



Threadneedle
Focus Investment Funds

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Important: This Simplified Prospectus contains only key information about Threadneedle Focus Investment Funds ICVC (the “Company”) and its sub-fund and is drafted in accordance with the Undertakings for Collective Investment in Transferable Securities Directive 85/611/EEC, as amended by directives 2001/107/EC, and 2001/108/EC and as further amended (the “Directive”). It is appropriate for investors resident outside of the United Kingdom. Investors resident in the United Kingdom should contact the Authorised Corporate Director (the “ACD”) to request the appropriate version of the Simplified Prospectus (including important ISA information for UK investors). This Simplified Prospectus, including its schedules, is dated May 2010. It does not replace the Prospectus dated May 2010 (including any applicable Addendum) and it should be read in conjunction with that Prospectus. More detailed information relating to the Company may be found in the Prospectus and the annual and interim reports and accounts (when these are published). These documents are available free of charge (before or after an investment is made) at any time by contacting us on (+44) 1793 363 900*. If you require any additional explanation about this Simplified Prospectus, you should contact the Client Services Department of the ACD at P.O. Box 1457, Swindon SN1 1FP, United Kingdom, or at the telephone number provided above. If you are in any doubt about the contents of this Simplified Prospectus you should consult your financial adviser.

* Please note that calls may be recorded.

Background information

Threadneedle Focus Investment Funds ICVC (the “Company”)

The Company is an open-ended investment company with variable capital incorporated with limited liability and registered in England and Wales with effect from June 2008 under registered number IC000666.

The Company has been authorised by the Financial Services Authority in the United Kingdom (the “FSA”) as eligible to enjoy the rights conferred by the Directive. The FSA can be contacted at 25 The North Colonnade, Canary Wharf, London E14 5HS, United Kingdom.

The Company is structured as an umbrella company and currently consists of 2 sub-funds (each a “Fund” and together the “Fund(s)”). The ACD intends to launch further sub-funds. Several classes (“Class”) of share (“Shares”) may be issued in respect of each Fund, distinguished by their criteria for subscription and fee structure. Details of the investment criteria for Class 1, Class 2 and Class X Shares are set out in the Prospectus. Typically, Class 1 Shares are available to retail investors seeking income or growth (or a combination of these) over the medium to long-term, and Class 2 Shares are available to non-retail investors. Class X shares are available to eligible shareholders only and will accommodate an alternative charging structure.

Hedged share classes:

Definitions:

“Hedged Currency” is the currency in which the Hedged Share Class is denominated

“Hedged Share Class” “Hedged Share Classes” or “HSC” means (according to the context) share class or classes which allow the use of currency hedging transactions to reduce the effect of exchange rate fluctuations between the Reference Currency or Reference Currencies and the Hedged Currency

“Portfolio Currency” or “Portfolio Currencies” means (according to the context) the currency or currencies in which the Fund is invested in line with the investment objectives applicable to the Fund

“Reference Currency” or “Reference Currencies” means (according to the context) the currency or currencies against which the currency hedging transaction will be applied in order to reduce any exchange rate fluctuation with the Hedged Currency

HSC may be available for some Funds. HSC allow the ACD to use currency hedging transactions to reduce the effect of

exchange rate fluctuations between the reference currency or reference currencies and the hedged currency.

Where undertaken, the effects of hedging will be reflected in the value of the relevant HSC. The cost and expenses associated with the hedging transactions in respect of the relevant HSC(es) and any benefits of the hedging transactions will accrue to Shareholders in that HSC only.

The ACD will aim to hedge between 95% and 105% of the proportion of the net asset value attributable to a HSC. When assessing the hedging transactions in respect of a HSC both the capital and income values of the relevant HSC will be taken into account.

The ACD will review the relevant hedging positions daily and, if appropriate, adjust the hedge to reflect investor inflows.

It should be noted that hedging transactions may be entered into whether or not the currency of a HSC is declining or increasing in value relative to the reference currency or portfolio currency or portfolio currencies; consequently, where such hedging is undertaken, it may protect investors in the relevant class against a decrease in the value of this currency being hedged but it may also preclude investors from benefiting from an increase in the value of this currency.

