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ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
THREADNEEDLE OPPORTUNITY INVESTMENT FUNDS ICVC
MAY 2019

THREADNEEDLE OPPORTUNITY INVESTMENT FUNDS ICVC

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

Company Information

Company

Threadneedle Opportunity Investment Funds ICVC (the Company)
Registered Number IC000862

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)
D Kremer (Resigned from the Board on 31 January 2019)
A Roughead (non-executive)
M Scrimgeour (Resigned from the Board on 26 April 2019)
P Stone (Appointed to the Board on 5 September 2018)
L Weatherup

Authorised Corporate Director's Report

The ACD, Threadneedle Investment Services Limited, has pleasure in presenting the Annual Report and Audited Financial Statements for Threadneedle Opportunity Investment Funds ICVC for the 12 months to 25 May 2019.

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

Thank you for your continued support.

L Weatherup

Director

DIRECTORS' STATEMENTS

In accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes (COLL) Sourcebook, we hereby certify the Annual Report and Audited 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

12 August 2019

P Stone

Director

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

Notes to the financial statements

for the accounting period 26 May 2018 to 25 May 2019

1 ACCOUNTING POLICIES

(a) Basis of accounting

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

(b) Basis of valuation of investments

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

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

The last dealing point in the year has been used for the purposes of preparing the report & 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 revenue to reflect the nature of the transaction.

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.

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 CIS are recognised when the security is quoted ex-dividend.

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

(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 Value Added Tax (VAT) where appropriate.

(g) Fee rebate

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

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

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

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

(i) Equalisation policy

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

(j) Allocation of return on hedged share classes

Hedged share classes allow the ACD to use currency hedging transactions to reduce the effect of exchange rate fluctuations between the Reference Currency or Reference Currencies and the Hedged Currency (for further definitions refer to page 38). Where undertaken, the allocation of return in relation to hedging transactions is applied in respect of that hedged share class only.

(k) Deferred tax

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

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

2 DISTRIBUTION POLICIES

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

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

(b) 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:

- Threadneedle Global Multi Asset Income Fund
- Threadneedle UK Social Bond Fund

(d) 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.

3 RISK MANAGEMENT POLICIES

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

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

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

Notes to the financial statements

(continued)

The ACD has a Risk Management Policy (RMP*), which is provided to and 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 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 instruments some of which may be difficult to value and/or liquidate.

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

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

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

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

The ACD meets regularly to consider the asset allocation of the portfolio in order to manage 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 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 Financial Conduct Authority (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. The funds are exposed to credit/counterparty risk by virtue of its direct investment into bonds and also indirectly via the underlying investments the Collective Investment Scheme holds and through counterparties it uses to trade the underlying investments or derivative transactions it enters. Credit risk arises from four 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 Floating Rate Notes (FRNs)) there is the possibility of default of the issuer and default in the underlying assets meaning

that the funds 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 funds have fulfilled its responsibilities, which could result in the funds suffering a loss. Fourthly, for derivative counterparties there is the risk that the counterparty is unable to fulfill its obligations under the derivative contract, which could result in the funds suffering a loss.

In order to manage credit risk the fund and underlying investments 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 underlying funds only buy and sell investments or transact derivatives through brokers which have been approved by the ACD as an acceptable counterparty. Changes in broker's financial ratings are periodically reviewed.

The funds may invest in what are considered riskier bonds (below investment grade, i.e., credit ratings lower than BBB-). This brings the potential for increased risk of default and could affect both the income and the capital value of the funds. 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 the 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 Important Information – Characteristics of Shares section on page 38. The currency risk profile for the relevant funds is shown in their notes to the financial statements, contained within the full financial statements.

4 CROSS HOLDINGS

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

*The RMP is available on request from the client services team (contact details on page 42).

Threadneedle Dynamic Real Return Fund

Investment Report

Investment Objective

The investment objective of the Fund is to achieve a positive real rate of return from capital appreciation and income over the medium to long term, at least above the rate of inflation (defined as the Consumer Price Index). Regardless of market conditions, it also aims to provide a positive return over a maximum period of 3 years. There is a risk to capital, and there is no guarantee that such a return will be achieved in 3 years or any other timescale.

Investment Policy

The ACD's investment policy is to actively manage an exposure to fixed income, equities, cash, money market instruments, currencies, commodities, property and other alternative asset classes on a global basis. The ACD will vary the exposure between these asset classes as deemed necessary in order to achieve the investment objective, and this may result in the Fund having no exposure to particular asset classes.

The ACD will invest in regulated and unregulated collective investment schemes (CIS), transferable securities, derivatives, forward transactions, cash, deposits and money market instruments. Investments in CIS may include those managed, operated or advised by the ACD, or a company in the same group as the ACD.

The Fund may gain indirect exposure to commodities through, but not limited to, investment in CIS, securitised notes and/or financial derivative instruments. The ACD will not invest in physical commodities or directly in real property.

Performance of Class 2 – Income shares*

From 26 May 2018 to 25 May 2019, the published share price of the Threadneedle Dynamic Real Return Fund has fallen from 124.22p to 121.31p. For comparison, using noon prices, the performance of the Class 2 share class was -1.38% compared to a return of -0.45% for the Morningstar UK Unit Trusts/OEICs - (IA) Targeted 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 UK CPI Index was +2.02%.

Market Overview and Portfolio Activity

The year in review was an eventful and volatile period in financial markets. Broadly speaking, global equities and bonds delivered positive returns (though equity performance diverged markedly across regions), while commodities were down overall. A weaker pound bolstered sterling returns from overseas assets.

Political turmoil was a constant feature of the year. Throughout the early months, though, investors preferred to focus on the still-robust macro and corporate backdrop, especially in the US, where recently implemented tax cuts boosted an already-strong economy. Risk assets generally fared well in this environment. In the fourth quarter (Q4) of 2018, however, markets became increasingly rattled. As risk appetite evaporated, equities sold off, core bond yields fell, and credit spreads widened significantly. The main factors unsettling investors included rising political uncertainty in Europe and the US, President Trump's tariff war against China and other US trading partners, and – related to the trade dispute – more evidence of economic deceleration in the eurozone and China.

Overarching all of these worries was the prospect of tighter global monetary conditions. The US Federal Reserve (Fed) raised interest rates three times over the period, most recently in December. At that final 2018 meeting, the Fed's guidance was still pointing to two more such hikes in 2019. However, a subsequent dovish shift at the central bank cast doubts on this projection, and markets increasingly expected a US rate cut. Over the first four months of 2019, the easing monetary backdrop was accompanied by a global rebound in risk assets. Easing trade-war fears provided a further boost to sentiment. In May, however, these moves were partially reversed as President Trump unexpectedly increased tariffs on Chinese imports, to which China retaliated with more tariffs of its own.

In the UK, uncertainty over Brexit weighed on equities and supported gilts. While MPs ruled out leaving the EU without a withdrawal agreement, they also voted down every other Brexit plan put in front of them. With time running out, the EU granted a short extension to the original leaving date of 29 March. This was later extended to 31 October 2019. In May, hard-Brexit fears grew as Prime Minister Theresa May announced she would soon step down, potentially making way for a successor more open to a no-deal Brexit, and the Brexit Party won the largest share of the UK vote in the EU elections.

Over the year, core government bond yields fell substantially; the impact of this on corporate bond prices was partially offset by wider credit spreads, but investment-grade (IG) and high-yield credit still generated positive returns. As regards the major equity regions, Asia ex Japan, Japan and emerging markets (EM) were down – hit hard by concerns over global trade. The UK market also suffered losses, pressured by Brexit uncertainty. The US was strong, with sterling returns further inflated by a stronger dollar, while Europe ex UK produced more modest gains.

Near the start of the period, weakness in EM assets allowed us to build a position in South African government bonds at what we felt were compelling

valuations. The investment was a successful one, though relatively short-lived. We began to sell the holding in February, as yields had fallen to levels where we were no longer as well compensated for the underlying risks.

Another notable decision from early in the year was exiting our long-standing exposure to India. Simply put, the factors that led us to favour Indian equities, including a better macro-economic backdrop and structural reforms, had largely played out; at the same time, the key risk – higher oil prices – was materialising.

In Q4 of 2018, the sharp drop in equities significantly increased the risk premia on offer. Expecting decelerating but above-trend growth to support decent corporate earnings, we added to our most favoured risk-asset positions, such as Asia ex Japan equities (largely through futures in Chinese A Shares, Hong Kong H Shares and the Taiwanese stock market) and Japanese equities.

In the first quarter 2019, however, with earnings and economic forecasts now lower, we took advantage of the aforementioned risk rally to top-slice our equity allocation, mainly via Japanese and Asia ex Japan equity futures. Later, we switched some Europe ex UK equity exposure into UK large-cap stocks through a FTSE 100 future. And after the sell-off in May 2019, we initiated a 1% notional exposure in US equities via an S&P 500 future.

Overall, the allocation of Japanese equities fell from 15.7% of NAV to 12.9%; the Europe ex UK equity exposure fell from 14.8% to 5.6%. The Asia ex Japan exposure edged down slightly from 5.9% to 5.3%, while the UK equity allocation also declined modestly, from 4.7% to 4.3%.

In fixed income, the IG corporate bond allocation fell from 18.7% to 15.5% over the year. However, the largest move was increasing our exposure to developed government bonds from 15.8% of NAV to 31.2%. Much of this was carried out later in the period as we increased our exposure to lower-volatility assets amid increasing equity valuations, a re-escalation of trade tensions and deteriorating global data.

Finally, starting in September 2018, the fund's non-sterling exposure was progressively hedged into sterling, increasing from approximately 59% to 85%. This move sought to desensitise the portfolio to any Brexit-induced sterling strength, which would cause international assets to underperform from a sterling base.

STATEMENT OF TOTAL RETURN

for the accounting period 26 May 2018 to 25 May 2019

	Notes	2019 £000	2018 £000
Income			
Net capital (losses)/gains	2	(39,236)	34,963
Revenue	3	34,059	16,914
Expenses	4	(9,060)	(5,472)
Interest payable and similar charges	5	–	(9)
Net revenue before taxation		24,999	11,433
Taxation	6	(2,456)	(1,136)
Net revenue after taxation		22,543	10,297
Total return before distributions		(16,693)	45,260
Distributions	7	(22,633)	(10,370)
Change in net assets attributable to shareholders from investment activities		(39,326)	34,890

BALANCE SHEET

as at 25 May 2019

	Notes	2019 £000	2018 £000
Assets:			
Fixed assets:			
Investments		1,581,799	1,125,958
Current assets:			
Debtors	8	5,865	11,000
Cash and bank balances	9	210,168	182,201
Cash equivalents**		178,253	55,059
Total assets		1,976,085	1,374,218
Liabilities:			
Investment liabilities		(11,424)	(3,497)
Creditors:			
Bank overdrafts	9	(3,254)	–
Distribution payable		(880)	(450)
Other creditors	10	(11,667)	(2,433)
Total liabilities		(27,225)	(6,380)
Net assets attributable to shareholders		1,948,860	1,367,838

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 26 May 2018 to 25 May 2019

	2019 £000	2018 £000
Opening net assets attributable to shareholders	1,367,838	652,065
Amounts receivable on the issue of shares	710,318	719,512
Amounts payable on the cancellation of shares	(113,983)	(50,477)
	596,335	669,035
Dilution adjustment	618	83
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	(39,326)	34,890
Retained distribution on accumulation shares	23,395	11,765
Closing net assets attributable to shareholders	1,948,860	1,367,838

DISTRIBUTION TABLE

for the accounting period 26 May 2018 to 25 May 2019

Dividend distribution in pence per share

Class 2 – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2018/2019	Distribution Paid 2017/2018
Group 1				
26/05/18 to 25/11/18	0.4188	–	0.4188	0.4435
26/11/18 to 25/05/19	1.0445	–	1.0445	0.6785
Group 2				
26/05/18 to 25/11/18	0.2059	0.2129	0.4188	0.4435
26/11/18 to 25/05/19	0.3598	0.6847	1.0445	0.6785
Total distributions in the period			1.4633	1.1220

Class 2 – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2018/2019	Revenue Accumulated 2017/2018
Group 1				
26/05/18 to 25/11/18	0.4441	–	0.4441	0.4659
26/11/18 to 25/05/19	1.1112	–	1.1112	0.7164
Group 2				
26/05/18 to 25/11/18	0.2988	0.1453	0.4441	0.4659
26/11/18 to 25/05/19	0.5187	0.5925	1.1112	0.7164
Total distributions in the period			1.5553	1.1823

**The total value of investments in the portfolio statement includes the Cash Equivalents amount shown under current assets.

*In pound Sterling and against UK peer group (See Performance summary on page 36).

Threadneedle Dynamic Real Return Fund

DISTRIBUTION TABLE

(continued)

Class S – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2018/2019	Revenue Accumulated 2017/2018
Group 1				
26/05/18 to 25/11/18	0.5118	–	0.5118	0.5326
26/11/18 to 25/05/19	1.1033	–	1.1033	0.7633
Group 2				
26/05/18 to 25/11/18	0.3212	0.1906	0.5118	0.5326
26/11/18 to 25/05/19	0.5647	0.5386	1.1033	0.7633
Total distributions in the period			1.6151	1.2959

Class X – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2018/2019	Revenue Accumulated 2017/2018
Group 1				
26/05/18 to 25/11/18	0.8049	–	0.8049	0.8179
26/11/18 to 25/05/19	1.4822	–	1.4822	1.0746
Group 2				
26/05/18 to 25/11/18	0.5349	0.2700	0.8049	0.8179
26/11/18 to 25/05/19	0.0391	1.4431	1.4822	1.0746
Total distributions in the period			2.2871	1.8925

Class Z – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2018/2019	Distribution Paid 2017/2018
Group 1				
26/05/18 to 25/11/18	0.3327	–	0.3327	0.3576
26/11/18 to 25/05/19	0.9611	–	0.9611	0.5947
Group 2				
26/05/18 to 25/11/18	0.1033	0.2294	0.3327	0.3576
26/11/18 to 25/05/19	0.5204	0.4407	0.9611	0.5947
Total distributions in the period			1.2938	0.9523

Class Z – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2018/2019	Revenue Accumulated 2017/2018
Group 1				
26/05/18 to 25/11/18	0.3505	–	0.3505	0.3739
26/11/18 to 25/05/19	1.0154	–	1.0154	0.6239
Group 2				
26/05/18 to 25/11/18	0.2196	0.1309	0.3505	0.3739
26/11/18 to 25/05/19	0.6176	0.3978	1.0154	0.6239
Total distributions in the period			1.3659	0.9978

Group 2: shares purchased during a distribution period.

