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ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
THREADNEEDLE MANAGED FUNDS
MAY 2019

THREADNEEDLE MANAGED FUNDS

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

Introduction

These Annual Reports and Audited Financial Statements cover the 12 months to 15 May 2019 and review the performance and market background for five of the unit trusts in the Threadneedle Managed Funds range. These comprise the Threadneedle Managed Equity Fund, Threadneedle Managed Equity Focused Fund, Threadneedle Managed Equity and Bond Fund, Threadneedle Managed Bond Focused Fund, Threadneedle Managed Bond Fund.

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

Thank you for your continued support.

L Weatherup

Director

Threadneedle Managed Equity Fund

Investment Report

Investment Objective and Policy

To provide a return by way of capital growth.

The Fund will invest at least two-thirds of its assets in funds managed or operated by companies in the Threadneedle group. These funds may invest worldwide.

The Fund will invest at least two-thirds of its assets in funds that invest in company shares, but also have some exposure to fixed income securities.

The Fund may also hold cash, near cash and money market instruments.

Up to 20% of the value of the Fund may be invested in funds that invest in derivatives for purposes other than Efficient Portfolio Management.

The Fund will always invest so as to be eligible as an ISA investment.

Review

This report covers the period from 16 May 2018 to 15 May 2019.

Fund Performance

During the period under review the offer price of Class A units fell by 0.29% from 205.30p to 204.70p and the offer price of Class B units fell by 0.10% from 203.70p to 203.50p.

Looking at performance within its peer group (the IMA – Flexible Investment Sector), the total return on the trust for the twelve months ending 30 April 2019, including net reinvested income, is +4.60% as compared to a median return of +3.01% over the same period. (Source: Morningstar, bid to bid, income reinvested for a UK basic rate taxpayer). Please note that this period has been used for peer group comparisons due to updated peer group information only being available from Morningstar at month-end points.

In view of the nature of the trust and its investment remit, there is no directly comparable market index.

Market Overview and Portfolio Activity

Equity markets proved volatile during the 12 months under review. For much of the period, markets were buoyed by the continued global economic expansion, muted inflationary pressures and decent corporate earnings growth. However, the period was punctuated by a sharp decline in equity markets in the fourth quarter of 2018, amid heightened concerns over the US-China trade dispute, slower global growth, and the lack of progress on Brexit negotiations.

Within the UK, Brexit dominated the headlines throughout the year. The prime minister and the EU reached agreement on a withdrawal deal in November, but the accord was heavily criticised by UK MPs and overwhelmingly rejected. The EU has now extended the scheduled exit date to 31 October 2019, but emphasised that withdrawal talks would not be reopened. The Bank of England raised interest rates by 25 basis points (bps) in August 2018.

US equities were supported by the continued strength of the US economy. While the Federal Reserve (Fed) raised interest rates by 25 bps on three occasions, in June, September and December, it has subsequently moved to a more dovish stance. At its March policy meeting, the Fed announced that rates were unlikely to rise in 2019.

While the eurozone economy slowed noticeably, corporate earnings were generally robust. Political tensions remained a theme, characterised by the continued loss of support for mainstream parties. The European Central Bank ended its stimulus programme of bond purchases in December, but stated in March that interest rates are likely to remain unchanged into 2020, and that it would restart an important stimulus measure to support bank lending.

Asian stocks were hampered by the slowing Chinese economy and the ongoing US-China trade dispute. Asian markets performed particularly poorly in the fourth quarter of 2018 as the US threatened to increase levies on \$200 billion of Chinese imports. Markets subsequently rallied in the first quarter of 2019 as the tariff hike was postponed, but were rattled again in May when President Trump threatened to introduce the higher levies from 10 May. The Chinese authorities have moved to address growth concerns, embarking on a series of stimulus measures.

Sentiment towards Japanese stocks was hurt by concerns that the country's exporters might be caught up in escalating US protectionist measures, particularly against Chinese product component suppliers. Bouts of yen strength also proved a headwind. Economic growth was hurt by a series of natural disasters, although data for the fourth quarter proved better than expected, supported by strong corporate capital spending.

Emerging market (EM) equities experienced difficult conditions during 2018, before rallying strongly in the first quarter of this year. The strengthening of the US dollar in 2018, linked to Fed rate rises, proved a headwind, as this increases the cost of repaying dollar-denominated debt for EM borrowers. EM markets were also hampered by continued US-China trade tensions, although the Fed's newly dovish stance proved supportive in the first quarter of 2019.

Over the review period, yields on core sovereign debt generally fell as unsettling factors, including geopolitical tensions, rising populism in Europe and evidence of a slowing Chinese economy, drove investors to seek the security of government bonds. The prospect of tighter monetary conditions prompted some spikes in yields, as the Fed continued to raise rates, but core bonds rallied in 2019 on indications that interest rates would now remain 'lower for longer'. Within the eurozone, debt issued by periphery nations lagged bonds from core markets. EM bonds were among the weaker performers in relative terms. However, in Brazil, the victory of Jair Bolsonaro in October's election triggered a rally in bond markets, due to his business-friendly views.

During the first half of the review period, we increased the fund's exposure to American equities. US corporate results proved strong, supported by President Trump's tax reforms and the strength of the US economy. Equity valuations in the US had become more attractive and the market includes a host of globally-important companies. In the second half of the period, we realised some gains on US equities, notably by reducing the holding in the Threadneedle American Select Fund.

Elsewhere, in the first half of the reporting period, we pared back the exposure to UK equities, particularly via the Threadneedle UK Equity Alpha Income Fund. However, we added back to the UK in the first quarter of 2019, as valuations looked more attractive after the volatility experienced towards the end of last year. Given the UK market's sizeable defensive contingent, idiosyncratic drivers and lack of any 'hot money', we are reasonably optimistic about the outlook for UK equities relative to other developed markets.

Also within the equity component, we reduced the holding in the Threadneedle Global Equity Income Fund and added to the Threadneedle Global Extended Alpha Fund and the Threadneedle Global Focus Fund. Additionally, we trimmed the exposure to Europe, Asia, Japan and emerging markets.

In the fixed income segment, we modestly pared back the holdings in the Threadneedle Dollar Bond Fund, Threadneedle High Yield Bond Fund and the Threadneedle Emerging Market Bond Fund. By contrast, we added to UK government bonds via the Threadneedle Sterling Bond Fund, and investment grade corporate bonds via the Threadneedle Sterling Short-Dated Corporate Bond Fund and the Threadneedle UK Corporate Bond Fund. We also enhanced the holding in the Threadneedle Global Bond Fund, where the emphasis is on overseas government bonds.

Looking ahead, the economic cycle is clearly mature but we do not believe the end is imminent – rather it is being extended and redefined by a combination of structural factors leading to low interest rates, low inflation and ongoing moderate growth.

We expect global equity markets to make gentle positive progress, corporate profits to continue growing, and valuations to remain supportive.

For bonds, 2019 looks set to produce attractive outcomes for those who can navigate divergent monetary policy and credit cycles.

Directors' Statement

In accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes (COLL) Sourcebook, we hereby certify the Annual Report and Audited Financial Statements on behalf of the Directors of Threadneedle Investment Services Limited.

L Weatherup
Director

12 August 2019

P Stone
Director

Threadneedle Managed Equity Fund

STATEMENT OF TOTAL RETURN

for the accounting period 16 May 2018 to 15 May 2019

	Notes	2019 £000	2018 £000
Income			
Net capital (losses)/gains	3	(3,699)	25,608
Revenue	4	9,087	7,124
Expenses	5	(5,114)	(4,962)
Interest payable and similar charges	6	(1)	(4)
Net revenue before taxation		3,972	2,158
Taxation	7	(165)	(171)
Net revenue after taxation		3,807	1,987
Total return before distributions		108	27,595
Distributions	8	(3,830)	(2,091)
Change in net assets attributable to unitholders from investment activities		(3,722)	25,504

BALANCE SHEET

as at 15 May 2019

	Notes	2019 £000	2018 £000
Assets:			
Fixed assets:			
Investments		398,182	399,279
Current assets:			
Debtors	9	1,083	1,589
Cash and bank balances	10	3,059	757
Total assets		402,324	401,625
Liabilities:			
Investment liabilities		(400)	–
Creditors:			
Distribution payable		(433)	(171)
Other creditors	11	(514)	(1,300)
Total liabilities		(1,347)	(1,471)
Net assets attributable to unitholders		400,977	400,154

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the accounting period 16 May 2018 to 15 May 2019

	2019 £000	2018 £000
Opening net assets attributable to unitholders	400,154	367,833
Amounts receivable on the issue of units	37,869	15,648
Amounts payable on the cancellation of units	(36,630)	(31,049)
Amounts receivable on inspecie transfers	–	20,417
	1,239	5,016
Change in net assets attributable to unitholders from investment activities (see statement of total return above)	(3,722)	25,504
Retained distribution on accumulation units	3,306	1,801
Closing net assets attributable to unitholders	400,977	400,154

DISTRIBUTION TABLE

for the accounting period 16 May 2018 to 15 May 2019

Dividend distribution in pence per unit

Class A – Accumulation units

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2018/2019	Revenue Accumulated 2017/2018
Group 1				
16/05/18 to 15/05/19	1.5419	–	1.5419	0.7218
Group 2				
16/05/18 to 15/05/19	0.9771	0.5648	1.5419	0.7218
Total distributions in the period			1.5419	0.7218

Class B – Accumulation units

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2018/2019	Revenue Accumulated 2017/2018
Group 1				
16/05/18 to 15/05/19	2.0175	–	2.0175	1.1792
Group 2				
16/05/18 to 15/05/19	0.6929	1.3246	2.0175	1.1792
Total distributions in the period			2.0175	1.1792

Class T – Income units

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2018/2019	Distribution Paid 2017/2018
Group 1				
16/05/18 to 15/11/18	0.3267	–	0.3267	0.4651
16/11/18 to 15/05/19	1.0642	–	1.0642	0.3971
Group 2				
16/05/18 to 15/11/18	0.2610	0.0657	0.3267	0.4651
16/11/18 to 15/05/19	0.4208	0.6434	1.0642	0.3971
Total distributions in the period			1.3909	0.8622

Class Z – Accumulation units

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2018/2019	Revenue Accumulated 2017/2018
Group 1				
16/05/18 to 15/05/19	1.8310	–	1.8310	1.2103
Group 2				
16/05/18 to 15/05/19	1.2917	0.5393	1.8310	1.2103
Total distributions in the period			1.8310	1.2103

Group 2: units purchased during a distribution period.

Threadneedle Managed Equity Fund

Comparative Table Disclosure

	Class A – Accumulation units			Class B – Accumulation units		
	15/05/2019	15/05/2018	15/05/2017	15/05/2019	15/05/2018	15/05/2017
Change in net assets per unit						
Opening net asset value per unit (p)	197.83	184.22	151.07	203.62	189.24	154.89
Return before operating charges (p)	2.51	16.82	35.96	2.51	17.17	36.80
Operating charges (p)	(3.10)	(3.21)	(2.81)	(2.69)	(2.79)	(2.45)
Return after operating charges (p)*	(0.59)	13.61	33.15	(0.18)	14.38	34.35
Distributions (p)	(1.54)	(0.72)	(1.06)	(2.02)	(1.18)	(1.47)
Retained distributions on accumulation units (p)	1.54	0.72	1.06	2.02	1.18	1.47
Closing net asset value per unit (p)	197.24	197.83	184.22	203.44	203.62	189.24
*after direct transaction costs of (p)	–	–	–	–	–	–
Performance						
Return after charges (%)	(0.30)	7.39	21.94	(0.09)	7.60	22.18
Other information						
Closing net asset value (£000)	158,283	172,530	182,901	123,490	102,253	84,538
Closing number of units	80,248,181	87,210,758	99,285,426	60,702,091	50,216,898	44,672,597
Operating charges (%)**	1.60	1.68	1.65	1.35	1.42	1.40
Direct transaction costs (%)	–	–	–	–	–	–
Prices						
Highest unit price (p)	211.20	206.50	191.30	209.60	204.70	189.40
Lowest unit price (p)	178.00	181.90	149.10	183.40	186.90	152.90
	Class T – Income units			Class Z – Accumulation units		
	15/05/2019	15/05/2018	15/05/2017	15/05/2019	15/05/2018	15/05/2017
Change in net assets per unit						
Opening net asset value per unit (p)	130.28	121.79	100.49	144.65	134.06	109.39
Return before operating charges (p)	1.56	11.03	23.82	1.67	12.10	25.97
Operating charges (p)	(1.60)	(1.68)	(1.47)	(1.42)	(1.51)	(1.30)
Return after operating charges (p)*	(0.04)	9.35	22.35	0.25	10.59	24.67
Distributions (p)	(1.39)	(0.86)	(1.05)	(1.83)	(1.21)	(1.39)
Retained distributions on accumulation units (p)	–	–	–	1.83	1.21	1.39
Closing net asset value per unit (p)	128.85	130.28	121.79	144.90	144.65	134.06
*after direct transaction costs of (p)	–	–	–	–	–	–
Performance						
Return after charges (%)	(0.03)	7.68	22.24	0.17	7.90	22.55
Other information						
Closing net asset value (£000)	52,412	56,096	54,905	66,792	69,275	45,489
Closing number of units	40,677,695	43,058,835	45,083,172	46,094,095	47,889,596	33,932,632
Operating charges (%)**	1.25	1.33	1.30	1.00	1.08	1.05
Direct transaction costs (%)	–	–	–	–	–	–
Prices						
Highest unit price (p)	134.10	131.40	122.50	149.00	145.30	134.20
Lowest unit price (p)	117.10	120.30	99.21	130.50	132.40	108.00

**The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a unit class of a trust based on the financial year's expenses and may vary from year to year. It includes charges such as the trust's annual management charge, registration fee, custody fees and distribution cost but ordinarily excludes the costs of buying or selling assets for the trust (unless these assets are shares of another fund). The Key Investor Information Document (KIID) contains the current OCF. The calculation includes the trust's share of the expenses of the underlying fund less any fee rebates received. The share of the costs of the underlying funds may fluctuate due to changes in investment decisions, which may be required as a result of changes in market conditions. For a more detailed breakdown please visit columbiathreadneedle.com/fees.

Threadneedle Managed Equity Fund

Notes to the financial statements

for the accounting period 16 May 2018 to 15 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 fund are valued using the single price at 12 noon (UK time), being the valuation point on the last working day of the accounting period. The single price may include an adjustment to cover dealing costs in the underlying funds.

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

(c) Exchange rates

Assets and liabilities expressed in foreign currencies 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 foreign currency are translated into sterling at the exchange rates ruling at the date of the transaction.

(d) Recognition of revenue

Revenue is included in the Statement of Total Return on the following bases: Distributions from Collective Investment Schemes (CIS) are recognised when the security is quoted ex-dividend.

Any reported revenue from an offshore fund with UK fund reporting status in excess of any distributions is recognised as revenue after the end of the reporting period not later than the date when the reporting fund makes this information available.

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

(e) 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 accruals basis and include irrecoverable Value Added Tax (VAT) where appropriate.

(f) Fee rebate

In addition to any direct charge for registration and management fees within the fund, there would occur, in the absence of a rebate mechanism, an indirect charge for registration and management fees in respect of investment in other Threadneedle funds. Any such target funds themselves bear registration and management fees, which reduce the value of those funds from what they otherwise would be. The rebate mechanism operates to ensure that investors in the fund bear only the registration and management fee validly applicable to them.

Depending upon the Manager'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.

(g) Allocation of revenue and expenses to multiple unit classes

The allocation of revenue and expenses to each unit class is based upon the proportion of the trust's capital net assets attributable to each unit class on the day the revenue is earned or the expense is suffered. Annual management charges and registration fees are specific to each unit class.

(h) Deferred tax

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

(i) Equalisation policy

The fund operates equalisation to ensure the level of distributable income for any unit class is not affected by the issue or cancellation of units.

2 DISTRIBUTION POLICIES

Where the revenue from investments exceeds the expenses and taxation a distribution will be made from that unit class. Should expenses and taxation exceed revenue for any unit class, there will be no distribution for that unit class and a transfer from capital will be made to cover the shortfall.

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

Where distributions are unclaimed for a period of six years these are brought back into the fund as capital.

When a transfer is made between the revenue and capital of the same unit 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 unit classes of the fund.

Equalisation on distributions received is treated as a repayment of capital and therefore disregarded in determining the revenue available for distribution.

3 NET CAPITAL (LOSSES)/GAINS

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

	2019 £000	2018 £000
Non-derivative securities	(3,917)	25,062
Forward currency contracts	(131)	–
Management fee rebate on CIS holdings	272	515
Other gains	77	31
Net capital (losses)/gains	(3,699)	25,608

4 REVENUE

	2019 £000	2018 £000
Franked dividend distributions	3,425	1,876
Interest distributions	1,261	1,094
Bank interest	11	10
Management fee rebate on CIS holdings	4,390	4,144
Total revenue	9,087	7,124

5 EXPENSES

	2019 £000	2018 £000
Payable to the Manager or associates of the Manager, and the agents of either of them:		
Annual management charge	(5,047)	(4,898)
	(5,047)	(4,898)
Payable to the trustee or associates of the trustee, and the agents of either of them:		
Trustee fees	(47)	(44)
Safe custody fees	(9)	(9)
	(56)	(53)
Other expenses:		
Audit fees	(11)	(11)
	(11)	(11)
Total expenses*	(5,114)	(4,962)

*Including irrecoverable VAT where applicable.

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2019 £000	2018 £000
Interest payable	(1)	(4)
Total interest payable and similar charges	(1)	(4)

7 TAXATION

	2019 £000	2018 £000
a) Analysis of charge in period		
Corporation tax	(165)	(171)
Total current tax (note 7b)	(165)	(171)
Total tax charge for the period	(165)	(171)

b) Factors affecting taxation charge for period

	2019 £000	2018 £000
Net revenue before taxation	3,972	2,158
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(794)	(432)
Effects of:		
Revenue not subject to taxation	685	375
Capitalised revenue subject to taxation	(55)	(103)
Retail Distribution Review (RDR) conversion transfer from capital	(1)	(11)
Current tax charge for period (note 7a)	(165)	(171)

Threadneedle Managed Equity Fund

Notes to the financial statements

(continued)

8 DISTRIBUTIONS

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

	2019 £000	2018 £000
Interim	137	206
Final	3,739	1,972
	3,876	2,178
Add: Revenue deducted on the cancellation of units	165	59
Deduct: Revenue received on the creation of units	(211)	(146)
Net distribution for the period	3,830	2,091
Net revenue after taxation	3,807	1,987
Equalisation on conversion	(9)	45
Tax charge on capital management fee rebates	32	59
Total distributions	3,830	2,091

Details of the distribution per unit are set out in the table on page 4.

9 DEBTORS

	2019 £000	2018 £000
Amounts receivable for the issue of units	477	636
Accrued revenue	606	953
Total debtors	1,083	1,589

10 CASH AND BANK BALANCES

	2019 £000	2018 £000
Amounts held at futures clearing houses and brokers	240	–
Cash and bank balances	2,819	757
Total cash and bank balances	3,059	757

11 OTHER CREDITORS

	2019 £000	2018 £000
Amounts payable for the cancellation of units	(170)	(573)
Accrued expenses	(19)	(14)
Amounts payable to Manager	(213)	(611)
Corporation tax payable	(112)	(102)
Total other creditors	(514)	(1,300)

12 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, a related party, acts as principal in respect of all transactions of units in the fund. The aggregated monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Unitholders. The amount due to or from Threadneedle Investment Services Limited in respect of unit transactions at the end of the accounting period are disclosed in Notes 9 and 11.

Amounts payable to and receivable from Threadneedle Investment Services Limited in respect of fund administration services are disclosed in Notes 9 and 11. A balance of £212,805 (2018: £611,182), in respect of annual management service charge and £570,141 (2018: £697,303) in respect of annual management rebates are respectively payable and receivable at the end of the accounting period.

Amounts payable to Citibank Europe plc, a related party, in respect of trustee services and safe custody charges are disclosed in Note 11. A balance of £10,057 (2018: £5,709), in respect of trustee services and £1,090 (2018: £1,086), in respect of safe custody is due at the end of the accounting period.

The fund receives and pays interest on deposits held with Citibank Europe plc as disclosed in Notes 4 and 6. A balance of £716 (2018: £155), was receivable at the end of the accounting period. Cash and bank balances at the end of the accounting period are disclosed in the Balance Sheet.

The fund invests in a number of 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 and gains and losses in the period are disclosed in Note 3. Details of revenue received from the funds are shown in Note 4 and amounts receivable at the end of the accounting period in Note 9.

The Manager, or associate of the Manager acted as principal in all investment transactions.

13 UNITHOLDER FUNDS

Threadneedle Managed Equity Fund currently has four unit classes; Class A, Class B, Class T and Class Z units. The charges on each unit class are as follows:

Annual management charge	
Class A units	1.50%
Class B units	1.25%
Class T units	1.15%
Class Z units	0.90%

The net asset value of each unit class, the net asset value per unit, and the number of units in each class are given in the comparative tables on page 5. The distribution per unit class is given in the distribution table on page 4.

All classes have the same rights on winding up.

Reconciliation of units

	2019
Class A – Accumulation units	
Opening units	87,210,758
Units issued	1,109,327
Units redeemed	(7,309,684)
Net conversions	(762,220)
Closing units	80,248,181
Class B – Accumulation units	
Opening units	50,216,898
Units issued	11,931,266
Units redeemed	(6,018,118)
Net conversions	4,572,045
Closing units	60,702,091
Class T – Income units	
Opening units	43,058,835
Units issued	402,223
Units redeemed	(2,774,410)
Net conversions	(8,953)
Closing units	40,677,695
Class Z – Accumulation units	
Opening units	47,889,596
Units issued	8,630,806
Units redeemed	(5,049,561)
Net conversions	(5,376,746)
Closing units	46,094,095

14 RISK MANAGEMENT

In pursuing its investment objectives set out on page 3, the Threadneedle Managed Equity Fund may hold the following financial instruments:

- Funds of the Threadneedle Investment Funds ICVC, Threadneedle Specialist Investment Funds ICVC and Threadneedle (Lux) Funds of which a maximum of 20% of the value of the property of the fund may be invested in any one fund within this range of investment funds;
- Cash, liquid resources and short-term debtors and creditors that arise directly from its operations;
- Unitholders' funds which represent investors monies which are invested on their behalf;
- Borrowing used to finance investment activity;
- Derivative transactions to manage the currency and market risks arising from the fund's investment activities.

