



Threadneedle Managed Growth Funds

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Introduction

These Interim Reports cover the six months to 15th November 2011 and review the performance and market background for the five unit trusts in the Threadneedle Managed Growth Funds range. These comprise the Threadneedle Global Equity Fund, Threadneedle Global Equity & Bond Fund, Threadneedle Equity & Bond Fund, Threadneedle Defensive Equity & Bond Fund and Threadneedle Defensive Fund.

The six months under review proved a volatile period for world equity markets. During the summer, global risk aversion rose on the back of growing concerns over the sovereign debt problems within the eurozone periphery. There were also worries over the sluggish pace of the US recovery and slowing global growth, with fears that the Chinese economy could experience a hard landing. Towards the end of the period, there was a rebound in global equity markets as investors became less risk-averse following the EU agreement on Greek debt and a greater willingness on the part of the Italian authorities to impose fiscal reforms in Italy.

Despite the more positive end to the period, most equity markets delivered negative returns over the six months under review. Against the more challenging economic backdrop, investors favoured safe havens and the majority of government bond markets posted positive returns. Elsewhere in fixed income, investment grade corporate bonds outperformed the high yield market.

We hope that you find the individual fund reports informative. If you would like further information regarding any aspect of your investment, or about other Threadneedle products, please either contact us directly or speak to your financial adviser. Alternatively, you may find it helpful to visit threadneedle.com for further information about Threadneedle.

Thank you for your continued support.

Threadneedle Global Equity Fund

Manager's Report

Investment Objective and Policy

The Fund's investment objective and investment policy is to provide above average capital growth from investment in regulated collective investment schemes managed, operated, or advised by Threadneedle Investment Services Limited (or any company within the Group of which it is a member).

The Fund will invest internationally and will invest primarily in collective investment schemes that invest in equities. With effect from 1st October 2011 the Fund may also invest in collective investment schemes that do not restrict their use of derivatives to efficient portfolio management up to a maximum amount of no more than 20% of the value of the Fund. Further the Fund may also invest directly in cash, near cash and/or money market instruments.

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

Review

This report covers the period from 16th May 2011 to 15th November 2011.

Fund Performance

During the period under review the offer price of Class A units fell by 10.12% from 120.50p to 108.30p.

Over the six months to 15th November 2011, the offer price of Class B units fell by 9.95% from 117.60p to 105.90p.

Looking at performance within its peer group (the IMA Active Managed Sector), the total return on the Fund for the six months ending 31st October 2011, including net reinvested income, is -7.60% as compared to a median return of -7.17% over the same period. (Source: Morningstar, bid to bid, income reinvested for a UK basic rate taxpayer). Please note that this period has been used for peer group comparisons due to updated peer group information only being available from Morningstar at month-end points.

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

Portfolio Activity

The six months under review proved a volatile period for world equity markets as concerns grew over the sovereign debt crisis in the eurozone and the slowdown in global economic growth. There were also fears that the Chinese economy could experience a hard landing. Within the UK and Europe, the imposition of government austerity measures to rein in government spending contributed to a slowing of economic activity, particularly within the eurozone periphery.

Political uncertainty also served to dampen investor sentiment. The US market fell sharply in July following the wrangling in Congress over extending the country's debt ceiling. A plan was finally agreed to raise the government's \$14.3trn debt limit and avoid a default. However, credit rating agency Standard & Poor's was unimpressed by the lack of concerted action to address the budget deficit and it cut America's prized AAA credit rating to AA+. In September, continuing concerns over the sluggish US recovery led President Obama to unveil a \$447bn package of tax cuts and spending proposals to stimulate the economy. Additionally, the Federal Reserve announced 'Operation Twist', which is designed to depress interest rates for longer-term borrowings such as mortgages and corporate loans.

For much of the period, market attention focused on the eurozone. At the start of July markets were cheered by news that the Greek government had passed a new series of austerity measures, thereby securing the next tranche of the

country's initial bailout package. Subsequently, Greece secured a second financing package on 21st July totalling 159bn euros. Powers were also granted to the European Financial Stability Facility (EFSF) to buy the debt of financially stressed nations, in the hope of limiting the degree of contagion to Italy and Spain. Unfortunately, August saw an escalation of the debt crisis with concerns spreading to Italy, which accounts for just under a quarter of all eurozone sovereign debt.

October proved a positive month for world equity markets, which rebounded strongly when a deal was finally put in place to tackle the Greek sovereign debt crisis. This proposed that investors should accept losses of 50 per cent on their Greek government bond holdings, thereby cutting the country's debt burden. Plans were also put in place to significantly boost the EFSF. However, subsequent political machinations in Greece again sparked contagion to Italy where yields on Italian government bonds spiked to new euro-era highs and the authorities came under intense pressure to deliver credible fiscal reforms. Within the UK, sentiment was buoyed by the Monetary Policy Committee's announcement that it would restart the policy of quantitative easing (QE), targeting a programme of gilt purchases totalling £75bn.

The fund's asset allocation remained unchanged until the beginning of August when market risks increased. During August and September, we reduced the fund's equity exposure on rallies. Positions in markets globally were pared back with the exception of Japan. In early September, we increased the fund's exposure to the Japanese equity market, which outperformed most other markets over the month. Japan's domestic economy is doing much better than expected in the aftermath of the March earthquake. In October, we further reduced the positions in US and European equities. Additionally, we adjusted the UK exposure by cutting back the holding in the Threadneedle UK Select Fund and switching the proceeds into the Threadneedle UK Equity Alpha Income Fund and the Threadneedle UK Absolute Alpha Fund. The latter is able to take both long and short positions in the UK market. This ability to benefit from stocks that are likely to rise in value, as well as those which are expected to fall, means that the fund can generate returns from both types of investment, and is therefore well-suited to the current, more volatile market conditions. Looking ahead over the coming year, we are cautiously optimistic on the outlook for UK equities.

Overall, we believe that equity valuations continue to look attractive. The mainstream underlying equity portfolios continue to be relatively defensively positioned and we are concentrating on companies with strong business franchises and robust balance sheets, which should fare better than their weaker competitors in the more challenging economic climate.

C J Henderson

T N Gillbanks

21st December 2011

The Further Information at the back of these Interim Reports and Accounts forms part of the Manager's Report.

Directors' Statement

In accordance with the requirements of the Financial Services Authority's Collective Investment Schemes (COLL) Sourcebook, we hereby certify the Interim Reports & Accounts on behalf of the Directors of Threadneedle Investment Services Limited.

C J Henderson

T N Gillbanks

21st December 2011

Threadneedle Global Equity Fund

STATEMENT OF TOTAL RETURN

for the accounting period 16th May 2011 to 15th November 2011

	2011 £000	2010 £000
Income		
Net capital gains/(losses)	(24,457)	10,505
Revenue	1,023	836
Expenses	(230)	(269)
Finance costs: Interest	(1)	(1)
Net revenue/(expenses) before taxation	792	566
Taxation	-	(1)
Net revenue/(expenses) after taxation	792	565
Total return before distributions	(23,665)	11,070
Finance costs: Equalisation	10	(5)
Change in net assets attributable to unitholders from investment activities	(23,655)	11,065

BALANCE SHEET

as at 15th November 2011

	2011 £000	May 2011 £000
Assets		
Investment assets	212,709	232,875
Debtors	1,187	360
Cash and bank balances	6,058	3,081
Total other assets	7,245	3,441
Total assets	219,954	236,316
Liabilities		
Creditors	(154)	(401)
Total liabilities	(154)	(401)
Net assets attributable to unitholders	219,800	235,915

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the accounting period 16th May 2011 to 15th November 2011

	2011 £000	2010 £000
Opening net assets attributable to unitholders	235,915	212,962
Movement due to sales and repurchases of units:		
Amounts receivable on the issue of units	15,446	2,490
Amounts payable on the cancellation of units	(7,857)	(6,929)
	7,589	(4,439)
Stamp duty reserve tax	(49)	(22)
Change in net assets attributable to unitholders from investment activities (see statement of total return above)	(23,655)	11,065
Closing net assets attributable to unitholders	219,800	219,566

The comparatives used within the Statement of Change in Net Assets Attributable to Unitholders are for the corresponding period of the previous year. Therefore the opening net assets attributable to unitholders for the current year are at 15th May 2011 whilst the figure disclosed in the comparatives' closing net assets attributable to unitholders is at 15th November 2010.

