the fund's financial assets and financial liabilities at 30 April was:

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
	£000	£000	£000	£000
Currency 2017				
Australian Dollar	17	1,377	4,433	5,827
Canadian Dollar	17	–	–	17
China Renminbi	–	–	14,516	14,516
Czech Koruna	–	–	13,971	13,971
Euro	5,753	20,778	10,205	36,736
Japanese Yen	16	–	–	16
Mexican Peso	17	–	–	17
New Zealand Dollar	17	–	–	17
Norwegian Krone	2	–	–	2
Polish Zloty	–	–	18	18
Romanian Leu	2	–	–	2
Russian Ruble	–	12,016	162	12,178
Swedish Krona	17	–	–	17
Swiss Franc	17	–	2,912	2,929
Turkish Lira	1	–	–	1
UK Sterling	19,714	12,916	48,401	81,031
US Dollar	2,695	14,673	32,395	49,763
Currency 2016	£000	£000	£000	£000
Australian Dollar	55	–	373	428
Canadian Dollar	57	–	3,444	3,501
China Renminbi	–	–	295	295
Euro	2,772	14,884	21,818	39,474
Hungarian Forint	–	3,548	140	3,688
Japanese Yen	56	–	–	56
Mexican Peso	57	1,569	10,150	11,776
New Zealand Dollar	56	–	–	56
Norwegian Krone	–	–	3,445	3,445
Romanian Leu	–	6,910	54	6,964
Swiss Franc	–	208	2	210
Turkish Lira	2	–	–	2
UK Sterling	42,394	15,774	57,381	115,549
US Dollar	2,873	23,329	74,918	101,120

Threadneedle Global Opportunities Bond Fund

Notes to the financial statements

(continued)

Currency 2017	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Australian Dollar	(198)	–	(5,556)	(5,754)
Canadian Dollar	–	–	(18)	(18)
China Renminbi	–	–	(14,610)	(14,610)
Czech Koruna	–	–	(9,477)	(9,477)
Euro	(1,919)	–	(24,470)	(26,389)
Hungarian Forint	–	–	(91)	(91)
Japanese Yen	(476)	–	(7,955)	(8,431)
Mexican Peso	–	–	(13)	(13)
New Zealand Dollar	–	–	(18)	(18)
Polish Zloty	–	–	(272)	(272)
Russian Ruble	–	–	(12,416)	(12,416)
Swedish Krona	–	–	(17)	(17)
UK Sterling	–	–	(3,800)	(3,800)
US Dollar	(4,510)	–	(45,822)	(50,332)
Currency 2016	£000	£000	£000	£000
Australian Dollar	(325)	–	–	(325)
Canadian Dollar	–	–	(8,936)	(8,936)
China Renminbi	–	–	(18,018)	(18,018)
Euro	(1,868)	–	(15,468)	(17,336)
Hungarian Forint	–	–	(3,844)	(3,844)
Japanese Yen	(437)	–	(16,125)	(16,562)
Mexican Peso	–	–	(113)	(113)
New Zealand Dollar	–	–	(11,412)	(11,412)
Norwegian Krone	–	–	(3,453)	(3,453)
Romanian Leu	–	–	(7,316)	(7,316)
Russian Ruble	–	–	(5,883)	(5,883)
Swiss Franc	–	–	(209)	(209)
UK Sterling	–	–	(155)	(155)
US Dollar	(2,651)	–	(75,844)	(78,495)

Interest rate risk sensitivity

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

Derivative risks

Derivatives including portfolio 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 portfolio 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 30 April 2017, the fund had outstanding credit default swaps, forward foreign exchange contracts, futures and interest rate swaps with an asset value of £1,558,000 (2016: £2,800,000) and a liability value of £3,333,000 (2016: £1,672,000).

As part of the fund strategy, the fund manager is permitted to short sell in accordance with the investment restrictions to obtain leverage. To achieve this, the fund has entered into a portfolio swap throughout this accounting period, whereby the total return of a basket of securities, including capital appreciation or depreciation, has been received in exchange for a series of periodic cash flows calculated by reference to financing costs, stock loan fees and interest in respect of short positions. The swap is subject to a monthly reset process, thereby crystallising returns and risk exposure each month. The use of short selling strategies increases the risk profile of the fund, and may result in a higher degree of volatility than a fund that does not employ short exposure. Any such positions entered into are regularly reviewed by the fund manager.

15 FAIR VALUE DISCLOSURE

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

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

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

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

Valuation technique	2017		2016	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	15,122	(904)	17,251	(204)
Level 2	65,183	(2,429)	64,658	(1,468)
Level 3	–	–	331	–
	80,305	(3,333)	82,240	(1,672)

Included within Level 1 are debt securities of £14,509,000 (2016: £16,792,000). The valuation of some highly liquid exchange-traded debt securities (G7 sovereign debt, supranational debt or certain corporate bonds) is sufficiently close to a binding quoted price to categorise at this level.

16 CONTINGENT LIABILITIES AND COMMITMENTS

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

17 PORTFOLIO TRANSACTION COSTS

During the period under review the fund's purchases and sales of bonds amounted to £143,121,211 (2016: £129,058,013) and £153,150,834 (2016: £140,844,341) respectively. Collective Investment scheme purchases and sales amounted to £83,439 (2016: £7,357,939) and £nil (2016: £4,315,848) respectively. Corporate action costs and proceeds amounted to £nil (2016: £502,999) and £826,130 (2016: £1,065,675) respectively. In specie purchases and sales amounted to £212,711,068 (2016: £nil) and £nil (2016: £nil) respectively.

The purchases and sales are not subject to transaction costs.

Commissions on futures traded in the period amounted to £18,159 (2016: £37,384). At the balance sheet date, the portfolio dealing spread was 0.44% (2016: 0.69%), being the difference between the respective buying and selling prices for the fund's investments.

Statement of Authorised Corporate Director's (ACD) Responsibilities in relation to the Financial Statements of the Company

The Open-Ended Investment Companies Regulations 2001 and the Collective Investment Schemes Sourcebook (COLL), as issued (and amended) by the Financial Conduct Authority (FCA), require the ACD to prepare financial statements for each annual accounting period which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the financial position of each sub-fund and its net revenue/(expenses) and the net gains/(losses) on the property of each sub-fund for the period. In preparing the financial statements the ACD is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice relating to Authorised Funds issued by the Investment Management Association (IMA);
- follow generally accepted accounting principles and applicable accounting standards;
- keep proper accounting records, which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation for the foreseeable future.

The ACD is required to keep proper accounting records and to manage the Company in accordance with the Collective Investment Schemes Sourcebook, the Instrument of Incorporation and the Prospectus. The ACD is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Shareholders of the Threadneedle Investment Specialist Funds ICVC (the Company) for the Period ended 30 April 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 such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the 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

26 July 2017

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

Report on the financial statements

Our opinion

In our opinion Threadneedle Specialist Investment Funds' financial statements (the "financial statements of the Company"):

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 30 April 2017 and of the net revenue/(expenses) and the net capital gains/(losses) of the scheme property of the Company and each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

Emphasis of matter - Basis of Preparation

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the basis of accounting for Target Return Fund, which the Authorised Corporate Director has confirmed their intention to terminate in the near future. Accordingly, the going concern basis of accounting is no longer appropriate and the financial statements for this sub-fund have been prepared on a basis other than going concern as described in note 1 to the financial statements. No adjustments were necessary in the sub-fund's financial statements to reduce assets to their realisable values, to provide for liabilities arising from the termination or to reclassify fixed assets and long-term liabilities as current assets and liabilities.

What we have audited

Threadneedle Specialist Investment Funds ICVC (the "Company") is an umbrella fund with a number of sub funds. The financial statements of the Company, included within the Annual Report and Audited Financial Statements (the "Annual Report") comprise the financial statements of each of the sub-funds, which are prepared by Threadneedle Investment Services Limited (the "Authorised Corporate Director"), and comprise for each of the sub-funds:

- the balance sheet as at 30 April 2017;
- the statement of total return for the year then ended;
- the statement of changes in net assets attributable to shareholders for the year then ended;
- the Notes to the Annual Reports and Financial Statements for Threadneedle Specialist Investment Funds ICVC and notes to the financial statements of individual sub funds, which include other explanatory information; and
- the distribution tables.

The financial reporting framework that has been applied in their preparation is United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and applicable law), the Statement of Recommended Practice "Financial Statements of UK Authorised Funds" issued by the Investment Management Association (the "Statement of Recommended Practice for UK Authorised Funds"), the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

In applying the financial reporting framework, the Authorised Corporate Director has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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 year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Propriety of accounting records and information and explanations received

Under the Collective Investment Schemes Sourcebook we are required to report to you if, in our opinion:

- proper accounting records have not been kept; or

- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Authorised Corporate Director

As explained more fully in the Statement of Authorised Corporate Director's (ACD) Responsibilities in relation to the Financial Statements of the Company set out on page 160, the Authorised Corporate Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 and for no other purpose.

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

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's and each of the Company's sub-funds' circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Authorised Corporate Director; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report 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.

PricewaterhouseCoopers LLP
Chartered Accountants and
Statutory Auditors

Edinburgh
26 July 2017

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

Threadneedle UK Mid 250 Fund

Portfolio Statement

as at 30 April 2017

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
OIL & GAS 1.93% (0.68%)				Travel & Leisure 10.44% (11.17%)			
	Oil Equipment, Services & Distribution 1.93% (0.68%)			460,769	Greene King	3,440	2.96
410,523	Amec Foster Wheeler	2,248	1.93	386,302	GVC Holdings	2,893	2.49
	Total Oil & Gas	2,248	1.93	21,458	Paddy Power (UK Listing)	1,856	1.60
BASIC MATERIALS 5.54% (2.15%)				932,340	Rank Group	1,971	1.69
	Chemicals 4.19% (2.15%)			444,846	SSP Group	1,980	1.70
950,000	Elementis	2,900	2.50		Total Consumer Services	28,604	24.60
102,234	Victrex	1,969	1.69	FINANCIALS 17.00% (20.77%)			
	Mining 1.35% (0.00%)				Banks 1.61% (5.28%)		
887,846	Centamin	1,571	1.35	77,916	Secure Trust Bank	1,878	1.61
	Total Basic Materials	6,440	5.54		Life Insurance 3.37% (0.00%)		
INDUSTRIALS 22.00% (24.79%)				3,078,453	JRP Group	3,916	3.37
	Construction & Materials 5.48% (4.28%)				Real Estate Investment & Services 1.41% (1.43%)		
1,383,132	Melrose Industries	3,271	2.81	878,622	Market Tech Holdings	1,639	1.41
947,655	Tyman	3,104	2.67		Real Estate Investment Trusts 2.27% (4.65%)		
	Aerospace & Defence 2.06% (2.63%)			88,755	Derwent London	2,641	2.27
1,106,900	Senior	2,390	2.06		Financial Services 6.97% (9.41%)		
	Electronic & Electrical Equipment 2.18% (0.00%)			460,919	Intermediate Capital Group	3,616	3.11
264,922	Oxford Instruments	2,538	2.18	1,125,757	IP Group	1,577	1.35
	Industrial Engineering 0.00% (0.96%)			637,475	Tullett Prebon	2,917	2.51
	Support Services 12.28% (16.92%)				Equity Investment Instruments 1.37% (0.00%)		
692,643	Howden Joinery Group	3,205	2.76	60,000	Electra Private Equity	1,590	1.37
930,437	Paysafe Group	4,268	3.67		Total Financials	19,774	17.00
870,174	Rentokil Initial	2,175	1.87	TECHNOLOGY 10.63% (7.60%)			
156,791	Sanne Group IPO	1,032	0.89		Software & Computer Services 8.80% (7.60%)		
170,825	WS Atkins	3,598	3.09	105,063	AVEVA Group	2,126	1.83
	Total Industrials	25,581	22.00	291,149	FDM Group Holdings IPO	2,331	2.00
CONSUMER GOODS 5.31% (9.42%)				222,643	Micro Focus International	5,778	4.97
	Beverages 0.00% (1.93%)				Technology Hardware & Equipment 1.83% (0.00%)		
	Household Goods & Home Construction 3.55% (4.16%)			1,800,140	Spirent Communications	2,124	1.83
885,436	Countryside Properties	2,397	2.06		Total Technology	12,359	10.63
287,993	Crest Nicholson Holdings	1,726	1.49	Total value of investments			
	Personal Goods 1.76% (3.33%)					111,192	95.62
73,152	Ted Baker	2,048	1.76		Net other assets/(liabilities) (-0.63%)	5,090	4.38
	Total Consumer Goods	6,171	5.31		Net assets	116,282	100.00
HEALTH CARE 8.61% (5.66%)							
	Pharmaceuticals & Biotechnology 8.61% (5.66%)			<i>April 2016 comparatives in brackets.</i>			
611,533	BTG	4,106	3.53	<i>*Alternative Investment Market.</i>			
298,206	¹ Clinigen Group	2,569	2.21				
2,360,126	Vectura Group	3,340	2.87				
	Total Health Care	10,015	8.61				
CONSUMER SERVICES 24.60% (29.56%)							
	General Retailers 7.50% (12.14%)						
592,820	Just Eat	3,388	2.91				
1,065,900	N Brown Group	2,531	2.18				
1,334,384	Saga	2,802	2.41				
	Media 6.66% (6.25%)						
1,673,242	Ascential	5,841	5.02				
179,425	Euromoney Institutional Investor	1,902	1.64				

Threadneedle Ethical UK Equity Fund

Portfolio Statement

as at 30 April 2017

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
OIL & GAS 2.83% (0.46%)				Pharmaceuticals & Biotechnology 14.35% (12.11%)			
	Oil Equipment, Services & Distribution 0.99% (0.00%)			11,915	AstraZeneca	553	2.23
45,000	Amec Foster Wheeler	246	0.99	67,476	BTG	453	1.82
	Alternative Energy 1.84% (0.46%)			16,061	Genus	273	1.10
3,928,571	¹ Ceres Power Holdings	334	1.34	131,432	GlaxoSmithKline	2,038	8.20
288,064	¹ Ilika	124	0.50	175,000	Vectura Group	248	1.00
	Total Oil & Gas	704	2.83		Total Health Care	4,189	16.86
BASIC MATERIALS 4.77% (3.49%)				CONSUMER SERVICES 14.03% (16.71%)			
	Chemicals 3.31% (3.49%)				Food & Drug Retailers 0.00% (1.02%)		
17,603	Johnson Matthey	528	2.13		General Retailers 3.69% (2.54%)		
15,243	Victrex	294	1.18	108,614	Marks & Spencer Group	398	1.60
	Mining 1.46% (0.00%)			247,545	Saga	520	2.09
1,385,000	Sirius Minerals	364	1.46		Media 7.86% (8.03%)		
	Total Basic Materials	1,186	4.77	121,081	Ascential	423	1.70
				291,719	ITV	615	2.48
				58,045	RELX	914	3.68
INDUSTRIALS 19.61% (16.27%)					Travel & Leisure 2.48% (5.12%)		
	Construction & Materials 3.79% (4.43%)			198,331	Gym Group	357	1.44
415,123	¹ Accsys Technologies	314	1.26	6,265	InterContinental Hotels	259	1.04
22,755	Kier Group	305	1.23		Total Consumer Services	3,486	14.03
12,155	Kingspan Group (EUR)	322	1.30				
	General Industrials 1.79% (0.00%)			TELECOMMUNICATIONS 1.67% (5.15%)			
102,265	DS Smith	444	1.79		Fixed Line Telecommunications 1.67% (5.15%)		
	Electronic & Electrical Equipment 1.81% (0.00%)			705,966	¹ CityFibre Infrastructure Holdings	416	1.67
183,178	Luceco	450	1.81		Total Telecommunications	416	1.67
	Industrial Engineering 1.81% (1.31%)			UTILITIES 1.69% (2.17%)			
8,648	Spirax-Sarco Engineering	449	1.81		Gas, Water & Multiutilities 1.69% (2.17%)		
	Support Services 10.41% (10.53%)			49,019	Pennon Group	419	1.69
88,150	Mears Group	454	1.83		Total Utilities	419	1.69
400,580	Renewi	389	1.56	FINANCIALS 20.60% (21.07%)			
176,530	Rentokil Initial	441	1.77		Banks 1.46% (0.00%)		
35,480	Ricardo	312	1.26	15,000	Secure Trust Bank	362	1.46
56,350	¹ Smart Metering Systems	307	1.23		Nonlife Insurance 1.88% (2.09%)		
32,560	WS Atkins	686	2.76	78,471	RSA Insurance Group	468	1.88
	Total Industrials	4,873	19.61		Life Insurance 9.67% (10.22%)		
CONSUMER GOODS 11.02% (15.69%)				320,206	Legal & General Group	793	3.19
	Food Producers 2.22% (0.95%)			78,916	Prudential	1,361	5.48
87,294	¹ Hotel Chocolat Group	292	1.17	21,645	St James's Place	249	1.00
34,593	Tate & Lyle	261	1.05		Real Estate Investment Trusts 0.00% (2.48%)		
	Household Goods & Home Construction 3.11% (9.71%)				Financial Services 7.59% (6.28%)		
185,323	Countryside Properties	502	2.02	172,581	IP Group	242	0.97
44,982	Crest Nicholson Holdings	270	1.09	180,288	John Laing Group	520	2.09
	Personal Goods 5.69% (5.03%)			17,637	London Stock Exchange Group	596	2.40
35,628	Unilever	1,414	5.69	309,914	Xafinity	528	2.13
	Total Consumer Goods	2,739	11.02		Total Financials	5,119	20.60
HEALTH CARE 16.86% (12.11%)							
	Health Care Equipment & Services 2.51% (0.00%)						
163,000	Medica Group	351	1.41				
470,000	¹ Totally	273	1.10				

Threadneedle Ethical UK Equity Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
TECHNOLOGY 7.15% (6.44%)			
Software & Computer Services 7.15% (3.75%)			
100,000	Actual Experience Placing	290	1.17
53,714	FDM Group Holdings IPO	430	1.73
20,000	Micro Focus International	519	2.09
51,085	Sage Group	341	1.37
4,922,011	Shearwater Group Placing	197	0.79
Technology Hardware & Equipment 0.00% (2.69%)			
Total Technology		1,777	7.15
Total value of investments		24,908	100.23
Net other (liabilities)/assets (0.44%)		(58)	(0.23)
Net assets		24,850	100.00

April 2016 comparatives in brackets.

*Alternative Investment Market.

Threadneedle UK Extended Alpha Fund

Portfolio Statement

as at 30 April 2017

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
OIL & GAS 6.38% (6.40%)				HEALTH CARE 7.99% (10.20%)			
	Oil & Gas Producers 3.49% (4.13%)				Health Care Equipment & Services 1.47% (3.41%)		
212,489	Royal Dutch Shell B Shares	4,374	3.49	145,896	Smith & Nephew	1,848	1.47
	Oil Equipment, Services & Distribution 2.89% (2.27%)				Pharmaceuticals & Biotechnology 6.52% (6.79%)		
117,042	Amec Foster Wheeler	641	0.51	71,176	AstraZeneca	3,304	2.63
153,646	Hunting	870	0.69	314,909	Glaxosmithkline	4,883	3.89
277,546	John Wood Group	2,123	1.69		Total Health Care	10,035	7.99
	Total Oil & Gas	8,008	6.38				
BASIC MATERIALS 5.78% (4.47%)				CONSUMER SERVICES 11.48% (17.36%)			
	Chemicals 2.20% (2.49%)				General Retailers 1.57% (1.89%)		
91,839	Johnson Matthey	2,755	2.20	229,703	Inchcape	1,973	1.57
	Mining 3.58% (1.98%)				Media 3.02% (7.50%)		
145,385	Rio Tinto	4,495	3.58	147,558	Daily Mail & General Trust	1,056	0.84
	Total Basic Materials	7,250	5.78	426,329	Informa	2,735	2.18
INDUSTRIALS 15.51% (12.76%)					Travel & Leisure 6.89% (7.97%)		
	Construction & Materials 4.48% (1.69%)			49,821	Carnival	2,330	1.86
1,727,745	Breedon Aggregates	1,322	1.05	109,371	Compass Group	1,712	1.36
114,357	CRH	3,250	2.59	229,253	Greene King	1,711	1.36
444,313	Melrose Industries	1,051	0.84	2,345	InterContinental Hotels	97	0.08
	Aerospace & Defence 2.27% (2.16%)			381,778	Merlin Entertainments	1,926	1.53
187,792	BAE Systems	1,182	0.94	347,384	Stagecoach Group	702	0.56
14,623,160	Rolls Royce C Shares (July 2017)	–	–	4,205	Whitbread	170	0.14
205,960	Rolls-Royce Holdings	1,673	1.33		Total Consumer Services	14,412	11.48
	General Industrials 2.36% (1.27%)			TELECOMMUNICATIONS 2.51% (3.85%)			
167,796	DS Smith	728	0.58		Fixed Line Telecommunications 2.51% (3.85%)		
136,511	Smiths Group	2,233	1.78	1,030,855	BT Group	3,147	2.51
	Industrial Transportation 0.99% (1.11%)				Total Telecommunications	3,147	2.51
303,906	Royal Mail	1,239	0.99	UTILITIES 0.95% (1.88%)			
	Support Services 5.41% (6.53%)				Gas, Water & Multiutilities 0.95% (1.88%)		
107,202	Aggreko	954	0.76	139,097	Pennon Group	1,189	0.95
527,168	Howden Joinery Group	2,439	1.94		Total Utilities	1,189	0.95
626,083	Rentokil Initial	1,565	1.25	FINANCIALS 18.66% (15.13%)			
37,249	Wolseley	1,836	1.46		Banks 3.67% (2.55%)		
	Total Industrials	19,472	15.51	1,139,017	Barclays	2,421	1.93
CONSUMER GOODS 21.98% (22.62%)				298,829	Standard Chartered	2,182	1.74
	Automobiles & Parts 1.54% (2.03%)				Nonlife Insurance 1.04% (1.08%)		
540,226	GKN	1,934	1.54	218,695	RSA Insurance Group	1,306	1.04
	Beverages 3.38% (3.18%)				Life Insurance 6.54% (6.48%)		
189,416	Diageo	4,243	3.38	322,537	Prudential	5,564	4.43
	Household Goods & Home Construction 4.42% (6.37%)			229,884	St James's Place	2,646	2.11
443,462	Crest Nicholson Holdings	2,659	2.12		Real Estate Investment Trusts 3.50% (1.51%)		
40,781	Reckitt Benckiser Group	2,881	2.30	70,800	Derwent London	2,107	1.68
	Personal Goods 4.92% (3.21%)			206,483	Land Securities Group REIT	2,288	1.82
101,398	Burberry Group	1,638	1.30		Financial Services 3.91% (3.51%)		
114,595	Unilever	4,549	3.62	50,828	Intermediate Capital Group	399	0.32
	Tobacco 7.72% (7.83%)			104,517	London Stock Exchange Group	3,535	2.82
101,277	British American Tobacco	5,286	4.21	212,518	Tullett Prebon	972	0.77
116,013	Imperial Brands	4,402	3.51		Total Financials	23,420	18.66
	Total Consumer Goods	27,592	21.98				

Threadneedle UK Extended Alpha Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
TECHNOLOGY 3.19% (3.02%)			
Software & Computer Services 3.19% (2.45%)			
171,832	FDM Group Holdings IPO	1,375	1.09
394,680	Sage Group	2,636	2.10
Technology Hardware & Equipment 0.00% (0.57%)			
Total Technology		4,011	3.19
DERIVATIVES -0.08% (-0.07%)			
Portfolio Swap -0.08% (-0.07%)			
	UBS Portfolio Swap	(99)	(0.08)
Total Derivatives		(99)	(0.08)
Total value of investments		118,437	94.35
Net other assets (2.38%)		7,090	5.65
Net assets		125,527	100.00

April 2016 comparatives in brackets.

¹Alternative Investment Market.

Threadneedle UK Equity Alpha Income Fund

Portfolio Statement

as at 30 April 2017

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
OIL & GAS 4.60% (6.71%)				UTILITIES 7.24% (11.24%)			
	Oil & Gas Producers 4.60% (6.71%)				Gas, Water & Multiutilities 7.24% (11.24%)		
1,849,469	Royal Dutch Shell B Shares	38,071	4.60	18,987,923	Centrica	37,501	4.53
	Total Oil & Gas	38,071	4.60	2,619,124	Pennon Group	22,394	2.71
					Total Utilities	59,895	7.24
INDUSTRIALS 23.70% (19.62%)				FINANCIALS 13.46% (19.53%)			
	Construction & Materials 0.00% (0.87%)				Nonlife Insurance 4.41% (3.28%)		
	Aerospace & Defence 7.15% (8.22%)			6,113,375	RSA Insurance Group	36,497	4.41
4,774,582	BAE Systems	30,056	3.63		Life Insurance 6.77% (10.28%)		
18,493,392	Cobham	24,763	2.99	12,264,707	Legal & General Group	30,380	3.67
7,397,356	Cobham Rights	4,346	0.53	3,453,155	Phoenix Group Holdings	25,588	3.10
	General Industrials 3.32% (2.28%)				Real Estate Investment Trusts 2.28% (2.77%)		
1,680,572	Smiths Group	27,494	3.32	11,176,526	Londonmetric Property REIT	18,877	2.28
	Industrial Engineering 1.43% (1.15%)				Financial Services 0.00% (3.20%)		
2,508,836	Castings	11,798	1.43		Total Financials	111,342	13.46
	Support Services 11.80% (7.10%)						
12,567,883	Electrocomponents	64,976	7.85	TECHNOLOGY 2.52% (1.54%)			
13,059,770	Rentokil Initial	32,636	3.95		Technology Hardware & Equipment 2.52% (1.54%)		
	Total Industrials	196,069	23.70	17,632,483	Spirent Communications	20,806	2.52
					Total Technology	20,806	2.52
CONSUMER GOODS 12.71% (12.49%)				Total value of investments			
	Food Producers 3.97% (2.60%)					816,466	98.71
4,346,512	Tate & Lyle	32,860	3.97	Net other assets/(liabilities) (-0.75%)			
	Personal Goods 3.60% (2.98%)					10,704	1.29
748,745	Unilever	29,725	3.60	Net assets			
	Tobacco 5.14% (6.91%)					827,170	100.00
1,120,931	Imperial Brands	42,534	5.14	<i>April 2016 comparatives in brackets.</i>			
	Total Consumer Goods	105,119	12.71				
HEALTH CARE 12.19% (11.93%)							
	Pharmaceuticals & Biotechnology 12.19% (11.93%)						
1,234,918	AstraZeneca	57,331	6.93				
2,805,172	Glaxosmithkline	43,494	5.26				
	Total Health Care	100,825	12.19				
CONSUMER SERVICES 19.30% (15.13%)							
	Food & Drug Retailers 4.86% (3.03%)						
16,786,002	WM Morrison Supermarkets	40,219	4.86				
	General Retailers 3.95% (2.93%)						
8,912,378	Marks & Spencer Group	32,637	3.95				
	Media 6.48% (6.99%)						
12,926,777	ITV	27,275	3.30				
4,111,725	Pearson	26,315	3.18				
	Travel & Leisure 4.01% (2.18%)						
4,654,509	Restaurant Group	16,221	1.96				
8,397,713	Stagecoach Group	16,980	2.05				
	Total Consumer Services	159,647	19.30				
TELECOMMUNICATIONS 2.99% (2.56%)							
	Fixed Line Telecommunications 2.99% (2.56%)						
8,088,999	BT Group	24,692	2.99				
	Total Telecommunications	24,692	2.99				