The Manager uses a Risk Management Policy (RMP)* which is reviewed by the Trustee. The processes detailed within it are designed to monitor and measure as frequently as appropriate the risk of a Funds positions and their contribution to the overall risk profile of a Fund.

Throughout the period under review, it has been the policy of the fund to buy and sell financial instruments for the purpose of investment rather than trading. The main risks arising from the fund's financial instruments are market price, liquidity, credit, interest rate and foreign currency risk. The policies for managing each of these risks are reviewed regularly and agreed with the Trustee of the fund and they are summarised below.

*The RMP is available on request from the client services team (contact details on page 57).

Threadneedle Managed Equity Fund

Notes to the financial statements

(continued)

Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the fund might suffer through holding market positions in the face of price movements. The value of the investment can fall as well as rise and investors might not recover the amount invested, especially if investments are not held for the long term. The fund is exposed to market risk by virtue of their Investments in CIS.

The Manager 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 trust deed, the prospectus and in the Financial Conduct Authority's (FCA's) CIS Sourcebook and describe the nature of the market price risk to which the fund will be exposed.

Market price risk sensitivity

A 5% market increase applied to the equity proportion of the fund would result in an increase on net asset value of the fund by 3.75% and vice versa (2018: 3.73%).

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 0.81% and vice versa (2018: 1.22%).

Liquidity risk

Liquidity risk is the risk that the fund cannot raise sufficient cash to meet its liabilities when due. The main liability of the fund is the cancellation of units that the investors wish to sell. The fund's assets comprise mainly realisable securities which can readily be sold.

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

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

There are no new arrangements within the fund to manage liquidity and there is no significant liquidity risk at the period end.

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

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.

The capital values of the fund's underlying investments can be affected by currency translation movements where the assets are denominated in currencies other than sterling, which is the fund's principal currency.

Two principal areas where foreign currency risk could impact the fund are:

- Where movements in rates affect the value of the underlying investments, the fund may hedge the initial investment;
- Where movements in rates affect the revenue received from the underlying investments; the fund does not hedge or otherwise seek to avoid rate movement risk on revenue accrued but not received.

There is no direct foreign currency exposure within the fund at the balance sheet date. However, a portion of the fund's underlying investments have significant currency exposure since their assets are denominated in currencies other than sterling, with the effect that their balance sheets and total returns can be affected by currency movements. Investee funds' significant exposure to non sterling currencies, based on their most recent published financial statements are as follows:

- The principal exposures of Threadneedle (Lux) – Global Smaller Companies and Threadneedle Global Bond Fund are to Euro, Japanese Yen and US Dollar.
- The principal exposure of Threadneedle (Lux) – Global Corporate Bond Fund is to Euro, UK Sterling and US Dollar.
- The principal exposure of Threadneedle Emerging Market Bond Fund, Threadneedle (Lux) – American Absolute Alpha Fund, Threadneedle Global Extended Alpha Fund, Threadneedle American Fund, Threadneedle American Select Fund and Threadneedle (Lux) – Global Emerging Market Short-Term Bonds is to US Dollar.
- The principal exposure of Threadneedle Emerging Market Local Fund is to Brazilian Real, Czech Koruna, Mexican Peso and US Dollar.
- The principal exposures of Threadneedle European Smaller Companies Fund and Threadneedle European Fund are to Euro and Swedish Krona.
- The principal exposure of Threadneedle Latin America Fund is to Brazilian Real, Mexican Peso and US Dollar.
- The principal exposure of Threadneedle European Select Fund and Threadneedle UK Absolute Alpha Fund is to Euro.
- The principal exposure of Threadneedle Japan Fund is to Japanese Yen.
- The principal exposure of Threadneedle Asia Fund is to Australian Dollar, Hong Kong Dollar, South Korean Won and US Dollar.
- The principal exposure of Threadneedle Global Emerging Markets Equity Fund is to Hong Kong Dollar, South Korean Won and US Dollar.

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 fund is exposed to credit/counterparty risk by virtue of the underlying investments the CIS 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) there is the possibility of default of the issuer and default in the underlying assets meaning that the fund may not receive back the full principal originally invested. Thirdly, there is counterparty risk, which is the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the fund has fulfilled its responsibilities, which could result in the fund 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 fund 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 Manager as an acceptable counterparty. Changes in broker's financial ratings are periodically reviewed.

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	Collateral Pledged £000
HSBC	110
UBS	130

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

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

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

Interest rate risk

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 may invest in floating rate securities.

Threadneedle Managed Equity Fund

Notes to the financial statements

(continued)

Thus any change to the interest rates relevant for particular securities may result in either income increasing or decreasing, or the Manager being unable to secure similar returns on the expiry of contracts or the sale of securities.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held.

In general, if interest rates rise the revenue potential of the fund also rises but the value of fixed rate securities will decline.

A decline in interest rates will in general have the opposite effect.

Duration is a measure of the extent to which this is the case, with a longer duration suggesting higher sensitivity to interest rate moves.

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

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 15 May 2019, the fund had outstanding forward foreign exchange contracts with an asset value of £Nil (2018: £Nil) and a liability value of £400,000 (2018: £Nil).

15 FAIR VALUE DISCLOSURE

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

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

Level 2 – Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and 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 2	398,182	(400)	399,279	–
	398,182	(400)	399,279	–

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 CIS purchases and sales amounted to £112,318,569 (2018: £85,305,225) and £112,515,176 (2018: £78,023,681) respectively. In specie transaction costs and proceeds amounted to £Nil (2018: £20,223,637) and £Nil (2018: £Nil) respectively.

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

At the balance sheet date, the portfolio dealing spread was Nil (15 May 2018: Nil), being the difference between the respective buying and selling prices for the fund's investments.

Threadneedle Managed Equity Fund

Statement of Manager's Responsibilities in relation to the Financial Statements of the Scheme

The Collective Investment Schemes (COLL) Sourcebook, as issued (and amended) by the Financial Conduct Authority (FCA) requires the Manager 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 the Scheme and of its net revenue and the net capital (losses) on the property of the Scheme for the period. In preparing the financial statements the Manager 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 Scheme will continue in operation for the foreseeable future.

The Manager is required to keep proper accounting records and to manage the Scheme in accordance with the Collective Investment Schemes Sourcebook, the Trust Deed and the Prospectus. The Manager is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of the Trustee's Responsibilities in Respect of the Scheme and Report of the Trustee to the Unitholders of the Threadneedle Managed Equity Fund of the Threadneedle Managed Funds ("the Trust") for the Period ended 15 May 2019

The Trustee is responsible for the safekeeping of all property of the Trust 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 Trustee to take reasonable care to ensure that the Trust is managed and operated in accordance with the Financial Conduct Authority' Collective Investment Schemes Sourcebook ("the Sourcebook"), the Financial Services and Markets Act 2000, as amended, and the Trust Deed and the Prospectus of the Trust, concerning: the pricing of and dealing in Trust Units; the application of income of the scheme; and the Trust investment portfolio and borrowing activities.

Having carried out procedures and enquiries considered duly necessary to discharge our responsibilities as Trustee of the scheme, based on information and explanations provided to us, we believe that, in all material respects, the Manager:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the scheme's units and the application of the scheme's income in accordance with the Sourcebook, the Trust Deed and Prospectus;
- (ii) has observed the investment and borrowing powers and restrictions applicable to the scheme; and
- (iii) has, otherwise, ensured the proper operation of the Trust.

Citibank Europe plc,
UK Branch
London
12 August 2019

Threadneedle Managed Equity Fund

Independent Auditors' Report to the Unitholders of Threadneedle Managed Equity Fund Report on the audit of the financial statements

Opinion

In our opinion, Threadneedle Managed Equity Fund's financial statements:

- give a true and fair view of the financial position of the Trust as at 15 May 2019 and of the net revenue and the net capital losses of the scheme property 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 Trust Deed.

We have audited the financial statements, included within the Annual Report and Audited Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 15 May 2019; the statement of total return, the statement of change in net assets attributable to unitholders for the year then ended; the distribution tables; 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 Trust 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

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the Authorised Fund Manager's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Authorised Fund Manager has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Trust's 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 Trust's 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 Fund Manager 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 Fund Manager's Report

In our opinion, the information given in the Authorised Fund Manager'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 Fund Manager for the financial statements

As explained more fully in the Statement of Manager's Responsibilities in relation to the Financial Statements of the Scheme set out on page 10, the Authorised Fund Manager 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 Fund Manager 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 Fund Manager is responsible for assessing the Trust's 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 Fund Manager either intend to wind up or terminate the Trust, or have 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 Trust's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook 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 and returns.

We have no exceptions to report arising from this responsibility

Threadneedle Managed Equity Fund

Portfolio Statement

as at 15 May 2019

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
COLLECTIVE INVESTMENT SCHEMES 99.30% (99.78%)							
	UK equity 18.32% (19.39%)			379,668	Threadneedle (Lux) – Global Corporate Bond	4,416	1.10
9,515,624	Threadneedle UK Absolute Alpha Fund	12,982	3.24	165,277	Threadneedle (Lux) – Global Emerging Market Short-Term Bonds	2,252	0.56
3,553,839	Threadneedle UK Equity Alpha Income Fund	2,354	0.59	940,529	Threadneedle Dollar Bond Fund	580	0.15
312,528	Threadneedle UK Equity Income Fund	287	0.07	1,390,677	Threadneedle Emerging Market Bond Fund	1,416	0.35
1,785,270	Threadneedle UK Extended Alpha Fund	9,211	2.30	3,267,287	Threadneedle Emerging Market Local Fund	4,860	1.21
19,410,179	Threadneedle UK Fund	26,423	6.59	10,013,905	Threadneedle Global Bond Fund	8,712	2.17
411,850	Threadneedle UK Growth & Income Fund	367	0.09	5,717,802	Threadneedle High Yield Bond Fund	2,396	0.60
1,811,481	Threadneedle UK Mid 250 Fund	4,714	1.17		Total overseas bond	27,237	6.79
12,116,826	Threadneedle UK Select Fund	15,174	3.78		Total collective investment schemes	398,182	99.30
587,276	Threadneedle UK Smaller Companies Fund	1,954	0.49				
	Total UK equity	73,466	18.32	DERIVATIVES -0.10% (0.00%)			
	UK bond 14.07% (8.68%)				Forward foreign exchange contracts -0.10% (0.00%)		
6,618,107	Threadneedle Sterling Bond Fund	3,856	0.96		Sell JPY 268,770,000		
31,524,701	Threadneedle Sterling Fund	31,506	7.86		Buy GBP 1,825,186 HSBC	(79)	(0.02)
12,635,855	Threadneedle Sterling Short-Dated Corporate Bond Fund	13,832	3.45		Sell JPY 288,800,000		
11,613,885	Threadneedle UK Corporate Bond Fund	7,215	1.80		Buy GBP 1,983,929 UBS	(63)	(0.01)
	Total UK bond	56,409	14.07		Sell USD 5,226,357		
	Overseas equity 60.12% (65.70%)				Buy GBP 3,980,000 HSBC	(66)	(0.02)
779,800	Threadneedle (Lux) – American Absolute Alpha	13,116	3.27		Sell USD 9,910,000		
1,474,170	Threadneedle (Lux) – Asia Contrarian Equity	15,168	3.78		Buy GBP 7,480,075 UBS	(192)	(0.05)
74,765	Threadneedle (Lux) – Asian Equity Income	4,673	1.17		Total derivatives	(400)	(0.10)
65,276	Threadneedle (Lux) – Global Smaller Companies	1,717	0.43				
318,479	Threadneedle (Lux) – Pan European Absolute Alpha	3,866	0.96		Total value of investments	397,782	99.20
1,029,702	Threadneedle (Lux) – Pan European Smaller Companies	10,750	2.68		Net other assets (0.22%)	3,195	0.80
8,582,854	Threadneedle American Fund	27,473	6.85		Net assets	400,977	100.00
11,515,278	Threadneedle American Select Fund	38,203	9.53		<i>May 2018 comparatives in brackets.</i>		
8,382,814	Threadneedle Asia Fund	18,370	4.58				
5,518,515	Threadneedle European Fund	12,970	3.23				
5,496,179	Threadneedle European Select Fund	16,716	4.17				
883,725	Threadneedle European Smaller Companies Fund	7,588	1.89				
6,654,008	Threadneedle Global Emerging Markets Equity Fund	7,175	1.79				
3,258,038	Threadneedle Global Extended Alpha Fund	11,225	2.80				
6,854,967	Threadneedle Global Focus Fund	8,088	2.02				
50,880,014	Threadneedle Japan Fund	29,836	7.44				
646,880	Threadneedle Latin America Fund	1,548	0.39				
4,412,017	Threadneedle Pan European Focus Fund	12,588	3.14				
	Total overseas equity	241,070	60.12				
	Overseas bond 6.79% (6.01%)						
280,395	Threadneedle (Lux) – Flexible Asian Bond	2,605	0.65				

Threadneedle Managed Equity Focused Fund

Investment Report

Investment Objective and Policy

To provide a total return by way of capital growth and income.

The Fund will invest at least two-thirds of its assets in funds managed or operated by companies in the Threadneedle group. These funds may invest worldwide.

The Fund will invest with a focus on funds that invest in company shares, but will also have exposure to fixed income securities.

The Fund may also hold cash, near cash and money market instruments.

Up to 20% of the value of the Fund may be invested in funds that invest in derivatives for purposes other than Efficient Portfolio Management.

The Fund will always invest so as to be eligible as an ISA investment.

Review

This report covers the period from 16 May 2018 to 15 May 2019.

Fund Performance

During the period under review the offer price of Class A units fell by 0.23% from 177.00p to 176.60p and the offer price of Class B units rose by 0.00% from 175.60p to 175.60p.

Looking at performance within its peer group (the IMA – Mixed Investment 40–85% Shares Sector), the total return on the trust for the twelve months ending 30 April 2019, including net reinvested income, is +3.63% as compared to a median return of +4.15% over the same period. (Source: Morningstar, bid to bid, income reinvested for a UK basic rate taxpayer).

Fully updated peer group information is only available from Morningstar at month-end points.

In view of the nature of the fund and its investment remit, there is no directly comparable market index.

Market Overview and Portfolio Activity

Equity markets proved volatile during the 12 months under review. For much of the period, markets were buoyed by the continued global economic expansion, muted inflationary pressures and decent corporate earnings growth. However, the period was punctuated by a sharp decline in equity markets in the fourth quarter of 2018, amid heightened concerns over the US-China trade dispute, slower global growth, and the lack of progress on Brexit negotiations.

Within the UK, Brexit dominated the headlines throughout the year. The prime minister and the EU reached agreement on a withdrawal deal in November, but the accord was heavily criticised by UK MPs and overwhelmingly rejected. The EU has now extended the scheduled exit date to 31 October 2019, but emphasised that withdrawal talks would not be reopened. The Bank of England raised interest rates by 25 basis points (bps) in August 2018.

US equities were supported by the continued strength of the US economy. While the Federal Reserve (Fed) raised interest rates by 25 bps on three occasions, in June, September and December, it has subsequently moved to a more dovish stance. At its March policy meeting, the Fed announced that rates were unlikely to rise in 2019.

While the eurozone economy slowed noticeably, corporate earnings were generally robust. Political tensions remained a theme, characterised by the continued loss of support for mainstream parties. The European Central Bank ended its stimulus programme of bond purchases in December, but stated in March that interest rates are likely to remain unchanged into 2020, and that it would restart an important stimulus measure to support bank lending.

Asian stocks were hampered by the slowing Chinese economy and the ongoing US-China trade dispute. Asian markets performed particularly poorly in the fourth quarter of 2018 as the US threatened to increase levies on \$200 billion of Chinese imports. Markets subsequently rallied in the first quarter of 2019 as the tariff hike was postponed, but were rattled again in May when President Trump threatened to introduce the higher levies from 10 May. The Chinese authorities have moved to address growth concerns, embarking on a series of stimulus measures.

Sentiment towards Japanese stocks was hurt by concerns that the country's exporters might be caught up in escalating US protectionist measures, particularly against Chinese product component suppliers. Bouts of yen strength also proved a headwind. Economic growth was hurt by a series of natural disasters, although data for the fourth quarter proved better than expected, supported by strong corporate capital spending.

Emerging market (EM) equities experienced difficult conditions during 2018, before rallying strongly in the first quarter of this year. The strengthening of the US dollar in 2018, linked to Fed rate rises, proved a headwind, as this increases the cost of repaying dollar-denominated debt for EM borrowers. EM markets were also hampered by continued US-China trade tensions, although the Fed's newly dovish stance proved supportive in the first quarter of 2019.

Over the review period, yields on core sovereign debt generally fell as unsettling factors, including geopolitical tensions, rising populism in Europe and evidence of a slowing Chinese economy, drove investors to seek the security of government bonds. The prospect of tighter monetary conditions was also disadvantageous, as the Fed continued to raise rates, but core bonds rallied in 2019 on indications that interest rates would now remain 'lower for longer'. Within the eurozone, debt issued by periphery nations lagged bonds from core markets. EM bonds were among the weaker performers in relative terms. However, in Brazil, the victory of Jair Bolsonaro in October's election triggered a rally in bond markets, due to his business-friendly views.

Within the fund, we made several asset-allocation changes during the period under review. In the equity component, the biggest adjustment was to reduce the position in European equities via the Threadneedle European Fund. We also lowered the exposure to the other regional markets but added to global equities, particularly via the Threadneedle Global Focus Fund. In the global and UK equity segments of the portfolio, we reduced the exposure to the Threadneedle Global Equity Income Fund and the Threadneedle UK Equity Alpha Income Fund in favour of more growth oriented opportunities.

We continue to favour an overweight position in equities and an underweight stance in bonds. Within the fixed income component of the portfolio, we reduced the exposure to most asset classes. However, we added to UK government bonds and investment grade corporate bonds, via the Threadneedle Sterling Bond Fund and the Threadneedle UK Corporate Bond Fund respectively.

Looking ahead, the economic cycle is clearly mature but we do not believe the end is imminent – rather it is being extended and redefined by a combination of structural factors leading to low interest rates, low inflation and ongoing moderate growth.

We expect global equity markets to make gentle positive progress, corporate profits to continue growing, and valuations to remain supportive.

For bonds, 2019 looks set to produce attractive outcomes for those who can navigate divergent monetary policy and credit cycles.

Directors' Statement

In accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes (COLL) Sourcebook, we hereby certify the Annual Report and Audited Financial Statements on behalf of the Directors of Threadneedle Investment Services Limited.

L Weatherup
Director
12 August 2019

P Stone
Director

Threadneedle Managed Equity Focused Fund

STATEMENT OF TOTAL RETURN

for the accounting period 16 May 2018 to 15 May 2019

	Notes	2019 £000	2018 £000
Income			
Net capital (losses)/gains	3	(9,577)	33,566
Revenue	4	18,617	16,659
Expenses	5	(9,470)	(9,471)
Interest payable and similar charges	6	(6)	(6)
Net revenue before taxation		9,141	7,182
Taxation	7	(752)	(691)
Net revenue after taxation		8,389	6,491
Total return before distributions		(1,188)	40,057
Distributions	8	(8,576)	(6,922)
Change in net assets attributable to unitholders from investment activities		(9,764)	33,135

BALANCE SHEET

as at 15 May 2019

	Notes	2019 £000	2018 £000
Assets:			
Fixed assets:			
Investments		759,544	817,884
Current assets:			
Debtors	9	1,856	2,471
Cash and bank balances	10	3,015	862
Total assets		764,415	821,217
Liabilities:			
Investment liabilities		(756)	–
Creditors:			
Bank overdrafts	10	–	(1)
Other creditors	11	(1,672)	(2,810)
Total liabilities		(2,428)	(2,811)
Net assets attributable to unitholders		761,987	818,406

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the accounting period 16 May 2018 to 15 May 2019

	2019 £000	2018 £000
Opening net assets attributable to unitholders	818,406	763,022
Amounts receivable on the issue of units	18,060	23,356
Amounts payable on the cancellation of units	(72,993)	(67,310)
Amounts receivable on inspecie transfers	–	58,922
	(54,933)	14,968
Change in net assets attributable to unitholders from investment activities (see statement of total return above)	(9,764)	33,135
Retained distribution on accumulation units	8,278	7,281
Closing net assets attributable to unitholders	761,987	818,406

DISTRIBUTION TABLE

for the accounting period 16 May 2018 to 15 May 2019

Dividend distribution in pence per unit

Class A – Accumulation units

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2018/2019	Revenue Accumulated 2017/2018
Group 1 16/05/18 to 15/05/19	1.5122	–	1.5122	1.1941
Group 2 16/05/18 to 15/05/19	0.8988	0.6134	1.5122	1.1941
Total distributions in the period			1.5122	1.1941

Class B – Accumulation units

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2018/2019	Revenue Accumulated 2017/2018
Group 1 16/05/18 to 15/05/19	1.9040	–	1.9040	1.5772
Group 2 16/05/18 to 15/05/19	1.3280	0.5760	1.9040	1.5772
Total distributions in the period			1.9040	1.5772

Class Z – Accumulation units

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2018/2019	Revenue Accumulated 2017/2018
Group 1 16/05/18 to 15/05/19	1.8607	–	1.8607	1.5855
Group 2 16/05/18 to 15/05/19	1.0930	0.7677	1.8607	1.5855
Total distributions in the period			1.8607	1.5855

Group 2: units purchased during a distribution period.

