

Institutional investors only
(not for onward distribution)

Morningstar Rating **★★★★★**

Fund Manager
Dave Dudding
Since: 07 2008

Fund facts

Index: FTSE World Europe x UK
Fund size: €1,166.36m
Launch date: 31/10/1986
Fund domicile: United Kingdom

Share class & general
Institutional I Acc EUR

Period end NAV price: 2.00
Sedol: 3081013
ISIN: GB0030810138
Bloomberg: TDNESL2:LN Equity
Reuters: 987664X.DX
MEX ID: ADESG2
WKN: 987664
Valoren: 1287575

All information expressed in EUR

Contact Details

For your local office details please visit
our website threadneedle.com or
Tel: +44 (0)207 464 5000
europesales@threadneedle.co.uk
clientservices@threadneedle.co.uk

Source: FactSet

All data as at 31 Mar 12
Institutional/OEIC



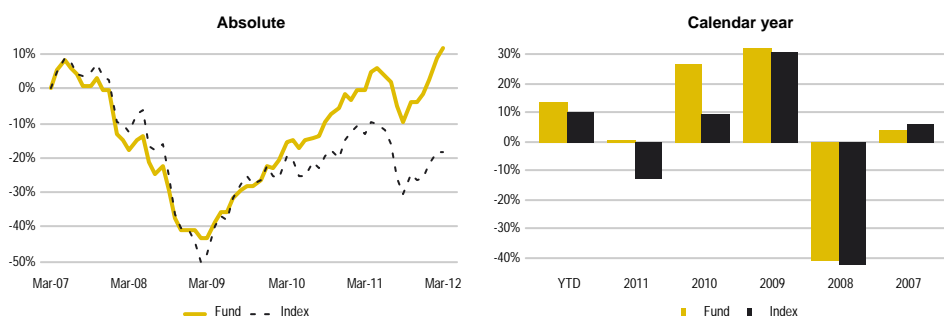
Threadneedle European Select Fund

Investment objective and policy

The Fund aims to achieve above average capital growth.

The Fund invests mainly in a relatively concentrated portfolio of equities of companies domiciled in Continental Europe or which have significant Continental European operations. The select investment approach means that the Manager has the flexibility to take significant stock and sector positions which may lead to increased levels of volatility. If desirable, the Manager 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) | 2.8 | 13.6 | 13.6 | 12.2 | 25.2 | 2.3 | 5.8 |
| Index (Gross) | 0.1 | 10.1 | 10.1 | -5.9 | 16.3 | -3.9 | 1.9 |

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 |
|-----------|-----------|-----------|-----------|-----------|
| -17.8% | -30.7% | 48.2% | 18.0% | 12.2% |

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 holdings

| | Sector | % |
|---|------------------------|-----|
| Nestle S.A. | Consumer Staples | 6.9 |
| Schneider Electric S.A. | Industrials | 5.6 |
| Linde AG | Materials | 5.3 |
| Sampo Oyj | Financials | 4.9 |
| Air Liquide S.A. | Materials | 4.8 |
| Fresenius Medical Care AG & Co. KGaA | Health Care | 4.5 |
| SAP AG | Information Technology | 4.4 |
| Anheuser-Busch InBev | Consumer Staples | 4.3 |
| Brenntag AG | Consumer Discretionary | 4.3 |
| Unilever N.V. | Consumer Staples | 3.9 |

Total number of stocks in portfolio: 46

Total Port % in top 10: 48.9

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.

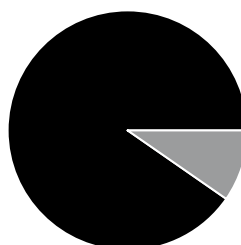
Subscriptions to a fund may only be made on the basis of current Prospectus. Investors should note the 'Risk factors' section of the Prospectus in terms of risks applicable to investing in any fund. The mention of securities is not a recommendation to deal.