There can be no guarantee that the hedging strategy applied in HSC(es) will entirely eliminate the adverse effects of changes in exchange rates between the reference currency or reference currencies and the hedged Currency.

For the complete list of HSC available please refer to the Prospectus, Appendix VI, and/or any addendum to this Appendix.

Company information

Threadneedle Investment Services Limited is the Authorised Corporate Director (the "ACD") of the Company. The ACD is entered on the FSA register as FSA number 190437 and is responsible for managing the Company's affairs in compliance with the FSA rules contained within the Collective Investment Schemes Sourcebook ("COLL").

Threadneedle Asset Management Limited (the "Investment Manager") provides investment management and advisory services to the ACD.

The Depository of the Company is J.P. Morgan Trustee and Depository Company Limited (the "Depository"). The Depository is responsible for the safekeeping of scheme property of the Company. The Depository can be contacted at Chaseside, Bournemouth BH7 7DA, United Kingdom. The

Depository has delegated custody services to JPMorgan Chase Bank N.A. (the "Custodian").

The auditors of the Company are PricewaterhouseCoopers LLP of Hay's Galleria, 1 Hay's Lane, London SE1 2RD, United Kingdom.

Threadneedle Portfolio Services Limited ("TPSL") promotes the Company in jurisdictions outside of the United Kingdom in which the Company is registered for offer and sale to the public. TPSL is entered on the FSA register as FSA number 119174.

Client Categorisation

In accordance with FSA rules, we are required to categorise each of our clients. For these purposes, you will be categorised as a retail client.

Investment information for the Fund

Investment information, including historic performance, for Share Class 1 (or Share Class 2 where there is no Share Class 1) of each Fund is set out in the respective schedule to this Simplified Prospectus. In this respect, Share Class 1 has been selected as a representative share class for the purposes of displaying investment information.

Performance figures set out in the schedules to this Simplified Prospectus exclude the effect of the initial charge and are calculated on the basis that income was reinvested gross of tax. The annual charges applicable to each Fund are included in the calculation of performance.

The historic performance of the each Fund is not an indicator of future performance. The value of an investment in a Fund and the income that is derived from it may fall as well as rise. Capital growth is not guaranteed and investors may not recoup the original amount invested. There is no assurance that the investment objectives of any Fund will actually be achieved.

Potential investors should consider the risk factors applicable to investing in the Company and also in respect of each Fund before investing in any Fund.

For a description of the total expense ratio and the significance of portfolio turnover please refer to the section 'Fees and charges'.

Risk factors

A potential investor should recognise certain risk factors before investing in the Company. These risk factors are identified below and are described in more detail in the Prospectus.

1. General risk

The investments of the Company are subject to normal market fluctuations and other risks inherent in investing in securities. There can be no assurance that any appreciation in the value of investments will occur.

2. Effect of initial charge

An initial charge (where one is imposed) may cause an investor to realise less than the amount originally invested, particularly if the Shares are redeemed after only a short period. Therefore, an investment in the Company should be viewed as a long-term investment.

3. Investments in collective investment schemes

Each Fund is entitled to invest all or part of their assets in collective investment schemes, subject to the "FSA Rules" and the "OEIC Regulations" (as these terms are defined in the Prospectus), and any further restrictions or limitations applied by the ACD and set out in the Prospectus. The ACD has elected to limit such investment to 10% of the assets of the relevant Fund. This potential exposure to the asset classes of those underlying collective investment schemes needs to be considered by an investor in the context of all their investments.

4. Use of derivatives and forward transactions

Each Fund is entitled to use derivatives and forward transactions for the purposes of Efficient Portfolio Management ("EPM" as defined in the Prospectus). Additionally, some Fund's exposure may involve short sales of investments and leverage. The use of derivatives and forward transactions is subject to the FSA Rules and the OEIC Regulations, and any further restrictions or limitations applied by the ACD are set out in the Prospectus. The use of derivatives and forward transactions within a Fund for EPM will not increase the risk profile of a Fund. The use of derivatives for investment purposes may increase the risk profile of a Fund. Some Fund's exposure may involve short sales of investments and leverage which increases the risk profile of the Fund. The potential exposure to derivatives needs to be considered by an investor in the context of all their investments.