Notes to the financial statements

for the accounting period 16th May 2011 to 15th November 2011

1 ACCOUNTING POLICIES

(1) Basis of accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (the "SORP") for Financial Statements of Authorised Funds issued by the Investment Management Association (IMA) in October 2010. The accounting policies applied are consistent with those of the annual financial statements for the year ended 15th May 2011 and are described in those financial statements.

(2) Notes

In accordance with the guidelines of the SORP the Fund has taken advantage of the facility not to provide further notes to the financial statements.

Threadneedle Global Equity Fund

Portfolio statement

as at 15th November 2011

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
COLLECTIVE INVESTMENT SCHEMES				Overseas Bond – 2.18%			
(96.77%, May 2011 – 98.71%)				(May 2011 – 2.18%)			
UK Equity – 32.61%				2,045,358	Threadneedle Emerging Market Local Fund	2,756	1.25
(May 2011 – 34.02%)				1,909,116	Threadneedle European High Yield Bond Fund	2,032	0.93
1,004,856	Threadneedle UK Absolute Alpha Fund	1,090	0.50	Total Overseas Bond			
9,915,709	Threadneedle UK Equity Alpha Income Fund	4,571	2.08	4,788 2.18			
17,707,941	Threadneedle UK Equity Income Fund	11,220	5.10	Total Collective Investment Schemes			
1,358,297	Threadneedle UK Extended Alpha Fund	3,222	1.46	212,709 96.77			
13,153,011	Threadneedle UK Fund	10,446	4.75	Total Value of Investments			
4,232,651	Threadneedle UK Mid 250 Fund	4,896	2.23	212,709 96.77			
41,961,335	Threadneedle UK Select Fund	31,958	14.54	Net Other Assets (May 2011 – 1.29%)			
3,485,306	Threadneedle UK Smaller Companies Fund	4,278	1.95	7,091 3.23			
Total UK Equity				Net Assets			
71,681 32.61				219,800 100.00			
UK Bond – 7.07%				<i>The calculation of the % Net Asset Value may not sum to 100% due to rounding.</i>			
(May 2011 – 1.07%)							
15,028,648	Threadneedle UK Cash Fund	15,011	6.83				
1,006,385	Threadneedle UK Corporate Bond Fund	526	0.24				
Total UK Bond							
15,537 7.07							
Overseas Equity – 54.91%							
(May 2011 – 61.44%)							
8,108,402	Threadneedle American Fund	8,795	4.00				
23,851,643	Threadneedle American Select Fund	27,718	12.61				
19,324,838	Threadneedle Asia Fund	22,102	10.06				
3,075,910	Threadneedle China Opportunities Fund	4,856	2.21				
3,011,355	Threadneedle European Fund	3,378	1.54				
10,739,040	Threadneedle European Select Fund	14,162	6.44				
1,746,068	Threadneedle European Smaller Companies Fund	5,399	2.46				
5,627,903	Threadneedle Global Emerging Markets Equity Fund	4,293	1.95				
1,871,432	Threadneedle Global Extended Alpha Fund	2,272	1.03				
31,248,279	Threadneedle Japan Fund	9,759	4.44				
3,538,636	Threadneedle Latin America Fund	9,550	4.34				
4,092,955	Threadneedle Pan European Accelerando Fund	5,353	2.44				
3,135,583	Threadneedle Pan European Smaller Companies Fund	3,066	1.39				
Total Overseas Equity							
120,703 54.91							

Threadneedle Global Equity & Bond Fund

Manager's Report

Investment Objective and Policy

The Fund's investment objective and investment policy is to provide capital growth with some income from investment in regulated collective investment schemes operated, managed or advised by Threadneedle Investment Services Limited (or any company within the Group of which it is a member).

The Fund will invest internationally and will invest primarily in collective investment schemes that invest in equities, and/or fixed income securities. With effect from 1st October 2011 the Fund may also invest in collective investment schemes that do not restrict their use of derivatives to efficient portfolio management up to a maximum amount of no more than 20% of the value of the Fund. Further the Fund may also invest directly in cash, near cash and/or money market instruments.

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

Review

This report covers the period from 16th May 2011 to 15th November 2011.

Fund Performance

During the period under review the offer price of Class A units fell by 8.98% from 110.30p to 100.40p.

Over the six months to 15th November 2011, the offer price of Class B units fell by 8.89% from 107.80p to 98.22p.

Looking at performance within its peer group (the IMA Balanced Managed Sector), the total return on the Fund for the six months ending 31st October 2011, including net reinvested income, is -6.90% as compared to a median return of -5.57% over the same period. (Source: Morningstar, bid to bid, income reinvested for a UK basic rate taxpayer).

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

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

Portfolio Activity

The period under review was a testing time for the world's equity markets. Investor concerns about the global economic outlook and the ability of western governments to repay their debts resurfaced, causing risk appetite to deteriorate.

European leaders initially failed to address the problems in Greece adequately, while in the US the government took negotiations over raising the debt ceiling to the wire. The lack of concerted action to reduce the budget deficit led to rating agency Standard & Poor's stripping the US of its AAA credit rating.

Towards the end of the period, it appeared that eurozone leaders had finally concluded a deal on Greek debt. This proposed that investors should accept losses of 50 per cent on their Greek government bond holdings, thereby cutting the country's debt burden. Plans were also put in place to significantly boost the European Financial Stability Facility (EFSF), increasing the pool of funds available to stressed eurozone members. However, a swift relief rally by global equity markets was brought to an abrupt halt when the Greek prime minister called for a referendum on the deal. Despite his subsequent U-turn, contagion spread to Italy where government bond yields rose to levels considered to be unsustainable. Subsequently, the change of prime minister for both Greece and Italy has been taken positively by financial markets as this should pave the way for credible fiscal reforms.

The uncertain backdrop tended to work in favour of lower risk assets such as government bonds, with gilts and US treasuries performing well despite the downgrade in the credit rating for the US to AA+. In Europe, bonds issued by core nations such as Germany also performed well. However, peripheral issuers suffered from fears that Greece's problems could spill over into other markets. The European Central Bank intervened in a bid to hold down yields on Italian and Spanish bonds. Meanwhile, investment grade corporate bonds and emerging market bonds delivered positive returns but lower-rated, higher yielding areas of the corporate bond market weakened.

At the end of July the fund was overweight in equities, which proved unhelpful. However, during August and September we reduced the fund's equity exposure on rallies as the risks had risen. Positions in markets globally were pared back, with the exception of Japan where the domestic economy has been doing much better than expected in the aftermath of the March earthquake. In contrast, we increased the fund's exposure to absolute return funds, adding to the holding in the Threadneedle Absolute Return Bond Fund and initiating an investment in the Threadneedle UK Absolute Alpha Fund, which holds positions in UK equities. Both funds aim to generate positive returns over the medium term irrespective of the underlying market conditions. In October we again pared back the position in US equities. Additionally, we adjusted the UK equity exposure, switching some money out of the Threadneedle UK Institutional Fund into the Threadneedle UK Equity Income Fund, while part of the holding in the Threadneedle UK Fund was switched into the Threadneedle UK Absolute Alpha Fund.

Despite the reduction in the fund's mainstream equity exposure, we retain a constructive view on the prospects for world stock markets over the medium term. We believe that equity valuations look attractive, and the underlying equity portfolios continue to concentrate on companies with strong business franchises and robust balance sheets, which should fare better than their weaker competitors in the more challenging economic climate. In fixed income, we retain a preference for higher yielding asset classes over the major government bond markets.

**C J Henderson
T N Gillbanks**

21st December 2011

The Further Information at the back of these Interim Reports and Accounts forms part of the Manager's Report.

Directors' Statement

In accordance with the requirements of the Financial Services Authority's Collective Investment Schemes (COLL) Sourcebook, we hereby certify the Interim Reports & Accounts on behalf of the Directors of Threadneedle Investment Services Limited.