Financial ratios

| | Port | Index |
|-----------------------------|--------|--------|
| Price/Book value | 2.41x | 1.37x |
| Price/Earnings ratio | 16.28x | 12.27x |
| Return on Equity | 18.77% | 16.00% |

All financial ratios are based on the latest reported figures except where stated. Portfolio Characteristics and holdings are subject to change periodically and may not be representative of current characteristics. Price/Book values and Price/Earnings ratios are based on weighted harmonic average whilst the Return on Equity figure is calculated using weighted averages.

Market cap split



Top 10 overweight and underweight stock

| Overweight | Port % | Index % | Sector | Country | Deviation from Index | % |
|-------------------------------------|--------|---------|----------------------------|-------------|----------------------|------|
| Schneider Electric S.A. | 5.6 | 0.7 | Industrials | France | | 4.9 |
| Linde AG | 5.3 | 0.5 | Materials | Germany | | 4.8 |
| Sampo Oyj | 4.9 | 0.3 | Financials | Finland | | 4.5 |
| Brenntag AG | 4.3 | 0.1 | Consumer Discretionary | Germany | | 4.2 |
| Fresenius Medical Care AG & Co. ... | 4.5 | 0.3 | Health Care | Germany | | 4.1 |
| Air Liquide S.A. | 4.8 | 0.8 | Materials | France | | 4.1 |
| Svenska Handelsbanken A | 3.6 | 0.4 | Financials | Sweden | | 3.2 |
| Anheuser-Busch InBev | 4.3 | 1.2 | Consumer Staples | Belgium | | 3.1 |
| SAP AG | 4.4 | 1.3 | Information Technology | Germany | | 3.1 |
| Unilever N.V. | 3.9 | 1.1 | Consumer Staples | Netherlands | | 2.9 |
| Underweight | Port % | Index % | Sector | Country | Deviation from Index | % |
| Bayer AG | -- | 1.2 | Health Care | Germany | | -1.2 |
| ENI S.p.A. | -- | 1.3 | Energy | Italy | | -1.3 |
| Daimler AG | -- | 1.3 | Consumer Discretionary | Germany | | -1.3 |
| Banco Santander S.A. | -- | 1.4 | Financials | Spain | | -1.4 |
| Telefonica S.A. | -- | 1.5 | Telecommunication Services | Spain | | -1.5 |
| Siemens AG | -- | 1.9 | Industrials | Germany | | -1.9 |
| Sanofi S.A. | -- | 2.0 | Health Care | France | | -2.0 |
| Total S.A. | -- | 2.3 | Energy | France | | -2.3 |
| Roche Holding AG | -- | 2.5 | Health Care | Switzerland | | -2.5 |
| Novartis AG | -- | 2.8 | Health Care | Switzerland | | -2.8 |

Sector analysis - overweights and underweights

| | Port % | Index % | Deviation from Index | % |
|----------------------------|--------|---------|----------------------|------|
| Industrials | 23.3 | 14.2 | | 9.2 |
| Consumer Staples | 21.8 | 12.1 | | 9.7 |
| Materials | 18.9 | 8.2 | | 10.7 |
| Financials | 11.4 | 20.4 | | -9.0 |
| Consumer Discretionary | 8.6 | 10.2 | | -1.6 |
| Health Care | 7.4 | 12.4 | | -5.0 |
| Information Technology | 4.4 | 4.0 | | 0.4 |
| Energy | 3.6 | 7.4 | | -3.8 |
| Telecommunication Services | 0.0 | 5.8 | | -5.8 |
| Utilities | 0.0 | 5.3 | | -5.3 |
| Cash | 0.5 | 0.0 | | 0.5 |