5. Investing in warrants

When a Fund invests in warrants, the price per share of the Fund may fluctuate more than if the Fund was investing in the underlying security(ies) because of the greater volatility of the warrant price.

6. Suspension of dealings in Shares

In certain circumstances a shareholder's right to request the ACD to redeem or otherwise trade in Shares may be suspended. Further detail regarding this possibility is set out in the Prospectus.

7. Currency exchange rates

Depending on an investor's currency when investing in the Fund or Funds, the currency fluctuations may adversely affect the value of an investment and the level of income.

8. Hedged Share Class

There can be no guarantee that the hedging strategy applied in HSC(es) will entirely eliminate the adverse effects of changes in exchange rates between the reference currency and the hedged currency. In addition, it should be noted that hedging transactions may be entered into whether or not the currency of a HSC is declining or increasing in value relative to the reference currency or portfolio currency or portfolio currencies. Consequently, where such hedging is undertaken, it may protect investors in the relevant class against a decrease in the value of this currency being hedged but it may also preclude investors from benefiting from an increase in the value of the currency.

9. Investment objective and investment policy

Investors should ensure that they are satisfied with the risk profile of the investment objective and investment policy of the Fund before making an investment in the Fund.

10. Cash Concentration

The Target Return Core Fund and the Credit Opportunities Fund may at any one time hold a substantial proportion of its assets in cash, near cash or money market instruments, and in exceptional circumstances, up to 100% of the Scheme Property of the Fund may be invested in this way. It might not, under such circumstances, participate fully in a rise in market values of the asset classes the Fund would otherwise invest in. Investors should refer to paragraph 26 of Appendix II in the Prospectus.

11. Reallocation of liabilities, expenses, costs and charges

If the assets of a Fund are not sufficient to meet the liabilities, expenses, costs and charges attributable to the Fund (or share class), the ACD may re-allocate assets, liabilities, expenses, costs and charges between the Funds in a manner which is fair to the shareholders of the Company generally, and normally with reference to the net asset values of the relevant Funds.

Shareholders are not, however, liable for the debts of the Company and will not be liable to make any further payment to the Company beyond the purchase price of the Shares, including any initial charge.

The liabilities, expenses and charges directly attributable to a hedged share class will be charged to that specific hedged share class.

12. Regulatory protections

Each Fund is domiciled in the United Kingdom and is subject to the regulatory protections that apply in the United Kingdom. These protections may be different to the protections that apply in the country of residence of non-United Kingdom resident investors.

13. Credit Risk

The value of a Fund may be adversely affected if any of the institutions with which the cash is invested or deposited suffers insolvency or other financial difficulties.

14. Valuation point

Although the net asset value per Share of a Fund is calculated at 12 noon UK time on each Dealing Day, details on the daily creation or liquidation of Fund Shares is not available to the ACD until later in the day.

The ACD has introduced controls to mitigate the impact of this delay on the Funds, however there is a risk that during periods of high market volatility a Fund may be affected if the market prices of the assets dealt in the Fund are significantly different from the prices used to price the Fund. Price movements between the time of pricing and dealing may adversely or positively impact the effective value of shares in the Fund at the time of investment. In normal market conditions, it is expected that such price differentials would be minimal.

Specific risk factors relevant to a Fund

In addition to the risk factors set out above that should be recognised before investing in the Company, additional risk factors may apply to specific Funds. These risk factors are identified and described in the respective schedule to this Simplified Prospectus, and should be recognised by potential investors before investing in the relevant Fund. A more detailed description of these risk factors is set out in the Prospectus.

Economic information

Taxation

The Company

The Company is currently subject to the Authorised Investment Funds (Tax) Regulations 2006, as amended, and each Fund is treated as a separate entity for UK tax purposes.

Each Fund is exempt from UK tax on capital gains realised on the disposal of investments including interest paying securities and derivatives held within the Fund.

