

**Institutional investors only**  
(not for onward distribution)

Morningstar Rating ★★★★★

Fund Manager  
**Dave Dudding**  
Since: 09 2002

Fund facts

Index: HSBC Smaller European  
Companies Ex-UK  
Fund size: €1,181.41m  
Launch date: 14/11/1997  
Fund domicile: United Kingdom

Share class & general  
Institutional I Acc EUR

Period end NAV price: 4.57  
Sedol: 3081024  
ISIN: GB0030810245  
Bloomberg: TDNESG2:LN Equity  
Reuters: 987666X.DX  
MEX ID: ADESC2  
WKN: 987666  
Valoren: 1315630

All information expressed in EUR

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Source: FactSet

All data as at 31 Mar 12  
Institutional/OEIC



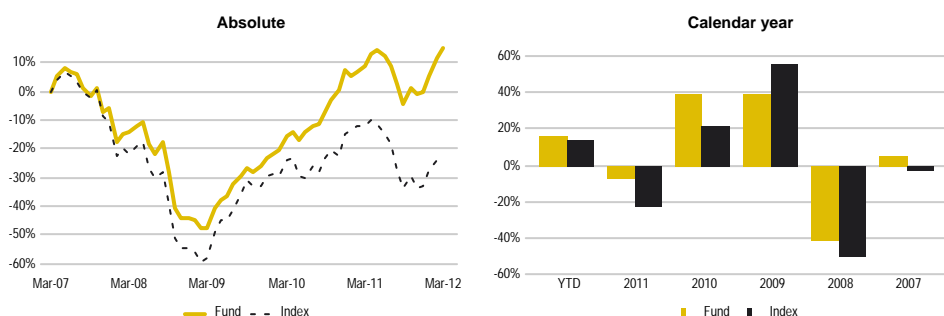
# Threadneedle European Smaller Companies Fund

Investment objective and policy

The Fund aims to achieve capital growth.

The Fund invests primarily in the equities of smaller companies domiciled in Continental Europe or with significant Continental European operations. 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 %
<b>Fund (Gross)</b>	2.9	15.7	15.7	5.7	29.9	2.9	13.2
<b>Index (Gross)</b>	-0.5	13.4	13.4	-14.0	22.1	-5.4	6.9

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
-14.4%	-38.6%	61.4%	28.6%	5.7%

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	%
<b>TAG Immobilien AG</b>	Financials	2.5
<b>GRENKELEASING AG</b>	Financials	2.4
<b>DiaSorin S.p.A.</b>	Health Care	2.2
<b>Eurofins Scientific SE</b>	Health Care	2.1
<b>Vacon Oyj</b>	Information Technology	2.1
<b>NORMA Group AG</b>	Industrials	2.1
<b>Telenet Group Holding N.V.</b>	Telecommunication Services	2.1
<b>Subsea 7 S.A.</b>	Energy	2.1
<b>Orpea S.A.</b>	Health Care	2.1
<b>Koninklijke Vopak N.V.</b>	Industrials	2.1

Total number of stocks in portfolio: 68

Total Port % in top 10: 21.8

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.

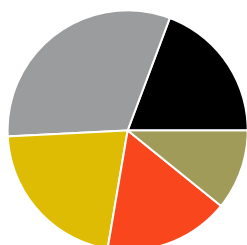
Subscriptions to a fund may only be made on the basis of current Prospectus. Investors should note the 'Risk factors' section of the Prospectus in terms of risks applicable to investing in any fund. The mention of securities is not a recommendation to deal.

## Financial ratios

	Port	Index
<b>Price/Book value</b>	2.71x	1.07x
<b>Price/Earnings ratio</b>	17.19x	12.11x
<b>Return on Equity</b>	20.98%	11.50%

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



- Greater than 5 billion 19.2%
- Greater than 2 billion, less than 5 billion 31.7%
- Greater than 1 billion, less than 2 billion 21.5%
- Greater than 500 million, less than 1 billion 16.9%
- Less than 500 million 10.8%

