

Threadneedle
Specialist Investment Funds
ICVC

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Important: This Simplified Prospectus contains only key information about Threadneedle Specialist Investment Funds ICVC (the “Company”) and its sub-funds and is drafted in accordance with the Undertakings for Collective Investment in Transferable Securities Directive 85/611/EEC as amended by directives 2001/107/EC, 2001/108/EEC and further amended (the “Directive”). Further information for UK investors is detailed in a UK Supplement to this Simplified Prospectus. This Simplified Prospectus, including its schedules, is dated December 2010. It does not replace the Prospectus dated December 2010 (including any applicable Addendum) and it should be read in conjunction with that Prospectus. More detailed information relating to the Company may be found in the Prospectus and the annual and interim reports and accounts. These documents are available free of charge (before or after an investment is made) at any time by contacting us on (+44) 1793 363 900* or 0800 068 3000* if you are calling from the UK. If you require any additional explanation about this Simplified Prospectus, you should contact the Client Services Department of the ACD at P.O. Box 1331, Swindon SN38 7TA, United Kingdom, or at the telephone number provided above. If you are in any doubt about the contents of this Simplified Prospectus you should consult your financial adviser.

* Please note that calls may be recorded.

Background information

Threadneedle Specialist Investment Funds ICVC (the “Company”)

The Company is an open-ended investment company with variable capital incorporated with limited liability and registered in England and Wales with effect from 9 May 2003 under registered number IC000232.

The Company has been authorised by the Financial Services Authority in the United Kingdom (the “FSA”) as eligible to enjoy the rights conferred by the Directive. The FSA can be contacted at 25 The North Colonnade, Canary Wharf, London E14 5HS, United Kingdom.

The Company is structured as an umbrella company and currently consists of 14 different sub-funds (each a “Fund”, and together the “Funds”). Several classes (“Class”) of share (“Shares”) may be issued in respect of each Fund, distinguished by their criteria for subscription and fee structure. Details of the investment criteria for Class 1, Class 2 and Class X Shares are set out in the Prospectus. Typically, Class 1 Shares are available to retail investors seeking income or growth (or a combination of these) over the medium to long-term, and Class 2 Shares are available to non-retail investors. Class X shares are available to eligible shareholders only and will accommodate an alternative charging structure.

Hedged share classes:

Definitions:

“Hedged Currency” is the currency in which the Hedged Share Class is denominated

“Hedged Share Class”, “Hedged Share Classes” or “HSC” means (according to the context) share class or classes which allow the use of currency hedging transactions to reduce the effect of exchange rate fluctuations between the Reference Currency or Reference Currencies and the Hedged Currency

“Portfolio Currency” or “Portfolio Currencies” means (according to the context) the currency or currencies in which the Fund is invested in line with the investment objectives applicable to the Fund

“Reference Currency” or “Reference Currencies” means (according to the context) the currency or currencies against which the currency hedging transaction will be applied in order to reduce any exchange rate fluctuation with the Hedged Currency

Hedged share classes may be available for some Funds. HSC allow the ACD to use currency hedging transactions to reduce

the effect of exchange rate fluctuations between the reference currency or reference currencies and the hedged currency.

Where undertaken, the effects of hedging will be reflected in the value of the relevant HSC. The cost and expenses associated with the hedging transactions in respect of the relevant HSC(es) and any benefits of the hedging transactions will accrue to Shareholders in that HSC only.

The ACD will aim to hedge between 95% and 105% of the proportion of the net asset value attributable to a HSC. When assessing the hedging transactions in respect of a HSC both the capital and income values of the relevant HSC will be taken into account.

The ACD will review the relevant hedging positions daily and, if appropriate, adjust the hedge to reflect investor inflows.

It should be noted that hedging transactions may be entered into whether or not the currency of a HSC is declining or increasing in value relative to the reference currency or portfolio currency or portfolio currencies; consequently, where such hedging is undertaken, it may protect investors in the relevant class against a decrease in the value of this currency being hedged but it may also preclude investors from benefiting from an increase in the value of this currency.

There can be no guarantee that the hedging strategy applied in HSC (es) will entirely eliminate the adverse effects of changes in exchange rates between the reference currency or reference currencies and the hedged Currency.

For the complete list of HSC available please refer to the Prospectus, Appendix VI, and/or any addendum to this Appendix.

Company Information

Threadneedle Investment Services Limited is the Authorised Corporate Director (the "ACD") of the Company. The ACD is entered on the FSA register as FSA number 190437 and is responsible for managing the Company's affairs in compliance with the FSA rules contained within the Collective Investment Schemes Sourcebook ("COLL").

Threadneedle Asset Management Limited (the "Investment Manager") provides investment management and advisory services to the ACD.

The Depository of the Company is J.P. Morgan Trustee and Depository Company Limited (the "Depository"). The Depository is responsible for the safekeeping of scheme property of the Company. The Depository can be contacted at Chaseside, Bournemouth BH7 7DA, United Kingdom. The Depository has delegated custody services to JPMorgan Chase Bank N.A. (the "Custodian").

The auditors of the Company are PricewaterhouseCoopers LLP of Hay's Galleria, 1 Hay's Lane, London SE1 2RD, United Kingdom.

Threadneedle Portfolio Services Limited ("TPSL") promotes the Company in jurisdictions outside of the United Kingdom in which the Company is registered for offer and sale to the public. These jurisdictions are identified in the Prospectus. TPSL is entered on the FSA register as FSA number 119174.

Investment information for the Funds

Investment information, including historic performance, for Share Class 1 (or Share Class 2 where there is no Share Class 1) of each Fund is set out in the respective schedule to this Simplified Prospectus. In this respect, Share Class 1 has been selected as a representative share class for the purposes of displaying investment information.

Where the investment policy of a Fund contains words such as 'primarily', 'principally' or 'mainly' in the description of its investment policy, the relevant Fund will invest not less than two-thirds of the value of the property of that Fund in the specified kind of assets.

The historic performance of the Funds is not an indicator of future performance. The value of an investment in a Fund and the income that is derived from it may fall as well as rise. Capital growth is not guaranteed and investors may not recoup the original amount invested. There is no assurance that the investment objectives of any Fund will actually be achieved.

Potential investors should consider the risk factors applicable to investing in the Company and also in respect of each Fund before investing in any Fund.

For a description of the total expense ratio and the significance of portfolio turnover please refer to the section 'Fees and charges'. The total expense ratio and portfolio turnover rate for the Funds for periods previous to those recorded in the schedules to this Simplified Prospectus are available from the ACD upon request.

Risk factors

A potential investor should recognise certain risk factors before investing in the Company. These risk factors are identified below and are described in more detail in the Prospectus.

1. General risk

The investments of the Company are subject to normal market fluctuations and other risks inherent in investing in securities. There can be no assurance that any appreciation in the value of investments will occur.

2. Effect of initial charge

An initial charge (where one is imposed) may cause an investor to realise less than the amount originally invested, particularly if the Shares are redeemed after only a short period. Therefore, an investment in the Company should be viewed as a long-term investment.

3. Investments in collective investment schemes

The Funds are entitled to invest all or part of their assets in collective investment schemes, subject to the "FSA Rules" and the "OEIC Regulations" (as these terms are defined in the Prospectus), and any further restrictions or limitations applied by the ACD and set out in the Prospectus. The ACD has elected to limit such investment to 10% of the assets of the relevant Fund. This potential exposure to the asset classes of those underlying collective investment schemes needs to be considered by an investor in the context of all their investments.

4. Use of derivatives

The Funds are entitled to use derivatives, subject to the FSA Rules and the OEIC Regulations, and any further restrictions or limitations applied by the ACD and set out in the Prospectus. The use of derivatives within the Funds may increase the risk profile of the Funds. The potential exposure to derivatives needs to be considered by an investor in the context of all their investments.

5. Investing in warrants

When a Fund invests in warrants, the price per share of the Fund may fluctuate more than if the Fund was investing in the underlying security(ies) because of the greater volatility of the warrant price.

6. Suspension of dealings in Shares

In certain circumstances a shareholder's right to request the ACD to redeem or otherwise trade in Shares may be suspended. Further detail regarding this possibility is set out in the Prospectus.

7. Currency exchange rates

Depending on an investor's currency when investing in the Fund or Funds, the currency fluctuations may adversely affect the value of an investment and the level of income.

8. Hedged Share Class

There can be no guarantee that the hedging strategy applied in HSC (es) will entirely eliminate the adverse effects of changes in exchange rates between the reference currency and the hedged currency. In addition, it should be noted that hedging transactions may be entered into whether or not the currency of a HSC is declining or increasing in value relative to the reference currency or portfolio currency or portfolio currencies. Consequently, where such hedging is undertaken, it may protect investors in the relevant class against a decrease in the

value of this currency being hedged but it may also preclude investors from benefiting from an increase in the value of the currency.

9. Investment objective and investment policy

Investors should ensure that they are satisfied with the risk profile of the investment objective and investment policy of the Fund before making an investment in the Fund

10. Cash Concentration

The Funds may at any one time hold a substantial proportion of its assets in cash, near cash or money market instruments, and in exceptional circumstances, up to 100% of the Scheme Property of the Fund may be invested in this way. It might not, under such circumstances, participate fully in a rise in market values of the asset classes the Fund would otherwise invest in. Investors should refer to paragraph 26 of Appendix II.

11. Reallocation of liabilities, expenses, costs and charges

If the assets of a Fund are not sufficient to meet the liabilities, expenses, costs and charges attributable to the Fund (or share class), the ACD may re-allocate assets, liabilities, expenses, costs and charges between the Funds in a manner which is fair to the shareholders of the Company generally, and normally with reference to the net asset values of the relevant Funds.

Shareholders are not, however, liable for the debts of the Company and will not be liable to make any further payment to the Company beyond the purchase price of the Shares, including any initial charge.

The liabilities, expenses and charges directly attributable to a hedged share class will be charged to that specific hedged share class.

12. Regulatory protections

The Funds are domiciled in the United Kingdom and are subject to the regulatory protections that apply in the United Kingdom. These protections may be different to the protections that apply in the country of residence of non-United Kingdom resident investors.

13. Credit Risk

The value of a Fund may be adversely affected if any of the institutions with which the cash is invested or deposited suffers.

Specific risk factors relevant to the Funds

In addition to the above risk factors set out above that should be recognised before investing in the Company, additional risk factors apply to specific Funds. These risk factors are identified and described in the respective schedule to this Simplified

Prospectus, and should be recognised by potential investors before investing in the relevant Fund. A more detailed description of these risk factors is set out in the Prospectus.

Economic information

Taxation

The Company

The Company is currently subject to the Authorised Investment Funds (Tax) regulations 2006, as amended, and each Fund is treated as a separate entity for UK tax purposes.

The Funds are exempt from UK tax on capital gains realised on the disposal of investments including interest paying securities and derivatives held within the Funds.

From 1 July 2009 dividends received from UK and overseas companies are taxable when received by a Fund unless each dividend falls into one of five exemptions. The most relevant exemption will be that which exempts distributions in respect of portfolio holdings (holdings of 10% or less). It is anticipated that the majority of dividends will be exempt in the hands of the Funds. However, where the availability of treaty relief on withholding tax on overseas dividends from certain countries is unavailable because of a "subject to tax" clause in the relevant double tax treaty, a Fund may elect for dividends from these countries to be treated as taxable income. These dividends and all other income received by a Fund will be subject to tax (currently at a rate of 20%), after relief for expenses. Income and gains derived by a Fund in respect of non-UK investments may be subject to foreign withholding or other foreign tax in those jurisdictions. The Fund may be afforded credit for the tax suffered.

Stamp duty reserve tax ("SDRT") (currently at a rate of 0.5%) is chargeable on the value of redemptions and certain switches. A Fund's exposure to SDRT will depend on the assets held by the Fund. As an example, assets other than UK equities are "exempt investments" and SDRT will not apply to a Fund that does not hold UK equities.

No SDRT is chargeable on surrenders of Shares in the Funds for the period up to and including the date of the Prospectus.

The shareholders

The tax treatment of the income or capital gains received by individual investors will depend on the tax law applicable to the personal situation of each individual investor and/or to the place where the capital is invested.

Investors should seek professional advice from a tax adviser before investing in the Company if they wish to clarify the tax treatment that will apply to their investment in the Company.

Fees and charges payable by the investor

Initial, redemption and switching charges

Non UK investors: an initial charge of 5.0% of the gross amount invested (Class 1 Shares and Class 1 Hedged Shares Class) is levied except for the Target Return Fund and Absolute Return Bond Fund for which a 3.0% of the gross amount invested (Class 1 Shares and Class 1 Hedged Shares Class) is payable by each investor.

UK investors: an initial charge of 3.75% of the gross amount invested (Class 1 and Class 1 Hedged Share Classes) is levied except for the Absolute Return Bond Fund and the Target Return Fund, for which the initial charge payable is 3.0% (Class 1 shares and Class 1 Hedged Share Class).

No initial charge will be applied for investors in Class 2, Class 2 Hedged Share Class and Class X Shares.

The ACD may use the initial charge to remunerate intermediaries.

The ACD does not currently impose any redemption charge. If a redemption charge was imposed, it would be payable by the investor.

The ACD reserves the right to impose a switching charge where an investor switches an investment from one Fund to another Fund. The charge is payable by each investor, and cannot exceed an amount equal to the prevailing initial charge for the Class of Shares into which the switch is being made.

Reinvestment of Income

For those Funds which allow income to be reinvested, investors may elect to use their dividend income to purchase new Shares in the Fund. Where they do so investors will be entitled to a discount on the initial charge for any new shares purchased using this dividend income. For UK investors this will mean a discount of up to 2% on the charge of 3.75% (or on the charge of 3.0% on the Absolute Return Bond Fund and the Target Return Fund).

Annual management charge

An annual management charge for each Class of Shares within each Fund is payable by the investor. The annual management charge accrues daily and is payable monthly, by way of deduction directly from the investment of each investor.

The charges applicable to each Class of Shares are set out in the respective schedule to this Simplified Prospectus.

Performance fee

The ACD may be entitled to receive a performance fee in respect of the Funds dependent upon their performance with reference to a specified index. The pre-conditions for entitlement and the amount that may be paid to the ACD is set out in the respective schedule to this Simplified Prospectus and further details are set out in the Prospectus.

Dilution adjustment

The ACD may apply a dilution adjustment to the subscription or redemption of Shares. Any such adjustment would be payable by the investor. Further information regarding the circumstances in which a dilution adjustment may be applied is set out in the Prospectus.

Fees and charges paid out of the scheme property of the Fund

General

The Prospectus details a number of charges and expenses that may be incurred by the Company and that may be paid out of the scheme property of the Fund.

In addition to the above, the Prospectus details a number of general expenses that are paid by the ACD on behalf of the Company. In return for the payment of these expenses, the ACD collects a charge from the scheme property of the Fund. The charge amounts to 0.11% per annum in respect of Class 1 Shares and 0.035% per annum in respect of Class 2 and Class X Shares, except that the current charge is 0.05% per annum for Class 2 Shares of the UK Extended Alpha Fund.

Depositary's fee

The Depositary's fee is payable out of the scheme property of each Fund. The fee accrues daily and is payable monthly. The fee is calculated on a sliding scale with reference to the value of the scheme property of the Funds. The applicable fee rates are set out in the Prospectus.

Depositary's expenses

In addition to the Depositary's fee, the Depositary is entitled to the reimbursement for expenses properly incurred by it in the discharge of its duties and the exercise of the powers conferred upon it.

The Depositary has appointed the Custodian as the custodian of the scheme property, and is entitled to receive reimbursement of the Custodian's fees as an expense of each Fund. This fee includes an amount for acting as Custodian in each relevant jurisdiction, as well as transaction charges that apply to individual jurisdictions.

Stocklending

The Company currently engages in stocklending arrangements with the Custodian, acting as stocklending agent on behalf of the Depositary. Under an agreement between the Company, the Depositary, the Investment Manager and the Custodian, the Custodian is entitled to a payment for providing stocklending services to the Company. The ACD has delegated to the Investment Manager the provision of oversight services provided in connection with the stocklending activity and the Investment Manager is entitled to receive a payment for this service. The fee payable to the Custodian is calculated as a percentage of the gross income from stocklending and will be 15% of the income generated by the stocklending activity. The fee payable to the Investment Manager is calculated as a percentage of the gross income from stocklending and will be 14% of the income generated by the stocklending activity. The remaining amount of income that is generated by virtue of the stocklending activity is then applied to the Scheme Property of the Company being 71%.

The total expense ratio

The total expense ratio ("TER") shows the annual operating expenses of each Class of Shares within each Fund - it does not include transaction costs. It is disclosed to help you compare the annual operating expenses of different Funds, and of different UCITS schemes. These annual operating expenses are paid by the Fund. They are not paid directly by the investor, but they will affect the return on the investor's investment.

Certain costs are not included in the calculation of the TER. These costs include transaction costs applicable to the relevant Fund, and costs that are paid directly by investors (as set out above).

The portfolio turnover rate for each Fund is intended to describe the rate at which a Fund buys and sells its assets (taking into account the level of issues and redemptions of Shares) relative to the value of the Fund. The portfolio turnover rate is calculated in accordance with FSA methodology. The portfolio turnover rate is currently calculated as follows:

$$\frac{(A + B) - (C + D) \times 100}{E}$$

where: A = purchases of assets;
B = sales of assets;
C = subscriptions of shares;
D = redemptions of shares; and
E = average Fund value over 12 months.

The total expense ratio for each Class of Shares within each Fund together with the portfolio turnover rate for each Fund is recorded in the respective schedule to this Simplified Prospectus.

Commercial information

Buying, selling and switching Shares

Buying Shares

Shares can be bought either by sending a completed application form to the ACD or by telephoning the ACD on 0800 068 3000* if calling from the UK. Subsequent investments can be made by telephone but still require written confirmation.

Unless indicated otherwise, all deals will be processed on receipt and payment immediately becoming due.

*Please note that calls may be recorded.

A deal placed before 12 noon (UK time, normally 1300 CET) on a given dealing day (as the term "Dealing Day" is defined in the Prospectus) will receive the price calculated at 12 noon (UK time, normally 1300 CET) on that dealing day.

Settlement must be received by the ACD within the timeframe specified in the Prospectus.

Subject to the law of the relevant EEA state, an applicant may qualify for cancellation rights. The ACD will issue the right to cancel at the same time as the contract note. This will include details of how to exercise the right to cancel the investment. The right to cancel will apply within 14 days of the applicant's receipt of the contract note. Due to market movements, an applicant that elects to cancel the investment may not recoup the original amount invested. Further information on cancellation rights for UK investors may be found in the UK Supplement to this Prospectus.

In certain circumstances the ACD may reject a deal.

Selling Shares

Subject to certain criteria, every shareholder has the right to redeem his Shares on any dealing day.

Requests to redeem Shares may be made to the ACD by telephone on 0800 068 3000 for UK investors, by fax on (+44) 1793 713609 or through the post directed to the ACS Client Services Department, P.O. Box 1457, Swindon SN1 1FP.

Switching Shares

A holder of Shares may at any time switch all or some of their Shares of one Class or Fund for Shares of another Class or Fund by telephone on 0800 068 3000* for UK investors by fax on (+44) 1793 713609 or through the post directed to the ACS Client Services Department, P.O. Box 1457, Swindon SN1 1FP. Shareholder(s) may be required to complete a switching form.

* Please note that calls may be recorded.

Distributions

Accumulation Shares

Income will be allocated to the accumulation Shares (as defined in the Prospectus) throughout the income allocation period and will be credited periodically to capital in accordance with the rules of the FSA.

Income Shares

Income will be allocated to the distribution Shares (as defined in the Prospectus) and is distributed periodically to Shareholders pursuant to the rules of the FSA.

Publication of prices

The most recent price of Shares in the Funds will appear daily at www.threadneedle.com or can be obtained by telephone on 0800 0683000 for UK investors and (+44) 1793 363900* for non UK investors. Investors will be informed of any changes in the method of publication of prices in accordance with the FSA Rules.

*Please note that calls may be recorded.

Further means of publication:

Please note that, for reasons beyond the control of the ACD, these may not necessarily be the most recent prices.

Belgium

The price of Shares in the Funds will be available at www.beama.be and may also be published in the De Tijd.

Italy

The prices of Shares in the Funds may be published in the Milano Finanza.

Switzerland

The prices of Shares of the Funds registered and authorised for public offer by the Swiss financial regulator will be published electronically on a daily basis on www.swissfunddata.ch.

UK

The prices of Shares in the Funds may be published in the Financial Times newspaper.

Money laundering

Deals in the Shares and otherwise in connection with the Company are subject to the UK money laundering regulations, and further information is set out in the Prospectus.