Threadneedle UK Absolute Alpha Fund

Portfolio Statement

as at 30 April 2017

Holding		Investment	Value £000	% of Net Asset Value	Holding		Investment	Value £000	% of Net Asset Value
GOVERNMENT BONDS 12.84% (0.00%)					Pharmaceuticals & Biotechnology 3.34% (3.77%)				
Government Bonds 12.84% (0.00%)					100,000 AstraZeneca 4,643 0.67				
GBP	25,500,000	United Kingdom Gilt 0% 02/05/2017	25,500	3.71	1,180,865	Glaxosmithkline	18,309	2.67	
GBP	30,000,000	United Kingdom Gilt 0% 15/05/2017	29,993	4.37	Total Health Care 30,103 4.38				
GBP	9,000,000	United Kingdom Gilt 0% 30/05/2017	8,999	1.31	CONSUMER SERVICES 13.62% (17.41%)				
GBP	5,500,000	United Kingdom Gilt 0% 05/06/2017	5,498	0.80	General Retailers 0.00% (2.43%)				
GBP	3,900,000	United Kingdom Gilt 0% 19/06/2017	3,899	0.57	Media 7.63% (5.86%)				
GBP	14,300,000	United Kingdom Gilt 0% 26/06/2017	14,295	2.08	2,342,958	Ascential	8,179	1.19	
Total Government Bonds 88,184 12.84					2,512,965	Informa	16,121	2.35	
OIL & GAS 2.25% (1.92%)					5,007,444	ITV	10,566	1.54	
Oil & Gas Producers 0.83% (1.92%)					1,112,746	RELX	17,515	2.55	
	276,505	Royal Dutch Shell B Shares	5,692	0.83	Travel & Leisure 5.99% (9.12%)				
Oil Equipment, Services & Distribution 1.42% (0.00%)					1,028,964	Compass Group	16,103	2.35	
	1,271,621	John Wood Group	9,728	1.42	9,169,390	Firstgroup	12,553	1.83	
Total Oil & Gas 15,420 2.25					2,309,697	Merlin Entertainments	11,652	1.70	
BASIC MATERIALS 3.46% (1.00%)					19,474	Whitbread	785	0.11	
Chemicals 3.46% (1.00%)					Total Consumer Services 93,474 13.62				
	3,071,243	Elementis	9,377	1.37	TELECOMMUNICATIONS 0.00% (2.47%)				
	257,475	Johnson Matthey	7,724	1.12	Fixed Line Telecommunications 0.00% (2.47%)				
	345,217	Victrex	6,649	0.97	Total Telecommunications - -				
Total Basic Materials 23,750 3.46					FINANCIALS 13.87% (10.70%)				
INDUSTRIALS 8.36% (3.91%)					Banks 2.18% (0.00%)				
Construction & Materials 4.04% (1.74%)					3,243,043 Barclays 6,893 1.00				
	12,476,382	'Breedon Aggregates	9,545	1.39	1,112,514	Standard Chartered	8,125	1.18	
	379,096	CRH	10,774	1.57	Life Insurance 5.93% (6.37%)				
	3,152,809	Melrose Industries	7,456	1.08	4,803,225	Legal & General Group	11,898	1.73	
Aerospace & Defence 0.00% (0.06%)					811,418	Prudential	13,997	2.04	
General Industrials 2.80% (1.02%)					1,288,278	St James's Place	14,828	2.16	
	2,711,034	DS Smith	11,763	1.71	Financial Services 5.76% (4.33%)				
	455,790	Smiths Group	7,457	1.09	1,984,843	Intermediate Capital Group	15,571	2.27	
Support Services 1.52% (1.09%)					443,731	London Stock Exchange Group	15,007	2.19	
	2,255,329	Howden Joinery Group	10,435	1.52	2,522,154	Sherborne Investors Guernsey B	1,715	0.25	
Total Industrials 57,430 8.36					1,566,250	Tullett Prebon	7,167	1.05	
CONSUMER GOODS 8.12% (7.17%)					Total Financials 95,201 13.87				
Automobiles & Parts 0.00% (0.46%)					TECHNOLOGY 1.51% (0.00%)				
Beverages 2.01% (1.64%)					Software & Computer Services 1.51% (0.00%)				
	615,666	Diageo	13,791	2.01	1,547,909	Sage Group	10,340	1.51	
Household Goods & Home Construction 1.88% (3.74%)					Total Technology 10,340 1.51				
	2,160,361	Crest Nicholson Holdings	12,951	1.88	DERIVATIVES -0.26% (-0.17%)				
Personal Goods 1.50% (0.00%)					Futures 0.21% (-0.51%)				
	259,045	Unilever	10,284	1.50	GBP	(1,300)	UBS FTSE 100 Future Expiring June 2017	1,459	0.21
Tobacco 2.73% (1.33%)					Forward Foreign Exchange Contracts -0.12% (0.14%)				
	358,933	British American Tobacco	18,733	2.73	Sell GBP 397,190				
Total Consumer Goods 55,759 8.12					Buy CHF 504,293 J.P. Morgan (3) -				
HEALTH CARE 4.38% (5.72%)					Sell GBP 1,387				
Health Care Equipment & Services 1.04% (1.95%)					Buy EUR 1,634 J.P. Morgan - -				
	564,412	Smith & Nephew	7,151	1.04	Sell GBP 86,301				
					Buy EUR 101,536 J.P. Morgan (1) -				
					Sell GBP 12,605,638				

Threadneedle UK Absolute Alpha Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
DERIVATIVES -0.26% (-0.17%) (continued)			
	Buy EUR 14,824,546 J.P. Morgan	(66)	(0.01)
	Sell GBP 135,716,349		
	Buy EUR 159,605,830 J.P. Morgan	(710)	(0.10)
	Sell GBP 16,200,547		
	Buy EUR 19,052,249 J.P. Morgan	(85)	(0.01)
	Sell GBP 36,989		
	Buy EUR 43,638 J.P. Morgan	–	–
	Sell EUR 13,453		
	Buy GBP 11,434 J.P. Morgan	–	–
	Sell EUR 152,586		
	Buy GBP 129,336 J.P. Morgan	–	–
	Sell EUR 266,416		
	Buy GBP 225,202 J.P. Morgan	–	–
	Sell EUR 37,264		
	Buy GBP 31,500 J.P. Morgan	–	–
	Sell EUR 6,276		
	Buy GBP 5,329 J.P. Morgan	–	–
	Sell GBP 780		
	Buy USD 1,000 J.P. Morgan	–	–
	Sell GBP 17,043		
	Buy USD 22,001 J.P. Morgan	–	–
	Sell GBP 2,433,768		
	Buy USD 3,113,629 J.P. Morgan	(30)	–
Portfolio Swap -0.35% (0.20%)			
	UBS Portfolio Swap	(2,373)	(0.35)
	Total Derivatives	(1,809)	(0.26)
Total value of investments			
		467,852	68.15
Net other assets (49.87%)			
		218,677	31.85
Net assets			
		686,529	100.00

ANALYSIS OF INVESTMENTS BY ASSET CLASS

	Value £000	% of Net Asset Value
Fixed interest	88,184	18.85
Derivatives	(1,809)	(0.39)
Equity	381,477	81.54
Total value of investments	467,852	100.00

ANALYSIS OF UNDERLYING EXPOSURE FUTURES

	Value £000
UBS FTSE 100 Future Expiring June 2017	(93,181)
Total net exposure	(93,181)

April 2016 comparatives in brackets.

¹Alternative Investment Market.

Threadneedle Absolute Return Bond Fund

Portfolio Statement

as at 30 April 2017

		Value	% of			Value	% of
		£000	Net Asset Value			£000	Net Asset Value
Holding	Investment			Holding	Investment		
AUSTRALIA 0.00% (0.66%)				NORWAY 3.42% (1.65%)			
	AAA 0.00% (0.61%)				Aaa 3.42% (1.65%)		
	Aaa 0.00% (0.05%)			GBP	1,500,000*	Nordea Eiendom FRN 11/09/2017	1,501 3.42
	Total Australia					Total Norway	1,501 3.42
BELGIUM 7.45% (2.33%)				REPUBLIC OF IRELAND 0.00% (5.87%)			
	A- 3.45% (2.33%)				AA+ 0.00% (5.87%)		
GBP	1,500,000	Anheuser-Busch InBev 6.5% 23/06/2017	1,512 3.45		Total Republic of Ireland		
	BBB+ 4.00% (0.00%)						
GBP	1,650,000	ENI Finance International 5% 27/01/2019	1,757 4.00				
	Total Belgium		3,269 7.45				
				RUSSIA 13.88% (0.00%)			
FRANCE 3.43% (6.41%)					Not Rated 13.88% (0.00%)		
	A+ 0.00% (2.33%)			RUB	452,167,000	Russian Federal Bond 7.5% 18/08/2021	6,091 13.88
	A 0.00% (2.69%)					Total Russia	6,091 13.88
GBP	1,500,000	RCI Banque 2.125% 06/10/2017	1,507 3.43				
	BBB 3.43% (1.39%)			SOUTH KOREA 6.84% (1.59%)			
	Total France		1,507 3.43		AA 5.29% (0.00%)		
				GBP	1,800,000	Export-Import Bank of Korea 2% 07/12/2017	1,813 4.13
GERMANY 3.43% (3.64%)				USD	650,000	Export-Import Bank of Korea 2.88% 17/09/2018	508 1.16
	AA- 0.00% (0.05%)					Aa2 1.55% (0.00%)	
	A 3.43% (0.00%)			USD	875,000	Korea Midland Power 2.75% 11/02/2019	682 1.55
GBP	1,500,000	Daimler 1.25% 01/12/2017	1,504 3.43			AA- 0.00% (1.59%)	
	A- 0.00% (3.59%)					Total South Korea	3,003 6.84
	Total Germany		1,504 3.43	SPAIN 4.71% (3.18%)			
					BBB+ 0.00% (2.01%)		
JERSEY 0.00% (1.58%)					BBB 4.71% (1.17%)		
	BBB 0.00% (1.58%)			GBP	2,000,000	Telefonica Emisiones 5.375% 02/02/2018	2,067 4.71
	Total Jersey					Total Spain	2,067 4.71
MEXICO 3.63% (2.17%)				SUPRANATIONAL 0.00% (1.57%)			
	BBB+ 3.63% (2.17%)				AAA 0.00% (1.57%)		
USD	2,000,000	Petroleos Mexicanos 5.75% 01/03/2018	1,592 3.63		Total Supranational		
	Total Mexico		1,592 3.63				
				SWITZERLAND 0.00% (1.38%)			
NETHERLANDS 8.15% (5.01%)					A 0.00% (1.38%)		
	AAA 0.00% (0.03%)				Total Switzerland		
	A+ 3.46% (1.70%)						
GBP	1,500,000	Cooperatieve Centrale Raiffeisen-Boerenleenbank 3.25% 01/11/2017	1,518 3.46	UNITED KINGDOM 32.01% (26.19%)			
	A2 0.00% (1.40%)				AAA 0.00% (1.51%)		
	A- 0.00% (1.88%)				Aaa 0.00% (0.04%)		
	BBB+ 4.69% (0.00%)				AA 0.00% (1.70%)		
GBP	2,000,000	Volkswagen Financial Services 2.625% 22/07/2019	2,061 4.69		Aa1u 20.13% (0.00%)		
	Total Netherlands		3,579 8.15	GBP	3,500,000	United Kingdom Gilt 1% 07/09/2017	3,511 8.00
				GBP	5,250,000	United Kingdom Gilt 1.25% 22/07/2018	5,326 12.13
NEW ZEALAND 3.42% (3.86%)						A+ 0.00% (1.12%)	
	AA- 3.42% (3.86%)				A 3.46% (2.85%)		
GBP	1,500,000*	Westpac Securities FRN 02/10/2017	1,502 3.42	GBP	1,500,000	Abbey National Treasury Services 4.125% 14/09/2017	1,518 3.46
	Total New Zealand		1,502 3.42				

Threadneedle Absolute Return Bond Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Value £000	% of Investment
DERIVATIVES 0.97% (-0.46%) (continued)				ANALYSIS OF INVESTMENTS BY ASSET CLASS	
	Sell CZK 9,361,066			Fixed interest	37,380 91.26
	Buy EUR 349,054 HSBC	1	-	Floating rate notes	3,153 7.70
	Sell CZK 11,480,435			Derivatives	428 1.04
	Buy EUR 426,724 HSBC	-	-	Total value of investments	40,961 100.00
	Sell CZK 143,403,531			ANALYSIS OF UNDERLYING EXPOSURE FUTURES	
	Buy EUR 5,327,026 Citigroup	8	0.02		
	Sell CZK 172,611,912				
	Buy EUR 6,409,842 Citigroup	(4)	(0.01)		
	Sell CZK 21,167,362				
	Buy EUR 787,286 Citigroup	1	-	UBS 90 Day EURO Future Expiring December 2017	43,960
	Sell GBP 7,510,887			UBS 90 Day EURO Future Expiring December 2018	(43,797)
	Buy EUR 8,983,573 UBS	87	0.20	UBS Australia 3 Year Bond Future Expiring June 2017	7,379
	Sell CZK 255,018,608			UBS EURO-Bobl Future Expiring June 2017	9,794
	Buy EUR 9,518,461 J.P. Morgan	35	0.08	UBS EURO-Btp Bond Future Expiring June 2017	(11,896)
	Sell CAD 20,250			UBS EURO Bond Future Expiring June 2017	2,592
	Buy GBP 11,749 J.P. Morgan	-	-	UBS EURO Buxl 30 Year Future Expiring June 2017	(2,276)
	Sell USD 15,503,335			UBS EURO Schatz Fut Future Expiring June 2017	(11,856)
	Buy GBP 12,082,680 UBS	112	0.26	UBS Long Gilt Future Expiring June 2017	(4,992)
	Sell AUD 4,241,917			UBS US 5 Year Note Future Expiring June 2017	15,638
	Buy GBP 2,481,313 UBS	35	0.08	UBS US 10 Year Note Future Expiring June 2017	14,069
	Sell JPY 357,043,533			UBS US Ultra Bond Future Expiring June 2017	(2,507)
	Buy GBP 2,556,615 UBS	81	0.18	Total net exposure	16,108
	Sell SEK 309,033				
	Buy GBP 26,899 Goldman Sachs	-	-		
	Sell USD 867,965				
	Buy GBP 674,832 HSBC	5	0.01		
	Sell NZD 15,415				
	Buy GBP 8,417 Bank of Scotland	-	-		
	Sell MXN 239,020				
	Buy GBP 9,942 Bank of Scotland	-	-		
	Sell USD 402,748				
	Buy JPY 43,848,897 Goldman Sachs	(7)	(0.02)		
	Sell USD 1,523,257				
	Buy RUB 86,369,962 Bank of Scotland	(9)	(0.02)		
	Sell CNY 7,034,578				
	Buy USD 1,011,078 Barclays	(6)	(0.01)		
	Sell CNY 7,812,135				
	Buy USD 1,122,353 HSBC	(7)	(0.02)		
	Sell EUR 1,161,214				
	Buy USD 1,247,034 Goldman Sachs	(19)	(0.04)		
	Sell GBP 1,222,521				
	Buy USD 1,563,824 UBS	(15)	(0.03)		
	Sell GBP 10,267				
	Buy USD 13,135 J.P. Morgan	-	-		
	Sell PLN 871,313				
	Buy USD 220,483 Barclays	(4)	(0.01)		
	Sell CHF 314,337				
	Buy USD 315,922 Goldman Sachs	(1)	-		
	Sell CNY 228,313,374				
	Buy USD 33,153,761 HSBC	79	0.18		
	Sell RUB 538,280,355				
	Buy USD 9,556,262 J.P. Morgan	105	0.24		
	Sell CNY 6,830,798				
	Buy USD 980,099 Bank of Scotland	(7)	(0.02)		
	Total Derivatives	428	0.97		
	Total value of investments	40,961	93.31		
	Net other assets (19.91%)	2,937	6.69		
	Net assets	43,898	100.00		

April 2016 comparatives in brackets.
*Variable rate bonds.

Threadneedle Sterling Medium and Long-Dated Corporate Bond Fund

Portfolio Statement

as at 30 April 2017

	Value £000	% of Net Asset Value		Value £000	% of Net Asset Value
AUSTRALIA 3.12%					
			A 1.35%		
USD 1,375,000	1,200	0.54	BHP Billiton Finance 5% 30/09/2043		
USD 960,000	748	0.33	Scentre Management 3.75% 23/03/2027		
GBP 485,000			Scentre Management 3.875% 16/07/2026	555	0.25
GBP 470,000	517	0.23	Vicinity Centres 3.375% 07/04/2026		
			A- 0.16%		
USD 461,000	347	0.16	SGSP Australia Assets 3.25% 29/07/2026		
			BBB+ 0.37%		
GBP 729,000	833	0.37	*BHP Billiton Finance 6.5% 22/10/2077		
			BBB 0.84%		
GBP 1,807,000	1,895	0.84	APT Pipelines 3.5% 22/03/2030		
			BBB- 0.40%		
GBP 801,000	894	0.40	Asciano Finance 5% 19/09/2023		
	6,989	3.12	Total Australia		
AUSTRIA 0.54%					
			Baa2 0.54%		
EUR 1,100,000	1,210	0.54	BAWAG PSK Bank fuer Arbeit und Wirtschaft und Oesterreichische Postsparkasse 8.125% 30/10/2023		
	1,210	0.54	Total Austria		
BRITISH VIRGIN ISLANDS 0.77%					
			BBB 0.77%		
GBP 1,546,000	1,721	0.77	Global Switch Holdings 4.375% 13/12/2022		
	1,721	0.77	Total British Virgin Islands		
CAYMAN ISLANDS 3.18%					
			AA+ 0.32%		
GBP 850,000	717	0.32	Trafford Centre Finance FRN *28/07/2035 A3		
			A 0.59%		
GBP 942,000	1,314	0.59	Dwr Cymru Financing 6.015% 31/03/2028		
			A- 1.52%		
GBP 1,617,000	1,640	0.73	Thames Water Utilities Cayman Finance 2.625% 24/01/2032		
GBP 558,000	629	0.28	Thames Water Utilities Cayman Finance 3.5% 25/02/2028		
GBP 200,000	436	0.19	Thames Water Utilities Cayman Finance 7.738% 09/04/2058		
GBP 486,000	718	0.32	Yorkshire Power Finance Cayman Islands 7.25% 04/08/2028		
			BBB 0.32%		
GBP 549,000	722	0.32	South East Water Finance 5.5834% 29/03/2029		
			Baa3 0.23%		
GBP 510,000	510	0.23	Thames Water Utilities 2.875% 03/05/2027		
			BB- 0.20%		
USD 681,000	459	0.20	Noble Holding International 6.95% 01/04/2045		
	7,145	3.18	Total Cayman Islands		
DENMARK 0.64%					
			BBB+ 0.52%		
GBP 800,000	1,165	0.52	DONG Energy 5.75% 09/04/2040		
			BBB- 0.12%		
GBP 244,000	282	0.12	TDC 5.625% 23/02/2023		
	1,447	0.64	Total Denmark		
FRANCE 4.20%					
			A- 2.51%		
GBP 1,500,000	1,911	0.85	Electricite de France 5.125% 22/09/2050		
GBP 1,300,000	1,677	0.75	Electricite de France 5.5% 17/10/2041		
GBP 500,000	698	0.31	Electricite de France 6% 23/01/2114		
GBP 1,000,000	1,346	0.60	Electricite de France 6.125% 02/06/2034		
			BBB+ 0.73%		
GBP 556,000	614	0.27	*AXA FRN 16/01/2054		
GBP 667,000	1,039	0.46	Orange 8.125% 20/11/2028		
			BBB 0.46%		
GBP 900,000	1,023	0.46	BPCE 5.25% 16/04/2029		
			B+ 0.22%		
EUR 526,000	480	0.22	Numericable-SFR 5.625% 15/05/2024		
			Not Rated 0.28%		
GBP 593,000	628	0.28	*Credit Agricole 7.5% 31/12/2049		
	9,416	4.20	Total France		
GERMANY 2.37%					
			AAA 2.37%		
GBP 3,500,000	5,313	2.37	KFW 5% 09/06/2036		
	5,313	2.37	Total Germany		
GUERNSEY 0.87%					
			BBB+ 0.87%		
GBP 494,000	519	0.23	Credit Suisse 3% 27/05/2022		
GBP 1,420,000	1,433	0.64	Credit Suisse Group Funding 2.75% 08/08/2025		
	1,952	0.87	Total Guernsey		
JERSEY 2.95%					
			A- 1.27%		
GBP 310,000	296	0.13	Heathrow Funding 2.75% 09/08/2049		
GBP 1,718,000	2,547	1.14	Heathrow Funding 5.875% 13/05/2041		
			BBB+ 0.90%		
GBP 1,685,000	2,028	0.90	Gatwick Funding 5.25% 23/01/2024		
			BBB 0.78%		
GBP 419,000	497	0.22	HSBC Bank Capital Funding Sterling 1 *5.844% 29/11/2049		
GBP 1,033,000	1,252	0.56	Porterbrook Rail Finance 4.625% 04/04/2029		
	6,620	2.95	Total Jersey		

Threadneedle Sterling Medium and Long-Dated Corporate Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value	
LUXEMBOURG 0.65%					SUPRANATIONAL 1.57%					
		BBB 0.65%					AAA 1.57%			
GBP	1,262,000	Glencore Finance Europe 6% 03/04/2022	1,461	0.65	GBP	443,000	European Investment Bank 0% 07/12/2028	364	0.16	
		Total Luxembourg	1,461	0.65	GBP	1,825,000	European Investment Bank 1% 21/09/2026	1,759	0.78	
MEXICO 1.22%						GBP	1,071,000	European Investment Bank 3.875% 08/06/2037	1,403	0.63
		A- 0.61%					Total Supranational	3,526	1.57	
GBP	1,136,000	America Movil 5% 27/10/2026	1,370	0.61	SWEDEN 0.22%					
		BBB+ 0.61%					BBB+ 0.22%			
GBP	1,356,000	United Mexican States 5.625% 19/03/2114	1,373	0.61	GBP	313,000	Vattenfall 6.875% 15/04/2039	501	0.22	
		Total Mexico	2,743	1.22			Total Sweden	501	0.22	
NETHERLANDS 5.07%					SWITZERLAND 0.79%					
		AAA 0.57%					BBB+ 0.55%			
GBP	950,000	Bank Nederlandse Gemeenten 5.2% 07/12/2028	1,287	0.57	USD	1,517,000	UBS 5.125% 15/05/2024	1,227	0.55	
		AA- 0.25%					BB+ 0.24%			
GBP	500,000	Deutsche Bahn Finance 3.125% 24/07/2026	562	0.25	USD	640,000	*UBS Group 7% 29/12/2049	542	0.24	
		BBB+ 0.56%					Total Switzerland	1,769	0.79	
GBP	1,285,000	Deutsche Telekom 2.25% 13/04/2029	1,264	0.56	UNITED KINGDOM 52.73%					
		BBB 1.21%					AAA 5.80%			
GBP	880,000	E.ON International Finance 6.375% 07/06/2032	1,243	0.55	GBP	425,000	Broadgate Financing 4.821% 05/07/2033	562	0.25	
GBP	400,000	E.ON International Finance 6.75% 27/01/2039	618	0.28	GBP	885,000	Broadgate Financing 4.949% 05/04/2029	713	0.32	
GBP	641,000	Enel Finance International 5.75% 14/09/2040	856	0.38	GBP	1,650,000	Clydesdale Bank 4.625% 08/06/2026	2,039	0.91	
		BBB- 2.48%			GBP	1,871,000	Lloyds Bank 4.875% 30/03/2027	2,384	1.06	
USD	980,000	ABN AMRO Bank 4.75% 28/07/2025	791	0.35	GBP	504,000	Lloyds Bank 6% 08/02/2029	722	0.32	
GBP	1,250,000	Innogy Finance 6.125% 06/07/2039	1,827	0.82	GBP	2,060,000	Meadowhall Finance 4.986% 12/01/2032	2,041	0.91	
GBP	2,128,000	Innogy Finance 6.25% 03/06/2030	2,929	1.31	GBP	1,790,000	Santander 5.25% 16/02/2029	2,430	1.08	
		Total Netherlands	11,377	5.07	GBP	1,525,000	Wellcome Trust Finance 4.625% 25/07/2036	2,132	0.95	
NORWAY 0.40%							Aa1 0.18%			
		A+ 0.40%			GBP	305,000	Merseylink 3.842% 31/03/2043	399	0.18	
GBP	721,000	Statoil 4.25% 10/04/2041	894	0.40			Aa1u 4.80%			
		Total Norway	894	0.40	GBP	1,909,500	United Kingdom Gilt 1.75% 07/09/2037	1,909	0.85	
REPUBLIC OF IRELAND 0.95%					GBP	2,662,000	United Kingdom Gilt 3.25% 22/01/2044	3,482	1.55	
		AA- 0.95%			GBP	2,309,968	United Kingdom Gilt 3.5% 22/07/2068	3,850	1.72	
USD	2,593,000	GE Capital International Funding Company 4.418% 15/11/2035	2,139	0.95	GBP	984,369	United Kingdom Gilt 3.75% 22/07/2052	1,528	0.68	
		Total Republic of Ireland	2,139	0.95			AA 5.41%			
SINGAPORE 0.77%					GBP	1,759,000	Integrated Accommodation Services 6.48% 31/03/2029	1,519	0.68	
		AAA 0.77%			GBP	655,000	Land Securities Capital Markets 2.399% 08/02/2029	681	0.30	
GBP	1,170,000	Temasek Financial 5.125% 26/07/2040	1,730	0.77	GBP	624,000	Land Securities Capital Markets *5.125% 07/02/2036	850	0.38	
		Total Singapore	1,730	0.77	GBP	324,000	Land Securities Capital Markets *5.376% 30/09/2029	426	0.19	
SPAIN 0.50%					GBP	1,897,000	LCR Finance 4.5% 07/12/2028	2,470	1.10	
		BBB 0.50%			GBP	1,741,000	Network Rail Infrastructure Finance 4.75% 29/11/2035	2,504	1.12	
GBP	924,000	Telefonica Emisiones 5.375% 02/02/2026	1,114	0.50	GBP	1,000,000	Octagon Healthcare Funding 5.333% 31/12/2035	1,094	0.49	
		Total Spain	1,114	0.50	GBP	1,143,000	Southern Gas Networks 4.875% 21/03/2029	1,464	0.65	
					GBP	1,062,000	Telereal Securitisation 5.9478% 10/12/2031	1,117	0.50	

Threadneedle Sterling Medium and Long-Dated Corporate Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
UNITED KINGDOM 52.73% (continued)									
		Aa2 0.75%			GBP	731,000	*Prudential 5.7% 19/12/2063	804	0.36
GBP	350,000	University of Leeds 3.125% 19/12/2050	408	0.18	GBP	400,000	Western Power Distribution East Midlands 6.25% 10/12/2040	630	0.28
GBP	498,000	University of Liverpool 3.375% 25/06/2055	633	0.28	GBP	1,851,000	Western Power Distribution West Midlands 5.75% 16/04/2032	2,573	1.15
GBP	650,000	University of Southampton 2.25% 11/04/2057	642	0.29			A3 0.19%		
		AA- 0.92%			GBP	305,000	Peabody Capital 4.625% 12/12/2053	429	0.19
GBP	1,887,000	Juturna European Loan Conduit No 16 5.0636% 10/08/2033	2,055	0.92			BBB+ 12.08%		
		A+ 1.77%			GBP	530,000	BAT International Finance 2.25% 09/09/2052	437	0.19
GBP	959,000	Aster Treasury 4.5% 18/12/2043	1,248	0.56	GBP	519,000	British Telecommunications 5.75% 07/12/2028	688	0.31
GBP	397,000	Cambridgeshire Housing Capital 4.25% 15/09/2045	484	0.22	GBP	1,185,000	Centrica 4.375% 13/03/2029	1,417	0.63
GBP	607,000	Motability Operations Group 2.375% 14/03/2032	607	0.27	GBP	664,000	CRH Finance UK 4.125% 02/12/2029	773	0.34
GBP	836,000	Motability Operations Group 4.375% 08/02/2027	1,013	0.45	GBP	457,000	Eastern Power Network 6.25% 12/11/2036	695	0.31
GBP	530,000	White City Property 5.1202% 17/04/2035	612	0.27	GBP	1,510,000	Eversholt Funding 6.697% 22/02/2035	2,079	0.93
		A1 0.35%			GBP	575,000	HSBC Holdings 6% 29/03/2040	726	0.32
GBP	717,000	Orbit Capital 3.5% 24/03/2045	780	0.35	GBP	400,000	HSBC Holdings 6.75% 11/09/2028	514	0.23
		A 4.40%			GBP	1,266,000	Legal & General Group 5.5% *27/06/2064	1,342	0.60
GBP	524,000	BG Energy Capital 5% 04/11/2036	708	0.31	GBP	806,000	Legal & General Variable Bond *27/10/2045	880	0.39
GBP	2,300,000	BL Superstore Finance 5.27% 04/07/2025	1,537	0.68	GBP	312,000	London Power Networks 6.125% 07/06/2027	422	0.19
GBP	1,905,000	Canary Wharf Finance II 6.455% 22/04/2030	705	0.31	GBP	1,260,000	National Grid Gas 2.625% 22/09/2038	1,204	0.54
GBP	480,000	Greene King Finance 4.0643% 15/03/2035	511	0.23	GBP	1,550,000	National Grid Gas 2.75% 22/09/2046	1,487	0.66
GBP	1,564,000	Greene King Finance 5.106% 15/03/2034	1,863	0.83	GBP	648,000	NIE Finance 6.375% 02/06/2026	875	0.39
GBP	1,105,000	HSBC Holdings 2.625% 16/08/2028	1,094	0.49	GBP	1,020,000	Northern Gas Networks Finance 4.875% 30/06/2027	1,278	0.57
GBP	95,000	Legal & General Finance 5.875% 05/04/2033	135	0.06	GBP	905,000	Northumbrian Water Finance 1.625% 11/10/2026	876	0.39
GBP	1,430,000	Longstone Finance 4.791% 19/04/2030	1,103	0.49	GBP	530,000	Royal Bank of Scotland 7.5% 29/04/2024	715	0.32
GBP	1,150,000	Northern Powergrid Yorkshire 2.5% 01/04/2025	1,223	0.54	GBP	896,000	RSA Insurance Group 5.125% *10/10/2045	986	0.44
GBP	515,000	Places For People Homes 2.875% 17/08/2026	503	0.22	GBP	570,000	Scotland Gas Network 3.25% 08/03/2027	623	0.28
GBP	465,000	UNITE USAF II 3.921% 30/06/2025	531	0.24	GBP	450,000	Scottish Widows 7% 16/06/2043	547	0.24
		A2 0.64%			GBP	520,000	Severn Trent Utilities Finance 2.75% 05/12/2031	545	0.24
GBP	311,000	Affinity Sutton Capital Markets 4.25% 08/10/2042	394	0.17	GBP	682,000	Severn Trent Utilities Finance 4.875% 24/01/2042	933	0.42
GBP	311,000	Circle Anglia Social Housing 5.2% 02/03/2044	442	0.20	GBP	1,497,000	South Eastern Power Networks 6.375% 12/11/2031	2,209	0.98
GBP	160,000	Notting Hill Housing Trust 4.375% 20/02/2054	217	0.10	GBP	795,000	Southern Gas Networks 2.5% 03/02/2025	833	0.37
GBP	319,000	Yorkshire Housing Finance 4.125% 31/10/2044	382	0.17	GBP	795,000	Standard Chartered 4.375% 18/01/2038	895	0.40
		A- 3.43%			GBP	850,000	Telereal Securitisation 6.1645% 10/12/2031	963	0.43
GBP	411,000	Aspire Defence Finance 4.674% 31/03/2040 'A'	487	0.22	GBP	750,000	United Utilities Water 5.625% 20/12/2027	1,004	0.45
GBP	1,443,000	Aspire Defence Finance 4.674% 31/03/2040 'B'	1,709	0.76	GBP	1,067,000	Western Power Distribution 3.625% 06/11/2023	1,157	0.52
GBP	520,000	HSBC Bank 5.375% 22/08/2033	661	0.29			Baa1 0.78%		
GBP	1,468,000	Mitchells & Butlers Finance 5.574% 15/12/2030	834	0.37	GBP	687,000	Bupa Finance 2% 05/04/2024	687	0.31
					GBP	352,000	Hammerson 6% 23/02/2026	446	0.20
					GBP	670,000	Vodafone Group 3.375% 08/08/2049	611	0.27