## Top 10 overweight and underweight stock

Overweight	Port %	Index %	Sector	Country	Deviation from Index	%
TAG Immobilien AG	2.5	0.1	Financials	Germany		2.4
GRENKELEASING AG	2.4	0.1	Financials	Germany		2.3
Telenet Group Holding N.V.	2.1	--	Telecommunication Services	Belgium		2.1
Subsea 7 S.A.	2.1	--	Energy	Norway		2.1
Koninklijke Vopak N.V.	2.1	--	Industrials	Netherlands		2.1
Brenntag AG	2.0	--	Consumer Discretionary	Germany		2.0
Umicore S.A.	2.0	--	Materials	Belgium		2.0
Sulzer AG	2.0	--	Industrials	Switzerland		2.0
Fuchs Petrolub AG	2.0	--	Energy	Germany		2.0
Bureau Veritas S.A.	2.0	--	Industrials	France		2.0
Underweight	Port %	Index %	Sector	Country	Deviation from Index	%
Helvetia Holding AG	--	0.4	Financials	Switzerland		-0.4
Eurazeo	--	0.4	Financials	France		-0.4
Lottomatica S.p.A.	--	0.4	Consumer Discretionary	Italy		-0.4
Eiffage S.A.	--	0.4	Industrials	France		-0.4
Tod's S.p.A.	--	0.4	Consumer Discretionary	Italy		-0.4
Husqvarna AB	--	0.4	Consumer Discretionary	Sweden		-0.4
Mediolanum S.p.A.	--	0.4	Financials	Italy		-0.4
Dufry AG	--	0.4	Consumer Discretionary	Switzerland		-0.4
Euler Hermes S.A.	--	0.4	Financials	France		-0.4
Prosegur S.A. Compania de Seguridad	--	0.4	Industrials	Spain		-0.4

## Sector analysis - overweights and underweights

	Port %	Index %	Deviation from Index	%
Industrials	31.2	24.1		7.0
Health Care	14.0	8.2		5.7
Materials	12.7	8.5		4.2
Consumer Discretionary	9.0	16.5		-7.5
Financials	7.5	20.8		-13.3
Information Technology	6.5	7.5		-0.9
Consumer Staples	6.5	5.5		1.0
Energy	5.2	5.5		-0.3
Telecommunication Services	4.1	1.3		2.8
Utilities	2.0	2.1		0.0
Cash	1.3	0.0		1.3

## Country analysis - overweights and underweights

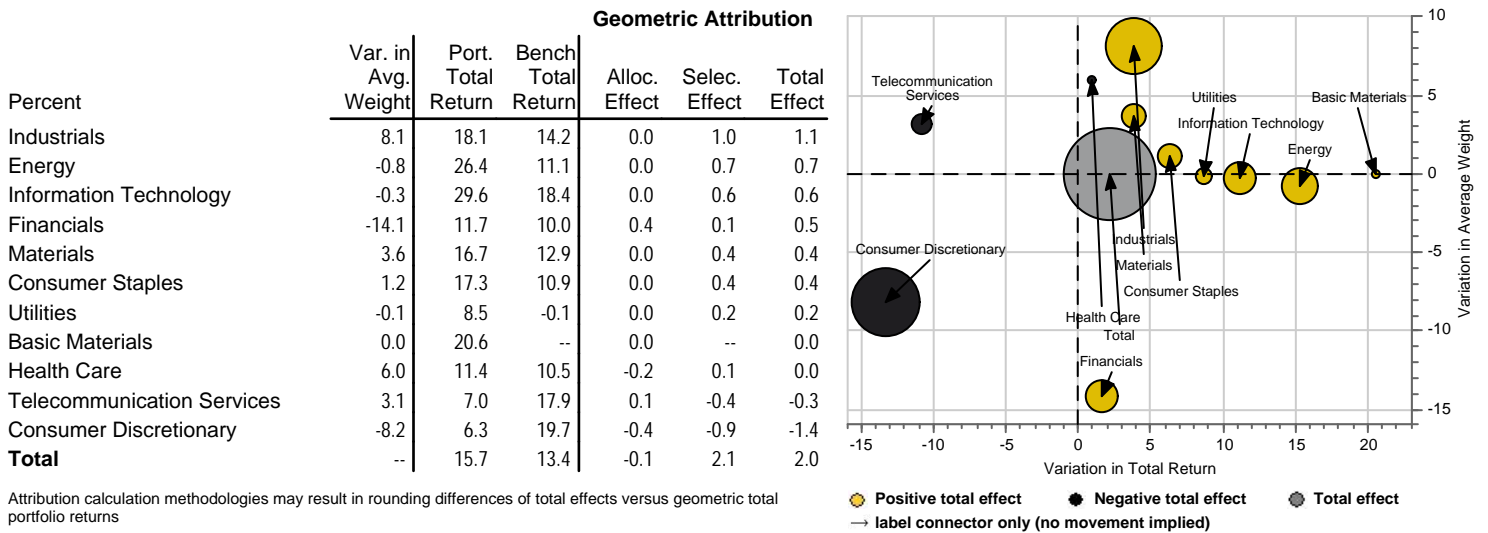
	Port %	Index %	Deviation from Index	%
Germany	20.1	14.1		6.0
France	20.1	12.8		7.3
Switzerland	11.3	11.6		-0.2
Sweden	8.5	9.7		-1.3
Denmark	6.2	3.8		2.4
Ireland	6.0	2.1		3.9
Belgium	5.2	4.6		0.5
Austria	5.1	3.0		2.1
Finland	4.8	6.1		-1.3
Netherlands	4.3	4.7		-0.3
Other Country	7.2	27.6		-20.4
Cash	1.3	0.0		1.3