Investors may be asked to assist the ACD in its efforts to ensure compliance by the Company and the ACD with the UK money laundering regulations.

Until satisfactory proof of identity is provided the ACD reserves the right to refuse to sell Shares or to delay processing and/or withhold any payments due to investors in respect of their investment and to discontinue any deals it is conducting on behalf of those investors.

Privacy statement

For the purposes of the UK Data Protection Act 1998, the data controller in respect of any personal information provided is the ACD. Investors will be afforded certain rights in respect of the information provided. Further detail, including the ACD's full privacy statement, is contained in the Prospectus.

Other important information

All documentation and communications by the ACD (or any company within the same group of companies, or acting on behalf of the ACD) in respect of the Company will be in English language, although it is possible that other languages will be used. All deals in the Shares are governed by the laws of England and Wales.

The distribution of this Simplified Prospectus and the offering of Shares in certain jurisdictions may be restricted. Persons into whose possession this Simplified Prospectus comes are required by the Company and the ACD to inform themselves about and to observe any such restrictions. This Simplified Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

Potential investors should not treat the contents of this Simplified Prospectus as advice relating to legal, taxation, investment or any other matters and are recommended to consult their own professional advisers concerning the acquisition, holding or disposal of Shares.

Client Categorisation

In accordance with FSA rules, we are required to categorise each of our clients. For these purposes, you will be categorised as a retail client.

Schedule 1 to Simplified Prospectus for Threadneedle Specialist Investment Funds ICVC, dated December 2010.

Pan European Accelerando Fund Investment objective

The investment objective of the Pan European Accelerando Fund is to achieve above average capital growth.

Investment Policy

The ACD's investment policy is to actively manage a concentrated portfolio of primarily European equities including UK Equities with the ability to hold cash and/or money market securities in order to enable the pursuit of the Fund's investment objective. This approach means that the ACD has the flexibility to take significant stock and sector positions, which may lead to increased levels of volatility. The portfolio will primarily consist of equities of companies domiciled in Europe including the UK or which have a significant part of their economic activities in Europe and/or the UK. Where securities are non-euro denominated they may be hedged into Euros. If the ACD considers it desirable it may hold a substantial proportion or all of the Fund in cash and/or money market instruments.

Investor Profile

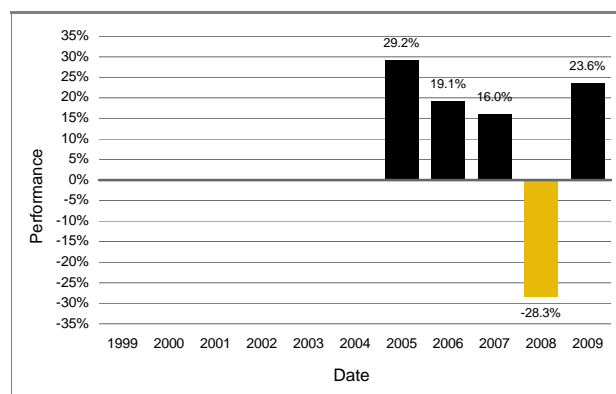
The Fund may be suitable for investors with a long term investment horizon seeking above average capital growth who are prepared to tolerate large price fluctuations. If investors are uncertain if the Fund is suitable for them, they are advised to contact a financial adviser.

Investment Information

The performance of Class 1 Shares of the Fund is set out below. The performance figures exclude the effect of the initial charge and are calculated on the basis of the price an investor would get on redeeming their Shares with dividend income treated in the manner applicable to an individual resident in the United Kingdom for tax purposes. The assets of the Fund are predominantly invested in assets denominated in Euro. Where the performance data is not determined in this currency investors will be exposed to fluctuation in exchange rates which could enhance or diminish the total return. The annual charges applicable to the Fund are included in the calculation of performance.

GBP Performance

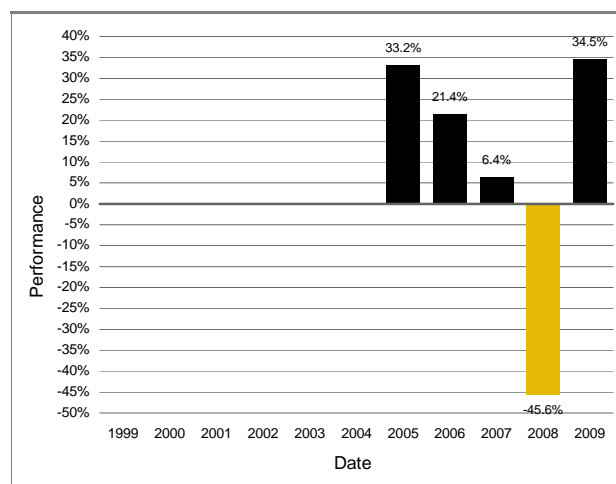
The annual returns of Class 1 Shares in GBP of the Fund from 31 July 2004 to 31 December 2009 have been as follows:



Cumulative performance of Class 1 Shares in GBP of the Fund from 31 July 2004 to 31 October 2010 is 106.91%.

Euro Performance

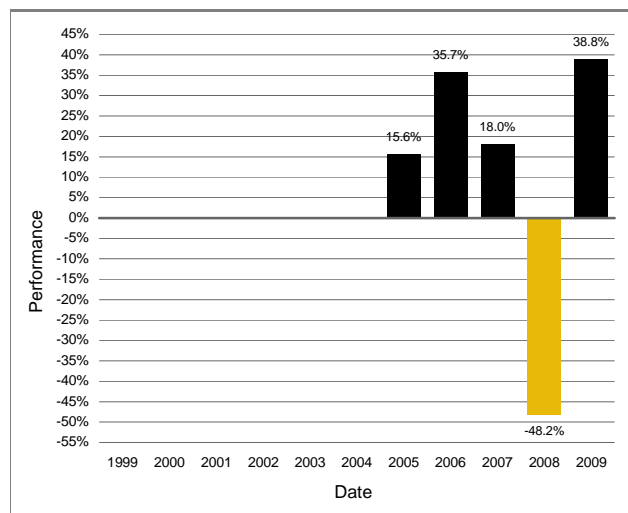
The annual returns of Class 1 Shares in Euro of the Fund from 31 July 2004 to 31 December 2009 have been as follows:



Cumulative performance of Class 1 Shares in Euro of the Fund from 31 July 2004 to 31 October 2010 is 57.58%.

USD Performance

The annual returns of Class 1 Shares in USD of the Fund from 31 July 2004 to 31 December 2009 have been as follows:



Cumulative performance of Class 1 Shares in USD of the Fund from 31 July 2004 to 31 October 2010 is 81.92%.

Annual management charges

An annual management charge of 1.5% (Class 1 Shares) and 1.0 (Class 2 Shares) applies.

Total expense ratio

The total expense ratio from 1 May 2009 to 31 March 2010 was 1.66% (Class 1) and 1.09% (Class 2).

Performance fee

The ACD will be entitled to receive a performance fee if the NAV per share of the Fund (calculated at market close) outperforms the MSCI Europe Index Inc UK (with income reinvested calculated at market close) by 1.5% or more over the performance period, being 1 January to 31 December. The fee is set at 20% of the out performance and is payable yearly in the month immediately following the end of the calendar year. Further information is available in the Prospectus.

Portfolio turnover rate

The portfolio turnover rate for the Fund from 1 May 2009 to 30 April 2010 was 634%.

Risk factors

The risk factors that are associated with Investing in Threadneedle Specialist Investment Funds ICVC are set out in the Simplified Prospectus. In addition to those risks, investors should consider the following risks that are associated with investing in the Fund:

Concentrated portfolios

The Fund has a concentrated portfolio (holds a limited number of investments and/or large positions taken in a relatively small

number of stocks). If one or more of those investments declines or is otherwise adversely affected, it may have a more pronounced effect on the Fund's value than if a larger number of investments were held or if the Fund had fewer individual positions.

Accordingly they may carry a higher degree of risk and net asset value volatility than a fund which invests in a broad range of companies or does not take large positions in a relatively small number of stocks.

Schedule 2 to Simplified Prospectus for Threadneedle Specialist Investment Funds ICVC, dated December 2010.

UK Extended Alpha Fund Investment objective

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

Investment Policy

The ACD's investment policy is to actively manage an exposure primarily to a concentrated portfolio of UK equities i.e. equities of companies domiciled in the UK or which have significant UK operations, by investing directly or indirectly in such securities. This approach means that the ACD has the flexibility to take significant stock and sector positions which may lead to increased levels of volatility. If the ACD considers it desirable it may further invest up to one third of the assets of the Fund in markets outside the United Kingdom. The Fund's exposure may be gained through long and short positions. The ACD may take long and short positions through the use of derivatives and forward transactions. In addition in order to gain long exposure, the ACD may invest in equities, collective investment schemes including exchange traded funds and/or related indices. If the ACD considers it desirable, it may hold a substantial proportion or all of the Fund in cash and/or other securities (including fixed interest securities and money market instruments).

Investor Profile

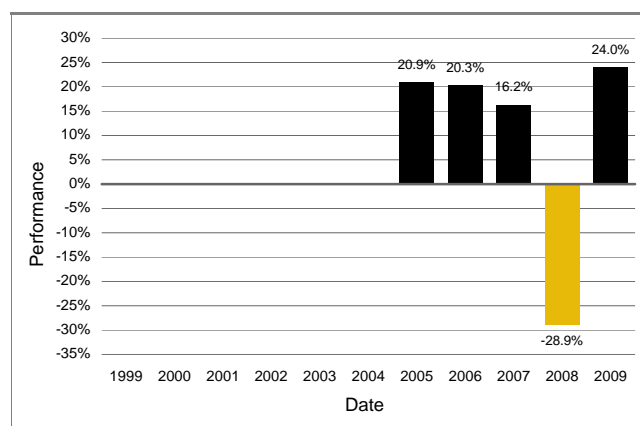
The Fund may be suitable for investors with a long term investment horizon seeking above average capital growth who are prepared to tolerate large price fluctuations. If investors are uncertain if the Fund is suitable for them, they are advised to contact a financial adviser.

Investment Information

The performance of Class 1 Shares of the Fund is set out below. The performance figures exclude the effect of the initial charge and are calculated on the basis of the price an investor would get on redeeming their Shares with dividend income treated in the manner applicable to an individual resident in the United Kingdom for tax purposes. The assets of the Fund are predominantly invested in assets denominated in GBP. Where the performance data is not determined in this currency investors will be exposed to fluctuation in exchange rates which could enhance or diminish the total return. The annual charges applicable to the Fund are included in the calculation of performance.

GBP Performance

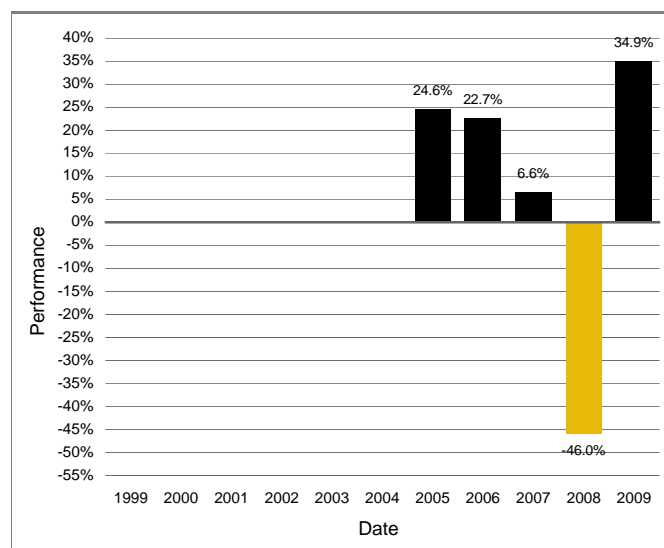
The annual returns of Class 1 Shares in GBP of the Fund from 30 September 2004 to 31 December 2009 have been as follows:



Cumulative performance of Class 1 Shares in GBP of the Fund from 30 September 2004 to 31 October 2010 is 63.82%.

Euro Performance

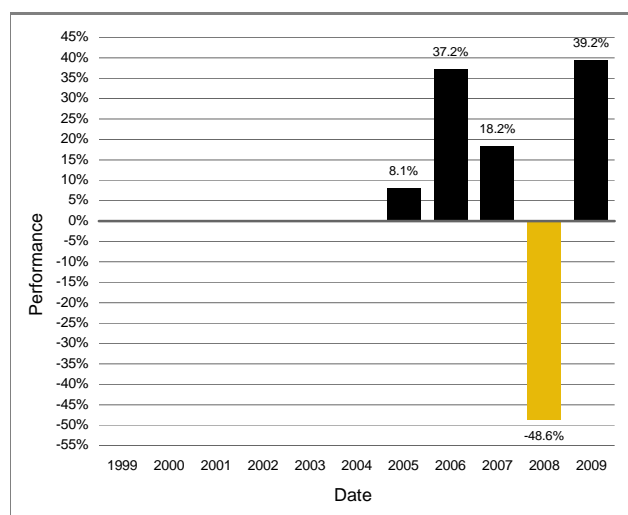
The annual returns of Class 1 Shares in Euro of the Fund from 30 September 2004 to 31 December 2009 have been as follows:



Cumulative performance of Class 1 Shares in Euro of the Fund from 30 September 2004 to 31 October 2010 is 29.34%.

USD Performance

The annual returns of Class 1 Shares in USD of the Fund from 30 September 2004 to 31 December 2009 have been as follows:



Cumulative performance of Class 1 Shares in USD of the Fund from 30 September 2004 to 31 October 2010 is 44.74%.

Annual management charges

An annual management charge of 1.25% (Class 1 Shares) and 0.75 (Class 2 Shares) applies.

Total expense ratio

The total expense ratio from 1 May 2009 to 31 March 2010 was 1.47% (Class 1) and 0.91% (Class 2).

Performance fee

The ACD will be entitled to receive a performance fee if the NAV per share of the Fund (calculated at market close) outperforms the FTSE All Share Index (with income reinvested calculated at market close) by 2% or more over the performance period, being 1 January to 31 December. The fee is set at 20% of the out performance and is payable yearly in the month immediately following the end of the calendar year. Further information is available in the Prospectus.

Portfolio turnover rate

The portfolio turnover rate for the Fund from 1 May 2009 to 30 April 2010 was 252%.

Risk factors

The risk factors that are associated with Investing in Threadneedle Specialist Investment Funds ICVC are set out in the Simplified Prospectus. In addition to those risks, investors should consider the following risks that are associated with investing in the Fund:

Concentrated portfolios

The Fund has a concentrated portfolio (holds a limited number of investments and/or large positions taken in a relatively small number of stocks). If one or more of those investments declines or is otherwise adversely affected, it may have a more pronounced effect on the Fund's value than if a larger number of investments were held or if the Fund had fewer individual positions.

Accordingly they may carry a higher degree of risk and net asset value volatility than a fund which invests in a broad range of companies and/or does not take large positions in a relatively small number of stocks.

Use of derivatives and forward transactions

The Fund uses derivatives and forward transactions for both EPM and investment purposes including short selling and leverage. The use of derivatives and forward transactions for EPM will not increase the risk profile of the Fund. The use of derivatives for investment purposes may increase the risk profile of the Fund.

Short sales and Leverage

The Fund's exposure involves short sales of securities and leverage which increases the risk of the Fund. The term "short sales" refers to an exposure through derivatives to the selling of securities that are not owned by the seller at the time of the sale in anticipation that its value will fall. However, if the value of that security increases, it will have a negative effect on the Fund's value. In a rising market, leverage can enhance returns to Shareholders but if the market falls, losses may be greater.

These "Risk factors" must be understood before making an investment in the Fund.

Schedule 3 to Simplified Prospectus for Threadneedle Specialist Investment Funds ICVC, dated December 2010.

UK Mid 250 Fund Investment objective

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

Investment Policy

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

Investor Profile

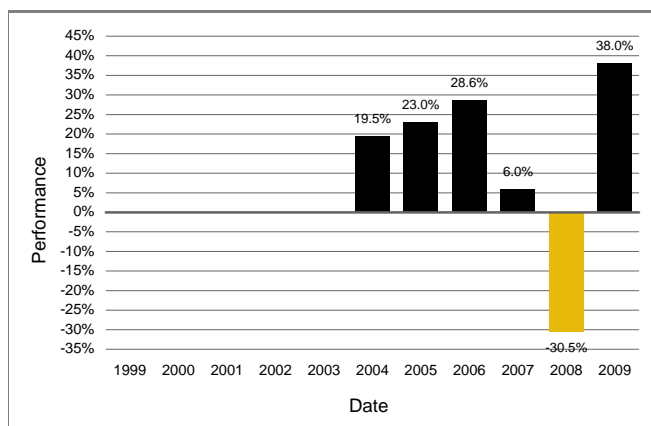
The Fund may be suitable for investors with a long term investment horizon seeking capital growth who are prepared to tolerate large price fluctuations. If investors are uncertain if the Fund is suitable for them, they are advised to contact a financial adviser.

Investment Information

The performance of Class 1 Shares of the Fund is set out below. The performance figures exclude the effect of the initial charge and are calculated on the basis of the price an investor would get on redeeming their Shares with dividend income treated in the manner applicable to an individual resident in the United Kingdom for tax purposes. The assets of the Fund are predominantly invested in assets denominated in GBP. Where the performance data is not determined in this currency investors will be exposed to fluctuation in exchange rates which could enhance or diminish the total return. The annual charges applicable to the Fund are included in the calculation of performance.

GBP Performance

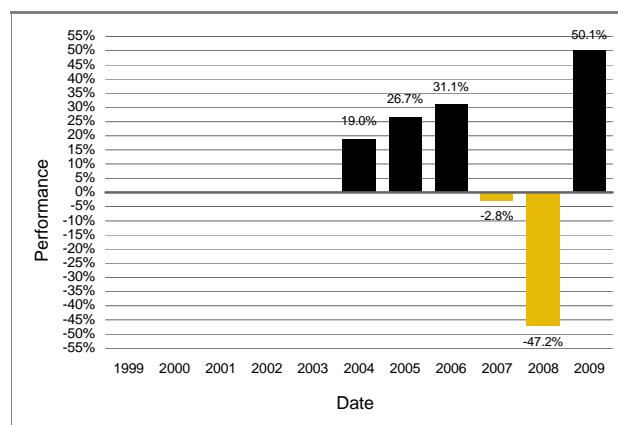
The annual returns of Class 1 Shares in GBP of the Fund from 30 September 2003 to 31 December 2009 have been as follows:



Cumulative performance of Class 1 Shares in GBP of the Fund from 30 September 2003 to 31 October 2010 is 135.57%.

Euro Performance

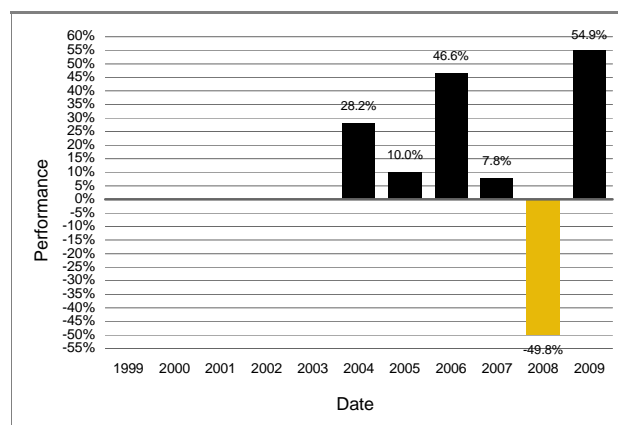
The annual returns of Class 1 Shares in Euro of the Fund from 30 September 2003 to 31 December 2009 have been as follows:



Cumulative performance of Class 1 Shares in Euro of the Fund from 30 September 2003 to 31 October 2010 is 89.94%.

USD Performance

The annual returns of Class 1 Shares in USD of the Fund from 30 September 2003 to 31 December 2009 have been as follows:



Cumulative performance of Class 1 Shares in USD of the Fund from 30 September 2003 to 31 October 2010 is 126.70%.

Annual management charges

An annual management charge of 1.5% (Class 1 Shares) and 1.0% (Class 2 Shares) applies.

Total expense ratio

The total expense ratio from 1 May 2009 to 31 March 2010 was 1.66% (Class 1) and 1.08% (Class 2).

Portfolio turnover rate

The portfolio turnover rate for the Fund from 1 May 2009 to 30 April 2010 was 133%.

Risk factors

The risk factors that are associated with Investing in Threadneedle Specialist Investment Funds ICVC are set out in the Simplified Prospectus. In addition to those risks, investors should consider the following risks that are associated with investing in the Fund:

Mid-cap companies

The NAV of the UK Mid 250 Fund may fluctuate more than a fund invested in larger cap companies because of the greater volatility of share prices of mid-cap companies.