From 1 July 2009 dividends received from UK and overseas companies are taxable when received by a Fund unless each dividend falls into one of five exemptions. The most relevant exemption will be that which exempts distributions in respect of portfolio holdings (holdings of 10% or less). It is anticipated that the majority of dividends will be exempt in the hands of the Funds. However where the availability of treaty relief on withholding tax on overseas dividends from certain countries is unavailable because of a "subject to tax" clause in the relevant double tax treaty, a Fund may elect for dividends from these countries to be treated as taxable income. These dividends and all other income received by a Fund will be subject to tax (currently at a rate of 20%), after relief for expenses. Income and gains derived by a Fund in respect of non-UK investments may be subject to foreign withholding or other foreign tax in those jurisdictions. The Fund may be afforded credit for the tax suffered.

Stamp duty reserve tax ("SDRT") (currently at a rate of 0.5%) is chargeable on the value of redemptions and certain switches. A Fund's exposure to SDRT will depend on the assets held by the Fund. As an example, assets other than UK equities are "exempt investments" and SDRT will not apply to a Fund that does not hold UK equities.

As the Fund was launched in June 2008 there were no surrenders of Shares in the Fund prior to the date of this Prospectus and therefore no SDRT was chargeable on surrenders of Shares in this period. No SDRT is chargeable on surrenders of Shares in the Funds for the period up to and including the date of the Prospectus.

The shareholders

The tax treatment of the income or capital gains received by individual investors will depend on the tax law applicable to the personal situation of each individual investor and/or to the place where the capital is invested.

Investors should seek professional advice from a tax adviser before investing in the Company if they wish to clarify the tax treatment that will apply to their investment in the Company.

Fees and charges payable by the investor

Initial, redemption and switching charges

The initial charges vary depending on the Class of Share. The current initial charges are set out below.

Target Return Core Fund

Share Class	Initial Charge
Class 1	
For UK investors	5% of the gross amount invested
For non-UK investors	3% of the gross amount invested
Class 2	
For UK investors	5% of the gross amount invested
For non-UK investors	0% of the gross amount invested
Class X For UK and non-UK investors	0% of the gross amount invested

Credit Opportunities Fund

For UK and non-UK investors:

Share Class	Initial Charge
Class 1 and Class 1 Hedged Share Class	3% of the gross amount invested
Class 2 and Class 2 Hedged Share Class	0% of the gross amount invested
Class X and Class X Hedged Share Class	0% of the gross amount invested

For both the Target Return Core Fund and the Credit Opportunities Fund in the case of Class 1 Shares and Class 1 Hedged Shares the ACD is entitled to make the above initial charge, which is included in the buying price of the Shares.

The ACD may use the initial charge to remunerate intermediaries.

The ACD does not currently impose any redemption charge. If a redemption charge was imposed, it would be payable by the investor.

The ACD reserves the right to impose a switching charge where an investor switches an investment from one Fund to another Fund. The charge is payable by each investor, and cannot exceed an amount equal to the prevailing initial charge for the Class of Shares into which the switch is being made.

Reinvestment of Income

For those Funds which allow income to be reinvested, investors may elect to use their dividend income to purchase new Shares in the Fund. Where they do so investors will be entitled to a discount on the initial charge for any new Shares purchased using this dividend income.

Annual management charge

An annual management charge for each Class of Shares within each Fund is payable by the investor. The annual management charge accrues daily and is payable monthly, by way of deduction directly from the investment of each investor.

The charges applicable to each Class of Shares are set out in the respective schedule to this Simplified Prospectus.

Performance fee

The ACD may be entitled to receive a performance fee in respect of a Fund dependent upon their performance with reference to a specified index. The pre-conditions for entitlement and the amount that may be paid to the ACD is set out in the respective schedule to this Simplified Prospectus and further details are set out in the Prospectus.

Dilution adjustment

The ACD may apply a dilution adjustment to the subscription or redemption of Shares. Any such adjustment would be payable by the investor. Further information regarding the circumstances in which a dilution adjustment may be applied is set out in the Prospectus.

Fees and charges paid out of the scheme property of the Fund

General

The Prospectus details a number of charges and expenses that may be incurred by the Company and that may be paid out of the scheme property of a Fund.