**C J Henderson
T N Gillbanks**

21st December 2011

Threadneedle Global Equity & Bond Fund

STATEMENT OF TOTAL RETURN

for the accounting period 16th May 2011 to 15th November 2011

	2011 £000	2010 £000
Income		
Net capital gains/(losses)	(60,757)	29,263
Revenue	4,483	3,893
Expenses	(434)	(473)
Finance costs: Interest	(2)	(12)
Net revenue/(expenses) before taxation	4,047	3,408
Taxation	(329)	(328)
Net revenue/(expenses) after taxation	3,718	3,080
Total return before distributions	(57,039)	32,343
Finance costs: Equalisation	3	(9)
Change in net assets attributable to unitholders from investment activities	(57,036)	32,334

BALANCE SHEET

as at 15th November 2011

	2011 £000	May 2011 £000
Assets		
Investment assets	579,235	632,625
Debtors	499	952
Cash and bank balances	11,325	10,419
Total other assets	11,824	11,371
Total assets	591,059	643,996
Liabilities		
Creditors	(1,450)	(2,169)
Total liabilities	(1,450)	(2,169)
Net assets attributable to unitholders	589,609	641,827

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the accounting period 16th May 2011 to 15th November 2011

	2011 £000	2010 £000
Opening net assets attributable to unitholders	641,827	577,985
Movement due to sales and repurchases of units:		
Amounts receivable on the issue of units	21,204	9,631
Amounts payable on the cancellation of units	(16,255)	(16,212)
	4,949	(6,581)
Stamp duty reserve tax	(131)	(72)
Change in net assets attributable to unitholders from investment activities (see statement of total return above)	(57,036)	32,334
Closing net assets attributable to unitholders	589,609	603,666

The comparatives used within the Statement of Change in Net Assets Attributable to Unitholders are for the corresponding period of the previous year. Therefore the opening net assets attributable to unitholders for the current year are at 15th May 2011 whilst the figure disclosed in the comparatives' closing net assets attributable to unitholders is at 15th November 2010.

Notes to the financial statements

for the accounting period 16th May 2011 to 15th November 2011

1 ACCOUNTING POLICIES

(1) Basis of accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (the "SORP") for Financial Statements of Authorised Funds issued by the Investment Management Association (IMA) in October 2010. The accounting policies applied are consistent with those of the annual financial statements for the year ended 15th May 2011 and are described in those financial statements.

(2) Notes

In accordance with the guidelines of the SORP the Fund has taken advantage of the facility not to provide further notes to the financial statements.

Threadneedle Global Equity & Bond Fund

Portfolio statement

as at 15th November 2011

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
COLLECTIVE INVESTMENT SCHEMES (98.24%, May 2011 – 98.57%)				Overseas Bond – 5.71% (May 2011 – 5.36%)			
	UK Equity – 32.72% (May 2011 – 35.41%)			2,549,000	Threadneedle Credit Opportunities Fund	2,488	0.42
8,198,826	Threadneedle UK Absolute Alpha Fund	8,890	1.51	5,487,112	Threadneedle Emerging Market Local Fund	8,176	1.39
33,513,735	Threadneedle UK Equity Alpha Income Fund	15,450	2.62	6,989,691	Threadneedle European Bond Fund	8,072	1.37
23,518,666	Threadneedle UK Equity Income Fund	14,901	2.53	8,000,000	Threadneedle European Corporate Bond Fund	6,502	1.10
81,800,462	Threadneedle UK Fund	64,966	11.02	1,681,020	Threadneedle European High Yield Bond Fund	1,789	0.30
21,980,321	Threadneedle UK Institutional Fund	19,672	3.33	7,924,891	Threadneedle Global Bond Fund	6,658	1.13
68,344,658	Threadneedle UK Select Fund	52,051	8.83		Total Overseas Bond	33,685	5.71
13,849,608	Threadneedle UK Smaller Companies Fund	17,002	2.88		Total Collective Investment Schemes	579,235	98.24
	Total UK Equity	192,932	32.72		Total Value of Investments	579,235	98.24
	UK Bond – 20.09% (May 2011 – 12.72%)				Net Other Assets (May 2011 – 1.43%)	10,374	1.76
22,810,566	Threadneedle Absolute Return Bond Fund	14,831	2.51			589,609	100.00
6,457,668	Threadneedle High Yield Bond Fund	2,602	0.44				
19,040,996	Threadneedle Sterling Bond Fund	9,960	1.69				
23,693,365	Threadneedle Strategic Bond Fund	10,712	1.82				
6,257,230	Threadneedle Target Return Fund	6,484	1.10				
43,604,096	Threadneedle UK Cash Fund	43,552	7.39				
38,418,668	Threadneedle UK Corporate Bond Fund	30,316	5.14				
	Total UK Bond	118,457	20.09				
	Overseas Equity – 39.72% (May 2011 – 45.08%)						
66,947,514	Threadneedle American Fund	72,618	12.32				
34,671,982	Threadneedle Asia Fund	39,654	6.73				
3,832,196	Threadneedle China Opportunities Fund	6,050	1.03				
35,730,228	Threadneedle European Fund	40,082	6.80				
5,634,514	Threadneedle European Smaller Companies Fund	17,423	2.95				
13,652,373	Threadneedle Global Emerging Markets Equity Fund	10,415	1.77				
3,134,437	Threadneedle Global Extended Alpha Fund	3,806	0.65				
66,339,381	Threadneedle Japan Fund	20,718	3.51				
6,169,582	Threadneedle Latin America Fund	16,651	2.82				
6,898,282	Threadneedle Pan European Smaller Companies Fund	6,744	1.14				
	Total Overseas Equity	234,161	39.72				

The calculation of the % Net Asset Value may not sum to 100% due to rounding.

Threadneedle Equity & Bond Fund

Manager's Report

Investment Objective and Policy

The Fund's investment objective and investment policy is to provide a return by way of capital growth and income from defensively managed investment in regulated collective investment schemes operated, managed or advised by Threadneedle Investment Services Limited (or any company within the Group of which it is a member).

The Fund may invest internationally and will invest primarily in collective investment schemes that invest in equities, fixed interest securities, cash or near cash. With effect from 1st October 2011 the Fund may also invest in collective investment schemes that do not restrict their use of derivatives to efficient portfolio management up to a maximum amount of no more than 20% of the value of the Fund. Further the Fund may also invest directly in cash, near cash and/or money market instruments.

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

Review

This report covers the period from 16th May 2011 to 15th November 2011.

Fund Performance

During the period under review the offer price of Class A units fell by 5.18% from 108.20p to 102.60p.

Over the six months to 15th November 2011, the offer price of Class B units fell by 5.02% from 105.50p to 100.20p.

Looking at performance within its peer group (the IMA Cautious Managed Sector), the total return on the Fund for the six months ending 31st October 2011, including net reinvested income, is -3.66% as compared to a median return of -3.02% over the same period. (Source: Morningstar, bid to bid, income reinvested for a UK basic rate taxpayer).

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

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

Portfolio Activity

World equity markets struggled to make progress in May and June as risk appetite waned on the back of a weak batch of global economic data and ongoing concerns about peripheral eurozone sovereign debt. However, towards the end of June, markets rallied after the Greek government won a key austerity vote that unlocked further funding from the EU and IMF, thus averting the short-term risk of disorderly default.

Subsequently, July saw renewed concerns at the lack of detail over how the deal would work in practice. Meanwhile, in the US the initial stalemate in Congress over raising the country's debt ceiling and averting a US default further eroded risk appetite. On the economic front, a series of weaker data fuelled concerns that the soft patch in the recovery was developing into something more serious. The quarterly earnings season produced more mixed results, with many companies reporting increased margin pressures and giving cautious guidance. Against this backdrop, equity markets retreated and continued to move lower in August and September as concerns mounted over the Greek debt crisis and contagion to Italy and Spain.

Global equities rallied in October driven by hopes that eurozone policymakers would finally take decisive action to tackle the sovereign debt crisis. Investor optimism appeared well founded

after European officials eventually announced an agreement to tackle the Greek debt crisis and bolster the region's banks.

However, fresh doubts about the rescue package resurfaced shortly afterwards. November has since seen the resignations of both the Greek and Italian prime ministers, with Italy under increasing pressure to deliver credible fiscal reforms. Prior to the resignation of Silvio Berlusconi, yields on Italian government bonds had risen to more than 7%. When yields reached similar levels in Greece, Ireland and Portugal these countries sought bailouts from the EU.