Schedule 4 to Simplified Prospectus for Threadneedle Specialist Investment Funds ICVC, dated December 2010.

Absolute Return Bond Fund Investment objective

The investment objective of the Absolute Return Bond Fund is to achieve a total positive return in all markets conditions.

Investment Policy

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

Investor Profile

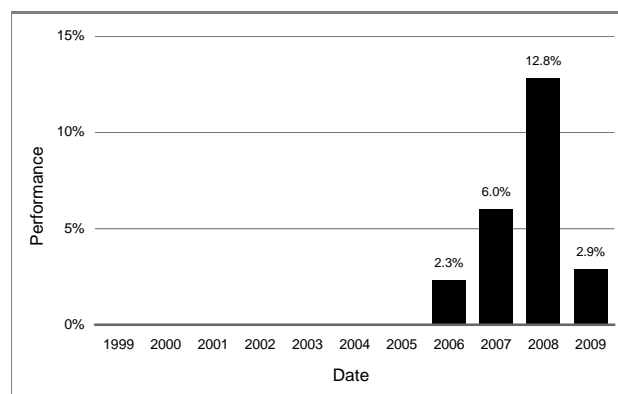
The Fund may be suitable for investors with a medium term investment horizon seeking a total positive return who are prepared to tolerate moderate price fluctuations. If investors are uncertain if the Fund is suitable for them, they are advised to contact a financial adviser.

Investment Information

The performance of Class 1 Shares of the Fund is set out below. The performance figures exclude the effect of the initial charge and are calculated on the basis of the price an investor would get on redeeming their Shares with dividend income treated in the manner applicable to an individual resident in the United Kingdom for tax purposes. The assets of the Fund are predominantly invested in assets denominated in GBP. Where the performance data is not determined in this currency investors will be exposed to fluctuation in exchange rates which could enhance or diminish the total return. The annual charges applicable to the Fund are included in the calculation of performance.

GBP Performance

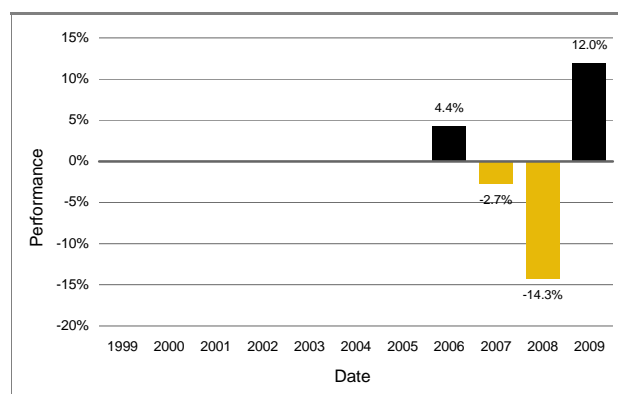
The annual returns of Class 1 Shares in GBP of the Fund from 31 October 2005 to 31 December 2009 have been as follows:



Cumulative performance of Class 1 Shares in GBP of the Fund from 31 October 2005 to 31 October 2010 is 25.55%.

Euro Performance

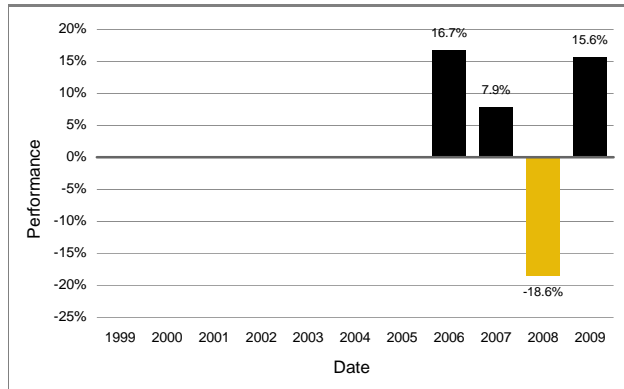
The annual returns of Class 1 Shares in Euro of the Fund from 31 October 2005 to 31 December 2009 have been as follows:



Cumulative performance of Class 1 Shares in Euro of the Fund from 31 October 2005 to 31 October 2010 is -2.28%.

USD Performance

The annual returns of Class 1 Shares in USD of the Fund from 31 October 2005 to 31 December 2009 have been as follows:



Cumulative performance of Class 1 Shares in USD of the Fund from 31 October 2005 to 31 October 2010 is 13.39%.

Annual management charges

An annual management charge of 1.25% (Class 1 Shares) and 0.65% (Class 2 Shares) applies.

Total expense ratio

The total expense ratio from 1 May 2009 to 31 March 2010 was 1.37% (Class 1) and 0.69% (Class 2).

Portfolio turnover rate

The portfolio turnover rate for the Fund from 1 May 2009 to 30 April 2010 was 234%.

Risk factors

The risk factors that are associated with Investing in Threadneedle Specialist Investment Funds ICVC are set out in the Simplified Prospectus. In addition to those risks, investors should consider the following risks that are associated with investing in the Fund:

1. No guarantee of capital

Investors should note that the Funds do not offer any form of guarantee with respect to investment performance and no form of capital protection will apply.

2. Investment in derivatives and forward transactions

The Absolute Return Fund will use derivatives and forward transactions for both EPM and short selling and leverage.

The Absolute Return Fund exposure to short sales of investments and leverage increases the risk of the Fund and may carry a higher degree of volatility than a fund which does not gain short exposure. Leverage has the overall effect of increasing positive returns, but causes a faster decrease in the value of assets if prices fall. These techniques may be

achieved through the use of derivatives and forward transactions.

The use of derivatives and forward transactions for EPM will not increase the risk profile of the Fund.

In addition the ACD is permitted to use certain techniques when investing in derivatives to manage the Fund's exposure to particular counterparties and in relation to the use of collateral to reduce the exposure to over the counter ("OTC") derivatives.

3. Short sales and Leverage

The Fund's exposure involves short sales of securities and leverage which increases the risk of the Fund. The term "short sales" refers to an exposure to the selling of securities that are not owned by the seller at the time of the sale in anticipation that its value will fall. However, if the value of that security increases, it will have a negative effect on the Fund's value. In a rising market, leverage can enhance returns to Shareholders but if the market falls, losses may be greater.

4. Fixed income Fund

The interest rate on corporate bonds and most government bonds will not increase in line with inflation. Thus, over time, the real value of investor's income could fall.

Schedule 5 to Simplified Prospectus for Threadneedle Specialist Investment Funds ICVC, dated December 2010.

Target Return Fund Investment objective

The investment objective of the Target Return Fund is to target a total positive return in Euros in all market conditions.

Investment Policy

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

Investor Profile

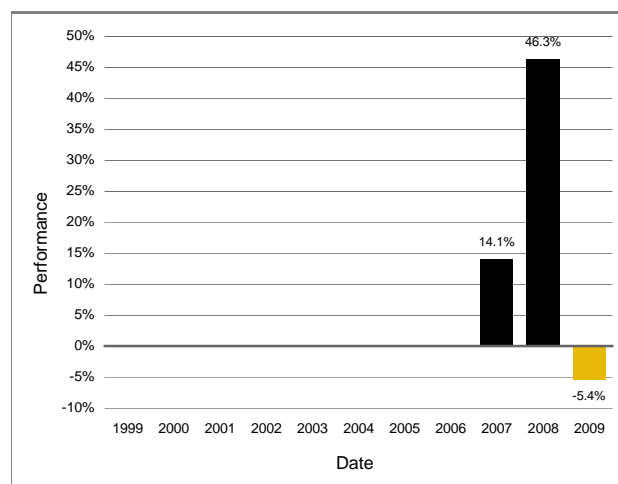
The Fund may be suitable for investors with a medium term investment horizon seeking a total positive return who are prepared to tolerate moderate price fluctuations. If investors are uncertain if the Fund is suitable for them, they are advised to contact a financial adviser.

Investment Information

The performance of Class 1 Shares of the Fund is set out below. The performance figures exclude the effect of the initial charge and are calculated on the basis of the price an investor would get on redeeming their Shares with dividend income treated in the manner applicable to an individual resident in the United Kingdom for tax purposes. The assets of the Fund are predominantly invested in assets denominated in Euro. Where the performance data is not determined in this currency investors will be exposed to fluctuation in exchange rates which could enhance or diminish the total return. The annual charges applicable to the Fund are included in the calculation of performance.

GBP Performance

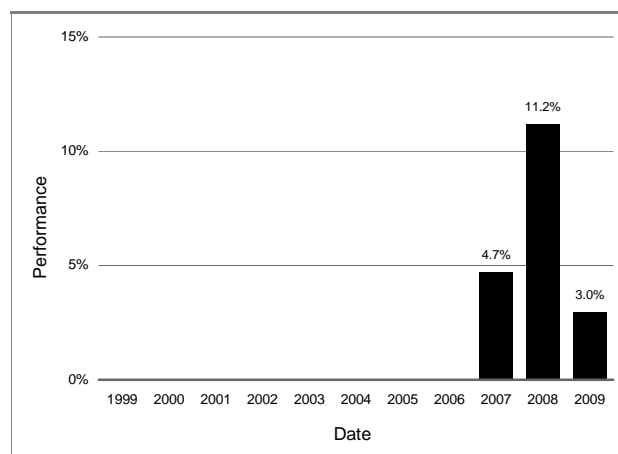
The annual returns of Class 1 Shares in GBP of the Fund from 30 April 2006 to 31 December 2009 have been as follows:



Cumulative performance of Class 1 Shares in GBP of the Fund from 30 April 2006 to 31 October 2010 is 49.05%.

Euro Performance

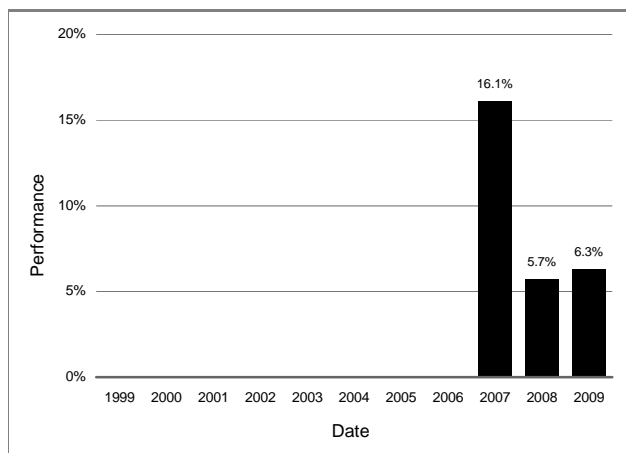
The annual returns of Class 1 Shares in Euro of the Fund from 30 April 2006 to 31 December 2009 have been as follows:



Cumulative performance of Class 1 Shares in Euro of the Fund from 30 April 2006 to 31 October 2010 is 18.82%.

USD Performance

The annual returns of Class 1 Shares in USD of the Fund from 30 April 2006 to 31 December 2009 have been as follows:



Cumulative performance of Class 1 Shares in USD of the Fund from 30 April 2006 to 31 October 2010 is 31.11%.

Annual management charges

An annual management charge of 1.25% (Class 1 Shares) and 0.65% (Class 2 Shares) applies.

Total expense ratio

The total expense ratio from 1 May 2009 to 31 March 2010 was 1.37% for Class 1 and 0.69% for Class 2 Shares.

Portfolio turnover rate

The portfolio turnover rate for the Fund from 1 May 2009 to 30 April 2010 was 129%.

Risk factors

The risk factors that are associated with Investing in Threadneedle Specialist Investment Funds ICVC are set out in the Simplified Prospectus. In addition to those risks, investors should consider the following risks that are associated with investing in the Fund:

1. No guarantee of capital

Investors should note that the Funds do not offer any form of guarantee with respect to investment performance and no form of capital protection will apply.

2. Investment in derivatives and forward transactions

The Target Return Fund will use derivatives and forward transactions for both EPM and short selling and leverage.

The Target Return Fund exposure to short sales of investments and leverage increases the risk of the Fund and may carry a higher degree of volatility than a fund which does not gain short exposure. Leverage has the overall effect of increasing positive returns, but causes a faster decrease in the value of assets if

prices fall. These techniques may be achieved through the use of derivatives and forward transactions.

The use of derivatives and forward transactions for EPM will not increase the risk profile of the Fund.

In addition the ACD is permitted to use certain techniques when investing in derivatives to manage the Fund's exposure to particular counterparties and in relation to the use of collateral to reduce the exposure to over the counter ("OTC") derivatives.

3. Short sales and Leverage

The Fund's exposure involves short sales of securities and leverage which increases the risk of the Fund. The term "short sales" refers to an exposure to the selling of securities that are not owned by the seller at the time of the sale in anticipation that its value will fall. However, if the value of that security increases, it will have a negative effect on the Fund's value. In a rising market, leverage can enhance returns to Shareholders but if the market falls, losses may be greater.

4. Fixed income Fund

The interest rate on corporate bonds and most government bonds will not increase in line with inflation. Thus, over time, the real value of investor's income could fall.

Schedule 6 to Simplified Prospectus for Threadneedle Specialist Investment Funds ICVC, dated December 2010.

Global Emerging Markets Equity Fund Investment objective

The investment objective of the Global Emerging Markets Equity Fund is to achieve long-term capital growth.

Investment Policy

The investment policy is to invest the assets of the Fund primarily in equities of Emerging Markets companies. These are defined as companies domiciled in and/or whose significant activities are in Emerging Market countries. Emerging Market countries are those characterised as developing or emerging by the World Bank, the United Nations or the MSCI Emerging Markets Free Index.

If the ACD considers it desirable, it may further invest up to one-third of the total assets of the Fund in other securities (including fixed interest securities, other equities and money market securities).

In addition, the ACD may use derivatives and forward transactions for purposes that are limited to efficient portfolio management.

Investor Profile

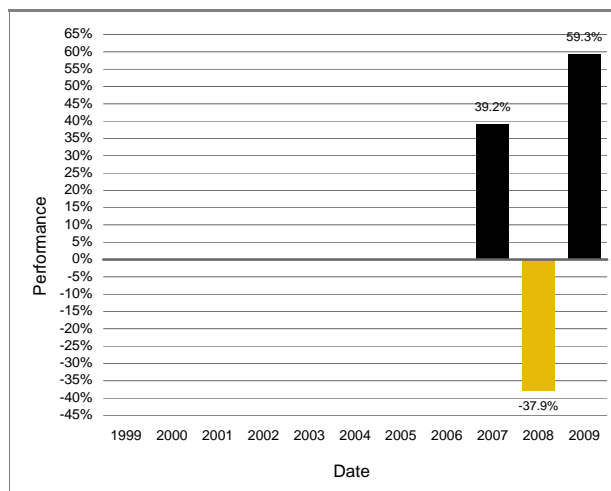
The Fund may be suitable for investors with a long term investment horizon seeking capital growth who are prepared to tolerate large price fluctuations. If investors are uncertain if the Fund is suitable for them, they are advised to contact a financial adviser.

Investment information

The performance of Class 1 Shares of the Fund is set out below. The performance figures exclude the effect of the initial charge and are calculated on the basis of the price an investor would get on redeeming their Shares with dividend income treated in the manner applicable to an individual resident in the United Kingdom for tax purposes. The assets of the Fund are predominantly invested in assets denominated in GBP. Where the performance data is not determined in this currency investors will be exposed to fluctuation in exchange rates which could enhance or diminish the total return. The annual charges applicable to the Fund are included in the calculation of performance.

GBP Performance

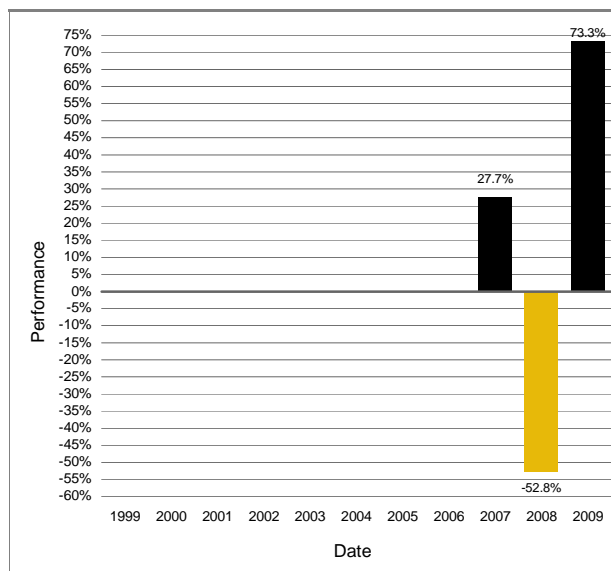
The annual returns of Class 1 Shares in GBP of the Fund from 31 March 2006 to 31 December 2009 have been as follows:



Cumulative performance of Class 1 Shares in GBP of the Fund from 31 March 2006 to 31 October 2010 is 74.83%.

Euro Performance

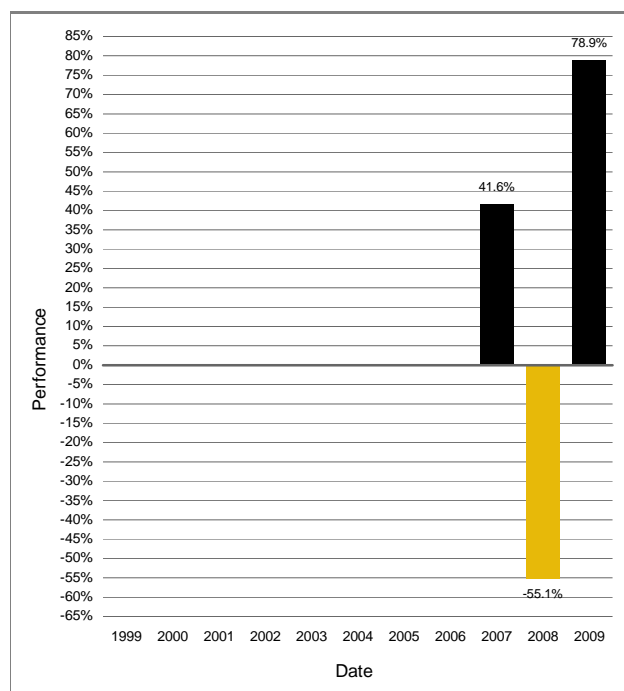
The annual returns of Class 1 Shares in Euro of the Fund from 31 March 2006 to 31 December 2009 have been as follows:



Cumulative performance of Class 1 Shares in Euro of the Fund from 31 March 2006 to 31 October 2010 is 40.31%.

USD Performance

The annual returns of Class 1 Shares in USD of the Fund from 31 March 2006 to 31 December 2009 have been as follows:



Cumulative performance of Class 1 Shares in USD of the Fund from 31 March 2006 to 31 October 2010 is 61.15%.

Annual management charge

An annual management charge of 1.50% (Class 1 Shares) and 1.00% (Class 2 Shares) applies.

Total expense ratio

The total expense ratio from 1 May 2009 to 31 March 2010 was 1.68% for Class 1 and 1.11% for Class 2 Shares.

Portfolio turnover rate

The portfolio turnover rate for the Fund from 1 May 2009 to 30 April 2010 was 175%.

Risk factors

The risk factors that are associated with Investing in Threadneedle Specialist Investment Funds ICVC are set out in the Simplified Prospectus. In addition to those risks, investors should consider the following risks that are associated with investing in the Fund:

1. Emerging market risk

The Fund invests in emerging markets, which may carry risks associated with failed or delayed settlements of market transactions and with registration and custody of securities. Emerging markets are generally less well regulated than their established counterparts. Investments in emerging markets may involve a higher than average risk,

2. Taxation

Tax, levies, duties and other fees or charges may apply to the proceeds of sale of securities or the receipt of dividends or other income in some markets. It is also possible that the current interpretation of the law or understanding of local practice might change, or that the law might be changed with retrospective effect. It is therefore possible that the Company could become subject to additional taxation in such countries that is not anticipated either at the date of the Prospectus or when investments are made, valued or disposed of.

Schedule 7 to Simplified Prospectus for Threadneedle Specialist Investment Funds ICVC, dated December 2010.

UK Equity Alpha Income Fund Investment objective

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

Investment Policy

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

Investor Profile

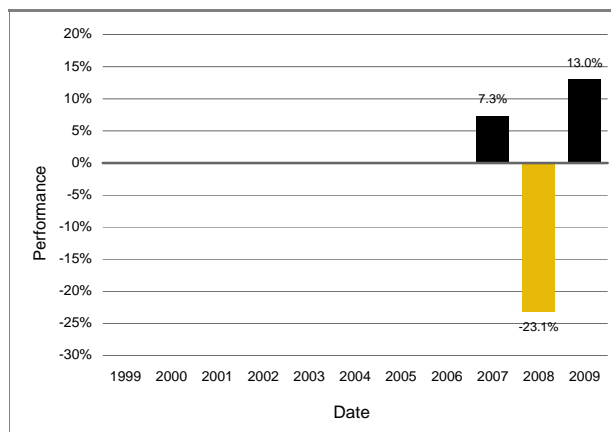
The Fund may be suitable for investors with a long term investment horizon seeking a reasonable and growing income with prospects for capital growth who are prepared to tolerate large price fluctuations. If investors are uncertain if the Fund is suitable for them, they are advised to contact a financial adviser.