In addition to the above, the Prospectus details a number of general expenses that are paid by the ACD on behalf of the Company. In return for the payment of these expenses, the ACD collects a charge from the scheme property of the Fund. The charge amounts to 0.11% per annum in respect of Class 1 Shares and 0.035% per annum in respect of Class 2 Shares and Class X Shares.

Depositary's fee

The Depositary's fee is payable out of the scheme property of each Fund. The fee accrues daily and is payable monthly. The fee is calculated on a sliding scale with reference to the value

of the scheme property of the Funds. The applicable fee rates are set out in the Prospectus.

Depositary's expenses

In addition to the Depositary's fee, the Depositary is entitled to reimbursement for expenses properly incurred by it in the discharge of its duties and the exercise of the powers conferred upon it.

The Depositary has appointed the Custodian as the custodian of the scheme property, and is entitled to receive reimbursement of the Custodian's fees as an expense of each Fund. This fee includes an amount for acting as Custodian in each relevant jurisdiction, as well as transaction charges that apply to individual jurisdictions.

Stocklending

The Company currently engages in stocklending arrangements with the Custodian, acting as stocklending agent on behalf of the Depositary. Under an agreement between the Company, the Depositary, the Investment Manager and the Custodian, the Custodian is entitled to a payment for providing stocklending services to the Company. The ACD has delegated to the Investment Manager the provision of oversight services provided in connection with the stocklending activity and the Investment Manager is entitled to receive a payment for this service. The fee payable to the Custodian is calculated as a percentage of the gross income from stocklending and will be 15% of the income generated by the stocklending activity. The fee payable to the Investment Manager is calculated as a percentage of the gross income from stocklending and will be 14% of the income generated by the stocklending activity. The remaining amount of income that is generated by virtue of the stocklending activity is then applied to the Scheme Property of the Company being 71%.

The total expense ratio

The total expense ratio ("TER") shows the annual operating expenses of each Class of Shares within each Fund - it does not include transaction costs. It is disclosed to help you compare the annual operating expenses of different Funds, and of different UCITS schemes. These annual operating expenses are paid by the Fund. They are not paid directly by the investor, but they will affect the return on the investor's investment.

Certain costs are not included in the calculation of the TER. These costs include transaction costs applicable to the relevant Fund, and costs that are paid directly by investors (as set out above).

The portfolio turnover rate for each Fund is intended to describe the rate at which a Fund buys and sells its assets (taking into account the level of issues and redemptions of Shares) relative to the value of the Fund. The portfolio turnover rate is calculated in accordance with FSA methodology. The portfolio turnover rate is currently calculated as follows:

$$\frac{(A + B) - (C + D)}{E} \times 100$$

where: A = purchases of assets;
B = sales of assets;
C = subscriptions of shares;
D = redemptions of shares; and
E = average Fund value over 12 months.

The total expense ratio for each Class of Shares within each Fund together with the portfolio turnover rate for each Fund is recorded in the respective schedule to this Simplified Prospectus.

Commercial information

Base Currency and Fund Currency

The Base Currency (as defined in the Prospectus) is Pound Sterling. The Fund Currency (as defined in the Prospectus) for each Fund is specified in the relevant schedule below.

Buying, selling and switching Shares

Buying Shares

Shares can be bought by non-UK residents either by sending a completed application form to the ACD Client Services Department P.O. Box 1457, Swindon SN1 1FP or by telephoning the ACD on (+44) 1793 363 900*. Subsequent investments can be made by telephone on this number, but written confirmation will be required.

Unless indicated otherwise, all deals will be processed on receipt and payment immediately becoming due.

A deal placed before 12 noon (UK time, normally 1300 CET) on a given dealing day (as the term "Dealing Day" is defined in the Prospectus) will receive the price calculated at 12 noon (UK time, normally 1300 CET) on that dealing day.

Settlement must be received by the ACD within the timeframe specified in the Prospectus.

Subject to the law of the relevant EEA state, an applicant may qualify for cancellation rights. The ACD will issue the right to cancel at the same time as the contract note. This will include details of how to exercise the right to cancel the investment. The right to cancel will apply within 14 days of the applicant's receipt of the contract note. Due to market movements, an applicant that elects to cancel the investment may not recoup the original amount invested.