Threadneedle Sterling Medium and Long-Dated Corporate Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
UNITED KINGDOM 52.73% (continued)					UNITED STATES OF AMERICA 12.66%				
BBB 3.77%					AA+ 0.14%				
GBP	510,000	Anlgian Water Services Financing 2.625% 15/06/2027	512	0.23	GBP	342,971	SLM Student Loan Trusts FRN *15/12/2039	318	0.14
GBP	1,120,000	*Aviva 6.125% 29/09/2049	1,251	0.56	AA- 1.91%				
GBP	629,000	*Aviva 6.875% 20/05/2058	785	0.35	GBP	839,000	General Electric Capital 5.25% 07/12/2028	1,121	0.50
GBP	410,000	Babcock International Group 1.875% 05/10/2026	396	0.18	GBP	1,536,000	Metropolitan Life Global Funding I 2.875% 11/01/2023	1,655	0.74
GBP	871,000	Barclays Bank 3.125% 17/01/2024	900	0.40	GBP	518,000	Metropolitan Life Global Funding I 3.5% 30/09/2026	590	0.26
GBP	400,000	British Sky Broadcasting Group 4% 26/11/2029	457	0.20	GBP	930,000	Procter & Gamble 1.8% 03/05/2029	929	0.41
GBP	1,531,000	Imperial Brands Finance 5.5% 28/09/2026	1,924	0.86	A 1.62%				
GBP	793,000	Intercontinental Hotels 3.875% 28/11/2022	871	0.39	GBP	840,000	Amgen 5.5% 07/12/2026	1,060	0.47
GBP	395,000	Lloyds Bank 7.625% 22/04/2025	526	0.23	GBP	1,143,000	Wells Fargo 2% 28/07/2025	1,136	0.51
GBP	440,000	*NGG Finance 5.625% 18/06/2073	489	0.22	GBP	1,425,000	Wells Fargo 2.125% 20/12/2023	1,444	0.64
GBP	375,000	WPP Finance 2013 2.875% 14/09/2046	334	0.15	A- 0.60%				
Baa2 1.11%					USD	1,625,000	Anheuser-Busch InBev Finance 4.7% 01/02/2036	1,340	0.60
GBP	2,255,000	BUPA Finance 5% 08/12/2026	2,499	1.11	BBB+ 7.06%				
BBB- 1.81%					GBP	1,200,000	American International Group 5% 26/04/2023	1,390	0.62
GBP	1,168,000	GKN Holdings 5.375% 19/09/2022	1,348	0.60	GBP	2,480,000	AT&T 4.25% 01/06/2043	2,649	1.18
GBP	451,000	Marks & Spencer 4.75% 12/06/2025	508	0.23	GBP	2,459,000	AT&T 4.375% 14/09/2029	2,775	1.24
USD	1,361,000	Royal Bank of Scotland 4.8% 05/04/2026	1,098	0.49	GBP	2,050,000	Bank of America 7% 31/07/2028	2,913	1.30
GBP	644,000	Stagecoach Group 4% 29/09/2025	704	0.31	GBP	625,000	Citigroup 7.375% 01/09/2039	1,063	0.47
GBP	406,000	Standard Chartered 5.125% 06/06/2034	415	0.18	GBP	997,000	Morgan Stanley 2.625% 09/03/2027	1,003	0.45
Baa3 0.79%					USD	1,840,000	Verizon Communications 4.4% 01/11/2034	1,359	0.61
GBP	671,000	National Express Group 2.5% 11/11/2023	683	0.30	GBP	477,000	Verizon Communications 4.75% 17/02/2034	564	0.25
GBP	968,000	WM Morrison Supermarkets 4.625% 08/12/2023	1,107	0.49	GBP	988,000	Welltower 4.8% 20/11/2028	1,169	0.52
BB+ 1.46%					GBP	943,000	Westfield America Management 2.625% 30/03/2029	945	0.42
GBP	570,000	Delamare Finance 5.5457% 29/02/2029	577	0.26	BBB 0.50%				
GBP	1,154,000	RMPA Services 5.337% 30/09/2038	1,160	0.52	GBP	1,003,000	Digital Stout Holding 4.75% 13/10/2023	1,125	0.50
GBP	800,000	Tesco Property Finance 1 7.6227% 13/07/2039	906	0.40	BBB- 0.83%				
GBP	633,000	Tesco Property Finance 6 5.4111% 13/07/2044	635	0.28	GBP	849,000	The Kraft Heinz 4.125% 01/07/2027	944	0.42
BB- 0.79%					GBP	298,000	Time Warner Cable 5.25% 15/07/2042	349	0.16
GBP	1,122,000	Lloyds Banking Group 7.875% *29/12/2049	1,277	0.57	GBP	460,000	Time Warner Cable 5.75% 02/06/2031	563	0.25
GBP	490,000	Virgin Media 4.875% 15/01/2027	500	0.22	Total United States of America				
B+ 0.36%								28,404	12.66
GBP	766,000	*Barclays Bank 7.75% 08/03/2075	813	0.36	DERIVATIVES 0.42%				
B 0.36%					Futures 0.06%				
USD	1,000,000	*Royal Bank of Scotland 8% 29/12/2049	799	0.36	EUR	(5)	UBS EURO Bond Future Expiring June 2017	-	-
Not Rated 0.78%					GBP	102	UBS Long Gilt Future Expiring June 2017	215	0.10
GBP	514,456	British Land 5.26% 24/09/2035	641	0.29	USD	(44)	UBS US 10 Year Note Future Expiring June 2017	(28)	(0.01)
GBP	443,000	British Land 5.264% 24/09/2035	552	0.25	USD	(7)	UBS US 10 Year Ultra Future Expiring June 2017	(16)	(0.01)
GBP	390,000	Prudential 5.875% 11/05/2029	529	0.24	USD	(29)	UBS US Long Bond Future Expiring June 2017	(31)	(0.01)
Total United Kingdom			118,316	52.73	USD	(15)	UBS US Ultra Bond Future Expiring June 2017	(14)	(0.01)

Threadneedle Sterling Medium and Long-Dated Corporate Bond Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Value £000	% of Investment
DERIVATIVES 0.42% (continued)				ANALYSIS OF INVESTMENTS BY ASSET CLASS	
	Forward Foreign Exchange Contracts 0.36%			Fixed interest	200,936 92.72
	Sell GBP 11,344			Floating rate notes	14,851 6.85
	Buy EUR 13,000 Citigroup	–	–	Derivatives	939 0.43
	Sell USD 14,544,000			Total value of investments	216,726 100.00
	Buy GBP 11,942,793 Citigroup	719	0.32		
	Sell EUR 15,000			ANALYSIS OF UNDERLYING EXPOSURE FUTURES	
	Buy GBP 12,767 Citigroup	–	–		
	Sell EUR 15,000				Value
	Buy GBP 12,960 Citigroup	–	–		£000
	Sell EUR 20,000			UBS EURO Bond Future Expiring June 2017	(682)
	Buy GBP 16,986 Lloyds	–	–	UBS Long Gilt Future Expiring June 2017	13,055
	Sell USD 225,000			UBS US 10 Year Note Future Expiring June 2017	(4,269)
	Buy GBP 184,034 Citigroup	10	–	UBS US 10 Year Ultra Future Expiring June 2017	(731)
	Sell EUR 2,586,000			UBS US Long Bond Future Expiring June 2017	(3,416)
	Buy GBP 2,250,263 Citigroup	62	0.03	UBS US Ultra Bond Future Expiring June 2017	(1,880)
	Sell USD 780,000			Total net exposure	2,077
	Buy GBP 627,129 Citigroup	25	0.01		
	Sell USD 90,000				
	Buy GBP 71,894 Lloyds	3	–		
	Sell USD 110,000				
	Buy GBP 88,741 Citigroup	4	–		
	Sell USD 115,000				
	Buy GBP 89,499 Lloyds	1	–		
	Sell USD 120,000				
	Buy GBP 96,087 Citigroup	4	–		
	Sell USD 120,000				
	Buy GBP 96,357 Citigroup	4	–		
	Sell GBP 77,913				
	Buy USD 100,000 Lloyds	–	–		
	Sell GBP 88,568				
	Buy USD 110,000 Citigroup	(4)	–		
	Sell GBP 90,379				
	Buy USD 110,000 Citigroup	(5)	–		
	Sell GBP 135,448				
	Buy USD 165,000 Citigroup	(8)	–		
	Total Derivatives	939	0.42		
	Total value of investments	216,726	96.59		
	Net other assets	7,645	3.41		
	Net assets	224,371	100.00		

April 2016 comparatives in brackets.
*Variable rate bonds.

Threadneedle Sterling Short-Dated Corporate Bond Fund

Portfolio Statement

as at 30 April 2017

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
AUSTRALIA 3.67%					CAYMAN ISLANDS 2.88%				
		Aaa 0.92%					A 0.16%		
GBP	7,735,000	Commonwealth Bank of Australia 1.125% 22/12/2021	7,785	0.92	GBP	1,085,000	Dwr Cymru Financing 6.907% 31/03/2021	1,334	0.16
		A 0.77%					A- 0.16%		
GBP	6,204,000	Scentre Group Trust 2.375% 08/04/2022	6,485	0.77	GBP	1,145,000	Southern Water Services Finance 5% 31/03/2021	1,314	0.16
		A- 0.89%					BBB 1.67%		
GBP	2,622,000	AusNet Services Holdings 7.125% 26/06/2018	2,807	0.33	GBP	2,417,000	South East Water Finance 5.6577% 30/09/2019	2,666	0.32
GBP	4,192,000	SGSP Australia Assets 5.125% 11/02/2021	4,763	0.56	GBP	1,500,000	*Southern Water Services Finance 4.5% 31/03/2038	1,657	0.20
		BBB+ 0.38%			GBP	9,653,000	*Thames Water Utilities Cayman Finance 5.375% 21/07/2025	9,743	1.15
GBP	2,770,000	*BHP Billiton Finance 6.5% 22/10/2077	3,164	0.38			BBB- 0.28%		
		BBB 0.38%			USD	2,800,000	Vale Overseas 5.875% 10/06/2021	2,337	0.28
GBP	2,943,000	Goodman Australia Finance 9.75% 16/07/2018	3,244	0.38			Baa3 0.31%		
		BBB- 0.15%			GBP	2,650,000	Thames Water Utilities 2.375% 03/05/2023	2,659	0.31
USD	1,625,000	Asciano Finance 5% 07/04/2018	1,284	0.15			BB- 0.07%		
		BB+ 0.18%			USD	800,000	Noble Holding International 4% 16/03/2018	623	0.07
EUR	1,720,000	*Santos Finance FRN 8.25% 22/09/2070	1,490	0.18			Not Rated 0.23%		
		Total Australia	31,022	3.67	GBP	1,955,000	Phoenix Group 4.125% 20/07/2022	1,989	0.23
							Total Cayman Islands	24,322	2.88
BELGIUM 0.83%					DENMARK 0.46%				
		A- 0.83%					BBB+ 0.46%		
GBP	6,933,000	Anheuser-Busch InBev 6.5% 23/06/2017	6,987	0.83	GBP	3,690,000	*Danske Bank 5.375% 29/09/2021	3,893	0.46
		Total Belgium	6,987	0.83			Total Denmark	3,893	0.46
BRITISH VIRGIN ISLANDS 0.52%					FINLAND 0.18%				
		BBB 0.52%					AA+ 0.18%		
GBP	3,923,000	Global Switch Holdings 4.375% 13/12/2022	4,367	0.52	GBP	1,500,000	Municipality Finance 1.25% 07/03/2019	1,520	0.18
		Total British Virgin Islands	4,367	0.52			Total Finland	1,520	0.18
CANADA 2.37%					FRANCE 2.22%				
		AAA 0.24%					AA 0.37%		
GBP	2,000,000	Export Development Canada 1% 15/12/2020	2,034	0.24	GBP	3,000,000	Dexia Credit Local 2% 17/06/2020	3,105	0.37
		Aaa 0.92%					A+ 0.44%		
GBP	7,700,000	Royal Bank of Canada 1.125% 22/12/2021	7,780	0.92	GBP	3,500,000	Total Capital International 2.25% 09/06/2022	3,687	0.44
		BBB+ 0.32%					BBB+ 0.53%		
USD	1,496,000	Canadian National 1.75% 15/01/2018	1,155	0.14	GBP	1,500,000	*CNP Assurances 7.375% 30/09/2041	1,727	0.21
CAD	2,700,000	Canadian National Resources 3.05% 19/06/2019	1,568	0.18	USD	2,686,000	Orange 1.625% 03/11/2019	2,042	0.24
		BBB 0.70%			GBP	575,000	Orange 7.25% 10/11/2020	699	0.08
USD	2,000,000	Cenovus Energy 5.7% 15/10/2019	1,662	0.20			BBB 0.48%		
GBP	3,615,000	Xstrata Finance Canada 7.375% 27/05/2020	4,208	0.50	GBP	1,700,000	*AXA 6.772% 29/10/2049	1,863	0.22
		BBB- 0.19%			GBP	1,400,000	*Engie 4.625% 10/01/2049	1,460	0.17
GBP	1,549,000	Repsol Oil & Gas 6.625% 05/12/2017	1,597	0.19	GBP	750,000	RCI Banque 2.125% 06/10/2017	753	0.09
		Total Canada	20,004	2.37			BBB- 0.26%		
					GBP	2,000,000	*Orange 5.875% 29/12/2049	2,196	0.26

Threadneedle Sterling Short-Dated Corporate Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
FRANCE 2.22% (continued)					BBB 1.71%				
		B+ 0.14%			GBP	4,645,000	CPUK Finance 2.666% 28/02/2020	4,818	0.57
EUR	1,375,000	SFR Group 5.375% 15/05/2022	1,209	0.14	GBP	2,715,000	Heathrow Funding 6% 20/03/2020	3,069	0.36
		Total France	18,741	2.22	GBP	1,615,000	Heathrow Funding 6.25% 10/09/2018	1,726	0.20
					GBP	4,542,000	Porterbrook Rail Finance 5.5% 20/04/2019	4,927	0.58
GERMANY 5.25%					BBB- 0.29%				
		AAA 2.70%			GBP	2,275,000	AA Bond 4.2487% 31/07/2020	2,434	0.29
GBP	1,500,000	FMS Wertmanagement 0.625% 06/03/2020	1,504	0.18			Total Jersey	23,010	2.72
GBP	18,200,000	FMS Wertmanagement 1.25% 08/03/2019	18,461	2.18	LUXEMBOURG 0.57%				
GBP	2,400,000	KFW 5.55% 07/06/2021	2,878	0.34			BBB+ 0.25%		
		A 1.20%			EUR	2,400,000	Grand City Properties 2% 29/10/2021	2,140	0.25
GBP	6,215,000	Daimler 1.5% 13/01/2022	6,275	0.74			BBB 0.22%		
GBP	2,156,000	Daimler 2.375% 16/07/2018	2,195	0.26	GBP	1,700,000	Glencore Finance 6.5% 27/01/2019	1,853	0.22
GBP	1,534,000	*Muenchener Rueckversicherungs- Gesellschaft in Muenchen 7.625% 21/06/2028	1,642	0.20			B 0.10%		
		BBB- 0.81%			EUR	1,000,000	Wind Acquisition Finance 7% 23/04/2021	878	0.10
GBP	4,400,000	Deutsche Bank 1.875% 28/02/2020	4,411	0.52			Total Luxembourg	4,871	0.57
USD	3,100,000	Deutsche Bank 4.25% 14/10/2021	2,473	0.29	MEXICO 0.46%				
		BB- 0.54%					BBB 0.27%		
EUR	1,642,000	IHO Verwaltungs PIK 2.75% 15/09/2021	1,433	0.17	GBP	2,095,000	*America Movil 6.375% 06/09/2073	2,248	0.27
EUR	4,000,000	Unitymedia Hessen 5.125% 21/01/2023	2,874	0.34			Baa2 0.19%		
EUR	355,000	Unitymedia Hessen 5.5% 15/09/2022	253	0.03	USD	2,000,000	Grupo Bimbo 4.875% 30/06/2020	1,644	0.19
		Total Germany	44,399	5.25			Total Mexico	3,892	0.46
GUERNSEY 0.67%					NETHERLANDS 8.79%				
		BBB+ 0.67%					AAA 3.26%		
GBP	5,410,000	Credit Suisse 3% 27/05/2022	5,681	0.67	GBP	16,050,000	Bank Nederlandse Gemeenten 5.75% 18/01/2019	17,470	2.07
		Total Guernsey	5,681	0.67	GBP	8,000,000	Nederlandse Waterschapsbank 0.875% 20/12/2021	7,995	0.95
ICELAND 0.62%					GBP	2,000,000	Nederlandse Waterschapsbank 1% 09/12/2019	2,023	0.24
		BBB 0.62%					A+ 0.43%		
EUR	6,062,000	Arion Bank 1.625% 01/12/2021	5,217	0.62	USD	4,750,000	*Siemens Financieringsmaatschappij FRN 16/03/2020	3,675	0.43
		Total Iceland	5,217	0.62			BBB+ 1.92%		
ITALY 0.27%					USD	4,895,000	Deutsche Annington Finance 3.2% 02/10/2017	3,798	0.45
		Baa3 0.05%			GBP	1,700,000	Deutsche Telekom 6.5% 08/04/2022	2,113	0.25
GBP	435,000	Acquedotto Pugliese 6.92% 29/06/2018	452	0.05	GBP	6,290,000	*ING Bank 6.875% 29/05/2023	6,638	0.79
		BB+ 0.22%			GBP	1,338,000	PostNL 7.5% 14/08/2018	1,449	0.17
GBP	1,750,000	Telecom Italia 7.375% 15/12/2017	1,814	0.22	GBP	2,225,000	Volkswagen Finance 1.5% 12/04/2021	2,232	0.26
		Total Italy	2,266	0.27			BBB 0.79%		
JAPAN 0.15%					GBP	3,550,000	E.ON International Finance 6% 30/10/2019	3,984	0.47
		AA- 0.15%			EUR	3,050,000	*Eneco Holding 3.25% 29/12/2049	2,710	0.32
USD	1,715,000	Japan Tobacco 2% 13/04/2021	1,301	0.15			BBB- 1.78%		
		Total Japan	1,301	0.15	GBP	2,500,000	Innogy Finance 5.5% 06/07/2022	2,961	0.35
JERSEY 2.72%					GBP	728,000	Innogy Finance 5.625% 06/12/2023	892	0.11
		A+ 0.28%			GBP	8,047,000	Innogy Finance 6.5% 20/04/2021	9,594	1.13
GBP	2,211,000	ASIF III Jersey 5% 18/12/2018	2,360	0.28	EUR	1,800,000	*Vonovia Finance 4% 29/12/2049	1,619	0.19
		A- 0.44%							
USD	2,154,000	Heathrow Funding 4.875% 15/07/2021	1,780	0.21					
USD	2,390,000	*UBS Group Funding FRN 01/02/2022	1,896	0.23					

Threadneedle Sterling Short-Dated Corporate Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
NETHERLANDS 8.79% (continued)									
		BB+ 0.40%							
EUR	2,544,000	*DE Volksbank FRN 05/11/2025	2,292	0.27					
GBP	325,000	EDP Finance 6.625% 09/8/2017	329	0.04					
EUR	857,000	Schaeffler Holding Finance 2.5% 15/05/2020	734	0.09					
		B 0.21%							
EUR	1,850,000	LGE HoldCo VI 7.125% 15/05/2024	1,770	0.21					
		Total Netherlands	74,278	8.79					
NEW ZEALAND 0.26%									
		AA- 0.26%							
GBP	2,200,000	ASB Finance 1% 07/09/2020	2,185	0.26					
		Total New Zealand	2,185	0.26					
NORWAY 0.92%									
		A+ 0.87%							
USD	9,300,000	*DNB Bank FRN 02/06/2021	7,388	0.87					
		BBB+ 0.05%							
USD	500,000	Eksportfinans 5.5% 26/06/2017	388	0.05					
		Total Norway	7,776	0.92					
PORTUGAL 0.03%									
		Not Rated 0.03%							
EUR	1,100,000	Banco Espirito Santo 4% 21/01/2019 (Defaulted)	263	0.03					
		Total Portugal	263	0.03					
REPUBLIC OF IRELAND 1.92%									
		AA- 1.25%							
GBP	7,550,000	GE Capital UK Funding 4.375% 31/07/2019	8,147	0.97					
GBP	1,996,000	GE Capital UK Funding 5.875% 04/11/2020	2,339	0.28					
		BBB- 0.49%							
GBP	4,230,000	FCA Capital Ireland 1.625% 29/09/2021	4,159	0.49					
		BB- 0.10%							
EUR	950,000	*Governor & Co of the Bank of Ireland 7.375% 29/12/2049	875	0.10					
		Not Rated 0.08%							
GBP	680,000	PGH Capital 4.125% 20/07/2022	692	0.08					
		Total Republic of Ireland	16,212	1.92					
SINGAPORE 0.22%									
		AAA 0.22%							
GBP	1,600,000	Temasek Financial I 4.625% 26/07/2022	1,887	0.22					
		Total Singapore	1,887	0.22					
SOUTH KOREA 0.43%									
		AA 0.26%							
USD	1,790,000	*Export-Import Bank of Korea FRN 21/10/2019	1,382	0.16					
USD	1,080,000	*Korea Development Bank FRN 27/02/2020	834	0.10					
		Aa2 0.17%							
GBP	1,400,000	Korea Development Bank 2% 20/12/2018	1,426	0.17					
		Total South Korea	3,642	0.43					
SPAIN 1.01%									
		BBB 0.95%							
GBP	2,228,000	Telefonica Emisiones 5.375% 02/02/2018	2,303	0.27					
GBP	5,100,000	Telefonica Emisiones 5.597% 12/03/2020	5,701	0.68					
		BB 0.06%							
EUR	600,000	*Bankia 3.375% 15/03/2027	516	0.06					
		Total Spain	8,520	1.01					
SUPRANATIONAL 1.09%									
		AAA 0.18%							
GBP	1,500,000	Nordic Investment 1% 07/03/2019	1,516	0.18					
		Aaa 0.91%							
GBP	7,655,000	European Investment Bank 0.625% 17/01/2020	7,681	0.91					
		Total Supranational	9,197	1.09					
SWEDEN 2.71%									
		AAA 1.10%							
GBP	2,000,000	Kommuninvest I 1.125% 06/09/2019	2,029	0.24					
GBP	7,230,000	Swedbank 1.125% 07/12/2021	7,302	0.86					
		AA- 0.30%							
GBP	2,400,000	Svenska Handelsbanken 2.375% 18/01/2022	2,547	0.30					
		BBB 0.16%							
USD	1,810,000	*Swedish Export 2.88% 14/11/2023	1,395	0.16					
		BBB- 1.15%							
EUR	8,752,000	Akelius Residential 1.5% 23/01/2022	7,496	0.89					
EUR	2,398,000	Akelius Residential 3.375% 23/09/2020	2,189	0.26					
		Total Sweden	22,958	2.71					
SWITZERLAND 0.85%									
		A- 0.43%							
USD	4,700,000	*UBS Group Funding FRN 23/05/2023	3,658	0.43					
		BBB+ 0.13%							
GBP	978,000	*UBS Jersey 6.375% 19/11/2024	1,085	0.13					
		BB+ 0.29%							
EUR	2,650,000	*UBS Group 5.75% 29/12/2049	2,444	0.29					
		Total Switzerland	7,187	0.85					
UNITED KINGDOM 39.24%									
		AAA 2.06%							
GBP	2,850,000	*Bumper 8 UK Finance 'A' FRN 20/11/2027	2,858	0.34					
GBP	240,000	Holmes Master 4.009% 15/10/2054	243	0.03					
GBP	5,395,000	*Lanark Master Issuer FRN 22/12/2054	4,839	0.57					
GBP	6,793,000	*Towd Point Mortgage Funding 2016 FRN 20/04/2045	6,479	0.77					
GBP	2,560,000	Wellcome Trust Finance 4.75% 28/05/2021	2,975	0.35					

Threadneedle Sterling Short-Dated Corporate Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
UNITED KINGDOM 39.24% (continued)									
		Aa1u 0.48%			GBP	3,710,000	Southern Gas Networks 5.125% 02/11/2018	3,947	0.47
GBP	650,000	United Kingdom Gilt 0.5% 22/07/2022	649	0.08	USD	3,960,000	Standard Chartered 3.05% 15/01/2021	3,082	0.36
GBP	2,873,000	United Kingdom Gilt 4% 07/03/2022	3,376	0.40	GBP	5,400,000	*Telereal Securitisation 4.0902% 10/12/2033	5,675	0.67
		A+ 0.46%			GBP	700,000	Vodafone 8.125% 26/11/2018	779	0.09
GBP	2,249,000	Motability Operations Group 6.625% 10/12/2019	2,597	0.31	GBP	5,730,000	Vodafone Group 5.375% 05/12/2017	5,885	0.70
GBP	1,250,000	Prudential 1.75% 27/11/2018	1,269	0.15	GBP	650,000	Wessex Water Services Finance 4% 24/09/2021	729	0.09
		A1u 0.29%			GBP	15,173,000	Baa1 1.93% BUPA Finance 3.375% 17/06/2021	16,348	1.93
		A 0.72%			GBP	2,462,000	BBB 6.91% *Anglian Water Services Financing 5.5% FRN 10/10/2040	2,508	0.30
GBP	3,499,000	Abbey National Treasury Services 1.875% 17/02/2020	3,575	0.42	GBP	6,135,000	*Aviva 6.625% 03/06/2041	6,997	0.83
USD	3,000,000	*HSBC Holdings FRN 25/05/2021	2,393	0.28	GBP	1,460,000	BAE Systems 4.125% 08/06/2022	1,648	0.20
GBP	125,000	Northern Electric Finance 8.875% 16/10/2020	158	0.02	GBP	2,150,000	Bank of Scotland 9.375% 15/05/2021	2,768	0.33
		A- 2.50%			USD	9,300,000	*Barclays Bank FRN 10/01/2023	7,297	0.86
GBP	2,900,000	BP Capital Markets 4.325% 10/12/2018	3,066	0.36	GBP	2,030,000	BSKYB Finance UK 5.75% 20/10/2017	2,076	0.25
GBP	3,534,000	Experian Finance 3.5% 15/10/2021	3,876	0.46	GBP	1,000,000	FCE Bank 2.625% 20/11/2018	1,024	0.12
GBP	1,278,000	Experian Finance 4.75% 23/11/2018	1,355	0.16	GBP	5,050,000	FCE Bank 2.759% 13/11/2019	5,232	0.62
GBP	3,672,000	*HSBC Bank 5% 20/03/2023	3,787	0.45	GBP	1,740,000	Imperial Brands 6.25% 04/12/2018	1,883	0.22
GBP	1,357,000	Mitchells & Butlers Finance 5.965% 15/12/2023	553	0.07	GBP	7,644,000	Imperial Brands Finance 7.75% 24/06/2019	8,719	1.03
GBP	3,267,000	*Prudential 11.375% 29/05/2039	3,927	0.46	GBP	4,200,000	Imperial Tobacco Finance 9% 17/02/2022	5,624	0.67
GBP	582,000	Southern Water Services Finance 6.125% 31/03/2019	639	0.08	GBP	1,885,000	*Lloyds Bank 5.75% 09/07/2025	2,079	0.25
GBP	3,014,000	Western Power Distribution South Wales 9.25% 09/11/2020	3,862	0.46	EUR	3,115,000	*NGG Finance 4.25% 18/06/2076	2,844	0.34
		BBB+ 11.00%			GBP	1,700,000	Porterbrook Rail Finance 6.5% 20/10/2020	1,996	0.24
GBP	1,000,000	*Annington Finance No.4 Variable 10/01/2023	244	0.03	GBP	1,392,000	Sky 2.875% 24/11/2020	1,476	0.17
GBP	8,389,000	BAT International Finance 1.75% 05/07/2021	8,511	1.01	GBP	2,373,000	Tate & Lyle International Finance 6.75% 25/11/2019	2,707	0.32
GBP	2,876,000	*BG Energy Capital 6.5% 30/11/2072	2,966	0.35	GBP	1,225,000	*Wales & West Utilities Finance 6.75% 17/12/2036	1,324	0.16
GBP	500,000	British Telecommunications 8.625% 26/03/2020	609	0.07	GBP	5,039,000	BBB- 4.47% Barclays Bank 10% 21/05/2021	6,490	0.77
GBP	1,112,000	Centrica 7% 19/09/2018	1,205	0.14	GBP	1,035,000	Daily Mail and General Trust 5.75% 07/12/2018	1,104	0.13
GBP	1,300,000	*Direct Line Insurance 9.25% 27/04/2042	1,635	0.19	GBP	850,000	Firstgroup 6.125% 18/01/2019	918	0.11
GBP	5,368,000	Eastern Power Network 4.75% 30/09/2021	6,175	0.73	GBP	2,200,000	Firstgroup 8.125% 19/09/2018	2,404	0.28
GBP	6,119,000	ENW Finance 6.125% 21/07/2021	7,356	0.87	GBP	6,827,000	G4S 7.75% 13/05/2019	7,671	0.91
GBP	4,779,000	Eversholt Funding 5.831% 02/12/2020	5,527	0.65	GBP	1,634,000	GKN Holdings 5.375% 19/09/2022	1,885	0.22
GBP	5,026,000	Everything Everywhere 4.375% 28/03/2019	5,343	0.63	GBP	5,135,000	GKN Holdings 6.75% 28/10/2019	5,790	0.68
GBP	2,650,000	*Legal & General Group 5.875% 29/03/2049	2,820	0.33	GBP	3,745,000	Go-Ahead Group 5.375% 29/09/2017	3,812	0.45
GBP	3,885,000	*Legal & General Group 10% 23/07/2041	5,119	0.61	GBP	4,400,000	Marks & Spencer 6.125% 02/12/2019	4,910	0.58
GBP	10,459,000	National Grid Gas 1.125% 22/09/2021	10,438	1.23	GBP	563,000	*Santander UK 9.625% 30/10/2023	631	0.07
GBP	1,800,000	Reed Elsevier Investments 2.75% 01/08/2019	1,863	0.22	GBP	3,600,000	Unique Pub Finance 6.542% 30/03/2021	2,315	0.27
GBP	1,800,000	Reed Elsevier Investments 7% 11/12/2017	1,866	0.22	GBP	2,679,000	Baa3 1.50% Co-Operative Bank United Kingdom 4.75% 11/11/2021	2,981	0.35
GBP	8,835,000	Severn Trent Utilities Finance 6% 22/01/2018	9,169	1.08	GBP	4,575,000	National Express Group 6.625% 17/06/2020	5,302	0.63
GBP	1,935,000	Southern Gas Networks 4.875% 21/12/2020	2,200	0.26	GBP	4,060,000	*TSB Banking Group 5.75% 06/05/2026	4,360	0.52
					GBP	995,000	BB+ 1.42% Jaguar Land Rover Automotive 2.75% 24/01/2021	1,004	0.12