Investment Information

The performance of Class 1 Shares of the Fund is set out below. The performance figures exclude the effect of the initial charge and are calculated on the basis of the price an investor would get on redeeming their Shares with dividend income treated in the manner applicable to an individual resident in the United Kingdom for tax purposes. The assets of the Fund are predominantly invested in assets denominated in GBP. Where the performance data is not determined in this currency investors will be exposed to fluctuation in exchange rates which could enhance or diminish the total return. The annual charges applicable to the Fund are included in the calculation of performance.

GBP Performance

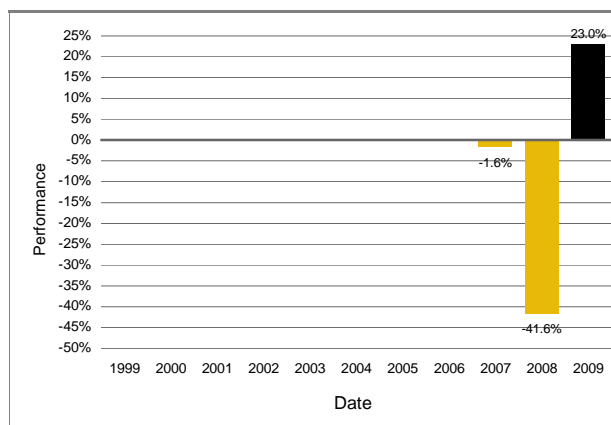
The annual returns of Class 1 Shares in GBP of the Fund from 31 May 2006 to 31 December 2009 have been as follows:



Cumulative performance of Class 1 Shares in GBP of the Fund from 31 May 2006 to 31 October 2010 is 22.00%.

Euro Performance

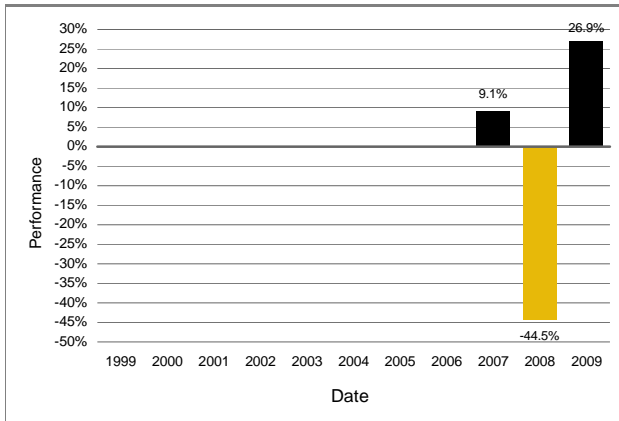
The annual returns of Class 1 Shares in Euro of the Fund from 31 May 2006 to 31 December 2009 have been as follows:



Cumulative performance of Class 1 Shares in Euro of the Fund from 31 May 2006 to 31 October 2010 is -3.67%.

USD Performance

The annual returns of Class 1 Shares in USD of the Fund from 31 May 2006 to 31 December 2009 have been as follows:



Cumulative performance of Class 1 Shares in USD of the Fund from 31 May 2006 to 31 October 2010 is 4.24%.

Annual management charges

An annual management charge of 1.50% (Class 1 Shares) and 1.0% (Class 2 Shares) applies.

Total expense ratio

The total expense ratio from 1 May 2009 to 31 March 2010 was 1.63% for Class 1 and 1.05% for Class 2 Shares.

Portfolio turnover rate

The portfolio turnover rate for the Fund from 1 May 2009 to 30 April 2020 was 373%.

Risk factors

The risk factors that are associated with Investing in Threadneedle Specialist Investment Funds ICVC are set out in the Simplified Prospectus. In addition to those risks, investors should consider the following risks that are associated with investing in the Fund:

1. Risk to capital growth

The investment objective of the Fund treats the generation of income as a higher (or equivalent) priority than capital growth. Accordingly, fees and expenses charged in respect of the Fund may be charged against capital (instead of against income) in order to manage the level of income paid and/or available to shareholders. This may result in capital erosion or may constrain capital growth.

2. Concentrated portfolios

The Fund has a concentrated portfolio (holds a limited number of investments and/or large positions taken in a relatively small number of stocks) and if one or more of those investments declines or is otherwise adversely affected, it may have a more pronounced effect on the Fund's value than if a larger number

of investments were held or if the Fund had fewer individual positions.

Accordingly they may carry a higher degree of risk and net asset value volatility than a fund which invests in a broad range of companies and/or does not take a large position in a relatively small number of stocks.

Schedule 8 to Simplified Prospectus for Threadneedle Specialist Investment Funds ICVC, dated December 2010.

Global Equity Income Fund

Investment objective

The investment objective of the Global Equity Income Fund is to achieve a high and growing income over the long term combined with prospects for capital growth.

Investment policy

The ACD's investment policy is to invest no less than two-thirds of the gross assets of the Fund in Global equities. Income will be in the form of dividend distribution.

If the ACD considers it desirable it may further invest up to one third of the total assets of the Fund in derivatives, forward transactions and other securities (including fixed interest securities and money market securities) deposits and cash.

Investor Profile

The Fund may be suitable for investors with a long term investment horizon seeking a high and growing income with prospects for capital growth who are prepared to tolerate large price fluctuations. If investors are uncertain if the Fund is suitable for them, they are advised to contact a financial adviser.

Investing in derivatives and forward transactions

The Global Equity Income Fund currently uses derivatives for efficient portfolio management purposes only; however the policy allows the use of derivatives for investment purposes in the future. Shareholders will be given 60 days prior written notice of any proposal to use derivatives for investment purposes and the Prospectus will be updated accordingly.

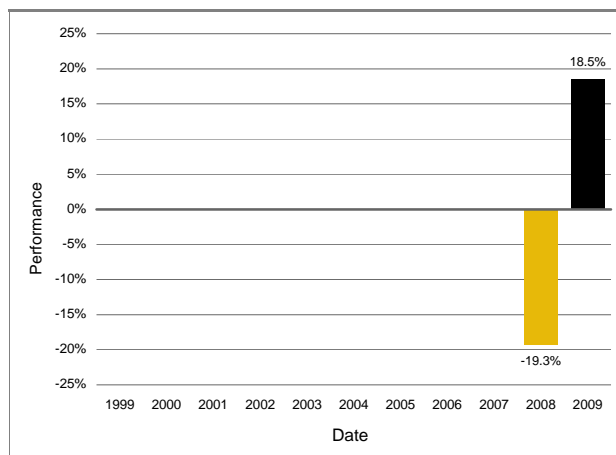
The use of derivatives for efficient portfolio management is not intended to materially change the risk profile of the Fund.

Investment Information

The performance of Class 1 Shares of the Fund is set out below. The performance figures exclude the effect of the initial charge and are calculated on the basis of the price an investor would get on redeeming their Shares with dividend income treated in the manner applicable to an individual resident in the United Kingdom for tax purposes. The assets of the Fund are predominantly invested in assets denominated in USD. Where the performance data is not determined in this currency investors will be exposed to fluctuation in exchange rates which could enhance or diminish the total return. The annual charges applicable to the Fund are included in the calculation of performance.

GBP Performance

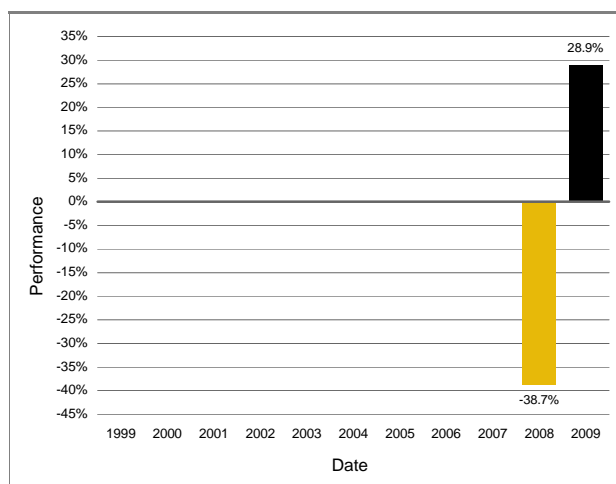
The annual returns of Class 1 Shares in GBP of the Fund from 30 June 2007 to 31 December 2009 have been as follows:



Cumulative performance of Class 1 Shares in GBP of the Fund from 30 June 2007 to 31 October 2010 11.92%.

Euro Performance

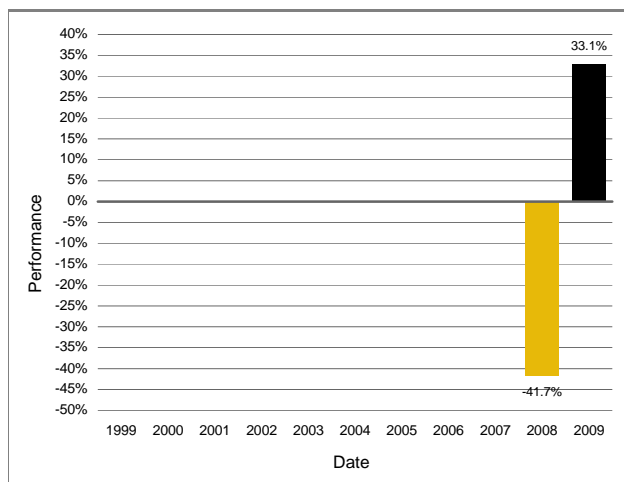
The annual returns of Class 1 Shares in Euro of the Fund from 30 June 2007 to 31 December 2009 have been as follows:



Cumulative performance of Class 1 Shares in Euro of the Fund from 30 June 2007 to 31 October 2010 is -13.34%.

USD Performance

The annual returns of Class 1 Shares in USD of the Fund from 30 June 2007 to 31 December 2009 have been as follows:



Cumulative performance of Class 1 Shares in USD of the Fund from 30 June 2007 to 31 October 2010 is -10.81%.

Annual management charges

An annual management charge of 1.50% (Class 1 Shares) and 1.0% (Class 2 Shares) applies.

Total expense ratio

The total expense ratio from 1 May 2009 to 31 March 2010 was 1.69% for Class 1 and 1.11% for Class 2 Shares.

Portfolio turnover rate

The portfolio turnover rate for the Fund from 1 May 2009 to 30 April 2010 was 68%.

Risk factors

The risk factors that are associated with Investing in Threadneedle Specialist Investment Funds ICVC are set out in the Simplified Prospectus. In addition to those risks, investors should consider the following risks that are associated with investing in the Fund:

1. Risk to capital growth

The investment objective of the Fund treats the generation of income as a higher (or equivalent) priority than capital growth. Accordingly, fees and expenses charged in respect of the Fund may be charged against capital (instead of against income) in order to manage the level of income paid and/or available to shareholders. This may result in capital erosion or may constrain capital growth.

2. Emerging market risk

The Fund invests in emerging markets, which may carry risks associated with failed or delayed settlements of market transactions and with registration and custody of securities. Emerging markets are generally less well regulated than their

established counterparts. Investments in emerging markets may involve a higher than average risk,

3. Taxation

Tax, levies, duties and other fees or charges may apply to the proceeds of sale of securities or the receipt of dividends or other income in some markets. It is also possible that the current interpretation of the law or understanding of local practice might change, or that the law might be changed with retrospective effect. It is therefore possible that the Company could become subject to additional taxation in such countries that is not anticipated either at the date of the Prospectus or when investments are made, valued or disposed of.

Schedule 9 to Simplified Prospectus for Threadneedle Specialist Investment Funds ICVC, dated December 2010.

Pan European Equity Dividend Fund Investment objective

The investment objective of the Pan European Equity Dividend Fund is to achieve a reasonable and growing income combined with prospects for capital growth from a portfolio of Pan European Equities.

Investment Policy

The ACD's investment policy is to invest the assets of the Fund primarily in the equities of companies domiciled in Continental Europe and the UK or with significant Continental European and UK activities.

The ACD will look to invest in companies that exhibit a high potential for paying above average dividends.

If the ACD considers it desirable it may further invest up to one third of the total assets of the fund in other securities (including fixed interest securities, other equities, money market securities, cash and near cash).

Investor Profile

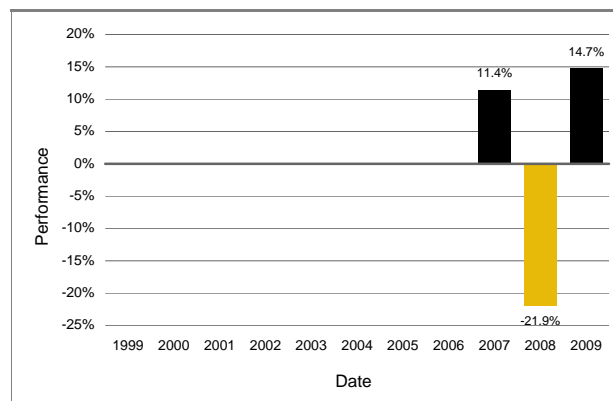
The Fund may be suitable for investors with a long term investment horizon seeking a reasonable and growing income with prospects for capital growth who are prepared to tolerate large price fluctuations. If investors are uncertain if the Fund is suitable for them, they are advised to contact a financial adviser.

Investment Information

The performance of Class 1 Shares of the Fund is set out below. The performance figures exclude the effect of the initial charge and are calculated on the basis of the price an investor would get on redeeming their Shares with dividend income treated in the manner applicable to an individual resident in the United Kingdom for tax purposes. The assets of the Fund are predominantly invested in assets denominated in Euro. Where the performance data is not determined in this currency investors will be exposed to fluctuation in exchange rates which could enhance or diminish the total return. The annual charges applicable to the Fund are included in the calculation of performance.

GBP Performance

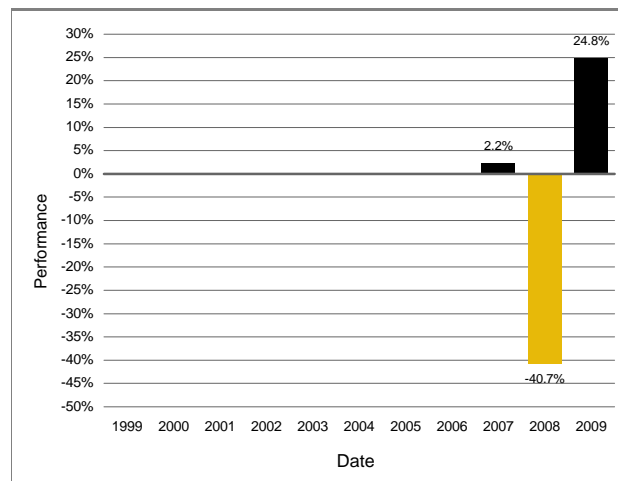
The annual returns of Class 1 Shares in GBP of the Fund from 31 May 2006 to 31 December 2009 have been as follows:



Cumulative performance of Class 1 Shares in GBP of the Fund from 31 May 2006 to 31 October 2010 is 21.63%.

Euro Performance

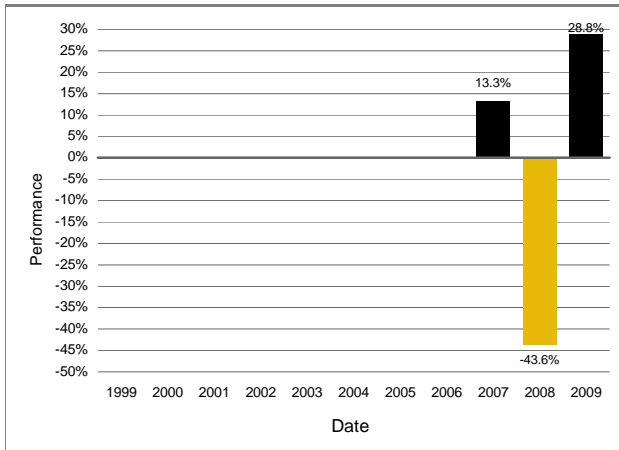
The annual returns of Class 1 Shares in Euro of the Fund from 31 May 2006 to 31 December 2009 have been as follows:



Cumulative performance of Class 1 Shares in Euro of the Fund from 31 May 2006 to 31 October 2010 is -3.97%.

USD Performance

The annual returns of Class 1 Shares in USD of the Fund from 31 May 2006 to 31 December 2009 have been as follows:



Cumulative performance of Class 1 Shares in USD of the Fund from 31 May 2006 to 31 October 2010 is 3.91%.

Annual management charges

An annual management charge of 1.50% (Class 1 Shares) and 1.0% (Class 2 Shares) applies.

Total expense ratio

The total expense ratio from 1 May 2009 to 31 March 2010 was 1.77% for Class 1 and 1.19% for Class 2 Shares.

Portfolio turnover rate

The portfolio turnover rate for the Fund from 1 May 2009 to 30 April 2010 was 158%.

Risk factors

The risk factors that are associated with Investing in Threadneedle Specialist Investment Funds ICVC are set out in the Simplified Prospectus. In addition to those risks, investors should consider the following risks that are associated with investing in the Fund:

Risk to capital growth

The investment objective of the Fund treats the generation of income as a higher (or equivalent) priority than capital growth. Accordingly, fees and expenses charged in respect of the Fund may be charged against capital (instead of against income) in order to manage the level of income paid and/or available to shareholders. This may result in capital erosion or may constrain capital growth.

Schedule 10 to Simplified Prospectus for Threadneedle Specialist Investment Funds ICVC, dated December 2010.

China Opportunities Fund Investment objective

The investment objective of the China Opportunities Fund is to achieve long-term capital growth.

Investment Policy

The ACD's investment policy is to invest the assets of the Fund primarily in equities and equity related securities of Chinese companies. These are defined as companies domiciled in and/or whose significant activities are in the People's Republic of China.

If the ACD considers it desirable, it may further invest up to one third of the total assets of the Fund in derivatives, forward transactions and other securities (including fixed interest securities, other equities, money market securities and cash).

In exceptional circumstances and on a temporary basis, the ACD may hold a substantial proportion of the Fund in cash and/or money market instruments.

Investor Profile

The Fund may be suitable for investors with a long term investment horizon seeking capital growth who are prepared to tolerate large price fluctuations. If investors are uncertain if the Fund is suitable for them, they are advised to contact a financial adviser.

Risk Factors

Investors should note the "Risk factors" and "In specie" sections of the Prospectus dated November 2009 in terms of risk applicable to investing in the China Opportunities Fund.

Emerging markets may not have the same level of investor protection as in more developed jurisdictions. The lack of liquidity and efficiency in certain of the stock markets of foreign exchange markets may mean that from time to time the ACD may experience more difficulty in purchasing or selling holdings of securities than it would in a more developed market. If investments have been made in A shares in listed companies of the People's Republic of China it may mean in particular that settlement and repatriation issues may arise which can have the consequence that instead of a cash redemption the Shareholder may be required to receive securities in specie for the total or partial amount of the redemption request. The proceeds for illiquid securities that form part of the redemption will in these circumstances be paid in cash once the proceeds become available.

Special attention must also be drawn to the taxation (11) section in this Simplified Prospectus. These "Risk factors" must be understood before making an investment in the Fund.

Investing in derivatives and forward transactions

The China Opportunities Fund currently uses derivatives for efficient portfolio management purposes only, however, the policy allows the use of derivatives for investment purposes in the future. Shareholders will be given 60 days prior written notice of any proposal to use derivatives for investment purposes and the Simplified Prospectus and Prospectus will be updated accordingly.

The use of derivatives for efficient portfolio management is not intended to materially change the risk profile of the Fund.