Threadneedle Managed Equity Focused Fund

Comparative Table Disclosure

	Class A – Accumulation units			Class B – Accumulation units		
	15/05/2019	15/05/2018	15/05/2017	15/05/2019	15/05/2018	15/05/2017
Change in net assets per unit						
Opening net asset value per unit (p)	170.55	162.41	137.86	175.57	166.86	141.35
Return before operating charges (p)	2.22	10.78	26.98	2.20	11.00	27.61
Operating charges (p)	(2.58)	(2.64)	(2.43)	(2.22)	(2.29)	(2.10)
Return after operating charges (p)*	(0.36)	8.14	24.55	(0.02)	8.71	25.51
Distributions (p)	(1.51)	(1.19)	(1.34)	(1.90)	(1.58)	(1.69)
Retained distributions on accumulation units (p)	1.51	1.19	1.34	1.90	1.58	1.69
Closing net asset value per unit (p)	170.19	170.55	162.41	175.55	175.57	166.86
*after direct transaction costs of (p)	–	–	–	–	–	–
Performance						
Return after charges (%)	(0.21)	5.01	17.81	(0.01)	5.22	18.05
Other information						
Closing net asset value (£000)	255,395	282,909	315,561	318,207	348,306	302,050
Closing number of units	150,063,395	165,881,911	194,297,706	181,260,720	198,384,998	181,022,712
Operating charges (%)**	1.54	1.59	1.60	1.29	1.34	1.35
Direct transaction costs (%)	–	–	–	–	–	–
Prices						
Highest unit price (p)	181.60	177.80	168.60	180.30	176.30	166.90
Lowest unit price (p)	154.60	160.80	136.60	159.30	165.30	140.70
	Class Z – Accumulation units					
	15/05/2019	15/05/2018	15/05/2017			
Change in net assets per unit						
Opening net asset value per unit (p)	136.71	129.56	109.42			
Return before operating charges (p)	1.63	8.46	21.35			
Operating charges (p)	(1.26)	(1.31)	(1.21)			
Return after operating charges (p)*	0.37	7.15	20.14			
Distributions (p)	(1.86)	(1.59)	(1.65)			
Retained distributions on accumulation units (p)	1.86	1.59	1.65			
Closing net asset value per unit (p)	137.08	136.71	129.56			
*after direct transaction costs of (p)	–	–	–			
Performance						
Return after charges (%)	0.27	5.52	18.41			
Other information						
Closing net asset value (£000)	188,385	187,191	145,411			
Closing number of units	137,431,757	136,923,162	112,233,194			
Operating charges (%)**	0.94	0.99	1.00			
Direct transaction costs (%)	–	–	–			
Prices						
Highest unit price (p)	140.50	137.10	129.60			
Lowest unit price (p)	124.30	128.40	108.40			

**The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a unit 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 Key Investor Information Document (KIID) contains the current OCF. The calculation includes the fund's share of the expenses of the underlying fund less any fee rebates received. The share of the costs of the underlying funds may fluctuate due to changes in investment decisions, which may be required as a result of changes in market conditions. For a more detailed breakdown please visit columbiathreadneedle.com/fees.

Threadneedle Managed Equity Focused Fund

Notes to the financial statements

for the accounting period 16 May 2018 to 15 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 fund are valued using the single price at 12 noon (UK time), being the valuation point on the last working day of the accounting period. The single price may include an adjustment to cover dealing costs in the underlying funds.

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

(c) Exchange rates

Assets and liabilities expressed in foreign currencies 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 foreign currency are translated into sterling at the exchange rates ruling at the date of the transaction.

(d) Recognition of revenue

Revenue is included in the Statement of Total Return on the following bases: Distributions from Collective Investment Schemes (CIS) are recognised when the security is quoted ex-dividend.

Any reported revenue from an offshore fund with UK fund reporting status in excess of any distributions is recognised as revenue after the end of the reporting period not later than the date when the reporting fund makes this information available.

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

(e) 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 accruals basis and include irrecoverable Value Added Tax (VAT) where appropriate.

(f) Fee rebate

In addition to any direct charge for registration and management fees within the fund, there would occur, in the absence of a rebate mechanism, an indirect charge for registration and management fees in respect of investment in other Threadneedle funds. Any such target funds themselves bear registration and management fees, which reduce the value of those funds from what they otherwise would be. The rebate mechanism operates to ensure that investors in the fund bear only the registration and management fee validly applicable to them.

Depending upon the Manager'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.

(g) Allocation of revenue and expenses to multiple unit classes

The allocation of revenue and expenses to each unit class is based upon the proportion of the trust's capital net assets attributable to each unit class on the day the revenue is earned or the expense is suffered. Annual management charges and registration fees are specific to each unit class.

(h) Deferred tax

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

(i) Equalisation policy

The fund operates equalisation to ensure the level of distributable income for any unit class is not affected by the issue or cancellation of units.

2 DISTRIBUTION POLICIES

Where the revenue from investments exceeds the expenses and taxation a distribution will be made from that unit class. Should expenses and taxation exceed revenue for any unit class, there will be no distribution for that unit class and a transfer from capital will be made to cover the shortfall.

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

Where distributions are unclaimed for a period of six years these are brought back into the fund as capital.

When a transfer is made between the revenue and capital of the same unit 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 unit classes of the fund.

Equalisation on distributions received is treated as a repayment of capital and therefore disregarded in determining the revenue available for distribution.

3 NET CAPITAL (LOSSES)/GAINS

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

	2019 £000	2018 £000
Non-derivative securities	(10,592)	31,676
Forward currency contracts	(92)	—
Management fee rebate on CIS holdings	928	1,810
Other gains	179	80
Net capital (losses)/gains	(9,577)	33,566

4 REVENUE

	2019 £000	2018 £000
Franked dividend distributions	6,309	5,620
Interest distributions	4,217	3,616
Bank interest	13	9
Management fee rebate on CIS holdings	8,078	7,414
Total revenue	18,617	16,659

5 EXPENSES

	2019 £000	2018 £000
Payable to the Manager or associates of the Manager, and the agents of either of them:		
Annual management charge	(9,357)	(9,359)
	(9,357)	(9,359)
Payable to the trustee or associates of the trustee, and the agents of either of them:		
Trustee fees	(93)	(92)
Safe custody fees	(9)	(9)
	(102)	(101)
Other expenses:		
Audit fees	(11)	(11)
	(11)	(11)
Total expenses*	(9,470)	(9,471)

*Including irrecoverable VAT where applicable.

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2019 £000	2018 £000
Interest payable	(6)	(6)
Total interest payable and similar charges	(6)	(6)

7 TAXATION

	2019 £000	2018 £000
a) Analysis of charge in period		
Corporation tax	(752)	(691)
Total current tax (note 7b)	(752)	(691)
Total tax charge for the period	(752)	(691)
b) Factors affecting taxation charge for period		
Net revenue before taxation	9,141	7,182
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(1,828)	(1,436)
Effects of:		
Revenue not subject to taxation	1,262	1,124
Capitalised revenue subject to taxation	(186)	(362)
Retail Distribution Review (RDR) conversion transfer from capital	—	(17)
Current tax charge for period (note 7a)	(752)	(691)

Threadneedle Managed Equity Focused Fund

Notes to the financial statements

(continued)

8 DISTRIBUTIONS

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

	2019 £000	2018 £000
Final	8,278	7,281
	8,278	7,281
Add: Revenue deducted on the cancellation of units	373	234
Deduct: Revenue received on the creation of units	(75)	(593)
Net distribution for the period	8,576	6,922
Net revenue after taxation	8,389	6,491
Equalisation on conversion	1	84
Tax charge on capital management fee rebates	186	347
Total distributions	8,576	6,922

Details of the distribution per unit are set out in the table on page 14.

9 DEBTORS

	2019 £000	2018 £000
Amounts receivable for the issue of units	639	286
Accrued revenue	1,217	2,185
Total debtors	1,856	2,471

10 CASH AND BANK BALANCES

	2019 £000	2018 £000
Amounts held at futures clearing houses and brokers	490	–
Cash and bank balances	2,525	862
	3,015	862
Bank overdrafts	–	(1)
Total cash and bank balances	3,015	861

11 OTHER CREDITORS

	2019 £000	2018 £000
Amounts payable for the cancellation of units	(825)	(1,196)
Accrued expenses	(28)	(20)
Amounts payable to Manager	(378)	(1,184)
Corporation tax payable	(441)	(410)
Total other creditors	(1,672)	(2,810)

12 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, a related party, acts as principal in respect of all transactions of units in the fund. The aggregated monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Unitholders. The amount due to or from Threadneedle Investment Services Limited in respect of unit transactions at the end of the accounting period are disclosed in Notes 9 and 11.

Amounts payable to and receivable from Threadneedle Investment Services Limited in respect of administration services are disclosed in Notes 9 and 11. A balance of £378,237 (2018: £1,183,641), in respect of annual management service charge and £1,065,202 (2018: £1,364,775) in respect of annual management rebates are respectively payable and receivable at the end of the accounting period.

Amounts payable to Citibank Europe plc, a related party, in respect of trustee services and safe custody charges are disclosed in Note 11. A balance of £19,098 (2018: £11,766), in respect of trustee services and £1,090 (2018: £1,086), in respect of safe custody is due at the end of the accounting period.

The receives and pays interest on deposits held with Citibank Europe plc as disclosed in Notes 4 and 6. A balance of £1,011 (2018: £215), was receivable at the end of the accounting period. Cash and bank balances at the end of the accounting period are disclosed in the Balance Sheet.

The invests in a number of 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

and gains and losses in the period are disclosed in Note 3. Details of revenue received from the funds are shown in Note 4 and amounts receivable at the end of the accounting period in Note 9.

The Manager, or associate of the Manager acted as principal in all investment transactions.

13 UNITHOLDER FUNDS

Threadneedle Managed Equity Focused Fund currently has three unit classes; Class A, Class B and Class Z units. The charges on each unit class are as follows:

Annual management charge

Class A units	1.45%
Class B units	1.20%
Class Z units	0.85%

The net asset value of each unit class, the net asset value per unit, and the number of units in each class are given in the comparative tables on page 15. The distribution per unit class is given in the distribution table on page 14.

All classes have the same rights on winding up.

Reconciliation of units

	2019
Class A – Accumulation units	
Opening units	165,881,911
Units issued	500,046
Units redeemed	(16,087,069)
Net conversions	(231,493)
Closing units	150,063,395
Class B – Accumulation units	
Opening units	198,384,998
Units issued	3,459,155
Units redeemed	(20,547,163)
Net conversions	(36,270)
Closing units	181,260,720
Class Z – Accumulation units	
Opening units	136,923,162
Units issued	8,390,897
Units redeemed	(8,216,510)
Net conversions	334,208
Closing units	137,431,757

14 RISK MANAGEMENT

In pursuing its investment objectives set out on page 13, the Threadneedle Managed Equity Focused Fund may hold the following financial instruments:

- Funds of the Threadneedle Investment Funds ICVC, Threadneedle Specialist Investment Funds ICVC and Threadneedle (Lux) Funds of which a maximum of 20% of the value of the property of the fund may be invested in any one fund within this range of investment funds;
- Cash, liquid resources and short-term debtors and creditors that arise directly from its operations;
- Unitholders' funds which represent investors monies which are invested on their behalf;
- Borrowing used to finance investment activity;
- Derivative transactions to manage the currency and market risks arising from the fund's investment activities.

The Manager uses a Risk Management Policy (RMP)* which is reviewed by the Trustee. The processes detailed within it are designed to monitor and measure as frequently as appropriate the risk of a Funds positions and their contribution to the overall risk profile of a Fund.

Throughout the period under review, it has been the policy of the fund to buy and sell financial instruments for the purpose of investment rather than trading. The main risks arising from the fund's financial instruments are market price, liquidity, credit, interest rate and foreign currency risk. The policies for managing each of these risks are reviewed regularly and agreed with the Trustee of the fund and they are summarised below.

*The RMP is available on request from the client services team (contact details on page 57).

Threadneedle Managed Equity Focused Fund

Notes to the financial statements

(continued)

Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the fund might suffer through holding market positions in the face of price movements. The value of the investment can fall as well as rise and investors might not recover the amount invested, especially if investments are not held for the long term. The fund is exposed to market risk by virtue of their Investments in CIS.

The Manager 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 trust deed, the prospectus and in the Financial Conduct Authority's (FCA's) CIS Sourcebook and describe the nature of the market price risk to which the fund will be exposed.

Market price risk sensitivity

A 5% market increase applied to the equity proportion of the would result in an increase on net asset value of the by 3.51% and vice versa (2018: 3.28%).

A 1.00% interest rate decrease applied to the bond proportion of the would result in an increase on this portion of the by 1.35% and vice versa (2018: 0.11%).

Liquidity risk

Liquidity risk is the risk that the fund cannot raise sufficient cash to meet its liabilities when due. The main liability of the fund is the cancellation of units that the investors wish to sell. The fund's assets comprise mainly realisable securities which can readily be sold.

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

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

There are no new arrangements within the fund to manage liquidity and there is no significant liquidity risk at the period end.

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

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.

The capital values of the fund's underlying investments can be affected by currency translation movements where the assets are denominated in currencies other than sterling, which is the fund's principal currency.

Two principal areas where foreign currency risk could impact the are:

- Where movements in rates affect the value of the underlying investments, the may hedge the initial investment;
- Where movements in rates affect the revenue received from the underlying investments; the does not hedge or otherwise seek to avoid rate movement risk on revenue accrued but not received.

There is no direct foreign currency exposure within the at the balance sheet date. However, a portion of the fund's underlying investments have significant currency exposure since their assets are denominated in currencies other than sterling, with the effect that their balance sheets and total returns can be affected by currency movements. Investee funds' significant exposure to non sterling currencies, based on their most recent published financial statements are as follows:

- The principal exposures of Threadneedle (Lux) – Global Smaller Companies and Threadneedle Global Bond Fund are to Euro, Japanese Yen and US Dollar.

- The principal exposure of Threadneedle (Lux) – Global Corporate Bond Fund is to Euro, UK Sterling and US Dollar.

- The principal exposure of Threadneedle Emerging Market Local Fund is to Brazilian Real, Czech Koruna, Mexican Peso and US Dollar.

- The principal exposure of Threadneedle Emerging Market Bond Fund, Threadneedle (Lux) – American Absolute Alpha Fund, Threadneedle Global Extended Alpha Fund, Threadneedle American Fund and Threadneedle (Lux) – Global Emerging Market Short-Term Bonds is to US Dollar.

- The principal exposure of Threadneedle UK Absolute Alpha Fund is to Euro.

- The principal exposures of Threadneedle European Fund and Threadneedle European Smaller Companies Fund are to Euro and Swedish Krona.

- The principal exposure of Threadneedle Latin America Fund is to Brazilian Real, Mexican Peso and US Dollar.

- The principal exposure of Threadneedle Japan Fund is to Japanese Yen.

- The principal exposure of Threadneedle Asia Fund is to Australian Dollar, Hong Kong Dollar, South Korean Won and US Dollar.

- The principal exposure of Threadneedle Global Emerging Markets Equity Fund is to Hong Kong Dollar, South Korean Won and US Dollar.

Currency sensitivity

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

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 fund is exposed to credit/counterparty risk by virtue of the underlying investments the CIS 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) there is the possibility of default of the issuer and default in the underlying assets meaning that the fund may not receive back the full principal originally invested. Thirdly, there is counterparty risk, which is the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the fund has fulfilled its responsibilities, which could result in the fund 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 fund 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 Manager as an acceptable counterparty. Changes in broker's financial ratings are periodically reviewed.

Credit/Counterparty exposure

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

2019	Collateral Pledged
Counterparty	£000
HSBC	110
UBS	380

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

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

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

Interest rate risk

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 may invest in floating rate securities.

Thus any change to the interest rates relevant for particular securities may result in either income increasing or decreasing, or the Manager being unable to secure similar returns on the expiry of contracts or the sale of securities.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held.

In general, if interest rates rise the revenue potential of the fund also rises but the value of fixed rate securities will decline.

Threadneedle Managed Equity Focused Fund

Notes to the financial statements

(continued)

A decline in interest rates will in general have the opposite effect.

Duration is a measure of the extent to which this is the case, with a longer duration suggesting higher sensitivity to interest rate moves.

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

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 15 May 2019, the fund had outstanding forward foreign exchange contracts with an asset value of £Nil (2018: £Nil) and a liability value of £756,000 (2018: £Nil).

15 FAIR VALUE DISCLOSURE

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

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

Level 2 – Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and 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 2	759,544	(756)	817,884	–
	759,544	(756)	817,884	–

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 CIS amounted to £223,000,938 (2018: £155,855,892) and £275,907,685 (2018: £192,735,709) respectively. In specie transaction costs and proceeds amounted to £Nil (2018: £58,708,532) and £Nil (2018: £Nil) respectively.

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

At the balance sheet date, the portfolio dealing spread was Nil (15 May 2018: Nil), being the difference between the respective buying and selling prices for the fund's investments.

Threadneedle Managed Equity Focused Fund

Statement of Manager's Responsibilities in relation to the Financial Statements of the Scheme

The Collective Investment Schemes (COLL) Sourcebook, as issued (and amended) by the Financial Conduct Authority (FCA) requires the Manager 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 the Scheme and of its net revenue and the net capital (losses) on the property of the Scheme for the period. In preparing the financial statements the Manager 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 Scheme will continue in operation for the foreseeable future.

The Manager is required to keep proper accounting records and to manage the Scheme in accordance with the Collective Investment Schemes Sourcebook, the Trust Deed and the Prospectus. The Manager is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of the Trustee's Responsibilities in Respect of the Scheme and Report of the Trustee to the Unitholders of the Threadneedle Managed Equity Focused Fund of the Threadneedle Managed Funds ("the Trust") for the Period ended 15 May 2019

The Trustee is responsible for the safekeeping of all property of the Trust 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 Trustee to take reasonable care to ensure that the Trust is managed and operated in accordance with the Financial Conduct Authority' Collective Investment Schemes Sourcebook ("the Sourcebook"), the Financial Services and Markets Act 2000, as amended, and the Trust Deed and the Prospectus of the Trust, concerning: the pricing of and dealing in Trust Units; the application of income of the scheme; and the Trust investment portfolio and borrowing activities.

Having carried out procedures and enquiries considered duly necessary to discharge our responsibilities as Trustee of the scheme, based on information and explanations provided to us, we believe that, in all material respects, the Manager:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the scheme's units and the application of the scheme's income in accordance with the Sourcebook, the Trust Deed and Prospectus;
- (ii) has observed the investment and borrowing powers and restrictions applicable to the scheme; and
- (iii) has, otherwise, ensured the proper operation of the Trust.

Citibank Europe plc,
UK Branch
London
12 August 2019

Threadneedle Managed Equity Focused Fund

Independent Auditors' Report to the Unitholders of Threadneedle Managed Equity Focused Fund Report on the audit of the financial statements

Opinion

In our opinion, Threadneedle Managed Equity Focused Fund's financial statements:

- give a true and fair view of the financial position of the Trust as at 15 May 2019 and of the net revenue and the net capital losses of the scheme property 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 Trust Deed.

We have audited the financial statements, included within the Annual Report and Audited Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 15 May 2019; the statement of total return, the statement of change in net assets attributable to unitholders for the year then ended; the distribution tables; 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 Trust 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

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the Authorised Fund Manager's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Authorised Fund Manager has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Trust's 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 Trust's 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 Fund Manager 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 Fund Manager's Report

In our opinion, the information given in the Authorised Fund Manager'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 Fund Manager for the financial statements

As explained more fully in the Statement of Manager's Responsibilities in relation to the Financial Statements of the Scheme set out on page 20, the Authorised Fund Manager 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 Fund Manager 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 Fund Manager is responsible for assessing the Trust's 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 Fund Manager either intend to wind up or terminate the Trust, or have 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 Trust's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook 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 and returns.

We have no exceptions to report arising from this responsibility

Edinburgh
13 August 2019

PricewaterhouseCoopers LLP
Chartered Accountants and
Statutory Auditors

Threadneedle Managed Equity Focused Fund

Portfolio Statement

as at 15 May 2019

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
COLLECTIVE INVESTMENT SCHEMES 99.68% (99.94%)							
	UK equity 26.54% (27.39%)						
16,792,287	Threadneedle UK Absolute Alpha Fund	22,910	3.01	27,224,925	Threadneedle Global Bond Fund	23,686	3.11
8,313,223	Threadneedle UK Equity Alpha Income Fund	5,506	0.72	11,556,090	Threadneedle High Yield Bond Fund	4,842	0.64
770,343	Threadneedle UK Equity Income Fund	706	0.09	4,496,091	Threadneedle Strategic Bond Fund	2,066	0.27
76,242,068	Threadneedle UK Fund	103,788	13.62		Total overseas bond	61,762	8.11
6,651,344	Threadneedle UK Growth & Income Fund	5,926	0.78		Total collective investment schemes	759,544	99.68
43,115,612	Threadneedle UK Select Fund	53,994	7.08				
2,831,156	Threadneedle UK Smaller Companies Fund	9,422	1.24				
	Total UK equity	202,252	26.54				
	UK bond 17.09% (12.17%)						
52,462,155	Threadneedle Sterling Bond Fund	30,564	4.01		DERIVATIVES -0.10% (0.00%)		
41,707,521	Threadneedle Sterling Fund	41,683	5.47		Forward foreign exchange contracts -0.10% (0.00%)		
42,202,944	Threadneedle Sterling Short-Dated Corporate Bond Fund	46,200	6.06		Sell USD 18,600,000		
9,517,977	Threadneedle UK Corporate Bond Fund	11,803	1.55		Buy GBP 14,039,293 UBS	(360)	(0.05)
	Total UK bond	130,250	17.09		Sell JPY 513,370,000		
	Overseas equity 47.94% (48.67%)				Buy GBP 3,486,237 HSBC	(152)	(0.02)
1,506,304	Threadneedle (Lux) – American Absolute Alpha	25,336	3.33		Sell JPY 549,000,000		
1,046,804	Threadneedle (Lux) – Asia Contrarian Equity	10,771	1.41		Buy GBP 3,771,389 UBS	(119)	(0.01)
154,976	Threadneedle (Lux) – Asian Equity Income	9,687	1.27		Sell USD 9,953,715		
131,729	Threadneedle (Lux) – Global Smaller Companies	3,464	0.46		Buy GBP 7,580,000 HSBC	(125)	(0.02)
556,071	Threadneedle (Lux) – Pan European Absolute Alpha	6,751	0.89		Total derivatives	(756)	(0.10)
1,864,183	Threadneedle (Lux) – Pan European Smaller Companies	19,462	2.55				
29,314,885	Threadneedle American Fund	93,834	12.32		Total value of investments	758,788	99.58
8,878,285	Threadneedle Asia Fund	19,456	2.55		Net other assets (0.06%)	3,199	0.42
23,676,962	Threadneedle European Fund	55,648	7.30		Net assets	761,987	100.00
1,604,279	Threadneedle European Smaller Companies Fund	13,775	1.81				
13,304,694	Threadneedle Global Emerging Markets Equity Fund	14,346	1.88				
4,925,754	Threadneedle Global Extended Alpha Fund	16,970	2.23				
13,021,595	Threadneedle Global Focus Fund	15,364	2.02				
67,224,580	Threadneedle Japan Fund	39,420	5.17				
1,122,789	Threadneedle Latin America Fund	2,687	0.35				
5,945,179	Threadneedle Pan European Focus Fund	18,309	2.40				
	Total overseas equity	365,280	47.94				
	Overseas bond 8.11% (11.71%)						
552,193	Threadneedle (Lux) – Flexible Asian Bond	5,130	0.67				
724,951	Threadneedle (Lux) – Global Corporate Bond	8,431	1.11				
319,732	Threadneedle (Lux) – Global Emerging Market Short-Term Bonds	4,357	0.57				
3,200,155	Threadneedle Emerging Market Bond Fund	3,258	0.43				
5,714,855	Threadneedle Emerging Market Local Fund	9,992	1.31				

May 2018 comparatives in brackets.