Threadneedle Dynamic Real Return Fund

Comparative Table Disclosure

	Class 2 – Income shares			Class 2 – Accumulation shares		
	25/05/2019	25/05/2018	25/05/2017	25/05/2019	25/05/2018	25/05/2017
Change in net assets per share						
Opening net asset value per share (p)	123.52	119.04	108.12	130.96	125.07	112.38
Return before operating charges (p)	(1.05)	6.51	13.10	(1.09)	6.85	13.62
Operating charges (p)	(0.89)	(0.91)	(0.91)	(0.95)	(0.96)	(0.93)
Return after operating charges (p)*	(1.94)	5.60	12.19	(2.04)	5.89	12.69
Distributions (p)	(1.46)	(1.12)	(1.27)	(1.56)	(1.18)	(1.33)
Retained distributions on accumulation shares (p)	–	–	–	1.56	1.18	1.33
Closing net asset value per share (p)	120.12	123.52	119.04	128.92	130.96	125.07
*after direct transaction costs of (p)	0.01	–	–	0.01	–	–
Performance						
Return after charges (%)	(1.57)	4.70	11.27	(1.56)	4.71	11.29
Other information						
Closing net asset value (£000)	92,658	73,495	212	487,031	478,148	398,502
Closing number of shares	77,138,470	59,502,612	177,951	377,776,361	365,112,232	318,619,302
Operating charges (%)**	0.74	0.75	0.78	0.74	0.75	0.77
Direct transaction costs (%)***	–	–	–	–	–	–
Prices						
Highest share price (p)	124.12	124.22	119.95	131.60	130.98	125.08
Lowest share price (p)	114.02	119.01	108.24	121.32	125.04	112.49
	Class S – Accumulation shares			Class X – Income shares		
	25/05/2019	25/05/2018	25/05/2017	14/11/2017 ¹	25/05/2017	
Change in net assets per share						
Opening net asset value per share (p)	116.65	111.16	99.67	119.34	108.14	
Return before operating charges (p)	(1.03)	6.04	12.02	3.60	12.97	
Operating charges (p)	(0.56)	(0.55)	(0.53)	(0.05)	(0.15)	
Return after operating charges (p)*	(1.59)	5.49	11.49	3.55	12.82	
Distributions (p)	(1.62)	(1.30)	(1.41)	–	(1.62)	
Retained distributions on accumulation shares (p)	1.62	1.30	1.41	–	–	
Closing net asset value per share (p)	115.06	116.65	111.16	122.89	119.34	
*after direct transaction costs of (p)	0.01	–	–	–	–	
Performance						
Return after charges (%)	(1.36)	4.94	11.53	2.97	11.86	
Other information						
Closing net asset value (£000)	1,226,675	715,676	204,505	–	4	
Closing number of shares	1,066,095,039	613,535,479	183,971,834	–	3,000	
Operating charges (%)**	0.49	0.48	0.49	–	0.13	
Direct transaction costs (%)***	–	–	–	–	–	
Prices						
Highest share price (p)	117.27	116.67	111.17	124.40	120.55	
Lowest share price (p)	108.19	111.16	99.77	119.37	108.26	

Threadneedle Dynamic Real Return Fund

Comparative Table Disclosure

(continued)

	Class X – Accumulation shares			Class Z – Income shares		
	25/05/2019	25/05/2018	25/05/2017	25/05/2019	25/05/2018	25/05/2017
Change in net assets per share						
Opening net asset value per share (p)	134.50	127.79	114.23	123.47	118.99	108.08
Return before operating charges (p)	(1.29)	6.84	13.71	(1.02)	6.55	13.11
Operating charges (p)	(0.12)	(0.13)	(0.15)	(1.09)	(1.12)	(1.09)
Return after operating charges (p)*	(1.41)	6.71	13.56	(2.11)	5.43	12.02
Distributions (p)	(2.29)	(1.89)	(2.00)	(1.29)	(0.95)	(1.11)
Retained distributions on accumulation shares (p)	2.29	1.89	2.00	–	–	–
Closing net asset value per share (p)	133.09	134.50	127.79	120.07	123.47	118.99
*after direct transaction costs of (p)	0.01	–	–	0.01	–	–
Performance						
Return after charges (%)	(1.05)	5.25	11.87	(1.71)	4.56	11.12
Other information						
Closing net asset value (£000)	25,500	22,754	21,909	9,253	9,683	2,407
Closing number of shares	19,159,539	16,917,639	17,145,229	7,706,272	7,842,197	2,022,847
Operating charges (%)**	0.09	0.10	0.12	0.91	0.92	0.94
Direct transaction costs (%)***	–	–	–	–	–	–
Prices						
Highest share price (p)	135.30	134.52	127.80	124.03	124.14	119.82
Lowest share price (p)	124.97	127.83	114.33	113.96	118.91	108.19
Class Z – Accumulation shares						
	25/05/2019	25/05/2018	25/05/2017			
Change in net assets per share						
Opening net asset value per share (p)	130.06	124.38	111.92			
Return before operating charges (p)	(1.05)	6.85	13.60			
Operating charges (p)	(1.15)	(1.17)	(1.14)			
Return after operating charges (p)*	(2.20)	5.68	12.46			
Distributions (p)	(1.37)	(1.00)	(1.15)			
Retained distributions on accumulation shares (p)	1.37	1.00	1.15			
Closing net asset value per share (p)	127.86	130.06	124.38			
*after direct transaction costs of (p)	0.01	–	–			
Performance						
Return after charges (%)	(1.69)	4.57	11.13			
Other information						
Closing net asset value (£000)	107,743	68,082	24,526			
Closing number of shares	84,269,537	52,346,963	19,717,697			
Operating charges (%)**	0.91	0.92	0.94			
Direct transaction costs (%)***	–	–	–			
Prices						
Highest share price (p)	130.66	130.14	124.39			
Lowest share price (p)	120.39	124.33	112.03			

**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). The non-UCITS retail scheme Key Investor Information document (NURS-KII) 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.

¹Closed 14 November 2017.

Threadneedle Dynamic Real Return Fund

Notes to the financial statements

for the accounting period 26 May 2018 to 25 May 2019

1 ACCOUNTING POLICIES

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

2 NET CAPITAL (LOSSES)/GAINS

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

	2019 £000	2018 £000
Non-derivative securities*	(25,644)	31,398
Derivative contracts	(4,337)	2,429
Forward currency contracts	(11,329)	1,594
Management fee rebate on CIS holdings	450	365
Other gains/(losses)	1,624	(823)
Net capital (losses)/gains	(39,236)	34,963
The non-derivative securities balance above includes:		
Realised gains/(losses)*	8,973	(1,442)
Unrealised (losses)/gains*	(34,617)	32,840
	(25,644)	31,398

*Where realised gains/(losses) include gains/(losses) arising in previous periods, a corresponding (loss)/gain is included in unrealised (losses)/gains.

3 REVENUE

	2019 £000	2018 £000
UK dividends	479	92
Franked dividend distributions	13,053	6,119
Interest distributions	10,252	7,030
Interest on debt securities	6,521	3,190
Interest on short term investments	1,061	249
Derivative revenue	1,896	152
Bank interest	797	82
Total revenue	34,059	16,914

4 EXPENSES

	2019 £000	2018 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(8,191)	(4,953)
Registration fees	(648)	(376)
	(8,839)	(5,329)
Payable to the depository or associates of the depository, and the agents of either of them:		
Depository's fees	(195)	(116)
Safe custody fees	(16)	(17)
	(211)	(133)
Other expenses:		
Audit fees	(10)	(10)
	(10)	(10)
Total expenses*	(9,060)	(5,472)

*Including irrecoverable VAT where applicable.

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2019 £000	2018 £000
Interest payable	–	(9)
Total interest payable and similar charges	–	(9)

6 TAXATION

	2019 £000	2018 £000
a) Analysis of charge in period		
Corporation tax	(2,456)	(1,136)
Total current tax (note 6b)	(2,456)	(1,136)
Total tax charge for the period	(2,456)	(1,136)
b) Factors affecting taxation charge for period		
Net revenue before taxation	24,999	11,433
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(5,000)	(2,287)
Effects of:		
Revenue not subject to taxation	2,634	1,224
Capitalised revenue subject to taxation	(90)	(73)
Current tax charge for period (note 6a)	(2,456)	(1,136)

7 DISTRIBUTIONS

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

	2019 £000	2018 £000
Interim	6,628	3,988
Final	17,980	8,258
	24,608	12,246
Add: Revenue deducted on the cancellation of shares	337	149
Deduct: Revenue received on the creation of shares	(2,312)	(2,025)
Net distribution for the period	22,633	10,370
Net revenue after taxation	22,543	10,297
Equalisation on conversion	–	1
Tax charge on capital management fee rebates	90	73
Undistributed revenue brought forward	1	–
Undistributed revenue carried forward	(1)	(1)
Total distributions	22,633	10,370

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

8 DEBTORS

	2019 £000	2018 £000
Amounts receivable for the issue of shares	674	8,482
Accrued revenue	4,728	2,213
United Kingdom income tax recoverable	463	305
Total debtors	5,865	11,000

9 CASH AND BANK BALANCES

	2019 £000	2018 £000
Amounts held at futures clearing houses and brokers	17,777	2,466
Cash and bank balances	192,391	179,735
	210,168	182,201
Cash overdrafts at broker	(3,254)	–
Total cash and bank balances	206,914	182,201

10 OTHER CREDITORS

	2019 £000	2018 £000
Amounts payable for the cancellation of shares	(9,372)	(1,283)
Accrued expenses	(63)	(20)
Amounts payable to ACD	(711)	(486)
Corporation tax payable	(1,521)	(644)
Total other creditors	(11,667)	(2,433)

Threadneedle Dynamic Real Return 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.

A balance of £72,000 (2018: £71,868), 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 loss of £39,926,963 (2018: £31,305,791).

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

13 SHAREHOLDER FUNDS

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

Annual management charge

Class 2 shares	0.65%
Class S shares	0.40%*
Class X shares	N/A**
Class Z shares	0.75%

Registration fees

Class 2 shares	0.035%
Class S 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 8 to 9. 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.

*The ACD will take an annual management fee at a level which will enable the ongoing charges figure, on an annualised basis, to be no more than 0.50%. The actual annual management fee taken may therefore be less than 0.40% depending on other charges to the Fund in any given year.

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

Reconciliation of shares

	2019
Class 2 – Income shares	
Opening shares	59,502,612
Shares issued	18,254,813
Shares redeemed	(618,955)
Net conversions	–
Closing shares	<u>77,138,470</u>
Class 2 – Accumulation shares	
Opening shares	365,112,232
Shares issued	22,240,384
Shares redeemed	(10,205,815)
Net conversions	629,560
Closing shares	<u>377,776,361</u>

	2019
Class S – Accumulation shares	
Opening shares	613,535,479
Shares issued	530,660,219
Shares redeemed	(78,369,975)
Net conversions	269,316
Closing shares	<u>1,066,095,039</u>
Class X – Accumulation shares	
Opening shares	16,917,639
Shares issued	3,187,057
Shares redeemed	(945,157)
Net conversions	–
Closing shares	<u>19,159,539</u>
Class Z – Income shares	
Opening shares	7,842,197
Shares issued	5,431,362
Shares redeemed	(5,674,782)
Net conversions	107,495
Closing shares	<u>7,706,272</u>
Class Z – Accumulation shares	
Opening shares	52,346,963
Shares issued	36,070,414
Shares redeemed	(3,169,379)
Net conversions	(978,461)
Closing shares	<u>84,269,537</u>

14 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on pages 4 to 5.

Market price risk sensitivity

A 5% increase applied to the equity proportion of the fund would result in an increase on this portion of the fund by 1.21% and vice versa (2018: 1.90%).

A 1.00% interest rate decrease applied to the bond proportion of the fund would result in an increase on this portion of the fund by 1.54% and vice versa (2018: 1.09%).

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.

	Total £000
Currency 2019	
Euro	(73,686)
Hong Kong Dollar	460
Japanese Yen	(62,351)
South Korean Won	2,886
US Dollar	40,967
Currency 2018	£000
Australian Dollar	(1)
Euro	(79,063)
Japanese Yen	18,719
Mexican Peso	(1)
Norwegian Krone	(499)
US Dollar	110,290

Threadneedle Dynamic Real Return Fund

Notes to the financial statements

(continued)

Currency sensitivity

As the fund has no material currency exposure, no sensitivity analysis has been shown (2018: same).

Credit/Counterparty exposure

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

2019 Counterparty	Futures and Options Exposure £000	Forward Foreign Exchange Contracts Exposure £000	Collateral Pledged £000
Barclays	–	–	8,130
Citigroup	–	–	1,360

2018 Counterparty	Futures and Options Exposure £000	Forward Foreign Exchange Contracts Exposure £000	Collateral Pledged £000
Barclays	–	–	1,400
Citigroup	–	1,197	–
UBS	1,220	–	–

The fund did not hold any collateral received from the fund's counterparties in the current year (2018: £1,120,000). 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.