Threadneedle Sterling Short-Dated Corporate Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
UNITED KINGDOM 39.24% (continued)					A+ 0.06%				
GBP	5,060,000	National Westminster Bank 6.5% 07/09/2021	5,850	0.69	GBP	558,000	*SLM Student Loan Trusts FRN 15/03/2038	538	0.06
GBP	1,692,000	*Spirit Issuer FRN 28/12/2036	1,658	0.20	A- 1.56%				
USD	1,522,000	Tesco 5.5% 15/11/2017	1,192	0.14	USD	950,000	Columbia Pipeline 2.45% 01/06/2018	736	0.09
GBP	2,070,000	Tesco 5.5% 13/12/2019	2,276	0.27	USD	3,000,000	Columbia Pipeline 3.3% 01/06/2020	2,365	0.28
BB 0.55%					GBP	1,875,000	JPMorgan Chase 1.875% 10/02/2020	1,927	0.23
GBP	1,865,000	*Barclays Bank 14% 29/11/2049	2,274	0.27	USD	10,500,000	*JPMorgan Chase FRN 25/04/2023	8,116	0.96
GBP	2,353,000	*CYBG 5% 09/02/2026	2,337	0.28	BBB+ 3.58%				
BB- 0.39%					USD	9,300,000	AT&T 2.45% 30/06/2020	7,194	0.85
GBP	1,633,000	Southern Water Greensands Financing 8.5% 15/04/2019	1,854	0.22	USD	3,410,000	AT&T 3.2% 01/03/2022	2,667	0.32
GBP	1,255,000	*Virgin Media Secured Finance 6% 15/01/2025	1,459	0.17	GBP	7,850,000	Bank of America 6.125% 15/09/2021	9,390	1.11
Ba3 0.07%					USD	3,200,000	ERAC USA Finance 2.6% 01/12/2021	2,444	0.29
GBP	600,000	Anglian Water Osprey Financing 7% 31/01/2018	625	0.07	GBP	1,400,000	*JPMorgan Chase 6.125% FRN 30/05/2017	1,400	0.17
B1 0.40%					EUR	5,000,000	*Morgan Stanley FRN 08/11/2022	4,229	0.50
GBP	3,000,000	Thames Water Kemble Finance 7.75% 01/04/2019	3,353	0.40	USD	1,795,000	*Prudential Financial 8.875% 15/06/2038	1,486	0.18
B 0.22%					USD	1,800,000	Southern Copper 2.35% 01/07/2021	1,370	0.16
USD	2,240,000	*Royal Bank of Scotland 8.625% 29/12/2049	1,853	0.22	BBB 1.44%				
CCC+ 0.15%					GBP	1,055,000	Citigroup 5.125% 12/12/2018	1,122	0.13
GBP	1,124,186	Annington Finance No.5 PIK 13% 15/01/2023	1,304	0.15	USD	1,500,000	CNA Financial 5.875% 15/08/2020	1,284	0.15
Not Rated 3.72%					USD	4,900,000	Hewlett Packard Enterprise 3.6% 15/10/2020	3,911	0.46
GBP	6,970,000	First Hydro Finance 9% 31/07/2021	9,057	1.07	USD	2,500,000	Hewlett Packard Enterprise FRN 05/10/2018	1,954	0.23
GBP	3,848,000	Northern Ireland Electricity 6.875% 18/09/2018	4,147	0.49	USD	3,625,000	Scripps Networks 2.8% 15/06/2020	2,829	0.33
GBP	8,607,000	*Pennon Group 6.75% 08/03/2049	8,914	1.05	USD	1,490,000	Transcontinental Gas Pipe Line 6.05% 15/06/2018	1,201	0.14
GBP	2,240,000	PGH Capital 5.75% 07/07/2021	2,548	0.30	BBB- 1.95%				
GBP	700,000	Segro 5.625% 07/12/2020	811	0.10	GBP	50,000	*American International Group Variable 15/03/2067	48	0.01
GBP	1,723,000	Segro 6% 30/09/2019	1,927	0.23	USD	2,164,000	Celanese US Holdings 5.875% 15/06/2021	1,865	0.22
GBP	650,000	Segro 6.75% 23/11/2021	807	0.10	USD	1,340,000	*Hartford Financial Services 8.125% 15/06/2038	1,101	0.13
GBP	150,000	Segro 7% 14/03/2022	190	0.02	USD	1,571,000	Kinder Morgan Energy Partners 5% 15/02/2021	1,304	0.15
GBP	2,813,000	UNITE Group 6.125% 12/06/2020	3,072	0.36	USD	1,302,000	L-3 Communications 5.2% 15/10/2019	1,077	0.13
Total United Kingdom			331,714	39.24	CAD	12,500,000	Molson Coors Brewing 2.75% 18/09/2020	7,271	0.86
UNITED STATES OF AMERICA 12.73%					USD	2,600,000	Plains All American Pipeline 5% 01/02/2021	2,160	0.26
AA+ 0.29%					USD	556,000	Plains All American Pipeline 6.5% 01/05/2018	448	0.05
GBP	2,480,000	New York Life Global 1% 15/12/2021	2,476	0.29	USD	1,500,000	TransAlta 1.9% 03/06/2017	1,158	0.14
AA 0.22%					BB+ 0.46%				
EUR	2,200,000	Berkshire Hathaway 0.25% 17/01/2021	1,864	0.22	USD	1,950,000	Concho Resources 5.5% 01/04/2023	1,556	0.18
AA- 2.82%					USD	1,575,000	Continental Resources 5% 15/09/2022	1,224	0.14
USD	5,000,000	*Chevron FRN 03/03/2020	3,867	0.46	EUR	1,375,000	Quintiles IMS 3.25% 15/03/2025	1,165	0.14
GBP	2,570,000	General Electric Capital 5.5% 07/06/2021	3,032	0.36	BB 0.35%				
GBP	2,500,000	General Electric Capital 6.44% 15/11/2022	434	0.05	EUR	3,500,000	Fiat Finance North America 5.625% 12/06/2017	2,976	0.35
GBP	16,475,000	Met Life Global Funding 1.125% 15/12/2021	16,475	1.95	Total United States of America			107,664	12.73

Threadneedle Sterling Short-Dated Corporate Bond Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
DERIVATIVES 1.06%			
Forward Foreign Exchange Contracts 1.06%			
	Sell GBP 261,240		
	Buy EUR 300,000 Citigroup	(7)	-
	Sell USD 1,400,000		
	Buy GBP 1,129,173 Citigroup	49	0.01
	Sell USD 139,248,350		
	Buy GBP 114,339,736 Citigroup	6,877	0.81
	Sell EUR 2,500,000		
	Buy GBP 2,166,926 Citigroup	52	0.01
	Sell EUR 330,000		
	Buy GBP 279,161 Lloyds	-	-
	Sell USD 3,800,000		
	Buy GBP 3,055,762 Citigroup	123	0.01
	Sell EUR 4,000,000		
	Buy GBP 3,397,080 Lloyds	13	-
	Sell USD 4,750,000		
	Buy GBP 3,902,579 Citigroup	237	0.03
	Sell EUR 56,558,000		
	Buy GBP 49,214,526 Citigroup	1,365	0.16
	Sell CAD 98,000		
	Buy GBP 58,096 Citigroup	2	-
	Sell USD 10,300,000		
	Buy GBP 8,014,298 Lloyds	65	0.01
	Sell CAD 15,659,000		
	Buy GBP 9,557,060 Citigroup	699	0.08
	Sell GBP 1,091,933		
	Buy USD 1,330,000 Citigroup	(66)	(0.01)
	Sell GBP 1,127,560		
	Buy USD 1,400,000 Citigroup	(47)	(0.01)
	Sell GBP 3,589,676		
	Buy USD 4,500,000 Citigroup	(117)	(0.01)
	Sell GBP 7,227,016		
	Buy USD 9,000,000 Citigroup	(281)	(0.03)
	Total Derivatives	8,964	1.06
	Total value of investments	803,940	95.10
	Net other assets	41,403	4.90
	Net assets	845,343	100.00

ANALYSIS OF INVESTMENTS BY ASSET CLASS

	Value £000	% of Investment
Fixed interest	615,424	76.55
Floating rate notes	179,552	22.33
Derivatives	8,964	1.12
Total value of investments	803,940	100.00

*Variable rate bonds.

Threadneedle UK Fixed Interest Fund

Portfolio Statement

as at 30 April 2017

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
CANADA 1.73%									
		AAA 0.92%							
GBP	4,240,000	Export Development Canada 1.375% 16/12/2019	4,340	0.92					
		Aaa 0.81%							
GBP	3,750,000	Royal Bank of Canada 1.125% 22/12/2021	3,789	0.81					
		Total Canada	8,129	1.73					
FINLAND 0.91%									
		AA+ 0.91%							
GBP	4,190,000	Municipality Finance 1.25% 07/03/2019	4,247	0.91					
		Total Finland	4,247	0.91					
GERMANY 1.86%									
		AAA 1.86%							
GBP	4,300,000	FMS Wertmanagement 1.25% 08/03/2019	4,362	0.93					
GBP	4,235,000	KFW 1.375% 01/02/2021	4,361	0.93					
		Total Germany	8,723	1.86					
SUPRANATIONAL 1.03%									
		Aaa 1.03%							
GBP	2,295,000	European Investment Bank 0.625% 17/01/2020	2,303	0.49					
GBP	2,600,000	European Investment Bank 1% 21/09/2026	2,505	0.54					
		Total Supranational	4,808	1.03					
UNITED KINGDOM 93.09%									
		Aa1u 85.57%							
GBP	32,731,000	United Kingdom Gilt 0.5% 22/07/2022	32,689	6.97					
GBP	15,997,500	United Kingdom Gilt 1% 07/09/2017	16,046	3.42					
GBP	52,882,000	United Kingdom Gilt 1.25% 22/07/2018	53,644	11.44					
GBP	32,488,000	United Kingdom Gilt 1.5% 22/01/2021	33,949	7.24					
GBP	8,873,000	United Kingdom Gilt 1.5% 22/07/2026	9,230	1.97					
GBP	1,524,000	United Kingdom Gilt 1.5% 22/07/2047	1,439	0.31					
GBP	9,252,000	United Kingdom Gilt 1.75% 22/07/2019	9,591	2.04					
GBP	29,452,000	United Kingdom Gilt 1.75% 07/09/2037	29,442	6.28					
GBP	5,857,000	United Kingdom Gilt 1.75% 22/07/2057	6,081	1.30					
GBP	575,000	United Kingdom Gilt 2% 22/07/2020	608	0.13					
GBP	22,932,000	United Kingdom Gilt 2.25% 07/09/2023	25,232	5.38					
GBP	13,893,000	United Kingdom Gilt 2.5% 22/07/2065	18,126	3.87					
GBP	20,605,000	United Kingdom Gilt 3.25% 22/01/2044	26,951	5.75					
GBP	27,736,000	United Kingdom Gilt 3.5% 22/01/2045	38,095	8.12					
GBP	12,628,100	United Kingdom Gilt 3.5% 22/07/2068	21,050	4.49					
GBP	7,348,000	United Kingdom Gilt 3.75% 22/07/2052	11,403	2.43					
GBP	5,696,000	United Kingdom Gilt 4.25% 07/06/2032	7,819	1.67					
GBP	9,955,000	United Kingdom Gilt 4.25% 07/03/2036	14,110	3.01					
GBP	12,944,000	United Kingdom Gilt 4.25% 07/09/2039	18,904	4.03					
GBP	6,962,000	United Kingdom Gilt 4.5% 07/09/2034	10,009	2.13					
GBP	11,850,000	United Kingdom Gilt 4.75% 07/12/2030	16,837	3.59					
		AA 2.03%							
GBP	1,775,000	LCR Finance 4.5% 07/12/2028	2,311	0.49					
GBP	4,500,000	Network Rail Infrastructure Finance 4.625% 21/07/2020	5,099	1.09					
GBP	2,010,000	Transport for London 2.125% 24/04/2025	2,119	0.45					
		Total United Kingdom	436,547	93.09					
		Not Rated 5.49%							
GBP	25,582,000	United Kingdom Gilt 1.25% 22/07/2027	25,763	5.49					
		Total Not Rated	25,763	5.49					
		Total value of investments	462,454	98.62					
		Net other assets	6,474	1.38					
		Net assets	468,928	100.00					

Threadneedle UK Index Linked Fund

Portfolio Statement

as at 30 April 2017

	Holding	Investment	Value £000	% of Net Asset Value
FIXED INTEREST 99.68%				
Aa1u 97.83%				
GBP	1,760,000	United Kingdom Index-Linked Gilt 0.125% 22/11/2019	2,054	2.14
GBP	5,776,000	United Kingdom Index-Linked Gilt 0.125% 22/03/2026	7,236	7.54
GBP	5,349,000	United Kingdom Index-Linked Gilt 0.125% 22/03/2029	7,645	7.96
GBP	3,234,000	United Kingdom Index-Linked Gilt 0.125% 22/11/2036	4,800	5.00
GBP	2,345,000	United Kingdom Index-Linked Gilt 0.125% 22/03/2044	4,210	4.38
GBP	4,938,000	United Kingdom Index-Linked Gilt 0.125% 22/03/2046	8,605	8.96
GBP	2,917,667	United Kingdom Index-Linked Gilt 0.125% 22/03/2058	6,388	6.65
GBP	2,109,468	United Kingdom Index-Linked Gilt 0.125% 22/03/2068	5,809	6.05
GBP	1,473,000	United Kingdom Index-Linked Gilt 0.25% 22/03/2052	3,150	3.28
GBP	1,818,000	United Kingdom Index-Linked Gilt 0.375% 22/03/2062	5,017	5.23
GBP	1,606,000	United Kingdom Index-Linked Gilt 0.5% 22/03/2050	3,976	4.14
GBP	1,214,000	United Kingdom Index-Linked Gilt 0.625% 22/03/2040	2,515	2.62
GBP	2,112,000	United Kingdom Index-Linked Gilt 0.75% 22/03/2034	3,655	3.81
GBP	1,500,000	United Kingdom Index-Linked Gilt 0.75% 22/11/2047	3,836	4.00
GBP	1,701,000	United Kingdom Index-Linked Gilt 1.125% 22/11/2037	3,878	4.04
GBP	3,521,000	United Kingdom Index-Linked Gilt 1.25% 22/11/2017	5,018	5.23
GBP	2,052,000	United Kingdom Index-Linked Gilt 1.25% 22/11/2032	3,942	4.11
GBP	5,274,000	United Kingdom Index-Linked Gilt 1.875% 22/11/2022	8,703	9.07
GBP	1,397,000	United Kingdom Index-Linked Gilt 8% 22/11/2065	3,480	3.62
AA 1.15%				
GBP	500,000	Network Rail Infrastructure Finance 1.375% 22/11/2037	1,103	1.15
Not Rated 0.70%				
GBP	327,000	United Kingdom Index-Linked Gilt 0.125% 22/11/2056	671	0.70
Total Fixed Interest			95,691	99.68
Total value of investments			95,691	99.68
Net other assets			307	0.32
Net assets			95,998	100.00

Threadneedle Target Return Fund

Portfolio Statement

as at 30 April 2017

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
CAYMAN ISLANDS 0.00% (2.08%)				DERIVATIVES 0.00% (-0.78%)			
	A- 0.00% (2.08%)				Credit Default Swaps 0.00% (-0.18%)		
	Total Cayman Islands	–	–		Futures and Options 0.00% (0.30%)		
FRANCE 0.00% (11.24%)					Forward Foreign Exchange Contracts 0.00% (-0.90%)		
	A+ 0.00% (2.13%)				Total Derivatives	–	–
	A 0.00% (3.67%)			Total value of investments		–	–
	BBB+ 0.00% (5.44%)			Net other assets (11.76%)		–	–
	Total France	–	–	Net assets		–	–
ITALY 0.00% (11.62%)							
	BBB+ 0.00% (5.40%)						
	Not Rated 0.00% (6.22%)						
	Total Italy	–	–				
LUXEMBOURG 0.00% (5.30%)							
	BBB 0.00% (5.30%)						
	Total Luxembourg	–	–				
MEXICO 0.00% (3.81%)							
	BBB+ 0.00% (3.81%)						
	Total Mexico	–	–				
NETHERLANDS 0.00% (17.09%)							
	A+ 0.00% (3.49%)						
	A 0.00% (3.46%)						
	BBB+ 0.00% (4.98%)						
	BBB 0.00% (5.16%)						
	Total Netherlands	–	–				
SOUTH KOREA 0.00% (5.74%)							
	AA- 0.00% (5.74%)						
	Total South Korea	–	–				
SPAIN 0.00% (8.07%)							
	BBB+ 0.00% (2.82%)						
	BBB 0.00% (5.25%)						
	Total Spain	–	–				
UNITED KINGDOM 0.00% (17.45%)							
	A+ 0.00% (5.93%)						
	A 0.00% (5.19%)						
	A- 0.00% (1.88%)						
	BBB- 0.00% (4.45%)						
	Total United Kingdom	–	–				
UNITED STATES OF AMERICA 0.00% (6.62%)							
	Aaa 0.00% (3.99%)						
	BBB+ 0.00% (2.63%)						
	Total United States of America	–	–				

April 2016 comparatives in brackets.

Threadneedle Pan European Focus Fund

Portfolio Statement

as at 30 April 2017

Value				Value			
Holding	Investment	£000	% of Net Asset Value	Holding	Investment	£000	% of Net Asset Value
BELGIUM 1.04% (4.85%)				Personal Goods 2.09% (0.00%)			
	Beverages 0.00% (4.85%)			77,567	Moncler	1,493	2.09
	Technology Hardware & Equipment 1.04% (0.00%)			Media 0.00% (3.84%)			
106,634	X-Fab Silicon Foundries	739	1.04	Mobile Telecommunications 4.91% (5.13%)			
	Total Belgium	739	1.04	814,897	Infrastructure Wireless Italia	3,509	4.91
DENMARK 2.00% (3.71%)				Banks 0.00% (0.54%)			
	Alternative Energy 2.00% (0.00%)			Technology Hardware & Equipment 0.00% (4.05%)			
21,371	Vestas Wind Systems	1,428	2.00	Total Italy			
	Pharmaceuticals & Biotechnology 0.00% (3.71%)					7,312	10.24
	Total Denmark	1,428	2.00	NETHERLANDS 5.91% (2.75%)			
FINLAND 3.88% (0.00%)				Personal Goods 0.00% (1.53%)			
	Nonlife Insurance 3.88% (0.00%)			Media 3.47% (1.22%)			
74,970	Sampo	2,767	3.88	164,531	RELX (EUR)	2,475	3.47
	Total Finland	2,767	3.88	Technology Hardware & Equipment 2.44% (0.00%)			
FRANCE 12.90% (4.35%)				16,984	ASML	1,745	2.44
	Electronic & Electrical Equipment 3.51% (0.89%)			Total Netherlands			
49,713	Legrand	2,507	3.51			4,220	5.91
	Personal Goods 5.01% (0.00%)			NORWAY 0.89% (0.00%)			
23,032	L'Oreal	3,576	5.01	Banks 0.89% (0.00%)			
	Banks 1.89% (0.00%)			52,288	DnB NOR Bank	634	0.89
24,442	BNP Paribas	1,352	1.89	Total Norway			
	Software & Computer Services 2.49% (1.34%)					634	0.89
25,756	Dassault Systems	1,775	2.49	REPUBLIC OF IRELAND 5.35% (4.60%)			
	Technology Hardware & Equipment 0.00% (2.12%)			Travel & Leisure 5.35% (4.60%)			
	Total France	9,210	12.90	283,905	Ryanair Holdings	3,816	5.35
GERMANY 21.38% (10.15%)				Total Republic of Ireland			
	Chemicals 6.69% (0.00%)					3,816	5.35
36,270	BASF	2,743	3.84	SPAIN 2.08% (15.96%)			
43,861	Brenntag	2,034	2.85	Construction & Materials 0.00% (4.82%)			
	Personal Goods 0.00% (3.64%)			Support Services 1.06% (0.75%)			
	Health Care Equipment & Services 4.41% (4.84%)			18,117	Amadeus IT Group	757	1.06
45,261	Fresenius Medical Care	3,146	4.41	Pharmaceuticals & Biotechnology 0.00% (2.03%)			
	Pharmaceuticals & Biotechnology 1.13% (0.00%)			Travel & Leisure 0.00% (3.16%)			
8,830	Merck	804	1.13	Mobile Telecommunications 1.02% (5.20%)			
	Mobile Telecommunications 4.71% (1.67%)			53,433	Cellnex Telecom	726	1.02
247,656	Deutsche Telekom	3,364	4.71	Total Spain			
	Software & Computer Services 4.44% (0.00%)					1,483	2.08
40,945	SAP	3,173	4.44	SWEDEN 6.34% (0.00%)			
	Total Germany	15,264	21.38	Industrial Engineering 1.64% (0.00%)			
ITALY 10.24% (13.56%)				91,829	Volvo	1,172	1.64
	Electronic & Electrical Equipment 1.08% (0.00%)			Banks 4.70% (0.00%)			
34,832	Prysmian	770	1.08	158,795	Nordea Bank	1,490	2.09
	Beverages 2.16% (0.00%)			169,664	Svenska Handelsbanken	1,860	2.61
166,677	Davide Campari-Milano	1,540	2.16	Total Sweden			
						4,522	6.34
NETHERLANDS 5.91% (2.75%)				SWITZERLAND 5.28% (2.53%)			
Personal Goods 0.00% (1.53%)				Construction & Materials 5.28% (2.53%)			
Media 3.47% (1.22%)				762	Sika	3,772	5.28
Technology Hardware & Equipment 2.44% (0.00%)				Total Switzerland			
Total Netherlands						3,772	5.28

Threadneedle Pan European Focus Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
UNITED KINGDOM 18.88% (37.01%)			
Beverages 0.00% (4.89%)			
Household Goods & Home Construction 3.76% (4.96%)			
37,999	Reckitt Benckiser Group	2,685	3.76
Personal Goods 2.95% (4.74%)			
53,048	Unilever	2,106	2.95
Tobacco 0.00% (9.22%)			
Health Care Equipment & Services 0.00% (2.75%)			
Media 1.14% (0.97%)			
51,467	RELX	810	1.14
Travel & Leisure 2.95% (0.00%)			
134,653	Compass Group	2,107	2.95
Fixed Line Telecommunications 0.00% (4.93%)			
Banks 1.00% (0.00%)			
97,431	Standard Chartered	712	1.00
Life Insurance 7.08% (0.00%)			
85,250	Prudential	1,471	2.06
311,463	St James's Place	3,585	5.02
Financial Services 0.00% (4.55%)			
Total United Kingdom		13,476	18.88
Total value of investments		68,643	96.17
Net other assets (0.53%)		2,734	3.83
Net assets		71,377	100.00

April 2016 comparatives in brackets.

Threadneedle Pan European Equity Dividend Fund

Portfolio Statement

as at 30 April 2017

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
BELGIUM 8.56% (6.37%)				JERSEY 1.69% (2.38%)			
	Industrial Transportation 2.17% (2.75%)				Media 1.69% (2.38%)		
100,400	bpost	1,852	2.17	200,603	UBM	1,444	1.69
	Beverages 4.18% (3.62%)				Total Jersey	1,444	1.69
40,993	Anheuser-Busch InBev	3,569	4.18				
	Banks 2.21% (0.00%)			NETHERLANDS 14.23% (5.88%)			
33,612	KBC Groep	1,884	2.21		Chemicals 1.50% (2.58%)		
	Total Belgium	7,305	8.56	18,866	Akzo Nobel	1,278	1.50
DENMARK 2.80% (0.00%)					Personal Goods 4.91% (0.00%)		
	Nonlife Insurance 2.80% (0.00%)			103,606	Unilever	4,189	4.91
160,449	Tryg	2,388	2.80		Food & Drug Retailers 2.03% (0.00%)		
	Total Denmark	2,388	2.80	106,983	Koninklijke Ahold Delhaize	1,732	2.03
FINLAND 5.31% (7.74%)					Media 5.79% (3.30%)		
	Industrial Engineering 1.47% (3.33%)			271,605	RELX	4,087	4.79
35,102	Kone	1,255	1.47	25,875	Wolters Kluwer	858	1.00
	Nonlife Insurance 3.84% (3.00%)				Total Netherlands	12,144	14.23
88,751	Sampo	3,276	3.84	NORWAY 1.75% (0.00%)			
	Technology Hardware & Equipment 0.00% (1.41%)				Banks 1.75% (0.00%)		
	Total Finland	4,531	5.31	123,110	DnB NOR Bank	1,492	1.75
FRANCE 1.78% (3.82%)					Total Norway	1,492	1.75
	Industrial Transportation 0.00% (1.37%)			SPAIN 0.00% (2.81%)			
	Media 0.00% (2.45%)				Construction & Materials 0.00% (1.97%)		
	Banks 1.78% (0.00%)				Mobile Telecommunications 0.00% (0.84%)		
27,435	BNP Paribas	1,517	1.78		Total Spain	-	-
	Total France	1,517	1.78	SWEDEN 9.53% (7.86%)			
GERMANY 8.54% (6.43%)					Industrial Engineering 2.32% (2.42%)		
	Chemicals 3.91% (1.91%)			76,559	Atlas Copco B Shares	1,976	2.32
21,677	BASF	1,639	1.92		Banks 7.21% (5.44%)		
36,597	Brenntag	1,697	1.99	306,332	Nordea Bank	2,874	3.37
	Automobiles & Parts 1.54% (0.00%)			299,330	Svenska Handelsbanken	3,281	3.84
7,540	Continental	1,318	1.54		Total Sweden	8,131	9.53
	Personal Goods 0.00% (1.40%)			SWITZERLAND 10.90% (17.34%)			
	Mobile Telecommunications 3.09% (0.00%)				Chemicals 2.79% (2.96%)		
194,193	Deutsche Telekom	2,638	3.09	1,582	Givaudan	2,385	2.79
	Nonlife Insurance 0.00% (3.12%)				Food Producers 0.00% (3.44%)		
	Total Germany	7,292	8.54	24,858	Cie Financiere Richemont	1,609	1.89
ITALY 7.84% (5.97%)					Personal Goods 1.89% (0.00%)		
	Food & Drug Retailers 3.08% (2.31%)				Pharmaceuticals & Biotechnology 6.22% (8.77%)		
141,123	MARR	2,628	3.08	34,076	Novartis	2,023	2.37
	Mobile Telecommunications 1.73% (0.57%)			16,182	Roche	3,289	3.85
343,077	Infrastructure Wireless Italia	1,478	1.73		Banks 0.00% (2.17%)		
	Gas, Water & Multiutilities 3.03% (3.09%)				Total Switzerland	9,306	10.90
755,663	Snam Rete Gas	2,584	3.03				
	Total Italy	6,690	7.84				

Threadneedle Pan European Equity Dividend Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
UNITED KINGDOM 23.96% (30.07%)			
Oil & Gas Producers 2.23% (2.62%)			
94,674	Royal Dutch Shell A Shares	1,901	2.23
Aerospace & Defence 0.00% (1.21%)			
General Industrials 2.01% (0.00%)			
396,742	DS Smith	1,721	2.01
Support Services 1.22% (2.58%)			
123,272	Berendsen	1,040	1.22
Beverages 2.60% (2.70%)			
98,956	Diageo	2,217	2.60
Personal Goods 0.00% (3.86%)			
Tobacco 5.98% (2.20%)			
65,588	British American Tobacco	3,423	4.01
44,317	Imperial Brands	1,682	1.97
Pharmaceuticals & Biotechnology 5.78% (7.42%)			
38,581	AstraZeneca	1,791	2.10
202,454	Glaxosmithkline	3,139	3.68
Media 0.00% (2.05%)			
Fixed Line Telecommunications 1.49% (2.99%)			
417,989	BT Group	1,276	1.49
Life Insurance 2.65% (2.44%)			
912,327	Legal & General Group	2,260	2.65
Total United Kingdom		20,450	23.96
UNITED STATES OF AMERICA 1.99% (2.06%)			
Automobiles & Parts 1.99% (2.06%)			
20,903	Autoliv (SDR)	1,700	1.99
Total United States of America		1,700	1.99
DERIVATIVES 0.00% (0.00%)			
Forward Foreign Exchange Contracts 0.00% (0.00%)			
	Sell GBP 42,155		
	Buy EUR 50,000 Bank of Scotland	–	–
Total Derivatives		–	–
Total value of investments		84,390	98.88
Net other assets (1.27%)		957	1.12
Net assets		85,347	100.00

April 2016 comparatives in brackets.

