

Institutional investors only
(not for onward distribution)

Morningstar Rating **★★★★**

Fund Manager

Barrie Whitman

Since: 01 2011

Fund facts

Index: BofA Merrill Lynch
European Currency High
Yield - Constrained x Sub
Financials (HPS2)

Fund size: €901.01m

Launch date: 08/03/2000

Fund domicile: United Kingdom

Share class & general

Institutional I Acc EUR

Period end NAV price: 2.00

Sedol: B1XK5G4

ISIN: GB00B1XK5G42

Bloomberg: TEHEIGA LN Equity

Reuters: --

MEX ID: ADHIBE

WKN: A0MUPK

Valoren: 3120404

Institutional X Acc EUR

Period end NAV price: 0.81

Sedol: B0ZZ7B9

ISIN: GB00B0ZZ7B99

Bloomberg: THRHYCX LN

Reuters: --

MEX ID: --

WKN: --

Valoren: --

All information expressed in EUR

The index was Merrill Lynch European Currency High Yield (3%)
Constrained Index (Hedged to Eur) until 31/05/09 and Merrill Lynch
European Currency High Yield (3%) Constrained Index ex
Subordinated Financials (Hedged to Eur) thereafter.

Contact Details

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Source: FactSet

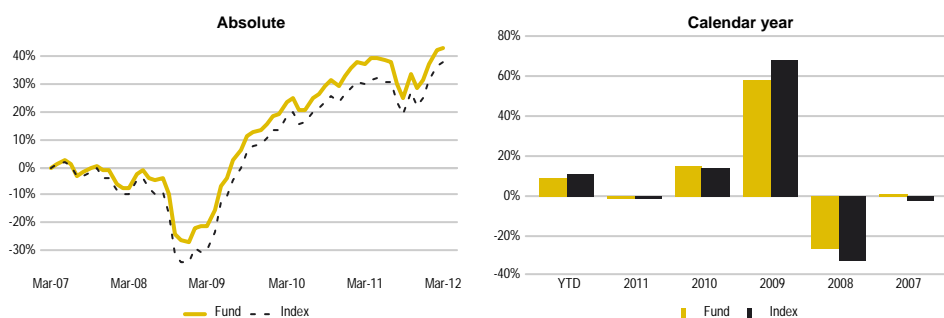
Threadneedle European High Yield Bond Fund

Investment objective and policy

The Fund aims to achieve total return. Over time this will be predominantly by way of income.

The Fund invests primarily in corporate fixed interest securities of corporates with higher risk (that is non-investment grade credit) issued predominantly in Euro or Sterling. Where securities are non-Euro denominated it is intended they will typically be hedged into Euro. The Fund will invest predominantly in issues issued by companies domiciled in Europe, or with significant European operations. If desirable, the Fund may further invest in other securities (including fixed interest securities, other equities and money market securities).

5 year performance



Fund performance

	1M %	3M %	YTD %	1Y %	3Y %	5Y %	10Y %
Fund (Gross)	0.7	9.0	9.0	4.1	22.1	7.4	9.7
Index (Gross)	1.1	10.8	10.8	6.4	25.4	6.7	8.7

Periods over one year are annualised

Performance 12 months ending

	31 Mar 08	31 Mar 09	31 Mar 10	31 Mar 11	31 Mar 12
	-7.3%	-15.2%	57.3%	11.2%	4.1%

All Performance returns shown above are gross of total expenses and are at fund level using global close authorised valuations based on in-house calculated transactions with cash flow at start of day.

Top 10 Issuers

	Port %	Index %
Heidelcement Fin	4.4	3.0
Fce Bank Plc	2.9	1.5
Conti-Gummi Fin	2.6	2.1
Unitymedia	2.5	1.5
Wind	2.1	2.1
Ziggo Bond Co	2.1	1.4
Ardagh Glass	2.0	1.4
Ineos	1.9	1.1
Tvn	1.8	0.7
Upc Holding Bv	1.7	0.9

Total number of issuers in portfolio: 123

Total Port % in top 10: 24.0

Past performance is not a guide to the future. The value of investments and any income from them can fall as well as rise. Copyright © 2012 Morningstar UK Ltd.