2019 Analysis of investments by credit ratings	Value £000	% of Investment
Aa2u	468,637	26.80
Not Rated*	1,153,581	65.97
Derivatives**	(10,474)	(0.60)
	1,748,628	100.00

2018 Analysis of investments by credit ratings	Value £000	% of Investment
Aa2u	124,608	10.58
Not Rated*	986,578	83.78
Derivatives**	536	0.05
	1,177,520	100.00

*S&P and Moody's are used for credit ratings, 'non-rated' stocks may be rated by other agencies.

**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 25 May was:

Currency 2019	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
	£000	£000	£000	£000
Euro	–	–	50,593	50,593
Hong Kong Dollar	460	–	–	460
South Korean Won	2,886	–	–	2,886
UK Sterling	384,756	468,637	1,249,517	2,102,910
US Dollar	319	136,884	127,997	265,200

Currency 2018	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
	£000	£000	£000	£000
Australian Dollar	–	–	5,566	5,566
Euro	–	–	34,891	34,891
Japanese Yen	58	–	18,661	18,719
Mexican Peso	–	–	27,467	27,467
Norwegian Krone	–	–	35,015	35,015
UK Sterling	181,965	124,608	1,074,535	1,381,108
US Dollar	178	65,798	123,106	189,082

Currency 2019	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
	£000	£000	£000	£000
Euro	–	–	(124,279)	(124,279)
Japanese Yen	(3,254)	–	(59,097)	(62,351)
UK Sterling	–	–	(62,326)	(62,326)
US Dollar	–	–	(224,233)	(224,233)

Currency 2018	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
	£000	£000	£000	£000
Australian Dollar	–	–	(5,567)	(5,567)
Euro	–	–	(113,954)	(113,954)
Mexican Peso	–	–	(27,468)	(27,468)
Norwegian Krone	–	–	(35,514)	(35,514)
UK Sterling	–	–	(62,715)	(62,715)
US Dollar	–	–	(78,792)	(78,792)

Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances (2018: same).

Derivative risks

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

At 25 May 2019, the fund had outstanding forward foreign exchange contracts and futures and options with an asset value of £950,000 (2018: £4,033,000) and a liability value of £11,424,000 (2018: £3,497,000).

Threadneedle Dynamic Real Return Fund

Notes to the financial statements

(continued)

15 FAIR VALUE DISCLOSURE

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

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

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

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	2019		2018	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	785,499	(1,505)	256,497	(110)
Level 2	974,553	(9,919)	924,520	(3,387)
	<u>1,760,052</u>	<u>(11,424)</u>	<u>1,181,017</u>	<u>(3,497)</u>

Included within Level 1, are debt securities of £785,363,000 (2018: £255,167,000). 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 (2018: Nil).

17 PORTFOLIO TRANSACTION COSTS

25 May 2019

Purchases	Value		Commissions		Taxes	
	£000	£000	%	£000	%	£000
Bonds	474,890	–	–	–	–	–
Equities	11,001	6	0.06	55	0.50	–
CIS	360,620	–	–	–	–	–
Corporate actions	2,288	–	–	–	–	–
Total	848,799	6		55		

Gross purchases total: 848,860

Sales	Value		Commissions		Taxes	
	£000	£000	%	£000	%	£000
Bonds	69,728	–	–	–	–	–
Equities	21,851	13	0.06	–	–	–
CIS	158,486	–	–	–	–	–
Total	250,065	13		–		

Total sales net of transaction costs: 250,052

Transaction costs as a percentage of average Net Assets

Commissions: 0.00%
Taxes: 0.00%

Commissions
£000

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25 May 2018

Purchases	Value		Commissions		Taxes	
	£000	£000	%	£000	%	£000
Bonds	214,009	–	–	–	–	–
Equities	7,855	3	0.03	24	0.31	–
CIS	459,898	–	–	–	–	–
Total	681,762	3		24		

Gross purchases total: 681,789

Sales	Value		Commissions		Taxes	
	£000	£000	%	£000	%	£000
Bonds	114,621	–	–	–	–	–
CIS	17,863	–	–	–	–	–
Total	132,484	–		–		

Total sales net of transaction costs: 132,484

Transaction costs as a percentage of average Net Assets

Commissions: 0.00%
Taxes: 0.00%

Commissions
£000

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

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

Direct transaction costs: Broker commissions, fees and taxes.

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

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

At the balance sheet date, the portfolio dealing spread was 0.27% (25 May 2018: 0.03%), being the difference between the respective buying and selling prices for the fund's investments.

Threadneedle Global Multi Asset Income Fund

Investment Report

Investment Objective

The investment objective of the Fund is to achieve income with the prospect of capital appreciation over the medium to long term.

Investment Policy

The Fund's investment policy is to actively manage a global portfolio with exposure primarily to fixed income, equities and property and, in addition, to cash, money market instruments, currencies, commodities and other alternative asset classes. The ACD will vary the exposure between these asset classes as deemed necessary in order to achieve the investment objective, and this may result in the Fund having no exposure to particular asset classes.

The Fund will invest in regulated and unregulated collective investment schemes (CIS) and may also invest in transferable securities, derivatives, forward transactions, cash, deposits and money market instruments. Investments in CIS may include those managed, operated or advised by the ACD, or a company in the same group as the ACD.

The Fund's exposure to property and commodities will be gained indirectly through, but not limited to, investment in CIS, securitised notes, financial derivative instruments and/or property related securities including Real Estate Investment Trusts (REITs). The Fund will not invest in physical commodities or directly in real property.

The Fund may use derivatives for the purposes of Efficient Portfolio Management and for investment purposes.

Performance of Class 2 – Income shares*

From 26 May 2018 to 25 May 2019, the published share price of the Threadneedle Global Multi Asset Income Fund has fallen from 119.56p to 117.73p.

For comparison, using noon prices, the performance of the Class 2 share class was +1.77% compared to a return of +0.39% for the Morningstar UK Unit Trusts/OEICs – (IA) UK 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 Composite Benchmark total return was +4.83%.

Market Overview and Portfolio Activity

The market in review was an eventful and volatile period in financial markets. Broadly speaking, global equities and bonds delivered positive

returns (though equity performance diverged markedly across regions), while commodities were down overall. A weaker pound bolstered sterling returns from overseas assets.

Political turmoil was a constant feature of the year. Throughout the early months, though, investors preferred to focus on the still-robust macro and corporate backdrop, especially in the US, where recently implemented tax cuts boosted an already-strong economy. Risk assets generally fared well in this environment.

In the fourth quarter (Q4) of 2018, however, markets became increasingly rattled. As risk appetite evaporated, equities sold off, core bond yields fell, and credit spreads widened significantly. The main factors unsettling investors included rising political uncertainty in Europe and the US, President Trump's tariff war against China and other US trading partners, and – related to the trade dispute – more evidence of economic deceleration in the eurozone and China.

Overarching all of these worries was the prospect of tighter global monetary conditions. The US Federal Reserve (Fed) raised interest rates three times over the period, most recently in December. At that final 2018 meeting, the Fed's guidance was still pointing to two more such hikes in 2019. However, a subsequent dovish shift at the central bank cast doubts on this projection, and markets increasingly expected a US rate cut. Over the first four months of 2019, the easing monetary backdrop was accompanied by a global rebound in risk assets. Easing trade-war fears provided a further boost to sentiment. In May, however, these moves were partially reversed as President Trump unexpectedly increased tariffs on Chinese imports, to which China retaliated with more tariffs of its own.

In the UK, uncertainty over Brexit weighed on equities and supported gilts. While MPs ruled out leaving the EU without a withdrawal agreement, they also voted down every other Brexit plan put in front of them. With time running out, the EU granted a short extension to the original leaving date of 29 March. This was later extended to 31 October 2019. In May, hard-Brexit fears grew as Prime Minister Theresa May announced she would soon step down, potentially making way for a successor more open to a no-deal Brexit, and the Brexit Party won the largest share of the UK vote in the EU elections.

Over the year, core government bond yields fell substantially; the impact of this on corporate bond prices was partially offset by wider credit spreads, but investment-grade (IG) and high-yield credit still generated positive returns. As regards the major equity regions, Asia ex Japan, Japan and emerging markets (EM) were down – hit hard by concerns

over global trade. The UK market also suffered losses, pressured by Brexit uncertainty. The US was strong, with sterling returns further inflated by a stronger dollar, while Europe ex UK produced more modest gains.

Near the start of the period, weakness in EM assets allowed us to build a position in South African government bonds at what we felt were compelling valuations. The investment was a successful one, though relatively short-lived. We began to sell the holding in February, as yields had fallen to levels where we were no longer as well compensated for the underlying risks.

Another area of significant change was the property portfolio, whose weighting we reduced amid growing Brexit-related uncertainty. In December, we diversified the exposure by adding a new position in the UK Commercial Property REIT. In March, we exited the holding in Tritax Big Box, another REIT. A recent acquisition had changed the company's business model, and our original investment thesis no longer applied. Overall, our property allocation fell from 20.7% of net asset value (NAV) to 11.9%.

In Q4 of 2018, the sharp drop in equities significantly increased the risk premia on offer. We took advantage of more attractive valuations to increase exposure to global and Asia ex Japan equities, expecting decelerating but above-trend growth to support decent corporate earnings. We made further additions to the global equity income strategy in January, as style-driven rotations had left the companies with the highest dividend yields looking cheap relative to their history. We also modestly increased exposure to UK equities, which had underperformed. On the other side, from around July onwards, we steadily reduced the holding in Europe ex UK equities; more recently we began to trim exposure to Japanese equities: both weightings decreased over the year as a whole.

Going into 2019, significantly wider spreads in the high-yield market had strengthened the valuation case for the asset class. As with equities, we took the opportunity to further increase the fund's exposure here. We also raised the allocation to hard-currency EM debt. Over the full year, our high-yield exposure increased from 6.0% of NAV to 11.0%, while our hard-currency EM bond holdings rose from 2.1% to 6.6%. While we reduced exposure to sterling IG credit over much of the period (from 18.0% at the start to 13.3% by end March), we began to raise it again in April, leaving it at 16.6% by the 25 May; the current environment of slow but positive global economic growth, gentle inflation and dovish central-bank policy tends to be a sweet spot for credit investing.

STATEMENT OF TOTAL RETURN

for the accounting period 26 May 2018 to 25 May 2019

	Notes	2019 £000	2018 £000
Income			
Net capital gains	2	522	447
Revenue	3	1,759	999
Expenses	4	(314)	(195)
Net revenue before taxation		1,445	804
Taxation	5	(165)	(81)
Net revenue after taxation		1,280	723
Total return before distributions		1,802	1,170
Distributions	6	(1,561)	(898)
Change in net assets attributable to shareholders from investment activities		241	272

BALANCE SHEET

as at 25 May 2019

	Notes	2019 £000	2018 £000
Assets:			
Fixed assets:			
Investments		75,077	34,569
Current assets:			
Debtors	7	850	554
Cash and bank balances	8	1,374	633
Total assets		77,301	35,756
Liabilities:			
Investment liabilities		(154)	(65)
Creditors:			
Distribution payable		(390)	(99)
Other creditors	9	(236)	(119)
Total liabilities		(780)	(283)
Net assets attributable to shareholders		76,521	35,473

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 26 May 2018 to 25 May 2019

	2019 £000	2018 £000
Opening net assets attributable to shareholders	35,473	26,667
Amounts receivable on the issue of shares	54,718	14,082
Amounts payable on the cancellation of shares	(14,778)	(6,189)
	39,940	7,893
Dilution adjustment	38	–
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	241	272
Retained distribution on accumulation shares	829	641
Closing net assets attributable to shareholders	76,521	35,473

DISTRIBUTION TABLE

for the accounting period 26 May 2018 to 25 May 2019

Dividend distribution in pence per share

Class 2 – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2018/2019	Distribution Paid 2017/2018
Group 1				
26/05/18 to 25/08/18	0.7431	–	0.7431	0.6920
26/08/18 to 25/11/18	1.1436	–	1.1436	1.1018
26/11/18 to 25/02/19	0.6791	–	0.6791	0.6279
26/02/19 to 25/05/19	0.9145	–	0.9145	1.1600
Group 2				
26/05/18 to 25/08/18	0.4841	0.2590	0.7431	0.6920
26/08/18 to 25/11/18	0.9252	0.2184	1.1436	1.1018
26/11/18 to 25/02/19	0.5033	0.1758	0.6791	0.6279
26/02/19 to 25/05/19	0.6694	0.2451	0.9145	1.1600
Total distributions in the period			3.4803	3.5817

*In pound Sterling and against UK peer group (See Performance summary on page 36).