Investment in A shares in listed companies of the People's Republic of China

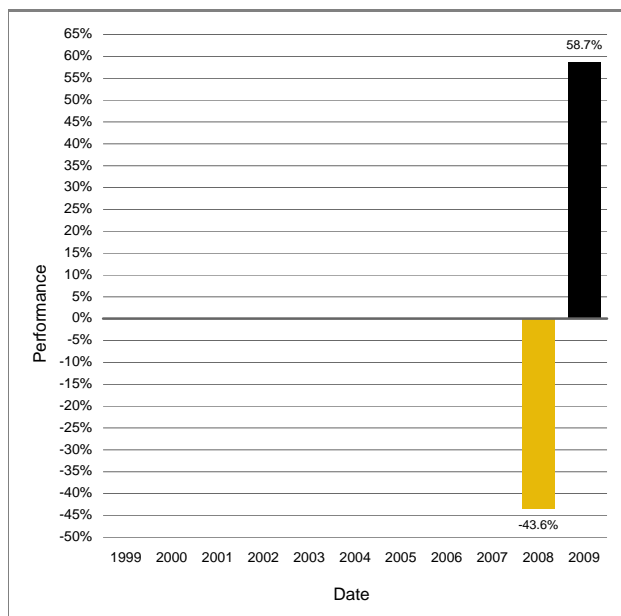
Subject to local regulatory approval the ACD intends to invest in A shares of companies listed in the People's Republic of China. The ACD is currently in the process of seeking approval on the Shenzhen and Shanghai Stock exchanges and will give Shareholders notice in advance of investing.

Investment Information

The performance of Class 1 Shares of the Fund is set out below. The performance figures exclude the effect of the initial charge and are calculated on the basis of the price an investor would get on redeeming their Shares with dividend income treated in the manner applicable to an individual resident in the United Kingdom for tax purposes. The assets of the Fund are predominantly invested in assets denominated in USD. Where the performance data is not determined in this currency investors will be exposed to fluctuation in exchange rates which could enhance or diminish the total return. The annual charges applicable to the Fund are included in the calculation of performance.

GBP Performance

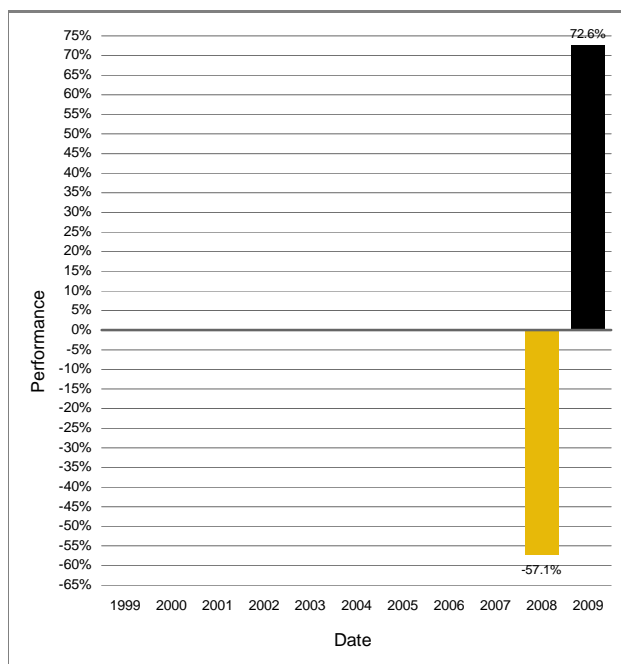
The annual returns of Class 1 Shares in GBP of the Fund from 31 March 2007 to 31 December 2009 have been as follows:



Cumulative performance of Class 1 Shares of the in GBP Fund from 31 March 2007 until 31 October 2010 is 87.59%.

Euro Performance

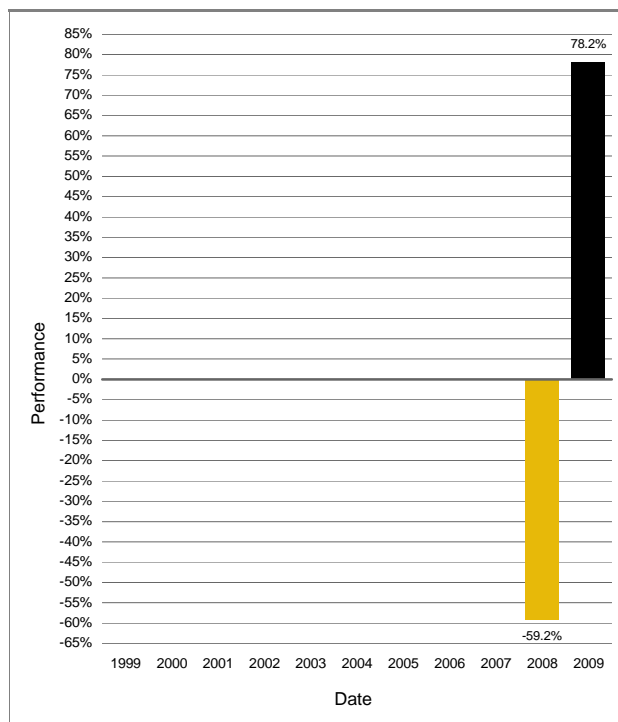
The annual returns of Class 1 Shares in Euro of the Fund from 31 March 2007 to 31 December 2009 have been as follows:



Cumulative performance of Class 1 Shares in Euro of the Fund from 31 March 2007 to 31 October 2010 is 46.45%.

USD Performance

The annual returns of Class 1 Shares in USD of the Fund from 31 March 2007 to 31 December 2009 have been as follows:



Cumulative performance of Class 1 Shares in USD of the Fund from 31 March 2007 to 31 October 2010 is 52.92%.

Annual management charges

An annual management charge of 1.50% (Class 1 Shares) and 1.0% (Class 2 Shares) applies.

Total expense ratio

The total expense ratio from 1 May 2009 to 31 March 2010 was 1.66% for Class 1 and 1.09% for Class 2 Shares.

Portfolio turnover rate

The portfolio turnover rate for the Fund from 1 May 2009 to 30 April 2010 was 187%.

Risk factors

The risk factors that are associated with Investing in Threadneedle Specialist Investment Funds ICVC are set out in the Simplified Prospectus. In addition to those risks, investors should consider the following risks that are associated with investing in the Fund:

1. Emerging market risk

The Fund invests in emerging markets, which may carry risks associated with failed or delayed settlements of market transactions and with registration and custody of securities. Emerging markets are generally less well regulated than their

established counterparts. Investments in emerging markets may involve a higher than average risk,

2. Taxation

Tax, levies, duties and other fees or charges may apply to the proceeds of sale of securities or the receipt of dividends or other income in some markets. It is also possible that the current interpretation of the law or understanding of local practice might change, or that the law might be changed with retrospective effect. It is therefore possible that the Company could become subject to additional taxation in such countries that is not anticipated either at the date of the Prospectus or when investments are made, valued or disposed of.

3. Liquidity risk

In extreme market conditions it may be difficult for a Fund to realise an investment at short notice without suffering a discount to market value. In such circumstances the investor may suffer a delay in realising his investment or may incur a dilution adjustment.

Schedule 11 to Simplified Prospectus for Threadneedle Specialist Investment Funds ICVC, dated December 2010.

American Extended Alpha Fund Investment objective

The investment objective of the American Extended Alpha Fund is to achieve above average capital growth.

Investment Policy

The ACD's investment policy is to actively manage an exposure primarily to equities of companies which are domiciled in North America or which have significant North American operations, by investing directly or indirectly in such securities. If the ACD considers it desirable it may further invest up to one third of the total assets of the Fund in markets other than in North America. Exposure to North American and other markets may be gained through both long and short positions.

The ACD may invest in equities, derivatives, forward transactions, collective investment schemes. The ACD may also invest in other securities (including fixed interest securities and money market securities), deposits and cash.

In order to gain short exposure the ACD will invest in derivatives. The ACD may also invest in derivatives to gain long exposure.

Investor Profile

The Fund may be suitable for investors with a long term investment horizon seeking above average capital growth who are prepared to tolerate large price fluctuations. If investors are uncertain if the Fund is suitable for them, they are advised to contact a financial adviser.

Risk Factors

In addition to the risks of the traditional investments into equities, this fund contains a number of specific risks. The American Extended Alpha Fund's exposure involves short sale of securities and leverage, which increases the risk of the Fund and may carry a higher degree of volatility than a fund which does not gain short exposure. Leverage has the overall effect of increasing positive capital returns, but causes a faster decrease in the value of assets if prices fall.

The exposure to the short sale of securities may mean that the ACD will hold positions that will fall in value as the market value of the securities rises.

Investors should refer to the 'Risk factors' section of the Prospectus in terms of risks applicable to investing in the Company, and also in the American Extended Alpha Fund, in particular section 15 "Investment in derivatives and forward transactions". These "Risk factors" must be understood before making an investment in the Fund.

Investing in derivatives and forward transactions

In accordance with the investment policy, the ACD will invest in derivatives and forward transactions. In particular, in order to gain short exposure and leverage the ACD will use derivatives and may from time to time consider currency hedging and interest rate exposure. The ACD may also use derivatives in order to gain long exposure.

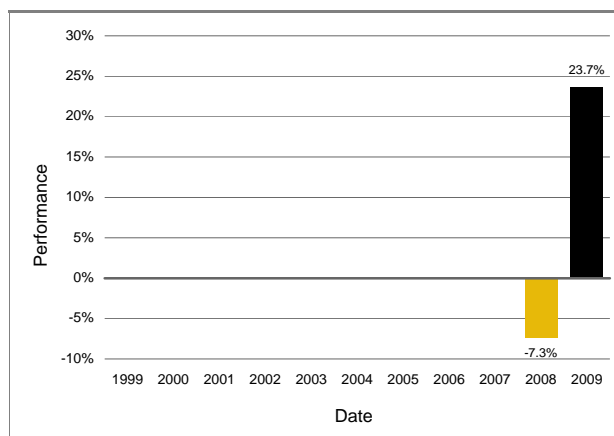
The ACD may use derivatives to achieve short exposure to assets. The term "short exposure" refers to an exposure to the short selling of securities. Short selling of securities means the selling of securities that are not owned by a seller at the time of the sale. The seller has to acquire the securities subsequently in order to complete delivery. The aim of short selling is to create a positive return in the expectation that the price of the security falls between sale and delivery.

Investment Information

The performance of Class 1 Shares of the Fund is set out below. The performance figures exclude the effect of the initial charge and are calculated on the basis of the price an investor would get on redeeming their Shares with dividend income treated in the manner applicable to an individual resident in the United Kingdom for tax purposes. The assets of the Fund are predominantly invested in assets denominated in USD. Where the performance data is not determined in this currency investors will be exposed to fluctuation in exchange rates which could enhance or diminish the total return. The annual charges applicable to the Fund are included in the calculation of performance.

GBP Performance

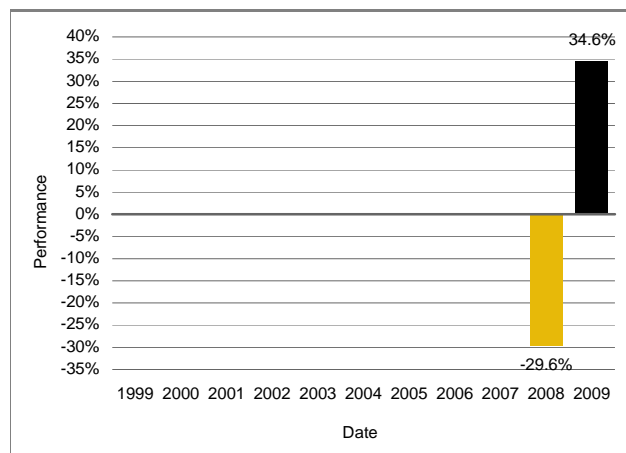
The annual returns of Class 1 Shares of the Fund in GBP from 31 October 2007 to 31 December 2009 have been as follows:



Cumulative performance of Class 1 Shares of the Fund since 31 October 2007 until 31 October 2010 is 19.33%.

Euro Performance

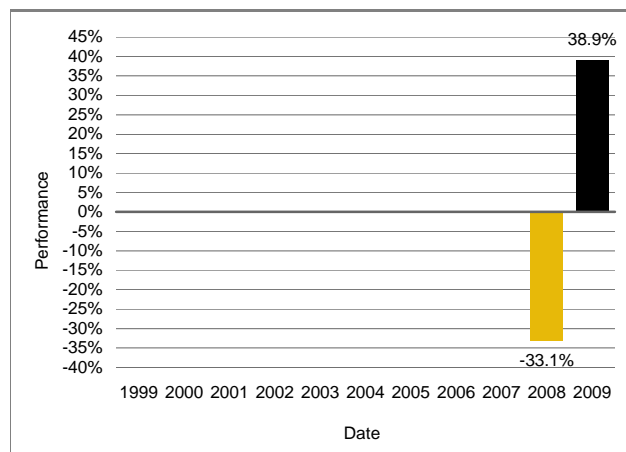
The annual returns of Class 1 Shares in Euro of the Fund from 31 October 2007 to 31 December 2009 have been as follows:



Cumulative performance of Class 1 Shares in Euro of the Fund from 31 October 2007 to 31 October 2010 is -4.41%.

USD Performance

The annual returns of Class 1 Shares in USD of the Fund from 31 October 2007 to 31 December 2009 have been as follows:



Cumulative performance of Class 1 Shares in USD of the Fund from 31 October 2007 to 31 October 2010 is -8.16%.

Annual management charges

An annual management charge of 1.50% (Class 1 Shares) and 0.75% (Class 2 Shares) applies.

Total expense ratio

The total expense ratio from 1 May 2009 to 31 March 2010 was 1.88% for Class 1 and 1.32% for Class 2 Shares.

Portfolio turnover rate

The portfolio turnover rate for the Fund from 1 May 2009 to 30 April 2010 was 385%

Performance fee

In addition to the ACD's fee per annum described above the ACD shall be entitled to receive out of the assets of each Share Class a performance fee at a rate equal to 20% of the "Excess Return" of the Share Class as defined and subject to the conditions set out in the Prospectus.

Risk factors

The risk factors that are associated with Investing in Threadneedle Specialist Investment Funds ICVC are set out in the Simplified Prospectus. In addition to those risks, investors should consider the following risks that are associated with investing in the Fund:

1. Investment in derivatives and forward transactions

The American Extended Alpha Fund will use derivatives and forward transactions for both EPM and short selling and leverage.

The American Extended Alpha Fund exposure to short sales of investments and leverage increases the risk of the Fund and may carry a higher degree of volatility than a fund which does not gain short exposure. Leverage has the overall effect of increasing positive returns, but causes a faster decrease in the value of assets if prices fall. These techniques may be achieved through the use of derivatives and forward transactions.

The use of derivatives and forward transactions for EPM will not increase the risk profile of the Fund.

In addition the ACD is permitted to use certain techniques when investing in derivatives to manage the Fund's exposure to particular counterparties and in relation to the use of collateral to reduce the exposure to over the counter ("OTC") derivatives.

2. Short sales and Leverage

The Fund's exposure involves short sales of securities and leverage which increases the risk of the Fund. The term "short sales" refers to an exposure to the selling of securities that are not owned by the seller at the time of the sale in anticipation that its value will fall. However, if the value of that security increases, it will have a negative effect on the Fund's value. In a rising market, leverage can enhance returns to Shareholders but if the market falls, losses may be greater.

Schedule 12 to Simplified Prospectus for Threadneedle Specialist Investment Funds ICVC, dated December 2010.

Emerging Market Local Fund Investment objective

The investment objective of the Emerging Market Local Fund is to achieve a total return primarily by way of income with some capital growth.

Investment policy

The ACD's investment policy is to actively manage an exposure primarily in emerging market local currencies and emerging market local currency debt issued by governments in Emerging Markets and/or companies which are domiciled or have significant operations in an Emerging Market. Emerging markets countries are those characterised as developing or emerging by the MSCI Emerging Markets Free Index or those not listed in the OECD country list. If the ACD considers it desirable it may further invest up to one third of the total assets of the Fund in markets other than emerging markets.

Investor Profile

The Fund may be suitable for investors with a medium to long term investment horizon seeking a total return primarily by way of income with some capital growth who are prepared to tolerate moderate to large price fluctuations. If investors are uncertain if the Fund is suitable for them, they are advised to contact a financial adviser.

The ACD will invest the total assets of the Fund in local currency government bonds and treasury bills, corporate bonds issued in local currency, cash or near cash, securitised notes, foreign exchange forward transactions, and other type of derivatives. At times the portfolio may be concentrated in any one or a combination of such assets.

Risk Factors

The nature of investments into local currency and debt of emerging rather than developed markets means that the Fund may experience increased levels of volatility compared to funds invested primarily in currency and debt of more mature markets. Investments in emerging markets may be less liquid than those in developed markets. Furthermore custody arrangements in emerging markets may be less reliable.

Investors should note the 'Risk factors' section of the Prospectus in terms of risks applicable to investing in the Company, and also in the Emerging Market Local Fund, in particular section 4 'Currency exchange', and 11 'Emerging Markets'.

These 'Risk factors' must be understood before making an investment in the Fund.

Investing in derivatives and forward transactions

The Emerging Market Local Fund currently uses derivatives for efficient portfolio management purposes only.

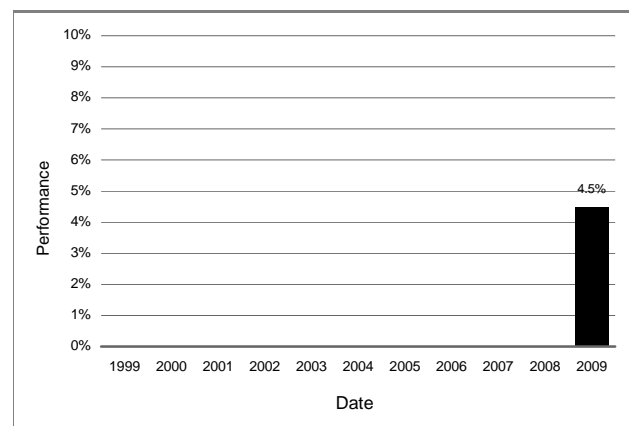
The use of derivatives for efficient portfolio management is not intended to materially change the risk profile of the Fund.

Investment Information

The performance of Class 1 Shares of the Fund is set out below. The performance figures exclude the effect of the initial charge and are calculated on the basis of the price an investor would get on redeeming their Shares with dividend income treated in the manner applicable to an individual resident in the United Kingdom for tax purposes. The assets of the Fund are predominantly invested in assets denominated in USD. Where the performance data is not determined in this currency investors will be exposed to fluctuation in exchange rates which could enhance or diminish the total return. The annual charges applicable to the Fund are included in the calculation of performance.

GBP Performance

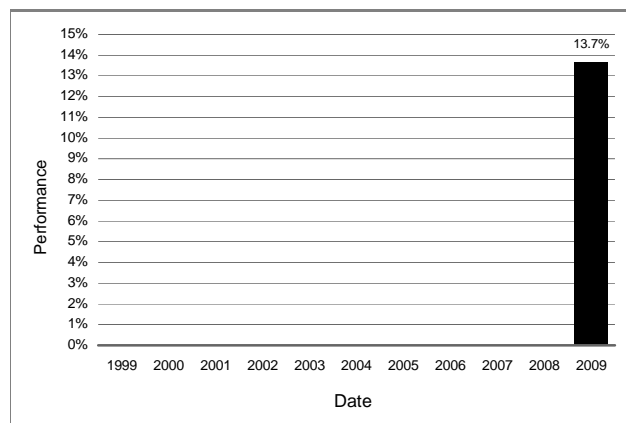
The annual returns of Class 1 Shares in GBP of the Fund from 31 January 2008 to 31 December 2009 have been as follows:



Cumulative performance of Class 1 Shares in GBP of the Fund from 31 January 2008 to 31 October 2010 is 36.01%.

Euro Performance

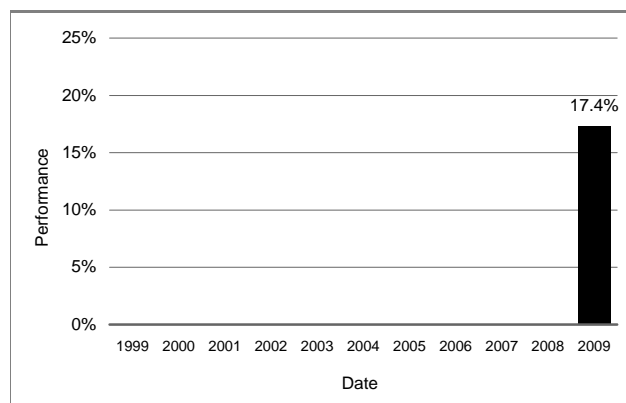
The annual returns of Class 1 Shares in Euro of the Fund from 31 January 2008 to 31 December 2009 have been as follows:



Cumulative performance of Class 1 Shares in Euro of the Fund from 31 January 2008 to 31 October 2010 is 26.29%.

USD Performance

The annual returns of Class 1 Shares in USD of the Fund from 31 January 2008 to 31 December 2009 have been as follows:



Cumulative performance of Class 1 Shares in USD of the Fund from 31 January 2008 to 31 October 2010 is 19.22%.

Annual management charges

An annual management charge of 1.50% (Class 1 Shares) and 0.75% (Class 2 Shares) applies.