Threadneedle Managed Equity and Bond Fund

Investment Report

Investment Objective and Policy

To provide a total return by way of capital growth and income.

The Fund will invest at least two-thirds of its assets in funds managed or operated by companies in the Threadneedle group. These funds may invest worldwide.

The Fund's investments will be a balance of funds that invest in fixed income securities and funds that hold company shares.

The Fund may also hold cash, near cash and money market instruments.

Up to 20% of the value of the Fund may be invested in funds that invest in derivatives for purposes other than Efficient Portfolio Management.

The Fund will always invest so as to be eligible as an ISA investment.

Review

This report covers the period from 16 May 2018 to 15 May 2019.

Fund Performance

During the period under review the offer price of Class A units rose by 0.89% from 157.90p to 159.30p and the offer price of Class B units rose by 1.09% from 156.30p to 158.00p.

Looking at performance within its peer group (the IMA – Mixed Investment 20–60% Shares Sector), the total return on the trust for the twelve months ending 30 April 2019, including net reinvested income, is +3.27% as compared to a median return of +2.50% over the same period. (Source: Morningstar, bid to bid, income reinvested for a UK basic rate taxpayer).

Fully updated peer group information is only available from Morningstar at month-end points.

In view of the nature of the fund and its investment remit, there is no directly comparable market index.

Market Overview and Portfolio Activity

Equity markets proved volatile during the 12 months under review. For much of the period, markets were buoyed by the continued global economic expansion, muted inflationary pressures and decent corporate earnings growth. However, the period was punctuated by a sharp decline in equity markets in the fourth quarter of 2018, amid heightened concerns over the US-China trade dispute, slower global growth, and the lack of progress on Brexit negotiations.

Within the UK, Brexit dominated the headlines throughout the year. The prime minister and the EU reached agreement on a withdrawal deal in November, but the accord was heavily criticised by UK MPs and overwhelmingly rejected. The EU has now extended the scheduled exit date to 31 October 2019, but emphasised that withdrawal talks would not be reopened. The Bank of England raised interest rates by 25 basis points (bps) in August 2018.

US equities were supported by the continued strength of the US economy. While the Federal Reserve (Fed) raised interest rates by 25 bps on three occasions, in June, September and December, it has subsequently moved to a more dovish stance. At its March policy meeting, the Fed announced that rates were unlikely to rise in 2019.

While the eurozone economy slowed noticeably, corporate earnings were generally robust. Political tensions remained a theme, characterised by the continued loss of support for mainstream parties. The European Central Bank ended its stimulus programme of bond purchases in December, but stated in March that interest rates are likely to remain unchanged into 2020, and that it would restart an important stimulus measure to support bank lending.

Asian stocks were hampered by the slowing Chinese economy and the ongoing US-China trade dispute. Asian markets performed particularly poorly in the fourth quarter of 2018 as the US threatened to increase levies on \$200 billion of Chinese imports. Markets subsequently rallied in the first quarter of 2019 as the tariff hike was postponed, but were rattled again in May when President Trump threatened to introduce the higher levies from 10 May. The Chinese authorities have moved to address growth concerns, embarking on a series of stimulus measures.

Sentiment towards Japanese stocks was hurt by concerns that the country's exporters might be caught up in escalating US protectionist measures, particularly against Chinese product component suppliers. Bouts of yen strength also proved a headwind. Economic growth was hurt by a series of natural disasters, although data for the fourth quarter proved better than expected, supported by strong corporate capital spending.

Emerging market (EM) equities experienced difficult conditions during 2018, before rallying strongly in the first quarter of this year. The strengthening of the US dollar in 2018, linked to Fed rate rises, proved a headwind, as this increases the cost of repaying dollar-denominated debt for EM borrowers. EM markets were also hampered by continued US-China trade tensions, although the Fed's newly dovish stance proved supportive in the first quarter of 2019.

Over the review period, yields on core sovereign debt generally fell as unsettling factors, including geopolitical tensions, rising populism in Europe and evidence of a slowing Chinese economy, drove investors to seek the security of government bonds. The prospect of tighter monetary conditions was also disadvantageous, as the Fed continued to raise rates, but core bonds rallied in 2019 on indications that interest rates would now remain 'lower for longer'. Within the eurozone, debt issued by periphery nations lagged bonds from core markets. EM bonds were among the weaker performers in relative terms. However, in Brazil, the victory of Jair Bolsonaro in October's election triggered a rally in bond markets, due to his business-friendly views.

Within the fund, we made several asset-allocation changes during the period under review. In the equity component, we lowered the exposure to Europe and EM. We also reduced the position in global equities by selling the exposure to the Threadneedle Global Equity Income Fund, as we favoured more growth-oriented opportunities. Elsewhere, we added to the fund's equity positions in the US, UK, Asia and Japan.

The largest addition was to holding in the Threadneedle UK Fund. Despite concerns about the UK's political and economic prospects, we are constructive on the outlook for UK equities, which continue to trade at an attractive price-to-earnings level for 2019, with a yield in excess of 4.5%. With its sizeable defensive contingent, idiosyncratic drivers and lack of any 'hot money', we are reasonably optimistic about the outlook for UK equities relative to other developed markets.

Overall, we continue to favour an overweight position in equities and an underweight stance in bonds. Within the fixed income component of the portfolio, we reduced the exposure to a number of asset classes. However, in the UK, we added to positions in the Threadneedle Sterling Bond Fund, which focuses on UK government bonds, and the Threadneedle Sterling Short-Dated Corporate Bond Fund.

Looking ahead, the economic cycle is clearly mature but we do not believe the end is imminent – rather it is being extended and redefined by a combination of structural factors leading to low interest rates, low inflation and ongoing moderate growth.

We expect global equity markets to make gentle positive progress, corporate profits to continue growing, and valuations to remain supportive.

For bonds, 2019 looks set to produce attractive outcomes for those who can navigate divergent monetary policy and credit cycles.

Directors' Statement

In accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes (COLL) Sourcebook, we hereby certify the Annual Report and Audited Financial Statements on behalf of the Directors of Threadneedle Investment Services Limited.

L Weatherup
Director
12 August 2019

P Stone
Director

Threadneedle Managed Equity and Bond Fund

STATEMENT OF TOTAL RETURN

for the accounting period 16 May 2018 to 15 May 2019

	Notes	2019 £000	2018 £000
Income			
Net capital gains	3	6	21,222
Revenue	4	31,442	30,461
Expenses	5	(12,781)	(13,313)
Interest payable and similar charges	6	(3)	(2)
Net revenue before taxation		18,658	17,146
Taxation	7	(2,713)	(2,655)
Net revenue after taxation		15,945	14,491
Total return before distributions		15,951	35,713
Distributions	8	(16,978)	(16,074)
Change in net assets attributable to unitholders from investment activities		(1,027)	19,639

BALANCE SHEET

as at 15 May 2019

	Notes	2019 £000	2018 £000
Assets:			
Fixed assets:			
Investments		1,389,709	1,423,289
Current assets:			
Debtors	9	4,797	4,496
Cash and bank balances	10	4,663	1,859
Total assets		1,399,169	1,429,644
Liabilities:			
Investment liabilities		(1,379)	–
Creditors:			
Distribution payable		(470)	(489)
Other creditors	11	(3,363)	(4,636)
Total liabilities		(5,212)	(5,125)
Net assets attributable to unitholders		1,393,957	1,424,519

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the accounting period 16 May 2018 to 15 May 2019

	2019 £000	2018 £000
Opening net assets attributable to unitholders	1,424,519	1,393,378
Amounts receivable on the issue of units	51,143	65,319
Amounts payable on the cancellation of units	(96,470)	(91,996)
Amounts payable on inspecie transfers	–	22,961
	(45,327)	(3,716)
Change in net assets attributable to unitholders from investment activities (see statement of total return above)	(1,027)	19,639
Retained distribution on accumulation units	15,791	15,218
Unclaimed distributions	1	–
Closing net assets attributable to unitholders	1,393,957	1,424,519

DISTRIBUTION TABLE

for the accounting period 16 May 2018 to 15 May 2019

Dividend distribution in pence per unit

Class A – Accumulation units

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2018/2019	Revenue Accumulated 2017/2018
Group 1				
16/05/18 to 15/05/19	1.4227	–	1.4227	1.3336
Group 2				
16/05/18 to 15/05/19	0.8413	0.5814	1.4227	1.3336
Total distributions in the period			1.4227	1.3336

Class B – Accumulation units

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2018/2019	Revenue Accumulated 2017/2018
Group 1				
16/05/18 to 15/05/19	1.7734	–	1.7734	1.6775
Group 2				
16/05/18 to 15/05/19	1.0083	0.7651	1.7734	1.6775
Total distributions in the period			1.7734	1.6775

Class T – Income units

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2018/2019	Distribution Paid 2017/2018
Group 1				
16/05/18 to 15/11/18	0.6693	–	0.6693	0.6228
16/11/18 to 15/05/19	0.6037	–	0.6037	0.5922
Group 2				
16/05/18 to 15/11/18	0.5378	0.1315	0.6693	0.6228
16/11/18 to 15/05/19	0.4516	0.1521	0.6037	0.5922
Total distributions in the period			1.2730	1.2150

Class Z – Accumulation units

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2018/2019	Revenue Accumulated 2017/2018
Group 1				
16/05/18 to 15/05/19	1.7943	–	1.7943	1.6991
Group 2				
16/05/18 to 15/05/19	1.0718	0.7225	1.7943	1.6991
Total distributions in the period			1.7943	1.6991

Group 2: units purchased during a distribution period.

Threadneedle Managed Equity and Bond Fund

Comparative Table Disclosure

	Class A – Accumulation units			Class B – Accumulation units		
	15/05/2019	15/05/2018	15/05/2017	15/05/2019	15/05/2018	15/05/2017
Change in net assets per unit						
Opening net asset value per unit (p)	152.10	148.71	130.89	156.25	152.45	133.92
Return before operating charges (p)	3.42	5.44	19.80	3.44	5.51	20.19
Operating charges (p)	(2.05)	(2.05)	(1.98)	(1.72)	(1.71)	(1.66)
Return after operating charges (p)*	1.37	3.39	17.82	1.72	3.80	18.53
Distributions (p)	(1.42)	(1.33)	(1.32)	(1.77)	(1.68)	(1.65)
Retained distributions on accumulation units (p)	1.42	1.33	1.32	1.77	1.68	1.65
Closing net asset value per unit (p)	153.47	152.10	148.71	157.97	156.25	152.45
*after direct transaction costs of (p)	–	–	–	–	–	–
Performance						
Return after charges (%)	0.90	2.28	13.61	1.10	2.49	13.84
Other information						
Closing net asset value (£000)	256,466	286,165	350,548	437,021	470,164	502,971
Closing number of units	167,107,945	188,137,522	235,733,376	276,647,346	300,901,245	329,926,250
Operating charges (%)**	1.36	1.36	1.39	1.11	1.11	1.14
Direct transaction costs (%)	–	–	–	–	–	–
Prices						
Highest unit price (p)	161.60	159.10	154.30	160.10	157.40	152.50
Lowest unit price (p)	143.50	145.90	129.50	147.60	149.80	132.50
	Class T – Income units			Class Z – Accumulation units		
	15/05/2019	15/05/2018	15/05/2017	15/05/2019	15/05/2018	15/05/2017
Change in net assets per unit						
Opening net asset value per unit (p)	116.59	114.98	102.14	126.84	123.41	108.08
Return before operating charges (p)	2.54	4.18	15.37	2.72	4.38	16.26
Operating charges (p)	(1.34)	(1.35)	(1.32)	(0.96)	(0.95)	(0.93)
Return after operating charges (p)*	1.20	2.83	14.05	1.76	3.43	15.33
Distributions (p)	(1.27)	(1.22)	(1.21)	(1.79)	(1.70)	(1.66)
Retained distributions on accumulation units (p)	–	–	–	1.79	1.70	1.66
Closing net asset value per unit (p)	116.52	116.59	114.98	128.60	126.84	123.41
*after direct transaction costs of (p)	–	–	–	–	–	–
Performance						
Return after charges (%)	1.03	2.46	13.76	1.39	2.78	14.18
Other information						
Closing net asset value (£000)	90,751	96,225	99,824	609,719	571,965	440,035
Closing number of units	77,883,460	82,534,965	86,814,794	474,130,217	450,916,995	356,576,289
Operating charges (%)**	1.16	1.16	1.19	0.76	0.76	0.79
Direct transaction costs (%)	–	–	–	–	–	–
Prices						
Highest unit price (p)	119.50	118.50	115.60	130.10	127.70	123.50
Lowest unit price (p)	109.50	112.40	101.10	120.00	121.60	107.00

**The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a unit 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 Key Investor Information Document (KIID) contains the current OCF. The calculation includes the fund's share of the expenses of the underlying fund less any fee rebates received. The share of the costs of the underlying funds may fluctuate due to changes in investment decisions, which may be required as a result of changes in market conditions. For a more detailed breakdown please visit columbiathreadneedle.com/fees.

Threadneedle Managed Equity and Bond Fund

Notes to the financial statements

for the accounting period 16 May 2018 to 15 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 fund are valued using the single price at 12 noon (UK time), being the valuation point on the last working day of the accounting period. The single price may include an adjustment to cover dealing costs in the underlying funds.

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

(c) Exchange rates

Assets and liabilities expressed in foreign currencies 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 foreign currency are translated into sterling at the exchange rates ruling at the date of the transaction.

(d) Recognition of revenue

Revenue is included in the Statement of Total Return on the following bases: Distributions from Collective Investment Schemes (CIS) are recognised when the security is quoted ex-dividend.

Any reported revenue from an offshore fund with UK fund reporting status in excess of any distributions is recognised as revenue after the end of the reporting period not later than the date when the reporting fund makes this information available.

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

(e) 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 accruals basis and include irrecoverable Value Added Tax (VAT) where appropriate.

(f) Fee rebate

In addition to any direct charge for registration and management fees within the fund, there would occur, in the absence of a rebate mechanism, an indirect charge for registration and management fees in respect of investment in other Threadneedle funds. Any such target funds themselves bear registration and management fees, which reduce the value of those funds from what they otherwise would be. The rebate mechanism operates to ensure that investors in the fund bear only the registration and management fee validly applicable to them.

Depending upon the Manager'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.

(g) Allocation of revenue and expenses to multiple unit classes

The allocation of revenue and expenses to each unit class is based upon the proportion of the trust's capital net assets attributable to each unit class on the day the revenue is earned or the expense is suffered. Annual management charges and registration fees are specific to each unit class.

(h) Deferred tax

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

(i) Equalisation policy

The fund operates equalisation to ensure the level of distributable income for any unit class is not affected by the issue or cancellation of units.

2 DISTRIBUTION POLICIES

Where the revenue from investments exceeds the expenses and taxation a distribution will be made from that unit class. Should expenses and taxation exceed revenue for any unit class, there will be no distribution for that unit class and a transfer from capital will be made to cover the shortfall.

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

Where distributions are unclaimed for a period of six years these are brought back into the fund as capital.

When a transfer is made between the revenue and capital of the same unit 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 unit classes of the fund.

Equalisation on distributions received is treated as a repayment of capital and therefore disregarded in determining the revenue available for distribution.

3 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2019 £000	2018 £000
Non-derivative securities	(5,324)	14,297
Forward currency contracts	(78)	(215)
Management fee rebate on CIS holdings	5,155	6,758
Other gains	253	382
Net capital gains	6	21,222

4 REVENUE

	2019 £000	2018 £000
Franked dividend distributions	10,248	10,862
Interest distributions	11,848	11,126
Bank interest	15	9
Management fee rebate on CIS holdings	9,331	8,464
Total revenue	31,442	30,461

5 EXPENSES

	2019 £000	2018 £000
Payable to the Manager or associates of the Manager, and the agents of either of them:		
Annual management charge	(12,594)	(13,131)
Payable to the trustee or associates of the trustee, and the agents of either of them:		
Trustee fees	(167)	(163)
Safe custody fees	(9)	(8)
	(176)	(171)
Other expenses:		
Audit fees	(11)	(11)
	(11)	(11)
Total expenses*	(12,781)	(13,313)

*Including irrecoverable VAT where applicable.

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2019 £000	2018 £000
Interest payable	(3)	(2)
Total interest payable and similar charges	(3)	(2)

7 TAXATION

	2019 £000	2018 £000
a) Analysis of charge in period		
Corporation tax	(2,713)	(2,655)
Total current tax (note 7b)	(2,713)	(2,655)
Total tax charge for the period	(2,713)	(2,655)
b) Factors affecting taxation charge for period		
Net revenue before taxation	18,658	17,146
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(3,732)	(3,429)
Effects of:		
Revenue not subject to taxation	2,050	2,172
Capitalised revenue subject to taxation	(1,031)	(1,352)
Retail Distribution Review (RDR) conversion transfer from capital	—	(46)
Current tax charge for period (note 7a)	(2,713)	(2,655)

Threadneedle Managed Equity and Bond Fund

Notes to the financial statements

(continued)

8 DISTRIBUTIONS

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

	2019 £000	2018 £000
Interim	533	527
Final	16,261	15,707
	16,794	16,234
Add: Revenue deducted on the cancellation of units	436	327
Deduct: Revenue received on the creation of units	(252)	(487)
Net distribution for the period	16,978	16,074
Net revenue after taxation	15,945	14,491
Equalisation on conversion	2	232
Tax charge on capital management fee rebates	1,031	1,352
Undistributed revenue carried forward	–	(1)
Total distributions	16,978	16,074

Details of the distribution per unit are set out in the table on page 24.

9 DEBTORS

	2019 £000	2018 £000
Amounts receivable for the issue of units	1,617	152
Accrued revenue	3,180	4,344
Total debtors	4,797	4,496

10 CASH AND BANK BALANCES

	2019 £000	2018 £000
Amounts held at futures clearing houses and brokers	1,010	–
Cash and bank balances	3,653	1,859
Total cash and bank balances	4,663	1,859

11 OTHER CREDITORS

	2019 £000	2018 £000
Amounts payable for the cancellation of units	(1,174)	(1,471)
Accrued expenses	(43)	(29)
Amounts payable to Manager	(516)	(1,572)
Corporation tax payable	(1,630)	(1,564)
Total other creditors	(3,363)	(4,636)

12 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, a related party, acts as principal in respect of all transactions of units in the fund. The aggregated monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Unitholders. The amount due to or from Threadneedle Investment Services Limited in respect of unit transactions at the end of the accounting period are disclosed in Notes 9 and 11.

Amounts payable to and receivable from Threadneedle Investment Services Limited in respect of fund administration services are disclosed in Notes 9 and 11. A balance of £515,737 (2018: £1,572,043), in respect of annual management service charge and £1,774,372 (2018: £2,093,207) in respect of annual management rebates are respectively payable and receivable at the end of the accounting period.

Amounts payable to Citibank Europe plc, a related party, in respect of trustee services and safe custody charges are disclosed in Note 11. A balance of £34,767 (2018: £20,645), in respect of trustee services and £1,090 (2018: £1,086), in respect of safe custody is due at the end of the accounting period.

The fund receives and pays interest on deposits held with Citibank Europe plc as disclosed in Notes 4 and 6. A balance of £994 (2018: £471), was receivable at the end of the accounting period. Cash and bank balances at the end of the accounting period are disclosed in the Balance Sheet.

The fund invests in a number of 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 and gains and losses in the period are disclosed in Note 3. Details of revenue received from the funds are shown in Note 4 and amounts receivable at the end of the accounting period in Note 9.

The Manager, or associate of the Manager acted as principal in all investment transactions.

13 UNITHOLDER FUNDS

Threadneedle Managed Equity and Bond Fund currently has four unit classes; Class A, Class B, Class T and Class Z units. The charges on each unit class are as follows:

Annual management charge	
Class A units	1.25%
Class B units	1.00%
Class T units	1.05%
Class Z units	0.65%

The net asset value of each unit class, the net asset value per unit, and the number of units in each class are given in the comparative tables on page 25. The distribution per unit class is given in the distribution table on page 24.

All classes have the same rights on winding up.