Threadneedle Global Multi Asset Income Fund

DISTRIBUTION TABLE

(continued)

Class E – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2018/2019	Distribution Paid 2017/2018
Group 1				
26/05/18 to 25/08/18	0.6851	–	0.6851	0.6344
26/08/18 to 25/11/18	1.0636	–	1.0636	1.0211
26/11/18 to 25/02/19	0.6222	–	0.6222	0.5762
26/02/19 to 25/05/19	0.8515	–	0.8515	1.0722
Group 2				
26/05/18 to 25/08/18	0.2874	0.3977	0.6851	0.6344
26/08/18 to 25/11/18	0.4921	0.5715	1.0636	1.0211
26/11/18 to 25/02/19	0.4453	0.1769	0.6222	0.5762
26/02/19 to 25/05/19	0.3497	0.5018	0.8515	1.0722
Total distributions in the period			3.2224	3.3039

Class 2 – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2018/2019	Revenue Accumulated 2017/2018
Group 1				
26/05/18 to 25/08/18	0.8368	–	0.8368	0.7553
26/08/18 to 25/11/18	1.2960	–	1.2960	1.2095
26/11/18 to 25/02/19	0.7796	–	0.7796	0.6962
26/02/19 to 25/05/19	1.0555	–	1.0555	1.2914
Group 2				
26/05/18 to 25/08/18	0.4726	0.3642	0.8368	0.7553
26/08/18 to 25/11/18	0.7505	0.5455	1.2960	1.2095
26/11/18 to 25/02/19	0.5503	0.2283	0.7796	0.6962
26/02/19 to 25/05/19	0.6145	0.4410	1.0555	1.2914
Total distributions in the period			3.9579	3.9524

Class Z – Income shares

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2018/2019	Distribution Paid 2017/2018
Group 1				
26/05/18 to 25/08/18	0.7244	–	0.7244	0.6732
26/08/18 to 25/11/18	1.1250	–	1.1250	1.0821
26/11/18 to 25/02/19	0.6601	–	0.6601	0.6097
26/02/19 to 25/05/19	0.8966	–	0.8966	1.1410
Group 2				
26/05/18 to 25/08/18	0.4189	0.3055	0.7244	0.6732
26/08/18 to 25/11/18	0.7388	0.3862	1.1250	1.0821
26/11/18 to 25/02/19	0.5013	0.1588	0.6601	0.6097
26/02/19 to 25/05/19	0.3911	0.5055	0.8966	1.1410
Total distributions in the period			3.4061	3.5060

Class Z – Accumulation shares

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2018/2019	Revenue Accumulated 2017/2018
Group 1				
26/05/18 to 25/08/18	0.8143	–	0.8143	0.7355
26/08/18 to 25/11/18	1.2723	–	1.2723	1.1882
26/11/18 to 25/02/19	0.7558	–	0.7558	0.6755
26/02/19 to 25/05/19	1.0306	–	1.0306	1.2702
Group 2				
26/05/18 to 25/08/18	0.2644	0.5499	0.8143	0.7355
26/08/18 to 25/11/18	0.7605	0.5118	1.2723	1.1882
26/11/18 to 25/02/19	0.3806	0.3752	0.7558	0.6755
26/02/19 to 25/05/19	0.5060	0.5246	1.0306	1.2702
Total distributions in the period			3.8730	3.8694

Group 2: shares purchased during a distribution period.

Threadneedle Global Multi Asset Income Fund

Comparative Table Disclosure

	Class 2 – Income shares			Class E – Income shares		
	25/05/2019	25/05/2018	25/05/2017	25/05/2019	25/05/2018	25/05/2017
Change in net assets per share						
Opening net asset value per share (p)	118.34	117.34	105.40	111.54	110.29	98.76
Return before operating charges (p)	2.46	5.53	16.29	2.24	5.12	15.21
Operating charges (p)	(0.94)	(0.95)	(0.94)	(0.55)	(0.57)	(0.55)
Return after operating charges (p)*	1.52	4.58	15.35	1.69	4.55	14.66
Distributions (p)	(3.48)	(3.58)	(3.41)	(3.22)	(3.30)	(3.13)
Retained distributions on accumulation shares (p)	–	–	–	–	–	–
Closing net asset value per share (p)	116.38	118.34	117.34	110.01	111.54	110.29
*after direct transaction costs of (p)	0.02	0.01	–	0.01	0.01	–
Performance						
Return after charges (%)	1.28	3.90	14.56	1.52	4.13	14.84
Other information						
Closing net asset value (£000)	920	1,039	1,893	44,824	6,396	5,159
Closing number of shares	790,300	877,687	1,613,506	40,745,011	5,734,781	4,677,343
Operating charges (%)**	0.81	0.80	0.83	0.50	0.51	0.51
Direct transaction costs (%)***	0.01	0.01	–	0.01	0.01	–
Prices						
Highest share price (p)	120.70	120.26	118.56	113.82	113.20	111.41
Lowest share price (p)	110.62	114.56	105.51	104.42	107.90	98.87
	Class 2 – Accumulation shares			Class Z – Income shares		
	25/05/2019	25/05/2018	25/05/2017	25/05/2019	25/05/2018	25/05/2017
Change in net assets per share						
Opening net asset value per share (p)	133.34	128.29	111.87	118.34	117.34	105.39
Return before operating charges (p)	2.83	6.08	17.43	2.47	5.54	16.31
Operating charges (p)	(1.06)	(1.03)	(1.01)	(1.02)	(1.03)	(1.02)
Return after operating charges (p)*	1.77	5.05	16.42	1.45	4.51	15.29
Distributions (p)	(3.97)	(3.95)	(3.65)	(3.41)	(3.51)	(3.34)
Retained distributions on accumulation shares (p)	3.97	3.95	3.65	–	–	–
Closing net asset value per share (p)	135.11	133.34	128.29	116.38	118.34	117.34
*after direct transaction costs of (p)	0.02	0.01	–	0.02	0.01	–
Performance						
Return after charges (%)	1.33	3.94	14.68	1.23	3.84	14.51
Other information						
Closing net asset value (£000)	11,860	17,714	11,214	4,648	2,822	2,942
Closing number of shares	8,777,830	13,285,049	8,741,263	3,993,476	2,385,129	2,507,369
Operating charges (%)**	0.80	0.79	0.82	0.88	0.87	0.90
Direct transaction costs (%)***	0.01	0.01	–	0.01	0.01	–
Prices						
Highest share price (p)	136.90	133.47	128.29	120.68	120.24	118.54
Lowest share price (p)	126.67	127.83	111.99	110.61	114.55	105.51

Threadneedle Global Multi Asset Income Fund

Comparative Table Disclosure

(continued)

	Class Z – Accumulation shares		
	25/05/2019	25/05/2018	25/05/2017
Change in net assets per share			
Opening net asset value per share (p)	133.12	128.15	111.81
Return before operating charges (p)	2.86	6.09	17.43
Operating charges (p)	(1.17)	(1.12)	(1.09)
Return after operating charges (p)*	1.69	4.97	16.34
Distributions (p)	(3.87)	(3.87)	(3.58)
Retained distributions on accumulation shares (p)	3.87	3.87	3.58
Closing net asset value per share (p)	134.81	133.12	128.15
*after direct transaction costs of (p)	0.02	0.01	–
Performance			
Return after charges (%)	1.27	3.88	14.61
Other information			
Closing net asset value (£000)	14,269	7,502	5,459
Closing number of shares	10,585,345	5,635,526	4,259,662
Operating charges (%)**	0.88	0.86	0.89
Direct transaction costs (%)***	0.01	0.01	–
Prices			
Highest share price (p)	136.60	133.27	128.15
Lowest share price (p)	126.42	127.62	111.93

**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). The non-UCITS retail scheme Key Investor Information document (NURS-KII) 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 Global Multi Asset Income Fund

Notes to the financial statements

for the accounting period 26 May 2018 to 25 May 2019

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:

	2019 £000	2018 £000
Non-derivative securities*	666	425
Forward currency contracts	(207)	(16)
Management fee rebate on CIS holdings	53	48
Other gains/(losses)	10	(10)
Net capital gains	522	447
The non-derivative securities balance above includes:		
Realised gains*	394	394
Unrealised gains*	272	31
	666	425

*Where realised gains include gains/(losses) arising in previous periods, a corresponding (loss)/gain is included in unrealised gains.

3 REVENUE

	2019 £000	2018 £000
UK dividends	10	–
Franked dividend distributions	662	450
Unfranked dividend distributions	307	241
Interest distributions	515	223
Interest on debt securities	166	48
Bank interest	8	1
Management fee rebate on CIS holdings	91	36
Total revenue	1,759	999

4 EXPENSES

	2019 £000	2018 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(288)	(175)
Registration fees	(30)	(16)
	(318)	(191)
Payable to the depositary or associates of the depositary, and the agents of either of them:		
Depositary's fees	(6)	(4)
	(6)	(4)
Other expenses:		
Expenses cap	10	–
	10	–
Total expenses*	(314)	(195)

*Including irrecoverable VAT where applicable.

5 TAXATION

	2019 £000	2018 £000
a) Analysis of charge in period		
Corporation tax	(165)	(81)
Total current tax (note 5b)	(165)	(81)
Total tax charge for the period	(165)	(81)
b) Factors affecting taxation charge for period		
Net revenue before taxation	1,445	804
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(289)	(161)
Effects of:		
Revenue not subject to taxation	134	90
Capitalised revenue subject to taxation	(10)	(10)
Current tax charge for period (note 5a)	(165)	(81)

6 DISTRIBUTIONS

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

	2019 £000	2018 £000
Interim	1,062	582
Final	592	342
	1,654	924
Add: Revenue deducted on the cancellation of shares	46	15
Deduct: Revenue received on the creation of shares	(139)	(41)
Net distribution for the period	1,561	898
Net revenue after taxation	1,280	723
Annual management charge to capital	288	175
Expenses cap from capital	(7)	–
Total distributions	1,561	898

Details of the distribution per share are set out in the table on pages 14 and 15.

7 DEBTORS

	2019 £000	2018 £000
Amounts receivable for the issue of shares	451	239
Accrued revenue	347	270
United Kingdom income tax recoverable	52	45
Total debtors	850	554

8 CASH AND BANK BALANCES

	2019 £000	2018 £000
Amounts held at futures clearing houses and brokers	140	–
Cash and bank balances	1,234	633
Total cash and bank balances	1,374	633

9 OTHER CREDITORS

	2019 £000	2018 £000
Amounts payable for the cancellation of shares	(52)	(24)
Accrued expenses	10	1
Amounts payable to ACD	(29)	(15)
Corporation tax payable	(165)	(81)
Total other creditors	(236)	(119)

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 7 and 9.

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

A balance of £30,000 (2018: £15,555), 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 loss of £23,704 (2018: £-46,843).

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

Threadneedle Global Multi Asset Income Fund

Notes to the financial statements

(continued)

12 SHAREHOLDER FUNDS

Threadneedle Global Multi Asset Income Fund currently has three share classes; Class 2, Class E and Class Z shares. The charges on each share class are as follows:

Annual management charge

Class 2 shares	0.65%
Class E shares	0.40%*
Class Z shares	0.65%

Registration fees

Class 2 shares	0.035%
Class E 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 16 to 17. The distribution per share class is given in the distribution table on pages 14 to 15. All classes have the same rights on winding up.

*The ACD will take an annual management fee at a level which will enable the ongoing charges figure, on an annualised basis, to target 0.50%. The actual annual management fee taken may therefore be less than 0.40% depending on other charges to the Fund in any given year.

Reconciliation of shares

	2019
Class 2 – Income shares	
Opening shares	877,687
Shares issued	173,281
Shares redeemed	(260,668)
Net conversions	–
Closing shares	790,300
Class E – Income shares	
Opening shares	5,734,781
Shares issued	37,247,311
Shares redeemed	(2,237,081)
Net conversions	–
Closing shares	40,745,011
Class 2 – Accumulation shares	
Opening shares	13,285,049
Shares issued	3,620,707
Shares redeemed	(8,127,926)
Net conversions	–
Closing shares	8,777,830
Class Z – Income shares	
Opening shares	2,385,129
Shares issued	2,177,786
Shares redeemed	(569,439)
Net conversions	–
Closing shares	3,993,476
Class Z – Accumulation shares	
Opening shares	5,635,526
Shares issued	5,563,518
Shares redeemed	(613,699)
Net conversions	–
Closing shares	10,585,345

13 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on pages 4 to 5.

Market price risk sensitivity

A 5% increase applied to the equity proportion of the fund would result in an increase on this portion of the fund by 1.66% and vice versa (2018: 2.67%).

A 1.00% interest rate decrease applied to the bond proportion of the fund would result in an increase on this portion of the fund by 1.80% and vice versa (2018: 1.32%).

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.

	Total £000
Currency 2019	
Euro	1
US Dollar	9,956
Currency 2018	£000
Euro	15
Norwegian Krone	(14)
US Dollar	3,572

Currency sensitivity

The only material currency exposure of the fund is to the US Dollar. A movement of 4.66% (2018: Nil) in this currency (equivalent to the movement in the year) would result in a change in the fund value of 0.61% (2018: Nil).

Credit/Counterparty exposure

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

	Forward Foreign Exchange Contracts Exposure £000	Collateral Pledged £000
2019		
Counterparty		
Barclays	–	140
2018		
Counterparty		
HSBC	19	–

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

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 25 May was:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2019				
Euro	1	–	–	1
UK Sterling	1,373	4,006	61,810	67,189
US Dollar	–	4,343	11,861	16,204
Currency 2018	£000	£000	£000	£000
Euro	–	–	945	945
Mexican Peso	–	–	287	287
Norwegian Krone	–	–	948	948
UK Sterling	633	1,520	30,768	32,921
US Dollar	–	1,228	4,146	5,374
	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2019				
UK Sterling	–	–	(625)	(625)
US Dollar	–	–	(6,248)	(6,248)
Currency 2018	£000	£000	£000	£000
Euro	–	–	(930)	(930)
Mexican Peso	–	–	(287)	(287)
Norwegian Krone	–	–	(962)	(962)
UK Sterling	–	–	(1,021)	(1,021)
US Dollar	–	–	(1,802)	(1,802)

Threadneedle Global Multi Asset Income 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 (2018: 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 25 May 2019, the fund had outstanding forward foreign exchange contracts with an asset value of £Nil (2018: £48,376) and a liability value of £154,000 (2018: £64,829).

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 CIS.

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	2019		2018	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	9,593	–	3,268	–
Level 2	65,484	(154)	31,301	(65)
	<u>75,077</u>	<u>(154)</u>	<u>34,569</u>	<u>(65)</u>

Included within Level 1, are debt securities of £9,593,000 (2018: £2,747,000). 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 (2018: Nil).