Total expense ratio

The total expense ratio from 1 May 2009 to 31 March 2010 was 1.70% for Class 1 and 0.87% for Class 2 Shares.

Portfolio turnover rate

The portfolio turnover rate for the Fund from 1 May 2009 to 30 April 2010 was 26%.

Risk factors

The risk factors that are associated with Investing in Threadneedle Specialist Investment Funds ICVC are set out in the Simplified Prospectus. In addition to those risks, investors should consider the following risks that are associated with investing in the Fund:

1. Risk to capital growth

The investment objective of the Fund treats the generation of income as a higher (or equivalent) priority than capital growth. Accordingly, fees and expenses charged in respect of the Fund may be charged against capital (instead of against income) in order to manage the level of income paid and/or available to shareholders. This may result in capital erosion or may constrain capital growth.

2. Emerging market risk

The Fund invests in emerging markets, which may carry risks associated with failed or delayed settlements of market transactions and with registration and custody of securities. Emerging markets are generally less well regulated than their established counterparts. Investments in emerging markets may involve a higher than average risk,

3. Taxation

Tax, levies, duties and other fees or charges may apply to the proceeds of sale of securities or the receipt of dividends or other income in some markets. It is also possible that the current interpretation of the law or understanding of local practice might change, or that the law might be changed with retrospective effect. It is therefore possible that the Company could become subject to additional taxation in such countries that is not anticipated either at the date of the Prospectus or when investments are made, valued or disposed of.

4. Investing in high yield bonds

Investing in high yield bonds may include investments in 'below investment grade' securities (generally of below 'BBB-' grade, with reference to leading credit rating agencies). These securities can bring an increased risk of default on repayment and therefore an increased risk that the income and capital value of the Fund will be affected.

5. Fixed income Fund

The interest rate on corporate bonds and most government bonds will not increase in line with inflation. Thus, over time, the real value of investor's income could fall.

Schedule 13 to Simplified Prospectus for Threadneedle Specialist Investment Funds ICVC, dated December 2010.

Global Extended Alpha Fund Investment objective

The investment objective of the Global Extended Alpha Fund is to achieve long term capital growth.

Investment Policy

The ACD's investment policy is to actively manage an exposure by investing directly or indirectly into equity securities worldwide, including companies located in developed and emerging markets. Exposure to these markets may be gained through both long and short positions.

The ACD may invest in equities, derivatives, forward transactions and collective investment schemes. The ACD may also invest in other securities (including fixed interest securities and money market securities), deposits and cash.

In order to gain short exposure the ACD will invest in derivatives. The ACD may also invest in derivatives to gain long exposure.

Investor Profile

The Fund may be suitable for investors with a long term investment horizon seeking capital growth who are prepared to tolerate large price fluctuations. If investors are uncertain if the Fund is suitable for them, they are advised to contact a financial adviser.

Risk Factors

In addition to the risks of the traditional investments into equities, this fund contains a number of specific risks. The Global Extended Alpha Fund's exposure involves short sale of securities and leverage, which increases the risk of the Fund and may carry a higher degree of volatility than a fund which does not gain short exposure. Leverage has the overall effect of increasing positive capital returns, but causes a faster decrease in the value of assets if prices fall.

The exposure to the short sale of securities may mean that the ACD will hold positions that will fall in value as the market value of the securities rises.

Investors should note the 'Risk factors' section of the Prospectus in terms of risks applicable to investing in the Company, and also in the Global Extended Alpha Fund, in particular section 15 'Investment in derivatives and forward transactions'. These 'Risk factors' must be understood before making an investment in the Fund.

Investing in derivatives and forward transactions

In accordance with the investment policy, the ACD will invest in derivatives and forward transactions. In particular, in order to gain short exposure and leverage the ACD will use derivatives and may from time to time consider currency hedging and interest rate exposure. The ACD may also use derivatives in order to gain long exposure.

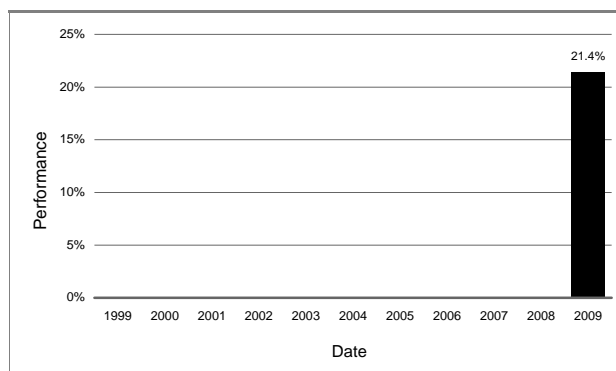
The ACD may use derivatives to achieve short exposure to assets. The term 'short exposure' refers to an exposure to the short selling of securities. Short selling of securities means the selling of securities that are not owned by a seller at the time of the sale. The seller has to acquire the securities subsequently in order to complete delivery. The aim of short selling is to create a positive return in the expectation that the price of the security falls between sale and delivery.

Investment Information

The performance of Class 1 Shares of the Fund is set out below. The performance figures exclude the effect of the initial charge and are calculated on the basis of the price an investor would get on redeeming their Shares with dividend income treated in the manner applicable to an individual resident in the United Kingdom for tax purposes. The assets of the Fund are predominantly invested in assets denominated in USD. Where the performance data is not determined in this currency investors will be exposed to fluctuation in exchange rates which could enhance or diminish the total return. The annual charges applicable to the Fund are included in the calculation of performance.

GBP Performance

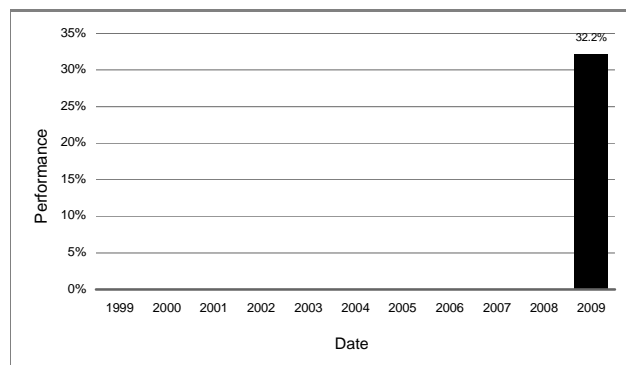
The annual returns of Class 1 Shares in GBP of the Fund from 31 July 2008 to 31 December 2009 have been as follows:



Cumulative performance of Class 1 Shares in GBP of the Fund from 31 July 2008 to 31 October 2010 is 18.40%.

Euro Performance

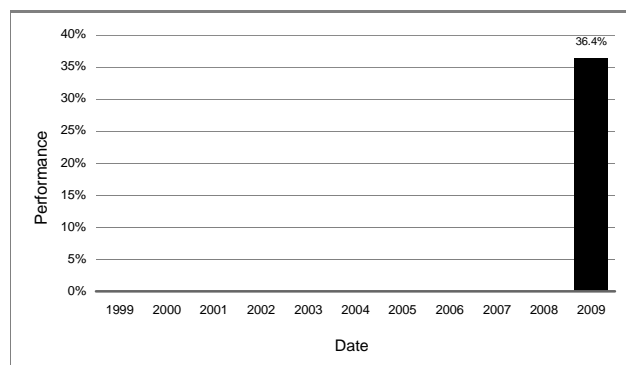
The annual returns of Class 1 Shares in Euro of the Fund from 31 July 2008 to 31 December 2009 have been as follows:



Cumulative performance of Class 1 Shares in Euro of the Fund from 31 July 2008 to 31 October 2010 is 7.28%.

USD Performance

The annual returns of Class 1 Shares in USD of the Fund from 31 July 2008 to 31 December 2009 have been as follows:



Cumulative performance of Class 1 Shares in USD of the Fund from 31 July 2008 to 31 October 2010 is -4.44%.

Annual management charges

An annual management charge of 1.50% (Class 1 Shares) and 0.75% (Class 2 Shares) applies.

Total expense ratio

The estimated total expense ratio from 1 May 2009 to 31 March 2010 for Class 1 is 1.88% and 1.06% for Class 2 shares.

Portfolio turnover rate

The portfolio turnover rate for the Fund from 1 May 2009 to 30 April 2010 was 242%.

Performance fee

In addition to the ACD's fee per annum described above the ACD shall be entitled to receive out of the assets of each Share Class a performance fee at a rate equal to 20% of the "Excess Return" of the Share Class as defined and subject to the conditions set out in the Prospectus.

Risk factors

The risk factors that are associated with Investing in Threadneedle Specialist Investment Funds ICVC are set out in the Simplified Prospectus. In addition to those risks, investors should consider the following risks that are associated with investing in the Fund:

1. Emerging market risk

The Fund invests in emerging markets, which may carry risks associated with failed or delayed settlements of market transactions and with registration and custody of securities. Emerging markets are generally less well regulated than their established counterparts. Investments in emerging markets may involve a higher than average risk,

2. Taxation

Tax, levies, duties and other fees or charges may apply to the proceeds of sale of securities or the receipt of dividends or other income in some markets. It is also possible that the current interpretation of the law or understanding of local practice might change, or that the law might be changed with retrospective effect. It is therefore possible that the Company could become subject to additional taxation in such countries that is not anticipated either at the date of the Prospectus or when investments are made, valued or disposed of.

3. Investment in derivatives and forward transactions

The Global Extended Alpha Fund will use derivatives and forward transactions for both EPM and short selling and leverage.

The Global Extended Alpha Fund exposure to short sales of investments and leverage increases the risk of the Fund and may carry a higher degree of volatility than a fund which does not gain short exposure. Leverage has the overall effect of increasing positive returns, but causes a faster decrease in the value of assets if prices fall. These techniques may be achieved through the use of derivatives and forward transactions.

The use of derivatives and forward transactions for EPM will not increase the risk profile of the Fund.

In addition the ACD is permitted to use certain techniques when investing in derivatives to manage the Fund's exposure to particular counterparties and in relation to the use of collateral to reduce the exposure to over the counter ("OTC") derivatives.

4. Short sales and Leverage

The Fund's exposure involves short sales of securities and leverage which increases the risk of the Fund. The term "short sales" refers to an exposure to the selling of securities that are not owned by the seller at the time of the sale in

anticipation that its value will fall. However, if the value of that security increases, it will have a negative effect on the Fund's value. In a rising market, leverage can enhance returns to Shareholders but if the market falls, losses may be greater.

Schedule 14 to Simplified Prospectus for Threadneedle Specialist Investment Funds ICVC, dated December 2010.

UK Absolute Alpha Investment objective

The investment objective of the UK Absolute Alpha Fund is to achieve an absolute return, irrespective of market conditions, over the long term.

Investment Policy

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

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

Investor Profile

The Fund may be suitable for investors with a long term investment horizon seeking a total positive return who are prepared to tolerate large price fluctuations. If investors are uncertain if the Fund is suitable for them, they are advised to contact a financial adviser.

Investment Information

As the Fund only launched in September 2010 no annual return information is available.

As the Fund only launched in September 2010 no cumulative performance figures are available.

Annual management charges

An annual management charge of 1.50% (Class 1 Shares) and 1.0% (Class 2 Shares) applies.

Total expense ratio

The estimated total expense ratio for the financial year for Class 1 is 1.66% and 1.11% for Class 2 shares.

Portfolio turnover rate

As the Fund only launched in September 2010 no portfolio turnover rates are available.

Performance fee

In addition to the ACD's fee per annum described above the ACD shall be entitled to receive out of the assets of each Share Class a performance fee at a rate equal to 20% of the "Excess Return" of the Share Class as defined and subject to the conditions set out in the Prospectus.

Risk Factors

Investors should note the "Risks factors" section of Prospectus in terms of risks applicable to investing in the Company and in particular section 'No Guarantee of Capital Risk', "Investments in derivatives and forward transactions".

For the avoidance of doubt, the UK Absolute Alpha Fund does not offer any form of guarantee with respect to investment performance, and no form of capital protection will apply.

Use of derivatives and forward transactions

The Fund uses derivatives and forward transactions for both EPM and investment purposes including short selling and leverage. The use of derivatives and forward transactions for EPM will not increase the risk profile of the Fund. The use of derivatives for investment purposes may increase the risk profile of the Fund.

Short sales and Leverage

The Fund's exposure involves short sales of securities and leverage which increases the risk of the Fund. The term "short sales" refers to an exposure through derivatives to the selling of securities that are not owned by the seller at the time of the sale in anticipation that its value will fall. However, if the value of that security increases, it will have a negative effect on the Fund's value. In a rising market, leverage can enhance returns to Shareholders but if the market falls, losses may be greater.

These "Risk factors" must be understood before making an investment in the Fund.

This Supplement forms part of the Prospectus (the “Prospectus”) dated December 2010 from the Threadneedle Specialist Investment Funds ICVC (the “Company”). This Supplement should be read in the context of and together with the full Threadneedle Specialist Investment Funds ICVC Prospectus.

Key Features Illustration (charges information)

Your investment

You invest in the fund by subscribing for Class 1 or Class 2 shares. Class 1 shares can be held within a Threadneedle ISA. Both, initial and subsequent investments into Class 1 shares must be for a minimum of £1,000 or £2,000 depending on the funds in which you have decided to invest. A minimum of £500 must be maintained in each fund in which you have invested.

Please refer to the section below entitled “What is an ISA?” for details of the maximum amount you can invest in a Threadneedle ISA in each tax year.

There is no maximum amount you can invest outside an ISA.

You may of course redeem your investment for cash at any time. Threadneedle may at its discretion accept lower subscriptions and balances than the minimum amounts noted above.

What are the current charges?

Initial Charge

An initial charge is payable when you invest in a fund. The initial charge is 3.75% of the amount invested (except in the case of the Absolute Return Bond Fund and the Target Return Fund for which there are currently no initial charges). For all ISA Transfers, the initial charge is reduced by 0.75% to 3.00%.

Reinvestment of Income

For those Funds which allow income to be reinvested, investors may elect to use their dividend income to purchase new Shares in the Fund. Where they do so investors will be entitled to a discount on the initial charge for any new shares purchased using this dividend income. For UK investors this will mean a discount of up to 2% on the charge of 3.75% (or on the charge of 3.0% on the Absolute Return Bond Fund and the Target Return Fund).

Annual Charge

There is an annual management charge made to cover the day-to-day expenses of managing the investments of the funds. The annual management charges applying to shares in each fund are set out in the charges tables on the following pages.

These management fees are normally taken from any income the funds may receive. However, in circumstances where the provision of income is of a higher or equal priority to the provision of capital growth, the annual management charge may be taken from capital instead of income. This may erode capital or constrain the potential for capital growth (the funds affected are listed in the previous section: Simplified Prospectus).

Other costs payable out of the funds include auditors' fees, the depositary's fees, fees of the Financial Services Authority and other taxation and duties. The estimated effect of these fees is included in the Total Expense Ratio; this is also taken into account in the daily calculation of the share price of the funds.

For Threadneedle Specialist Investment Funds, the ACD (Authorised Corporate Director – the manager of the funds) pays a number of expenses and costs of the funds relating to, for example, maintaining the register, publication of prices, and printing and distributing Reports and Accounts and the Prospectus. In return for this the ACD receives a payment of 0.175% per annum.

If the expenses of a fund exceed its income the excess may be taken from capital.

How much will any advice cost?

Your financial adviser will give you details about the cost of any advice provided. The amount will depend on the size of your investment. The cost of this advice will normally be paid for out of the charges we receive. Some financial advisers may, instead, charge you a fee for their services.

How will charges and expenses affect my investment?

The following figures illustrate the effect of charges and expenses on an investment of £2,000 over a period of 1, 3, 5 and 10 years. The amount you get back is not guaranteed and will depend on how your investment grows and on the tax treatment of your investment. This means that you could get back less than you invest. The figures are for illustrative purposes only. These figures do not take into account payments from the Cash Withdrawal Facility.

We have assumed a growth rate of 6.0% a year (including Back-to-Back Accounts) for direct investments into the Fund.

This is a standard growth rate used by all managers for comparison. However, charges may vary.

Threadneedle UK Extended Alpha

Available in the Threadneedle ISA

At the end of year	Investment to date	Income Taken (£)	Income reinvested	
			Effect of deductions to date (£)	What you might get back at 6.0% growth (£)
1	£2,000		108	2,012
3	£2,000		183	2,199
5	£2,000		274	2,402
10	£2,000		584	2,998

The last lines of these tables show that over 10 years the effect of total charges and expenses could amount to £584 if income is reinvested. Putting it another way, this would have the same effect as bringing investment growth from 6.0% a year down to 4.13% a year where income is reinvested.

Threadneedle UK Equity Alpha Income Fund

Available in the Threadneedle ISA

At the end of year	Investment to date	Income Taken (£)	Income reinvested	
			Effect of deductions to date (£)	What you might get back at 6.0% growth (£)
1	£2,000		111	2,009
3	£2,000		193	2,189
5	£2,000		292	2,384
10	£2,000		629	2,952

The last lines of these tables show that over 10 years the effect of total charges and expenses could amount to £629 if income is reinvested. Putting it another way, this would have the same effect as bringing investment growth from 6.0% a year down to 3.9% a year where income is taken, and 3.97% a year where it is reinvested.

Threadneedle Absolute Return Bond Fund

Available in the Threadneedle ISA

At the end of year	Investment to date	Income Taken (£)	Income reinvested	
			Effect of deductions to date (£)	What you might get back at 6.0% growth (£)
1	£2,000		90	2,030
3	£2,000		160	2,222
5	£2,000		244	2,433
10	£2,000		531	3,050

The last lines of these tables show that over 10 years the effect of total charges and expenses could amount to £531 if income is reinvested. Putting it another way, this would have the same effect as bringing investment growth from 6.0% a year down to 4.31% a year where income is reinvested.

Pan European Accelerando Fund

Available outside the Threadneedle ISA

At the end of year	Investment to date	Income Taken (£)	Income reinvested	
			Effect of deductions to date (£)	What you might get back at 6.0% growth (£)
1	£2,000		111	2,009
3	£2,000		195	2,187
5	£2,000		296	2,381
10	£2,000		638	2,994

The last lines of these tables show that over 10 years the effect of total charges and expenses could amount to £638 if income is reinvested. Putting it another way, this would have the same effect as bringing investment growth from 6.0% a year down to 3.94% a year where income is reinvested.

Target Return Fund

Available outside the Threadneedle ISA

At the end of year	Investment to date	Income Taken (£)	Income reinvested	
			Effect of deductions to date (£)	What you might get back at 6.0% growth (£)
1	£2,000		90	2,030
3	£2,000		160	2,222
5	£2,000		244	2,433
10	£2,000		531	3,050

The last lines of these tables show that over 10 years the effect of total charges and expenses could amount to £531 if income is reinvested. Putting it another way, this would have the same effect as bringing investment growth from 6.0% a year down to 4.31% a year where income is reinvested.

Global Emerging Markets Equity Fund

Available outside the Threadneedle ISA

At the end of year	Investment to date	Income Taken (£)	Income reinvested	
			Effect of deductions to date (£)	What you might get back at 6.0% growth (£)
1	£2,000		112	2,008
3	£2,000		197	2,185
5	£2,000		298	2,378
10	£2,000		643	2,938

The last lines of these tables show that over 10 years the effect of total charges and expenses could amount to £643 if income is reinvested. Putting it another way, this would have the same effect as bringing investment growth from 6.0% a year down to 3.92% a year where income is reinvested.

Pan European Equity Dividend Fund

Available outside the Threadneedle ISA

At the end of year	Investment to date	Income Taken (£)	Income reinvested	
			Effect of deductions to date (£)	What you might get back at 6.0% growth (£)
1	£2,000		114	2,006
3	£2,000		202	2,180
5	£2,000		308	2,368
10	£2,000		669	2,913

The last lines of these tables show that over 10 years the effect of total charges and expenses could amount to £669 if income is reinvested. Putting it another way, this would have the same effect as bringing investment growth from 6.0% a year down to 3.83% a year where income is reinvested.

China Opportunities Funds

Available outside the Threadneedle ISA

At the end of year	Investment to date	Income Taken (£)	Income reinvested	
			Effect of deductions to date (£)	What you might get back at 6.0% growth (£)
1	£2,000		111	2,009
3	£2,000		195	2,187
5	£2,000		296	2,381
10	£2,000		638	2,944

The last lines of these tables show that over 10 years the effect of total charges and expenses could amount to £638 if income is reinvested. Putting it another way, this would have the same effect as bringing investment growth from 6.0% a year down to 3.94% a year where income is reinvested.