Reconciliation of units

	2019
Class A – Accumulation units	
Opening units	188,137,522
Units issued	2,322,557
Units redeemed	(20,317,284)
Net conversions	(3,034,850)
Closing units	167,107,945
Class B – Accumulation units	
Opening units	300,901,245
Units issued	3,516,970
Units redeemed	(29,637,543)
Net conversions	1,866,674
Closing units	276,647,346
Class T – Income units	
Opening units	82,534,965
Units issued	1,262,259
Units redeemed	(5,903,773)
Net conversions	(9,991)
Closing units	77,883,460
Class Z – Accumulation units	
Opening units	450,916,995
Units issued	32,450,665
Units redeemed	(10,584,337)
Net conversions	1,346,894
Closing units	474,130,217

14 RISK MANAGEMENT

In pursuing its investment objectives set out on page 23, the Threadneedle Managed Equity and Bond Fund may hold the following financial instruments:

- Funds of the Threadneedle Investment Funds ICVC, Threadneedle Specialist Investment Funds ICVC and Threadneedle (Lux) Funds of which a maximum of 20% of the value of the property of the fund may be invested in any one fund within this range of investment funds;
- Cash, liquid resources and short-term debtors and creditors that arise directly from its operations;
- Unitholders' funds which represent investors monies which are invested on their behalf;
- Borrowing used to finance investment activity;
- Derivative transactions to manage the currency and market risks arising from the fund's investment activities.

The Manager uses a Risk Management Policy (RMP)* which is reviewed by the Trustee. The processes detailed within it are designed to monitor and measure as frequently as appropriate the risk of a Funds positions and their contribution to the overall risk profile of a Fund.

Throughout the period under review, it has been the policy of the fund to buy and sell financial instruments for the purpose of investment rather than trading. The main risks arising from the fund's financial instruments are market price, liquidity, credit, interest rate and foreign currency risk. The policies for managing each of these risks are reviewed regularly and agreed with the Trustee of the fund and they are summarised below.

*The RMP is available on request from the client services team (contact details on page 57).

Threadneedle Managed Equity and Bond Fund

Notes to the financial statements

(continued)

Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the fund might suffer through holding market positions in the face of price movements. The value of the investment can fall as well as rise and investors might not recover the amount invested, especially if investments are not held for the long term. The fund is exposed to market risk by virtue of their Investments in CIS.

The Manager 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 trust deed, the prospectus and in the Financial Conduct Authority's (FCA's) CIS Sourcebook and describe the nature of the market price risk to which the fund will be exposed.

Market price risk sensitivity

A 5% market increase applied to the equity proportion of the fund would result in an increase on net asset value of the fund by 2.33% and vice versa (2018: 2.15%). 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 3.26% and vice versa (2018: 1.05%).

Liquidity risk

Liquidity risk is the risk that the fund cannot raise sufficient cash to meet its liabilities when due. The main liability of the fund is the cancellation of units that the investors wish to sell. The fund's assets comprise mainly realisable securities which can readily be sold.

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

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

There are no new arrangements within the fund to manage liquidity and there is no significant liquidity risk at the period end.

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

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.

The capital values of the fund's underlying investments can be affected by currency translation movements where the assets are denominated in currencies other than sterling, which is the fund's principal currency.

Two principal areas where foreign currency risk could impact the fund are:

- Where movements in rates affect the value of the underlying investments, the fund may hedge the initial investment;
- Where movements in rates affect the revenue received from the underlying investments; the fund does not hedge or otherwise seek to avoid rate movement risk on revenue accrued but not received.

There is no direct foreign currency exposure within the fund at the balance sheet date. However, a portion of the fund's underlying investments have significant currency exposure since their assets are denominated in currencies other than sterling, with the effect that their balance sheets and total returns can be affected by currency movements. Investee funds' significant exposure to non sterling currencies, based on their most recent published financial statements are as follows:

- The principal exposures of Threadneedle (Lux) – Global Smaller Companies and Threadneedle Global Bond Fund are to Euro, Japanese Yen and US Dollar.
- The principal exposure of Threadneedle (Lux) – Global Corporate Bond Fund is to Euro, UK Sterling and US Dollar.
- The principal exposure of Threadneedle Emerging Market Local Fund is to Brazilian Real, Czech Koruna, Mexican Peso and US Dollar.
- The principal exposure of Threadneedle Emerging Market Bond Fund, Threadneedle (Lux) – American Absolute Alpha Fund, Threadneedle Global Select Fund, Threadneedle American Fund, Threadneedle (Lux) – Global Emerging Market Short-Term Bonds and Threadneedle Dollar Bond Fund is to US Dollar.
- The principal exposure of Threadneedle UK Absolute Alpha Fund is to Euro.
- The principal exposures of Threadneedle European Fund and Threadneedle European Smaller Companies Fund are to Euro and Swedish Krona.
- The principal exposure of Threadneedle Latin America Fund is to Brazilian Real, Mexican Peso and US Dollar.
- The principal exposure of Threadneedle Japan Fund is to Japanese Yen.
- The principal exposure of Threadneedle Asia Fund is to Australian Dollar, Hong Kong Dollar, South Korean Won and US Dollar.
- The principal exposure of Threadneedle Global Equity Income Fund is to Euro and US Dollar.
- The principal exposure of Threadneedle Global Emerging Markets Equity Fund is to Hong Kong Dollar, South Korean Won and US Dollar.

Currency sensitivity

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

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 fund is exposed to credit/counterparty risk by virtue of the underlying investments the CIS 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) there is the possibility of default of the issuer and default in the underlying assets meaning that the fund may not receive back the full principal originally invested. Thirdly, there is counterparty risk, which is the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the fund has fulfilled its responsibilities, which could result in the fund 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 fund 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 Manager as an acceptable counterparty. Changes in broker's financial ratings are periodically reviewed.

Credit/Counterparty exposure

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

2019	Collateral Pledged
Counterparty	£000
HSBC	320
UBS	690

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

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

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

Interest rate risk

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 may invest in floating rate securities.

Threadneedle Managed Equity and Bond Fund

Notes to the financial statements

(continued)

Thus any change to the interest rates relevant for particular securities may result in either income increasing or decreasing, or the Manager being unable to secure similar returns on the expiry of contracts or the sale of securities.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held.

In general, if interest rates rise the revenue potential of the fund also rises but the value of fixed rate securities will decline.

A decline in interest rates will in general have the opposite effect.

Duration is a measure of the extent to which this is the case, with a longer duration suggesting higher sensitivity to interest rate moves.

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

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 15 May 2019, the fund had outstanding forward foreign exchange contracts with an asset value of £Nil (2018: £Nil) and a liability value of £1,379,000 (2018: £Nil).

15 FAIR VALUE DISCLOSURE

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

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

Level 2 – Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and 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 2	1,389,709	(1,379)	1,423,289	–
	1,389,709	(1,379)	1,423,289	–

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 CIS purchases and sales amounted to £311,930,847 (2018: £286,286,839) and £347,876,918 (2018: £274,627,806) respectively. In specie transaction costs and proceeds amounted to £Nil (2018: £22,845,116) and £Nil (2018: £Nil) respectively.

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

At the balance sheet date, the portfolio dealing spread was Nil (15 May 2018: Nil), being the difference between the respective buying and selling prices for the fund's investments.

Threadneedle Managed Equity and Bond Fund

Statement of Manager's Responsibilities in relation to the Financial Statements of the Scheme

The Collective Investment Schemes (COLL) Sourcebook, as issued (and amended) by the Financial Conduct Authority (FCA) requires the Manager 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 the Scheme and of its net revenue and the net capital gains on the property of the Scheme for the period. In preparing the financial statements the Manager 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 Scheme will continue in operation for the foreseeable future.

The Manager is required to keep proper accounting records and to manage the Scheme in accordance with the Collective Investment Schemes Sourcebook, the Trust Deed and the Prospectus. The Manager is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of the Trustee's Responsibilities in Respect of the Scheme and Report of the Trustee to the Unitholders of the Threadneedle Managed Equity and Bond Fund of the Threadneedle Managed Funds ("the Trust") for the Period ended 15 May 2019

The Trustee is responsible for the safekeeping of all property of the Trust 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 Trustee to take reasonable care to ensure that the Trust is managed and operated in accordance with the Financial Conduct Authority' Collective Investment Schemes Sourcebook ("the Sourcebook"), the Financial Services and Markets Act 2000, as amended, and the Trust Deed and the Prospectus of the Trust, concerning: the pricing of and dealing in Trust Units; the application of income of the scheme; and the Trust investment portfolio and borrowing activities.

Having carried out procedures and enquiries considered duly necessary to discharge our responsibilities as Trustee of the scheme, based on information and explanations provided to us, we believe that, in all material respects, the Manager:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the scheme's units and the application of the scheme's income in accordance with the Sourcebook, the Trust Deed and Prospectus;
- (ii) has observed the investment and borrowing powers and restrictions applicable to the scheme; and
- (iii) has, otherwise, ensured the proper operation of the Trust.

Citibank Europe plc,
UK Branch
London
12 August 2019

Threadneedle Managed Equity and Bond Fund

Independent Auditors' Report to the Unitholders of Threadneedle Managed Equity and Bond Fund Report on the audit of the financial statements

Opinion

In our opinion, Threadneedle Managed Equity and Bond Fund's financial statements:

- give a true and fair view of the financial position of the Trust as at 15 May 2019 and of the net revenue and the net capital gains of the scheme property 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 Trust Deed.

We have audited the financial statements, included within the Annual Report and Audited Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 15 May 2019; the statement of total return, the statement of change in net assets attributable to unitholders for the year then ended; the distribution tables; 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 Trust 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

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the Authorised Fund Manager's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Authorised Fund Manager has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Trust's 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 Trust's 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 Fund Manager 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 Fund Manager's Report

In our opinion, the information given in the Authorised Fund Manager'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 Fund Manager for the financial statements

As explained more fully in the Statement of Manager's Responsibilities in relation to the Financial Statements of the Scheme set out on page 30, the Authorised Fund Manager 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 Fund Manager 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 Fund Manager is responsible for assessing the Trust's 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 Fund Manager either intend to wind up or terminate the Trust, or have 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 Trust's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook 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 and returns.

We have no exceptions to report arising from this responsibility

Threadneedle Managed Equity and Bond Fund

Portfolio Statement

as at 15 May 2019

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
COLLECTIVE INVESTMENT SCHEMES 99.70% (99.91%)				12,049,533	Threadneedle Emerging Market Local Fund	21,067	1.51
	UK equity 21.15% (21.05%)			176,795,707	Threadneedle Global Bond Fund	153,812	11.03
42,536,631	Threadneedle Monthly Extra Income Fund	33,310	2.39	19,955,497	Threadneedle High Yield Bond Fund	8,361	0.60
30,591,500	Threadneedle UK Absolute Alpha Fund	41,736	2.99	11,252,957	Threadneedle Strategic Bond Fund	5,171	0.37
81,113,291	Threadneedle UK Equity Alpha Income Fund	53,721	3.85		Total overseas bond	253,270	18.17
1,909,016	Threadneedle UK Equity Income Fund	1,750	0.13		Total collective investment schemes	1,389,709	99.70
85,037,467	Threadneedle UK Fund	115,762	8.31				
39,439,719	Threadneedle UK Growth & Income Fund	35,137	2.52	DERIVATIVES -0.10% (0.00%)			
1,267,968	Threadneedle UK Mid 250 Fund	3,300	0.24		Forward foreign exchange contracts -0.10% (0.00%)		
3,033,539	Threadneedle UK Smaller Companies Fund	10,095	0.72		Sell USD 18,082,144		
	Total UK equity	294,811	21.15		Buy GBP 13,770,000 HSBC	(228)	(0.02)
	UK bond 28.18% (23.89%)				Sell USD 33,850,000		
194,956,142	Threadneedle Sterling Bond Fund	113,581	8.15		Buy GBP 25,550,004 UBS	(655)	(0.05)
117,191,055	Threadneedle Sterling Fund	117,121	8.40		Sell JPY 938,680,000		
70,566,882	Threadneedle Sterling Short-Dated Corporate Bond Fund	77,250	5.54		Buy GBP 6,374,468 HSBC	(278)	(0.02)
68,369,205	Threadneedle UK Corporate Bond Fund	84,785	6.09		Sell JPY 1,004,000,000		
	Total UK bond	392,737	28.18		Buy GBP 6,897,040 UBS	(218)	(0.01)
	Overseas equity 32.20% (33.50%)				Total derivatives	(1,379)	(0.10)
2,263,088	Threadneedle (Lux) – American Absolute Alpha	38,065	2.73	Total value of investments		1,388,330	99.60
734,465	Threadneedle (Lux) – Asia Contrarian Equity	7,557	0.54	Net other assets (0.09%)		5,627	0.40
193,226	Threadneedle (Lux) – Asian Equity Income	12,078	0.87	Net assets		1,393,957	100.00
237,307	Threadneedle (Lux) – Global Smaller Companies	6,241	0.45				
660,262	Threadneedle (Lux) – Pan European Absolute Alpha	8,016	0.58				
13,411,261	Threadneedle American Fund	42,928	3.08				
7,155,656	Threadneedle Asia Fund	15,681	1.12				
52,992,593	Threadneedle European Fund	124,548	8.93				
1,158,860	Threadneedle European Smaller Companies Fund	9,951	0.71				
23,867,186	Threadneedle Global Emerging Markets Equity Fund	25,736	1.85				
46,810,893	Threadneedle Global Select Fund	110,235	7.91				
77,934,042	Threadneedle Japan Fund	45,701	3.28				
900,023	Threadneedle Latin America Fund	2,154	0.15				
	Total overseas equity	448,891	32.20				
	Overseas bond 18.17% (21.47%)						
1,772,279	Threadneedle (Lux) – European Corporate Bond	17,634	1.27				
943,420	Threadneedle (Lux) – Flexible Asian Bond	8,764	0.63				
2,140,633	Threadneedle (Lux) – Global Corporate Bond	24,896	1.79				
556,317	Threadneedle (Lux) – Global Emerging Market Short-Term Bonds	7,582	0.54				
2,891,816	Threadneedle Dollar Bond Fund	1,783	0.13				
4,125,095	Threadneedle Emerging Market Bond Fund	4,200	0.30				

May 2018 comparatives in brackets.

Threadneedle Managed Bond Focused Fund

Investment Report

Investment Objective and Policy

To provide a total return by way of income and capital growth.

The Fund will invest at least two-thirds of its assets in other funds managed or operated by companies in the Threadneedle group. These funds may invest worldwide.

The Fund will invest with a focus on funds that invest in fixed income securities, but will also have exposure to company shares, particularly the shares of UK companies or companies with significant UK operations.

The Fund may also hold cash, near cash and money market instruments.

Up to 20% of the value of the Fund may be invested in funds that invest in derivatives for purposes other than Efficient Portfolio Management.

The Fund will always invest so as to be eligible as an ISA investment.

Review

This report covers the period from 16 May 2018 to 15 May 2019.

Fund Performance

During the period under review the offer price of Class A units rose by 2.23% from 116.40p to 119.00p and the offer price of Class B units rose by 2.43% from 115.40p to 118.20p.

The total return on the trust for the twelve months ending 30 April 2019, including net reinvested income, is +3.11%. (Source: Morningstar, bid to bid, income reinvested for a UK basic rate taxpayer).

Over the same period the median return of the peer group (IMA – Mixed Investment 0-35% Shares Sector) was +2.29%. (Source: Morningstar, bid to bid, income reinvested for a UK basic rate taxpayer).

Fully updated peer group information is only available from Morningstar at month-end points.

In view of the nature of the fund and its investment remit, there is no directly comparable market index.

Market Overview and Portfolio Activity

Equity markets proved volatile during the 12 months under review. For much of the period, markets were buoyed by the continued global economic expansion, muted inflationary pressures and decent corporate earnings growth. However, the period was punctuated by a sharp decline in equity markets in the fourth quarter of 2018, amid heightened concerns over the US-China trade dispute, slower global growth, and the lack of progress on Brexit negotiations.

Within the UK, Brexit dominated the headlines throughout the year. The prime minister and the EU reached agreement on a withdrawal deal in November, but the accord was heavily criticised by UK MPs and overwhelmingly rejected. The EU has now extended the scheduled exit date to 31 October 2019, but emphasised that withdrawal talks would not be reopened. The Bank of England raised interest rates by 25 basis points (bps) in August 2018.

US equities were supported by the continued strength of the US economy. While the Federal Reserve (Fed) raised interest rates by 25 bps on three occasions, in June, September and December, it has subsequently moved to a more dovish stance. At its March policy meeting, the Fed announced that rates were unlikely to rise in 2019.

While the eurozone economy slowed noticeably, corporate earnings were generally robust. Political tensions remained a theme, characterised by the continued loss of support for mainstream parties. The European Central Bank ended its stimulus programme of bond purchases in December, but stated in March that interest rates are likely to remain unchanged into 2020, and that it would restart an important stimulus measure to support bank lending.

Asian stocks were hampered by the slowing Chinese economy and the ongoing US-China trade dispute. Asian markets performed particularly poorly in the fourth quarter of 2018 as the US threatened to increase levies on \$200 billion of Chinese imports. Markets subsequently rallied in the first quarter of 2019 as the tariff hike was postponed, but were rattled again in May when President Trump threatened to introduce the higher levies from 10 May. The Chinese authorities have moved to address growth concerns, embarking on a series of stimulus measures.

Sentiment towards Japanese stocks was hurt by concerns that the country's exporters might be caught up in escalating US protectionist measures, particularly against Chinese product component suppliers. Bouts of yen strength also proved a headwind. Economic growth was hurt by a series of natural disasters, although data for the fourth quarter proved better than expected, supported by strong corporate capital spending.

Emerging market (EM) equities experienced difficult conditions during 2018, before rallying strongly in the first quarter of this year. The strengthening of the US dollar in 2018, linked to Fed rate rises, proved a headwind, as this increases the cost of repaying dollar-denominated debt for EM borrowers. EM markets were also hampered by continued US-China trade tensions, although the Fed's newly dovish stance proved supportive in the first quarter of 2019.

Over the review period, yields on core sovereign debt generally fell as unsettling factors, including geopolitical tensions, rising populism in Europe and evidence of a slowing Chinese economy, drove investors to seek the security of government bonds. The prospect of tighter monetary conditions was also disadvantageous, as the Fed continued to raise rates, but core bonds rallied in 2019 on indications that interest rates would now remain 'lower for longer'. Within the eurozone, debt issued by periphery nations lagged bonds from core markets. EM bonds were among the weaker performers in relative terms. However, in Brazil, the victory of Jair Bolsonaro in October's election triggered a rally in bond markets, due to his business-friendly views.

Within the fund, we made several asset-allocation changes during the period under review. In the equity component, the biggest adjustment was to reduce the position in European equities via the Threadneedle European Fund. Elsewhere, we lowered the exposure to equity markets in the US, UK, Japan and emerging markets but added to global equities, notably via the Threadneedle Global Select Fund.

In the fixed income component of the portfolio, the largest adjustment was to increase the exposure to the Threadneedle Sterling Short-Dated Corporate Bond Fund. We also added to the Threadneedle UK Corporate Bond Fund and the Threadneedle Sterling Bond Fund, which focuses on UK gilts. Conversely, the largest reduction was to the holding in the Threadneedle Global Bond Fund, although we also pared back the allocations to high yield bonds, EM bonds, US dollar bonds, European corporate bonds and Asian bonds.

Looking ahead, the economic cycle is clearly mature but we do not believe the end is imminent – rather it is being extended and redefined by a combination of structural factors leading to low interest rates, low inflation and ongoing moderate growth.

We expect global equity markets to make gentle positive progress, corporate profits to continue growing, and valuations to remain supportive.

For bonds, 2019 looks set to produce attractive outcomes for those who can navigate divergent monetary policy and credit cycles.

Directors' Statement

In accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes (COLL) Sourcebook, we hereby certify the Annual Report and Audited Financial Statements on behalf of the Directors of Threadneedle Investment Services Limited.

L Weatherup
Director

12 August 2019

P Stone
Director

Threadneedle Managed Bond Focused Fund

STATEMENT OF TOTAL RETURN

for the accounting period 16 May 2018 to 15 May 2019

	Notes	2019 £000	2018 £000
Income			
Net capital gains	3	3,700	1,288
Revenue	4	6,781	6,961
Expenses	5	(3,113)	(3,390)
Net revenue before taxation		3,668	3,571
Taxation	6	(203)	(285)
Net revenue after taxation		3,465	3,286
Total return before distributions		7,165	4,574
Distributions	7	(3,669)	(3,585)
Change in net assets attributable to unitholders from investment activities		3,496	989

BALANCE SHEET

as at 15 May 2019

	Notes	2019 £000	2018 £000
Assets:			
Fixed assets:			
Investments		296,315	323,458
Current assets:			
Debtors	8	490	793
Cash and bank balances	9	1,707	906
Total assets		298,512	325,157
Liabilities:			
Investment liabilities		(376)	—
Creditors:			
Distribution payable		(6)	—
Other creditors	10	(1,533)	(1,655)
Total liabilities		(1,915)	(1,655)
Net assets attributable to unitholders		296,597	323,502

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the accounting period 16 May 2018 to 15 May 2019

	2019 £000	2018 £000
Opening net assets attributable to unitholders	323,502	341,609
Amounts receivable on the issue of units	11,698	16,239
Amounts payable on the cancellation of units	(45,580)	(50,102)
Amounts receivable on inspecie transfers	—	11,234
	(33,882)	(22,629)
Change in net assets attributable to unitholders from investment activities (see statement of total return above)	3,496	989
Retained distribution on accumulation units	3,481	3,533
Closing net assets attributable to unitholders	296,597	323,502

DISTRIBUTION TABLE

for the accounting period 16 May 2018 to 15 May 2019

Interest distribution in pence per unit

Class A – Accumulation units

Distribution Period	Gross Revenue	Equalisation	Revenue Accumulated 2018/2019	Revenue Accumulated 2017/2018
Group 1				
16/05/18 to 15/05/19	1.0564	—	1.0564	0.9522
Group 2				
16/05/18 to 15/05/19	0.6635	0.3929	1.0564	0.9522
Total distributions in the period			1.0564	0.9522

Class A – Income units*

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2018/2019	Distribution Paid 2017/2018
Group 1				
16/05/18 to 15/05/19	0.9519	—	0.9519	—
Group 2				
16/05/18 to 15/05/19	—	0.9519	0.9519	—
Total distributions in the period			0.9519	—

Class B – Accumulation units

Distribution Period	Gross Revenue	Equalisation	Revenue Accumulated 2018/2019	Revenue Accumulated 2017/2018
Group 1				
16/05/18 to 15/05/19	1.3773	—	1.3773	1.2666
Group 2				
16/05/18 to 15/05/19	0.8606	0.5167	1.3773	1.2666
Total distributions in the period			1.3773	1.2666

Class Z – Accumulation units

Distribution Period	Gross Revenue	Equalisation	Revenue Accumulated 2018/2019	Revenue Accumulated 2017/2018
Group 1				
16/05/18 to 15/05/19	1.8562	—	1.8562	1.7336
Group 2				
16/05/18 to 15/05/19	1.1256	0.7306	1.8562	1.7336
Total distributions in the period			1.8562	1.7336

Group 2: units purchased during a distribution period.