16 PORTFOLIO TRANSACTION COSTS

25 May 2019

Purchases	Value	Commissions		Taxes	
	£000	£000	%	£000	%
Bonds	8,618	–	–	–	–
Equities	1,947	1	0.06	5	0.26
CIS	39,020	–	–	–	–
Corporate actions	164	–	–	–	–
Total	49,749	1		5	

Gross purchases total:

49,755

Sales	Value	Commissions		Taxes	
	£000	£000	%	£000	%
Bonds	3,340	–	–	–	–
Equities	1,562	1	0.06	–	–
CIS	4,894	–	–	–	–
Total	9,796	1		–	

Total sales net of transaction costs:

9,795

Transaction costs as a percentage of average Net Assets

Commissions: 0.00%
Taxes: 0.01%

25 May 2018

Purchases	Value	Commissions		Taxes	
	£000	£000	%	£000	%
Bonds	2,407	–	–	–	–
Equities	500	–	–	2	0.41
CIS	10,702	–	–	–	–
Total	13,609	–		2	

Gross purchases total:

13,611

Sales	Value	Commissions		Taxes	
	£000	£000	%	£000	%
Bonds	636	–	–	–	–
CIS	4,989	–	–	–	–
Total	5,625	–		–	

Total sales net of transaction costs:

5,625

Transaction costs as a percentage of average Net Assets

Commissions: 0.00%
Taxes: 0.01%

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

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

Direct transaction costs: Broker commissions, fees and taxes.

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

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

At the balance sheet date, the portfolio dealing spread was 0.74% (25 May 2018: 0.10%), being the difference between the respective buying and selling prices for the fund's investments.

Threadneedle UK Social Bond Fund

Investment Report

Investment Objective

The investment objective of the Fund is to achieve a total return (by way of income and capital appreciation) through investments that are deemed to be supporting and funding socially beneficial activities and development, primarily in the UK.

Investment Policy

The investment policy is to maximise exposure to socially beneficial activities and development, based on assessments produced under the fund's Social Assessment Methodology. The exposure and assessments are reviewed by the Social Advisory Committee (SAC). The fund may invest in all forms of trade-able debt instrument (primarily investment grade) issued by a supranational, public, private or voluntary and/or charitable sector organisation, including without limitation, bonds, notes, bills, and loans, whether they have a fixed, floating, variable, index-linked rate or have a zero coupon.

Cash or near cash will be retained within the Fund for the purpose of efficient management, and similarly deposits and money market instruments may be held for this reason. The Fund may also use derivatives and forward transactions solely for the purpose of efficient portfolio management and hedging. Derivatives may also be used for investment purposes on not less than 60 days' notice to investors.

Performance of Class 2 – Income shares*

From 26 May 2018 to 25 May 2019, the published share price of the Threadneedle UK Social Bond Fund has risen from 111.47p to 111.64p.

For comparison, using noon prices, the performance of the Class 2 share class was +2.87% compared to a return of +4.10% for the Morningstar UK Unit Trusts/OEICs – (IMA) UK 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 ICE BofAML GBP Non-Gilts (1-10Y) Index was +2.87%.

Market Overview and Portfolio Activity

The fund delivered a positive return for the period, modestly outperforming sterling investment-grade credit. The return was driven by falling UK government bond yields; these were pushed down by a range of factors including Brexit-related uncertainty, global trade-war

fears, and, from the start of 2019, receding expectations for US interest-rate rises. The resulting benefit for corporate-bond prices was partially eroded by a widening in credit spreads – the yield premium offered by corporate debt over 'risk-free' government bonds of the same maturity.

As credit spreads widened over the period, particularly during the first half, the fund's defensive credit exposure helped performance relative to the benchmark. Overall, we have been increasing exposure to the less cyclical areas of the economy, such as utilities and housing associations. The fund is also underweight in banks, only partially offset by mutuals such as building societies – another factor that shielded it from the worst of the spread-widening.

From a social perspective, we welcomed the continued growth over the period in specific use-of-proceeds bonds, i.e. Green, Social and Sustainability issues. This market now accounts for approximately 1.5% of the global bond market. While green bonds still dominate, social and sustainability bonds are exhibiting strong growth and now represent approximately 15% of the specific use-of-proceeds market (when the fund was launched in 2014, it was closer to 2%).

The social performance of the fund has been maintained. The proportion of holdings at the lower levels of social intensity continues to compare favourably with the target set by the SAC, and also that modelled at the time of the implementation of the fund's lower duration target. This is despite the redemption of the Inter-American Development Bank Education (IADB or IDB), Youth and Employment bond and the Northern Ireland Electricity issue, which reduced the 'high' and 'medium' outcome proportions in the portfolio during the third quarter (Q3) of 2018. In the fourth quarter, social performance was further impacted by the SAC's decision to downgrade the student housing sector from 'medium' to 'low' social intensity. This raised the proportion of low-intensity bonds to just under 20% by the end of 2018. However, we subsequently worked to bring the figure back down to 18.7% by the end of the period under review. There was also a marginal increase in the proportion of high-intensity bonds over the year, from 31% at the start to 32% by the end.

During the period, we saw a range of opportunities furthering the provision of affordable housing. In this area, we participated in several new deals from issuers including Clarion Funding, Futures Treasury, Incommunities and Paragon Treasury. One related new issue, from Home Group, scored particularly highly in terms of social intensity. This is not

only one of the largest housing associations in the UK (providing social homes for over 116,000 people), but also focuses on elderly people and works with National Health Service partners to provide integrated health, housing and social care.

Other notable new issues in which the fund invested include deals from IDB Invest, Anglian Water Services Financing and Iberdrola International. IDB Invest is part of the IDB Group – the multilateral development bank for Latin America and the Caribbean, which aims to create social and environmental value across the region. The new bond from Anglian Water Services Financing, a green bond, focuses on operations in the East of England and Hartlepool. It represents the culmination of the utility's 'environmental elements of sustainability' strategy, launched in 2010 and contributing towards the company's aim of carbon neutrality by 2050. The issuance from Iberdrola International was a hybrid, rare in the green bond market: although an ostensibly Spanish issue, the larger of the two projects which the bond targets is a wind-turbine project off the East Anglian coast.

Investments in the secondary market included low-cost fitness provider Pinnacle Bidco, democratising and expanding the provision of exercise, and National Australia Bank, where we bought a green bond directed at wind, solar and rail projects; as with the aforementioned Iberdrola International issue, the projects themselves are primarily in the UK.

In recent months, we have raised the fund's beta somewhat through increased exposure to ESG (environmental, social and governance) and SDG (sustainable development goals) bonds from several financial institutions, including HSBC and Lloyds. We regarded the spread-widening seen during the first half of the period as an opportunity: in addition to financials, we added to retailers such as WM Morrison Supermarkets, and health-care issuers, while reducing exposure to agencies in favour of supranationals such as the African Development Bank. While we continue to focus over 80% of the outcomes domestically in the UK, we also target the substantial impact that can be achieved overseas.

The credit cycle is fairly mature, and the incidence of Mergers and Acquisitions activity is rising. That said, the fund's preference for mutual structures such as charities, including housing associations, building societies and universities, should lessen direct exposure to these event risks. We remain vigilant towards any negative consequences of overly shareholder-friendly policies which may impact bondholders.

STATEMENT OF TOTAL RETURN

for the accounting period 26 May 2018 to 25 May 2019

	Notes	2019 £000	2018 £000
Income			
Net capital gains/(losses)	2	1,306	(2,092)
Revenue	3	3,147	2,949
Expenses	4	(489)	(432)
Interest payable and similar charges	5	(38)	(90)
Net revenue before taxation		2,620	2,427
Taxation	6	–	–
Net revenue after taxation		2,620	2,427
Total return before distributions		3,926	335
Distributions	7	(2,981)	(2,746)
Change in net assets attributable to shareholders from investment activities		945	(2,411)

BALANCE SHEET

as at 25 May 2019

	Notes	2019 £000	2018 £000
Assets:			
Fixed assets:			
Investments		141,136	110,275
Current assets:			
Debtors	8	3,121	1,794
Cash and bank balances	9	3,707	5,232
Cash equivalents**		1,005	–
Total assets		148,969	117,301
Liabilities:			
Investment liabilities		(746)	(162)
Creditors:			
Distribution payable		(463)	(408)
Other creditors	10	365	(198)
Total liabilities		(1,574)	(768)
Net assets attributable to shareholders		147,395	116,533

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 26 May 2018 to 25 May 2019

	2019 £000	2018 £000
Opening net assets attributable to shareholders	116,533	98,045
Amounts receivable on the issue of shares	57,780	24,107
Amounts payable on the cancellation of shares	(29,208)	(4,422)
	28,572	19,685
Dilution adjustment	34	–
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	945	(2,411)
Retained distribution on accumulation shares	1,311	1,214
Closing net assets attributable to shareholders	147,395	116,533

DISTRIBUTION TABLE

for the accounting period 26 May 2018 to 25 May 2019

Interest distribution in pence per share

Class 2 – Income shares

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2018/2019	Distribution Paid 2017/2018
Group 1				
26/05/18 to 25/08/18	0.7137	–	0.7137	0.7645
26/08/18 to 25/11/18	0.7207	–	0.7207	0.7517
26/11/18 to 25/02/19	0.6935	–	0.6935	0.7397
26/02/19 to 25/05/19	0.6624	–	0.6624	0.6978
Group 2				
26/05/18 to 25/08/18	0.4185	0.2952	0.7137	0.7645
26/08/18 to 25/11/18	0.3335	0.3872	0.7207	0.7517
26/11/18 to 25/02/19	0.4458	0.2477	0.6935	0.7397
26/02/19 to 25/05/19	0.4244	0.2380	0.6624	0.6978
Total distributions in the period			2.7903	2.9537

*In pound Sterling and against UK peer group (See Performance summary on page 36).

**The total value of investments in the portfolio statement includes the Cash Equivalents amount shown under current assets.

Threadneedle UK Social Bond Fund

DISTRIBUTION TABLE

(continued)

Class 2 – Accumulation shares

Distribution Period	Gross Revenue	Equalisation	Revenue Accumulated 2018/2019	Revenue Accumulated 2017/2018
Group 1				
26/05/18 to 25/08/18	0.8029	–	0.8029	0.8385
26/08/18 to 25/11/18	0.8160	–	0.8160	0.8279
26/11/18 to 25/02/19	0.7905	–	0.7905	0.8198
26/02/19 to 25/05/19	0.7596	–	0.7596	0.7802
Group 2				
26/05/18 to 25/08/18	0.2762	0.5267	0.8029	0.8385
26/08/18 to 25/11/18	0.8160	–	0.8160	0.8279
26/11/18 to 25/02/19	0.0629	0.7276	0.7905	0.8198
26/02/19 to 25/05/19	0.3897	0.3699	0.7596	0.7802
Total distributions in the period			3.1690	3.2664

Class 2 – Gross income shares

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2018/2019	Distribution Paid 2017/2018
Group 1				
26/05/18 to 25/08/18	0.7138	–	0.7138	0.7658
26/08/18 to 25/11/18	0.7209	–	0.7209	0.7508
26/11/18 to 25/02/19	0.6938	–	0.6938	0.7382
26/02/19 to 25/05/19	0.6625	–	0.6625	0.6980
Group 2				
26/05/18 to 25/08/18	0.5717	0.1421	0.7138	0.7658
26/08/18 to 25/11/18	0.1762	0.5447	0.7209	0.7508
26/11/18 to 25/02/19	0.3944	0.2994	0.6938	0.7382
26/02/19 to 25/05/19	0.2266	0.4359	0.6625	0.6980
Total distributions in the period			2.7910	2.9528

Class 2 – Gross accumulation shares

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2018/2019	Gross Revenue Accumulated 2017/2018
Group 1				
26/05/18 to 25/08/18	0.8174	–	0.8174	0.8541
26/08/18 to 25/11/18	0.8308	–	0.8308	0.8431
26/11/18 to 25/02/19	0.8048	–	0.8048	0.8345
26/02/19 to 25/05/19	0.7734	–	0.7734	0.7943
Group 2				
26/05/18 to 25/08/18	0.4684	0.3490	0.8174	0.8541
26/08/18 to 25/11/18	0.5382	0.2926	0.8308	0.8431
26/11/18 to 25/02/19	0.3731	0.4317	0.8048	0.8345
26/02/19 to 25/05/19	0.4060	0.3674	0.7734	0.7943
Total distributions in the period			3.2264	3.3260

Class Z – Income shares

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2018/2019	Distribution Paid 2017/2018
Group 1				
26/05/18 to 25/08/18	0.6927	–	0.6927	0.7442
26/08/18 to 25/11/18	0.7000	–	0.7000	0.7294
26/11/18 to 25/02/19	0.6729	–	0.6729	0.7169
26/02/19 to 25/05/19	0.6422	–	0.6422	0.6776
Group 2				
26/05/18 to 25/08/18	0.4033	0.2894	0.6927	0.7442
26/08/18 to 25/11/18	0.3187	0.3813	0.7000	0.7294
26/11/18 to 25/02/19	0.3595	0.3134	0.6729	0.7169
26/02/19 to 25/05/19	0.3662	0.2760	0.6422	0.6776
Total distributions in the period			2.7078	2.8681

Class Z – Accumulation shares

Distribution Period	Gross Revenue	Equalisation	Revenue Accumulated 2018/2019	Revenue Accumulated 2017/2018
Group 1				
26/05/18 to 25/08/18	0.7763	–	0.7763	0.8129
26/08/18 to 25/11/18	0.7892	–	0.7892	0.8019
26/11/18 to 25/02/19	0.7641	–	0.7641	0.7934
26/02/19 to 25/05/19	0.7331	–	0.7331	0.7547
Group 2				
26/05/18 to 25/08/18	0.3753	0.4010	0.7763	0.8129
26/08/18 to 25/11/18	0.3138	0.4754	0.7892	0.8019
26/11/18 to 25/02/19	0.3000	0.4641	0.7641	0.7934
26/02/19 to 25/05/19	0.4184	0.3147	0.7331	0.7547
Total distributions in the period			3.0627	3.1629