Country analysis - overweights and underweights

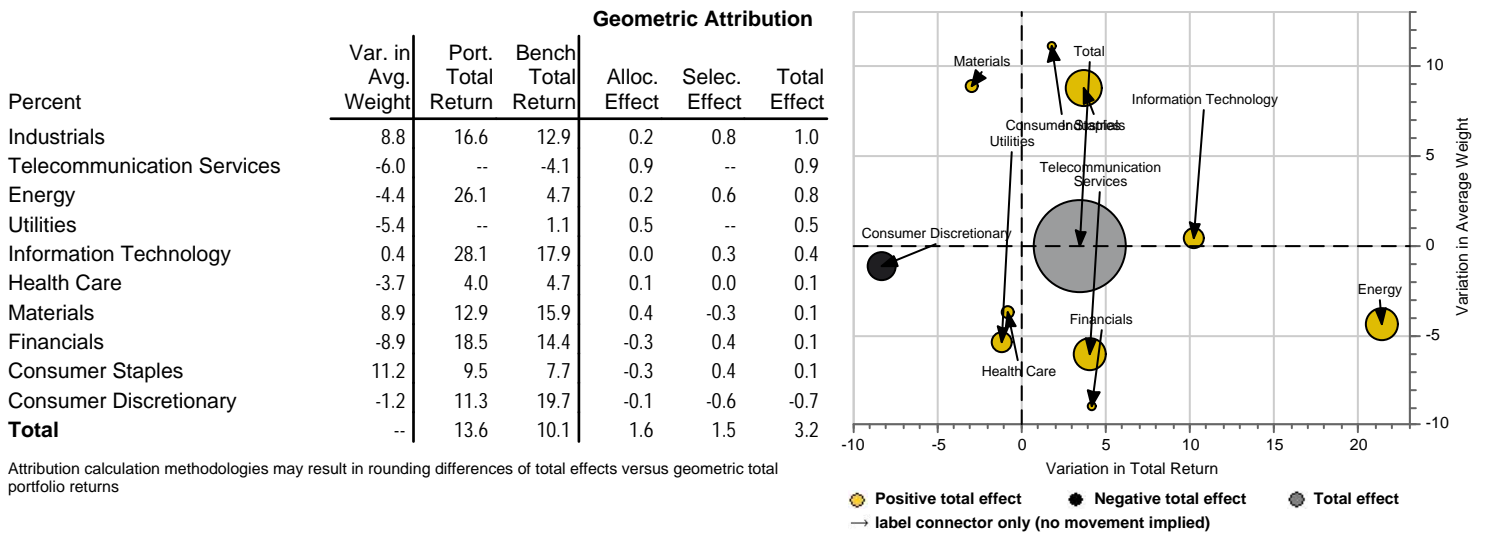
| | Port % | Index % | Deviation from Index | % |
|---------------|--------|---------|----------------------|-------|
| Germany | 28.1 | 19.1 | | 9.0 |
| France | 19.6 | 23.0 | | -3.4 |
| Switzerland | 14.8 | 19.0 | | -4.1 |
| Sweden | 9.6 | 7.1 | | 2.4 |
| Finland | 5.9 | 1.9 | | 3.9 |
| Belgium | 5.7 | 2.3 | | 3.4 |
| Netherlands | 5.2 | 5.3 | | -0.1 |
| Ireland | 3.5 | 0.4 | | 3.1 |
| Norway | 3.4 | 2.4 | | 1.0 |
| Denmark | 2.4 | 2.8 | | -0.4 |
| Other Country | 1.3 | 16.7 | | -15.4 |
| Cash | 0.5 | 0.0 | | 0.5 |

Top 5 positive/negative security attribution (three months)