Global Equity Income Fund

Available outside the Threadneedle ISA

At the end of year	Investment to date	Income Taken (£)	Income reinvested	
			Effect of deductions to date (£)	What you might get back at 6.0% growth (£)
1	£2,000		112	2,008
3	£2,000		197	2,185
5	£2,000		299	2,377
10	£2,000		646	2,936

The last lines of these tables show that over 10 years the effect of total charges and expenses could amount to £646 if income is reinvested. Putting it another way, this would have the same effect as bringing investment growth from 6.0% a year down to 3.91% a year where income is reinvested.

American Extended Fund

Available outside the Threadneedle ISA

At the end of year	Investment to date	Income Taken (£)	Income reinvested	
			Effect of deductions to date (£)	What you might get back at 6.0% growth (£)
1	£2,000		116	2,004
3	£2,000		209	2,173
5	£2,000		321	2,356
10	£2,000		699	2,883

The last lines of these tables show that over 10 years the effect of total charges and expenses could amount to £699 if income is reinvested. Putting it another way, this would have the same effect as bringing investment growth from 6.0% a year down to 3.72% a year where income is reinvested.

Global Extended Alpha Fund

Available outside the Threadneedle ISA

At the end of year	Investment to date	Income Taken (£)	Income reinvested	
			Effect of deductions to date (£)	What you might get back at 6.0% growth (£)
1	£2,000		116	2,004
3	£2,000		209	2,173
5	£2,000		321	2,356
10	£2,000		699	2,883

The last lines of these tables show that over 10 years the effect of total charges and expenses could amount to £699 if income is reinvested. Putting it another way, this would have the same effect as bringing investment growth from 6.0% a year down to 3.72% a year where income is reinvested.

Emerging Markets Local Fund

Available outside the Threadneedle ISA

At the end of year	Investment to date	Income Taken (£)	Income reinvested	
			Effect of deductions to date (£)	What you might get back at 6.0% growth (£)
1	£2,000		112	2,008
3	£2,000		198	2,184
5	£2,000		300	2,376
10	£2,000		649	2,933

The last lines of these tables show that over 10 years the effect of total charges and expenses could amount to £649 if income is reinvested. Putting it another way, this would have the same effect as bringing investment growth from 6.0% a year down to 3.90% a year where income is reinvested.

UK Mid 250 Fund

Available outside the Threadneedle ISA

At the end of year	Investment to date	Income Taken (£)	Income reinvested	
			Effect of deductions to date (£)	What you might get back at 6.0% growth (£)
1	£2,000		111	2,009
3	£2,000		195	2,187
5	£2,000		296	2,381
10	£2,000		638	2,944

The last lines of these tables show that over 10 years the effect of total charges and expenses could amount to £638 if income is reinvested. Putting it another way, this would have the same effect as bringing investment growth from 6.0% a year down to 3.94% a year where income is reinvested.

UK Absolute Alpha Fund

Available outside the Threadneedle ISA

At the end of year	Investment to date	Income Taken (£)	Income reinvested	
			Effect of deductions to date (£)	What you might get back at 6.0% growth (£)
1	£2,000		111	2,009
3	£2,000		195	2,187
5	£2,000		296	2,381
10	£2,000		638	2,944

The last lines of these tables show that over 10 years the effect of total charges and expenses could amount to £638 if income is reinvested. Putting it another way, this would have the same effect as bringing investment growth from 6.0% a year down to 3.94% a year where income is reinvested.

What is an ISA?

ISAs are available to all UK residents over the age of 18 and allow you to invest in the following components in a tax-free environment:

- Cash including qualifying insurance products treated as cash (not available through the Threadneedle ISA).
- Stocks and shares (including unit trusts, Open-Ended Investment Companies (OEICs), investment trusts and qualifying insurance products treated as stocks and shares).

Cash ISAs are also available to 16 and 17 year olds, although not available through the Threadneedle ISA because Threadneedle only offer a stocks and shares ISA.

Since 6 April 2008 the terms "Mini ISA" and "Maxi ISA" are no longer applicable and you are now able to subscribe to one Cash ISA and to one Stocks and Shares ISA in each tax year.

During the 2010/2011 tax year the maximum overall investment in ISA accounts is £10,200. The full amount can be invested in a Stocks and Shares ISA or alternatively a maximum amount of £5,100 can be invested in a Cash ISA and the remaining £5,100 invested in a Stocks and Shares ISA.

The funds that are available through the Threadneedle ISA have been indicated accordingly.

Taxation – Investing within an ISA

All income and capital growth generated within your ISA is free of UK income tax and Capital Gains Tax. Income allocation will be in the form of dividend distributions or, in the case of bond funds, interest distributions. Interest distributions are received net of 20% income tax that is fully reclaimable by the ISA Manager without time limit. Threadneedle will make any necessary claims to HM Revenue & Customs (HMRC) and you do not have to declare this income on your tax return. Please note that the favourable tax treatment for ISAs may not be maintained.

How do I invest in an ISA?

You must make your investment using a Threadneedle ISA,, ISA Transfer or Fund application form. Your application must be returned directly to us with your cheque. If you wish to top up your ISA to the maximum amount allowed within the current tax year (as detailed above) we need to receive your request in writing and your cheque by 5 April 2011.

What is the Back-to-Back ISA and how does it work?

You may choose to invest now for the current tax year and, through the Back-to-Back ISA, also invest at the same time for an ISA for the next and future tax years. Alternatively, if you have already invested in an ISA for the current tax year, you can invest in an ISA for the following tax year and for the following tax years thereafter.

Any investment for the current tax year will be made straight away. Any ISA investment for the subsequent tax year will be held in the funds in a Back-to-Back Account outside the ISA until the new tax year.

During the first few days of the new tax year, the maximum allowance (where available) will be transferred from being an ordinary fund investment into an investment in the fund held within an ISA.

If, following conversion into the new ISA, a residual amount is left in your original chosen fund(s) we will not automatically convert this into an ISA in the following tax year. The residual amount will remain invested in your chosen fund(s). If this amount is less than £500 or £1,000 per fund depending on the funds in which you have invested we reserve the right to sell the shares and send you a cheque for the proceeds.

If the value of your Back-to-Back investment falls, the amount subscribed to the ISA on the conversion date will be less than your original investment.

If you invest more than the current maximum overall investment (as detailed above) the application form allows you to request that we continue to automatically convert your investment into an ISA beyond the current tax year (see section D on the ISA application form).

If your investment is in more than one Threadneedle fund then at the time of conversion in the new tax year, the amount that will be converted will be in proportion to the current value of those investments at the time (not the original investment).

Where it appears that there will be insufficient investment to utilise the full ISA allowance in the following tax year you will be notified of this.

You can instruct us to cease future Back-to-Back ISA conversions at any time by giving us two weeks' notice in writing.

There will be no initial charge for converting Threadneedle Specialist Investment Funds into an ISA.

What documents will I receive after I invest?

You will be sent a Contract Note(s), the next Business Day after your investment is made. This will give details of the number and price of shares purchased and will include details of your cancellation rights. Please keep this in a safe place as no certificate will be issued.

At least once a year you will receive a review of your investments and a statement and valuation of your investments by post. If you invest in an ISA, you may also receive an annual notice.

Twice a year you will receive, by post, a copy of the short-form Report and Accounts. This gives details of current investments and a commentary from the fund manager.

If you invest in the Back-to-Back ISA we will write to you before the beginning of the next tax year and remind you how your new ISA will be set up. If you are happy to remain in the same funds, you need do nothing. If not, you can contact us to change your fund allocation.

Can I change my mind about my application?

If you are given advice on a face-to-face basis about purchasing shares in the fund, you have the right to cancel your application. If you have purchased shares with advice, but on a non face-to-face basis, the regulations may not give you the right to cancel your application. However, Threadneedle will allow you the right to cancel your application.

We will send you a Cancellation Notice with your Contract Note. If you want to cancel your application please return the completed Cancellation Notice by post to Threadneedle Investment Services Limited, P.O. Box 1331, Swindon SN38 7TA within 14 days of receiving it.

You should be aware that if markets have moved adversely and the value of your investment has fallen, you might not get back the full amount you invested. If you do not exercise this right to cancel, your investment in the fund will remain.

If you invest in the Back-to-Back ISA, you will not be entitled to any further cancellation rights when conversion to the Stocks and Shares ISA takes place each tax year.

What is the Threadneedle Cash Withdrawal Facility?

Threadneedle offers the facility when investing in any fund to choose a level of regular Cash Withdrawal you would like to receive (maximum 7.5% p.a. of your investment). Simply specify the amount you want to receive, as either a fixed amount or a percentage of your investment value, and decide how frequently you want to be paid: monthly, quarterly, half yearly or annually.

You select the start date of your first payment. The payment will be made on or around the first of the month at the frequency you have selected. We will write to you before the first payment is made to confirm your payment instructions.

We will sell shares or units to meet the required payment amount at each payment date. You should be aware that the normal distributions (reinvested or accumulated) together with any market growth in the fund might not be sufficient to cover

the total withdrawals from capital over the course of a year. This can lead to capital erosion or may constrain capital growth. The payments are taken from capital and may therefore be liable to Capital Gains Tax (if held outside an ISA). Please speak to a tax adviser if you have any queries about this.

Payments will be made directly into your selected Bank or Building Society Account. No payments by any other method are permitted.

You can instruct us to change or cease your Cash Withdrawal Facility at any time by giving us eight weeks notice in writing.

If you invest in an income fund and elect to use the Cash Withdrawal Facility, the fund's income distributions will be reinvested to purchase extra shares or units in the same fund you will be subject to an initial charge on this fee but a 2.0% discount will be applied.

What happens to my ISA investment if I die before taking the proceeds?

Shares in the fund will only form part of the estate of Inheritance Tax purposes if the person beneficially entitled to them is an individual domiciled in the UK. Ownership will be transferred in accordance with the instructions in your will or the intestacy rules. Your ISA will lose its tax-free status from the date of your death and the investments held in your ISA will be taxed as non-ISA investments from that point in the same way as shares are held outside an ISA. Please note that your investment will continue to be actively managed by Threadneedle and that the value of your fund(s) may fall as well as rise.

How can I sell my ISA investments?

You can sell your investments by contacting your financial adviser or, between 9 a.m. and 5 p.m. Monday to Friday (except for bank Holidays in England and normally the last Business Day before Christmas), by telephoning us on 0800 068 3000 (calls may be recorded), or by writing to Threadneedle Investment Services Limited, P.O. Box 1457, Swindon SN1 1FP.

You will be sent a contract note giving details of the number and price of investments sold the Business Day after the transaction, together with a form of renunciation to be completed and returned by you.

Payment will be initiated after four business days from the receipt of a completed Form of Renunciation or your written instruction to sell along with acceptable confirmation of your Bank or Building Society Account details and any required

identification documents as requested at the time of redemption. Please note that payments will be made by Direct Credit (BACS) Transfer rather than by cheque whenever possible.

You must sell a minimum of £500 per fund worth of investments on each redemption. If you sell all of the investments in your ISA, your account will be closed.

If you are sending us instructions to process a change of ownership along with a redemption, we will initiate the redemption only when the change of ownership has been fully registered and that will be the date used for the pricing of the redemption/fund switch.

Can I transfer my ISAs between plan managers?

You can normally transfer your ISAs between ISA managers without losing the tax benefits.

You are able to transfer some or all of the investments you hold from a previous tax year's Threadneedle ISA to another ISA manager provided it is into another Stocks and Shares ISA. An ISA taken out in the current tax year can only be transferred in its entirety to an ISA of the same type – in the case of a Threadneedle ISA, to another Stocks and Shares ISA.

You should bear in mind that transferring your investment between managers may involve additional charges that would not be incurred if the investment was not being transferred.

If markets rise during the period in which a transfer remains pending, this may lead to a potential loss of income or capital growth.

It is possible for you to transfer out part of your Threadneedle ISA, subject to a minimum of £500 being maintained in each selected fund and to the fact that a current tax year ISA must be transferred in whole.

Further information

The Threadneedle Specialist Investment Funds ICVC is incorporated and authorised in the U.K.

"Threadneedle" is a brand name of the Threadneedle group of companies, and the term "Threadneedle" is used in this document to refer to any entity within the Threadneedle group of companies.

The ISA Manager is Threadneedle Investment Services Limited (TISL). The registered office is at 60 St Mary Axe, London EC3A 8JQ. TISL is authorised and regulated by the Financial Services Authority and entered on the FSA register, FSA

Number 190437. The Authorised Corporate Director for Threadneedle Specialist Investment Funds ICVC is Threadneedle Investment Services Limited (TISL).

The Depository for Threadneedle Specialist Investment Funds ICVC is J.P. Morgan Trustee & Depositary Company Limited (MTDL) of 1 Chaseside, Bournemouth BH7 7DB. MTDL is regulated by the Financial Services Authority.

The auditor of Threadneedle Specialist Investment Funds ICVC is PricewaterhouseCoopers of Hay's Galleria, 1 Hay's Lane, London SE1 2RD.

Documentation

The Financial Services Authority can be contacted at 25 The North Colonnade, Canary Wharf, London, E14 5HS.

You may obtain copies of the following documents free of charge and any additional information by contacting Threadneedle Investment Services Limited, P.O. Box 1457, Swindon SN1 1FP:

- The Prospectuses for Threadneedle Specialist Investment Funds ICVC
- The most recent annual or half-yearly reports of Threadneedle
- The Instrument of Incorporation and the material contracts into which Threadneedle Specialist Investment Funds ICVC has entered.

Savings Directive

This section applies only to investors who are resident outside the United Kingdom for tax purposes.

Under the terms of the regulations that implement the European Savings Directive, we are required to obtain your tax identification number (if you have one) or the place of your birth and the country of your birth. In addition we must obtain your country of residence for tax purposes. Please note that Guernsey, Jersey and the Isle of Man are all treated as separate from the UK for tax purposes. The requirement to obtain this additional personal information is effective from 1 January 2004.

Under regulations that came into effect from mid 2005, we are required to report details of your investment to the HMRC if you invest in a fixed interest fund, a cash fund, or a managed fund with a fixed interest or cash content which is greater than 15%. Threadneedle will be required to provide your name and address, the additional personal information and details of your investment, to HMRC at the end of each tax year. If you are

resident in another EU state, HMRC will then be required to pass this information to the tax authorities in that EU state.

Although the additional information is not required if you invest in an equity fund, we would recommend that you do provide this information on the application form so that if you ever wanted to switch into a fixed interest fund, a cash fund, or a mixed asset fund with a fixed interest or cash content of more than 15%, we can process the switch promptly, without having first to collect the additional information.

Privacy Statement

Your data controller

For the purposes of the UK Data Protection Act 1998, the data controller in respect of any personal information provided is Threadneedle Investment Services Limited (for all investors except PEP investors), and Threadneedle Portfolio Services Limited (for PEP Investors). In this privacy statement “we”, “us” and “our” means Threadneedle Investment Services Limited or Threadneedle Portfolio Services Limited as necessary.

Uses made of your personal information

The personal information that you provide to us and we collect store and process, will be used for a number of different purposes including: to manage and administer your account; to offer you investment products and services (except where you have asked us not to do so) and to help us develop new ones; to contact you with details of changes to the products you have bought; for internal analysis and research; to comply with legal or regulatory requirements; and to identify you when you contact us. We may use external third parties to process your personal information on our behalf in accordance with these purposes.

Sharing of your personal information

Where you have notified us of your adviser, the personal information provided may be shared with such adviser. You must notify us in writing if you no longer wish us to share your personal information with your adviser or of any change to your adviser. Your adviser should have its own arrangements with you about its use of your personal information. The personal information provided may also be shared with other organisations in order for us to comply with any legal or regulatory requirements. In addition, we may share your personal information with the companies within the Threadneedle group for the purposes set out in this privacy statement.

Business changes

If we or the Threadneedle group undergoes a group reorganisation or is sold to a third party, the personal information provided to us may be transferred to that reorganised entity or third party and used for the purposes highlighted above.

Overseas transfers

We may transfer your personal information to countries located outside of the European Economic Area (the EEA); this may happen when our servers, suppliers and/or, service providers are based outside of the EEA. The data protection laws and other laws of these countries may not be as comprehensive as those that apply within the EEA – in these instances we will take steps to ensure that your privacy rights are respected. Details of the countries relevant to you will be provided upon request.

Access to/correction of your information

With limited exceptions, you have the right to ask for a copy of the information that we hold on you. There may be a charge for this (if a charge is permitted). If any of the information that we hold about you is wrong, please tell us and we will put it right.

You can write to us at Threadneedle Investment Services Limited, P.O. Box 1457, Swindon SN1 1FP.

Investors with special needs

Do you have difficulty in reading information in print because of a disability? If so, we can help. We are able to produce information for our clients in large print and Braille, or through Minicom, or on audiotape or computer disk. If you would like to discuss your particular requirements, please contact our Client Services Department at the Swindon address given under ‘Documentation’.

Queries or Complaints

If you have an issue you would like to take up with us, please do not hesitate to write to Threadneedle Investment Services Limited at the address given in the ‘Documentation’ section. If you have a complaint we will do all we can to resolve it. A copy of our complaint handling procedures is available on request.

You may also complain directly, without giving up any rights you may have, to the Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London E14 9SR (Telephone 0845 080 1800), for complaints about how the investment is managed or about how the investment was sold to you by us.

You are protected by the Financial Services Compensation Scheme. Further information is available on request from the Financial Services Authority and the Financial Services Compensation Scheme.

Terms and Conditions

These definitions apply to the terms and conditions set out in Sections One, Two and Three below.

Section One – ISA General Terms and Conditions

1. Definitions

'ACD' Threadneedle Investment Services Limited, the authorised corporate director of the Company

'Application Form' means a Threadneedle ISA application form

'Associate' means any holding company of the Manager or a subsidiary of any such holding company (as defined in the Companies Act 2006)

'Back to Back ISA' means a Threadneedle fund investment with an automatic annual sale and reinvestment into a Threadneedle Stocks and Shares ISA

'Dealing Day' Monday to Friday excluding public and bank holidays in England and Wales and other days at the ACD's discretion

'Company' Threadneedle Specialist Investment Funds ICVC

'CWF' means the cash withdrawal facility by means of regular redemption of Shares from an ISA

'CWF Amount' means the amount selected by you for payment to you on the Pay Date under the CWF

'Cash ISA' means an ISA that is designated as a cash ISA under the Regulations

'Client Account' means a bank account held by us in the UK in accordance with FSA rules

'FSA' means the UK Financial Services Authority

'Fund' means a fund of Threadneedle Specialist Investment Funds ICVC an open ended investment company

'HMRC' means Her Majesty's Revenue & Customs

'Investments' means Shares held in an ISA

'ISA' means an Individual Savings Account governed by these Terms (which may be a stocks and shares ISA or a Cash ISA)

'Manager' means Threadneedle Investment Services Limited, or Threadneedle Portfolio Services Limited as appropriate or

such other company as they may respectively appoint in accordance with clause 14.2

'Pay Date' means the date on which payments from investments in a Fund are made to you, the investor, by us, the Manager

'Prospectus' means the prospectus of the Threadneedle Specialist Investment Funds ICVC Funds as amended from time to time. Those provisions are modified by these terms and conditions

'Qualifying Investments' means Funds qualifying as ISA investments under the Regulations

'Regulations' means the Individual Savings Account Regulations 1998 as amended from time to time

'Shares' means shares in the Threadneedle Specialist Investment Funds ICVC

'Stocks and Shares ISA' means an ISA that is designated as a stocks and shares ISA under the Regulations

'Terms' means these terms and conditions (together with the relevant Application Form and Simplified Prospectus)

'we' or 'us' or 'our' means the Manager and/or the Manager's nominee

'you' or 'your' means the investor named on the relevant Application Form and/or the investors' personal representatives

Unless you originally held a Personal Equity Plan with Threadneedle Portfolio Services Limited., the manager of your ISA is Threadneedle Investment Services Limited which is authorised and regulated by the Financial Services Authority, with firm reference number 190437. Its main business is acting as an ISA Manager and as an Authorised Corporate Director. Its registered Office is 60 St Mary Axe, London EC3A 8JQ. If you originally held a Personal Equity Plan with Threadneedle Portfolio Services Limited, it is the manager of your ISA which is authorised and regulated by the Financial Services Authority, with firm reference number 119174. Its main business in the U.K. is acting as an ISA Manager. Its registered Office is 60 St Mary Axe, London EC3A 8BA.

These Terms, the Simplified Prospectus and the Application Form are to be construed as one document constituting the terms of the agreement between you and us.

You should read these Terms carefully to understand how they work and your and our rights and obligations under them. We also draw your attention to the specific risk factors that may

apply to your investment, as set out in the Simplified Prospectus.