Class Z – Gross income shares

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2018/2019	Distribution Paid 2017/2018
Group 1				
26/05/18 to 25/08/18	0.6927	–	0.6927	0.7442
26/08/18 to 25/11/18	0.6999	–	0.6999	0.7293
26/11/18 to 25/02/19	0.6729	–	0.6729	0.7169
26/02/19 to 25/05/19	0.6421	–	0.6421	0.6776
Group 2				
26/05/18 to 25/08/18	0.4972	0.1955	0.6927	0.7442
26/08/18 to 25/11/18	0.3820	0.3179	0.6999	0.7293
26/11/18 to 25/02/19	0.2856	0.3873	0.6729	0.7169
26/02/19 to 25/05/19	0.3308	0.3113	0.6421	0.6776
Total distributions in the period			2.7076	2.8680

Class Z – Gross accumulation shares

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2018/2019	Gross Revenue Accumulated 2017/2018
Group 1				
26/05/18 to 25/08/18	0.7907	–	0.7907	0.8280
26/08/18 to 25/11/18	0.8038	–	0.8038	0.8167
26/11/18 to 25/02/19	0.7779	–	0.7779	0.8080
26/02/19 to 25/05/19	0.7468	–	0.7468	0.7687
Group 2				
26/05/18 to 25/08/18	0.3778	0.4129	0.7907	0.8280
26/08/18 to 25/11/18	0.4884	0.3154	0.8038	0.8167
26/11/18 to 25/02/19	0.3714	0.4065	0.7779	0.8080
26/02/19 to 25/05/19	0.3898	0.3570	0.7468	0.7687
Total distributions in the period			3.1192	3.2214

Class Z EUR Hedged – Gross accumulation shares

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2018/2019	Gross Revenue Accumulated 2017/2018
Group 1				
26/05/18 to 25/08/18	0.6701	–	0.6701	0.7104
26/08/18 to 25/11/18	0.6556	–	0.6556	0.7051
26/11/18 to 25/02/19	0.6596	–	0.6596	0.6871
26/02/19 to 25/05/19	0.6148	–	0.6148	0.6480
Group 2				
26/05/18 to 25/08/18	0.6701	–	0.6701	0.7104
26/08/18 to 25/11/18	0.6556	–	0.6556	0.7051
26/11/18 to 25/02/19	0.6596	–	0.6596	0.6871
26/02/19 to 25/05/19	0.6148	–	0.6148	0.6480
Total distributions in the period			2.6001	2.7506

Group 2: shares purchased during a distribution period.

Threadneedle UK Social Bond Fund

Comparative Table Disclosure

	Class 2 – Income shares			Class 2 – Accumulation shares		
	25/05/2019	25/05/2018	25/05/2017	25/05/2019	25/05/2018	25/05/2017
Change in net assets per share						
Opening net asset value per share (p)	110.44	112.98	107.39	124.25	123.82	114.57
Return before operating charges (p)	3.44	0.83	9.37	3.91	0.90	10.06
Operating charges (p)	(0.42)	(0.42)	(0.40)	(0.48)	(0.47)	(0.44)
Return after operating charges (p)*	3.02	0.41	8.97	3.43	0.43	9.62
Distributions (p)	(2.79)	(2.95)	(3.38)	(3.17)	(3.27)	(3.66)
Retained distributions on accumulation shares (p)**	–	–	–	3.17	3.27	3.29
Closing net asset value per share (p)	110.67	110.44	112.98	127.68	124.25	123.82
*after direct transaction costs of (p)	–	–	–	–	–	–
Performance						
Return after charges (%)	2.73	0.36	8.35	2.76	0.35	8.40
Other information						
Closing net asset value (£000)	5,267	690	15	574	356	46
Closing number of shares	4,759,497	624,577	13,471	449,298	286,312	36,920
Operating charges (%)**	0.38	0.38	0.36	0.38	0.38	0.36
Direct transaction costs (%)**	–	–	–	–	–	–
Prices						
Highest share price (p)	111.70	114.20	116.65	128.10	125.58	124.64
Lowest share price (p)	109.19	110.73	107.94	124.23	123.47	115.14
	Class 2 – Gross income shares [§]			Class 2 – Gross accumulation shares [§]		
	25/05/2019	25/05/2018	25/05/2017	25/05/2019	25/05/2018	25/05/2017
Change in net assets per share						
Opening net asset value per share (p)	110.47	113.02	107.42	126.50	126.06	116.31
Return before operating charges (p)	3.44	0.83	9.40	3.98	0.92	10.22
Operating charges (p)	(0.42)	(0.43)	(0.43)	(0.49)	(0.48)	(0.47)
Return after operating charges (p)*	3.02	0.40	8.97	3.49	0.44	9.75
Distributions (p)	(2.79)	(2.95)	(3.37)	(3.23)	(3.33)	(3.69)
Retained distributions on accumulation shares (p)**	–	–	–	3.23	3.33	3.69
Closing net asset value per share (p)	110.70	110.47	113.02	129.99	126.50	126.06
*after direct transaction costs of (p)	–	–	–	–	–	–
Performance						
Return after charges (%)	2.73	0.35	8.35	2.76	0.35	8.38
Other information						
Closing net asset value (£000)	47,257	45,585	44,813	11,155	9,423	6,411
Closing number of shares	42,690,998	41,264,674	39,649,427	8,580,967	7,449,415	5,085,104
Operating charges (%)**	0.38	0.38	0.38	0.38	0.38	0.38
Direct transaction costs (%)**	–	–	–	–	–	–
Prices						
Highest share price (p)	111.73	114.24	116.84	130.42	127.86	126.73
Lowest share price (p)	109.22	110.76	107.98	126.47	125.71	116.90

Threadneedle UK Social Bond Fund

Comparative Table Disclosure

(continued)

	Class Z – Income shares			Class Z – Accumulation shares		
	25/05/2019	25/05/2018	25/05/2017	25/05/2019	25/05/2018	25/05/2017
Change in net assets per share						
Opening net asset value per share (p)	110.47	113.02	107.42	123.79	123.46	114.32
Return before operating charges (p)	3.43	0.83	9.40	3.88	0.89	10.05
Operating charges (p)	(0.50)	(0.51)	(0.51)	(0.56)	(0.56)	(0.55)
Return after operating charges (p)*	2.93	0.32	8.89	3.32	0.33	9.50
Distributions (p)	(2.71)	(2.87)	(3.29)	(3.06)	(3.16)	(3.53)
Retained distributions on accumulation shares (p)**	–	–	–	3.06	3.16	3.17
Closing net asset value per share (p)	110.69	110.47	113.02	127.11	123.79	123.46
*after direct transaction costs of (p)	–	–	–	–	–	–
Performance						
Return after charges (%)	2.65	0.28	8.28	2.68	0.27	8.31
Other information						
Closing net asset value (£000)	14,484	8,623	5,554	30,112	16,201	10,932
Closing number of shares	13,084,959	7,805,903	4,914,143	23,689,349	13,087,502	8,855,002
Operating charges (%)***	0.45	0.45	0.45	0.45	0.45	0.45
Direct transaction costs (%)****	–	–	–	–	–	–
Prices						
Highest share price (p)	111.70	114.22	116.66	127.53	125.18	124.35
Lowest share price (p)	109.21	110.75	107.97	123.73	123.09	114.90
	Class Z – Gross income shares ⁵			Class Z – Gross accumulation shares ⁵		
	25/05/2019	25/05/2018	25/05/2017	25/05/2019	25/05/2018	25/05/2017
Change in net assets per share						
Opening net asset value per share (p)	110.46	113.01	107.42	126.08	125.74	116.10
Return before operating charges (p)	3.43	0.83	9.39	3.96	0.91	10.18
Operating charges (p)	(0.50)	(0.51)	(0.51)	(0.58)	(0.57)	(0.54)
Return after operating charges (p)*	2.93	0.32	8.88	3.38	0.34	9.64
Distributions (p)	(2.71)	(2.87)	(3.29)	(3.12)	(3.22)	(3.59)
Retained distributions on accumulation shares (p)**	–	–	–	3.12	3.22	3.59
Closing net asset value per share (p)	110.68	110.46	113.01	129.46	126.08	125.74
*after direct transaction costs of (p)	–	–	–	–	–	–
Performance						
Return after charges (%)	2.65	0.28	8.27	2.68	0.27	8.30
Other information						
Closing net asset value (£000)	11,060	10,146	5,637	27,475	3,017	2,287
Closing number of shares	9,993,078	9,185,622	4,988,220	21,221,988	2,393,191	1,819,060
Operating charges (%)***	0.45	0.45	0.45	0.45	0.45	0.44
Direct transaction costs (%)****	–	–	–	–	–	–
Prices						
Highest share price (p)	111.69	114.21	116.81	129.89	127.50	126.48
Lowest share price (p)	109.20	110.75	107.97	126.02	125.37	116.69

Threadneedle UK Social Bond Fund

Comparative Table Disclosure

(continued)

	Class Z EUR Hedged – Gross accumulation shares ⁵		
	25/05/2019	25/05/2018	25/05/2017 ¹
Change in net assets per share			
Opening net asset value per share (p)	106.05	105.38	100.00
Return before operating charges (p)	2.40	1.16	5.48
Operating charges (p)	(0.47)	(0.49)	(0.10)
Return after operating charges (p)*	1.93	0.67	5.38
Distributions (p)	(2.60)	(2.75)	(1.38)
Retained distributions on accumulation shares (p)**	2.60	2.75	1.38
Closing net asset value per share (p)	107.98	106.05	105.38
*after direct transaction costs of (p)	–	–	–
Performance			
Return after charges (%)	1.82	0.64	5.38
Other information			
Closing net asset value (£000)	11	22,492	22,350
Closing number of shares	10,000	21,210,000	21,210,000
Operating charges (%)****	0.44	0.45	0.45 ¹
Direct transaction costs (%)****	–	–	–
Prices			
Highest share price (p)	110.08	114.33	105.80
Lowest share price (p)	103.96	104.39	97.43

**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). The non-UCITS retail scheme Key Investor Information document (NURS-KII) 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.

¹Commenced 7 December 2016.

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

Threadneedle UK Social Bond Fund

Notes to the financial statements

for the accounting period 26 May 2018 to 25 May 2019

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:

	2019 £000	2018 £000
Non-derivative securities*	1,639	(2,495)
Derivative contracts	(402)	244
Forward currency contracts	40	142
Other gains	31	18
Transaction costs	(2)	(1)
Net capital gains/(losses)	1,306	(2,092)
The non-derivative securities balance above includes:		
Realised gains*	717	874
Unrealised gains/(losses)*	922	(3,369)
	1,639	(2,495)

*Where realised gains include gains/(losses) arising in previous periods, a corresponding (loss)/gain is included in unrealised gains/(losses).

3 REVENUE

	2019 £000	2018 £000
Interest on debt securities	3,112	2,935
Interest on short term investments	17	7
Bank interest	18	7
Total revenue	3,147	2,949

4 EXPENSES

	2019 £000	2018 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(361)	(319)
Registration fees	(88)	(76)
	(449)	(395)
Payable to the depository or associates of the depository, and the agents of either of them:		
Depository's fees	(14)	(13)
Safe custody fees	(15)	(14)
	(29)	(27)
Other expenses:		
Audit fees	(11)	(10)
	(11)	(10)
Total expenses*	(489)	(432)

*Including irrecoverable VAT where applicable.

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2019 £000	2018 £000
Interest payable	(1)	(1)
Derivative expense	(37)	(89)
Total interest payable and similar charges	(38)	(90)

6 TAXATION

	2019 £000	2018 £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	2,620	2,427
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(524)	(485)
Effects of:		
Distributions treated as tax deductible	524	485
Current tax charge for period (note 6a)	–	–

Interest distributions were made in respect of all distributions during the prior period.

7 DISTRIBUTIONS

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

	2019 £000	2018 £000
Interim	2,248	2,092
Final	864	724
	3,112	2,816
Add: Revenue deducted on the cancellation of shares	42	18
Deduct: Revenue received on the creation of shares	(173)	(88)
Net distribution for the period	2,981	2,746
Net revenue after taxation	2,620	2,427
Annual management charge to capital	361	319
Total distributions	2,981	2,746

Details of the distribution per share are set out in the table on pages 21 and 22.

8 DEBTORS

	2019 £000	2018 £000
Amounts receivable for the issue of shares	1,263	201
Accrued revenue	1,858	1,593
Total debtors	3,121	1,794

9 CASH AND BANK BALANCES

	2019 £000	2018 £000
Amounts held at futures clearing houses and brokers	719	204
Cash and bank balances	2,988	5,028
Total cash and bank balances	3,707	5,232

10 OTHER CREDITORS

	2019 £000	2018 £000
Amounts payable for the cancellation of shares	(14)	(158)
Purchases awaiting settlement	(300)	–
Accrued expenses	(14)	(10)
Amounts payable to ACD	(37)	(30)
Total other creditors	(365)	(198)

11 DILUTION ADJUSTMENT

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

12 RELATED PARTY TRANSACTIONS

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

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

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

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

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

Threadneedle UK Social Bond Fund

Notes to the financial statements

(continued)

13 SHAREHOLDER FUNDS

Threadneedle UK Social Bond Fund currently has two share classes; Class 2 and Class Z shares. The charges on each share class are as follows:

Annual management charge

Class 2 shares	0.30%
Class Z shares	0.30%

Registration fees

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 23 to 25.

The distribution per share class is given in the distribution table on pages 21 to 22.

All classes have the same rights on winding up.

