

***This statement provides you with key information about this product.***

***This statement is a part of the offering document.***

***You should not invest in this product based on this statement alone.***

## Quick facts

Management Company:	Threadneedle Management Luxembourg S.A.		
Sub-Advisor:	Columbia Management Investment Advisers, LLC (internal delegation, USA)		
Depository:	Citibank Europe plc, Luxembourg Branch		
Ongoing charges over a year <sup>#</sup> :	Share Classes AEC, AEH, AKH, ANH, ASH AU and AUP: 1.55%		
Dealing frequency:	Daily		
Base currency:	US\$		
Dividend policy:	For Share Classes AUP and AEC:	Dividend, if declared, will be distributed. Distributions may at the discretion of the Directors be paid out of capital or effectively out of capital (i.e. paying dividends out of gross income while charging all or part of their fees and expenses out of capital) of the share classes. Any such distributions may result in an immediate reduction of the net asset value per share.	
	For Share Classes AU, AEH, AKH, ANH and ASH:	No dividend distribution (Income, if any, will be re-invested)	
Financial year end of this Portfolio:	31 March		
Minimum investment:	Initial:	Share Classes AU and AUP:	USD 2,500
	Additional:	Nil	
	Initial:	Share Classes AEC and AEH:	EUR 2,500
	Additional:	Nil	
	Initial:	Share Class ASH:	SGD 2,500
	Additional:	Nil	
	Initial:	Share Class AKH:	SEK 20,000
	Additional:	Nil	
	Initial:	Share Class ANH:	NOK 20,000
	Additional:	Nil	

<sup>#</sup> The ongoing charges figure is fixed based on the annual rates of asset management fee and operating expenses and is expressed as a percentage of the net asset value of the share class.

## What is this product?

Threadneedle (Lux) – US High Yield Bond (the “Portfolio”) is a portfolio of Threadneedle (Lux), an investment company (i.e. a mutual fund) with variable capital constituted in Luxembourg. The home regulator of Threadneedle (Lux) is the Commission de Surveillance du Secteur Financier in Luxembourg.

## Objective and Investment Strategy

The Portfolio seeks to achieve total return from capital appreciation and income by investing at least two-thirds of its assets in income-producing U.S. Dollar denominated debt securities with an emphasis on the high yield (i.e. below investment grade) market. Under normal circumstances the Portfolio will invest at least two thirds of its net assets in a diversified portfolio of debt securities that are

## Threadneedle (Lux) – US High Yield Bond

rated below investment grade by ratings agencies. The Portfolio will not generally purchase debt securities rated below “C” by S&P or by Moody’s or that have an equivalent rating by another rating agency, or are unrated and believed to be of similar quality. All ratings apply at the time the investment is made. If the rating of a security changes subsequent to purchase, the security may continue to be held at the Sub-Advisor’s discretion.

The Portfolio may also invest up to one-third of its assets in other securities and may employ other investment strategies that are not principal investment strategies. The Portfolio may invest in other transferable securities, including non income-producing securities and common stocks. The Portfolio may invest up to 25% of its net assets in non-U.S. securities and up to 10% of its net assets in non-U.S. Dollar denominated securities.

The Portfolio is actively managed in reference to the ICE BofA US Cash Pay High Yield Constrained Index. The index is broadly representative of the securities in which the Portfolio invests, and provides a suitable target benchmark against which Portfolio performance will be measured and evaluated over time. The Sub-Advisor has discretion to select investments with weightings different to the index, and that are not in the index, and the Portfolio may display significant divergence from the index.

Deviations from the index, including limits on the level of risk relative to the index, will be considered as part of the Sub-Advisor’s risk monitoring process, to ensure the overall level of risk is broadly consistent with the index. In line with its active management strategy, there may be significant deviation from the index.

The Portfolio may use financial derivative instruments for investment purposes, as well as for hedging and efficient portfolio management purposes. The derivatives which the Portfolio may use include, but are not limited to, interest rate futures, interest rate options, interest rate swaps, total/excess return swaps and credit default swaps.

### Use of derivatives/investment in derivatives

The Portfolio’s net derivative exposure may be up to 50% of the Portfolio’s net asset value.

### What are the key risks?

**Investment involves risks. Please refer to the offering document for details including the risk factors.**

#### Investment

There is no guarantee that the investment objective of the Portfolio can be achieved. The value of investments held by the Portfolio can fall as well as rise and investors might not get back the sum originally invested, especially if investments are not held for the long term.

#### Volatility

The prices of the Portfolio’s investments may rise and fall sharply in the short-term and this may result in a higher volatility of the Portfolio’s value.

#### Issuer

The Portfolio invests in securities whose value would be significantly affected if the issuer either refused to pay or was unable to pay.

#### Below Investment Grade Debt Securities

The Portfolio may invest in high yield/below investment grade debt securities. This will mean the Portfolio is more likely to be exposed to higher volatility and liquidity risks.

#### Downgrading of Debt Securities

Subsequent downgrade of the debt securities held by the Portfolio may adversely affect the value of such securities and may expose the Portfolio to higher credit and counterparty risks.

#### Liquidity

The Portfolio invests in assets that are not always readily saleable without suffering a discount to fair value. The Portfolio may have to significantly lower the selling price, sell other investments or forego another, more appealing investment opportunity.

#### Geographical Concentration

The Portfolio’s investments are concentrated in the US. This may result in higher volatility than funds which comprise broad-based global investments.

#### Currency

Where investments are made in assets that are denominated in multiple currencies, changes in exchange rates may affect the value of the investments.

#### Investor Currency

Where investments in the Portfolio are in currencies other than your own, changes in exchange rates may affect the value of your investments.

## Interest Rates

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

## Inflation

Most bond funds offer limited capital growth potential and an income that is not linked to inflation. Therefore, inflation can affect the value of capital and income over time.