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

Threadneedle Managed Bond Focused Fund

Comparative Table Disclosure

	Class A – Accumulation units			Class A – Income units	
	15/05/2019	15/05/2018	15/05/2017	15/05/2019	15/05/2018 ¹
Change in net assets per unit					
Opening net asset value per unit (p)	112.16	110.96	99.37	101.00	100.00
Return before operating charges (p)	3.97	2.71	13.08	3.58	1.04
Operating charges (p)	(1.51)	(1.51)	(1.49)	(1.36)	(0.04)
Return after operating charges (p)*	2.46	1.20	11.59	2.22	1.00
Distributions (p)	(1.06)	(0.95)	(1.47)	(0.95)	–
Retained distributions on accumulation units (p)	1.06	0.95	1.47	–	–
Closing net asset value per unit (p)	114.62	112.16	110.96	102.27	101.00
*after direct transaction costs of (p)	–	–	–	–	–
Performance					
Return after charges (%)	2.19	1.08	11.66	2.20	1.00
Other information					
Closing net asset value (£000)	89,292	101,958	105,941	651	736
Closing number of units	77,904,060	90,901,965	95,473,097	637,249	729,095
Operating charges (%)**	1.35	1.35	1.39	1.35	1.39 ¹
Direct transaction costs (%)	–	–	–	–	–
Prices					
Highest unit price (p)	119.40	118.30	115.30	107.50	104.80
Lowest unit price (p)	108.80	109.30	98.63	97.96	98.40

	Class B – Accumulation units			Class Z – Accumulation units		
	15/05/2019	15/05/2018	15/05/2017	15/05/2019	15/05/2018	15/05/2017
Change in net assets per unit						
Opening net asset value per unit (p)	115.37	113.85	101.71	120.00	118.00	105.04
Return before operating charges (p)	4.09	2.79	13.39	4.29	2.90	13.86
Operating charges (p)	(1.27)	(1.27)	(1.25)	(0.91)	(0.90)	(0.90)
Return after operating charges (p)*	2.82	1.52	12.14	3.38	2.00	12.96
Distributions (p)	(1.38)	(1.27)	(1.78)	(1.86)	(1.73)	(2.24)
Retained distributions on accumulation units (p)	1.38	1.27	1.78	1.86	1.73	2.24
Closing net asset value per unit (p)	118.19	115.37	113.85	123.38	120.00	118.00
*after direct transaction costs of (p)	–	–	–	–	–	–
Performance						
Return after charges (%)	2.44	1.34	11.94	2.82	1.69	12.34
Other information						
Closing net asset value (£000)	132,974	150,735	176,526	73,680	70,073	59,142
Closing number of units	112,507,662	130,653,986	155,046,241	59,718,799	58,392,749	50,120,877
Operating charges (%)**	1.10	1.10	1.14	0.76	0.75	0.79
Direct transaction costs (%)	–	–	–	–	–	–
Prices						
Highest unit price (p)	118.70	117.10	114.00	123.90	121.50	118.00
Lowest unit price (p)	112.10	112.40	101.00	116.70	116.90	104.30

**The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a unit 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 Key Investor Information Document (KIID) contains the current OCF. The calculation includes the fund's share of the expenses of the underlying fund less any fee rebates received. The share of the costs of the underlying funds may fluctuate due to changes in investment decisions, which may be required as a result of changes in market conditions. For a more detailed breakdown please visit columbiathreadneedle.com/fees.

¹Commenced 16 March 2018.

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

Threadneedle Managed Bond Focused Fund

Notes to the financial statements

for the accounting period 16 May 2018 to 15 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 fund are valued using the single price at 12 noon (UK time), being the valuation point on the last working day of the accounting period. The single price may include an adjustment to cover dealing costs in the underlying funds.

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

(c) Exchange rates

Assets and liabilities expressed in foreign currencies 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 foreign currency are translated into sterling at the exchange rates ruling at the date of the transaction.

(d) Recognition of revenue

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

Distributions from Collective Investment Schemes (CIS) are recognised when the security is quoted ex-dividend.

Any reported revenue from an offshore fund with UK fund reporting status in excess of any distributions is recognised as revenue after the end of the reporting period not later than the date when the reporting fund makes this information available.

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

(e) 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 accruals basis and include irrecoverable Value Added Tax (VAT) where appropriate.

(f) Fee rebate

In addition to any direct charge for registration and management fees within the fund, there would occur, in the absence of a rebate mechanism, an indirect charge for registration and management fees in respect of investment in other Threadneedle funds. Any such target funds themselves bear registration and management fees, which reduce the value of those funds from what they otherwise would be. The rebate mechanism operates to ensure that investors in the fund bear only the registration and management fee validly applicable to them. Depending upon the Manager'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.

(g) Allocation of revenue and expenses to multiple unit classes

The allocation of revenue and expenses to each unit class is based upon the proportion of the trust's capital net assets attributable to each unit class on the day the revenue is earned or the expense is suffered. Annual management charges and registration fees are specific to each unit class.

(h) Deferred tax

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

(i) Equalisation policy

The fund operates equalisation to ensure the level of distributable income for any unit class is not affected by the issue or cancellation of units.

2 DISTRIBUTION POLICIES

Where the revenue from investments exceeds the expenses and taxation a distribution will be made from that unit class. Should expenses and taxation exceed revenue for any unit class, there will be no distribution for that unit class and a transfer from capital will be made to cover the shortfall.

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

Where distributions are unclaimed for a period of six years these are brought back into the fund as capital.

When a transfer is made between the revenue and capital of the same unit 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 unit classes of the fund.

Equalisation on distributions received is treated as a repayment of capital and therefore disregarded in determining the revenue available for distribution.

3 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2019 £000	2018 £000
Non-derivative securities	2,589	(147)
Forward currency contracts	36	—
Management fee rebate on CIS holdings	1,016	1,428
Other gains	59	7
Net capital gains	3,700	1,288

4 REVENUE

	2019 £000	2018 £000
Franked dividend distributions	1,122	1,231
Interest distributions	4,051	4,048
Bank interest	9	6
Management fee rebate on CIS holdings	1,599	1,676
Total revenue	6,781	6,961

5 EXPENSES

	2019 £000	2018 £000
Payable to the Manager or associates of the Manager, and the agents of either of them:		
Annual management charge	(3,057)	(3,330)
	(3,057)	(3,330)
Payable to the trustee or associates of the trustee, and the agents of either of them:		
Trustee fees	(37)	(40)
Safe custody fees	(8)	(9)
	(45)	(49)
Other expenses:		
Audit fees	(11)	(11)
	(11)	(11)
Total expenses*	(3,113)	(3,390)

*Including irrecoverable VAT where applicable.

6 TAXATION

	2019 £000	2018 £000
a) Analysis of charge in period		
Corporation tax	(203)	(286)
Adjustments in respect of prior periods	—	1
Total current tax (note 6b)	(203)	(285)
Total tax charge for the period	(203)	(285)
b) Factors affecting taxation charge for period		
Net revenue before taxation	3,668	3,571
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(734)	(714)
Effects of:		
Revenue not subject to taxation	225	246
Distributions treated as tax deductible	509	471
Capitalised revenue subject to taxation	(203)	(286)
Adjustments in respect of prior periods	—	1
Retail Distribution Review (RDR) conversion transfer from capital	—	(3)
Current tax charge for period (note 6a)	(203)	(285)

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

Threadneedle Managed Bond Focused Fund

Notes to the financial statements

(continued)

7 DISTRIBUTIONS

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

	2019 £000	2018 £000
Final	3,487	3,533
	3,487	3,533
Add: Revenue deducted on the cancellation of units	239	249
Deduct: Revenue received on the creation of units	(57)	(197)
Net distribution for the period	3,669	3,585
Net revenue after taxation	3,465	3,286
Equalisation on conversion	1	13
Tax charge on capital management fee rebates	203	286
Total distributions	3,669	3,585

Details of the distribution per unit are set out in the table on page 34.

8 DEBTORS

	2019 £000	2018 £000
Amounts receivable for the issue of units	173	325
Accrued revenue	317	468
Total debtors	490	793

9 CASH AND BANK BALANCES

	2019 £000	2018 £000
Amounts held at futures clearing houses and brokers	150	–
Cash and bank balances	1,557	906
Total cash and bank balances	1,707	906

10 OTHER CREDITORS

	2019 £000	2018 £000
Amounts payable for the cancellation of units	(1,289)	(1,106)
Accrued expenses	(16)	(13)
Amounts payable to Manager	(121)	(398)
Corporation tax payable	(107)	(138)
Total other creditors	(1,533)	(1,655)

11 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, a related party, acts as principal in respect of all transactions of units in the fund. The aggregated monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Unitholders. The amount due to or from Threadneedle Investment Services Limited in respect of unit transactions at the end of the accounting period are disclosed in Notes 8 and 10.

Amounts payable to and receivable from Threadneedle Investment Services Limited in respect of fund administration services are disclosed in Notes 8 and 10. A balance of £120,926 (2018: £397,508), in respect of annual management service charge and £308,972 (2018: £390,656) in respect of annual management rebates are respectively payable and receivable at the end of the accounting period.

Amounts payable to Citibank Europe plc, a related party, in respect of trustee services and safe custody charges are disclosed in Note 10. A balance of £7,466 (2018: £4,750), in respect of trustee services and £1,090 (2018: £1,086), in respect of safe custody is due at the end of the accounting period.

The fund receives and pays interest on deposits held with Citibank Europe plc as disclosed in Note 4. A balance of £290 (2018: £176), was receivable at the end of the accounting period. Cash and bank balances at the end of the accounting period are disclosed in the Balance Sheet.

The fund invests in a number of 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 and gains and losses in the period are disclosed in Note 3. Details of revenue received from the funds are shown in Note 4 and amounts receivable at the end of the accounting period in Note 8.

The Manager, or associate of the Manager acted as principal in all investment transactions.

12 UNITHOLDER FUNDS

Threadneedle Managed Bond Focused Fund currently has three unit classes; Class A, Class B and Class Z units. The charges on each unit class are as follows:

Annual management charge	
Class A units	1.25%
Class B units	1.00%
Class Z units	0.65%

The net asset value of each unit class, the net asset value per unit, and the number of units in each class are given in the comparative tables on page 35. The distribution per unit class is given in the distribution table on page 34.

All classes have the same rights on winding up.

Reconciliation of units

	2019
Class A – Accumulation units	
Opening units	90,901,965
Units issued	876,911
Units redeemed	(11,696,473)
Net conversions	(2,178,343)
Closing units	77,904,060
Class A – Income units	
Opening units	729,095
Units issued	17,778
Units redeemed	(109,624)
Net conversions	–
Closing units	637,249
Class B – Accumulation units	
Opening units	130,653,986
Units issued	1,239,270
Units redeemed	(21,466,266)
Net conversions	2,080,672
Closing units	112,507,662
Class Z – Accumulation units	
Opening units	58,392,749
Units issued	7,715,611
Units redeemed	(6,425,480)
Net conversions	35,919
Closing units	59,718,799

13 RISK MANAGEMENT

In pursuing its investment objectives set out on page 33, the Threadneedle Managed Bond Focused Fund may hold the following financial instruments:

- Funds of the Threadneedle Investment Funds ICVC, Threadneedle Specialist Investment Funds ICVC and Threadneedle (Lux) Funds of which a maximum of 20% of the value of the property of the fund may be invested in any one fund within this range of investment funds;
- Cash, liquid resources and short-term debtors and creditors that arise directly from its operations;
- Unitholders' funds which represent investors monies which are invested on their behalf;
- Borrowing used to finance investment activity;
- Derivative transactions to manage the currency and market risks arising from the fund's investment activities.

The Manager uses a Risk Management Policy (RMP)* which is reviewed by the Trustee. The processes detailed within it are designed to monitor and measure as frequently as appropriate the risk of a Funds positions and their contribution to the overall risk profile of a Fund.

Throughout the period under review, it has been the policy of the fund to buy and sell financial instruments for the purpose of investment rather than trading. The main risks arising from the trust's financial instruments are market price, liquidity, credit, interest rate and foreign currency risk. The policies for managing each of these risks are reviewed regularly and agreed with the Trustee of the fund and they are summarised below.

*The RMP is available on request from the client services team (contact details on page 57).

Threadneedle Managed Bond Focused Fund

Notes to the financial statements

(continued)

Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the fund might suffer through holding market positions in the face of price movements. The value of the investment can fall as well as rise and investors might not recover the amount invested, especially if investments are not held for the long term. The fund is exposed to market risk by virtue of their Investments in CIS.

The Manager 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 fund deed, the prospectus and in the Financial Conduct Authority's (FCA's) CIS Sourcebook and describe the nature of the market price risk to which the fund will be exposed.

Market price risk sensitivity

A 5% market increase applied to the equity proportion of the fund would result in an increase on net asset value of the fund by 1.46% and vice versa (2018: 1.35%). 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 5.19% and vice versa (2018: 2.74%).

Liquidity risk

Liquidity risk is the risk that the fund cannot raise sufficient cash to meet its liabilities when due. The main liability of the fund is the cancellation of units that the investors wish to sell. The fund's assets comprise mainly realisable securities which can readily be sold.

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

The Manager manages the fund's cash to ensure it can meet its liabilities. The Manager receives daily reports of issues and cancellations enabling the Manager to raise cash from the fund's portfolio in order to meet cancellation requests. In addition the Manager monitors market liquidity of the investment portfolio to ensure the fund maintains sufficient liquidity to meet known and potential cancellation activity.

Fund cash balances are monitored daily by the Manager and Administrator. Where investments cannot be realised in time to meet any potential liability, the fund may borrow up to 10% of its value to ensure settlement. All of the fund's financial liabilities are payable on demand or in less than one year.

There are no new arrangements within the fund to manage liquidity and there is no significant liquidity risk at the period end.

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

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.

The capital values of the fund's underlying investments can be affected by currency translation movements where the assets are denominated in currencies other than sterling, which is the fund's principal currency.

Two principal areas where foreign currency risk could impact the fund are:

- Where movements in rates affect the value of the underlying investments, the fund may hedge the initial investment;
- Where movements in rates affect the revenue received from the underlying investments; the fund does not hedge or otherwise seek to avoid rate movement risk on revenue accrued but not received.

There is no direct foreign currency exposure within the fund at the balance sheet date. However, a portion of the fund's underlying investments have significant currency exposure since their assets are denominated in currencies other than sterling, with the effect that their balance sheets and total returns can be affected by currency movements. Investee funds' significant exposure to non sterling currencies, based on their most recent published financial statements are as follows:

- The principal exposures of Threadneedle (Lux) – Global Smaller Companies and Threadneedle Global Bond Fund are to Euro, Japanese Yen and US Dollar.
- The principal exposure of Threadneedle (Lux) – Global Corporate Bond Fund is to Euro, UK Sterling and US Dollar.
- The principal exposure of Threadneedle Emerging Market Bond Fund, Threadneedle Dollar Bond Fund, Threadneedle (Lux) – American Absolute Alpha Fund, Threadneedle American Fund, Threadneedle Global Select Fund and Threadneedle (Lux) – Global Emerging Market Short-Term Bonds is to US Dollar.
- The principal exposure of Threadneedle European Bond Fund and Threadneedle UK Absolute Alpha Fund is to Euro.
- The principal exposure of Threadneedle Emerging Market Local Fund is to Brazilian Real, Czech Koruna, Mexican Peso and US Dollar.
- The principal exposure of Threadneedle Global Emerging Markets Equity Fund is to Hong Kong Dollar, South Korean Won and US Dollar.
- The principal exposure of Threadneedle Japan Fund is to Japanese Yen.
- The principal exposure of Threadneedle European Fund is to Euro and Swedish Krona.
- The principal exposure of Threadneedle Asia Fund is to Australian Dollar, Hong Kong Dollar, South Korean Won and US Dollar.

Currency sensitivity

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

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 fund is exposed to credit/counterparty risk by virtue of the underlying investments the CIS 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) there is the possibility of default of the issuer and default in the underlying assets meaning that the fund may not receive back the full principal originally invested. Thirdly, there is counterparty risk, which is the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the fund has fulfilled its responsibilities, which could result in the fund 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 fund 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 Manager as an acceptable counterparty. Changes in broker's financial ratings are periodically reviewed.

Credit/Counterparty exposure

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

2019	Collateral Pledged
Counterparty	£000
Citigroup	150

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

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

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

Interest rate risk

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 may invest in floating rate securities.

Thus any change to the interest rates relevant for particular securities may result in either income increasing or decreasing, or the Manager being unable to secure similar returns on the expiry of contracts or the sale of securities.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held.

Threadneedle Managed Bond Focused Fund

Notes to the financial statements

(continued)

In general, if interest rates rise the revenue potential of the fund also rises but the value of fixed rate securities will decline.

A decline in interest rates will in general have the opposite effect.

Duration is a measure of the extent to which this is the case, with a longer duration suggesting higher sensitivity to interest rate moves.

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

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 15 May 2019, the fund had outstanding forward foreign exchange contracts with an asset value of £Nil (2018: £Nil) and a liability value of £376,000 (2018: £Nil).

14 FAIR VALUE DISCLOSURE

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

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

Level 2 – Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and 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 2	296,315	(376)	323,458	–
	296,315	(376)	323,458	–

15 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2018: Nil).

16 PORTFOLIO TRANSACTION COSTS

During the period under review the fund's purchases and sales of CIS purchases and sales amounted to £85,723,834 (2018: £138,352,168) and £117,999,107 (2018: £168,670,426) respectively. In specie transaction costs and proceeds amounted to £Nil (2018: £11,135,876) and £Nil (2018: £Nil) respectively.

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

At the balance sheet date, the portfolio dealing spread was Nil (15 May 2018: Nil), being the difference between the respective buying and selling prices for the fund's investments.

Threadneedle Managed Bond Focused Fund

Statement of Manager's Responsibilities in relation to the Financial Statements of the Scheme

The Collective Investment Schemes (COLL) Sourcebook, as issued (and amended) by the Financial Conduct Authority (FCA) requires the Manager 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 the Scheme and of its net revenue and the net capital gains on the property of the Scheme for the period. In preparing the financial statements the Manager 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 Scheme will continue in operation for the foreseeable future.

The Manager is required to keep proper accounting records and to manage the Scheme in accordance with the Collective Investment Schemes Sourcebook, the Trust Deed and the Prospectus. The Manager is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of the Trustee's Responsibilities in Respect of the Scheme and Report of the Trustee to the Unitholders of the Threadneedle Managed Bond Focused Fund of the Threadneedle Managed Funds ("the Trust") for the Period ended 15 May 2019

The Trustee is responsible for the safekeeping of all property of the Trust 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 Trustee to take reasonable care to ensure that the Trust is managed and operated in accordance with the Financial Conduct Authority' Collective Investment Schemes Sourcebook ("the Sourcebook"), the Financial Services and Markets Act 2000, as amended, and the Trust Deed and the Prospectus of the Trust, concerning: the pricing of and dealing in Trust Units; the application of income of the scheme; and the Trust investment portfolio and borrowing activities.

Having carried out procedures and enquiries considered duly necessary to discharge our responsibilities as Trustee of the scheme, based on information and explanations provided to us, we believe that, in all material respects, the Manager:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the scheme's units and the application of the scheme's income in accordance with the Sourcebook, the Trust Deed and Prospectus;
- (ii) has observed the investment and borrowing powers and restrictions applicable to the scheme; and
- (iii) has, otherwise, ensured the proper operation of the Trust.

Citibank Europe plc,
UK Branch
London
12 August 2019

Threadneedle Managed Bond Focused Fund

Independent Auditors' report to the Unitholders of Threadneedle Managed Bond Focused Fund Report on the audit of the financial statements

Opinion

In our opinion, Threadneedle Managed Bond Focused Fund's financial statements:

- give a true and fair view of the financial position of the Trust as at 15 May 2019 and of the net revenue and the net capital gains of the scheme property 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 Trust Deed.

We have audited the financial statements, included within the Annual Report and Audited Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 15 May 2019; the statement of total return, the statement of change in net assets attributable to unitholders for the year then ended; the distribution tables; 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 Trust 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

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the Authorised Fund Manager's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Authorised Fund Manager has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Trust's 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 Trust's 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 Fund Manager 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 Fund Manager's Report

In our opinion, the information given in the Authorised Fund Manager'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 Fund Manager for the financial statements

As explained more fully in the Statement of Manager's Responsibilities in relation to the Financial Statements of the Scheme set out on page 40, the Authorised Fund Manager 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 Fund Manager 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 Fund Manager is responsible for assessing the Trust's 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 Fund Manager either intend to wind up or terminate the Trust, or have 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 Trust's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook 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 and returns.