2. Subscription

- 2.1 Your ISA will come into force, subject to any rights you have to withdraw, once your correctly completed relevant Application Form and subscription monies are received and accepted by us.
- 2.2 It is our normal practice to effect investment as soon as practicable, but if there should be a reason upon which we are unable to process it we will send the investment back to you on the same day.
- 2.3 The minimum initial investment is as specified in the relevant Application Form. Additional lump sum contributions are subject to the minimum and maximum specified in the relevant Application Form.
- 2.4 We accept partial transfers from ISAs managed by other ISA managers subject to the Regulations and acceptance by us of a correctly completed Application form and your subscription monies.

3. Switching

- 3.1 You may at any time instruct us either in writing or by telephone to switch Shares in your ISA from one fund to another fund. Switching is effected by selling Shares and reinvesting the proceeds into other Shares. We will normally effect the transactions as soon as possible after receiving the instruction.
- 3.2 There is currently no fee charged on a switch from one share class in a fund to another Class in the same fund. However, you may be charged a fee on the switching of Shares between funds on the terms set out in the then current Prospectus. to another share class of the fund in question. The general provisions on procedures relating to the subscriptions and withdrawals set out in these Terms will also apply.
- 3.3 Please note that if you switch Shares in one fund for Shares in any other fund, you will not have any right to withdraw from or cancel the transaction.

4. Classification and our obligations to you

- 4.1 You are classified as a 'retail client' as defined in the FSA rules unless we notify you in writing to the contrary.
- 4.2 We will act with reasonable skill, care and diligence as required by the rules of the FSA.

5. Ownership of Investments

- 5.1 Investments are beneficially owned by you and will be registered jointly in your name and our name (or the

name of a nominee company appointed by us). Any documents evidencing title to an Investment will be held by us or as we may direct. Any other nominee appointed by us may act on our instructions about an ISA or its income which appear to be in accordance with these Terms.

- 5.2 We are not permitted to lend any Investments, documents of title or other property belonging to you to a third party, commit you to pay further sums of money into the ISA, or borrow money on your behalf against the security of the Investments or documents.

6. Client money

- 6.1 The Client Account will be held in the UK with an authorised bank in accordance with the FSA's Client Assets rules. The bank will hold the cash on our behalf in sterling in a trust account separate to any account used to hold money belonging to us in our own right. We will not, however, be responsible for any acts or omissions of the bank.
- 6.2 If the bank should become insolvent, we will have a claim on behalf of you and other clients against the bank. If, however, the bank cannot repay all of its creditors, any shortfall may have to be shared pro rata between you and other clients.

7. Distributions and Income Payments

- 7.1 If you wish to take an income from your ISA you must provide full details of your bank or building society account in the 'income payments' section of the Application Form. Otherwise, any income payable in relation to your ISA will be automatically reinvested. Where you are adding to an existing holding in a particular Fund, your instructions to take the income or reinvest will apply to your entire holding in that Fund. It is not possible to both reinvest and take the income from the same Fund within the same account.
- 7.2 We can only accept one set of bank or building Society account details to cover all holdings within the same account for distribution payments.
- 7.3 We will pay with each income distribution and/or interest distribution (as paid on our bond Funds) an amount equivalent to any tax due on the distribution. Such amounts will be a loan by us to you, interest free but repayable on demand, and you will authorise us to deduct an equivalent amount, to repay this loan, from the tax reclaim when it is received from HMRC.
- 7.4 For net accumulation Shares and income Shares with reinvestment instructions, the tax reclaim obtained from

the HMRC will be used to purchase such additional Shares in the fund in question.

7.5 If you wish to reinvest income but invest into your ISA immediately prior to the ex-dividend date, registration may take place too late to enable the distribution to be reinvested in additional Shares. In this case, the distribution will be paid out to you rather than reinvested.

7.6 If you terminate or transfer your ISA then any income due to you will normally be paid within four Dealing Days of termination or transfer.

8. Withdrawals

8.1 On your written instructions and within the time stipulated by you (which must be at least four Dealing Days) we will transfer or pay to you all or part of the investments held in your ISA and the proceeds arising from those investments.

8.2 The minimum withdrawal you may make at any one time is £500.

8.3 You hereby authorise us to act on your behalf for the purpose of approving, delivering and signing all and any documentation and doing all such acts and things as we may consider appropriate in connection with the following matters:

- (a) the sale of Investments in accordance with your instructions; and
- (b) the transfer of the Investments into the joint names of you and us or a nominee.

9. Charges

9.1 The Manager shall be entitled to charge for its services at the rates set out in the Simplified Prospectus issued by the Manager which is current at the date you apply for your ISA. We shall give you the notice period as required by the Regulations and the FSA Rules in relation to any changes that are important to your investment which may apply from time to time.

10. Income

10.1 The Manager will automatically reinvest all income in respect of Investments and all related tax reclaims, net of any tax liability, unless you elect to be paid the income from your ISA by completing the relevant section on the relevant Application Form or notifying the Manager.

10.2 You must inform the Manager if you wish to cancel a previous election to receive income.

11. Termination and invalid ISAs

11.1 Termination by you

11.1.1 You may terminate the ISA on giving us written notice to sell the Investments on your behalf. Termination of the ISA will not take effect, even if no Investments remain, until any outstanding tax claims have been received from the HMRC. We shall be entitled to retain such proceeds as are necessary to settle any outstanding fees or any transactions that have been commenced for you.

11.2 Termination by us

11.2.1 We shall be entitled to terminate the ISA immediately if we believe it is no longer possible to manage the ISA in accordance with the Regulations or if you are in breach of the Regulations.

11.2.2 The ISA will terminate automatically with immediate effect if it becomes void under the Regulations because of any failure to satisfy their provisions. We will notify you in writing if this occurs as soon as we become aware of it. Should this occur, we shall return to you the then current market value of your ISA.

11.2.3 The ISA will be terminated without prejudice to any transactions already initiated for you and we shall be entitled to retain such proceeds as are necessary to settle any outstanding fees and any transactions which have been commenced for you. The proceeds of the ISA will normally be paid to you within four Dealing Days of their sale.

11.2.4 When the ISA is terminated in accordance with this Section 11.2, we reserve the right to reclaim any tax reclaims already paid to you.

11.2.5 If we wish to stop managing the ISA, we may terminate the ISA on a minimum of 2 months' written notice. This will give you time to transfer the ISA to another manager.

11.3 Termination on death

11.3.1 The ISA will terminate automatically in the event of your death and all your rights under these Terms will vest in your personal representatives or any other person entitled to them. Such persons should inform us promptly in the event of your death.

11.3.2 We will stop collecting monthly investments (where applicable) and the ISA's tax exempt status will end.

11.3.3 Your personal representative or any other person entitled to your ISA may, subject to our receipt of evidence of your death, ask us to sell your Investments or register them in the name of another person or persons. We will do this after selling sufficient Shares to reimburse us or the HMRC for any money owed to either of us.

11.4 Repairing an invalid ISA

11.4.1 In certain circumstances, as set out in the Regulations and following a direction from the HMRC, it may be possible for us to repair (rather than void) an invalid ISA. This will allow you to have the benefit of tax relief for the future but you will lose tax relief up to the date of the repair and hence you should be aware of the income and capital gains tax implications of this.

11.4.2 The HMRC will send us a notice of discovery stating which ISAs can be repaired and to what extent. We will only act on receipt of this notice. The HMRC will also send you a letter to inform you of the situation.

11.4.3 Where we are required to remove excess subscriptions (including allowance for income or tax reclaims) from your ISA you hereby authorise us to transfer into your name or redeem any of the Funds held in your ISA to the extent required under the Regulations. This will be as close to the original investment split as possible. Where this amount is above the minimum holding for investment outside an ISA we will contact you to confirm whether you wish these investments to be held directly in the Funds outside of your ISA or returned to you (this may be less than your original subscription). We will also inform you of the original cost price of investments, the date of acquisition, the sale price and any incidental costs of acquisition of investments purchased with invalid subscriptions.

12. Taxation

12.1 You authorise us to make the necessary claims in respect of tax deductions in respect of Investments and income from them in accordance with the Regulations and otherwise. When we believe it to be appropriate, we shall provide the HMRC with all relevant information and

documentation that may be required by the HMRC under the Regulations or otherwise.

12.2 You will supply us with all information that we reasonably require in respect of the ISA.

12.3 You will inform us, as soon as practicable, if any of the information given or statements made in your Application Form become untrue.

12.4 You should note that your tax treatment in relation to any investments made under these Terms will depend on your individual circumstances and may be subject to change in future.

13. Alteration of these Terms

13.1 We may vary these Terms if we give at least one month's written notice, provided that the changes do not materially affect your interests or alter the fundamental basis of your investment.

13.2 We reserve the right to vary these Terms without notice if required by a change in the rules of the FSA, the rules and regulations of the HMRC but provided we notify you in writing as soon as practicable thereafter of any material changes.

13.3 Please note that, if you do not like any variations that we propose, you have a right under section 11 to end this agreement at any time.

13.4 We may appoint another company to act as your Manager in our place, but any new Manager will be an Associate of ours and will also be approved to act as a Manager under the Regulations.

14. Statements

14.1 We will send you a statement every six months showing details of your investments and details of all transactions in your ISA since the previous statement. We may produce a consolidated statement if you have more than one ISA.

15. Reports and Accounts

15.1 You will automatically receive a copy of the annual short form report and accounts issued in respect of the Fund held in your ISA. Subject to clause 14, if you so elect, we will arrange for you to receive other information issued to investors in any Funds in your ISA.

16. Contact Details, Notices and Instructions

16.1 You can contact Threadneedle's Client Services Team at P.O. Box 1457, Swindon SN1 1FP or by telephone on 0800 068 3000 or, if you have any doubts about the

suitability of the investment and would like advice, please contact your financial adviser.

- 16.2 Please note that we only accept written instructions in relation to your ISA by letter or fax. We do not accept instructions by e-mail. Other than in the case of switch instructions, we do not accept instructions over the telephone.
- 16.3 For your security and to improve the quality of our service, we may record and monitor telephone calls. We or our agents may contact you in order to obtain instructions in relation to your ISA. Where such contact is by telephone, these calls may also be recorded.
- 16.4 Any document or cheque to be sent or any notice to be given by us in writing in accordance with these Terms will be sent, at your risk, to the address last notified to us and will be deemed to have been received by you on the second day from the day it is posted.
- 16.5 You should write to us straight away (at the address set out in paragraph 17.1 above) if you change your name or your address. If you have not told us about a change of address and we send a notice to the latest address you have given us, it will be effective.
- 17. Liability**
- 17.1 You agree to indemnify us against all liabilities incurred by us in connection with the management of your ISA, other than liabilities caused as a direct result of our negligence, wilful default, or breach of the rules of the FSA, the rules and regulations of the HMRC or of these Terms.
- 17.2 We are liable for our negligence, wilful default and for any breaches of the rules of the FSA, the rules and regulations of the HMRC or of these Terms. We are not liable for any loss caused through a fall in the value of Investments unless that fall was due to our negligence or wilful default.
- 17.3 We accept no responsibilities for your ISA until cleared funds are received, nor for any loss or delay caused in the payment of funds to us.
- 17.4 For the purposes of this section, references to you include your personal representatives and references to us include our nominee(s).
- 17.5 If we cannot perform any of our obligations under these Terms due to circumstances beyond our reasonable control, then we will take all reasonable steps to bring those circumstances to an end, but we will not be liable

for our non-performance except to the extent required by the FSA rules.

- 17.6 We will not be liable for any loss arising directly or indirectly from the late collection of a direct debit payment that is not due to our fault, including any loss of investment opportunity or loss of tax relief.
- 18. Complaints and Compensation**
- 18.1 We have established procedures in accordance with the requirements of the FSA for the consideration of complaints. Details of those procedures and your rights to compensation if we are unable to meet our liabilities to you are available from us on request. If you are dissatisfied with our response, you have the right to complain directly to the Financial Ombudsman Service, whose address is South Quay Plaza, 183 Marsh Wall, London, E14 9SR.
- 18.2 We are covered by the Financial Services Compensation Scheme, whose address is 7th Floor, Lloyds Chambers, Portsoken Street, London E1 8BN. You may be entitled to compensation from the scheme if we cannot meet our obligations. From 1 January 2010, certain types of investment business are covered for 100% of £50,000. Further information about compensation arrangements is available on request from us or the Financial Services Compensation Scheme itself.
- 19. Material interests and conflicts of duty**
- 19.1 We and any of our Associates may effect transactions in which we or an Associate or another client of ours or our Associates has, directly or indirectly, a material interest or a relationship of any description with another party that may involve a potential conflict with our or our Associates duty to an investor.
- 19.2 Neither we nor any of our associates shall be liable to account to any investor for any profit, commission or remuneration made or received from or by reason of such transactions pursuant to sub-clause 20.1 or any connected transactions nor will our fees, unless otherwise provided, be abated by reason of any such profit, commission or remuneration. We will ensure that such transactions are effected on terms that are not materially less favourable to each investor than if the potential conflict had not existed.
- 19.3 In accordance with the FSA rules, we have a written conflicts policy that sets out the types of conflicts or potential conflicts of interest that affect our business and provides details of how these conflicts are managed. A summary of the conflicts policy is available on request. If any conflict of interest arises in relation to this

Agreement where we are not able to ensure that risks of damage to the interests of each investor will be prevented, we will disclose appropriate information to the relevant investors on the conflict.

20. Cancellation

- 20.1 In certain circumstances you will have the right to cancel your ISA within fourteen days after receiving your contract note from us. If you exercise your right to cancel, any money paid to us will be repaid (subject to deduction of the amount, if any, by which the value of your ISA investments has fallen).
- 20.2 If you cancel your ISA where you have transferred an ISA to us from another Manager, we will refund the value to you and you will lose the tax status of your investment.

21. General

- 21.1 Dealing in the Shares will be in accordance with the Regulations and the FSA rules. Your transactions may be aggregated with those of other investors to be carried out on the same day, and this may work to your disadvantage in relation to a particular order, compared with the price you would have received if your order had been dealt separately.
- 21.2 We may employ agents in connection with the services we provide and we may delegate all or any of our functions or responsibilities to any person we believe is competent to carry out such functions or responsibilities.
- 21.3 If these Terms conflict with the FSA rules, the Regulations or any of the rules and regulations of the HMRC, these will prevail over the Terms. We will notify you if by reason of any failure to satisfy the provisions of Regulations an account has or will become void.
- 21.4 You agree to notify us immediately if you cease to be resident and ordinarily resident in the United Kingdom.
- 21.5 These Terms are governed by the laws of England and Wales.
- 21.6 No interest payments will be made on money held by the Manager, prior to investment in the Funds.
- 21.7 There is no minimum duration to the agreement between us, as set out in these Terms.
- 21.8 All documentation and communications by us in respect of these Terms will be in English.

Section Two – Threadneedle Back-to-Back ISA

The Terms set out in Section One above apply to the Threadneedle Back-to-Back ISA unless stated otherwise. The Terms set out below are in addition to those set out in Section One above.

22. Subscription

- 22.1 With the Threadneedle Back-to-Back ISA, you are only entitled to subscribe for a Stocks and Shares ISA in the next or subsequent tax years.
- 22.2 You may submit either cash or an existing Investment to the Threadneedle Back-to-Back ISA, or a combination of both cash and existing Investments.
- 22.3 The sale and reinvestment into your ISA from your Threadneedle Back-to-Back account, outside the ISA, will occur automatically as soon after the beginning of the next tax year as possible. Any residual amount will not automatically be sold and reinvested into an ISA after the next tax year. You will need to inform Threadneedle in writing if you want to sell and reinvest any residual amount into an ISA in subsequent tax years or tick the box on the Application Form.
- 22.4 If you have not ticked the box on the Application Form, you will need to send written instructions to continue to sell from your Threadneedle Back-to-Back account outside the ISA, and to reinvest into your ISA automatically in subsequent tax years. For Threadneedle Back-to-Back ISAs previously also known as ISA Conversion Plan and taken out before 30 September 2000, the annual sale and reinvestment into an ISA (up to the maximum amount legally permitted) will continue unless and until we receive your signed written instructions to cease the sale and reinvestment.
- 22.5 The sale and reinvestment into your ISA from your Threadneedle Back-to-Back account, outside the ISA, will be made based on the funds in your Threadneedle Back-to-Back account at the time. The funds will be sold and reinvested into your ISA in proportion to their value at the time, up to the legal limit for a Stocks and Shares ISA applicable at the time of reinvestment. For Threadneedle Back-to-Back ISAs previously known as ISA Conversion Plan and taken out before 30 September 2000, the sale and reinvestment will be made based on the funds in your Threadneedle Back-to-Back ISA with the exception of the funds that are not available through the Threadneedle ISA.

23. Charges

- 23.1 There is currently no initial charge and no fee for the annual sale and reinvestment into your ISA from any Funds.
- 23.2 We reserve the right to charge a fee, should circumstances change in the future. We will give you notice in writing of any change.

24. Statements

- 24.1 We shall send you a statement each tax year setting out the current balance on your Threadneedle Back-to-Back ISA.
- 24.2 Within six months of this statement, we shall send you a statement showing details of all transactions in relation to your account since the previous statement.

Section Three – Threadneedle Cash Withdrawal Facility (CWF)**25. Cash Withdrawal Facility**

- 25.1 These Terms relating to the CWF are supplementary to the Prospectus of the relevant Threadneedle Funds, as may be amended from time to time and as summarised in the relevant Simplified Prospectus. All the Terms applying to an Investment in a fund or funds, as stated in the current Prospectus, shall apply to the CWF, except as amended by these Terms.

26. Share/Unit Renunciation

- 26.1 You authorise us to redeem Shares required to provide the CWF Amount. Such redemption will take place at the selling price then ruling five Dealing Days (or at such other time as the Manager may in its absolute discretion determine) before payment of the CWF Amount. If there are insufficient Shares available to meet the CWF Amount the CWF Amount will not be paid.

27. Settlement

- 27.1 Payments of the CWF Amount shall be made by direct credit (BACS) transfer to your bank or building society account, the details of which you will notify to Us. No payments by any other method will be permitted. You will receive payment of the CWF Amount five Dealing Days (or at such other time as the Manager may in its absolute discretion determine) after the date of the renunciation of Shares, regardless of the type of Fund or Funds in which you have invested.
- 27.2 All payments of the CWF Amount must be made to one bank or building society account. We are not able to make payments of the CWF Amount to two or more separate accounts.

28. Income Distributing Funds

- 28.1 Where a Fund distributes income, such distributions will be reinvested in your ISA. There is currently a 1.75% charge for such reinvestments of distributions, but we reserve the right to levy a charge in the future. However, there is a charge for reinvestment if you discontinue your CWF.

29. Frequency of Payments of the CWF Amount

- 29.1 You may elect to receive payments of the CWF Amount monthly, quarterly, half-yearly or yearly. No other frequencies of payments of the CWF Amount will be permitted.
- 29.2 Payments of the CWF Amount will always be made on the first day of each calendar month or, if this is not a Dealing Day, the payment of CWF Amount shall be made on the nearest previous Dealing Day.
- 29.3 Payments of the CWF Amount can only be made on the same date and at the same frequency for any Fund within your account. Thus, if you have elected to use the CWF in respect of two or more Funds, you will be paid the CWF Amount on the same Pay Date for all Funds within your account.
- 29.4 You may choose the month in which you would like to begin using the CWF.

30. Choice of Fixed or Variable Payments

- 30.1 You may choose to receive your CWF Amount as either a fixed sum, or alternatively, you may elect to receive a percentage of the current valuation of your Investment.

31. Communications

- 31.1 After we have received your Application Form in respect of the CWF, we shall write to you confirming your requirements. We reserve the right to decline any application, without giving any reason.
- 31.2 Contract notes are usually required to be sent in respect of each payment of a CWF Amount. However, in our offering the CWF, you agree to our sending you a summary transaction statement every six months outlining all CWF Amounts paid to you during that period and containing information that would have appeared in separate contract notes.

32. Alterations of the CWF Amount

- 32.1 You may alter the CWF Amount at any time on the giving of eight weeks' notice to the Manager. If such notice is given less than three weeks before the Pay Date of the CWF Amount it may not take effect until after the next Pay Date.

33. Termination

33.1 You may terminate this CWF at any time upon giving eight weeks' notice to us. If you terminate the CWF, but continue to invest with us through your ISA, the provisions in this Section Three shall be suspended as regards your Investment, which will be governed by Section One of these Terms and by the terms of the current Prospectus for the relevant Threadneedle Funds.

33.2 We may discontinue the CWF at any time, upon the giving of at least eight weeks' notice of our intention to do so.

34. Instructions

34.1 We or our agents may contact you by telephone or by some other means in order to obtain instructions in relation to your CWF. Telephone calls may be recorded.

Important Information

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