In certain circumstances the ACD may reject a deal.

Selling Shares

Subject to certain criteria, every shareholder has the right to redeem his Shares on any dealing day.

Requests to redeem Shares may be made by non-UK investors to the ACD by telephone on (+44) 1793 363 900* (with written confirmation), by fax or by writing to the ACD Client Services Department P.O. Box 1457, Swindon SN1 1FP.

Requests to redeem Shares may be made by UK investors to the ACD by telephone on (+44) 1793 363 900* or 0800 068 3000 when calling from the UK (with written confirmation directed through the post to the ACD Client Services Department P.O. Box 1331, Swindon SN38 7TA), by fax (+44) 1793 713609 or in writing to the ACD.

* Please note that calls may be recorded.

Switching Shares

A holder of Shares resident outside of the UK may at any time switch all or some of his Shares of one Class or Fund for Shares of another Class or Fund by telephone on (+44) 1793 363 900* (with written confirmation), by fax or by writing to the ACD, if he has met the criteria as set out in the Prospectus. Shareholder(s) may be required to complete a switching form.

* Please note that calls may be recorded.

Distributions

Accumulation Shares

Income will be allocated to the accumulation Shares (as defined in the Prospectus) throughout the income allocation period and will be credited periodically to capital in accordance with the rules of the FSA.

Income Shares

Income will be allocated to the distribution Shares (as defined in the Prospectus) and is distributed periodically to Shareholders pursuant to the rules of the FSA.

Publication of prices

Non-UK investors:

The price of Shares will be published daily in the following papers, quoted in the currency closest to the underlying investment:

Belgium
De Tijd

Italy
Milano Finanze

For reasons beyond the control of the ACD, the published prices may not necessarily be the most recent prices.

Please note that from June 2010, the price of Shares may not be published in the De Tijd and the Milano Finanza. However, the price of Shares will continue to be available for Belgian investors at www.beama.be and for Italian investors at www.threadneedle.com. Existing investors have been informed of the change in the method of publication of prices in accordance with the FSA Rules.

Electronic price publication:

Notwithstanding the changes above, the prices of Shares will be published in accordance with local regulatory requirements. Accordingly, the prices of the Shares will, be published electronically on a daily basis on www.threadneedle.com or can be obtained by telephone on 0800 068 3000 for UK investors and (+44) 1793 363 900* for non UK investors.

Investors will be informed in accordance with the FSA Rules of changes in the method of publication of prices.

*Please note that calls may be recorded.

Money laundering

Deals in the Shares and otherwise in connection with the Company are subject to the UK money laundering regulations, and further information is set out in the Prospectus.

Investors may be asked to assist the ACD in its efforts to ensure compliance by the Company and the ACD with the UK money laundering regulations.

Until satisfactory proof of identity is provided the ACD reserves the right to refuse to sell Shares or to delay processing and/or withhold any payments due to investors in respect of their investment and to discontinue any deals it is conducting on behalf of those investors.

Privacy statement

For the purposes of the UK Data Protection Act 1998, the data controller in respect of any personal information provided is the ACD. Investors will be afforded certain rights in respect of the information provided. Further detail, including the ACD's full privacy statement, is contained in the Prospectus.

Other important information

All documentation and communications by the ACD (or any company within the same group of companies, or acting on behalf of the ACD) in respect of the Company will be in English language, although it is possible that other languages will be

used. All deals in the Shares are governed by the laws of England and Wales.

The distribution of this Simplified Prospectus and the offering of Shares in certain jurisdictions may be restricted. Persons into whose possession this Simplified Prospectus comes are required by the Company and the ACD to inform themselves about and to observe any such restrictions. This Simplified Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

Potential investors should not treat the contents of this Simplified Prospectus as advice relating to legal, taxation, investment or any other matters and are recommended to consult their own professional advisers concerning the acquisition, holding or disposal of Shares.

Schedule 1 to Simplified Prospectus for Threadneedle Focus Investment Funds ICVC, dated May 2010

Target Return Core Fund Investment objective

The investment objective of the Target Return Core Fund is to target a total positive return in Euros in all market conditions.