## Top 5 positive/negative security attribution (three months)

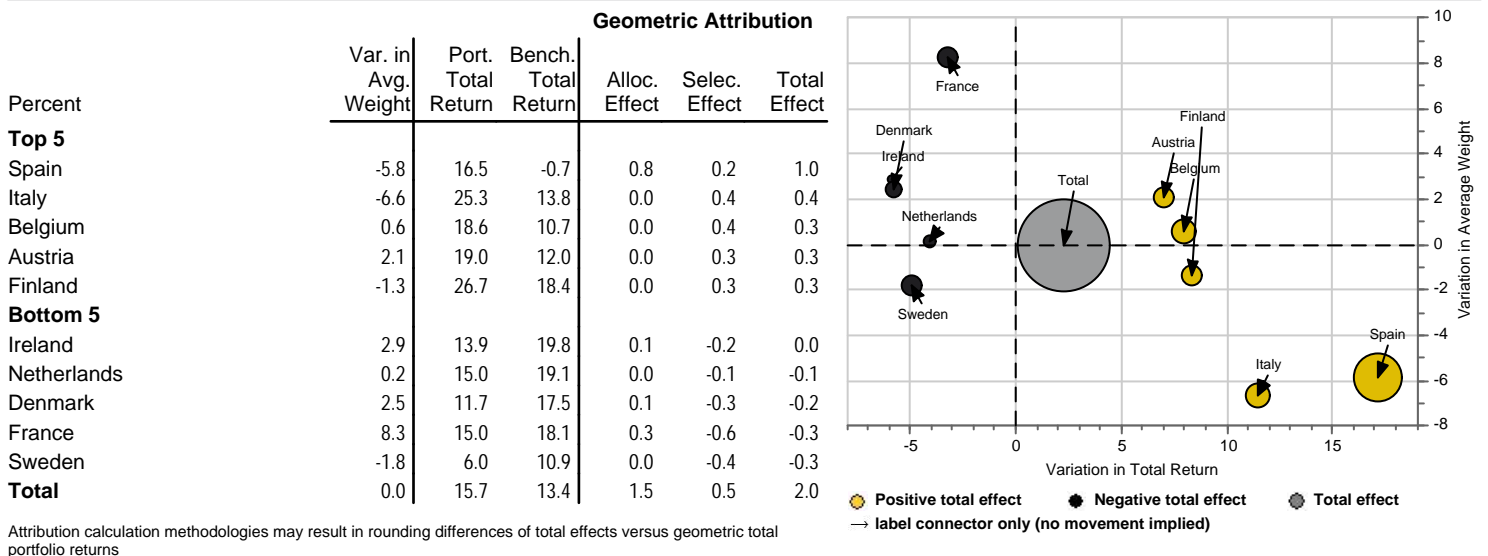
Percent	Portfolio			Index		Attri.	Geo. Total Effect
	Avg. Weight	Total Return	Contr. To Return	Avg. Weight	Total Return		
<b>5 Highest</b>							
Eurofins Scientific SE	2.0	45.6	0.8	0.2	45.2	0.5	
Subsea 7 S.A.	2.0	38.7	0.7	--	--	0.4	
Prysmian S.p.A.	1.6	36.1	0.7	--	--	0.4	
Vacon Oyj	2.0	33.2	0.6	0.1	32.4	0.3	
Umicore S.A.	2.0	29.9	0.6	--	--	0.3	
<b>5 Lowest</b>							
BELIMO Holding AG	2.0	3.3	0.1	0.1	3.8	-0.2	
Gerresheimer AG	2.0	3.1	0.1	0.2	1.9	-0.2	
Tryg A/S	2.0	-1.3	0.0	--	--	-0.3	
Mekonomen AB	2.0	-5.4	-0.1	0.1	-4.9	-0.3	
Eutelsat Communications	2.0	-8.0	-0.2	--	--	-0.4	

