



Jim Cielinski
Lead Manager and Head of
Fixed Income

Key Facts

Launch date: August 2011

Benchmark:
1 month USD Deposit Rate

Target return:
Benchmark + 4.5%

Annual management fee:*
1.15% (with 15%
performance fee above
target return)

ISIN (AU): LU0640492673

*Class A shares. Please see
prospectus for further details
**As at 30.06.2011.

Investor Profile

This Portfolio is suitable for investors who seek a potential total return in excess of cash; seek returns from both income and capital appreciation; have a high risk tolerance and have a long term investment time horizon.

This document is not for onward distribution to, or to be relied upon by, private investors unless falling under the definition of accredited investor in Singapore.

Threadneedle (Lux) Global Opportunities Bond Fund

About the Fund

The Fund seeks to achieve an absolute return by investing directly (or indirectly through derivatives) in a portfolio largely made up of both government and non-government fixed income and floating rate securities. These are likely to include developed and emerging market government bonds; investment grade, non-investment grade and unrated corporate bonds; asset backed transferable securities; and when appropriate cash and money market instruments. Concentrations in these asset types can vary significantly depending on the fund manager's view.

The Fund will also use financial derivative instruments for investment purposes, hedging and efficient portfolio management. These derivatives may include foreign currency exchange contracts, futures and options on Transferable Securities, interest rate swaps and credit default swaps.

Key selling points

- Invests in the best ideas generated by Threadneedle Investments' highly experienced specialist fixed income teams – aligned to our strategic fixed income asset class allocation and macro-economic views.
- Offers an unconstrained, high conviction, flexible investment approach employing a wide variety of strategies with the aim of producing a positive return in all market environments.
- Particularly well suited to today's fixed income markets with a flexible approach able to adapt to different phases of the economic cycle.
- Targets an absolute return of 1 month USD Deposit Rate plus 4.5% (gross of fees) annualised over the medium term (12 month investment horizon). For the avoidance of doubt, the Fund does not offer any form of guarantee with respect to investment performance and no form of capital protection will apply.
- Emphasis placed on portfolio liquidity – exploiting the most liquid asset classes with stringent risk management tools and daily dealing within a transparent UCITS framework.
- Threadneedle already manages over US\$1.9bn** across an established range of successful absolute return strategies – launching its first absolute return fixed income fund in 2005.
- A risk-controlled approach designed to mitigate exposure to deep losses in 'tail risk' scenarios.

Meeting the challenges of today's market environment

The characteristics that once defined fixed income asset classes are becoming obsolete – witness the ascendancy of many emerging market economies and the deterioration of a number of developed market economies. Moreover all assets (including those once regarded as risk-free) now appear to have some degree of default risk. It is Threadneedle's view that these are not just short-lived developments but represent a structural shift in fixed income markets.

The Threadneedle (Lux) Global Opportunities Bond Fund is designed to exploit these new investment conditions and has the flexibility and resources to invest successfully across a broad risk spectrum. We believe this approach is critical to generating attractive returns over a full investment cycle.

Team approach

The Fund will draw on the full set of asset class strategies and skill sets across Threadneedle Investments' fixed income team including corporate and government bonds, emerging market debt, currency and asset backed securities. This, in turn, draws on Threadneedle Investments' global and integrated investment approach encompassing global and regional equity expertise, commodities, property and fixed income.

Investment philosophy and process

To fully understand the fundamental, structural and valuation factors that drive today's fixed-income markets a flexible and multi-disciplined team approach is absolutely essential. The emphasis placed on these factors varies with the investment and economic cycle as the sources of return in fixed income markets can vary widely in differing market conditions. We consider all potential alpha sources and allocate active risk to where our research process identifies the best opportunities.

Emerging markets	Short duration carry strategies	Currency	Interest rate duration
Global Opportunities Bond Fund			
High yield	ABS / Mortgages	Investment grade	Country / yield curve

Investment approach

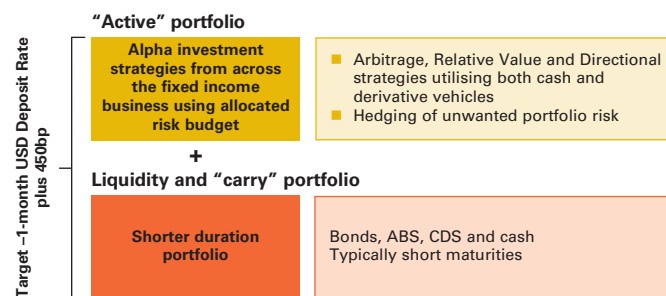
The assets of the portfolio will be invested in two underlying strategies:

- **liquidity and "carry" portfolio** consisting primarily of high quality securities of shorter duration (0 – 3 years). Between 10% – 70% of the Fund may be invested in this type of portfolio in normal environments. This strategy aims to allow the Fund to consistently exceed the returns provided by LIBOR.
- **"active" portfolio** is the alpha component of the portfolio, designed to generate returns from a broad range of active strategies which may be tactical or longer-term. Risks will be taken in a diversified manner using the full range of Threadneedle Investments' "best ideas". This portfolio will vary considerably at different points of the economic cycle.

Key risks

The Portfolio's investments involve market risk, the risk that the value of a particular security could go down. There are also risks and costs associated with the use of derivatives that may result in additional losses to the Portfolio, including counterparty risk, the risk that a counterparty will not perform as promised. This part of the strategy will also include the synthetic short sales of securities, which creates an exposure equivalent to selling securities not physically owned by the Portfolio at the time. The Portfolios will profit if the value of these securities fall, however, if the value of these securities increase, it will have a negative impact on the Portfolios. The use of derivatives may also create leverage in the Portfolios. Investors should be aware that the value of the Fund's portfolio can fluctuate and be affected by changes in interest rates, general market conditions and other political, social and economic developments. Emerging Markets are generally less well regulated than their established counterparts. Funds investing in these markets can be susceptible to significant fluctuations in price. They may also carry additional risk in other areas including dealing, liquidity and taxation. The interest rate on most government and corporate bonds will not increase in line with inflation. Thus, over time, the real value of investors' income could fall.

Threadneedle (Lux) Global Opportunities Bond Fund Investment approach



A robust framework of risk controls

Risk controls permeate every part of Threadneedle Investments' business and, although there is an independent specialist fixed income risk team, risk management is embedded in the fund manager's investment process. The manager is accountable for the risk profile of the Fund and there is constant feedback between the risk team and fund managers about risk assessments. Diversification of strategies is paramount to the risk control process – the attractiveness of strategies will vary over the cycle and no single strategy will overwhelm the portfolio risk balance.

Find out more



Speak to your usual Threadneedle Investments contact.

Visit [threadneedle.com](https://www.threadneedle.com)

Important Information: Investments and any income from them may go down as well as up.

Threadneedle (Lux) is an investment company with variable capital (Société d'investissement à capital variable, or "SICAV") formed under the laws of the Grand Duchy of Luxembourg. The SICAV issues, redeems and exchanges shares of different classes, which are listed on the Luxembourg Stock Exchange. The management company of the SICAV is Threadneedle Management Luxembourg S.A, who is advised by Threadneedle Asset Management Ltd. and/or selected sub-advisors.

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