We have no exceptions to report arising from this responsibility

Edinburgh
13 August 2019

PricewaterhouseCoopers LLP
Chartered Accountants and
Statutory Auditors

Threadneedle Managed Bond Focused Fund

Portfolio Statement

as at 15 May 2019

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
COLLECTIVE INVESTMENT SCHEMES 99.91% (99.99%)				DERIVATIVES -0.13% (0.00%)			
	UK equity 12.69% (13.23%)				Forward foreign exchange contracts -0.13% (0.00%)		
2,539,794	Threadneedle UK Absolute Alpha Fund	3,465	1.17		Sell JPY 206,630,000		
322,330	Threadneedle UK Equity Income Fund	295	0.10		Buy GBP 1,403,135 HSBC	(61)	(0.02)
20,373,845	Threadneedle UK Fund	27,735	9.35		Sell JPY 217,000,000		
3,048,460	Threadneedle UK Institutional Fund	4,883	1.65		Buy GBP 1,490,559 Citigroup	(47)	(0.02)
636,626	Threadneedle UK Smaller Companies Fund	1,251	0.42		Sell USD 3,912,071		
	Total UK equity	37,629	12.69		Buy GBP 2,980,000 Citigroup	(49)	(0.02)
	UK bond 40.86% (33.83%)				Sell USD 11,270,000		
78,891,351	Threadneedle Sterling Bond Fund	45,962	15.50		Buy GBP 8,505,257 Citigroup	(219)	(0.07)
16,241,556	Threadneedle Sterling Fund	16,232	5.47		Total derivatives	(376)	(0.13)
24,053,198	Threadneedle Sterling Short-Dated Corporate Bond Fund	26,331	8.88		Total value of investments	295,939	99.78
26,344,784	Threadneedle UK Corporate Bond Fund	32,670	11.01		Net other assets (0.01%)	658	0.22
	Total UK bond	121,195	40.86		Net assets	296,597	100.00
	Overseas equity 17.08% (19.15%)				<i>May 2018 comparatives in brackets.</i>		
317,451	Threadneedle (Lux) – American Absolute Alpha	5,340	1.80				
154,824	Threadneedle (Lux) – Asia Contrarian Equity	1,593	0.54				
53,884	Threadneedle (Lux) – Global Smaller Companies	1,417	0.48				
341,805	Threadneedle (Lux) – Pan European Absolute Alpha	4,149	1.40				
1,161,605	Threadneedle American Fund	4,226	1.42				
1,855,665	Threadneedle Asia Fund	4,066	1.37				
6,567,643	Threadneedle European Fund	15,436	5.20				
1,922,962	Threadneedle Global Emerging Markets Equity Fund	2,073	0.70				
2,948,736	Threadneedle Global Select Fund	6,944	2.34				
3,790,593	Threadneedle Japan Fund	5,414	1.83				
	Total overseas equity	50,658	17.08				
	Overseas bond 29.28% (33.78%)						
669,205	Threadneedle (Lux) – European Corporate Bond	6,659	2.25				
665,790	Threadneedle (Lux) – Flexible Asian Bond	6,185	2.09				
762,895	Threadneedle (Lux) – Global Corporate Bond	8,872	2.99				
128,976	Threadneedle (Lux) – Global Emerging Market Short-Term Bonds	1,758	0.59				
10,550,852	Threadneedle Dollar Bond Fund	6,507	2.19				
1,262,019	Threadneedle Emerging Market Bond Fund	1,285	0.43				
3,109,268	Threadneedle Emerging Market Local Fund	4,625	1.56				
56,319,326	Threadneedle Global Bond Fund	48,998	16.52				
4,640,865	Threadneedle High Yield Bond Fund	1,944	0.66				
	Total overseas bond	86,833	29.28				
	Total collective investment schemes	296,315	99.91				

Threadneedle Managed Bond Fund

Investment Report

Investment Objective and Policy

To provide income with potential for capital growth.

The Fund will invest at least two-thirds of its assets in funds managed or operated by companies in the Threadneedle group. These funds may invest worldwide.

The Fund will invest at least two-thirds of its assets in funds that invest in fixed income securities, but will also have some exposure to company shares.

The Fund may also hold cash, near cash and money market instruments.

Up to 20% of the value of the Fund may be invested in funds that invest in derivatives for purposes other than Efficient Portfolio Management.

The Fund will always invest so as to be eligible as an ISA investment.

Review

This report covers the period from 16 May 2018 to 15 May 2019.

Fund Performance

During the period under review the offer price of Class A units rose by 3.17% from 99.45p to 102.60p and the offer price of Class B units rose by 3.39% from 98.46p to 101.80p.

The total return on the fund for the twelve months ending 30 April 2019, including net reinvested income, is +3.55%. (Source: Morningstar, bid to bid, income reinvested for a UK basic rate taxpayer).

Over the same period the median return of the peer group (IMA – Unclassified Sector) was +3.30%. (Source: Morningstar, bid to bid, income reinvested for a UK basic rate taxpayer).

In view of the nature of the trust and its investment remit, there is no directly comparable market index. The fund's remit is to pursue an investment strategy designed to achieve total return from a defensively-managed portfolio of fixed interest and UK equity funds managed by Threadneedle.

Market Overview and Portfolio Activity

Overall, the 12 months under review proved a positive period for global bond markets. The first half of the reporting period had proved disappointing, with all of the core government bond markets and credit markets posting negative returns, amid concerns over tighter monetary policy from the US Federal Reserve (Fed). However, world bond markets performed well in the second half of the reporting period, as the Fed adopted a more accommodative stance and other leading central banks left interest rates unchanged.

Notably, core government bond markets performed well towards the end of 2018 when risk assets fell out of favour with investors. At this time, equity markets were unsettled by the continued rise of populist political parties in Europe, heightened geopolitical tensions, jitters over the US tariff war against China and other key trading partners, and evidence of economic deceleration in China.

Throughout 2018, the Fed continued to tighten monetary policy, given the strength of the US economy and expectations of higher inflation, and announced three rises of 25 basis points each in June, September and December. However, following more dovish comments from the Fed in 2019, core government bonds have rallied and yields have fallen. At its March policy meeting, members of the Federal Open Market Committee stated that US rates were unlikely to rise in the current year.

Within the UK, the Bank of England announced a quarter-point rise in interest rates from 0.5% to 0.75% on 2 August 2018. This was only the second increase in a decade, and rates were raised after stronger economic releases convinced policymakers that the softer data earlier in 2018 was due to the harsh winter weather. UK rates were subsequently left unchanged, given increasing concerns over the Brexit negotiations and the implications for the UK economy. Elsewhere, the European Central Bank (ECB) maintained rates at 0% and ended its bond-buying stimulus programme in December. However, against a backdrop of slower growth in the eurozone, the ECB recently announced new stimulus measures via cheap loans for banks, and signalled that it was unlikely to raise rates in 2019. The Bank of Japan left rates unchanged throughout the period.

While it was also a positive year for emerging market bonds, they experienced mixed fortunes. For much of the period they faced headwinds from a stronger US dollar and concerns over the economic impact of the US-China trade dispute. Several markets were also adversely affected by idiosyncratic issues. However, in Brazil, the victory of Jair Bolsonaro in October's election triggered a rally in bond markets, due to his business-friendly views.

For much of the 12 months under review, equity markets were buoyed by the continued global economic expansion, muted inflationary pressures and decent corporate earnings growth. However, as mentioned above, the period was punctuated by a sharp decline in global stock markets in the fourth quarter of 2018. Markets subsequently rallied in 2019, helped by dovish messages from key central banks, President Trump's decision to postpone a tariff hike from 10% to 25% on Chinese imports, and some better-than-expected growth data from China. In May, markets were rattled again when President Trump went ahead with the higher import duties, having accused China of backtracking on some of its earlier commitments.

Within the fund, we made several asset-allocation changes during the period under review. In the equity component, the biggest adjustment was to reduce the position in Threadneedle US equities via the American Fund. Elsewhere, we lowered the exposure to equities in Asia and Japan but added to Europe, UK and global equities, notably via the Threadneedle Global Select Fund.

In the fixed income component of the portfolio, the biggest change was to increase the exposure to UK gilts. We also adjusted the positioning in UK corporate bonds, paring back the holding in the Threadneedle UK Corporate Bond Fund and adding to the Threadneedle Sterling Short-Dated Corporate Bond Fund. Conversely, we reduced the exposure to US dollar bonds, emerging market bonds, Asian bonds and high yield bonds, and modestly reduced the holding in the Threadneedle Global Bond Fund. We also trimmed the weighting in Europe by lowering the positions in the Threadneedle European Bond Fund and the Threadneedle (Lux) European Corporate Bond Fund.

The economic cycle is clearly mature but we do not believe the end is imminent – rather it is being extended and redefined by a combination of structural factors leading to low interest rates, low inflation and ongoing moderate growth. In light of recent comments from the major central banks, interest rates in the US, UK, Europe and Japan are likely to remain unchanged over the course of 2019.

We expect global equity markets to make gentle positive progress, corporate profits to continue growing, and valuations to remain supportive.

Directors' Statement

In accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes (COLL) Sourcebook, we hereby certify the Annual Report and Audited Financial Statements on behalf of the Directors of Threadneedle Investment Services Limited.

L Weatherup
Director

12 August 2019

P Stone
Director

Threadneedle Managed Bond Fund

STATEMENT OF TOTAL RETURN

for the accounting period 16 May 2018 to 15 May 2019

	Notes	2019 £000	2018 £000
Income			
Net capital gains/(losses)	3	4,673	(470)
Revenue	4	5,069	6,237
Expenses	5	(2,089)	(2,281)
Interest payable and similar charges	6	(2)	–
Net revenue before taxation		2,978	3,956
Taxation	7	(170)	(218)
Net revenue after taxation		2,808	3,738
Total return before distributions		7,481	3,268
Distributions	8	(2,978)	(3,956)
Change in net assets attributable to unitholders from investment activities		4,503	(688)

BALANCE SHEET

as at 15 May 2019

	Notes	2019 £000	2018 £000
Assets:			
Fixed assets:			
Investments		221,371	237,351
Current assets:			
Debtors	9	768	394
Cash and bank balances	10	2,223	1,100
Total assets		224,362	238,845
Liabilities:			
Investment liabilities		(281)	–
Creditors:			
Distribution payable		(279)	(327)
Other creditors	11	(1,094)	(909)
Total liabilities		(1,654)	(1,236)
Net assets attributable to unitholders		222,708	237,609

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the accounting period 16 May 2018 to 15 May 2019

	2019 £000	2018 £000
Opening net assets attributable to unitholders	237,609	258,047
Amounts receivable on the issue of units	8,705	10,668
Amounts payable on the cancellation of units	(30,343)	(33,411)
	(21,638)	(22,743)
Change in net assets attributable to unitholders from investment activities (see statement of total return above)	4,503	(688)
Retained distribution on accumulation units	2,234	2,993
Closing net assets attributable to unitholders	222,708	237,609

DISTRIBUTION TABLE

for the accounting period 16 May 2018 to 15 May 2019

Interest distribution in pence per unit

Class A – Accumulation units

Distribution Period	Gross Revenue	Equalisation	Revenue Accumulated 2018/2019	Revenue Accumulated 2017/2018
Group 1 16/05/18 to 15/05/19	1.0147	–	1.0147	1.2903
Group 2 16/05/18 to 15/05/19	0.5511	0.4636	1.0147	1.2903
Total distributions in the period			1.0147	1.2903

Class B – Accumulation units

Distribution Period	Gross Revenue	Equalisation	Revenue Accumulated 2018/2019	Revenue Accumulated 2017/2018
Group 1 16/05/18 to 15/05/19	1.2918	–	1.2918	1.5701
Group 2 16/05/18 to 15/05/19	0.7018	0.5900	1.2918	1.5701
Total distributions in the period			1.2918	1.5701

Class T – Income units

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2018/2019	Distribution Paid 2017/2018
Group 1 16/05/18 to 15/11/18 16/11/18 to 15/05/19	0.7644 0.6336	– –	0.7644 0.6336	1.0410 0.6972
Group 2 16/05/18 to 15/11/18 16/11/18 to 15/05/19	0.5779 0.3830	0.1865 0.2506	0.7644 0.6336	1.0410 0.6972
Total distributions in the period			1.3980	1.7382

Class Z – Accumulation units

Distribution Period	Gross Revenue	Equalisation	Revenue Accumulated 2018/2019	Revenue Accumulated 2017/2018
Group 1 16/05/18 to 15/05/19	1.9759	–	1.9759	2.3001
Group 2 16/05/18 to 15/05/19	0.8836	1.0923	1.9759	2.3001
Total distributions in the period			1.9759	2.3001

Group 2: units purchased during a distribution period.

Threadneedle Managed Bond Fund

Comparative Table Disclosure

	Class A – Accumulation units			Class B – Accumulation units		
	15/05/2019	15/05/2018	15/05/2017	15/05/2019	15/05/2018	15/05/2017
Change in net assets per unit						
Opening net asset value per unit (p)	95.85	94.88	85.90	98.45	97.22	87.80
Return before operating charges (p)	4.15	2.24	10.17	4.26	2.28	10.40
Operating charges (p)	(1.14)	(1.27)	(1.19)	(0.92)	(1.05)	(0.98)
Return after operating charges (p)*	3.01	0.97	8.98	3.34	1.23	9.42
Distributions (p)	(1.01)	(1.29)	(1.31)	(1.29)	(1.57)	(1.57)
Retained distributions on accumulation units (p)	1.01	1.29	1.31	1.29	1.57	1.57
Closing net asset value per unit (p)	98.86	95.85	94.88	101.79	98.45	97.22
*after direct transaction costs of (p)	–	–	–	–	–	–
Performance						
Return after charges (%)	3.14	1.02	10.45	3.39	1.27	10.73
Other information						
Closing net asset value (£000)	37,568	41,392	46,740	95,985	104,713	117,576
Closing number of units	38,003,387	43,185,168	49,261,428	94,294,346	106,360,502	120,942,143
Operating charges (%)**	1.18	1.32	1.29	0.93	1.07	1.04
Direct transaction costs (%)	–	–	–	–	–	–
Prices						
Highest unit price (p)	102.70	101.40	98.90	101.90	100.20	97.51
Lowest unit price (p)	93.97	93.61	85.20	96.62	96.12	87.08
	Class T – Income units			Class Z – Accumulation units		
	15/05/2019	15/05/2018	15/05/2017	15/05/2019	15/05/2018	15/05/2017
Change in net assets per unit						
Opening net asset value per unit (p)	111.18	111.55	102.43	118.46	116.56	104.90
Return before operating charges (p)	4.78	2.63	12.09	5.14	2.75	12.44
Operating charges (p)	(1.09)	(1.26)	(1.20)	(0.69)	(0.85)	(0.78)
Return after operating charges (p)*	3.69	1.37	10.89	4.45	1.90	11.66
Distributions (p)	(1.40)	(1.74)	(1.77)	(1.98)	(2.30)	(2.27)
Retained distributions on accumulation units (p)	–	–	–	1.98	2.30	2.27
Closing net asset value per unit (p)	113.47	111.18	111.55	122.91	118.46	116.56
*after direct transaction costs of (p)	–	–	–	–	–	–
Performance						
Return after charges (%)	3.32	1.23	10.63	3.76	1.63	11.12
Other information						
Closing net asset value (£000)	49,931	52,082	54,134	39,224	39,422	39,597
Closing number of units	44,005,693	46,845,351	48,529,219	31,913,046	33,279,584	33,970,672
Operating charges (%)**	0.98	1.12	1.09	0.58	0.72	0.69
Direct transaction costs (%)	–	–	–	–	–	–
Prices						
Highest unit price (p)	114.30	114.90	113.50	123.00	120.20	116.90
Lowest unit price (p)	109.10	109.30	107.50	116.50	115.60	104.10

**The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a unit 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 Key Investor Information Document (KIID) contains the current OCF. The calculation includes the fund's share of the expenses of the underlying fund less any fee rebates received. The share of the costs of the underlying funds may fluctuate due to changes in investment decisions, which may be required as a result of changes in market conditions. For a more detailed breakdown please visit columbiathreadneedle.com/fees.

Threadneedle Managed Bond Fund

Notes to the financial statements

for the accounting period 16 May 2018 to 15 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 fund are valued using the single price at 12 noon (UK time), being the valuation point on the last working day of the accounting period. The single price may include an adjustment to cover dealing costs in the underlying funds. The last dealing point in the year has been used for the purposes of preparing the report and financial statements and in the Manager's opinion there has been no material movements in the fund between the last dealing point and the close of business on the current or prior balance sheet date.

(c) Exchange rates

Assets and liabilities expressed in foreign currencies 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 foreign currency are translated into sterling at the exchange rates ruling at the date of the transaction.

(d) Recognition of revenue

Revenue is included in the Statement of Total Return on the following bases: Distributions from Collective Investment Schemes (CIS) are recognised when the security is quoted ex-dividend.

Any reported revenue from an offshore fund with UK fund reporting status in excess of any distributions is recognised as revenue after the end of the reporting period not later than the date when the reporting fund makes this information available. Interest on bank and short-term deposits is recognised on an earned basis.

(e) 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 accruals basis and include irrecoverable Value Added Tax (VAT) where appropriate.

(f) Fee rebate

In addition to any direct charge for registration and management fees within the fund, there would occur, in the absence of a rebate mechanism, an indirect charge for registration and management fees in respect of investment in other Threadneedle funds. Any such target funds themselves bear registration and management fees, which reduce the value of those funds from what they otherwise would be. The rebate mechanism operates to ensure that investors in the fund bear only the registration and management fee validly applicable to them. Depending upon the Manager'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.

(g) Allocation of revenue and expenses to multiple unit classes

The allocation of revenue and expenses to each unit class is based upon the proportion of the trust's capital net assets attributable to each unit class on the day the revenue is earned or the expense is suffered. Annual management charges and registration fees are specific to each unit class.

(h) Deferred tax

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

(i) Equalisation policy

The fund operates equalisation to ensure the level of distributable income for any unit class is not affected by the issue or cancellation of units.

2 DISTRIBUTION POLICIES

Where the revenue from investments exceeds the expenses and taxation a distribution will be made from that unit class. Should expenses and taxation exceed revenue for any unit class, there will be no distribution for that unit class and a transfer from capital will be made to cover the shortfall.

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

Where distributions are unclaimed for a period of six years these are brought back into the fund as capital.

When a transfer is made between the revenue and capital of the same unit 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 unit classes of the fund. Equalisation on distributions received is treated as a repayment of capital and therefore disregarded in determining the revenue available for distribution.

3 NET CAPITAL GAINS/(LOSSES)

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

	2019 £000	2018 £000
Non-derivative securities	3,754	(1,563)
Forward currency contracts	27	–
Management fee rebate on CIS holdings	848	1,087
Other gains	44	6
Net capital gains/(losses)	4,673	(470)

4 REVENUE

	2019 £000	2018 £000
Franked dividend distributions	557	797
Interest distributions	3,484	4,260
Bank interest	8	3
Management fee rebate on CIS holdings	1,020	1,177
Total revenue	5,069	6,237

5 EXPENSES

	2019 £000	2018 £000
Payable to the Manager or associates of the Manager, and the agents of either of them:		
Annual management charge	(2,042)	(2,232)
	(2,042)	(2,232)
Payable to the trustee or associates of the trustee, and the agents of either of them:		
Trustee fees	(27)	(29)
Safe custody fees	(9)	(9)
	(36)	(38)
Other expenses:		
Audit fees	(11)	(11)
	(11)	(11)
Total expenses*	(2,089)	(2,281)

*Including irrecoverable VAT where applicable.

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2019 £000	2018 £000
Interest payable	(2)	–
Total interest payable and similar charges	(2)	–

7 TAXATION

	2019 £000	2018 £000
a) Analysis of charge in period		
Corporation tax	(170)	(218)
Total current tax (note 7b)	(170)	(218)
Total tax charge for the period	(170)	(218)
b) Factors affecting taxation charge for period		
Net revenue before taxation	2,978	3,956
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(596)	(791)
Effects of:		
Revenue not subject to taxation	111	159
Distributions treated as tax deductible	484	632
Capitalised revenue subject to taxation	(169)	(218)
Current tax charge for period (note 7a)	(170)	(218)

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

Threadneedle Managed Bond Fund

Notes to the financial statements

(continued)

8 DISTRIBUTIONS

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

	2019 £000	2018 £000
Interim	346	495
Final	2,513	3,319
	2,859	3,814
Add: Revenue deducted on the cancellation of units	184	226
Deduct: Revenue received on the creation of units	(65)	(84)
Net distribution for the period	2,978	3,956
Net revenue after taxation	2,808	3,738
Tax charge on capital management fee rebates	170	218
Total distributions	2,978	3,956

Details of the distribution per unit are set out in the table on page 44.

9 DEBTORS

	2019 £000	2018 £000
Amounts receivable for the issue of units	548	49
Accrued revenue	220	345
Total debtors	768	394

10 CASH AND BANK BALANCES

	2019 £000	2018 £000
Amounts held at futures clearing houses and brokers	120	–
Cash and bank balances	2,103	1,100
Total cash and bank balances	2,223	1,100

11 OTHER CREDITORS

	2019 £000	2018 £000
Amounts payable for the cancellation of units	(246)	(523)
Purchases awaiting settlement	(667)	–
Accrued expenses	(14)	(11)
Amounts payable to Manager	(82)	(262)
Corporation tax payable	(85)	(113)
Total other creditors	(1,094)	(909)

12 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, a related party, acts as principal in respect of all transactions of units in the fund. The aggregated monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Unitholders. The amount due to or from Threadneedle Investment Services Limited in respect of unit transactions at the end of the accounting period are disclosed in Notes 9 and 11.

Amounts payable to and receivable from Threadneedle Investment Services Limited in respect of fund administration services are disclosed in Notes 9 and 11. A balance of £81,543 (2018: £262,027), in respect of annual management service charge and £197,494 (2018: £300,016) in respect of annual management rebates are respectively payable and receivable at the end of the accounting period.

Amounts payable to Citibank Europe plc, a related party, in respect of trustee services and safe custody charges are disclosed in Note 11. A balance of £5,559 (2018: £3,506), in respect of trustee services and £1,090 (2018: £1,086), in respect of safe custody is due at the end of the accounting period.