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)

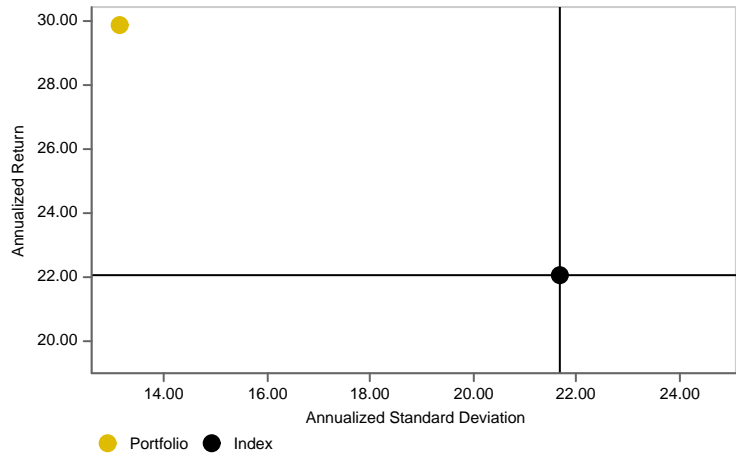


Attribution calculation methodologies may result in rounding differences of total effects versus geometric total portfolio returns

## Risk Analysis

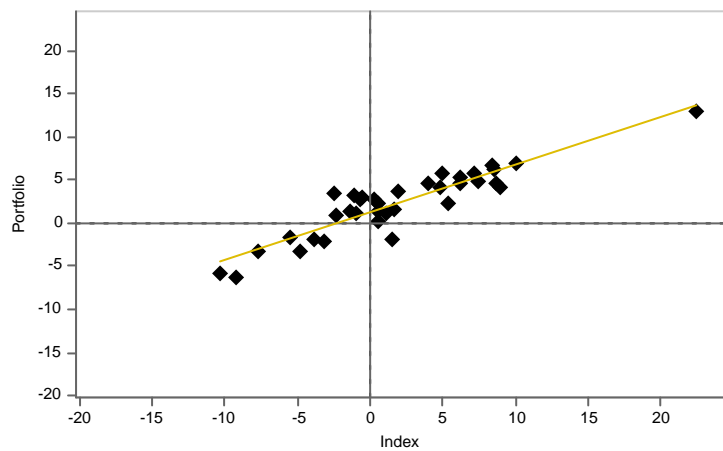
	Port	Index
<b>Absolute Volatility</b>	13.15%	21.67%
<b>Relative Volatility</b>	3.02	--
<b>Tracking Error</b>	10.93%	--
<b>Sharpe Ratio</b>	2.19	--
<b>Information Ratio</b>	0.72	--
<b>Beta</b>	0.56	--
<b>Sortino Ratio</b>	4.69	--
<b>Jensen Alpha</b>	17.11%	--
<b>Annualised Alpha</b>	15.90%	--
<b>Alpha</b>	1.24%	--
<b>Max Drawdown</b>	-16.03	-26.25
<b>R<sup>2</sup></b>	84.23%	--

## 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.

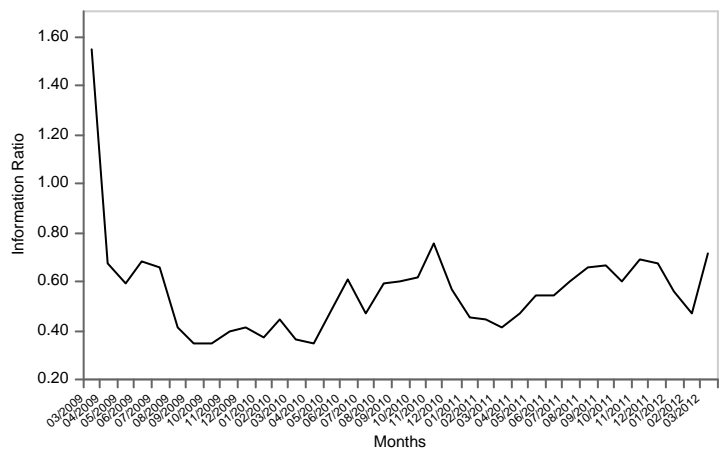
## Regression Line



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:

$$y = 0.556673x + 1.236883 \quad R^2 = 84.227951$$

## Information Ratio



The information ratio is based on rolling 36 months statistics.