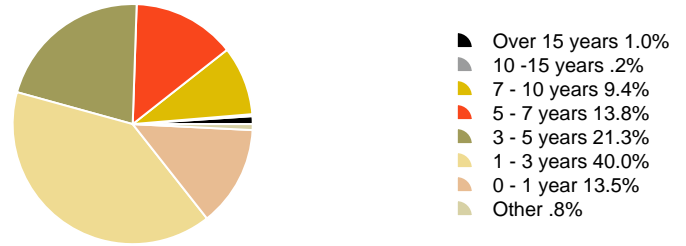
Subscriptions to a fund may only be made on the basis of current Prospectus. Investors should note the 'Risk factors' section of the Prospectus in terms of risks applicable to investing in any fund. The mention of securities is not a recommendation to deal.

Yield & duration

	Port	Index
Yield to maturity*	7.55	7.47
Effective duration*	3.34	3.25

* A small proportion of the portfolio has been estimated internally by Threadneedle in respect of these measures as underlying data not publicly available

Maturity breakdown



Sector analysis - overweights and underweights

	Port %	Index %	Deviation from Index	%
Media	15.5	10.5	5.0	5.0
Basic Industry	15.0	16.4	-1.4	-1.4
Automotive	12.4	15.9	-3.5	-3.5
Services	12.3	12.3	0.0	0.0
Capital Goods	9.2	7.3	1.9	1.9
Banking	6.6	6.8	-0.2	-0.2
Telecommunications	6.4	6.7	-0.3	-0.3
Healthcare	3.5	4.6	-1.1	-1.1
Utility	2.9	4.1	-1.2	-1.2
Consumer Cyclical	2.7	3.5	-0.7	-0.7
Other Sectors	8.6	12.0	-3.4	-3.4
Cash	4.9	0.0	4.9	4.9

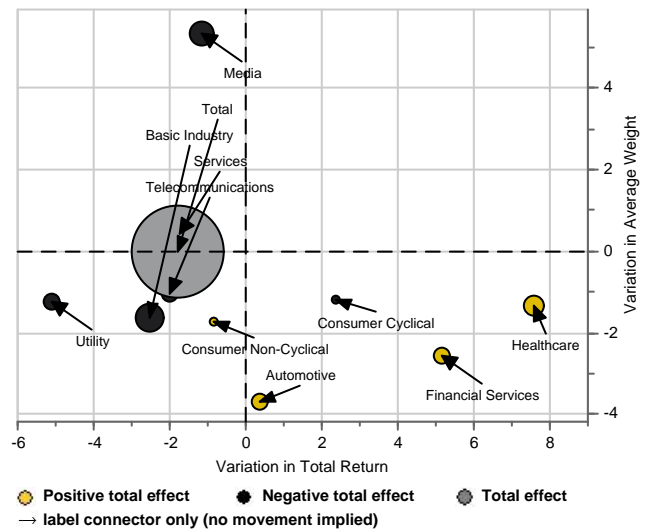
Rating analysis - overweights and underweights

	Port %	Index %	Deviation from Index	%
BBB	0.9	--	0.9	0.9
BB	41.4	57.6	-16.2	-16.2
B	38.0	35.6	2.4	2.4
CCC and under	7.8	6.8	1.0	1.0
Not Rated	7.1	--	7.1	7.1
Cash	4.9	--	4.9	4.9
Average rating*	B+	B+		

* Credit Ratings are derived from averaging the scores of Moody's, S&P and Fitch where provided.

Sector analysis - performance attribution (three months)

Percent	Geometric Attribution						
	Var. in Avg. Weight	Port. Total Return	Bench. Total Return	Alloc. Effect	Selec. Effect	Curr. Effect	Total Effect
Top 5							
Healthcare	-1.3	16.3	8.6	0.0	0.2	0.0	0.2
Automotive	-3.7	8.3	7.9	0.1	0.0	0.0	0.1
Financial Services	-2.6	13.8	8.6	0.1	0.1	0.0	0.1
Consumer Non-Cyclical	-1.7	8.5	9.3	0.0	0.0	0.0	0.0
Consumer Cyclical	-1.2	19.5	17.1	-0.1	0.0	0.0	0.0
Bottom 5							
Utility	-1.2	5.3	10.4	0.0	-0.1	0.0	-0.1
Telecommunications	-1.0	13.3	15.3	0.0	-0.1	0.0	-0.1
Services	0.4	10.5	12.2	0.0	-0.2	0.0	-0.2
Media	5.4	7.0	8.2	-0.1	-0.2	0.0	-0.3
Basic Industry	-1.6	9.8	12.3	0.0	-0.3	0.0	-0.3
Total	--	9.0	10.8	-0.7	-0.9	0.0	-1.6