Threadneedle American Extended Alpha Fund

Portfolio Statement

as at 30 April 2017

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
BELGIUM 0.00% (1.14%)				Health Care Equipment & Services 7.90% (4.80%)			
	Beverages 0.00% (1.14%)			36,123	Cigna	4,359	2.44
	Total Belgium	–	–	28,689	Edwards Lifesciences	2,431	1.36
				54,356	UnitedHealth Group	7,335	4.10
BERMUDA 0.00% (1.49%)				Pharmaceuticals & Biotechnology 2.91% (5.75%)			
	Financial Services 0.00% (1.49%)			28,209	Alexion Pharmaceuticals	2,766	1.55
	Total Bermuda	–	–	32,767	Biomarin Pharmaceutical	2,437	1.36
REPUBLIC OF IRELAND 0.00% (3.76%)				Food & Drug Retailers 0.00% (0.82%)			
	Industrial Engineering 0.00% (1.16%)			General Retailers 9.52% (3.57%)			
	Health Care Equipment & Services 0.00% (1.06%)			8,706	Amazon.com	6,181	3.46
	Pharmaceuticals & Biotechnology 0.00% (0.40%)			53,376	Costco Wholesale	7,319	4.09
	Technology Hardware & Equipment 0.00% (1.14%)			29,235	Home Depot	3,527	1.97
	Total Republic of Ireland	–	–	Media 0.00% (1.04%)			
SINGAPORE 1.55% (0.00%)				Travel & Leisure 0.00% (1.91%)			
	Technology Hardware & Equipment 1.55% (0.00%)			Fixed Line Telecommunications 0.00% (0.66%)			
16,055	Broadcom	2,767	1.55	Electricity 0.00% (0.62%)			
	Total Singapore	2,767	1.55	Banks 6.17% (3.37%)			
UNITED KINGDOM 0.00% (0.71%)				161,321	Bank of America	2,948	1.65
	Nonlife Insurance 0.00% (0.71%)			119,324	JPMorgan Chase	8,078	4.52
	Total United Kingdom	–	–	Nonlife Insurance 6.08% (4.40%)			
UNITED STATES OF AMERICA 89.69% (72.96%)				84,440	Berkshire Hathaway	10,876	6.08
	Oil & Gas Producers 4.45% (3.10%)			Life Insurance 2.96% (0.00%)			
71,501	Devon Energy	2,174	1.22	131,535	Metlife	5,300	2.96
95,747	Phillips 66	5,775	3.23	Real Estate Investment Trusts 0.00% (0.65%)			
	Oil Equipment, Services & Distribution 0.00% (0.45%)			Financial Services 9.17% (9.56%)			
	Chemicals 2.68% (0.54%)			55,425	MasterCard Class A	5,015	2.80
98,321	Dow Chemical	4,801	2.68	160,997	Visa 'A' Shares	11,394	6.37
	Construction & Materials 0.00% (0.76%)			Software & Computer Services 14.25% (13.05%)			
	Aerospace & Defence 3.53% (1.71%)			2,509	Adobe Systems	259	0.15
26,270	General Dynamics	3,960	2.21	19,894	Alphabet Class A	13,706	7.66
11,275	Lockheed Martin	2,362	1.32	179,095	Microsoft	9,449	5.28
	General Industrials 0.00% (2.45%)			171,635	Nutanix	2,071	1.16
	Industrial Transportation 2.97% (0.00%)			Technology Hardware & Equipment 12.89% (4.44%)			
57,749	Norfolk Southern	5,302	2.97	66,029	Analog Devices	3,971	2.22
	Beverages 1.65% (4.97%)			102,111	Apple	11,345	6.34
39,767	Molson Coors Brewing	2,942	1.65	59,733	Lam Research	6,785	3.79
	Household Goods & Home Construction 1.55% (1.45%)			23,464	Qualcomm	965	0.54
73,738	Newell Brands	2,772	1.55	Total United States of America			
	Leisure Goods 0.00% (0.76%)			160,402	89.69		
31,732	Colgate-Palmolive	1,797	1.01	DERIVATIVES 0.34% (0.05%)			
	Personal Goods 1.01% (2.13%)			Forward Foreign Exchange Contracts 0.01% (0.01%)			
				Sell USD 193,839			
				Buy EUR 178,264 J.P. Morgan			
				Sell USD 2,600,356			
				Buy EUR 2,390,288 J.P. Morgan			
				Sell USD 336,000			
				Buy GBP 260,903 Citigroup			
				Sell EUR 2,105			

Threadneedle American Extended Alpha Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
DERIVATIVES 0.34% (0.05%) (continued)			
	Buy USD 2,293 J.P. Morgan	–	–
	Sell GBP 218,157		
	Buy USD 279,600 Citigroup	(2)	–
Portfolio Swap 0.33% (0.04%)			
	Merill Lynch Portfolio Swap	597	0.33
	Total Derivatives	612	0.34
Total value of investments		163,781	91.58
Net other assets (19.89%)		15,054	8.42
Net assets		178,835	100.00

April 2016 comparatives in brackets.

Threadneedle US Equity Income Fund

Portfolio Statement

as at 30 April 2017

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value		
OIL & GAS 8.51%				HEALTH CARE 7.87%					
Oil & Gas Producers 8.07%				Pharmaceuticals & Biotechnology 7.87%					
27,779	Chevron	2,265	1.91	30,958	AbbVie	1,580	1.33		
31,999	Exxon Mobil	2,010	1.69	2,500	Allergan	1,667	1.40		
25,500	Hess	1,192	1.00	10,672	Johnson & Johnson	1,020	0.86		
31,496	Occidental Petroleum	1,497	1.26	45,347	Merck & Co	2,192	1.85		
20,900	Suncor Energy CAD	494	0.42	110,502	Pfizer	2,891	2.43		
34,792	Suncor Energy USD	825	0.70	Total Health Care			9,350	7.87	
25,655	Valero Energy	1,295	1.09						
Alternative Energy 0.44%				CONSUMER SERVICES 6.72%					
30,433	Pattern Energy Group	521	0.44	General Retailers 1.31%					
Total Oil & Gas				7,280	Costco Wholesale	998	0.84		
		10,099	8.51	13,767	L Brands	555	0.47		
BASIC MATERIALS 5.06%				Travel & Leisure 5.41%					
Chemicals 2.35%				34,872	Cinemark Holdings	1,170	0.99		
13,839	Agrium	1,016	0.86	126,817	Extended Stay America	1,748	1.47		
36,353	Dow Chemical	1,775	1.49	20,563	McDonald's	2,238	1.88		
Forestry & Paper 1.29%				26,286	Six Flags Entertainment	1,276	1.07		
36,130	International Paper	1,533	1.29	Total Consumer Services			7,985	6.72	
Industrial Metals & Mining 1.42%				TELECOMMUNICATIONS 2.39%					
35,296	Nucor	1,680	1.42	Fixed Line Telecommunications 2.39%					
Total Basic Materials				31,872	AT&T	983	0.83		
		6,004	5.06	61,800	Centurylink	1,231	1.04		
INDUSTRIALS 8.87%				17,326	Verizon Communications	625	0.52		
Construction & Materials 1.25%				Total Telecommunications				2,839	2.39
13,793	Watsco	1,491	1.25	UTILITIES 6.46%					
Aerospace & Defence 2.29%				Electricity 5.31%					
11,152	General Dynamics	1,681	1.42	28,252	Edison International	1,754	1.48		
4,917	Lockheed Martin	1,030	0.87	16,612	FPL Group	1,715	1.44		
General Industrials 3.23%				33,563	PG&E	1,745	1.47		
40,444	Eaton	2,390	2.01	27,253	Westar Energy	1,094	0.92		
64,526	General Electric	1,449	1.22	Gas, Water & Multiutilities 1.15%					
Industrial Engineering 2.10%				29,109	WEC Energy Group	1,368	1.15		
16,586	Caterpillar	1,316	1.11	Total Utilities			7,676	6.46	
19,096	Dover	1,175	0.99	FINANCIALS 20.63%					
Total Industrials				Banks 8.90%					
		10,532	8.87	29,369	BankUnited	811	0.68		
CONSUMER GOODS 11.51%				54,169	BB&T	1,824	1.54		
Food Producers 1.80%				34,885	JPMorgan Chase	2,362	1.99		
27,550	B&G Foods	899	0.76	26,733	Pacwest Bancorp	1,043	0.88		
27,215	Pinnacle Foods	1,229	1.04	22,606	PNC Financials	2,114	1.78		
Household Goods & Home Construction 1.65%				57,280	Wells Fargo	2,410	2.03		
28,958	Procter & Gamble	1,962	1.65	Nonlife Insurance 1.47%					
Leisure Goods 1.04%				16,296	Chubb	1,743	1.47		
15,894	Hasbro	1,234	1.04	Life Insurance 1.54%					
Personal Goods 2.68%				45,487	Metlife	1,833	1.54		
35,866	Coach	1,104	0.93	Real Estate Investment Trusts 6.43%					
20,639	Kimberly-Clark	2,073	1.75	11,818	Alexandria Real Estate Equities	1,031	0.87		
Tobacco 4.34%				13,913	Crown Castle International	1,022	0.86		
51,849	Altria Group	2,865	2.41	28,182	CyrusOne	1,184	1.00		
26,966	Philip Morris International	2,296	1.93	54,493	Outfront Media	1,113	0.94		
Total Consumer Goods				25,532	Prologis REIT	1,083	0.91		
		13,662	11.51	45,789	Rayonier	1,012	0.85		
				67,121	Starwood Property Trust	1,185	1.00		

Threadneedle US Equity Income Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
FINANCIALS 20.63% (continued)			
Financial Services 2.29%			
19,107	CME Group	1,699	1.43
40,174	Synchrony Financial	1,026	0.86
	Total Financials	24,495	20.63
TECHNOLOGY 19.87%			
Software & Computer Services 5.16%			
9,697	International Business Machines	1,202	1.01
22,899	Leidos	944	0.79
75,729	Microsoft	3,996	3.36
Technology Hardware & Equipment 14.71%			
28,231	Analog Devices	1,698	1.43
46,830	Apple	5,203	4.38
126,601	Cisco Systems	3,301	2.78
42,552	Corning	954	0.80
83,058	Cypress Semiconductor	924	0.78
38,966	Diebold	863	0.73
37,528	Intel	1,087	0.92
33,221	Maxim Integrated Products	1,157	0.97
17,470	Qualcomm	718	0.61
31,177	Xilinx	1,551	1.31
	Total Technology	23,598	19.87
DERIVATIVES 0.00%			
Forward Foreign Exchange Contracts 0.00%			
	Sell USD 13,747		
	Buy CHF 13,643 J.P. Morgan	–	–
	Sell USD 13,655		
	Buy EUR 12,551 J.P. Morgan	–	–
	Sell USD 13,693		
	Buy EUR 12,587 J.P. Morgan	–	–
	Sell USD 13,706		
	Buy EUR 12,599 J.P. Morgan	–	–
	Sell USD 15,790		
	Buy EUR 14,515 J.P. Morgan	–	–
	Total Derivatives	–	–
	Total value of investments	116,240	97.89
	Net other assets	2,506	2.11
	Net assets	118,746	100.00

Threadneedle China Opportunities Fund

Portfolio Statement

as at 30 April 2017

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
BERMUDA 0.90% (0.88%)				General Retailers 1.55% (0.00%)			
	Oil Equipment, Services & Distribution 0.00% (0.88%)			26,171	New Oriental Education & Technology Group ADR	1,314	1.55
	Gas, Water & Multiutilities 0.90% (0.00%)				Banks 16.71% (11.24%)		
294,000	China Resources Gas Group	767	0.90	9,266,000	Bank of China	3,470	4.09
	Total Bermuda	767	0.90	9,857,000	China Construction Bank	6,179	7.29
				823,500	China Merchants Bank	1,648	1.95
CAYMAN ISLANDS 40.57% (33.86%)				5,671,000	Industrial & Commercial Bank of China	2,862	3.38
	Construction & Materials 0.83% (1.62%)				Nonlife Insurance 0.00% (1.59%)		
1,656,000	China Resources Cement Holdings	701	0.83		Life Insurance 6.76% (4.84%)		
	Electronic & Electrical Equipment 1.04% (0.00%)			1,300,000	China Life Insurance	3,054	3.60
78,000	AAC Technologies Holdings	885	1.04	617,000	Ping An Insurance Group of China	2,682	3.16
	Automobiles & Parts 0.53% (0.00%)				Real Estate Investment & Services 0.00% (1.71%)		
430,000	Geely Automobile Holdings	448	0.53		Financial Services 0.00% (1.95%)		
	Food Producers 0.00% (1.12%)				Total China	28,477	33.60
	Personal Goods 1.08% (2.74%)			HONG KONG 15.86% (24.55%)			
422,000	Anta Sports Products	912	1.08		Oil & Gas Producers 2.85% (4.00%)		
	Pharmaceuticals & Biotechnology 0.74% (1.53%)			2,681,000	CNOOC	2,413	2.85
988,000	Sino Biopharmaceutical	628	0.74		Industrial Metals & Mining 0.00% (0.82%)		
	General Retailers 12.80% (6.73%)				General Industrials 0.00% (0.41%)		
95,870	Alibaba Group ADR	8,551	10.09		Automobiles & Parts 1.05% (0.00%)		
983,400	Chow TAI Food Jewellery Group	834	0.98	310,000	Minth Group	890	1.05
53,740	JD.com ADR	1,465	1.73		Pharmaceuticals & Biotechnology 2.26% (0.74%)		
	Travel & Leisure 2.61% (2.20%)			1,788,000	CSPC Pharmaceutical Group	1,915	2.26
33,367	Ctrip.Com International ADS	1,295	1.53		Mobile Telecommunications 5.04% (9.62%)		
262,000	Sands China	917	1.08	519,000	China Mobile	4,277	5.04
	Real Estate Investment & Services 2.00% (2.44%)				Gas, Water & Multiutilities 0.51% (2.54%)		
788,000	China Resources Land	1,691	2.00	360,000	Guangdong Investment	431	0.51
	Software & Computer Services 18.94% (15.48%)				Life Insurance 2.49% (2.90%)		
22,091	Baidu ADR	3,206	3.78	394,400	AIA Group	2,108	2.49
51,624	Baozun	600	0.71		Real Estate Investment & Services 1.66% (3.52%)		
2,900,000	Kingdee International Software Group	945	1.11	626,000	China Overseas Land & Investment	1,405	1.66
13,077	Netease	2,683	3.17		Total Hong Kong	13,439	15.86
356,500	Tencent Holdings	8,620	10.17	LUXEMBOURG 7.53% (3.96%)			
	Total Cayman Islands	34,381	40.57		Industrial Metals & Mining 0.66% (0.00%)		
CHINA 33.60% (31.06%)				800,000	JP Morgan Structured Notes Warrant (Baoshan Iron & Steel) 28/04/2020	559	0.66
	Oil & Gas Producers 5.13% (4.99%)				Construction & Materials 0.54% (0.43%)		
4,584,000	China Petroleum & Chemical	2,869	3.39	191,749	JP Morgan Structured Notes Warrant (Anhui Conch Cement) 12/04/2021	456	0.54
2,714,000	PetroChina	1,477	1.74		Electronic & Electrical Equipment 1.67% (0.00%)		
	Mining 0.76% (0.00%)			345,500	JP Morgan Structured Notes Warrant (Hangzhou Hikvision Digital Technology) 16/04/2020	1,413	1.67
358,000	China Shenhua Energy	645	0.76				
	Construction & Materials 0.97% (0.85%)						
304,000	Anhui Conch Cement	823	0.97				
	Industrial Engineering 0.00% (1.25%)						
	Automobiles & Parts 0.64% (2.64%)						
1,049,799	AviChina Industry & Technology	541	0.64				
	Pharmaceuticals & Biotechnology 1.08% (0.00%)						
263,200	Sinopharm Group	913	1.08				

Threadneedle China Opportunities Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
LUXEMBOURG 7.53% (3.96%) (continued)			
Beverages 2.10% (0.00%)			
22,589	JP Morgan Structured Note Warrant (Kweichow Moutai) 10/07/2020	1,045	1.23
145,000	JP Morgan Structured Notes Warrant (Wuliangye Yibin) 30/06/2020	739	0.87
Food Producers 0.74% (0.00%)			
306,000	JP Morgan Structured Notes Warrant (Inner Mongolia) 24/10/2019	625	0.74
Household Goods & Home Construction 0.00% (0.64%)			
Life Insurance 1.82% (2.89%)			
363,233	JP Morgan Structured Notes Warrant (Ping An of China) 12/04/2021	1,544	1.82
Total Luxembourg		6,381	7.53
NETHERLANDS 0.00% (0.71%)			
Industrial Transportation 0.00% (0.71%)			
Total Netherlands		-	-
SWITZERLAND 0.00% (1.68%)			
Chemicals 0.00% (1.68%)			
Total Switzerland		-	-
TAIWAN 0.00% (0.43%)			
Industrial Engineering 0.00% (0.43%)			
Total Taiwan		-	-
UNITED STATES OF AMERICA 0.84% (1.14%)			
Pharmaceuticals & Biotechnology 0.84% (1.14%)			
7,790	China Biologic Products	711	0.84
Total United States of America		711	0.84
Total value of investments		84,156	99.30
Net other assets (1.73%)		591	0.70
Net assets		84,747	100.00

April 2016 comparatives in brackets.

Threadneedle Global Emerging Markets Equity Fund

Portfolio Statement

as at 30 April 2017

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
ARGENTINA 0.50% (0.90%)				CHINA 0.34% (0.04%)			
	Oil & Gas Producers 0.50% (0.00%)				Automobiles & Parts 0.00% (0.04%)		
80,929	YPF	1,590	0.50		Life Insurance 0.34% (0.00%)		
	Electricity 0.00% (0.90%)			253,000	Ping An Insurance Group of China	1,100	0.34
	Total Argentina	1,590	0.50		Total China	1,100	0.34
BRAZIL 7.64% (5.03%)				COLOMBIA 1.14% (0.00%)			
	Oil & Gas Producers 0.95% (0.00%)				Banks 1.14% (0.00%)		
459,176	Petroleo Brasileiro ADR	3,041	0.95	120,978	Bancolombia ADR	3,638	1.14
	Mining 0.64% (0.00%)				Total Colombia	3,638	1.14
312,182	Vale ADR	2,031	0.64		CZECH REPUBLIC 2.25% (1.61%)		
	General Industrials 0.87% (0.00%)				Banks 2.25% (1.61%)		
723,000	Klabin	2,773	0.87	241,985	Komerčni Banka	7,185	2.25
	Industrial Transportation 0.89% (0.00%)				Total Czech Republic	7,185	2.25
689,000	CCR	2,858	0.89		HONG KONG 4.64% (6.06%)		
	Automobiles & Parts 0.54% (0.00%)				Oil & Gas Producers 1.90% (0.72%)		
437,600	lochpe-Maxion	1,724	0.54	6,755,000	CNOOC	6,080	1.90
	Food Producers 0.25% (0.00%)				Automobiles & Parts 0.00% (0.30%)		
85,514	BRF ADR	811	0.25		Household Goods & Home Construction 0.00% (1.39%)		
	Personal Goods 1.35% (0.98%)				Personal Goods 0.56% (0.75%)		
1,399,437	Alpargatas	4,301	1.35	309,500	Hengan International Group	1,788	0.56
	Fixed Line Telecommunications 1.76% (1.36%)				Mobile Telecommunications 2.18% (2.90%)		
493,802	Telefonica Brasil ADR	5,605	1.76	845,000	China Mobile	6,963	2.18
	Mobile Telecommunications 0.16% (0.00%)				Total Hong Kong	14,831	4.64
122,000	Linx	498	0.16		INDIA 12.66% (14.96%)		
	Electricity 0.23% (0.58%)				Construction & Materials 3.06% (2.97%)		
228,300	AES Tiete Energia	744	0.23	269,569	Asian Paints	3,633	1.14
	Banks 0.00% (0.08%)			185,554	Larsen & Toubro	3,898	1.22
	Real Estate Investment & Services 0.00% (0.59%)			44,046	Ultratech Cement	2,239	0.70
	Financial Services 0.00% (1.44%)				Industrial Engineering 1.13% (1.16%)		
	Total Brazil	24,386	7.64	11,563	Eicher Motors	3,614	1.13
BRITISH VIRGIN ISLANDS 0.00% (1.02%)					Industrial Transportation 0.80% (0.00%)		
	Software & Computer Services 0.00% (1.02%)			651,622	Adani Ports And Special Economic Zone	2,556	0.80
	Total British Virgin Islands	-	-		Automobiles & Parts 0.52% (1.03%)		
				41,308	Hero Honda	1,649	0.52
CAYMAN ISLANDS 9.61% (6.67%)					Personal Goods 1.84% (2.11%)		
	Electronic & Electrical Equipment 0.30% (1.61%)			803,275	Dabur India	2,759	0.87
152,000	Sunny Optical Technology Group	966	0.30	149,757	Godrej Consumer Products	3,110	0.97
	Personal Goods 0.00% (1.46%)				Health Care Equipment & Services 0.87% (0.93%)		
	General Retailers 3.50% (0.00%)			187,557	Apollo Hospitals Enterprise	2,778	0.87
125,203	Alibaba Group ADR	11,167	3.50		Pharmaceuticals & Biotechnology 0.00% (1.24%)		
	Software & Computer Services 5.81% (3.60%)				Media 1.46% (1.45%)		
11,736	Baidu ADR	1,703	0.53	920,134	Dish TV India	1,046	0.33
11,504	Netease	2,361	0.74	571,500	Zee Entertainment Enterprises	3,621	1.13
599,700	Tencent Holdings	14,501	4.54				
	Total Cayman Islands	30,698	9.61				

Threadneedle Global Emerging Markets Equity Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
INDIA 12.66% (14.96%) (continued)				Banks 1.68% (2.66%)			
	Banks 2.51% (2.30%)			1,217,300	Grupo Financiero Banorte	5,366	1.68
69,794	HDFC Bank ADR	4,319	1.35	Total Mexico			
569,183	ICICI Bank ADR	3,712	1.16			27,748	8.69
	Software & Computer Services 0.47% (1.77%)			NETHERLANDS 1.11% (0.00%)			
133,257	Infosys ADR	1,500	0.47		Software & Computer Services 1.11% (0.00%)		
	Total India	40,434	12.66	166,980	Yandex	3,535	1.11
					Total Netherlands	3,535	1.11
INDONESIA 4.37% (1.87%)				PHILIPPINES 0.28% (2.36%)			
	Automobiles & Parts 1.02% (0.80%)				Gas, Water & Multiutilities 0.28% (0.97%)		
6,305,500	Astra International	3,262	1.02	8,894,100	Metro Pacific Investments	905	0.28
	Food Producers 0.88% (0.00%)				Banks 0.00% (0.46%)		
5,756,000	PT Indofood Sukses	2,795	0.88		Real Estate Investment & Services 0.00% (0.93%)		
	General Retailers 0.57% (1.07%)				Total Philippines	905	0.28
2,141,800	Matahari Department Store	1,813	0.57				
	Fixed Line Telecommunications 0.90% (0.00%)			POLAND 3.65% (3.49%)			
11,402,600	Telekomunikasi Indonesia	2,889	0.90		Food & Drug Retailers 0.64% (1.52%)		
	Banks 1.00% (0.00%)			115,358	Dino Polska	883	0.28
2,314,300	Bank Mandiri	1,566	0.49	165,648	Eurocash	1,132	0.36
2,163,300	Bank Rakyat Indonesia	1,618	0.51		Banks 2.21% (1.97%)		
	Total Indonesia	13,943	4.37	250,290	Bank Pekao	7,069	2.21
					Nonlife Insurance 0.80% (0.00%)		
LUXEMBOURG 1.05% (0.00%)				297,553	PZU	2,563	0.80
	Household Goods & Home Construction 1.05% (0.00%)				Total Poland	11,647	3.65
1,126,500	Samsonite International	3,357	1.05	RUSSIA 6.32% (1.35%)			
	Total Luxembourg	3,357	1.05		Mining 0.86% (0.00%)		
				2,055,700	Alrosa	2,731	0.86
MALAYSIA 0.00% (1.11%)					Food & Drug Retailers 1.61% (0.48%)		
	Construction & Materials 0.00% (1.11%)			53,601	Magnit GDR	1,454	0.46
	Total Malaysia	-	-	136,987	X5 Retail Group	3,670	1.15
MEXICO 8.69% (10.70%)					Travel & Leisure 0.70% (0.00%)		
	Construction & Materials 3.55% (0.00%)			932,600	Aeroflot	2,243	0.70
2,981,921	Cemex	2,132	0.67		Mobile Telecommunications 0.60% (0.00%)		
692,000	Cemex ADR	4,935	1.54	239,140	Mobile Telesystems	1,914	0.60
513,415	Promotora y Operadora de Infraestructura	4,272	1.34		Banks 1.76% (0.00%)		
	Industrial Transportation 0.00% (0.79%)			608,569	Sberbank of Russia	5,619	1.76
	Automobiles & Parts 0.00% (0.74%)				Financial Services 0.79% (0.87%)		
	Beverages 0.30% (1.84%)			1,624,270	Moscow Exchange Rights	2,538	0.79
139,600	Fomento Economico Mexicano	954	0.30		Total Russia	20,169	6.32
	Food Producers 1.08% (0.00%)			SOUTH AFRICA 6.61% (6.09%)			
2,459,026	Grupo Lala	3,446	1.08		Chemicals 0.00% (0.49%)		
	General Retailers 1.43% (3.09%)				Mining 2.09% (2.37%)		
2,740,101	Wal-Mart de Mexico	4,572	1.43	86,233	Anglo Platinum	1,672	0.52
	Media 0.00% (0.43%)			21,789	AngloGold Ashanti	192	0.06
	Travel & Leisure 0.00% (1.15%)			557,278	AngloGold Ashanti ADR	4,832	1.51
	Mobile Telecommunications 0.65% (0.00%)						
174,151	America Movil ADR	2,071	0.65				

Threadneedle Global Emerging Markets Equity Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
SOUTH AFRICA 6.61% (6.09%) (continued)				Life Insurance 1.00% (0.00%)			
	General Industrials 0.00% (1.71%)			2,579,000	Cathay Financial Holdings	3,194	1.00
	Pharmaceuticals & Biotechnology 0.89% (0.00%)			Technology Hardware & Equipment 3.46% (5.61%)			
175,801	Aspen Pharmacare Holdings	2,825	0.89	75,289	Taiwan Semiconductor Manufacturing	374	0.12
	Media 2.88% (1.52%)			418,221	Taiwan Semiconductor Manufacturing ADR	10,671	3.34
61,814	Naspers	9,196	2.88	Total Taiwan			
	Banks 0.29% (0.00%)					27,299	8.55
104,746	Standard Bank	918	0.29	THAILAND 3.40% (4.71%)			
	Life Insurance 0.46% (0.00%)			Oil & Gas Producers 0.50% (0.96%)			
186,851	Discovery	1,472	0.46	181,700	PTT	1,579	0.50
Total South Africa							
		21,107	6.61	Industrial Transportation 0.00% (0.95%)			
SOUTH KOREA 9.83% (9.43%)				Banks 0.50% (0.00%)			
	Chemicals 0.00% (1.29%)			387,700	Kasikornbank	1,598	0.50
	Construction & Materials 0.00% (1.13%)			Real Estate Investment & Services 2.40% (2.80%)			
	Electronic & Electrical Equipment 0.87% (0.00%)			2,661,300	Central Pattana REIT	3,552	1.11
29,778	Samsung SDI	2,770	0.87	18,097,500	Land & Houses	4,124	1.29
	Household Goods & Home Construction 0.00% (0.37%)			Total Thailand			
	Leisure Goods 5.46% (2.63%)					10,853	3.40
11,509	Samsung Electronics	17,436	5.46	TURKEY 2.33% (3.80%)			
	Food & Drug Retailers 0.52% (0.52%)			Oil & Gas Producers 0.00% (0.77%)			
46,014	GS Retail	1,656	0.52	Automobiles & Parts 0.57% (0.57%)			
	General Retailers 0.43% (0.52%)			288,955	Tofas Turk Otomobil Fabrikasi	1,826	0.57
10,567	CJ O Shopping	1,371	0.43	Beverages 0.00% (0.63%)			
	Mobile Telecommunications 0.36% (0.00%)			Food Producers 0.00% (0.94%)			
2,318	SK Telecom	377	0.12	Household Goods & Home Construction 0.71% (0.00%)			
42,059	SK Telecom ADR	770	0.24	441,613	Arcelik	2,275	0.71
	Electricity 0.50% (1.41%)			Banks 1.05% (0.89%)			
104,092	Korea Electric Power ADR	1,610	0.50	752,224	Akbank	1,542	0.48
	Life Insurance 0.89% (1.03%)			1,938,347	Yapi Kredi Bankasi	1,805	0.57
37,979	Samsung Life Insurance	2,824	0.89	Total Turkey			
	Software & Computer Services 0.80% (0.53%)					7,448	2.33
4,720	NAVER	2,561	0.80	UNITED KINGDOM 0.00% (1.38%)			
Total South Korea				Beverages 0.00% (1.38%)			
		31,375	9.83	Total United Kingdom			
						-	-
TAIWAN 8.55% (9.15%)				UNITED STATES OF AMERICA 0.82% (0.00%)			
	Electronic & Electrical Equipment 1.20% (0.00%)			Pharmaceuticals & Biotechnology 0.82% (0.00%)			
1,513,000	Hon Hai Precision Industry	3,825	1.20	28,858	China Biologic Products	2,635	0.82
	Personal Goods 0.00% (0.95%)			Total United States of America			
	Food & Drug Retailers 1.35% (0.99%)					2,635	0.82
642,000	President Chain Store	4,308	1.35	DERIVATIVES 0.00% (0.00%)			
	Mobile Telecommunications 0.80% (0.98%)			Forward Foreign Exchange Contracts 0.00% (0.00%)			
1,352,000	Far EasTone Telecommunications	2,573	0.80	Sell USD 187,800			
	Banks 0.74% (0.62%)			Buy GBP 146,404 Citigroup			
4,982,538	E.Sun Financial	2,329	0.73	Total Derivatives			
298,427	E.Sun Financial Rights	25	0.01			1	-
				Total value of investments			
				305,884			
				95.79			
				Net other assets (8.27%)			
				13,446			
				4.21			
				Net assets			
				319,330			
				100.00			

April 2016 comparatives in brackets.