Over the review period the uncertain backdrop tended to work in favour of lower risk assets such as government bonds, with gilts and US treasuries performing well despite the downgrade in the credit rating for the US to AA+. In Europe, bonds issued by core nations such as Germany also performed well. However, peripheral issuers suffered from fears that Greece's problems could spill over into other markets. The European Central Bank intervened to try and hold down yields on Italian and Spanish bonds. Meanwhile, investment grade corporate bonds and emerging market bonds delivered positive returns but lower-rated, higher yielding areas of the corporate bond market weakened.

During August and September we reduced the fund's equity exposure on rallies as the risks had risen. Positions in mainstream equity portfolios in Europe, the UK and US were pared back. However, we increased the fund's exposure to absolute return funds, adding to the holding in the Threadneedle Absolute Return Bond Fund and initiating an investment in the Threadneedle UK Absolute Alpha Fund, which holds positions in UK equities. Both funds aim to generate positive returns over the medium term irrespective of the underlying market conditions. During October we again adjusted the UK equity exposure, reducing the holding in the Threadneedle UK Fund and switching into the Threadneedle UK Equity Income Fund and the Threadneedle UK Absolute Alpha Fund.

The eurozone continues to dominate the short-term outlook: with uncertainty continuing to surround Greece and Italy, investors will remain nervous and market volatility is likely to continue. However, with valuations at very attractive levels, equities should be able to make progress once the immediate concerns pass. Elsewhere, we believe that corporate and emerging market bonds represent good value at current levels, and we continue to prefer these higher yielding asset classes to developed government bond markets.

C J Henderson
T N Gillbanks

21st December 2011

The Further Information at the back of these Interim Reports and Accounts forms part of the Manager's Report.

Directors' Statement

In accordance with the requirements of the Financial Services Authority's Collective Investment Schemes (COLL) Sourcebook, we hereby certify the Interim Reports & Accounts on behalf of the Directors of Threadneedle Investment Services Limited.

C J Henderson
T N Gillbanks

21st December 2011

Threadneedle Equity & Bond Fund

STATEMENT OF TOTAL RETURN

for the accounting period 16th May 2011 to 15th November 2011

	2011 £000	2010 £000
Income		
Net capital gains/(losses)	(52,753)	24,820
Revenue	10,386	10,115
Expenses	(610)	(628)
Finance costs: Interest	(5)	(10)
Net revenue/(expenses) before taxation	9,771	9,477
Taxation	(1,167)	(1,118)
Net revenue/(expenses) after taxation	8,604	8,359
Total return before distributions	(44,149)	33,179
Finance costs: Equalisation	55	7
Change in net assets attributable to unitholders from investment activities	(44,094)	33,186

BALANCE SHEET

as at 15th November 2011

	2011 £000	May 2011 £000
Assets		
Investment assets	824,296	860,042
Debtors	3,199	3,727
Cash and bank balances	13,630	10,464
Total other assets	16,829	14,191
Total assets	841,125	874,233
Liabilities		
Creditors	(1,618)	(2,716)
Total liabilities	(1,618)	(2,716)
Net assets attributable to unitholders	839,507	871,517

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the accounting period 16th May 2011 to 15th November 2011

	2011 £000	2010 £000
Opening net assets attributable to unitholders	871,517	774,846
Movement due to sales and repurchases of units:		
Amounts receivable on the issue of units	35,007	21,164
Amounts payable on the cancellation of units	(22,722)	(16,697)
	12,285	4,467
Stamp duty reserve tax	(201)	(129)
Change in net assets attributable to unitholders from investment activities (see statement of total return above)	(44,094)	33,186
Closing net assets attributable to unitholders	839,507	812,370

The comparatives used within the Statement of Change in Net Assets Attributable to Unitholders are for the corresponding period of the previous year. Therefore the opening net assets attributable to unitholders for the current year are at 15th May 2011 whilst the figure disclosed in the comparatives' closing net assets attributable to unitholders is at 15th November 2010.

Notes to the financial statements

for the accounting period 16th May 2011 to 15th November 2011

1 ACCOUNTING POLICIES

(1) Basis of accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (the "SORP") for Financial Statements of Authorised Funds issued by the Investment Management Association (IMA) in October 2010. The accounting policies applied are consistent with those of the annual financial statements for the year ended 15th May 2011 and are described in those financial statements.

(2) Notes

In accordance with the guidelines of the SORP the Fund has taken advantage of the facility not to provide further notes to the financial statements.

Threadneedle Equity & Bond Fund

Portfolio statement

as at 15th November 2011

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
COLLECTIVE INVESTMENT SCHEMES (98.19%, May 2011 – 98.68%)				Overseas Bond – 20.00% (May 2011 – 19.04%)			
	UK Equity – 25.23% (May 2011 – 29.63%)			6,344,100	Threadneedle Credit Opportunities Fund	7,277	0.87
89,592,796	Threadneedle Monthly Extra Income Fund	48,765	5.81	8,295,353	Threadneedle Emerging Market Local Fund	12,360	1.47
10,017,414	Threadneedle UK Absolute Alpha Fund	10,862	1.30	39,621,916	Threadneedle European Bond Fund	45,759	5.45
94,010,452	Threadneedle UK Equity Alpha Income Fund	43,339	5.16	16,196,540	Threadneedle European Corporate Bond Fund	13,163	1.57
84,696,463	Threadneedle UK Equity Income Fund	53,664	6.39	2,310,964	Threadneedle European High Yield Bond Fund	2,460	0.29
37,975,134	Threadneedle UK Fund	30,160	3.59	103,457,561	Threadneedle Global Bond Fund	86,915	10.35
7,407,676	Threadneedle UK Mid 250 Fund	8,568	1.02		Total Overseas Bond	167,934	20.00
13,392,444	Threadneedle UK Smaller Companies Fund	16,441	1.96		Total Collective Investment Schemes	824,296	98.19
	Total UK Equity	211,799	25.23		Total Value of Investments	824,296	98.19
	UK Bond – 30.24% (May 2011 – 23.81%)				Net Other Assets (May 2011 – 1.32%)	15,211	1.81
39,871,254	Threadneedle Absolute Return Bond Fund	25,924	3.09			839,507	100.00
7,941,632	Threadneedle High Yield Bond Fund	3,200	0.38				
46,521,565	Threadneedle Sterling Bond Fund	24,335	2.90				
37,609,283	Threadneedle Strategic Bond Fund	17,003	2.02				
12,198,097	Threadneedle Target Return Fund	12,640	1.51				
84,736,719	Threadneedle UK Cash Fund	84,635	10.08				
109,152,169	Threadneedle UK Corporate Bond Fund	86,132	10.26				
	Total UK Bond	253,869	30.24				
	Overseas Equity – 22.72% (May 2011 – 26.20%)						
33,614,567	Threadneedle American Fund	36,462	4.34				
28,812,773	Threadneedle Asia Fund	32,953	3.93				
35,021,403	Threadneedle European Fund	39,287	4.68				
6,173,661	Threadneedle Global Emerging Markets Equity Fund	4,710	0.56				
20,556,880	Threadneedle Global Equity Income Fund	18,694	2.23				
34,828,315	Threadneedle Global Select Fund	32,185	3.83				
44,613,181	Threadneedle Japan Fund	13,933	1.66				
4,620,478	Threadneedle Latin America Fund	12,470	1.49				
	Total Overseas Equity	190,694	22.72				

The calculation of the % Net Asset Value may not sum to 100% due to rounding.

Threadneedle Defensive Equity & Bond Fund

Manager's Report

Investment Objective and Policy

The Fund's investment objective and investment policy is to provide a return by way of capital growth and income from a defensively managed investment in regulated collective investment schemes operated, managed or advised by Threadneedle Investment Services Limited (or any company within the Group of which it is a member).

The Fund may invest internationally and will invest primarily in collective investment schemes that invest in (i) fixed interest securities and/or (ii) equities of companies that are domiciled in the UK or have significant UK operations. With effect from 1st October 2011 the Fund may also invest in collective investment schemes that do not restrict their use of derivatives to efficient portfolio management up to a maximum amount of no more than 20% of the value of the Fund. Further the Fund may also invest directly in cash, near cash and/or money market instruments.