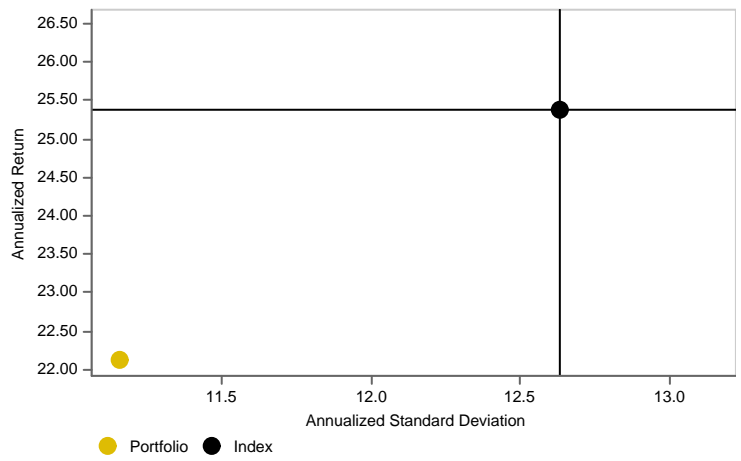


Attribution calculation methodologies may result in rounding differences of total effects versus geometric total portfolio returns

Risk Analysis

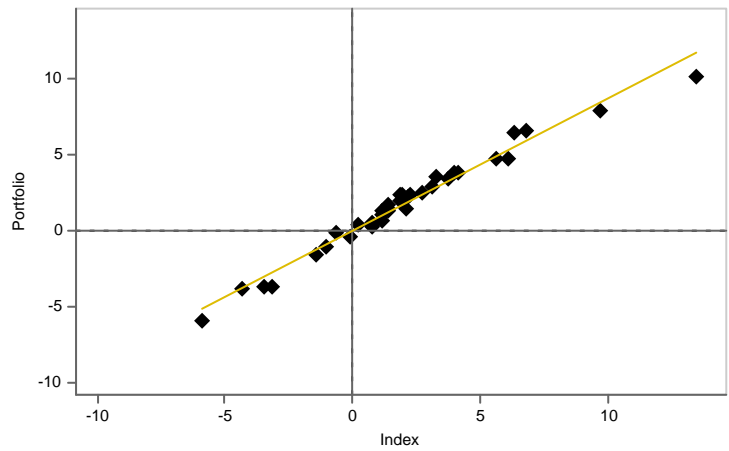
	Port	Index
Absolute Volatility	11.16%	12.63%
Relative Volatility	0.64	--
Tracking Error	2.44%	--
Sharpe Ratio	1.88	--
Information Ratio	-1.33	--
Beta	0.87	--
Sortino Ratio	3.95	--
Jensen Alpha	-0.14%	--
Annualised Alpha	0.19%	--
Alpha	0.02%	--
Max Drawdown	-10.57	-9.96
R²	97.33%	--

Risk/return analysis (three years)



The risk ratios and risk return analysis shown above are based on month end performance data over a three year period.

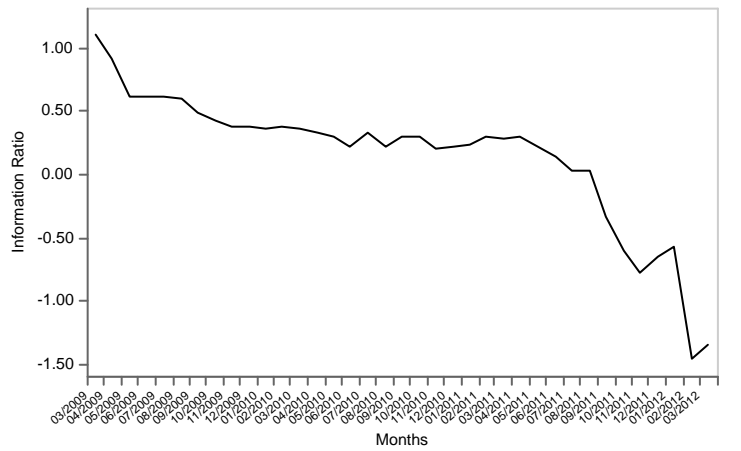
Regression Line



The regression line is calculated from the last 36 months individual data points. Each point represents the relevant monthly return of the fund and the index's corresponding return. The returns are as follows:

$$y = 0.871852x + 0.016008 \quad R^2 = 97.332497$$

Information Ratio



The information ratio is based on rolling 36 months statistics.