Reconciliation of shares

	2019
Class 2 – Income shares	
Opening shares	624,577
Shares issued	4,085,022
Shares redeemed	(99,885)
Net conversions	149,783
Closing shares	<u>4,759,497</u>
Class 2 – Accumulation shares	
Opening shares	286,312
Shares issued	162,986
Shares redeemed	–
Net conversions	–
Closing shares	<u>449,298</u>
Class 2 – Gross income shares	
Opening shares	41,264,674
Shares issued	857,317
Shares redeemed	(138,760)
Net conversions	707,767
Closing shares	<u>42,690,998</u>
Class 2 – Gross accumulation shares	
Opening shares	7,449,415
Shares issued	1,465,420
Shares redeemed	(596,802)
Net conversions	262,934
Closing shares	<u>8,580,967</u>
Class Z – Income shares	
Opening shares	7,805,903
Shares issued	6,344,726
Shares redeemed	(916,824)
Net conversions	(148,846)
Closing shares	<u>13,084,959</u>
Class Z – Accumulation shares	
Opening shares	13,087,502
Shares issued	11,442,394
Shares redeemed	(801,342)
Net conversions	(39,205)
Closing shares	<u>23,689,349</u>
Class Z – Gross income shares	
Opening shares	9,185,622
Shares issued	3,578,280
Shares redeemed	(2,055,775)
Net conversions	(715,049)
Closing shares	<u>9,993,078</u>

	2019
Class Z – Gross accumulation shares	
Opening shares	2,393,191
Shares issued	19,696,528
Shares redeemed	(647,670)
Net conversions	(220,061)
Closing shares	<u>21,221,988</u>

	2019
Class Z EUR Hedged – Gross accumulation shares	
Opening shares	21,210,000
Shares issued	–
Shares redeemed	(21,200,000)
Net conversions	–
Closing shares	<u>10,000</u>

14 RISK MANAGEMENT

The analysis and tables provided below refer to the risk management policies narrative disclosure on pages 4 to 5.

Market price risk sensitivity

A 1.00% interest rate decrease applied to the fixed income proportion of the fund would result in an increase on the net asset value of the fund by 4.60% and vice versa (2018: 4.30%).

Currency exposures

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

	Total
Currency 2019	£000
Euro	(1)
US Dollar	44
Currency 2018	£000
Euro	22,509
US Dollar	10

Currency sensitivity

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

	Currency movement	Fund movement
Currency 2018	%	%
Euro	1.14	0.22

Credit/Counterparty exposure

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

2019 Counterparty	Interest Rate Swaps Exposure	Forward Foreign Exchange	
	£000	Contracts Exposure	Collateral Pledged
Barclays	–	–	290
Citigroup	–	–	10
UBS	–	–	270
2018 Counterparty	Interest Rate Swaps Exposure	Forward Foreign Exchange	
	£000	Contracts Exposure	Collateral Pledged
Barclays	9	–	–
Citigroup	54	–	–
J.P. Morgan	–	30	60

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

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

Threadneedle UK Social Bond Fund

Notes to the financial statements

(continued)

Analysis of investments by credit ratings

	2019		2018	
	Value £000	% of Investment	Value £000	% of Investment
AAA	14,386	10.17	10,895	9.89
Aaa	2,957	2.09	–	–
AA+	–	–	101	0.09
AA	10,337	7.31	2,669	2.42
Aa2	1,046	0.74	987	0.90
AA-	6,202	4.39	4,081	3.71
Aa3	1,766	1.25	1,019	0.93
A+	11,846	8.38	12,355	11.22
A	11,888	8.41	10,923	9.92
A2	2,449	1.73	2,042	1.85
A-	5,935	4.20	3,105	2.82
A3	5,013	3.55	5,404	4.91
BBB+	17,767	12.57	11,915	10.82
Baa1	8,930	6.32	8,419	7.65
BBB	14,169	10.02	9,623	8.74
Baa2	6,561	4.64	5,144	4.67
BBB-	3,067	2.17	1,620	1.47
Baa3	191	0.13	445	0.40
BB+	2,814	1.99	2,695	2.45
BB	1,347	0.95	489	0.44
B+	–	–	200	0.18
B	411	0.29	–	–
Not Rated*	12,054	8.52	16,039	14.57
Liquidity Funds	1,005	0.71	–	–
Derivatives**	(746)	(0.53)	(57)	(0.05)
	141,395	100.00	110,113	100.00

*S&P and Moody's are used for credit ratings, 'non-rated' stocks may be rated by other agencies.

**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 25 May was:

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
	£000	£000	£000	£000
Currency 2019				
Euro	5,763	9,750	164	15,677
UK Sterling	17,137	105,249	25,756	148,142
US Dollar	5,446	2,502	18	7,966
Currency 2018				
Euro	3,751	714	22,573	27,038
UK Sterling	18,176	88,549	10,481	117,206
US Dollar	2,380	1,832	7	4,219
	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
	£000	£000	£000	£000
Currency 2019				
Euro	–	–	(15,678)	(15,678)
UK Sterling	–	–	(790)	(790)
US Dollar	–	–	(7,922)	(7,922)
Currency 2018				
Euro	–	–	(4,529)	(4,529)
UK Sterling	–	–	(23,192)	(23,192)
US Dollar	–	–	(4,209)	(4,209)

Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances (2018: same).

Derivative risks

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

At 25 May 2019, the fund had outstanding forward foreign exchange contracts, futures and options and interest rate swaps with an asset value of £Nil (2018: £105,000) and a liability value of £746,000 (2018: £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 CIS.

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

	2019		2018	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Valuation technique				
Level 1	7,168	(89)	3,484	(75)
Level 2	134,973	(657)	106,791	(87)
	142,141	(746)	110,275	(162)

Included within Level 1, are debt securities of £7,168,000 (2018: £3,484,000). 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 (2018: Nil).

17 PORTFOLIO TRANSACTION COSTS

During the period under review the fund's purchases and sales of bonds amounted to £71,548,122 (2018: £42,248,050) and £40,806,199 (2018: £21,285,579) respectively. CIS purchases and sales amounted to £9,004,661 (2018: £Nil) and £8,000,000 (2018: £Nil) respectively. Corporate action costs and proceeds amounted to £Nil (2018: £Nil) and £175,644 (2018: £243,085) respectively.

The purchases and sales are not subject to portfolio transaction costs.

The commissions incurred by the fund when buying and selling futures and options in the current year was £603 (2018: £893).

At the balance sheet date, the portfolio dealing spread was 0.59% (25 May 2018: 0.62%), 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 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 Opportunity Investment Funds ICVC (the Company) for the Period ended 25 May 2019

The Depositary is responsible for the safekeeping of all the property of the Company (other than tangible moveable property) which is entrusted to it and ensuring proper registration of tangible moveable property, and for the collection of income arising from all such scheme property.

It is the duty of the Depositary to take reasonable care to ensure that the Company is managed and operated by the Authorised Corporate Director in accordance with the Financial Conduct Authority' Collective Investment Schemes Sourcebook ("the Sourcebook"), the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the OEIC Regulations), the Company's Instrument of Incorporation, and the Prospectus, as appropriate, concerning: the pricing of and dealing in Shares in the Company; the application of income of the Company; and the investment portfolio and borrowing activities of the Company.

Having carried out procedures and enquiries considered duly necessary to discharge our responsibilities as Depositary of the Company, based on information and explanations provided to us, we believe that, in all material respects, the Company, acting through the Authorised Corporate Director:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Sourcebook, and where applicable, the OEIC regulations, the Company's Instrument of Incorporation, and the Prospectus;
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company; and
- (iii) has, otherwise, ensured the proper operation of the Company.

Citibank Europe plc,
UK Branch

12 August 2019

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, Threadneedle Opportunity Investment Funds ICVC's financial statements:

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 25 May 2019 and of the net revenue and the net capital gains/(losses) on 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 (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 for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

Threadneedle Opportunity Investment Funds ICVC (the "company") is an Open Ended Investment Company ("OEIC") with 3 sub-funds. The financial statements of the company comprise the financial statements of each of the sub-funds. We have audited the financial statements, included within the Annual Report and Audited Financial Statements (the "Annual Report"), which comprise: the balance sheets as at 25 May 2019; the statements of total return and the statements of change in net assets attributable to shareholders for the year then ended; the distribution tables; the accounting policies; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the Authorised Corporate Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Authorised Corporate Director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's or any of the sub-funds' ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing report on the above matters. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's or any of the sub-funds' ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the funds' business and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Authorised Corporate Director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material

misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Authorised Corporate Director's Report

In our opinion, 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.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the Authorised Corporate Director for the financial statements

As explained more fully in the Statement of Authorised Corporate Director's Responsibilities set out on page 29, the Authorised Corporate Director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Corporate Director is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the company's and each of the sub-funds ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Corporate Director either intends to wind up or terminate the company or individual sub-fund, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

OTHER REQUIRED REPORTING

Opinion on matter required 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.

Collective Investment Schemes sourcebook exception reporting

Under the Collective Investment Schemes sourcebook we are also 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.
- We have no exceptions to report arising from this responsibility.

Edinburgh
13 August 2019

PricewaterhouseCoopers LLP
Chartered Accountants and
Statutory Auditors

Threadneedle Dynamic Real Return Fund

Portfolio Statement

as at 25 May 2019

Holding		Investment	Value £000	% of Net Asset Value	Holding		Investment	Value £000	% of Net Asset Value
FIXED INTEREST 31.07% (14.52%)					DERIVATIVES -0.54% (0.04%)				
UNITED KINGDOM 24.05% (9.71%)					Futures and Options -0.07% (0.09%)				
Aa2u 24.05% (9.11%)					JPY	677	UBS Topix Index Future Expiring June 2019	(1,505)	(0.08)
GBP	150,000,000	United Kingdom Gilt 1.5% 22/01/2021	152,080	7.80	GBP	264	UBS FTSE 100 Future Expiring June 2019	9	-
GBP	155,000,000	United Kingdom Gilt 1.75% 22/07/2019	155,237	7.97	USD	178	UBS S&P 500 Index E-mini Future Expiring June 2019	127	0.01
GBP	160,000,000	United Kingdom Gilt 3.75% 07/09/2019	161,320	8.28	Forward Foreign Exchange Contracts -0.47% (-0.05%)				
Real Estate Investment Trusts 0.00% (0.60%)					Sell GBP 49,778,875				
Total United Kingdom			468,637	24.05	Buy EUR 57,250,000 Barclays				
UNITED STATES OF AMERICA 7.02% (4.81%)					Sell EUR 140,640,000				
Aaa 7.02% (4.81%)					Buy GBP 121,636,681 Barclays				
USD	61,000,000	United States Treasury Note/Bond 0.125% 15/04/2022	49,501	2.54	Sell USD 285,705,000				
USD	42,500,000	United States Treasury Note/Bond 2.125% 15/02/2040	48,997	2.51	Buy GBP 218,493,144 Barclays				
USD	33,500,000	United States Treasury Note/Bond 2.125% 15/02/2041	38,386	1.97	Sell JPY 8,000,000,000				
Total United States of America			136,884	7.02	Buy GBP 56,054,797 Citigroup				
COLLECTIVE INVESTMENT SCHEMES 59.19% (71.53%)					Total Derivatives				
UK equity 3.33% (4.71%)					(10,474) (0.54)				
58,031,078		Threadneedle UK Fund	64,931	3.33	Total value of investments²				
UK bond 17.56% (18.75%)					1,748,628 89.72				
31,533,643		Threadneedle High Yield Bond Fund	38,480	1.97	Net other assets (13.91%)				
299,532,099		Threadneedle Sterling Short-Dated Corporate Bond Fund	303,755	15.59	200,232 10.28				
Real estate 3.23% (4.73%)					Net assets				
79,794,588		Threadneedle UK Property Authorised Investment Fund	62,990	3.23	1,948,860 100.00				
Overseas equity 20.01% (31.12%)					<i>May 2018 comparatives in brackets.</i>				
3,437,200		Threadneedle (Lux) – Asia Contrarian Equity	30,979	1.59	<i>¹Cash equivalents.</i>				
43,651,561		Threadneedle Asia Fund	71,658	3.68	<i>²Includes Cash equivalents.</i>				
38,994,656		Threadneedle European Fund	55,099	2.83	ANALYSIS OF INVESTMENTS BY ASSET CLASS				
37,099,860		Threadneedle European Select Fund	55,064	2.82	Value				
120,492,496		Threadneedle Japan Fund	177,088	9.09	£000				
Overseas bond 0.96% (1.36%)					% of Investment				
1,910,650		Threadneedle (Lux) – European High Yield Bond	18,801	0.96	Fixed interest				
Commodity 4.95% (6.83%)					Derivatives				
8,684,123		Threadneedle (Lux) – Enhanced Commodities	94,894	4.87	Collective investment schemes				
16,194		Source Physical Markets Gold P-ETC	1,589	0.08	Total value of investments				
Liquidity Funds 9.15% (4.03%)¹					1,748,628 100.00				
178,253,450		BlackRock Institutional Cash Series Sterling Liquidity Platinum	178,253	9.15	ANALYSIS OF UNDERLYING EXPOSURE				
Total collective investment schemes					FUTURES AND OPTIONS				
			1,153,581	59.19	Value				
					£000				
					UBS Topix Index Future Expiring June 2019				
					75,195				
					UBS FTSE 100 Future Expiring June 2019				
					19,180				
					UBS S&P 500 Index E-mini Future Expiring June 2019				
					19,893				
					Total net exposure				
					114,268				