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

Review

This report covers the period from 16th May 2011 to 15th November 2011.

Fund Performance

During the period under review the offer price of Class A units fell by 0.61% from 84.13p to 83.62p.

Over the six months to 15th November 2011, the offer price of Class B units fell by 0.49% from 82.05p to 81.65p.

The total return on the Fund for the six months ending 31st October 2011, including net reinvested income, is -0.30%. (Source: Morningstar, bid to bid, income reinvested for a UK basic rate taxpayer).

For information this fund appears within the IMA Cautious Managed Sector Peer Group although it is significantly different as it has less exposure to equities.

Over the same period the median return of this peer group was -3.02%. (Source: Morningstar, bid to bid, income reinvested for a UK basic rate taxpayer).

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

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

Portfolio Activity

The defensive qualities of the portfolio enabled the fund to shake off a difficult stock market performance during the period under review. The fund benefited from maintaining exposure to better quality government bond markets via underlying holdings in UK gilts, US treasuries and German bunds where yields hit their lowest levels since the 2008 credit crunch. The corporate bond holdings also tended to add value.

Over the six-month period investors had to contend with a brewing eurozone crisis, which caused tremendous damage to weaker government bond markets, bank valuations and

equity markets generally. The outlook for markets is very uncertain as they brace for a potential default by Greece and the inability of other governments to raise finance easily on the bond markets, as well as having to contend with the risk that the eurozone may even experience country departures. All of this has been happening against a background of pitifully slow economic growth, a lack of strong political leadership and the ongoing forces of global deleveraging, which means that banks are shrinking their lending capabilities as they attempt to improve balance sheet quality.

During the period we felt that the core structure of the fund, with a moderate weighting in equities (around 30%) and a high exposure to bonds, meant that it was well set to weather this type of storm. Accordingly, portfolio activity was light. We were happy to increase the cash position, reducing the equity exposure on market rallies by selling some of the holding in the Threadneedle UK Equity Income Fund. Additionally, to reflect rising concerns about the difficult conditions in bond markets, we tended to increase exposure to the Threadneedle Absolute Return Bond Fund. We would point out that the Threadneedle Defensive Equity & Bond Fund would lose out to more equity-focused peers if there was a sizeable and sustainable stock market rally. However, we are now gently positioning the portfolio for a more challenging time, even in safe haven markets such as German bunds and UK gilts.

C J Henderson

T N Gillbanks

21st December 2011

The Further Information at the back of these Interim Reports and Accounts forms part of the Manager's Report.

Directors' Statement

In accordance with the requirements of the Financial Services Authority's Collective Investment Schemes (COLL) Sourcebook, we hereby certify the Interim Reports & Accounts on behalf of the Directors of Threadneedle Investment Services Limited.

C J Henderson

T N Gillbanks

21st December 2011

Threadneedle Defensive Equity & Bond Fund

STATEMENT OF TOTAL RETURN

for the accounting period 16th May 2011 to 15th November 2011

	2011 £000	2010 £000
Income		
Net capital gains/(losses)	(4,232)	9,110
Revenue	3,715	3,649
Expenses	(220)	(221)
Finance costs: Interest	(1)	(4)
Net revenue/(expenses) before taxation	3,494	3,424
Taxation	(690)	(698)
Net revenue/(expenses) after taxation	2,804	2,726
Total return before distributions	(1,428)	11,836
Finance costs: Equalisation	(6)	22
Change in net assets attributable to unitholders from investment activities	(1,434)	11,858

BALANCE SHEET

as at 15th November 2011

	2011 £000	May 2011 £000
Assets		
Investment assets	260,778	262,884
Debtors	1,576	1,682
Cash and bank balances	5,116	4,064
Total other assets	6,692	5,746
Total assets	267,470	268,630
Liabilities		
Derivative liabilities	-	(1,496)
Creditors	(1,162)	(1,565)
Total other liabilities	(1,162)	(1,565)
Total liabilities	(1,162)	(3,061)
Net assets attributable to unitholders	266,308	265,569

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the accounting period 16th May 2011 to 15th November 2011

	2011 £000	2010 £000
Opening net assets attributable to unitholders	265,569	242,275
Movement due to sales and repurchases of units:		
Amounts receivable on the issue of units	13,934	9,075
Amounts payable on the cancellation of units	(11,703)	(7,464)
	2,231	1,611
Stamp duty reserve tax	(58)	(31)
Change in net assets attributable to unitholders from investment activities (see statement of total return above)	(1,434)	11,858
Closing net assets attributable to unitholders	266,308	255,713

The comparatives used within the Statement of Change in Net Assets Attributable to Unitholders are for the corresponding period of the previous year. Therefore the opening net assets attributable to unitholders for the current year are at 15th May 2011 whilst the figure disclosed in the comparatives' closing net assets attributable to unitholders is at 15th November 2010.

Notes to the financial statements

for the accounting period 16th May 2011 to 15th November 2011

1 ACCOUNTING POLICIES

(1) Basis of accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (the "SORP") for Financial Statements of Authorised Funds issued by the Investment Management Association (IMA) in October 2010. The accounting policies applied are consistent with those of the annual financial statements for the year ended 15th May 2011 and are described in those financial statements.

(2) Notes

In accordance with the guidelines of the SORP the Fund has taken advantage of the facility not to provide further notes to the financial statements.

Threadneedle Defensive Equity & Bond Fund

Portfolio statement

as at 15th November 2011

Holding	Investment	Value £000	% of Net Asset Value
COLLECTIVE INVESTMENT SCHEMES (97.47%, May 2011 – 98.95%)			
UK Equity – 31.00% (May 2011 – 34.52%)			
GBP 30,681,608	Threadneedle Monthly Extra Income Fund	16,700	6.27
GBP 42,889,284	Threadneedle UK Equity Income Fund	27,175	10.20
GBP 12,253,342	Threadneedle UK Fund	9,732	3.66
GBP 5,803,469	Threadneedle UK Growth & Income Fund	3,364	1.26
GBP 28,589,402	Threadneedle UK Institutional Fund	25,587	9.61
	Total UK Equity	82,558	31.00
UK Bond – 38.74% (May 2011 – 37.19%)			
GBP 29,358,446	Threadneedle Absolute Return Bond Fund	18,645	7.00
GBP 65,996,638	Threadneedle Sterling Bond Fund	34,523	12.96
GBP 20,724,899	Threadneedle Strategic Bond Fund	9,370	3.52
GBP 24,658,037	Threadneedle UK Cash Fund	24,628	9.25
GBP 20,283,710	Threadneedle UK Corporate Bond Fund	16,006	6.01
	Total UK Bond	103,172	38.74
Overseas Bond – 27.73% (May 2011 – 27.24%)			
GBP 39,000,805	Threadneedle Dollar Bond Fund	19,840	7.45
GBP 583,487	Threadneedle Emerging Market Local Fund	786	0.30
GBP 30,748,021	Threadneedle European Bond Fund	20,155	7.57
GBP 5,010,121	Threadneedle European Corporate Bond Fund	4,072	1.53
GBP 34,500,250	Threadneedle Global Bond Fund	28,984	10.88
	Total Overseas Bond	73,837	27.73
	Total Collective Investment Schemes	259,567	97.47
DERIVATIVES (0.45%, May 2011 – (0.52%))			
Forward Foreign Exchange Contracts – 0.45% (May 2011 – (0.52%))			
	Sell EUR 38,925,594		
	Buy GBP 34,023,889	814	0.30
	Sell USD 49,452,784		
	Buy GBP 31,570,578	397	0.15
	Total Derivatives	1,211	0.45
	Total Value of Investments	260,778	97.92
	Net Other Assets (May 2011 – 1.57%)	5,530	2.08
	Net Assets	266,308	100.00

The calculation of the % Net Asset Value may not sum to 100% due to rounding.

Threadneedle Defensive Fund

Manager's Report

Investment Objective and Policy

The Fund's investment objective and investment policy is to provide a total return primarily by way of income from a defensively managed investment in regulated collective investment schemes operated, managed or advised by Threadneedle Investment Services Limited (or any company within the Group of which it is a member).