The fund receives and pays interest on deposits held with Citibank Europe plc as disclosed in Notes 4 and 6. A balance of £541 (2018: £195), was receivable at the end of the accounting period. Cash and bank balances at the end of the accounting period are disclosed in the Balance Sheet.

The fund invests in a number of 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 and gains and losses in the period are disclosed in Note 3. Details of revenue received from the funds are shown in Note 4 and amounts receivable at the end of the accounting period in Note 9.

The Manager, or associate of the Manager acted as principal in all investment transactions.

13 UNITHOLDER FUNDS

Threadneedle Managed Bond Fund currently has four unit classes; Class A, Class B, Class T and Class Z units. The charges on each unit class are as follows:

Annual management charge

Class A units	1.15%
Class B units	0.90%
Class T units	0.95%
Class Z units	0.55%

The net asset value of each unit class, the net asset value per unit, and the number of units in each class are given in the comparative tables on page 45. The distribution per unit class is given in the distribution table on page 44.

All classes have the same rights on winding up.

Reconciliation of units

	2019
Class A – Accumulation units	
Opening units	43,185,168
Units issued	769,066
Units redeemed	(5,973,746)
Net conversions	22,899
Closing units	38,003,387
Class B – Accumulation units	
Opening units	106,360,502
Units issued	3,132,135
Units redeemed	(15,198,218)
Net conversions	(73)
Closing units	94,294,346
Class T – Income units	
Opening units	46,845,351
Units issued	694,744
Units redeemed	(3,514,675)
Net conversions	(19,727)
Closing units	44,005,693
Class Z – Accumulation units	
Opening units	33,279,584
Units issued	3,459,482
Units redeemed	(4,826,080)
Net conversions	60
Closing units	31,913,046

14 RISK MANAGEMENT

In pursuing its investment objectives set out on page 43, the Threadneedle Managed Bond Fund may hold the following financial instruments:

- Funds of the Threadneedle Investment Funds ICVC, Threadneedle Specialist Investment Funds ICVC and Threadneedle (Lux) Funds of which a maximum of 20% of the value of the property of the fund may be invested in any one fund within this range of investment funds;
- Cash, liquid resources and short-term debtors and creditors that arise directly from its operations;
- Unitholders' funds which represent investors monies which are invested on their behalf;
- Borrowing used to finance investment activity;
- Derivative transactions to manage the currency and market risks arising from the fund's investment activities.

The Manager uses a Risk Management Policy (RMP)* which is reviewed by the Trustee. The processes detailed within it are designed to monitor and measure as frequently as appropriate the risk of a Funds positions and their contribution to the overall risk profile of a Fund.

Throughout the period under review, it has been the policy of the fund to buy and sell financial instruments for the purpose of investment rather than trading. The main risks arising from the fund's financial instruments are market price, liquidity, credit, interest rate and foreign currency risk. The policies for managing each of these risks are reviewed regularly and agreed with the Trustee of the fund and they are summarised below.

*The RMP is available on request from the client services team (contact details on page 57).

Threadneedle Managed Bond Fund

Notes to the financial statements

(continued)

Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the fund might suffer through holding market positions in the face of price movements. The value of the investment can fall as well as rise and investors might not recover the amount invested, especially if investments are not held for the long term. The fund is exposed to market risk by virtue of their Investments in CIS.

The Manager 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 trust deed, the prospectus and in the Financial Conduct Authority's (FCA's) CIS Sourcebook and describe the nature of the market price risk to which the fund will be exposed.

Market price risk sensitivity

A 5% market increase applied to the equity proportion of the fund would result in an increase on net asset value of the fund by 1.11% and vice versa (2018: 1.15%). 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 6.23% and vice versa (2018: 3.76%).

Liquidity risk

Liquidity risk is the risk that the fund cannot raise sufficient cash to meet its liabilities when due. The main liability of the fund is the cancellation of units that the investors wish to sell. The fund's assets comprise mainly realisable securities which can readily be sold.

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

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

There are no new arrangements within the fund to manage liquidity and there is no significant liquidity risk at the period end.

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

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.

The capital values of the fund's underlying investments can be affected by currency translation movements where the assets are denominated in currencies other than sterling, which is the fund's principal currency.

Two principal areas where foreign currency risk could impact the fund are:

- Where movements in rates affect the value of the underlying investments, the fund may hedge the initial investment;
- Where movements in rates affect the revenue received from the underlying investments; the fund does not hedge or otherwise seek to avoid rate movement risk on revenue accrued but not received.

There is no direct foreign currency exposure within the fund at the balance sheet date. However, a portion of the fund's underlying investments have significant currency exposure since their assets are denominated in currencies other than sterling, with the effect that their balance sheets and total returns can be affected by currency movements. Investee funds' significant exposure to non sterling currencies, based on their most recent published financial statements are as follows:

- The principal exposures of Threadneedle (Lux) – Global Smaller Companies and Threadneedle Global Bond Fund are to Euro, Japanese Yen and US Dollar.
- The principal exposure of Threadneedle (Lux) – Global Corporate Bond Fund is to Euro, UK Sterling and US Dollar.
- The principal exposure of Threadneedle Emerging Market Bond Fund, Threadneedle Dollar Bond Fund, Threadneedle (Lux) – American Absolute Alpha Fund, Threadneedle American Fund, Threadneedle Global Select Fund and Threadneedle (Lux) – Global Emerging Market Short-Term Bonds is to US Dollar.
- The principal exposure of Threadneedle European Bond Fund and Threadneedle UK Absolute Alpha Fund is to Euro.
- The principal exposure of Threadneedle Emerging Market Local Fund is to Brazilian Real, Czech Koruna, Mexican Peso and US Dollar.
- The principal exposure of Threadneedle Global Emerging Markets Equity Fund is to Hong Kong Dollar, South Korean Won and US Dollar.
- The principal exposure of Threadneedle Japan Fund is to Japanese Yen.
- The principal exposure of Threadneedle European Fund is to Euro and Swedish Krona.
- The principal exposure of Threadneedle Asia Fund is to Australian Dollar, Hong Kong Dollar, South Korean Won and US Dollar.

Currency sensitivity

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

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 fund is exposed to credit/counterparty risk by virtue of the underlying investments the CIS 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) there is the possibility of default of the issuer and default in the underlying assets meaning that the fund may not receive back the full principal originally invested. Thirdly, there is counterparty risk, which is the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the fund has fulfilled its responsibilities, which could result in the fund 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 fund 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 Manager as an acceptable counterparty. Changes in broker's financial ratings are periodically reviewed.

Credit/Counterparty exposure

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

2019	Collateral Pledged
Counterparty	£000
Citigroup	120

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

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

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

Interest rate risk

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 may invest in floating rate securities.

Thus any change to the interest rates relevant for particular securities may result in either income increasing or decreasing, or the Manager being unable to secure similar returns on the expiry of contracts or the sale of securities.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held.

Threadneedle Managed Bond Fund

Notes to the financial statements

(continued)

In general, if interest rates rise the revenue potential of the fund also rises but the value of fixed rate securities will decline.

A decline in interest rates will in general have the opposite effect.

Duration is a measure of the extent to which this is the case, with a longer duration suggesting higher sensitivity to interest rate moves.

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

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 15 May 2019, the fund had outstanding forward foreign exchange contracts with an asset value of £Nil (2018: £Nil) and a liability value of £281,000 (2018: £Nil).

15 FAIR VALUE DISCLOSURE

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

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

Level 2 – Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and 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 2	221,371	(281)	237,351	–
	221,371	(281)	237,351	–

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 CIS purchases and sales amounted to £101,229,197 (2018: £52,548,893) and £123,108,164 (2018: £73,830,517) respectively.

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

At the balance sheet date, the portfolio dealing spread was Nil (15 May 2018: Nil), being the difference between the respective buying and selling prices for the fund's investments.

Threadneedle Managed Bond Fund

Statement of Manager's Responsibilities in relation to the Financial Statements of the Scheme

The Collective Investment Schemes (COLL) Sourcebook, as issued (and amended) by the Financial Conduct Authority (FCA) requires the Manager 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 the Scheme and of its net revenue and the net capital gains on the property of the Scheme for the period. In preparing the financial statements the Manager 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 Scheme will continue in operation for the foreseeable future.

The Manager is required to keep proper accounting records and to manage the Scheme in accordance with the Collective Investment Schemes Sourcebook, the Trust Deed and the Prospectus. The Manager is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of the Trustee's Responsibilities in Respect of the Scheme and Report of the Trustee to the Unitholders of the Threadneedle Managed Bond Fund of the Threadneedle Managed Funds ("the Trust") for the Period ended 15 May 2019

The Trustee is responsible for the safekeeping of all property of the Trust 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 Trustee to take reasonable care to ensure that the Trust is managed and operated in accordance with the Financial Conduct Authority' Collective Investment Schemes Sourcebook ("the Sourcebook"), the Financial Services and Markets Act 2000, as amended, and the Trust Deed and the Prospectus of the Trust, concerning: the pricing of and dealing in Trust Units; the application of income of the scheme; and the Trust investment portfolio and borrowing activities.

Having carried out procedures and enquiries considered duly necessary to discharge our responsibilities as Trustee of the scheme, based on information and explanations provided to us, we believe that, in all material respects, the Manager:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the scheme's units and the application of the scheme's income in accordance with the Sourcebook, the Trust Deed and Prospectus;
- (ii) has observed the investment and borrowing powers and restrictions applicable to the scheme; and
- (iii) has, otherwise, ensured the proper operation of the Trust.

Citibank Europe plc,
UK Branch
London
12 August 2019

Threadneedle Managed Bond Fund

Independent Auditors' Report to the Unitholders of Threadneedle Managed Bond Fund Report on the audit of the financial statements

Opinion

In our opinion, Threadneedle Managed Bond Fund's financial statements:

- give a true and fair view of the financial position of the Trust as at 15 May 2019 and of the net revenue and the net capital gains of the scheme property 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 Trust Deed.

We have audited the financial statements, included within the Annual Report and Audited Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 15 May 2019; the statement of total return, the statement of change in net assets attributable to unitholders for the year then ended; the distribution tables; 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 Trust 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

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the Authorised Fund Manager's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Authorised Fund Manager has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Trust's 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 Trust's 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 Fund Manager 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 Fund Manager's Report

In our opinion, the information given in the Authorised Fund Manager'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 Fund Manager for the financial statements

As explained more fully in the Statement of Manager's Responsibilities in relation to the Financial Statements of the Scheme set out on page 50, the Authorised Fund Manager 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 Fund Manager 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 Fund Manager is responsible for assessing the Trust's 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 Fund Manager either intend to wind up or terminate the Trust, or have 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 Trust's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook 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 and returns.

We have no exceptions to report arising from this responsibility

Threadneedle Managed Bond Fund

Portfolio Statement

as at 15 May 2019

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
COLLECTIVE INVESTMENT SCHEMES 99.40% (99.89%)				DERIVATIVES -0.13% (0.00%)			
	UK equity 9.20% (8.47%)				Forward foreign exchange contracts -0.13% (0.00%)		
3,374,180	Threadneedle UK Absolute Alpha Fund	4,603	2.07		Sell JPY 154,120,000		
1,038,410	Threadneedle UK Equity Income Fund	952	0.43		Buy GBP 1,046,563 HSBC	(46)	(0.02)
3,480,187	Threadneedle UK Fund	4,450	2.00		Sell JPY 162,000,000		
6,536,151	Threadneedle UK Institutional Fund	10,470	4.70		Buy GBP 1,112,767 Citigroup	(35)	(0.02)
	Total UK equity	20,475	9.20		Sell USD 2,914,362		
	UK bond 45.21% (22.47%)				Buy GBP 2,220,000 Citigroup	(36)	(0.02)
47,154,102	Threadneedle Sterling Bond Fund	27,472	12.34		Sell USD 8,440,000		
7,508,409	Threadneedle Sterling Fund	7,504	3.37		Buy GBP 6,369,509 Citigroup	(164)	(0.07)
9,979,297	Threadneedle Sterling Short-Dated Corporate Bond Fund	10,924	4.90		Total derivatives	(281)	(0.13)
22,456,825	Threadneedle UK Corporate Bond Fund	27,849	12.50				
15,350,827	Threadneedle UK Fixed Interest Fund	26,944	12.10	Total value of investments		221,090	99.27
	Total UK bond	100,693	45.21	Net other assets (0.11%)		1,618	0.73
	Overseas equity 13.38% (12.84%)			Net assets		222,708	100.00
271,922	Threadneedle (Lux) – American Absolute Alpha	4,574	2.05	<i>May 2018 comparatives in brackets.</i>			
40,198	Threadneedle (Lux) – Global Smaller Companies	1,057	0.47				
214,852	Threadneedle (Lux) – Pan European Absolute Alpha	2,608	1.17				
33,787	Threadneedle American Fund	123	0.06				
1,244,713	Threadneedle Asia Fund	2,728	1.22				
4,459,173	Threadneedle European Fund	10,480	4.71				
1,105,915	Threadneedle Global Emerging Markets Equity Fund	1,193	0.54				
1,305,930	Threadneedle Global Select Fund	3,075	1.38				
2,778,109	Threadneedle Japan Fund	3,968	1.78				
	Total overseas equity	29,806	13.38				
	Overseas bond 31.61% (56.11%)						
555,780	Threadneedle (Lux) – European Corporate Bond	5,530	2.48				
149,388	Threadneedle (Lux) – Flexible Asian Bond	1,388	0.62				
1,054,732	Threadneedle (Lux) – Global Corporate Bond	12,267	5.51				
95,986	Threadneedle (Lux) – Global Emerging Market Short-Term Bonds	1,308	0.59				
23,402,696	Threadneedle Dollar Bond Fund	14,433	6.48				
906,891	Threadneedle Emerging Market Bond Fund	923	0.41				
672,588	Threadneedle Emerging Market Local Fund	1,000	0.45				
8,382,250	Threadneedle European Bond Fund	6,591	2.96				
24,385,268	Threadneedle Global Bond Fund	21,215	9.53				
13,703,393	Threadneedle High Yield Bond Fund	5,742	2.58				
	Total overseas bond	70,397	31.61				
	Total collective investment schemes	221,371	99.40				

Risk and Reward Profiles

Fund	Unit Class	SRRI*
Managed Equity Fund	Class A – Accumulation units	5
	Class B – Accumulation units	5
	Class T – Income units	5
	Class Z – Accumulation units	5
Managed Equity Focused Fund	Class A – Accumulation units	4
	Class B – Accumulation units	4
	Class Z – Accumulation units	4
Managed Equity and Bond Fund	Class A – Accumulation units	4
	Class B – Accumulation units	4
	Class T – Income units	4
	Class Z – Accumulation units	4
Managed Bond Focused Fund	Class A – Accumulation units	4
	Class A – Income units	4
	Class B – Accumulation units	4
	Class Z – Accumulation units	4
Managed Bond Fund	Class A – Accumulation units	3
	Class B – Accumulation units	3
	Class T – Income units	3
	Class Z – Accumulation units	3

*As at 15 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 KIID contains the current SRRI.

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

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

Important Information

General

Each fund is an authorised unit trust that has been set up in accordance with the rules contained in the Financial Conduct Authority's (FCA) Collective Investment Schemes sourcebook (COLL) and operates under Chapter 5 of the COLL Rules. The funds have been certified by the FCA as eligible to enjoy the rights conferred by the Undertakings for Collective Investment in Transferable Securities Directive (2009/65/EC).

The prospectus, which describes each of the funds in the Threadneedle Managed Funds range in detail, is available on request from Threadneedle Investment Services Limited, the Authorised Unit Trust Manager (Manager).

Key Investor Information Document – Subscription requirements

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

Changes to the Prospectus

During the period from 16 May 2018 to 15 May 2019, the following changes were made to the prospectus of the funds:

- 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.

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 Trust Deed

There were no changes to the trust deed during the period from 16 May 2018 to 15 May 2019.

Changes to the directors of the Manager

The following changes have been made to the directors of the Manager:

- Appointment of Peter Stone on 5 September 2018;
- Resignation of Dominik Kremer on 31 January 2019;
- Resignation of Michelle Scrimgeour on 26 April 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. Depending on the outcome of the UK's negotiations with the European Union, and the existence or otherwise of any formal implementation period, it is possible that the funds may no longer be eligible to enjoy the rights set out in the UCITS Directive. Ceasing to be so eligible may affect the ability of non-UK domiciled investors to make new investments in the funds.

Characteristics of Units

The funds are authorised unit fund schemes and can issue the following types of units:

Units	Minimum Investment	Eligibility
Class A	£2,000	Retail investors
Class B	£5,000,000	Non-retail investors
Class T	£2,000	Eligible investors only
Class Z	£1,000,000	Eligible investors only

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

The Manager may at its discretion accept subscriptions lower than the minimum amount. If a holding is below the minimum holding the Manager has the discretion to require redemption of the entire holding. For further information please refer to the prospectus.

Charges and Prices

For the funds, two unit prices are quoted, the 'offer' price at which you buy units and the 'bid' price at which you sell them back to us. The difference between these two prices includes the initial charge and is called the bid/offer spread.

The fees and expenses of the Manager, Trustee, Registrar, Auditor and the FCA authorisation fee are payable by the funds.

Income Equalisation

Since each fund operates equalisation, the first allocation made after the acquisition of units will include an amount of equalisation. This amount represents the Manager's best estimate of the income included in the price at which the units were acquired (subject to grouping where appropriate) and represents a capital repayment for UK tax purposes which should be deducted from the cost of units in arriving at any capital gain realised on their subsequent disposal.

Individual Savings Accounts

Throughout the accounting period the fund has satisfied the requirements of the Individual Savings Account Regulations 1998 (as amended).

It is the Manager's intention that the fund will be managed in such a way as to continue to meet this requirement.

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.

Investor Reports

At the end of each reporting period short form reports are available on our website columbiathreadneedle.com/shortform and from Threadneedle Investment Services Limited P.O. Box 10033, Chelmsford, Essex CM99 2AL. The annual accounting period for the Company ends on 15 May and the interim reporting period ends on 15 November.

Important Information

(continued)

Where there is any inconsistency between the version presented in English and any translation, the English language version takes precedence. The Auditors gave their opinion on the financial statements presented in English. They take no responsibility for the translation of these financial statements. Where there is any inconsistency between the version presented in English and any translation, the English language version takes precedence.

The documents will also be available from the paying agents in the countries where the funds are registered. The reports will provide information on the performance of the funds, the market background, and details of each of the portfolios.

Remuneration Disclosures

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 Manager 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 Remuneration Committee with reference to four un-weighted factors being a 'Top-Down' assessment of market practice, legal and regulatory requirements and any other internal or external contextual factors; a 'Bottom-Up' calculation based on business performance against Plan and Target Incentive level for the firm (see 'Pay for Performance' below); the overall financial and strategic performance of the Group; and the financial and strategic performance of Ameriprise Financial as the Group's parent company and shareholder. The Committee also receives ongoing reports through the year from the Risk function regarding risk assessments and any themes or areas of note related to risk control or risk-related behavioural concerns.

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

3. Determining Individual Total Incentive Awards

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

Base salaries are maintained at a market-competitive level in order to ensure that, if required, it is possible to award zero incentive.

Pay for Performance

The bottom-up element of the incentive pool determination process measures team and wider business performance against key business targets for each area of the Group, including longer-term investment performance for the Investments and Property divisions and a mix of gross and net sales for Distribution. Investment performance is assessed against each fund's benchmarks and its risk profile. All such assessments' impacts on the bottom-up calculation are capped so as not to incentivise managers to take excessive risk in order to deliver higher incentive pools. While the Group and parent company financial and strategic results are important factors in pool determination, the model is set up to ensure that delivery of the 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 funding, 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. For Sales, Property and Investment incentives 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 risk-takers 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 period 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 Trusts:

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

Funds/Key Risks	Investment	Investment in Funds	Currency	Issuer	Inflation	Interest Rate	Derivatives for EPM/ Hedging	Volatility	Effect of Dual Pricing
Threadneedle Managed Equity Fund	X	X	X				X	X	X
Threadneedle Managed Equity Focused Fund	X	X	X	X	X	X	X	X	X
Threadneedle Managed Equity and Bond Fund	X	X	X	X	X	X	X	X	X
Threadneedle Managed Bond Focused Fund	X	X	X	X	X	X	X	X	X
Threadneedle Managed Bond Fund	X	X	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.

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.

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.

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.

Effect of Dual Pricing Risk: The fund is dual priced and there is a difference between the buying price and the selling price of units.

Further risks applicable to the fund can be found in the Prospectus.

Directory

Manager

Threadneedle Investment Services Limited
(Authorised and Regulated by the Financial Conduct Authority (FCA))

Registered Office

Cannon Place
78 Cannon Street
London EC4N 6AG

Client Services Details

Address: Threadneedle Investment Services Limited
PO Box 10033,
Chelmsford, Essex CM99 2AL

Telephone UK Investors: (dealing & customer enquiries): 0800 953 0134*

Telephone non-UK Residents: (dealing & customer enquiries): +352 46 40 10 7020*

Fax UK Investors (dealing): 0845 113 0274

Fax non-UK Investors (dealing): +352 2452 9807

Email (enquiries): questions@service.columbiathreadneedle.co.uk

Registrar

Threadneedle Investment Services Limited

Delegated to:

DST Financial Services Europe Limited
(Authorised and regulated by the FCA)

St Nicholas Lane

Basildon

Essex SS15 5FS

Directors of the Manager

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

Investment Manager

Threadneedle Asset Management Limited
(Authorised and regulated by the FCA)

Registered Office

Cannon Place
78 Cannon Street
London EC4N 6AG

Trustee/Depository

Citibank Europe plc, UK Branch

(Authorised by the Prudential Regulatory Authority (PRA)
and regulated by the FCA and PRA)

Head Office and Registered Office

Citigroup Centre

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

**Calls will be recorded.*

To find out more visit columbiathreadneedle.com



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