Investment Policy

The ACD's investment policy is to invest the assets of the Fund to gain exposure to global bond, money market and currency markets. The ACD will invest in derivatives, cash and near cash, collective investment schemes, fixed interest securities, index linked securities, money market instruments and deposits. At times the portfolio may be concentrated in any one or a combination of such assets. The ACD may take long and short positions through derivatives in such issues. The ACD may invest in both Euro and non-Euro denominated instruments listed above and may choose to hedge non-Euro investments into Euro but is not required to do so.

Current strategy

Whilst the aim of the Fund is to target a total positive return, in normal circumstances and at launch, the Investment Manager will aim to outperform EONIA® by 1.5% gross of charges and tax. However, this may change in the future. Any change to this strategy will be effected in accordance with FSA Rules.

Fund Currency

The Fund Currency is Euro.

Investor Profile

The Fund may be suitable for investors with a medium term investment horizon seeking a total positive return in Euro who are prepared to tolerate some price fluctuations. If investors are uncertain if this product is suitable for them, they are advised to contact a financial adviser.

Investment Information

The performance of Class 1 Shares of the Fund is set out below. The performance figures exclude the effect of the initial charge and are calculated on the basis that income was reinvested gross of tax. The annual charges applicable to the Fund are included in the calculation of performance.

The annual returns (in sterling (on a selling price to selling price basis, with income gross of UK basic rate of tax reinvested)) of Class 1 Shares of the Fund from 31 December 2008 to 31 December 2009 have been as follows -5.96%

Cumulative performance (in sterling (on a selling price to selling price basis, with income gross of UK basic rate of tax reinvested)) of Class 1 Shares of the Fund from 30 June 2008 to 30 April 2010 is +16.35%.

Annual management charges

An annual management charge of 0.40% (Class 1 Shares) and 0.25% (Class 2 Shares) applies.

Total expense ratio

The total expense ratio from 30 September 2008 to 30 September 2009 is 0.63%.

Performance Fee

The ACD will be entitled to receive a performance fee if the net asset value per share of the Fund (calculated at market close) outperforms EONIA® (with income reinvested calculated at market close) by 1% or more over the performance period. The performance period is usually 1 January to 31 December. However, if the ACD does not receive a performance fee for the period to 31 December then the performance period shall not close until the next 31 December when a performance fee is due. This is to ensure that any underperformance is recovered by the Fund before a performance fee is payable to the ACD. The fee is set at 20% of the out performance and is payable yearly in the month immediately following the end of the calendar year. Further information is available in the Prospectus.

Portfolio turnover rate

The portfolio turnover rate for the Fund for the period 22 January 2009 to 21 January 2010 was -53%

Risk factors

The risk factors that are associated with investing in Threadneedle Focus Investment Funds ICVC are set out in this Simplified Prospectus and are described in more detail in the Prospectus. In addition to those risks, investors should consider the following risks that are associated with investing in the Fund:

1. No guarantee of capital

Investors should note that the Funds do not offer any form of guarantee with respect to investment performance and no form of capital protection will apply.

2. Fixed income Fund risk

The interest rate on corporate bonds and most government bonds will not increase in line with inflation. Thus, over time, the real value of investor's income could fall.

3. Investment in derivatives and forward transactions

The Target Return Core Fund will use derivatives and forward transactions for both EPM and short selling and leverage.

The Target Return Core Fund's exposure to short sales of investments and leverage increases the risk of the Fund and may carry a higher degree of volatility than a fund which does not gain short exposure. Leverage has the overall effect of

increasing positive returns, but causes a faster decrease in the value of assets if prices fall. These techniques may be achieved through the use of derivatives and forward transactions.

The use of derivatives and forward transactions for EPM will not increase the risk profile of the Fund.

In addition the ACD is permitted to use certain techniques when investing in derivatives to manage the Fund's exposure to particular counterparties and in relation to the use of collateral to reduce the exposure to over the counter ("OTC") derivatives.

4. Short sales and Leverage

The Fund's exposure involves short sales of securities and leverage which increases the risk of the Fund. The term "short sales" refers to an exposure to the selling of securities that are not owned by the seller at the time of the sale in anticipation that its value will fall. However, if the value of that security increases, it will have a negative effect on the Fund's value. In a rising market, leverage can enhance returns to Shareholders but if the market falls, losses may be greater.