Threadneedle Global Multi Asset Income Fund

Portfolio Statement

as at 25 May 2019

			Value	% of			Value	% of	
	Holding	Investment	£000	Net Asset Value		Holding	Investment	£000	Net Asset Value
GUERNSEY 1.63% (0.00%)					DERIVATIVES -0.20% (-0.05%)				
		Real Estate Investment Trusts 1.63% (0.00%)					Forward Foreign Exchange Contracts -0.20% (-0.05%)		
	1,359,744	UK Commercial Property REIT	1,244	1.63			Sell USD 7,100,000		
		Total Guernsey	1,244	1.63			Buy GBP 5,429,731 Barclays	(142)	(0.18)
							Sell USD 860,452		
		UNITED KINGDOM 5.23% (5.75%)					Buy GBP 663,547 Barclays	(12)	(0.02)
		Aa2u 5.23% (4.28%)					Total Derivatives	(154)	(0.20)
GBP	4,000,000	United Kingdom Gilt 1.75% 22/07/2019	4,006	5.23					
		Real Estate Investment Trusts 0.00% (1.47%)					Total value of investments	74,923	97.91
		Total United Kingdom	4,006	5.23			Net other assets (2.73%)	1,598	2.09
		UNITED STATES OF AMERICA 5.67% (3.47%)					Net assets	76,521	100.00
		Aaa 5.67% (3.47%)							
USD	1,600,000	United States Treasury Note/Bond 0.125% 15/04/2022	1,298	1.69					
USD	1,150,000	United States Treasury Note/Bond 2.125% 15/02/2040	1,326	1.73					
USD	1,500,000	United States Treasury Note/Bond 2.125% 15/02/2041	1,719	2.25					
		Total United States of America	4,343	5.67					
		COLLECTIVE INVESTMENT SCHEMES 85.58% (88.10%)							
		UK equity 6.70% (5.02%)							
	4,478,126	Threadneedle UK Equity Income Fund	5,124	6.70					
		UK bond 16.76% (18.08%)							
	14,300	Threadneedle Sterling Bond Fund	16	0.02					
	11,738,198	Threadneedle Sterling Short-Dated Corporate Bond Fund	12,562	16.42					
	227,128	Threadneedle UK Corporate Bond Fund	248	0.32					
		Real estate 10.07% (19.27%)							
	9,758,399	Threadneedle UK Property Authorised Investment Fund	7,703	10.07					
		Overseas equity 33.61% (37.26%)							
	772,604	Threadneedle (Lux) – Asian Equity Income	7,189	9.39					
	3,117,489	Threadneedle (Lux) – Pan European Equity Dividend	3,866	5.05					
	5,838,075	Threadneedle Global Equity Income Fund	7,742	10.12					
	1,165,607	Threadneedle Japan Fund	1,865	2.44					
	2,012,459	Threadneedle US Equity Income Fund	5,055	6.61					
		Overseas bond 18.44% (8.47%)							
	992,235	Threadneedle (Lux) – Global Emerging Market Short-Term Bonds	4,636	6.06					
	421,475	Threadneedle Emerging Market Bond Fund	502	0.65					
	545,047	Threadneedle Emerging Market Local Fund	475	0.62					
	8,498,896	Threadneedle High Yield Bond Fund	8,501	11.11					
		Total Collective Investment Schemes	65,484	85.58					

May 2018 comparatives in brackets.

ANALYSIS OF INVESTMENTS BY ASSET CLASS

	Value	% of
	£000	Investment
Fixed interest	8,349	11.14
Derivatives	(154)	(0.20)
Equity	1,244	1.66
Collective investment schemes	65,484	87.40
Total value of investments	74,923	100.00

Performance Summary from 31 May 2018 to 31 May 2019 – UK Universe

Funds	Sector	Index	Class 2 Net Return %	Sector Median Net Return %	Fund Gross Total Return %	Index Total Return %
Dynamic Real Return Fund	UK IA – Targeted Absolute Return	UK CPI	-1.38	-0.45	-0.73	+2.02
Global Multi Asset Income Fund	UK IA – Mixed Investment 20-60% Shares	Composite (Bloomberg Barclays Global Aggregate (GBP Hedged) (40%), MSCI World Index – Gross Return (40%), MSCI UK Monthly Property Index (20%))	+1.77	+0.39	+2.34	+4.83
UK Social Bond Fund	(IA) UK Sterling Corporate Bond	ICE BofAML GBP Non-Gilts (1-10Y)	+2.87	+4.10	+3.02	+2.87

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.

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.

Risk and Reward Profiles

for the accounting period 26 May 2018 to 25 May 2019

Fund	Share Class	SRRI*
Dynamic Real Return Fund	Class 2 – Income shares	5
	Class 2 – Accumulation shares	5
	Class S – Accumulation shares	5
	Class X – Accumulation shares	5
	Class Z – Income shares	5
	Class Z – Accumulation shares	5
Global Multi Asset Income Fund	Class 2 – Income shares	4
	Class E – Income shares	4
	Class 2 – Accumulation shares	4
	Class Z – Income shares	4
	Class Z – Accumulation shares	4
UK Social Bond Fund	Class 2 – Income shares	3
	Class 2 – Accumulation shares	3
	Class 2 – Gross income shares	3
	Class 2 – Gross accumulation shares	3
	Class Z – Income shares	3
	Class Z – Accumulation shares	3
	Class Z – Gross income shares	3
	Class Z – Gross accumulation shares	3
	Class Z EUR Hedged – Gross accumulation shares	3

*As at 25 May 2019 the synthetic risk and reward indicator (SRRI) is explained in the table below:

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

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

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

The SRRI category shown is not guaranteed to remain unchanged and that the categorisation of the funds may shift over time. The NURS-KII 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.

Important Information

Threadneedle Opportunity 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, Client Services, PO Box 10033, Chelmsford Essex CM99 2AL.

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 non-UCITS retail scheme (NURS) (as defined in the FCA rules).

Other funds may be launched in the future.

Non-UCITS retail scheme Key Investor Information document (NURS-KII) – Subscription requirements

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

Changes to the management of the ACD

- Appointment of Peter Stone on 5 September 2018;
- Resignation of Dominik Kremer on 31 January 2019;
- Resignation of Michelle Scrimgeour on 26 April 2019.

Changes to the Prospectus

During the period from 26 May 2018 to 25 May 2019, the following changes were made to the prospectus of the Company:

- Update to the list of directors and funds managed by Threadneedle Investment Services Limited;
- Update to privacy statement;
- Update to dilution and performance figures.

Changes to the investment objectives and policies of the Funds

The investment objectives and policies of certain Funds will be changed in August 2019 following changes to the FCA rules requiring additional disclosures around the use of benchmarks. The changes being made are as follows:

Dynamic Real Return Fund: The investment objective and policy of the Threadneedle Dynamic Real Return Fund will be changed on 1 August 2019 to include a performance target (CPI +4%) and to clarify its investment policy.

UK Social Bond Fund: The investment policy of the Threadneedle UK Social Bond Fund will be changed on 7 August 2019 to clarify its investment objective and policy.

There will be no change to the way the Funds are managed. Further information can be found at <https://www.columbiathreadneedle.co.uk/en/how-to-invest/investing-with-us/significant-fund-changes>.

Changes to the Instrument of Incorporation

There were no changes to the Instrument of Incorporation during the period from 26 May 2018 to 25 May 2019.

Brexit

At the referendum held in June 2016, the United Kingdom voted to leave the European Union (known as "Brexit"). The UK invoked Article 50 of the Lisbon Treaty to negotiate the exit from the European Union. There is a significant degree of uncertainty about how negotiations relating to the UK's withdrawal will be concluded, as well as the potential consequences and precise timeframe for this.

The full scope of the changes and the consequences on the legal framework is currently not known.

Characteristics of Shares

The Company is structured as an umbrella company and currently consists of 3 different sub-funds. Several classes of share may be issued in respect of each fund, distinguished by their criteria for subscription and fee structure.

Share Class	Minimum Investment	Eligibility
Class 1	GBP 2,000 EUR 2,500 USD 3,000	Retail and non-retail investors
Class 2	GBP 5 million EUR 7.5 million USD 7.5 million	Non-retail investors
Class E	GBP 100 million	Available to certain eligible distributors and other entities at the discretion of the ACD and subject to such entities meeting
Class S	GBP 100 million	Available to certain defined contribution pension schemes and other entities at the discretion of the ACD and subject to such entities meeting any criteria imposed by the ACD prior to investing
Class X	GBP 3 million EUR 5 million USD 5 million	Available only to Eligible Shareholders
Class Z	GBP 1 million EUR 1 million USD 1.5 million	Non-retail investors*

*The minimum investment may be considerably lower through a nominee or platform that have entered into separate fee arrangements with their clients.

Income Equalisation

Since each Fund operates equalisation, the first allocation made after the acquisition of shares may 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.

Important Information

(continued)

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

Annual long-form reports and financial statements of the Company will be made available and published within four months of the close of each annual accounting period and half-yearly long report and financial statements will be published within two months of the close of each interim accounting period. 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 25 May and the interim reporting period ends on 25 November.

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.

Foreign Account Tax Compliance Act (FATCA)

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

Common reporting standard (CRS)

The Common Reporting Standard ('CRS') has come into effect in stages, starting from 1 January 2016, was developed by the Organisation for Economic Co-operation and Development ('OECD'). The CRS has been adopted in the UK by the International Tax Compliance Regulations 2015, and may require Threadneedle funds to report account holder information to HMRC about their shareholdings. HMRC will in turn pass this information onto the competent authorities with which it has an agreement.

Remuneration Disclosures 2018

This disclosure is made in respect of the remuneration policy of Threadneedle Asset Management Sàrl ("TAM Sàrl" or "the Group"), as it applies to Threadneedle Investment Services Limited ("the Manager") in respect of the Undertakings for Collective Investment in Transferable Securities ("UCITS") Directive and other applicable rules and guidance. The Remuneration Policy applies to all its subsidiary entities to which the UCITS Directives requirements apply, and was last approved by the Remuneration Committee in June 2018.

1. The Remuneration Committee

The Remuneration 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, and the Group's parent company.

Current Committee Members are Mr. Walter Berman and Mr. Ted Truscott. Meetings are normally held in January, March, June, September and December. The Group's Global Head, Reward acts as Secretary to the Committee. The Committee may invite the attendance of any Group employee or functional expert from the parent company as deemed appropriate, to allow it to fulfil its responsibilities including ensuring remuneration is consistent with effective risk management and does not encourage excessive risk taking.

2. Determining Incentive Remuneration Pools

The Management Company made its annual Total Incentive Award decisions from separate pools covering the Property business, Distribution unit, Investments business and Support functions, ultimately aggregated for governance and oversight at the EMEA regional level. Those pools are determined at the final discretion of the Committee with reference to four un-weighted factors being a 'Top-Down' assessment of market practice, legal and regulatory requirements and any other internal or external contextual factors; a 'Bottom-Up' calculation based on business performance against Plan and Target Incentive level for the firm (see 'Pay for Performance' below); the overall financial and strategic performance of the Group; and the financial and strategic performance of Ameriprise Financial as the Group's parent company and shareholder. The Committee also receives ongoing reports through the year from the Risk function regarding risk assessments and any themes or areas of note related to risk control or risk-related behavioural concerns.

The Committee takes all of these factors into account in order to make a balanced decision on the Total Incentive pool for the year in question.

3. Determining Individual Total Incentive Awards

Individual reward decisions are wholly discretionary, although strongly informed by the annual performance appraisal and by known market remuneration levels for equivalent jobs as well as by the pool funding available. Risk and Compliance provide a critical input to final performance rating setting, ensuring that any risk and relevant behavioural concerns are reflected in performance appraisals and subsequently in remuneration recommendations. The Heads of Risk and Compliance also report directly to the final 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

Important Information

(continued)

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 business' core goals, 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 and risktakers 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 Code Staff and 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.

Staff qualifying as Code Staff/Identified employees and those of a comparable level of seniority are subject to a higher rate of deferral. 50% of the overall incentive award is delivered in fund-linked units subject to a holding period after delivery. The fund linked units are designed to reflect the performance of a cross section of products and asset classes within the region.

4. Identified Staff

The Manager defines its' Code Staff/Identified Staff in line with the definitions provided by SYSC 19E and associated guidance. Those Identified Staff are the senior management, individuals with a material impact on the risk profile of UCITS, individuals within 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 Manager or of the funds it manages. In practice, this will include the named Fund Managers of the Manager's funds.

5. Remuneration Payment Disclosure

The performance periods for remuneration operate on a calendar year basis.

Total remuneration paid by the Management Company to 19 UCITS V Remuneration Code Staff Senior Managers in respect of its UCITS activities in the 2018 performance year was £1.47m, of which £0.59m was fixed and £0.88m was variable. Total remuneration paid to other members of the UCITS Remuneration Code Staff whose actions had a material impact on the risk profile of the Manager was £11.11m, of which £4.48m was fixed and £6.63m was variable.

Important Information

(continued)

Key Risks of the Fund:

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

Funds/Key risks	Investment	Investment in Funds	Currency	No Capital Guarantee	Issuer	Liquidity	Inflation	Interest Rate	Valuation	Investment in Derivatives	Derivatives for EPM/Hedging	Volatility	Property Valuation
Dynamic Real Return Fund	X	X	X	X	X			X	X	X		X	
Global Multi Asset Income Fund	X	X	X		X		X	X	X	X		X	X
UK Social Bond Fund	X				X	X	X	X			X		

Description of the Key Risks:

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

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

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

No Capital Guarantee Risk: Positive returns are not guaranteed and no form of capital protection applies.

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

Liquidity Risk: The fund holds assets which could prove difficult to sell. The fund may have to lower the selling price, sell other investments or forego more appealing investment opportunities.

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

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

Valuation Risk: The fund's assets may sometimes be difficult to value objectively and the actual value may not be recognised until assets are sold.

Investment in Derivatives Risk: The investment policy of the fund allows it to invest materially in derivatives.

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.

Property Valuation Risk: The value of a property is a matter of a valuer's opinion and the true value may not be recognised until the property is sold.

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) and Alternative Investment Fund Manager

Threadneedle Investment Services Limited
Cannon Place
78 Cannon Street
London EC4N 6AG

Registrar

Threadneedle Investment Services Limited
Delegated to:
DST Financial Services Europe 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 FCA and authorised and regulated by the Prudential
Regulatory Authority (PRA))
Citigroup Centre
33 Canada Square
Canary Wharf
London E14 5LB

Legal Advisers

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

Independent Auditor

PricewaterhouseCoopers LLP
Atria One
144 Morrison Street
Edinburgh EH3 8EX

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

**Calls will be recorded.*

To find out more visit columbiathreadneedle.com



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