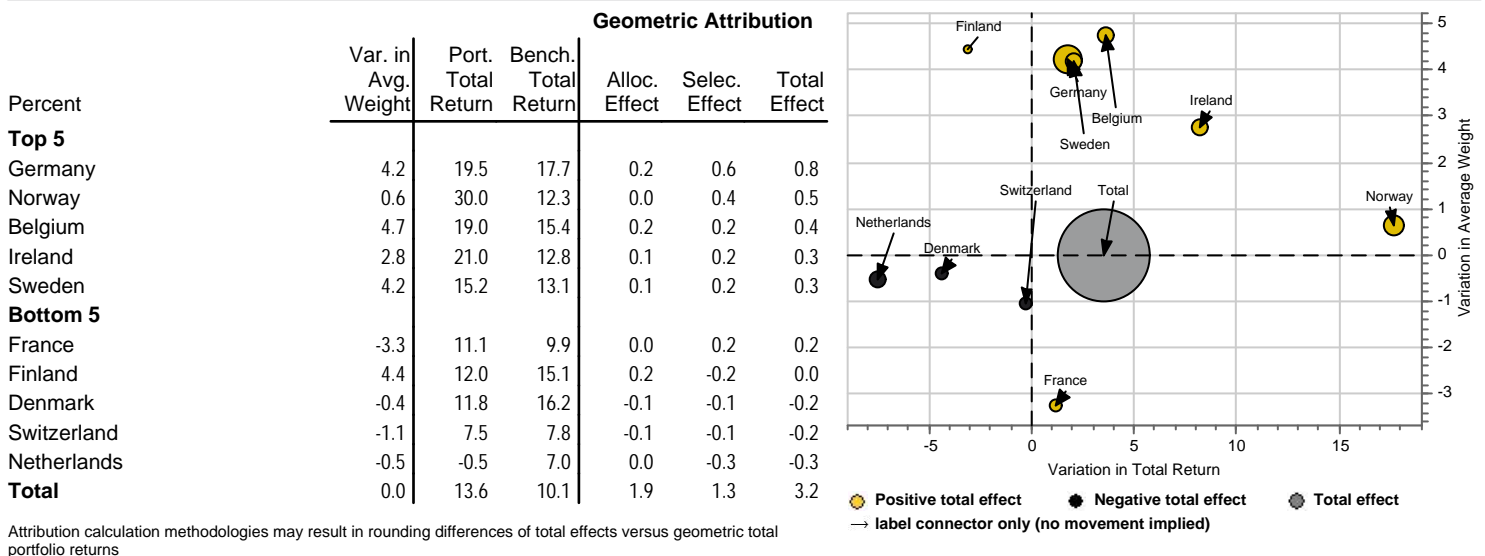
| Percent | Portfolio | | | Index | | Attri. | Geo. Total Effect |
|--------------------------------------|-------------|--------------|------------------|-------------|--------------|--------|-------------------|
| | Avg. Weight | Total Return | Contr. To Return | Avg. Weight | Total Return | | |
| 5 Highest | | | | | | | |
| Schneider Electric S.A. | 5.7 | 20.7 | 1.2 | 0.7 | 20.4 | 0.5 | |
| Svenska Handelsbanken A | 4.6 | 22.7 | 1.0 | 0.4 | 22.7 | 0.5 | |
| SAP AG | 4.2 | 28.1 | 1.1 | 1.2 | 28.2 | 0.5 | |
| Brenntag AG | 2.4 | 27.9 | 0.6 | 0.1 | 27.6 | 0.4 | |
| Subsea 7 S.A. | 1.5 | 38.2 | 0.5 | 0.2 | 38.6 | 0.3 | |
| 5 Lowest | | | | | | | |
| Daimler AG | -- | -- | -- | 1.3 | 33.3 | -0.2 | |
| Air Liquide S.A. | 5.3 | 4.5 | 0.2 | 0.8 | 4.6 | -0.3 | |
| Fresenius Medical Care AG & Co. KGaA | 4.2 | 1.5 | 0.1 | 0.3 | 1.2 | -0.3 | |
| Unilever N.V. | 3.8 | -2.6 | -0.1 | 1.1 | -3.1 | -0.3 | |
| Eutelsat Communications | 1.9 | -8.0 | -0.2 | 0.1 | -8.1 | -0.3 | |

The chart analyses the five largest positive and negative contributors to the portfolio's performance from the perspective of individual stock holdings taken from the attribution report as measured by geometric total effect. The contribution to return, as shown in the accompanying table, is the absolute contribution to the portfolio's performance being the product of the period performance of the holding and its weighting in the portfolio. The geometric total effect is the contribution to the portfolio's performance of the actual stock holding compared with what it would have been had the stock weighting been exactly in line with the index weighting for that stock calculated in a geometric basis.