The Fund may invest internationally and will invest primarily in collective investment schemes that invest in fixed interest securities, cash or near cash. The Fund may also invest in collective investment schemes that invest in equities, and these collective investment schemes will not normally represent more than 20% of the portfolio. With effect from 1st October 2011 the Fund may also invest in collective investment schemes that do not restrict their use of derivatives to efficient portfolio management up to a maximum amount of no more than 20% of the value of the Fund. Further the Fund may also invest directly in cash, near cash and/or money market instruments.

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

Review

This report covers the period from 16th May 2011 to 15th November 2011.

Fund Performance

During the period under review the offer price of Class A units rose by 1.29% from 74.48p to 75.44p.

Over the six months to 15th November 2011, the offer price of Class B units rose by 1.41% from 72.54p to 73.56p.

The total return on the Fund for the six months ending 31st October 2011, including net reinvested income, is 1.15%. (Source: Morningstar, bid to bid, income reinvested for a UK basic rate taxpayer).

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

Portfolio Activity

The fund continued to add value during the reporting period. This was a pleasing result as the defensive qualities of the portfolio allowed it to shake off a difficult stock market performance. Positive contributions were generated by maintaining the exposure to better quality government bond markets via underlying holdings in UK gilts, US treasuries and German bunds where yields hit their lowest levels since the 2008 credit crunch. The fund's corporate bond holdings also tended to add value.

Over the last six months investors had to contend with a brewing eurozone crisis, which caused tremendous damage to weaker government bond markets, bank valuations and equity markets generally. The outlook for markets is very uncertain as they brace for a potential default by Greece and the inability of other governments to raise finance easily on the bond

markets, as well as having to contend with the risk that the eurozone may even experience country departures. All of this has been happening against a background of pitifully slow economic growth, a lack of strong political leadership and the ongoing forces of global deleveraging, which means that banks are shrinking their lending capabilities as they attempt to improve balance sheet quality.

During the period we felt that the core structure of the fund, with a very moderate weighting in equities (around 15%) and a high exposure to bonds, meant that it was well set to weather this type of storm. Accordingly, portfolio activity was light. We were happy to reduce the equity exposure on market rallies by selling some of the holding in the Threadneedle UK Equity Income Fund. Additionally, to reflect rising concerns about the difficult conditions in the bond markets, we tended to increase exposure to the Threadneedle Absolute Return Bond Fund. We would point out that the Threadneedle Defensive Fund would lose out to more equity-focused funds if there was a sizeable and sustainable stock market rally. However, we are now gently positioning the portfolio for a more challenging time, even in safe haven markets such as German bunds and UK gilts.

C J Henderson

T N Gillbanks

21st December 2011

The Further Information at the back of these Interim Reports and Accounts forms part of the Manager's Report.

Directors' Statement

In accordance with the requirements of the Financial Services Authority's Collective Investment Schemes (COLL) Sourcebook, we hereby certify the Interim Reports & Accounts on behalf of the Directors of Threadneedle Investment Services Limited.

C J Henderson

T N Gillbanks

21st December 2011

Threadneedle Defensive Fund

STATEMENT OF TOTAL RETURN

for the accounting period 16th May 2011 to 15th November 2011

	2011 £000	2010 £000
Income		
Net capital gains/(losses)	443	3,052
Revenue	1,775	1,868
Expenses	(98)	(114)
Finance costs: Interest	–	(1)
Net revenue/(expenses) before taxation	1,677	1,753
Taxation	(329)	(343)
Net revenue/(expenses) after taxation	1,348	1,410
Total return before distributions	1,791	4,462
Finance costs: Equalisation	107	(24)
Change in net assets attributable to unitholders from investment activities	1,898	4,438

BALANCE SHEET

as at 15th November 2011

	2011 £000	May 2011 £000
Assets		
Investment assets	130,302	128,683
Debtors	12,388	636
Cash and bank balances	1,280	1,876
Total other assets	13,668	2,512
Total assets	143,970	131,195
Liabilities		
Derivative liabilities	–	(871)
Creditors	(707)	(1,388)
Total other liabilities	(707)	(1,388)
Total liabilities	(707)	(2,259)
Net assets attributable to unitholders	143,263	128,936

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the accounting period 16th May 2011 to 15th November 2011

	2011 £000	2010 £000
Opening net assets attributable to unitholders	128,936	123,962
Movement due to sales and repurchases of units:		
Amounts receivable on the issue of units	22,684	4,475
Amounts payable on the cancellation of units	(10,225)	(9,031)
	12,459	(4,556)
Stamp duty reserve tax	(30)	(20)
Change in net assets attributable to unitholders from investment activities (see statement of total return above)	1,898	4,438
Closing net assets attributable to unitholders	143,263	123,824

The comparatives used within the Statement of Change in Net Assets Attributable to Unitholders are for the corresponding period of the previous year. Therefore the opening net assets attributable to unitholders for the current year are at 15th May 2011 whilst the figure disclosed in the comparatives' closing net assets attributable to unitholders is at 15th November 2010.

Notes to the financial statements

for the accounting period 16th May 2011 to 15th November 2011

1 ACCOUNTING POLICIES

(1) Basis of accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (the "SORP") for Financial Statements of Authorised Funds issued by the Investment Management Association (IMA) in October 2010.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 15th May 2011 and are described in those financial statements.

(2) Notes

In accordance with the guidelines of the SORP the Fund has taken advantage of the facility not to provide further notes to the financial statements.

Threadneedle Defensive Fund

Portfolio statement

as at 15th November 2011

Holding	Investment	Value £000	% of Net Asset Value
COLLECTIVE INVESTMENT SCHEMES			
(90.44%, May 2011 – 99.75%)			
UK Equity – 13.58%			
(May 2011 – 16.59%)			
GBP	16,251,370	Threadneedle UK Equity Income Fund	10,297 7.19
GBP	9,787,595	Threadneedle UK Growth & Income Fund	5,673 3.96
GBP	3,895,927	Threadneedle UK Institutional Fund	3,487 2.43
		Total UK Equity	19,457 13.58
UK Bond – 46.02%			
(May 2011 – 49.57%)			
GBP	19,781,083	Threadneedle Absolute Return Bond Fund	12,563 8.77
GBP	30,167,143	Threadneedle Sterling Bond Fund	15,780 11.02
GBP	17,328,109	Threadneedle UK Cash Fund	17,307 12.08
GBP	25,694,177	Threadneedle UK Corporate Bond Fund	20,275 14.15
		Total UK Bond	65,925 46.02
Overseas Bond – 30.84%			
(May 2011 – 33.59%)			
GBP	28,199,359	Threadneedle Dollar Bond Fund	14,345 10.01
GBP	291,744	Threadneedle Emerging Market Local Fund	393 0.27
GBP	20,457,466	Threadneedle European Bond Fund	13,410 9.36
GBP	2,216,855	Threadneedle European Corporate Bond Fund	1,802 1.26
GBP	16,952,702	Threadneedle Global Bond Fund	14,242 9.94
		Total Overseas Bond	44,192 30.84
		Total Collective Investment Schemes	129,574 90.44
DERIVATIVES (0.51%, May 2011 – (0.62%))			
Forward Foreign Exchange Contracts – 0.51%			
(May 2011 – (0.62%))			
		Sell EUR 22,790,424	
		Buy GBP 19,920,540	477 0.33
		Sell USD 31,228,574	
		Buy GBP 19,936,271	251 0.18
		Total Derivatives	728 0.51
Total Value of Investments		130,302	90.95
Net Other Assets (May 2011 – 0.87%)		12,961	9.05
Net Assets		143,263	100.00

The calculation of the % Net Asset Value may not sum to 100% due to rounding.