## Derivatives

The Portfolio may invest in financial derivative instruments. Investing in these instruments may involve counterparty risks. If the counterparty defaults on such instruments this may affect the value of the Portfolio.

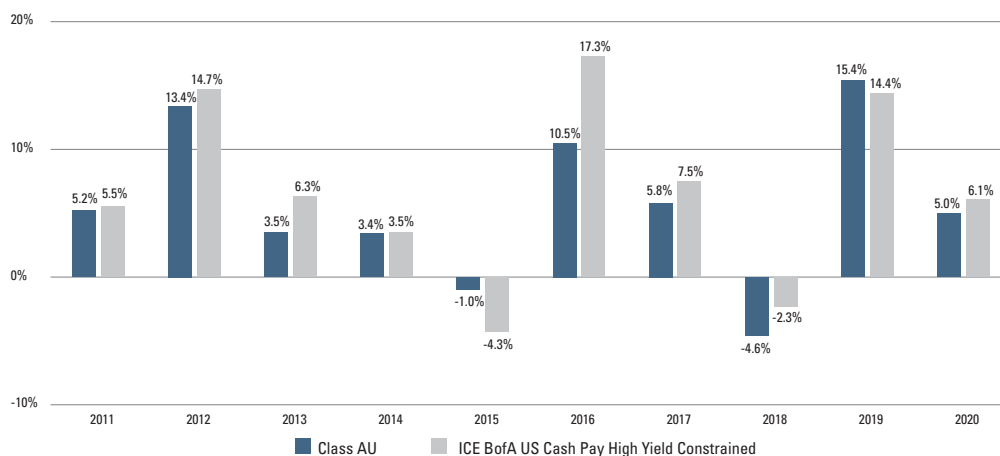
## Hedge/Basis

The use of financial derivative instruments for hedging and/or efficient portfolio management purposes may become ineffective in adverse situations or if the Management Company or the Sub-Advisor employs a strategy that does not correlate well with the Portfolio's investments. This may result in a significant loss to the Portfolio.

## Distribution out of capital risk

Distributions may be paid out of the capital of the Share Classes AEC and AUP if the net distributable income attributable to these share classes during the relevant period is insufficient to pay distributions as declared. The Directors of the Portfolio may also, at their discretion, pay dividends out of gross income while paying all or part of the share classes' expenses out of their capital, resulting in an increase in distributable income for the payment of dividends, and therefore paying dividends effectively out of capital of the relevant share classes. Investors should note that the payment of distributions out of capital, or effectively out of capital represents a return or a withdrawal of part of the amount they originally invested or capital gain attributable to that amount. Any distributions involving payment of dividends out of, or effectively out of, capital of the share classes will result in an immediate decrease in the net asset value of the relevant shares.

## How has the Portfolio performed?



- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-To-NAV, with dividend reinvested.
- These figures show by how much the share class increased or decreased in value during the calendar year being shown. Performance data has been calculated in US\$ including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Portfolio launch date: 12 December 2003.
- Share Class AU launch date: 12 December 2003.
- The Management Company views Share Class AU, being the retail share class denominated in the Portfolio's base currency, as the most appropriate representative share class.
- The benchmark of the Portfolio is ICE BofA US Cash Pay High Yield Constrained Index. Please refer to the offering document for further information relating to the benchmark.

## Is there any guarantee?

This Portfolio does not have any guarantees. You may not get back the full amount of money you invest.

## Threadneedle (Lux) – US High Yield Bond

### What are the fees and charges?

#### Charges which may be payable by you

You may have to pay the following fees when dealing in the shares of the Portfolio.

Fee	What you pay
<b>Subscription Fee</b> (Initial Sales Charge)	Share Classes AEC, AEH, AKH, ANH, ASH, AU and AUP: Up to 3.00% of the amount invested
<b>Switching Fee</b> (Exchange Fee)	Up to 0.75% of the net asset value of the acquired shares
<b>Redemption Fee</b>	Not applicable

#### Ongoing fees payable by the Portfolio

The following expenses will be paid out of the Portfolio. They affect you because they reduce the return you get on your investments.

	Annual rate
<b>Asset management fee</b>	Share Classes AEC, AEH, AKH, ANH, ASH, AU and AUP: 1.25% of the class's value
<b>Custodian fee</b>	Included in Operating Expenses below
<b>Performance fee</b>	Not applicable
<b>Administration fee</b>	Included in Operating Expenses below
<b>Operating Expenses</b>	0.30% of the class's value

#### Other fees

You may have to pay other fees when dealing in the shares of the Portfolio.

### Additional Information

- In respect of Share Class AEC and AUP, the composition of the distributions (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months are available by the Hong Kong Representative on request and also on the website [www.columbiathreadneedle.com](http://www.columbiathreadneedle.com)<sup>1</sup>.
- You generally buy and redeem shares at the Portfolio's next-determined net asset value after the Registrar and Transfer Agent receives your request in good order on or before 3.00 p.m. (Luxembourg time) on each valuation day being the dealing cut-off time. The Hong Kong Representative/your distributor may impose different deadlines for receiving requests from investors. Please check with your distributor regarding its internal dealing cut-off time.
- The net asset value of this Portfolio is calculated on each Luxembourg "business day" and the price of shares is published daily on the website [www.columbiathreadneedle.com](http://www.columbiathreadneedle.com)<sup>1</sup>.
- You may obtain the past performance information of other share classes offered to Hong Kong investors from [www.columbiathreadneedle.com](http://www.columbiathreadneedle.com)<sup>1</sup>.

### Important

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.

<sup>1</sup> The website has not been reviewed by the SFC. It may contain information on funds which are not authorised for sale to the public in Hong Kong and are not available to Hong Kong investors.