Threadneedle Emerging Market Local Fund

Portfolio Statement

as at 30 April 2017

Holding		Investment	Value £000	% of Net Asset Value	Holding		Investment	Value £000	% of Net Asset Value
ANGOLA 0.00% (1.92%)					HUNGARY 3.57% (3.63%)				
		B1 0.00% (1.92%)					BBB- 3.57% (0.00%)		
		Total Angola			HUF	225,240,000	Hungary Government Bond 5.5% 24/06/2025	717	0.98
					HUF	479,360,000	Hungary Government Bond 6% 24/11/2023	1,568	2.13
ARGENTINA 0.51% (4.32%)		B 0.51% (0.00%)			HUF	49,540,000	Hungary Government Bond 7% 24/06/2022	167	0.23
USD	470,000	Provincia de Cordoba 7.45% 01/09/2024	377	0.51	HUF	51,390,000	Hungary Government Bond 7.5% 12/11/2020	170	0.23
		B- 0.00% (4.32%)					BB+ 0.00% (3.63%)		
		Total Argentina	377	0.51			Total Hungary	2,622	3.57
BRAZIL 17.73% (10.68%)					INDONESIA 8.48% (9.35%)				
		BB 13.58% (7.52%)					Baa3 4.82% (7.49%)		
BRL	17,562	Brazil Government International Bond 10% 01/01/2021	4,403	5.99	IDR	9,352,000,000	Indonesia Government International Bond 5.625% 15/05/2023	507	0.69
BRL	15,602	Brazil Government International Bond 10% 01/01/2023	3,883	5.29	IDR	29,996,000,000	Indonesia Government International Bond 6.625% 15/05/2033	1,571	2.14
BRL	5,000	Brazil Government International Bond 10% 01/01/2025	1,237	1.68	IDR	14,200,000,000	Indonesia Government International Bond 9% 15/03/2029	919	1.25
BRL	1,845	Brazil Government International Bond 10% 01/01/2027	454	0.62	IDR	8,125,000,000	Indonesia Government International Bond 9.5% 15/07/2031	547	0.74
		Ba2 4.15% (3.16%)					Not Rated 3.66% (1.86%)		
BRL	17,000	Brazil Letras do Tesouro Nacional 0% 01/07/2020	3,051	4.15	IDR	34,257,000,000	Indonesia Government International Bond 8.375% 15/09/2026	2,161	2.94
		Total Brazil	13,028	17.73	IDR	8,194,000,000	Indonesia Government International Bond 8.75% 15/05/2031	526	0.72
COLOMBIA 6.51% (6.03%)					Total Indonesia				
		BBB 3.01% (2.93%)					Total Indonesia	6,231	8.48
COP	797,000,000	Colombia Government International Bond 7.75% 14/04/2021	225	0.31	MALAYSIA 2.80% (0.00%)				
COP	5,769,000,000	Colombia Government International Bond 9.85% 28/06/2027	1,982	2.70			A3 2.80% (0.00%)		
		Baa2 3.50% (1.70%)			MYR	6,253,000	Malaysian Government Bond 3.84% 15/04/2033	1,039	1.41
COP	10,482,000,000	Colombia Government International Bond 4.375% 21/03/2023	2,574	3.50	MYR	5,601,000	Malaysian Government Bond 4.392% 15/04/2026	1,017	1.39
		Baa3 0.00% (1.40%)					Total Malaysia	2,056	2.80
		Total Colombia	4,781	6.51	MEXICO 5.83% (8.43%)				
CROATIA 1.83% (0.72%)							A 5.33% (8.43%)		
		BB 1.83% (0.00%)			MXN	1,767,700	Mexican Bonos 7.5% 03/06/2027	73	0.10
USD	1,600,000	Croatia Government International Bond 6.75% 05/11/2019	1,346	1.83	MXN	2,044,100	Mexican Bonos 7.75% 29/05/2031	85	0.12
		BB- 0.00% (0.72%)			MXN	13,247,200	Mexican Bonos 7.75% 23/11/2034	546	0.74
		Total Croatia	1,346	1.83	MXN	20,846,200	Mexican Bonos 8.5% 31/05/2029	921	1.25
DOMINICAN REPUBLIC 0.59% (1.60%)					MXN	29,003,900	Mexican Bonos 10% 05/12/2024	1,370	1.87
		Not Rated 0.59% (1.60%)			MXN	18,315,200	Mexican Bonos 10% 20/11/2036	919	1.25
DOP	26,270,000	Dominican Republic International Bond 11% 05/01/2018	433	0.59			A3 0.50% (0.00%)		
		Total Dominican Republic	433	0.59	MXN	10,000,000	Mexican Bonos 5.75% 05/03/2026	368	0.50
GUATEMALA 0.00% (2.08%)							Total Mexico	4,282	5.83
		BB 0.00% (2.08%)			PERU 3.93% (0.59%)				
		Total Guatemala					A- 3.93% (0.59%)		
					PEN	10,300,000	Peruvian Government International Bond 8.2% 12/08/2026	2,883	3.93
							Total Peru	2,883	3.93

Threadneedle Emerging Market Local Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
DERIVATIVES 0.63% (-0.02%) (continued)			
	Sell USD 9,205,843		
	Buy PLN 37,583,776 Citigroup	410	0.56
	Sell USD 323,755		
	Buy RON 1,386,040 Bank of Scotland	8	0.01
	Sell USD 6,756,994		
	Buy THB 239,420,572 HSBC	127	0.17
	Sell USD 3,814,860		
	Buy TRY 14,582,337 Citigroup	214	0.29
	Sell GBP 1,020,000		
	Buy USD 1,242,302 UBS	(61)	(0.08)
	Sell PEN 5,299,184		
	Buy USD 1,606,543 HSBC	(17)	(0.02)
	Sell GBP 125,000		
	Buy USD 153,619 HSBC	(7)	(0.01)
	Sell RUB 382,841,552		
	Buy USD 6,386,547 Citigroup	(251)	(0.34)
	Sell MXN 11,654,401		
	Buy USD 617,825 J.P. Morgan	6	0.01
	Sell BRL 24,680,198		
	Buy USD 7,654,911 HSBC	(43)	(0.06)
	Sell CNY 57,848,425		
	Buy USD 8,147,665 HSBC	(50)	(0.07)
	Sell GBP 6,398		
	Buy USD 8,200 Citigroup	-	-
	Sell EUR 812,952		
	Buy USD 865,349 UBS	(19)	(0.02)
	Sell USD 261,554		
	Buy ZAR 3,510,127 J.P. Morgan	1	-
	Total Derivatives	462	0.63
Total value of investments		61,899	84.26
Net other assets (5.81%)		11,564	15.74
Net assets		73,463	100.00

ANALYSIS OF INVESTMENTS BY ASSET CLASS

	Value £000	% of Investment
Fixed interest	61,437	99.25
Derivatives	462	0.75
Total value of investments	61,899	100.00

April 2016 comparatives in brackets.

Threadneedle Global Extended Alpha Fund

Portfolio Statement

as at 30 April 2017

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
BELGIUM 1.95% (2.45%)				INDIA 2.01% (1.81%)			
	Beverages 1.95% (2.45%)				Personal Goods 0.00% (0.31%)		
46,696	Anheuser-Busch InBev	4,065	1.95		Media 0.52% (0.51%)		
	Total Belgium	4,065	1.95	109,000	Info Edge India	1,091	0.52
BERMUDA 1.77% (2.07%)					Banks 1.49% (0.99%)		
	Financial Services 1.77% (2.07%)			165,187	HDFC Bank	3,105	1.49
109,157	Ihs Markit	3,687	1.77		Total India	4,196	2.01
	Total Bermuda	3,687	1.77	INDONESIA 2.35% (1.29%)			
BRAZIL 0.75% (0.66%)					Banks 2.35% (1.29%)		
	General Retailers 0.75% (0.66%)			6,560,000	Bank Rakyat Indonesia	4,906	2.35
439,300	Kroton Educacional	1,570	0.75		Total Indonesia	4,906	2.35
	Total Brazil	1,570	0.75	JAPAN 4.56% (3.53%)			
CANADA 1.51% (0.00%)					Industrial Engineering 1.40% (0.93%)		
	Oil & Gas Producers 1.51% (0.00%)			111,600	Kubota	1,355	0.65
133,009	Suncor Energy USD	3,153	1.51	106,500	Yaskawa Electric	1,571	0.75
	Total Canada	3,153	1.51		Automobiles & Parts 1.51% (0.00%)		
CAYMAN ISLANDS 3.60% (3.27%)				98,100	Bridgestone	3,160	1.51
	General Retailers 1.75% (1.05%)				Household Goods & Home Construction 1.20% (1.04%)		
40,996	Alibaba Group ADR	3,657	1.75	193,300	Sekisui Chemical	2,506	1.20
	Software & Computer Services 1.85% (2.22%)				Leisure Goods 0.45% (1.13%)		
159,800	Tencent Holdings	3,864	1.85	4,800	Nintendo	933	0.45
	Total Cayman Islands	7,521	3.60		Financial Services 0.00% (0.43%)		
CHINA 3.27% (1.56%)					Total Japan	9,525	4.56
	Pharmaceuticals & Biotechnology 1.33% (0.56%)			JERSEY 1.19% (0.90%)			
800,000	Sinopharm Group	2,774	1.33		Support Services 1.19% (0.90%)		
	Life Insurance 1.94% (1.00%)			50,396	Wolseley	2,483	1.19
932,000	Ping An Insurance Group of China	4,051	1.94		Total Jersey	2,483	1.19
	Total China	6,825	3.27	MEXICO 0.00% (3.30%)			
DENMARK 0.91% (1.20%)					Beverages 0.00% (1.55%)		
	Pharmaceuticals & Biotechnology 0.91% (1.20%)				Banks 0.00% (1.75%)		
63,000	Novo Nordisk	1,897	0.91		Total Mexico	-	-
	Total Denmark	1,897	0.91	NETHERLANDS 1.24% (0.48%)			
FRANCE 0.00% (1.32%)					Media 1.24% (0.00%)		
	Oil & Gas Producers 0.00% (0.76%)			172,193	RELX (EUR)	2,591	1.24
	Software & Computer Services 0.00% (0.56%)				Technology Hardware & Equipment 0.00% (0.48%)		
	Total France	-	-		Total Netherlands	2,591	1.24
GERMANY 1.11% (0.71%)				REPUBLIC OF IRELAND 3.03% (4.74%)			
	Chemicals 0.14% (0.71%)				Construction & Materials 1.36% (1.06%)		
6,597	Brenntag	306	0.14	99,820	CRH (Dublin Listing)	2,838	1.36
	Mobile Telecommunications 0.97% (0.00%)				Support Services 1.13% (0.00%)		
148,937	Deutsche Telekom	2,023	0.97	72,453	Johnson Controls International	2,361	1.13
	Total Germany	2,329	1.11		Pharmaceuticals & Biotechnology 0.54% (0.90%)		
HONG KONG 1.62% (1.11%)				25,982	Alkermes	1,130	0.54
	Life Insurance 1.62% (1.11%)				Banks 0.00% (0.72%)		
635,000	AIA Group	3,394	1.62		Nonlife Insurance 0.00% (2.06%)		
	Total Hong Kong	3,394	1.62		Total Republic of Ireland	6,329	3.03

Threadneedle Global Extended Alpha Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
DERIVATIVES 0.49% (0.03%)			
	Portfolio Swap 0.49% (0.03%)		
	UBS Portfolio Swap	1,033	0.49
	Total Derivatives	1,033	0.49
Total value of investments		199,219	95.39
Net other assets (7.85%)		9,622	4.61
Net assets		208,841	100.00

April 2016 comparatives in brackets.

Threadneedle Global Equity Income Fund

Portfolio Statement

as at 30 April 2017

		Value	% of			Value	% of
Holding	Investment	£000	Net Asset Value	Holding	Investment	£000	Net Asset Value
AUSTRALIA 5.97% (6.48%)				GERMANY 6.62% (5.17%)			
	Construction & Materials 1.00% (0.85%)				Chemicals 1.34% (1.27%)		
4,579,800	Dulux Group	17,848	1.00	317,453	BASF	24,005	1.34
	General Industrials 1.14% (1.48%)				Automobiles & Parts 0.80% (1.35%)		
2,257,132	Amcor	20,395	1.14	247,283	Daimler	14,347	0.80
	Industrial Transportation 1.42% (1.79%)				Media 1.61% (1.37%)		
6,438,941	Sydney Airport	25,540	1.42	883,208	ProSiebenSat.1 Media	28,929	1.61
	Life Insurance 1.00% (1.01%)				Travel & Leisure 0.00% (1.18%)		
2,356,073	Challenger	17,902	1.00		Mobile Telecommunications 2.87% (0.00%)		
	Real Estate Investment Trusts 1.41% (1.35%)			2,950,759	Deutsche Telekom	40,081	2.24
5,466,377	Goodman Group	25,249	1.41	269,979	Drillisch	11,207	0.63
	Total Australia	106,934	5.97		Total Germany	118,569	6.62
BRAZIL 2.25% (1.32%)				HONG KONG 2.97% (1.06%)			
	Beverages 1.15% (0.80%)				Fixed Line Telecommunications 1.46% (1.06%)		
4,685,327	Ambev	20,689	1.15	26,543,000	HKT Trust & HKT	26,210	1.46
	General Retailers 1.10% (0.52%)				Banks 1.51% (0.00%)		
5,516,100	Kroton Educacional	19,710	1.10	8,493,500	BOC Hong Kong Holdings	27,000	1.51
	Total Brazil	40,399	2.25		Total Hong Kong	53,210	2.97
CANADA 3.02% (2.95%)				ISLE OF MAN 0.55% (0.00%)			
	Oil & Gas Producers 0.68% (0.00%)				Travel & Leisure 0.55% (0.00%)		
518,200	Suncor Energy CAD	12,247	0.68	1,319,871	GVC Holdings	9,886	0.55
	Oil Equipment, Services & Distribution 1.41% (0.00%)				Total Isle of Man	9,886	0.55
703,900	TransCanada	25,222	1.41				
	Chemicals 0.93% (0.67%)			JAPAN 3.72% (3.75%)			
227,679	Agrium	16,710	0.93		Automobiles & Parts 1.64% (0.00%)		
	Support Services 0.00% (0.55%)			909,100	Bridgestone	29,287	1.64
	Media 0.00% (0.61%)				Banks 0.00% (1.01%)		
	Banks 0.00% (1.12%)			19,157	Japan Hotel Investment REIT	10,080	0.56
	Total Canada	54,179	3.02		Real Estate Investment Trusts 0.56% (1.91%)		
CAYMAN ISLANDS 0.00% (0.62%)					Financial Services 1.52% (0.00%)		
	Travel & Leisure 0.00% (0.62%)			5,829,000	Daiwa Securities Group	27,293	1.52
	Total Cayman Islands	-	-		Technology Hardware & Equipment 0.00% (0.83%)		
DENMARK 0.88% (0.00%)					Total Japan	66,660	3.72
	Pharmaceuticals & Biotechnology 0.88% (0.00%)			MEXICO 2.20% (2.53%)			
526,008	Novo Nordisk	15,840	0.88		Personal Goods 1.15% (1.45%)		
	Total Denmark	15,840	0.88	12,463,913	Kimberly-Clark de Mexico	20,715	1.15
FINLAND 0.75% (0.87%)					General Retailers 1.05% (1.08%)		
	Nonlife Insurance 0.75% (0.87%)			11,235,800	Wal-Mart de Mexico	18,747	1.05
366,277	Sampo	13,520	0.75		Total Mexico	39,462	2.20
	Total Finland	13,520	0.75	NETHERLANDS 3.60% (3.26%)			
FRANCE 0.00% (0.77%)					Chemicals 1.18% (1.05%)		
	Construction & Materials 0.00% (0.77%)			313,497	LyondellBasell Industries	21,177	1.18
	Total France	-	-		Personal Goods 2.42% (2.21%)		
				1,074,097	Unilever (EUR)	43,425	2.42
					Total Netherlands	64,602	3.60

Threadneedle Global Equity Income Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
NORWAY 0.00% (0.87%)				Gas, Water & Multiutilities 0.88% (1.09%)			
	Mobile Telecommunications 0.00% (0.87%)			1,584,018	National Grid	15,751	0.88
	Total Norway	–	–		Banks 1.18% (1.07%)		
				3,314,371	HSBC Holdings	21,093	1.18
SOUTH AFRICA 0.41% (0.00%)				Life Insurance 2.39% (1.84%)			
	Food & Drug Retailers 0.41% (0.00%)			9,662,581	Legal & General Group	23,934	1.33
693,263	SPAR Group	7,260	0.41	1,653,639	St James's Place	19,033	1.06
	Total South Africa	7,260	0.41		Financial Services 0.00% (0.91%)		
SOUTH KOREA 0.00% (0.66%)				UK Bond 0.73% (0.00%)			
	Mobile Telecommunications 0.00% (0.66%)			13,029,541	Threadneedle Sterling Fund	13,006	0.73
	Total South Korea	–	–		Total United Kingdom	279,542	15.60
SPAIN 0.84% (1.10%)				UNITED STATES OF AMERICA 41.03% (46.51%)			
	Construction & Materials 0.84% (1.10%)				Oil & Gas Producers 2.97% (1.55%)		
918,109	Ferrovial	15,110	0.84	576,675	Occidental Petroleum	27,413	1.53
	Total Spain	15,110	0.84	509,450	Valero Energy	25,714	1.44
SWITZERLAND 5.48% (4.96%)					Oil Equipment, Services & Distribution 1.67% (1.79%)		
	Chemicals 1.28% (1.76%)			1,429,355	Enterprise Products Partners	29,964	1.67
15,175	Givaudan	22,874	1.28		Alternative Energy 0.00% (0.86%)		
	Pharmaceuticals & Biotechnology 1.94% (1.72%)			538,094	Dow Chemical	26,274	1.47
584,519	Novartis	34,705	1.94		Chemicals 1.47% (1.06%)		
	Banks 2.26% (1.48%)			171,891	Watsco	18,584	1.04
3,023,208	UBS Group	40,593	2.26		Construction & Materials 1.04% (0.00%)		
	Total Switzerland	98,172	5.48		General Industrials 1.70% (1.67%)		
TAIWAN 3.52% (2.34%)					General Electric	30,544	1.70
	Technology Hardware & Equipment 3.52% (2.34%)				Industrial Transportation 0.00% (1.01%)		
14,027,141	Advanced Semiconductor Engineering	13,615	0.76		Support Services 1.47% (2.60%)		
6,682,000	Pegatron	15,196	0.85	570,583	Paychex	26,383	1.47
6,904,000	Taiwan Semiconductor Manufacturing	34,302	1.91		Automobiles & Parts 1.80% (1.58%)		
	Total Taiwan	63,113	3.52	1,207,576	General Motors	32,239	1.80
UNITED KINGDOM 15.60% (13.36%)					Beverages 0.00% (2.01%)		
	Oil & Gas Producers 1.82% (2.02%)			759,722	Coach	23,376	1.30
1,621,814	Royal Dutch Shell A Shares (UK Listing)	32,566	1.82		Personal Goods 1.30% (0.00%)		
	Mining 1.13% (0.59%)			366,160	Altria Group	20,235	1.13
655,625	Rio Tinto	20,272	1.13	264,096	Philip Morris International	22,486	1.26
	Aerospace & Defence 1.04% (1.73%)			645,823	Reynolds American	32,098	1.79
2,958,960	BAE Systems	18,627	1.04		Pharmaceuticals & Biotechnology 4.10% (5.06%)		
	Tobacco 1.84% (0.00%)			359,708	AbbVie	18,359	1.02
631,172	British American Tobacco	32,941	1.84	274,658	Merck & Co	13,277	0.74
	Pharmaceuticals & Biotechnology 2.68% (2.65%)			1,601,473	Pfizer	41,901	2.34
555,354	AstraZeneca	25,782	1.44		General Retailers 1.42% (2.03%)		
1,436,444	GlaxoSmithKline	22,272	1.24	628,699	L Brands	25,354	1.42
	Media 0.94% (0.00%)				Travel & Leisure 3.84% (6.07%)		
4,852,150	Moneysupermarket.com Group	16,818	0.94	498,614	Las Vegas Sands	22,805	1.27
	Fixed Line Telecommunications 0.97% (1.46%)			1,404,948	Regal Entertainment Group	23,829	1.33
5,715,584	BT Group	17,447	0.97	458,294	Six Flags Entertainment	22,253	1.24

Threadneedle Global Equity Income Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
UNITED STATES OF AMERICA 41.03% (46.51%) (continued)			
Electricity 1.90% (1.47%)			
2,422,745	AES	21,136	1.18
248,282	PG&E	12,908	0.72
Banks 1.92% (3.10%)			
818,534	Wells Fargo	34,439	1.92
Real Estate Investment Trusts 1.95% (4.03%)			
125,162	Crown Castle International	9,190	0.51
1,461,345	Starwood Property Trust	25,791	1.44
Financial Services 2.16% (2.20%)			
560,491	Blackstone Group	13,409	0.75
284,687	CME Group	25,322	1.41
Equity Investment Instruments 1.12% (0.84%)			
1,493,406	Ares Capital	20,148	1.12
Technology Hardware & Equipment 5.02% (2.54%)			
1,660,077	Cisco Systems	43,280	2.42
1,997,718	Cypress Semiconductor	22,213	1.24
698,722	Maxim Integrated Products	24,334	1.36
Total United States of America		735,258	41.03
DERIVATIVES 0.00% (0.01%)			
Forward Foreign Exchange Contracts 0.00% (0.01%)			
	Sell USD 150		
	Buy AUD 200 J.P. Morgan	–	–
	Sell USD 559,176		
	Buy AUD 739,510 J.P. Morgan	(5)	–
	Sell USD 14,685		
	Buy CHF 14,574 J.P. Morgan	–	–
	Sell USD 14,897		
	Buy CHF 14,784 J.P. Morgan	–	–
	Sell USD 3,765		
	Buy EUR 3,461 J.P. Morgan	–	–
	Sell USD 74,620		
	Buy SGD 103,951 J.P. Morgan	–	–
	Sell USD 12,021,462		
	Buy SGD 16,733,875 J.P. Morgan	(21)	–
	Sell USD 1,534,510		
	Buy SGD 2,136,038 J.P. Morgan	(3)	–
	Sell USD 4,407		
	Buy SGD 6,135 J.P. Morgan	–	–
	Sell USD 4,869		
	Buy SGD 6,778 J.P. Morgan	–	–
	Sell USD 460,244		
	Buy SGD 640,659 J.P. Morgan	(1)	–
	Sell SGD 1,029		
	Buy USD 738 J.P. Morgan	–	–
Total Derivatives		(30)	–
Total value of investments		1,781,686	99.41
Net other assets (1.41%)		10,494	0.59
Net assets		1,792,180	100.00

April 2016 comparatives in brackets.

Threadneedle Global Opportunities Bond Fund

Portfolio Statement

as at 30 April 2017

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
AUSTRALIA 4.41% (2.24%)					CAYMAN ISLANDS 1.62% (1.58%)				
		Aaa 1.61% (0.00%)					BBB 1.01% (1.50%)		
AUD	2,399,000	Australia Government Bond 1.75% 21/11/2020	1,377	1.61	GBP	850,000	*Thames Water Utilities Cayman Finance 5.375% 21/07/2025	858	1.01
		A 0.00% (0.34%)					Baa3 0.20% (0.00%)		
EUR	304,000	SGSP Australia Assets 2% 30/06/2022	273	0.32	GBP	170,000	Thames Water Utilities 2.375% 03/05/2023	171	0.20
USD	400,000	SGSP Australia Assets 3.25% 29/07/2026	301	0.35			BB 0.00% (0.08%)		
		BBB+ 1.59% (1.40%)			USD	525,000	Noble Holding International 6.95% 01/04/2045	354	0.41
EUR	480,000	Aurizon Network 2% 18/09/2024	421	0.49			Total Cayman Islands	1,383	1.62
EUR	370,000	*BHP Billiton Finance 5.625% 22/10/2079	365	0.43					
USD	740,000	Woodside Finance 3.65% 05/03/2025	567	0.67					
		BBB 0.14% (0.15%)					CROATIA 1.03% (0.00%)		
USD	145,000	APT Pipelines 4.25% 15/07/2027	114	0.14	USD	1,020,000	Croatia Government International Bond 6% 26/01/2024	877	1.03
		BBB- 0.40% (0.00%)					Total Croatia	877	1.03
USD	240,000	Asciano Finance 5% 07/04/2018	190	0.22					
GBP	139,000	Asciano Finance 5% 19/09/2023	155	0.18			DOMINICAN REPUBLIC 1.44% (2.39%)		
		BB+ 0.00% (0.35%)			USD	1,430,000	Dominican Republic International Bond 7.5% 06/05/2021	1,226	1.44
		Total Australia	3,763	4.41			Total Dominican Republic	1,226	1.44
AUSTRIA 0.52% (0.45%)					FRANCE 1.02% (0.61%)				
		Baa2 0.52% (0.00%)					BBB 0.43% (0.29%)		
EUR	400,000	BAWAG PSK Bank fuer Arbeit und Wirtschaft und Oesterreichische Postsparkasse 8.125% 30/10/2023	440	0.52	USD	440,000	*Credit Agricole 8.125% 19/09/2033	365	0.43
		Baa3 0.00% (0.33%)					BB 0.20% (0.00%)		
		BB+ 0.00% (0.12%)			EUR	200,000	SPiE 3.125% 22/03/2024	173	0.20
		Total Austria	440	0.52			B+ 0.39% (0.32%)		
					EUR	375,000	Paprec Holding 5.25% 01/04/2022	333	0.39
							Total France	871	1.02
BELGIUM 0.00% (0.63%)					GEORGIA 0.00% (0.52%)				
		A- 0.00% (0.37%)					BB- 0.00% (0.52%)		
		BB 0.00% (0.26%)					Total Georgia	-	-
		Total Belgium	-	-					
BRITISH VIRGIN ISLANDS 0.40% (0.29%)					GERMANY 12.20% (0.50%)				
		BBB 0.40% (0.29%)					Aaa 11.12% (0.00%)		
GBP	310,000	Global Switch Holdings 4.375% 13/12/2022	345	0.40	EUR	11,520,000	Bundesrepublik Deutschland 0% 15/08/2026	9,494	11.12
		Total British Virgin Islands	345	0.40			A 0.04% (0.00%)		
					GBP	34,000	*Muenchener Rueckversicherungs- Gesellschaft in Muenchen 7.625% 21/06/2028	36	0.04
CANADA 0.47% (0.35%)							BBB- 0.32% (0.00%)		
		BBB 0.19% (0.00%)			EUR	220,000	Innogy Finance II 5.75% 14/02/2033	276	0.32
USD	215,000	Cenovus Energy 3.8% 15/09/2023	167	0.19			BB 0.49% (0.00%)		
		BB- 0.28% (0.00%)			GBP	400,000	*RWWE 7% 29/03/2049	422	0.49
USD	110,000	Valeant 6.5% 15/03/2022	87	0.10			BB- 0.23% (0.16%)		
USD	190,000	Valeant 7% 15/03/2024	150	0.18	EUR	270,000	Unitymedia Hessen 5.125% 21/01/2023	194	0.23
		B- 0.00% (0.35%)					B+ 0.00% (0.34%)		
		Total Canada	404	0.47			Total Germany	10,422	12.20