Schedule 2 to Simplified Prospectus for Threadneedle Focus Investment Funds ICVC, dated May 2010

Credit Opportunities Fund Investment objective

The investment objective of the Credit Opportunities Fund is to achieve a total positive return in all market conditions.

Investment policy

The ACD's investment policy is to invest the assets of the Fund to gain exposure to a range of credit related instruments, by investing directly or indirectly in such securities. These instruments generate returns from contracted income flows and changes in credit worthiness.

The ACD will invest primarily in corporate bonds, sovereign bonds and other debt securities including money market securities.

If the ACD considers it desirable it may further invest up to one third of the total assets of the Fund in other securities and deposits. For liquidity purposes it may further invest in cash and near cash.

In addition, the ACD may use derivatives and forward transactions.

The ACD may take long and short positions through derivatives.

Fund Currency

The Fund Currency is Euro.

Investor Profile

The Fund may be suitable for investors with a medium term investment horizon seeking a total positive return who are prepared to tolerate some price fluctuations. If investors are uncertain if this product is suitable for them, they are advised to contact a financial adviser.

Investment Information

As the Fund was launched in April 2009, there are no annual returns available.

Cumulative performance (in sterling (on a selling price to selling price basis, with income gross of UK basic rate of tax reinvested)) of Class 1 Shares of the Fund from 29 April 2009 to 30 April 2010 is +8.32%.

Annual management charges

Class 1 Hedged Share Class: 1.25%; Class 2 Hedged Share Class 0.65%.

Class 1 Shares (not including Hedged Shares): 1.0%; Class 2 Shares 0.5% (not including Hedged Shares).

Total expense ratio

Our estimates show that the total expense ratio from 30 September 2008 to 30 September 2009 would have been 1.24%. If the fund had been open for the entirety of that period. This is based on the estimated expenses of the fund over a full calendar year in conjunction with the actual expenses during this period.

Performance Fee

In addition to the ACD's fee per annum described above the ACD shall be entitled to receive out of the assets of Share Class 1 (not including Hedged Shares) and Share Class 2 (not including Hedged Shares) a performance fee over the performance period. The performance period is usually 1 January to 31 December. However, if the ACD does not receive a performance fee for the period to 31 December then the performance period shall not close until the next 31 December when a performance fee is due. This is to ensure that any underperformance is recovered by the Fund before a performance fee is payable to the ACD. The fee is set at a rate equal to 20% of the "Excess Return" of the Share Class, as further described in the Prospectus.

Portfolio turnover rate

The portfolio turnover rate for the Fund for the period 22 January 2009 to 21 January 2010 was 466%.

Risk factors

The risk factors that are associated with investing in Threadneedle Focus Investment Funds ICVC are set out in this Simplified Prospectus and are described in more detail in the Prospectus. In addition to those risks, investors should consider the following risks that are associated with investing in the Fund:

1. No guarantee of capital

Investors should note that the Funds do not offer any form of guarantee with respect to investment performance and no form of capital protection will apply.

2. Fixed income Fund

The interest rate on corporate bonds and most government bonds will not increase in line with inflation. Thus, over time, the real value of investor's income could fall.

3. High Yield and Emerging Markets Bonds

The Fund invests in high yield and emerging market bonds which may carry increased risk to capital through default (where bond issuers either fail to pay the interest or capital repayment due at maturity).

4. Use of derivatives and forward transactions

The Fund uses derivatives and forward transactions for both EPM and investment purposes including short selling and

leverage. The use of derivatives and forward transactions for EPM will not increase the risk profile of the Fund. The use of derivatives for investment purposes may increase the risk profile of the Fund.

5. Short sales and Leverage

The Fund's exposure involves short sales of securities and leverage which increases the risk of the Fund. The term "short sales" refers to an exposure to the selling of securities that are not owned by the seller at the time of the sale in anticipation that its value will fall. However, if the value of that security increases, it will have a negative effect on the Fund's value. In a rising market, leverage can enhance returns to Shareholders but if the market falls, losses may be greater.

Important Information

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