Comparative Tables

Fund Size

Accounting Period	Mid-Market Net Asset Value of Fund £	Mid-Market Net Asset Value per Unit p	Units in Issue
Threadneedle Global Equity Fund			
16th May 2008 – 15th May 2009			
Class A – Net accumulation units	144,539,842	79.20p	182,493,760
Class B – Net accumulation units	30,984,434	80.00p	38,728,462
16th May 2009 – 15th May 2010			
Class A – Net accumulation units	173,837,821	101.63p	171,045,253
Class B – Net accumulation units	39,123,910	102.88p	38,026,953
16th May 2010 – 15th May 2011			
Class A – Net accumulation units	187,441,095	115.89p	161,737,432
Class B – Net accumulation units	48,473,996	117.58p	41,225,784
16th May 2011 – 15th November 2011			
Class A – Net accumulation units	165,211,334	104.23p	158,500,869
Class B – Net accumulation units	54,588,185	105.90p	51,549,064

Income and Price History

Calendar Year	Net per Unit p	Net per £1,000 invested at 3rd January 2006 £	Highest Offer p	Lowest Bid p
2006				
Class A – Net accumulation units	0.5304	6.27	94.75	77.38
Class B – Net accumulation units	0.7651	9.37	91.61	77.63
2007				
Class A – Net accumulation units	0.5162	6.10	109.90	89.51
Class B – Net accumulation units	0.7453	9.13	106.50	89.97
2008				
Class A – Net accumulation units	0.7460	8.81	107.70	64.94
Class B – Net accumulation units	0.9533	11.68	104.40	65.51
2009				
Class A – Net accumulation units	1.1724	13.85	100.60	67.01
Class B – Net accumulation units	1.3689	16.77	97.99	67.66
2010				
Class A – Net accumulation units	0.9036	10.67	118.40	91.18
Class B – Net accumulation units	1.1198	13.72	115.50	92.25
†Class A – Net accumulation units	0.7262	8.58	123.50	95.62
†Class B – Net accumulation units	0.9690	11.87	120.70	97.11
†To 15th November 2011				

Threadneedle Global Equity & Bond Fund

16th May 2008 – 15th May 2009			
Class A – Net accumulation units	316,422,927	75.90p	416,876,752
Class B – Net accumulation units	159,532,996	76.64p	208,160,273
16th May 2009 – 15th May 2010			
Class A – Net accumulation units	368,191,128	94.04p	391,547,089
Class B – Net accumulation units	209,793,561	95.17p	220,443,218
16th May 2010 – 15th May 2011			
Class A – Net accumulation units	385,765,456	106.17p	363,335,306
Class B – Net accumulation units	256,061,639	107.70p	237,749,230
16th May 2011 – 15th November 2011			
Class A – Net accumulation units	341,671,436	96.70p	353,337,924
Class B – Net accumulation units	247,938,046	98.20p	252,471,289

2006				
Class A – Net accumulation units	0.7206	9.11	87.42	73.58
Class B – Net accumulation units	0.9135	11.97	84.51	73.80
2007				
Class A – Net accumulation units	0.9468	11.96	98.40	82.49
Class B – Net accumulation units	1.1534	15.11	95.32	82.89
2008				
Class A – Net accumulation units	1.0718	13.54	97.15	64.03
Class B – Net accumulation units	1.2640	16.56	94.14	64.56
2009				
Class A – Net accumulation units	1.3615	17.20	94.09	65.62
Class B – Net accumulation units	1.5611	20.45	91.58	66.23
2010				
Class A – Net accumulation units	1.0351	13.08	108.40	86.17
Class B – Net accumulation units	1.2525	16.41	105.90	87.15
†Class A – Net accumulation units	0.8958	11.32	112.40	90.04
†Class B – Net accumulation units	1.1349	14.87	109.80	91.42
†To 15th November 2011				

Threadneedle Equity & Bond Fund

16th May 2008 – 15th May 2009			
Class A – Net accumulation units	401,221,177	80.76p	496,832,201
Class B – Net accumulation units	245,903,052	81.46p	301,860,833
16th May 2009 – 15th May 2010			
Class A – Net accumulation units	479,993,810	94.93p	505,633,356
Class B – Net accumulation units	294,852,521	95.96p	307,269,329
16th May 2010 – 15th May 2011			
Class A – Net accumulation units	526,539,541	104.10p	505,790,199
Class B – Net accumulation units	344,977,306	105.45p	327,155,837
16th May 2011 – 15th November 2011			
Class A – Net accumulation units	492,623,141	98.76p	498,800,255
Class B – Net accumulation units	346,884,145	100.14p	346,397,425

2006				
Class A – Net accumulation units	1.6791	20.86	86.59	75.98
Class B – Net accumulation units	1.8474	23.80	83.67	76.18
2007				
Class A – Net accumulation units	2.0812	25.85	91.70	80.90
Class B – Net accumulation units	2.2672	29.21	88.76	81.32
2008				
Class A – Net accumulation units	2.2239	27.63	91.51	71.91
Class B – Net accumulation units	2.4113	31.07	88.61	72.45
2009				
Class A – Net accumulation units	2.6620	33.07	95.94	74.59
Class B – Net accumulation units	2.8535	36.76	93.24	75.21
2010				
Class A – Net accumulation units	2.2855	28.39	105.80	89.31
Class B – Net accumulation units	2.4938	32.13	103.10	90.22
2011				
†Class A – Net accumulation units	2.0710	25.73	109.70	94.68
†Class B – Net accumulation units	2.2976	29.60	107.00	95.98
†To 15th November 2011				

Comparative Tables

Fund Size

Accounting Period	Mid-Market Net Asset Value of Fund £	Mid-Market Net Asset Value per Unit p	Units in Issue
Threadneedle Defensive Equity & Bond Fund			
16th May 2008 – 15th May 2009			
Class A – Net accumulation units	151,532,372	65.97p	229,681,729
Class B – Net accumulation units	62,899,370	66.56p	94,496,084
16th May 2009 – 15th May 2010			
Class A – Net accumulation units	163,630,439	75.24p	217,470,958
Class B – Net accumulation units	78,644,294	76.08p	103,376,394
16th May 2010 – 15th May 2011			
Class A – Net accumulation units	164,155,349	80.96p	202,754,833
Class B – Net accumulation units	101,413,238	82.03p	123,626,807
16th May 2011 – 15th November 2011			
Class A – Net accumulation units	157,411,929	80.49p	195,578,214
Class B – Net accumulation units	108,896,058	81.64p	133,385,920

Income and Price History

Calendar Year	Net per Unit p	Net per £1,000 invested at 3rd January 2006 £	Highest Offer p	Lowest Bid p
2006				
Class A – Net accumulation units	1.4858	22.48	69.64	62.84
Class B – Net accumulation units	1.6280	25.55	67.29	63.02
2007				
Class A – Net accumulation units	1.4623	22.13	71.57	65.13
Class B – Net accumulation units	1.5716	24.66	69.30	65.48
2008				
Class A – Net accumulation units	1.8492	27.98	72.11	60.22
Class B – Net accumulation units	1.9995	31.37	69.84	60.68
2009				
Class A – Net accumulation units	2.0875	31.59	76.64	61.74
Class B – Net accumulation units	2.2452	35.23	74.51	62.26
2010				
Class A – Net accumulation units	1.9501	29.51	82.92	72.72
Class B – Net accumulation units	2.1231	33.31	80.79	73.48
2011				
†Class A – Net accumulation units	1.5551	23.53	84.55	77.34
†Class B – Net accumulation units	1.7389	27.29	82.48	78.40
<i>†To 15th November 2011</i>				

Threadneedle Defensive Fund

16th May 2008 – 15th May 2009			
Class A – Net accumulation units	81,490,724	61.14p	133,292,015
Class B – Net accumulation units	27,428,384	61.61p	44,522,078
16th May 2009 – 15th May 2010			
Class A – Net accumulation units	81,644,280	68.35p	119,454,136
Class B – Net accumulation units	42,317,849	69.02p	61,316,077
16th May 2010 – 15th May 2011			
Class A – Net accumulation units	77,141,651	71.68p	107,614,904
Class B – Net accumulation units	51,794,813	72.53p	71,407,482
16th May 2011 – 15th November 2011			
Class A – Net accumulation units	83,157,763	72.61p	114,521,418
Class B – Net accumulation units	60,104,908	73.55p	81,716,544