Threadneedle Global Opportunities Bond Fund

Portfolio Statement

(continued)

		Value	% of			Value	% of
		£000	Net Asset Value			£000	Net Asset Value
Holding	Investment			Holding	Investment		
GHANA 0.00% (0.38%)				LUXEMBOURG 9.52% (6.79%)			
	B- 0.00% (0.38%)				BBB+ 0.59% (0.00%)		
	Total Ghana	–	–	EUR	600,000 Grand City Properties 1.5% 17/04/2025	508	0.59
GUERNSEY 0.00% (0.29%)					BBB 0.29% (0.56%)		
	Not Rated 0.00% (0.29%)			EUR	300,000 GELF Bond Issuer I 1.625% 20/10/2026	251	0.29
	Total Guernsey	–	–		Baa2 0.27% (0.00%)		
HUNGARY 1.40% (3.64%)				EUR	278,000 SELP Finance 1.25% 25/10/2023	230	0.27
	Baa3 1.40% (0.00%)				BB+ 0.00% (0.41%)		
USD	1,400,000 MFB Magyar Fejlesztési Bank 6.25% 21/10/2020	1,195	1.40		Ba1 0.96% (0.00%)		
	BB+ 0.00% (3.43%)			USD	966,000 SB Capital 6.125% 07/02/2022	817	0.96
	Ba1 0.00% (0.21%)				BB 0.41% (0.77%)		
	Total Hungary	1,195	1.40	EUR	400,000 Hanesbrands 3.5% 15/06/2024	349	0.41
ICELAND 0.49% (0.18%)					BB- 0.00% (0.37%)		
	BBB 0.49% (0.00%)				B+ 0.00% (0.46%)		
EUR	485,000 Arion Bank 1.625% 01/12/2021	417	0.49		B 2.25% (1.38%)		
	BBB- 0.00% (0.18%)			EUR	490,000 Altice 6.25% 15/02/2025	449	0.52
	Total Iceland	417	0.49	EUR	400,000 Altice 7.25% 15/05/2022	357	0.42
INDIA 0.00% (0.88%)				EUR	320,000 Codere Finance 2 (Luxembourg) 6.75% 01/11/2021	273	0.32
	BBB- 0.00% (0.88%)			EUR	365,000 Crystal Almond 10% 01/11/2021	321	0.38
	Total India	–	–	EUR	620,000 *Matterhorn FRN 01/02/2023	522	0.61
ITALY 0.52% (0.55%)					Collective Investment Schemes 4.75% (2.84%)		
	BB+ 0.32% (0.19%)			USD	162,619 Threadneedle (Lux) – US High Yield Bond Fund	4,059	4.75
EUR	300,000 *Enel 5% 15/01/2075	274	0.32		Total Luxembourg	8,136	9.52
	B3 0.20% (0.36%)			MEXICO 2.33% (2.55%)			
EUR	205,000 Banca Monte dei Paschi di Siena 3.625% 01/04/2019	172	0.20		A 0.00% (1.37%)		
	Total Italy	446	0.52		BBB+ 2.33% (1.18%)		
IVORY COAST 1.06% (0.00%)				USD	2,500,000 Petroleos Mexicanos 5.75% 01/03/2018	1,990	2.33
	Ba3 1.06% (0.00%)				Total Mexico	1,990	2.33
USD	1,200,000 Ivory Coast Government International Bond 5.375% 23/07/2024	903	1.06	NETHERLANDS 4.06% (4.21%)			
	Total Ivory Coast	903	1.06		BBB+ 0.80% (0.78%)		
JAPAN 0.54% (0.72%)				USD	570,000 Deutsche Annington Finance 3.2% 02/10/2017	442	0.52
	BB+ 0.54% (0.72%)			GBP	225,000 PostNL 7.5% 14/08/2018	244	0.28
EUR	500,000 Softbank Group 4% 30/07/2022	464	0.54		BBB 0.43% (0.53%)		
	Total Japan	464	0.54	EUR	415,000 *Eneco Holding 3.25% 29/12/2049	369	0.43
JERSEY 0.98% (0.35%)					BBB- 0.84% (0.36%)		
	B 0.47% (0.35%)			GBP	67,000 Innogy Finance 6.25% 03/06/2030	92	0.11
GBP	385,000 CPMK Finance 7% 28/08/2020	404	0.47	EUR	200,000 *Vonovia Finance 4% 29/12/2049	180	0.21
	B- 0.51% (0.00%)			EUR	500,000 *Vonovia Finance 4.625% 08/04/2074	448	0.52
GBP	395,000 TVL Finance 8.5% 15/05/2023	432	0.51		BB+ 1.33% (0.67%)		
	Total Jersey	836	0.98	EUR	445,000 *DE Volksbank FRN 05/11/2025	401	0.47
				GBP	400,000 *Telefonica Europe 6.75% Perpetual	433	0.51
				EUR	351,000 *Tennet Holding 2.995% 01/06/2024	298	0.35

Threadneedle Global Opportunities Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
NETHERLANDS 4.06% (4.21%) (continued)					SWEDEN 1.18% (0.29%)				
		BB- 0.31% (0.20%)					BBB 0.44% (0.29%)		
EUR	300,000	Ziggo Secured Finance 3.75% 15/01/2025	264	0.31	USD	490,000	*Swedish Export 2.88% 14/11/2023	378	0.44
		B+ 0.00% (0.68%)					BBB- 0.74% (0.00%)		
		B 0.35% (0.75%)			EUR	530,000	Akelius Residential 1.5% 23/01/2022	454	0.53
EUR	315,000	LGE HoldCo VI 7.125% 15/05/2024	301	0.35	EUR	194,000	Akelius Residential 3.375% 23/09/2020	177	0.21
		Not Rated 0.00% (0.24%)					Total Sweden	1,009	1.18
		Total Netherlands	3,472	4.06	SWITZERLAND 3.14% (0.45%)				
NORWAY 0.41% (0.66%)							A- 0.27% (0.00%)		
		AA- 0.21% (0.00%)			USD	300,000	*UBS Group Funding FRN 23/05/2023	233	0.27
EUR	213,000	Avinor 1.25% 09/02/2027	183	0.21			BBB+ 0.77% (0.00%)		
		A+ 0.20% (0.00%)			EUR	705,000	*UBS 4.75% 12/02/2026	658	0.77
USD	215,000	*DNB Bank FRN 02/06/2021	168	0.20			BBB 1.51% (0.12%)		
		BBB 0.00% (0.66%)			EUR	1,355,000	*Credit Suisse 5.75% 18/09/2025	1,289	1.51
		Total Norway	351	0.41			BB+ 0.59% (0.00%)		
PORTUGAL 0.48% (0.29%)					EUR	248,000	*UBS Group 5.75% 29/12/2049	229	0.27
		Not Rated 0.48% (0.29%)			USD	325,000	*UBS Group 7% 29/12/2049	275	0.32
EUR	1,700,000	Banco Espirito Santo 4% 21/01/2019 (Defaulted)	407	0.48			BB 0.00% (0.33%)		
		Total Portugal	407	0.48			Total Switzerland	2,684	3.14
REPUBLIC OF IRELAND 1.37% (0.86%)					UNITED ARAB EMIRATES 0.00% (0.26%)				
		BBB 0.16% (0.00%)					Baa1 0.00% (0.26%)		
EUR	160,000	Liberty Mutual 1.75% 27/03/2024	138	0.16			Total United Arab Emirates	-	-
		BB- 0.95% (0.00%)			UNITED KINGDOM 19.14% (17.14%)				
EUR	680,000	Ardagh Packaging Finance 2.75% 15/03/2024	570	0.67			AAA 0.51% (0.00%)		
EUR	260,000	*Governor & Co of the Bank of Ireland 7.375% 29/12/2049	239	0.28	GBP	454,000	*Towd Point Mortgage Funding 2016 FRN 20/04/2045	433	0.51
		B+ 0.00% (0.86%)					Aa1u 5.87% (7.51%)		
		B2u 0.26% (0.00%)			GBP	5,000,000	United Kingdom Gilt 1% 07/09/2017	5,015	5.87
EUR	244,000	*Allied Irish Banks 7.375% 29/12/2049	222	0.26			AA 0.26% (0.00%)		
		Total Republic of Ireland	1,169	1.37	GBP	266,000	Telereal Securitisation 4.9741% 10/09/2027	221	0.26
ROMANIA 0.00% (6.03%)							A 0.14% (0.00%)		
		Not Rated 0.00% (6.03%)			GBP	112,000	Greene King Finance 4.0643% 15/03/2035	119	0.14
		Total Romania	-	-			A- 0.48% (0.47%)		
RUSSIA 14.07% (0.00%)					GBP	184,000	Aspire Defence Finance 4.674% 31/03/2040 'B'	218	0.26
		Not Rated 14.07% (0.00%)			GBP	185,000	*HSBC Bank 5% 20/03/2023	191	0.22
RUB	891,999,000	Russian Federal Bond 7.5% 18/08/2021	12,016	14.07			BBB+ 2.82% (1.29%)		
		Total Russia	12,016	14.07	USD	520,000	*BG Energy Capital 6.5% 30/11/2072 USD	413	0.48
SPAIN 0.10% (0.00%)					GBP	200,000	*HSBC Holdings 6.375% 18/10/2022	204	0.24
		BB 0.10% (0.00%)			GBP	175,000	*Legal & General Group 10% 23/07/2041	231	0.27
EUR	100,000	*Bankia 3.375% 15/03/2027	86	0.10	EUR	224,000	National Grid Gas 0.625% 22/09/2024	185	0.22
		Total Spain	86	0.10	GBP	210,000	National Grid Gas 2.125% 22/09/2028	206	0.24

Threadneedle Global Opportunities Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
UNITED KINGDOM 19.14% (17.14%) (continued)					CCC+ 0.64% (0.00%)				
GBP	230,000	National Grid Gas 2.625% 22/09/2038	220	0.26	USD	883,052	EnQuest PIK 7% 15/04/2022	543	0.64
GBP	100,000	National Grid Gas 2.75% 22/09/2046	96	0.11	Not Rated 1.03% (1.43%)				
EUR	294,000	Smiths Group 2% 23/02/2027	255	0.30	EUR	338,000	International Personal Finance 5.75% 07/04/2021	240	0.28
GBP	100,000	Standard Chartered 4.375% 18/01/2038	113	0.13	GBP	620,000	*Pennon Group 6.75% 08/03/2049	642	0.75
GBP	156,000	Telereal Securitisation 5.4252% 10/12/2031	167	0.20	Total United Kingdom				
GBP	295,000	Western Power Distribution 3.625% 06/11/2023	320	0.37	16,350 19.14				
Baa1 0.16% (0.00%)					UNITED STATES OF AMERICA 8.29% (13.30%)				
GBP	139,000	Bupa Finance 2% 05/04/2024	139	0.16	Aaa 0.00% (7.15%)				
BBB 0.92% (0.24%)					AA- 0.00% (0.09%)				
USD	563,000	Barclays Bank 4.337% 10/01/2028	444	0.52	A+ 0.19% (0.13%)				
USD	445,000	British Sky Broadcasting Group 3.125% 26/11/2022	345	0.40	USD	204,000	Loews 3.75% 01/04/2026	163	0.19
Baa2 0.34% (0.00%)					A- 0.35% (0.00%)				
GBP	264,000	Bupa Finance 5% 08/12/2026	293	0.34	USD	375,000	Anheuser-Busch InBev 3.3% 01/02/2023	297	0.35
BBB- 1.89% (1.04%)					BBB+ 2.93% (0.89%)				
GBP	335,000	Barclays Bank 10% 21/05/2021	431	0.50	GBP	300,000	American International Group 5% 26/04/2023	347	0.41
GBP	365,000	G4S 7.75% 13/05/2019	410	0.48	USD	350,000	AT&T 3.6% 17/02/2023	275	0.32
EUR	310,000	G4S International Finance 1.5% 09/01/2023	265	0.31	USD	197,000	Express Scripts 3.5% 15/06/2024	151	0.18
GBP	455,000	GKN Holdings 6.75% 28/10/2019	513	0.60	GBP	550,000	*JPMorgan Chase 6.125% FRN 30/05/2017	550	0.64
Baa3 0.67% (1.10%)					USD	355,000	*Prudential Financial 8.875% 15/06/2038	294	0.34
GBP	300,000	*TSB Banking Group 5.75% 06/05/2026	322	0.38	USD	260,000	Southern Natural Gas 4.8% 15/03/2047	207	0.24
GBP	215,000	WM Morrison Supermarkets 4.625% 08/12/2023	246	0.29	USD	580,000	Verizon Communications 4.4% 01/11/2034	428	0.50
BB+ 1.33% (0.84%)					GBP	100,000	Welltower 4.8% 20/11/2028	118	0.14
GBP	120,000	Drax Finco 4.25% 01/05/2022	122	0.14	GBP	137,000	Westfield America Management 2.125% 30/03/2025	137	0.16
GBP	300,000	National Westminster Bank 6.5% 07/09/2021	347	0.41	BBB 1.77% (2.06%)				
GBP	645,000	Tesco Property Finance 5.5% 13/10/2041	664	0.78	EUR	610,000	Digital Euro Finco 2.625% 15/04/2024	542	0.64
BB 0.94% (1.11%)					EUR	357,000	Liberty Mutual 2.75% 04/05/2026	324	0.38
GBP	150,000	*Barclays Bank 14% 29/11/2049	183	0.21	USD	405,000	Scripps Networks 2.8% 15/06/2020	316	0.37
GBP	113,000	*CYBG 5% 09/02/2026	112	0.13	USD	328,000	Transcontinental Gas Pipe Line 7.85% 01/02/2026	327	0.38
EUR	581,000	Merlin Entertainments 2.75% 15/03/2022	512	0.60	BBB- 2.11% (2.45%)				
BB- 0.23% (0.93%)					USD	300,000	*Hartford Financial Services 8.125% 15/06/2038	246	0.29
GBP	170,000	*Lloyds Banking Group 7.875% 29/12/2049	194	0.23	USD	555,000	Kinder Morgan Energy Partners 4.25% 01/09/2024	442	0.52
Ba3 0.00% (0.38%)					USD	69,000	L-3 Communications 3.85% 15/12/2026	55	0.06
B+ 0.00% (0.30%)					EUR	235,000	Molson Coors Brewing 1.25% 15/07/2024	199	0.23
B 0.67% (0.16%)					USD	485,000	Molson Coors Brewing 5% 01/05/2042	398	0.47
USD	200,000	*Royal Bank of Scotland 8.625% 29/12/2049	165	0.19	USD	574,000	Plains All American Pipeline 4.65% 15/10/2025	464	0.54
GBP	380,000	Virgin Media Finance 6.375% 15/10/2024	408	0.48	BB+ 0.51% (0.25%)				
B2 0.00% (0.34%)					USD	450,000	Continental Resources 5% 15/09/2022	350	0.41
B2e 0.24% (0.00%)					USD	110,000	Equinix 5.375% 15/05/2027	88	0.10
GBP	200,000	Voyage Care 5.875% 01/05/2023	203	0.24	EUR	390,000	Sealed Air 4.5% 15/09/2023	367	0.43
					Total United States of America				
					7,085 8.29				

Threadneedle Global Opportunities Bond Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Value £000	% of Investment
DERIVATIVES -2.08% (0.98%) (continued)				ANALYSIS OF INVESTMENTS BY ASSET CLASS	
	Sell USD 425,807			Fixed interest	61,760 80.24
	Buy EUR 396,503 Goldman Sachs	7	0.01	Floating rate notes	12,928 16.80
	Sell CZK 21,240,889			Derivatives	(1,775) (2.31)
	Buy EUR 792,027 HSBC	2	—	Collective investment schemes	4,059 5.27
	Sell MXN 313,301			Total value of investments	76,972 100.00
	Buy GBP 13,031 Bank of Scotland	—	—	ANALYSIS OF UNDERLYING EXPOSURE FUTURES	
	Sell SEK 198,417				Value
	Buy GBP 17,271 Goldman Sachs	—	—		£000
	Sell NZD 33,711			UBS 90 Day EURO Future Expiring December 2017	86,778
	Buy GBP 18,407 Bank of Scotland	1	—	UBS 90 Day EURO Future Expiring December 2018	(86,646)
	Sell CAD 31,757			UBS Australia 3 Year Bond Future Expiring June 2017	13,269
	Buy GBP 18,425 J.P. Morgan	—	—	UBS EURO-Bobl Future Expiring June 2017	12,243
	Sell USD 38,375,273			UBS EURO-Btp Bond Future Expiring June 2017	(23,126)
	Buy GBP 29,908,155 UBS	277	0.32	UBS EURO Bond Future Expiring June 2017	(8,866)
	Sell JPY 526,127,990			UBS EURO Buxl 30 Year Future Expiring June 2017	(4,268)
	Buy GBP 3,767,346 UBS	119	0.14	UBS EURO Schatz Future Expiring June 2017	(22,384)
	Sell AUD 9,412,391			UBS Long Gilt Future Expiring June 2017	(13,951)
	Buy GBP 5,505,787 UBS	78	0.09	UBS US 5 Year Note Future Expiring June 2017	28,532
	Sell EUR 10,558,771			UBS US 10 Year Note Future Expiring June 2017	19,988
	Buy GBP 8,827,861 UBS	(102)	(0.12)	UBS US 10 Year Ultra Future Expiring June 2017	(104)
	Sell CNY 88,312,452			UBS US Long Bond Future Expiring June 2017	(1,178)
	Buy USD 12,823,996 HSBC	31	0.04	UBS US Ultra Bond Future Expiring June 2017	(5,516)
	Sell RUB 889,691,980			Total net exposure	(5,229)
	Buy USD 15,794,984 J.P. Morgan	174	0.20		
	Sell AUD 219,811				
	Buy USD 165,210 HSBC	1	—		
	Sell CNY 27,364,191				
	Buy USD 3,973,022 HSBC	9	0.01		
	Sell CNY 2,370,153				
	Buy USD 339,442 Bank of Scotland	(3)	—		
	Sell PLN 1,349,170				
	Buy USD 341,403 Barclays	(6)	(0.01)		
	Sell CNY 2,643,624				
	Buy USD 379,968 Barclays	(2)	—		
	Sell CNY 4,563,811				
	Buy USD 652,906 HSBC	(6)	(0.01)		
	Total Derivatives	(1,775)	(2.08)		
	Total value of investments	76,972	90.11		
	Net other assets (29.64%)	8,448	9.89		
	Net assets	85,420	100.00		

April 2016 comparatives in brackets.
*Variable rate bonds.

Performance Summary for the twelve months ended 30 April 2017 – UK Universe

Funds	Sector	Index	Class 1 Net Return %	Class 2 Net Return %	Sector Median Net Return %	Fund Gross Total Return %	Index Total Return %
UK Mid 250 Fund	(IA) UK All Companies	FTSE 250 x Investment Trusts*	+16.75	+17.42	+19.03	+19.61	+18.94
Ethical UK Equity Fund	(IA) UK All Companies	MSCI UK IMI extended SRI	+20.19	+20.66	+19.03	+22.21	+17.91
UK Extended Alpha Fund	(IA) UK All Companies	FTSE All-Share*	+16.70	+17.35	+19.03	+18.49	+20.14
UK Equity Alpha Income Fund	(IA) UK Equity Income*	FTSE All-Share	+16.44	+17.09	+15.96	+18.51	+20.14
UK Absolute Alpha Fund	(IA) Absolute Return	UK LIBOR 3 Month	+0.10	+0.68	+3.00	+1.84	+0.42
Absolute Return Bond Fund	(IA) Absolute Return	UK LIBOR 3 Month	-5.65	-5.05	+3.00	-4.67	+0.42
Pan European Focus Fund	(IA) Europe Including UK	MSCI Europe*	+9.23	+9.85	+23.83	+11.06	+26.35
Pan European Equity Dividend Fund	(IA) Europe Including UK*	MSCI Europe	+15.59	+16.27	+23.83	+17.73	+26.35
American Extended Alpha Fund	(IA) North America*	S&P 500	+35.83	+36.95	+31.79	+39.59	+33.52
US Equity Income Fund¹	(IA) North America	S&P 500*	+29.80	+30.41	+31.79	+32.12	+33.52
China Opportunities Fund	(IA) China – Greater China	MSCI China*	+34.19	+34.95	+37.06	+35.76	+39.18
Global Emerging Markets Equity Fund	(IA) Global Emerging Markets	MSCI EM (Emerging Markets)*	+24.68	+25.38	+34.86	+27.26	+35.40
Emerging Market Local Fund¹	(IA) Specialist	JPM GBI-EM Global Diversified Composite*	+17.68	+19.46**	–	+21.00	+17.79
Global Extended Alpha Fund	(IA) Global Growth	MSCI AC World*	+28.42	+29.47	+27.77	+31.22	+31.08
Global Equity Income Fund	(IA) Global Equity Income	MSCI AC World*	+22.85	+23.54	+24.55	+25.83	+31.08
Global Opportunities Bond	(IA) Absolute Return	Citigroup GBP 1 Month Euro deposit	-3.12	–	+3.00	-0.94	+0.33
UK Index Linked Fund²	(IA) UK Index Linked Gilts	FTSE UK Gilts Index Linked Government (All stocks)	+5.13	+5.31	+5.95	+5.67	+6.51
Sterling Medium and Long-Dated Corporate Bond Fund³	(IA) Sterling Corporate Bond	iBoxx GBP Non-Gilt (5+ Y)	–	+5.13	+4.22	+5.70	+5.08
Sterling Short-Dated Corporate Bond Fund³	(IA) Sterling Corporate Bond	iBoxx GBP Non-Gilt (1-5 Y)	+1.32	+1.45	+4.22	+1.73	+1.42
UK Fixed Interest Fund³	(IA) UK Gilt	FTSE UK Gilts Index Linked Government (All stocks)	+3.30 ³	+2.90	+3.36	+3.62	+3.58

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.

¹These funds do not currently display a sector median return because the Fund Sector (as defined by the Investment Association) is not felt to be representative.

*Denotes official benchmark of the fund.

**Performance information for this fund is shown on a gross income basis

¹Fund launched 20 May 2016. Shown is the Net T Income and Z accumulation shareclass.

²Fund launched on 25 November 2016.

³Fund launched on 9 December 2016. Z Accumulation Shareclass.

Net returns (Source: Morningstar) are calculated using official noon prices, bid to bid basis with net income reinvested and are net of assumed fees and expenses but does not include any initial charges. Gross returns (Source: Factset) represent the fund at total level and are calculated using global close authorised valuations based on in-house calculated transactions with cash flow at the start of the day and are gross of total expenses to facilitate comparison with the index. All data shown in GBP.

Performance Summary for the twelve months ended 30 April 2017 – Offshore Universe

Funds	Sector	Index	Share Class 1 Return %	Share Class 2 Return %	Sector Median Net Return %	Fund Gross Total Return %	Index Total Return %	Currency
UK Mid 250 Fund	GIFS Offshore – UK Mid Cap Equity	FTSE 250 x Investment Trusts*	+16.75	+17.42	+19.54	+19.61	+18.94	GBP
Ethical UK Equity Fund**	GIFS Offshore – UK Large Cap Blend	MSCI UK IMI extended SRI	+20.19	+20.66	+19.40	+22.21	+17.91	GBP
UK Extended Alpha Fund	GIFS Offshore – UK Large Cap Blend	FTSE All-Share*	+16.70	+17.35	+19.40	+18.49	+20.14	GBP
UK Equity Alpha Income Fund	GIFS Offshore – UK Large Cap Value	FTSE All-Share	+16.44	+17.09	+14.82	+18.51	+20.14	GBP
UK Absolute Alpha Fund	GIFS Offshore – Alternative Long/Short UK	UK LIBOR 3 Month	+0.10	+0.68	+9.73	+1.84	+0.42	GBP
Absolute Return Bond Fund	GIFS Offshore – Alternative Long/Short Debt	UK LIBOR 3 Month	-5.66	-5.06	+10.98	-4.67	+0.42	GBP
Pan European Focus Fund	GIFS Offshore – Europe Large Cap Growth	MSCI Europe*	+0.76	+1.34	+14.71	+3.16	+17.37	EUR
Pan European Equity Dividend Fund	GIFS Offshore – Europe Large Cap Value	MSCI Europe	+6.79	+7.40	+17.19	+9.36	+17.37	EUR
American Extended Alpha Fund	GIFS Offshore – US Large Cap Growth	S&P 500	+20.28	+21.27	+16.40	+23.28	+17.92	USD
US Equity Income Fund¹	GIFS Offshore – US Large Cap Value	S&P 500*	+16.11	+16.66	+16.09	+16.68	+17.92	USD
China Opportunities Fund	GIFS Offshore – China Equity	MSCI China*	+18.82	+19.50	+19.94	+19.90	+22.92	USD
Global Emerging Markets Equity Fund	GIFS Offshore – Global Emerging Markets Equity	MSCI EM (Emerging Markets)*	+10.38	+11.02	+17.94	+12.39	+19.58	USD
Emerging Market Local Fund	GIFS Offshore – Global Emerging Markets Bond Local	JPM GBI-EM Global Diversified Composite*	+5.68	+5.78	+3.43	+6.86	+4.03	USD
Global Extended Alpha Fund	GIFS Offshore – Global Large Cap Blend	MSCI AC World*	+13.71	+14.64	+12.31	+15.89	+15.77	USD
Global Equity Income Fund	GIFS Offshore – Global Large Cap Value	MSCI AC World*	+8.74	+9.34	+13.07	+11.13	+15.77	USD
Global Opportunities Bond	–	Citigroup GBP 1 Month Euro deposit	-3.12	–	–	-0.94	+0.33	GBP

Morningstar changed its definition of the GIFS Offshore Universe as at February 2011. This resulted in Threadneedle OEIC Funds being removed from it. For the purposes of comparison, Threadneedle continues to use this Universe with its OEICs included.

Performance data is shown on a gross of tax basis.

Net returns (Source: Morningstar) are calculated using official noon prices, bid to bid basis with unadjusted income and are net of assumed fees and expenses but does not include any initial charges. Gross returns (Source: Factset) represent the fund at total level and are calculated using global close authorised valuations based on in-house calculated transactions with cash flow at the start of the day and are gross of total expenses to facilitate comparison with the index. All data shown in Fund Currency.

*Denotes official benchmark of the fund.

**Shown is the Net T Income and Z accumulation shareclass.

¹Fund launched 20 May 2016.