Sector analysis - performance attribution (three months)



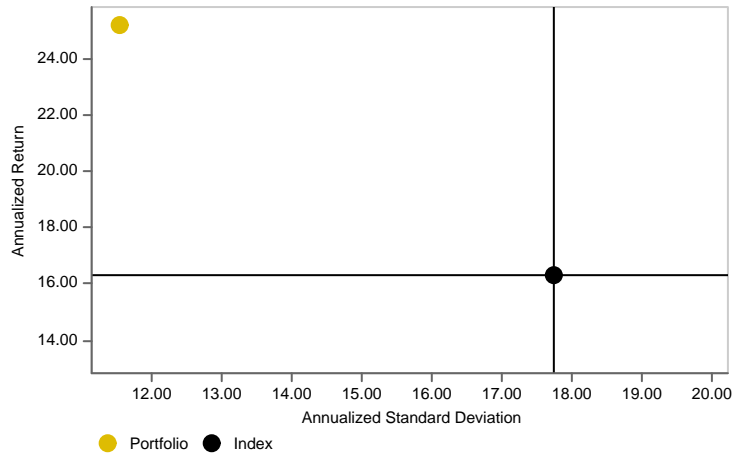
Country analysis - performance attribution (three months)



Risk Analysis

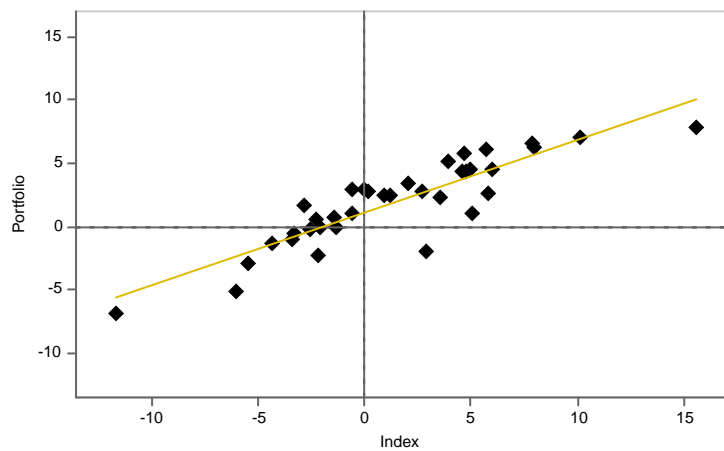
| | Port | Index |
|----------------------------|--------|--------|
| Absolute Volatility | 11.53% | 17.73% |
| Relative Volatility | 2.59 | -- |
| Tracking Error | 9.23% | -- |
| Sharpe Ratio | 2.09 | -- |
| Information Ratio | 0.96 | -- |
| Beta | 0.58 | -- |
| Sortino Ratio | 4.20 | -- |
| Jensen Alpha | 15.31% | -- |
| Annualised Alpha | 14.58% | -- |
| Alpha | 1.14% | -- |
| Max Drawdown | -14.78 | -22.76 |
| R² | 78.43% | -- |

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.

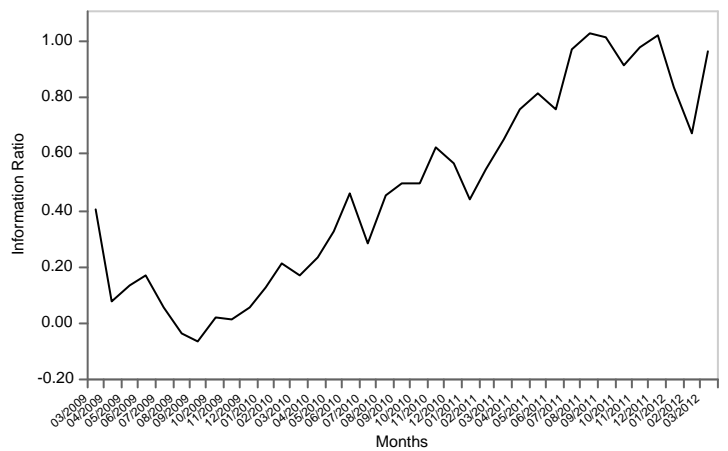
Regression Line



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:

$$y = 0.575788x + 1.140649 \quad R^2 = 78.430702$$

Information Ratio



The information ratio is based on rolling 36 months statistics.