2006				
Class A – Net accumulation units	1.3734	22.35	63.77	58.32
Class B – Net accumulation units	1.4996	25.33	61.54	58.44
2007				
Class A – Net accumulation units	1.6316	26.56	64.63	59.27
Class B – Net accumulation units	1.3382	22.60	62.50	59.49
2008				
Class A – Net accumulation units	1.8878	30.73	65.14	57.21
Class B – Net accumulation units	2.0257	34.22	63.00	57.58
2009				
Class A – Net accumulation units	2.1581	35.13	69.72	58.19
Class B – Net accumulation units	2.2995	38.84	67.70	58.62
2010				
Class A – Net accumulation units	1.7668	28.76	74.43	66.72
Class B – Net accumulation units	1.9194	32.42	72.40	67.32
2011				
†Class A – Net accumulation units	1.4308	23.29	75.44	70.11
†Class B – Net accumulation units	1.5928	26.91	73.56	70.89
<i>†To 15th November 2011</i>				

Total Expense Ratio Summary

for the accounting period 16th May 2011 to 15th November 2011

Fund	Unit Class	November 2011*	May 2011
Threadneedle Global Equity Fund	Class A – Net accumulation units	1.80%	1.88%
	Class B – Net accumulation units	1.52%	1.61%
Threadneedle Global Equity & Bond Fund	Class A – Net accumulation units	1.70%	1.78%
	Class B – Net accumulation units	1.42%	1.49%
Threadneedle Equity & Bond Fund	Class A – Net accumulation units	1.49%	1.59%
	Class B – Net accumulation units	1.23%	1.33%
Threadneedle Defensive Equity & Bond Fund	Class A – Net accumulation units	1.47%	1.56%
	Class B – Net accumulation units	1.21%	1.30%
Threadneedle Defensive Fund	Class A – Net accumulation units	1.23%	1.43%
	Class B – Net accumulation units	0.97%	1.17%

A Total Expense Ratio is a figure representing all operating charges and expenses as a percentage of a fund's value. It includes the annual management fee as well as all the administrative costs incurred by the fund.

Where the Fund invests in other group funds, the calculation includes the Fund's share of the expenses of the underlying funds. The share of the costs of the underlying funds may fluctuate due to changes in investment decisions, which may be required as a result of changes in market conditions.

*Annualised Ratio

Total Purchases and Sales

for the accounting period 16th May 2011 to 15th November 2011

Fund	November 2011 £000	May 2011 £000
Threadneedle Global Equity Fund		
Total purchases for the period	17,622	10,241
Total sales for the period	13,413	18,590
Threadneedle Global Equity & Bond Fund		
Total purchases for the period	65,764	29,430
Total sales for the period	60,216	40,564
Threadneedle Equity & Bond Fund		
Total purchases for the period	64,985	94,335
Total sales for the period	51,611	51,806
Threadneedle Defensive Equity & Bond Fund		
Total purchases for the period	1,110	52,974
Total sales for the period	657	29,331
Threadneedle Defensive Fund		
Total purchases for the period	338	30,650
Total sales for the period	321	15,277

Further Information

The Trusts are Authorised Unit Trust Schemes within Section 243 of the Financial Services and Markets Act 2000 and are constituted pursuant to the Financial Services Authority's Collective Investment Schemes Sourcebook (COLL), as amended from time to time. The Trusts are UCITS schemes for the purpose of COLL.

The Prospectus, which describes each of the funds in the Threadneedle Managed Growth Funds range in detail, is available on request from Threadneedle Investment Services Limited at our Swindon address.

Changes to the Prospectus

During the period 16th May 2011 to 15th November 2011 the main changes to the Prospectus of Threadneedle Managed Growth Funds are as follows:

- Amendment of the investment policy to include investment, up to a maximum amount of no more than 20% of the value of the assets of the Fund, in collective investment schemes that do not restrict their use of derivatives to efficient portfolio management.
- Removal of the requirement for the underlying scheme to restrict the use of warrants to 5% of the value of the assets of the Fund.
- Change of method of price publication – Threadneedle may no longer publish prices in the Daily Telegraph.

In addition, drafting and wording changes were made to improve the clarity of the document and to update FSA rule references.

These prospectus changes were notified to all unitholders at the time they were made. Investors can request a copy of the new prospectus from Threadneedle Investment Services Limited or you can download it at threadneedle.com.

Charges and Prices

For the Threadneedle Managed Growth Funds, two unit prices are quoted for each fund, the 'offer' price at which you buy units and the 'bid' price at which you sell them back to us. The difference between these two prices includes the initial charge and is called the bid/offer spread. The spread for all the Threadneedle Managed Growth Funds is 3.75% of the offer price. The fees and expenses of the Trustees, Registrars fees, Auditors fees and FSA authorisation fees are also payable by the funds.

SDRT Provision

Stamp Duty Reserve Tax (SDRT) is chargeable on the surrender (i.e. the redemption or switching) of units and on certain transfers of units in the fund.

The liability for SDRT is calculated weekly by reference to unit sales and repurchases in that and the following week. The Trustee meets the SDRT liability from the property of the fund.

SDRT liability is met directly by the fund

It is not the Manager's intention to require the payment of a further provision for SDRT, however they reserve the right to do so in respect of large deals (as set out in the Prospectus).

Equalisation

Equalisation applies only to units purchased during the distribution period (Group 2 units). It is the average amount of income included in the purchase price of all Group 2 units and is refunded to the holders of these units as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes. This deduction does not apply to units held within an Individual Savings Account which are not subject to capital gains tax.

Individual Savings Accounts

Throughout the accounting period the funds have satisfied the requirements of the Individual Savings Account Regulations 1998.

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

UK Taxation

Equity dividends are paid with a 10% tax credit. This credit satisfies the tax liability of starter rate and basic rate taxpayers. Higher rate and additional rate taxpayers may have an additional tax liability. Non-taxpayers cannot reclaim this tax credit.

The amount of the distribution allocated to a unitholder which is a company subject to UK tax is separated into a franked and unfranked component. The unfranked part is treated as an annual payment, paid after deduction of tax at 20%. The unitholder will be subject to tax on the grossed up amount but will be entitled to a credit for the tax treated as paid. Whilst the amount can be set off against the corporation tax liability of the unitholder, the maximum amount of tax which can be repaid by the HM Revenue & Customs to the unitholder is shown on the voucher. The franked part will be treated as a UK dividend.

Interest Distributions

Trusts may choose to make interest distributions, where they have satisfied the qualifying investments test for a particular distribution period. For UK individuals and UK corporates, an interest distribution will usually have income tax taken at the savings rate when paying the interest distribution.

Corporate unitholders may be eligible for interest to be paid gross. The total interest payment including any income tax will be subject to income tax or corporation tax.

Individual unitholders who are subject to starting rate for savings income and non-taxpayers should be able to make a reclaim to HM Revenue & Customs for tax withheld.

Directory

Manager and Registrar

Threadneedle Investment Services Limited

Registered Office

60 St Mary Axe,
London, EC3A 8JQ

Client Services

P.O. Box 1331, Swindon, SN38 7TA
Telephone: 0800 068 3000*

Chairman and Chief Executive

C J Henderson

Other Directors

C D Fleming
T N Gillbanks
P J W Reed
N J Ring

Trustee

J.P. Morgan Trustee and Depository Company Limited
(Authorised and regulated by the
Financial Services Authority (FSA))
Chaseside
Bournemouth
Dorset, BH7 7DA

Independent Auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London, SE1 2RT

Investment Adviser

Threadneedle Asset Management Limited
(Authorised and regulated by the FSA)
60 St Mary Axe
London, EC3A 8JQ

**Calls will be recorded*

Important Information

Key Risks

Risks applicable to all Managed Funds

The value of investments can fall as well as rise and investors might not get back the sum originally invested, especially if investments are not held for the long term. Where funds invest into other funds, investors should consider the underlying assets when assessing their portfolio exposure. Where investments are made in assets that are denominated in foreign currency, changes in exchange rates may affect the value of the investments.

Risks applicable to all funds except Global Equity Fund

The fund invests in securities whose value would be significantly affected if the issuer either refused to pay or was unable to pay. Most bond funds offer limited capital growth potential and an income that is not linked to inflation. Therefore, inflation can affect the value of capital and income over time. Changes in interest rates are likely to affect the fund's value. In general, as interest rates rise, the price of a fixed rate bond will fall, and vice versa. Duration is a measure of the extent to which this is the case, with a longer duration suggesting higher sensitivity to interest rate moves.

Risks applicable to all funds except Defensive Fund

The fund may exhibit significant price volatility.

Investors should refer to the Prospectus for full details of all risks applicable to these funds.

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