Risk and Reward Profiles

Fund	Share Class	SRRI*
UK Mid 250 Fund	Class 1 – Accumulation shares	5
	Class 2 – Accumulation shares	5
	Class X – Accumulation shares	5
	Class Z – Accumulation shares	5
Ethical UK Equity Fund	Class T – Income shares	5
	Class Z – Accumulation shares	5
UK Extended Alpha Fund	Class 1 – Accumulation shares	5
	Class 2 – Accumulation shares	5
	Class X – Accumulation shares	5
UK Equity Alpha Income Fund	Class 1 – Income shares	5
	Class 2 – Income shares	5
	Class X – Income shares	5
	Class Z – Income shares	5
UK Absolute Alpha Fund	Class 1 – Accumulation shares	5
	Class 1 EUR Hedged – Accumulation shares	5
	Class 2 – Income shares	5
	Class 2 – Accumulation shares	5
	Class 2 EUR Hedged – Accumulation shares	5
	Class X – Accumulation shares	5
	Class Z – Income shares	5
	Class Z – Accumulation shares	5
	Class Z CHF Hedged – Accumulation shares	5
	Class Z EUR Hedged – Accumulation shares	5
Class Z USD Hedged – Accumulation shares	5	
Absolute Return Bond Fund	Class 1 – Accumulation shares	3
	Class 1 EUR Hedged – Accumulation shares	4
	Class 1 – Gross accumulation shares	3
	Class 1 EUR Hedged – Gross accumulation shares	3
	Class 1 USD Hedged – Gross accumulation shares	4
	Class 2 – Accumulation shares	3
	Class 2 – Gross accumulation shares	4
	Class 2 EUR Hedged – Gross accumulation shares	3
	Class X – Gross accumulation shares	3
Sterling Medium and Long-Dated Corporate Bond Fund	**Class 2 – Gross income shares	4
Sterling Short-Dated Corporate Bond Fund	**Class 1 – Accumulation shares	2
	**Class 1 – Gross accumulation shares	2
	**Class 2 – Income shares	2
	**Class 2 – Gross income shares	2
	**Class X – Gross income shares	2
	**Class X – Gross accumulation shares	2
	**Class Y – Gross income shares	2
UK Fixed Interest Fund	**Class 1 – Income shares	4
	**Class 1 – Accumulation shares	4
	**Class 2 – Income shares	4
	**Class 2 – Gross income shares	4
	**Class Z – Accumulation shares	4
UK Index Linked Fund	**Class 1 – Income shares	5
	**Class 1 – Gross accumulation shares	5
	**Class 2 – Income shares	5
	**Class 2 – Accumulation shares	5
	**Class 2 – Gross income shares	5
	**Class D – Accumulation shares	5
	**Class X – Gross accumulation shares	5
Target Return Fund	Class 1 – Accumulation shares	4
	Class 1 – Gross accumulation shares	4
	Class 1 CHF Hedged – Gross accumulation shares	4
	Class 1 USD Hedged – Gross accumulation shares	4
	Class 2 – Gross income shares	4
	Class 2 – Gross accumulation shares	4
	Class X – Gross accumulation shares	4
	Class Z – Accumulation shares	4
	Class Z – Gross accumulation shares	4

Risk and Reward Profiles

(continued)

Fund	Share Class	SRRI*
Pan European Focus Fund	Class 1 – Income shares	6
	Class 1 – Accumulation shares	5
	Class 2 – Accumulation shares	5
	Class X – Accumulation shares	6
	Class Z – Accumulation shares	5
Pan European Equity Dividend Fund	Class 1 – Income shares	5
	Class 1 – Accumulation shares	5
	Class 2 – Income shares	5
	Class 2 – Accumulation shares	5
	Class X – Income shares	5
	Class X – Accumulation shares	5
	Class Z – Income shares	5
	Class Z – Accumulation shares	5
American Extended Alpha Fund	Class 1 – Accumulation shares	5
	Class 1 EUR Hedged – Accumulation shares	5
	Class 2 – Accumulation shares	5
	Class Z – Accumulation shares	5
US Equity Income Fund	**Class 1 – Income shares	5
	**Class 1 – Accumulation shares	5
	**Class 1 EUR Hedged – Accumulation shares	5
	**Class 2 – Income shares	5
	**Class 2 EUR Hedged – Income shares	5
	**Class 2 EUR Hedged – Accumulation shares	5
	**Class L – Income shares	5
	**Class X – Income shares	5
	**Class Z – Income shares	5
	**Class Z CHF Hedged – Income shares	5
	**Class Z – Accumulation shares	5
	**Class Z EUR Hedged – Accumulation shares	5
China Opportunities Fund	Class 1 – Accumulation shares	6
	Class 2 – Accumulation shares	6
	Class Z – Accumulation shares	6
Global Emerging Markets Equity Fund	Class 1 – Accumulation shares	5
	Class 2 – Accumulation shares	5
	Class X – Income shares	5
	Class X – Accumulation shares	5
	Class Z – Accumulation shares	5
Emerging Market Local Fund	Class 1 – Income shares	5
	Class 1 – Gross accumulation shares	5
	Class 2 – Gross accumulation shares	5
	Class X – Gross income shares	5
	Class X – Gross accumulation shares	5
	Class Z – Income shares	5
	Class Z – Gross accumulation shares	5
Global Extended Alpha Fund	Class 1 – Income shares	5
	Class 1 – Accumulation shares	5
	Class 2 – Accumulation shares	5
	Class X – Accumulation shares	5
	Class Z – Accumulation shares	6
Global Equity Income Fund	Class 1 – Income shares	5
	Class 1 – Monthly Income shares	5
	Class 1 SGD Hedged – Income shares	5
	Class 1 AUD Hedged – Monthly Income shares	5
	Class 1 SGD Hedged – Monthly Income shares	5
	Class 1 – Accumulation shares	5
	Class 1 CHF Hedged – Accumulation shares	5
	Class 1 SGD Hedged – Accumulation shares	5
	Class 2 – Income shares	5
	Class 2 EUR Hedged – Income shares	5
	Class 2 – Accumulation shares	5
	Class X – Income shares	5
	Class X – Accumulation shares	5

Risk and Reward Profiles

(continued)

Fund	Share Class	SRRI*
Global Equity Income Fund (continued)	Class Z – Income shares	5
	Class Z SGD Hedged – Income shares	5
	Class Z – Accumulation shares	5
	Class Z CHF Hedged – Accumulation shares	5
	Class Z SGD Hedged – Accumulation shares	5
Global Opportunities Bond Fund	Class 1 – Income shares	4
	Class 1 – Accumulation shares	4
	Class 1 – Gross accumulation shares	4
	Class X – Gross accumulation shares	4
	Class Z – Income shares	4
	Class Z – Accumulation shares	4
	Class Z – Gross income shares	4
	Class Z – Gross accumulation shares	4

*As at 30 April 2017 the synthetic risk and reward indicator (SRRI) is explained in the table below:

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

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.

The risk and reward profile of the UK Mid 250 Fund changed from 6 to 5 for all share classes on 24 November 2016.

The risk and reward profile of the UK Extended Alpha Fund changed from 6 to 5 for all share classes on 24 November 2016.

The risk and reward profile of the Absolute Return Bond Fund Class 1 EUR Hedged – Gross Accumulation shares changed from 3 to 4 on 9 September 2016.

The risk and reward profile of the Absolute Return Bond Fund Class 1 USD Hedged – Gross Accumulation shares changed from 3 to 4 on 9 September 2016.

The risk and reward profile of the Pan European Focus Fund Class 1 – Accumulation shares changed from 6 to 5 on 28 February 2017.

The risk and reward profile of the Pan European Focus Fund Class 2 – Accumulation shares changed from 6 to 5 on 28 February 2017.

The risk and reward profile of the Pan European Focus Fund Class Z – Accumulation shares changed from 6 to 5 on 28 February 2017.

The risk and reward profile of the Global Emerging Markets Equity Fund changed from 6 to 5 for all share classes on 17 March 2017.

The risk and reward profile of the Global Extended Alpha Fund Class Z – Accumulations shares changed from 5 to 6 on 29 November 2016.

Important Information

Threadneedle Specialist 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.

Changes to the management of the ACD

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

- Appointment of Ms. Laura Weatherup on 11 July 2016;
- Appointment of Mr. Dominik Kremer on 22 July 2016;
- Resignation of Mr. Tim Gillbanks on 31 March 2017.

Changes to the performance fees: UK Extended Alpha Fund and UK Absolute Alpha Fund

From 1 January 2017 there were changes to the way performance fees are calculated on the Threadneedle UK Extended Alpha Fund and the Threadneedle UK Absolute Alpha Fund as follows:

- For the UK Extended Alpha Fund, an excess return test was introduced to ensure that any underperformance of the fund is recovered before a performance fee can be charged.
- For the UK Absolute Alpha Fund, the performance benchmark was amended to be the greater of either the Sterling 3-month London Inter-Bank Offered Rate with income reinvested, or 0%. This change has been made to ensure that a performance fee cannot be charged where the Fund has produced negative returns.

Changes to the Prospectus

During the period from 1 May 2016 to 30 April 2017 the following changes were made to the Prospectus of the Company:

- Inclusion of four new sub-funds launched to receive assets from funds of Threadneedle Investment Funds III ICVC;
- Increase to the depositary's fee effective from 1 October 2016 (from 0.008% per annum to 0.01% per annum);
- Updates to risk factors;
- Updated disclosures required in relation to the depositary and remuneration following implementation of the UCITS V Directive;
- Updates to disclosures on performance, taxation, eligible markets;
- Update to list of directors and funds managed by the ACD;
- Updates to taxation section to include description of changes to tax regime following April 2017 meaning that all payments from the funds will be gross of tax (including removal of the word "net" from share class names);
- Changes to the performance fee for UK Absolute Alpha Fund and UK Extended Alpha Fund, effective from 1 January 2017;
- Clarification to the description of the performance fee for the Global Extended Alpha Fund and American Extended Alpha Fund;
- Interim prospectus reflecting that the Target Return Fund has been closed and is no longer available;
- Fee reduction for Absolute Return Bond Fund;
- Introduction of new "P" Share Class (share class of Global Extended Alpha Fund without performance fee);
- Inclusion of Class Y Shares (to be available only to eligible shareholders);
- Changes required due to changes to the COLL Handbook (including, inclusion of FCA product reference numbers, updates to investment restrictions, availability of short-form reports);
- Clarification of minimum investment amounts;
- Removal of references to share price publication in Hong Kong;
- Update to list of funds managed by the ACD;
- Update to the list of countries where the funds are registered;
- Update to Appendix II (correction to investment and borrowing powers section for the UCITS funds to improve clarity and for consistency with the COLL rules);
- Update to Appendix III (issuers in which more than 35% of the funds may be invested) and Appendix VIII (delegates of the depositary);
- Updates to performance, dilution adjustments and available share classes;
- Update address of the auditor;
- Updates to addresses of certain paying agents.

Changes to the Instrument of Incorporation

The Instrument of Incorporation of the Company was amended on 3 May 2016 to introduce income equalisation for certain funds and 5 August 2016 to add four new Funds of the Company.

Changes to the Benchmark of the China Opportunities Fund

The reference index of the China Opportunities Fund changed on 1 November 2016. The new reference index is: MSCI China 10/40.

Introduction of income equalisation for certain funds of the Company

The ACD introduced income equalisation for certain funds of the Company with effect from 1 May 2016. Further information on income equalisation can be found at www.columbiathreadneedle.co.uk/income-equalisation.

Important Information

(continued)

Changes to the share class names

With effect from 6 April 2017, all payments from the Funds are paid gross of UK tax, following changes to the way savings and investments are taxed in the UK. As a result of the change, the word "net" has been removed from the names of all the share classes that were previously "net" paying shares.

Characteristics of Shares

The Company is structured as an umbrella company and currently consists of 21 different sub-funds. Several classes of share may be issued in respect of the fund, distinguished by their criteria for subscription and fee structure.

Share Class	Currency	Minimum Investment	Eligibility
Class 1	Class 1 GBP Class 1 EUR (including Class 1 Hedged Shares) Class 1 USD (including Class 1 Hedged Shares) Class 1 CHF (Hedged Shares) Class 1 SGD (including Class 1 Hedged Shares) Class 1 SEK (Hedged Shares)	GBP 2,000 EUR 2,500 – EUR 3,000 USD 2,500 – USD 3,000 CHF 4,000 SGD 4,000 SEK 25,000	Available to retail and institutional investors seeking income or growth (or a combination of both) over the medium to long-term.
Class 2	Class 2 GBP Class 2 EUR (including Class 2 Hedged Shares) Class 2 USD (including Class 1 Hedged Shares) Class 2 SEK (Hedged Shares) Class 2 CHF (Hedged Shares)	GBP 50,000 – GBP 500,000 EUR 100,000 – EUR 800,000 USD 750,000 – USD 800,000 SEK 6 – 7 million CHF 1,200,000	Non-retail investors
Class D	Class D GBP	GBP 2,000	Available only to certain investors in the UK Index Linked Fund
Class L	Class L GBP	GBP 500,000	Available only to certain investors in the US Equity Income Fund

Share Class	Currency	Minimum Investment	Eligibility
Class M	Class M GBP Class M AUD (including Class M Hedged Shares) Class M SGD (including Class M Hedged Shares) Class M USD (including Class M Hedged Shares)	GBP 2,000 AUD 3,000 SGD 4,000 USD 3,000	Available to retail and institutional investors (distributions paid monthly) seeking income or growth (or a combination of both) over the medium to long-term.
Class P	Class P GBP Class P USD	GBP 50 million USD 80 million	Available to non-retail investors in the Global Extended Alpha Fund (no performance fee).
Class T	Class T GBP	GBP 2,000	Available only to certain investors in the Ethical UK Equity Fund.
Class X	Class X GBP Class X EUR Class X USD Class X JPY Class X AUD (Hedged Share Class)	GBP 3 million EUR 5 million USD 5 million JPY 420 million AUD 5 million	Available only to Eligible Shareholders
Class Y	Class Y GBP	GBP 150 million	Available to Eligible Shareholders in the Sterling Short-Dated Corporate Bond Fund
Class Z*	Class Z GBP Class Z EUR (including Class Z Hedged Shares) Class Z USD (including Class Z Hedged Shares) Class Z JPY Class Z CHF (Hedged Share Class) Class Z SGD (Hedged Share Class)	GBP 1 million EUR 1.5 million USD 1.5 million JPY 140 million CHF 1.5 million SGD 2 million	Available at the ACD's discretion to eligible distributors which have entered into separate fee arrangements with their clients

*Class Z Shares are available at the ACD's discretion to eligible distributors that have entered into separate fee arrangements with their clients.

Important Information

(continued)

The limits for minimum initial investment, minimum subsequent investment and minimum holding of shares may be waived at the discretion of the ACD. The level of net income attributable to each share class will differ. For further information please refer to the Prospectus.

Hedged Share Classes (HSCs)

HSCs use currency hedging transactions to try to reduce the exposure to the Reference Currency and replace it with an exposure to the hedged Currency. The terms Reference Currency, Portfolio Currency and Hedged Currency are defined as follows:

- “Reference Currency” or “Reference Currencies” means (according to the context) the primary investment currency of the share class against which the currency hedging transaction will be applied in order to reduce any exchange rate fluctuation with the Hedged Currency;
- “Portfolio Currency” or “Portfolio Currencies” means (according to the context) the currency or currencies in which the underlying assets of the fund are invested in line with the investment objectives applicable to the fund;
- “Hedged Currency” is the currency in which the Hedged Share Class is denominated.

These HSCs should not be confused with other share classes that may be denominated in other currencies but will not be hedged. For full details of the HSCs available, including details of the Reference Currency or Portfolio Currency of each fund for which HSCs are available, please refer to the latest version of the Prospectus.

Income Equalisation

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

Performance

For the period under review, where applicable, fund performance has been compared to the relevant peer group. We show a peer group comparison as this more accurately reflects the way the fund is managed. We continue to show stock market indices for information purposes and for those funds where The Investment Association sector is not felt to be a representative peer group. Audited peer group information is only available from Morningstar’s Fund Services at month end points.

Investor Reports

At the end of each reporting period short form reports are available on our website columbiathreadneedle.com/shortform and from Threadneedle Investment Services Limited P.O. Box 10033, Chelmsford, Essex CM99 2AL. The annual accounting period for the Company ends on 30 April and the interim reporting period ends on 31 October.

The Auditors gave their opinion on the financial statements presented in English. They take no responsibility for the translation of these financial statements. Where there is any inconsistency between the version presented in English and any translation, the English language version takes precedence.

Foreign Account Tax Compliance Act (FATCA)

Threadneedle and its funds (“Threadneedle”) have registered with the US Internal Revenue Service in accordance with FATCA and other current

related legislation. Threadneedle has put in place appropriate processes and procedures to maintain its compliance with the statutory requirements, including ensuring that Threadneedle obtain the required certification from its clients and investors as necessary to mitigate any requirement upon Threadneedle to withhold or report such clients under the legislation. This registration and compliance process will ensure that Threadneedle should not suffer withholding under FATCA.

Common reporting standards (CRS)

The Common Reporting Standard (“CRS”) has come into effect in stages, starting from 1 January 2016, was developed by the Organisation for Economic Co-operation and Development (“OECD”). The CRS has been adopted in the UK by The International Tax Compliance Regulations 2015, and may require Threadneedle funds to report account holder information to HMRC about their shareholdings. HMRC will in turn pass this information onto the competent authorities with which it has an agreement.

Holdings in shares of other funds of the Company

None of the funds of the Company held shares in other funds of the Company (listed on the contents page on page 1) at the end of the period.

Remuneration Disclosures

This disclosure is made in respect of the remuneration policy of Threadneedle Asset Management Holdings S.à.r.l (TAM Sàrl or the Group), as it applies to readneedle 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 Remuneration 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 Specialist Investment Funds ICVC commenced on 1 January 2017.

1. The Remuneration Committee

The Remuneration Committee (the Committee) of TAM Sàrl is a sub-committee of the TAM Sàrl Board with the responsibility to establish the philosophy and objectives that will govern the Group’s compensation and benefit programmes; review and approve compensation and benefit plans, policies, and practices; and oversee and approve the Group’s remuneration. It has been determined to be independent of the day-to-day executive management of the Group, its members being Directors of the Group who are nominated by Ameriprise Financial Inc., the Group’s parent company.

Current Committee members are Mr Walter Berman, Mr John Junek* and Mr Ted Truscott. Meetings are normally held in January, March, June, September and December. The Group’s Head of Reward and Benefits acts as Secretary to the Committee. The Committee may invite the attendance of any Group employee or functional expert from the parent company as deemed appropriate, to allow it to fulfil its responsibilities including ensuring remuneration is consistent with effective risk management and does not encourage excessive risk taking.

*Mr John Junek retired on 20 January 2017.

2. Determining Incentive Remuneration Pools

The Management Company made its annual Total Incentive Award decisions from separate pools covering the Property business, Distribution unit,

Important Information

(continued)

Investments business and Support functions, ultimately aggregated for governance and oversight at the EMEA regional level. Those pools are determined at the final discretion of the Committee with reference to four un-weighted factors being a 'Top-Down' assessment of market practice, legal and regulatory requirements and any other internal or external contextual factors; a 'Bottom-Up' calculation based on business performance against Plan and Target Incentive level for the firm (see 'Pay for Performance' below); the overall financial and strategic performance of the Group; and the financial and strategic performance of Ameriprise Financial as the Group's parent company and shareholder. The Committee also receives ongoing reports through the year from the Risk function regarding risk assessments and any themes or areas of note related to risk control or risk-related behavioural concerns.

The Committee takes all of these factors into account in order to make a balanced decision on the Total Incentive pool for the year in question.

3. Determining Individual Total Incentive Awards

Individual reward decisions are wholly discretionary, although strongly informed by the annual performance appraisal and by known market remuneration levels for equivalent jobs as well as by the pool funding available. Risk and Compliance provide a critical input to final performance rating setting, ensuring that any risk and relevant behavioural concerns are reflected in performance appraisals and subsequently in remuneration recommendations. The leads in Risk and Compliance also report directly to the Committee of the award process to ensure that the Committee receives a direct report on which to base its final risk adjustment decisions.

Base salaries are maintained at a market-competitive level in order to ensure that, if required, it is possible to award zero incentive.

Pay for Performance

The bottom-up element of the incentive pool determination process measures team and wider business performance against key business targets for each area of the Group, including longer-term investment performance for the Investments and Property divisions and a mix of gross and net sales for Distribution. Investment performance is assessed against each fund's benchmarks and its risk profile. All such assessments' impacts on the bottom-up calculation are capped so as not to incentivise managers to take excessive risk in order to deliver higher incentive pools. While the Group and parent company financial and strategic results are important factors in pool determination, the model is set up to ensure that delivery of the core goals of the business, including delivering investment performance to its customers, is an explicit and significant driver in pool determination for those divisions.

Individual discretionary awards from the available pool, in context of market-competitive reward levels for the job in question, are driven strongly by each individual's ratings against Goals (objectives) and the Group's Values, each of which is separately rated on a 5-point scale to ensure the Values assessment is given due prominence. Goals focus on the key deliverables for the role that year, in particular on the delivery of investment performance for Investments employees and for the Property division: all employees are also managed against a mandatory Risk Management Goal. Investment performance, where relevant to the role, is assessed against each fund's benchmark and its risk profile.

Ratings are consistency-checked across the business with the input of the Heads of Risk and Compliance to ensure balance and due reflection of risk management. There is no pre-determined grid or formula driving awards, which are discretionary in order to be able to account for and reflect all relevant factors.

Delivery of Total Incentives

Threadneedle believes that deferred awards for higher earners are a matter of good practice and an important part of aligning key staff's interests with the long-term interests of customers and shareholders. To that end, Total Incentive awards for all employees in the Group may be delivered partly in deferred awards through the Ameriprise Financial Long-Term Incentive Award ("LTIA") programme and, for those in the Investments division, through a fund deferral programme. Deferrals, and delivery of awards in instruments, will comply with relevant regulatory requirements in force from time to time.

4. Identified Staff

The Management Company defines its Identified Staff in line with the definitions provided by SYSC 19B and associated guidance. Those Identified Staff are the senior management, risk takers, control functions and other employees whose total remuneration takes them in to the same bracket as senior management and risk takers, whose professional activities have a material impact on the risk profiles of the Management Company or of the funds it manages. In practice, that includes the named Fund Managers of the Management Company's funds.

5. Remuneration Payment Disclosure

As the remuneration requirements concerning payments to staff will apply from the performance year 2017, the Management Company is not yet able to disclose the following: (i) the total amount of remuneration paid by the Management Company to its staff for the financial year split into fixed and variable remuneration; (ii) the number of beneficiaries; (iii) any amount paid directly by the UCITS scheme itself including any performance fee and (iv) the aggregate amount of remuneration broken down by categories of UCITS Remuneration Code staff. 2016 variable remuneration was not split or governed under the UCITS V remuneration regime and is consequently not reported in this document. Full and clear disclosures as required by UCITS V will be made in respect of the 2017 performance year.

Important Information

(continued)

Securities Financing Transaction Regulation (unaudited)

The Securities Financing Transaction Regulation ("SFTR") introduces reporting requirements for securities financing transactions ("SFTs") and total return swaps. A SFT is defined as per Article 3(11) of the SFTR as:

- a repurchase/reverse repurchase agreement;
- securities or commodities lending and securities or commodities borrowing;
- a buy-sell back transaction or sell-buy back transaction; or
- a margin lending transaction.

As at 30 April 2017 the ICVC held Portfolio Swaps which are a type of instrument in scope of the SFTR.

Global data

Name of Portfolio	Type of asset	Unrealised gain and loss in the portfolio base currency and in absolute value	% of Net Assets
Threadneedle UK Extended Alpha Fund	Portfolio Swap	99,246	0.08
Threadneedle UK Absolute Alpha Fund	Portfolio Swap	2,373,223	0.35
Threadneedle American Extended Alpha Fund	Portfolio Swap	596,866	0.33
Threadneedle Global Extended Alpha Fund	Portfolio Swap	1,032,986	0.49

Data on collateral reuse

There was no collateral reuse during the year ended 30 April 2017.

Concentration data

All collateral received in respect of Portfolio Swaps as at 30 April 2017 is cash collateral. The ten largest issuers disclosure is therefore not applicable.

The following table provides details of the top ten counterparties (based on gross volume of outstanding transactions) in respect of the Portfolio Swaps held per portfolio as at 30 April 2017:

Name of Portfolio	Type of asset	Counterparty	Unrealised gain and loss in the portfolio base currency and in absolute value
Threadneedle UK Extended Alpha Fund	Portfolio Swap	UBS	99,246
Threadneedle UK Absolute Alpha Fund	Portfolio Swap	UBS	2,373,223
Threadneedle American Extended Alpha Fund	Portfolio Swap	Merill Lynch	596,866
Threadneedle Global Extended Alpha Fund	Portfolio Swap	UBS	1,032,986

Safekeeping of collateral received

Cash collateral is received on each Portfolio's cash account at Citibank Europe plc, London Branch.

The amount of collateral received for Portfolio Swaps as at 30 April 2017 is as follows:

Name of Portfolio	Type of collateral	Counterparty	Currency of collateral	Amount of collateral
Threadneedle American Extended Alpha Fund	Cash	Merill Lynch	USD	970,000
		Total	USD	970,000
Threadneedle Global Extended Alpha Fund	Cash	UBS	USD	1,860,000
		Total	USD	1,860,000

Important Information

(continued)

Aggregate transaction data

Name of Portfolio	Type of collateral	Maturity tenor (collateral)	Currency of collateral	Maturity tenor (SFT/TRS)	Country of establishment (counterparty)	Settlement and clearing	Quality of collateral
Threadneedle UK Extended Alpha Fund	Cash	Open maturity	GBP	Less than 1 month	UK	Bilateral	N/A – Cash
Threadneedle UK Absolute Alpha Fund	Cash	Open maturity	GBP	Less than 1 month	UK	Bilateral	N/A – Cash
Threadneedle American Extended Alpha Fund	Cash	Open maturity	USD	Less than 1 month	UK	Bilateral	N/A – Cash
Threadneedle Global Extended Alpha Fund	Cash	Open maturity	USD	Less than 1 month	UK	Bilateral	N/A – Cash

Safekeeping of collateral granted

Cash and security collateral paid to the counterparties is delivered to segregated accounts at the counterparty.

The amount of collateral granted for Portfolio Swaps as at 30 April 2017 is as follows:

Name of Portfolio	Type of collateral	Counterparty	Currency of collateral	Amount of collateral	% of collateral held at year-end by category
Threadneedle UK Extended Alpha Fund	Cash	UBS	GBP	120,000	0.10
		Total	GBP	120,000	0.10
Threadneedle UK Absolute Alpha Fund	Cash	UBS	GBP	3,100,000*	0.46
		Total	GBP	3,100,000	0.46

Return/Costs

Return and costs of Portfolio Swap transactions for the year ended 30 April 2017 are disclosed in the Statement of Total Return of the relevant Fund under the headings, "Net capital gains/(losses)", "Revenue" and "Interest payable and similar charges".

*This collateral amount may be related to transactions other than TRS which are not covered by SFTR disclosure.

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Key Risks of the fund:

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

Funds/ Key risks	Investment	Currency	No Capital Guarantee	Counterparty	Issuer	Political and Financial	Liquidity	Effect of Portfolio Concentration	Inflation	Interest Rate	Valuation	Short Selling	Investment in Derivatives	Leverage	Derivatives for EPM / Hedging	Volatility	High Volatility	Active Currency Risk
American Extended Alpha Fund	X	X		X							X	X	X	X		X		
Absolute Return Bond Fund	X	X	X	X	X		X		X	X	X	X	X	X				X
China Opportunities Fund	X	X				X	X								X		X	
Emerging Market Local Fund	X	X		X	X	X	X		X	X	X	X	X	X		X		
Ethical UK Equity	X							X							X	X		
Global Extended Alpha Fund	X	X		X		X					X	X	X	X		X		
Global Equity Income Fund	X	X													X		X	
Global Emerging Markets Equity Fund	X	X				X	X								X		X	
Global Opportunities Bond	X	X	X	X	X		X		X	X	X	X	X	X		X		
Pan European Focus Fund	X	X						X							X		X	
Pan European Equity Dividend Fund	X	X													X	X		
UK Absolute Alpha Fund	X	X	X	X							X	X	X	X		X		
UK Equity Alpha Income Fund	X	X						X							X		X	
UK Extended Alpha Fund	X	X		X							X	X	X	X		X		
UK Mid 250 Fund	X	X													X		X	
US Equity Income Fund	X	X													X		X	
Sterling Short-Dated Corporate Bond Fund	X	X			X	X			X	X					X			
Sterling Medium and Long-Dated Corporate Bond Fund	X	X			X	X			X	X					X			
UK Fixed Interest Fund	X	X			X	X			X	X					X			
UK Index Linked Fund	X	X			X					X					X			

Description of the Key Risks:

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

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.

Political and Financial Risk: The fund invests in markets where economic and regulatory risk can be significant. These factors can affect liquidity, settlement and asset values. Any such event can have a negative effect on the value of your investment.

Liquidity Risk: The fund holds assets which could prove difficult to sell. The fund may have to lower the selling price, sell other investments or forego more appealing investment opportunities.

Important Information

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Effect of Portfolio Concentration Risk: The Fund has a concentrated portfolio (holds a limited number of investments and/or has a restricted investment universe) and if one or more of these investments declines or is otherwise affected, it may have a pronounced effect on the fund's value.

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

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

Valuation Risk: The fund's assets may sometimes be difficult to value objectively and the actual value may not be recognised until assets are sold.

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

Investment in Derivatives Risk: The Investment Policy of the fund allows it to invest materially in derivatives.

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

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

Volatility Risk: The fund may exhibit significant price volatility.

High Volatility Risk: The fund typically carries a risk of high volatility due to its portfolio composition or the portfolio management techniques used. This means that the fund's value is likely to fall and rise more frequently and this could be more pronounced than with other funds.

Active Currency Investment 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.

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

Directory

Registered Office

Cannon Place
78 Cannon Street
London EC4N 6AG

Authorised Corporate Director (ACD)

Threadneedle Investment Services Limited
Cannon Place
78 Cannon Street
London EC4N 6AG

Registrar

Threadneedle Investment Services Limited
Delegated to:
International Financial Data Services (UK) Limited
Authorised and regulated by the Financial Conduct Authority (FCA)
St Nicholas Lane
Basildon
Essex SS15 5FS

Investment Manager

Threadneedle Asset Management Limited
Cannon Place
78 Cannon Street
London EC4N 6AG

Depository

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

Legal Advisers

Eversheds LLP
One Wood Street
London EC2V 7WS

Baum Financial Services Law Team
Grosser Burstah 42
20457 Hamburg
Germany

Independent Auditor

PricewaterhouseCoopers LLP
Atria One
144 Morrison Street
Edinburgh EH3 8EX

Authorised Corporate Director Client Services Details

UK Investors

Address: Threadneedle Investment Services Limited
PO Box 10033
Chelmsford
Essex CM99 2AL
Telephone (dealing & customer enquiries): 0800 953 0134*
Fax (dealing): 0845 113 0274
Email (enquiries): questions@service.columbiathreadneedle.co.uk

Asian Investors

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International Financial Data Services
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L-1855 Luxembourg
Telephone (dealing & customer enquiries): +352 2452 9817*
Fax (dealing): +352 2452 9807
Email (enquiries): threadneedleenquiries@statestreet.com

*Calls will be recorded.

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66 rue de la Victoire
75009 Paris
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60311 Frankfurt am Main
Germany

Paying and Information Agent in Hong Kong

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1 Queen's Road Central
Hong Kong

Paying and Information Agent in Ireland

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J.P. Morgan House, International Financial Services Centre
Dublin 1
Ireland

Paying and Information Agent in Italy

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20123 Milan
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20159 Milan
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State Street Bank International GmbH,
succursale di Milano
Via Ferrante Aporti, 10
20125 Milan
Italy

Paying and Information Agent in Luxembourg

State Street Bank Luxembourg S.A.
49 avenue J.F. Kennedy
L-1855 Luxembourg
Grand Duchy of Luxembourg

Directory

(continued)

Information Agent in Spain

Threadneedle Specialist Investment Funds ICVC is duly authorised for its marketing in Spain under registered number 481 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.

Paying and Information Agent in Sweden

Skandinaviska Enskilda Banken AB

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SE - 10640

Stockholm

Sweden

Representative and Paying Agent in Switzerland

BNP Paribas Securities Services, Paris, Succursale de Zurich

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8002 Zurich

Switzerland

To find out more visit columbiathreadneedle.com



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