



Fund Manager(s)
Quentin Fitzsimmons / Matthew Cobon
 Since: 04 2006 / 02 2012

Fund Facts

Index	EURIBOR 3 Month Deposit Rate
Peer Group	Morningstar - Offshore and International Funds - Alternative Debt Arbitrage
Fund Size	€322.4m
Launch Date	April 2006
Distribution Yield (Estimated Gross)	0.00% p.a. ²
Underlying Yield (Estimated Gross)	0.00% p.a. ²
Pay Dates	30 June, 31 December
XD Dates	01 May, 01 November
Type of Share	Accumulation

Share Class & General

	Retail	Inst
Initial Charge	3.00%	0.00%
Annual	1.25%	0.65%
Min. Investment	€2,500	€750,000

All information expressed in Euro

¹ SI: Since Inception

² The return from the Target Return Fund is made up of income and capital. Because of the nature of the fund the split between these will vary considerably. Therefore, it is felt that quoting a yield based on the income return would be misleading.

Contact Details

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Threadneedle Target Return Fund

Investment Objective and Policy

The aim of the Fund is to make a positive return for you notwithstanding changing market conditions.

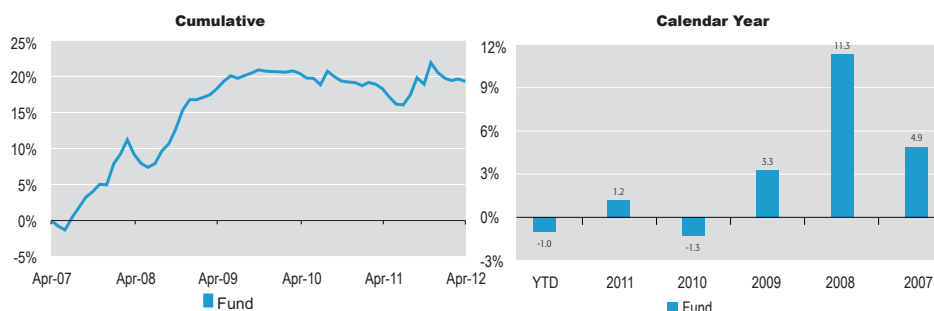
The Fund invests at least two-thirds of its assets in bonds (which are similar to a loan and pay a fixed or variable interest rate) issued by companies and governments worldwide, currencies and, when appropriate, cash.

The Fund invests directly in these assets or by using derivatives. Derivatives are sophisticated investment instruments linked to the rise and fall of the price of other assets. The Fund may also make use of short selling (which is designed to make a profit from falling prices) and leverage (which increases the effect that a change in the price of an investment has on the Fund's value).

At times, the Fund will be concentrated in one or a combination of these assets.

Where the bonds are not priced in Euro, the Fund will typically take measures to protect it from currency movements against the Euro.

5 Year Performance



Fund Performance - Cumulative

	1M%	3M%	YTD%	1Y%	3Y%	5Y%	SI% ¹
Fund (Net)	-0.3	-0.4	-1.0	0.8	0.9	19.3	19.6
Index (Gross)	0.1	0.2	0.3	1.3	3.2	11.9	16.0

Performance 12 Months Ending

30th Apr 08	30th Apr 09	30th Apr 10	30th Apr 11	30th Apr 12
9.2%	8.3%	1.8%	-1.8%	0.8%

Note: All performance figures relate to the Gross Acc Class 1 (Retail) EUR share class.

Top 5 Holdings (Short dated high grade portfolio (SDHGB))

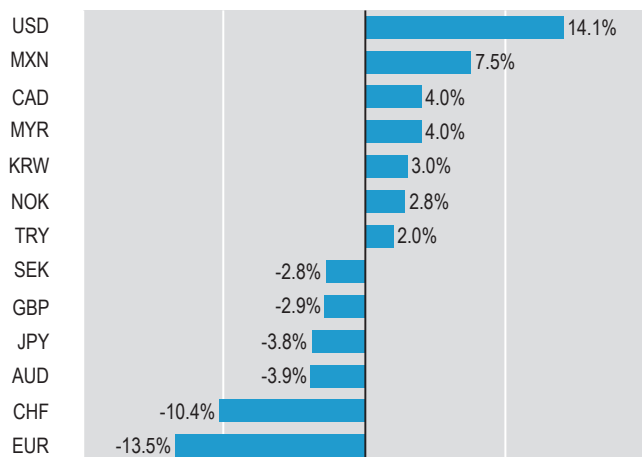
	%
France Government Bond OAT 2.5 25/07/2013	7.8
TESCO PLC 5.625 12/09/2012	3.6
OBLI 2 1/4 15/04/2013	3.6
Abbey National Treasury Services PLC/London 2.875 14/06/2013	3.2
Volkswagen Leasing GmbH 4.875 18/10/2012	3.2

Past performance is not a guide to the future.

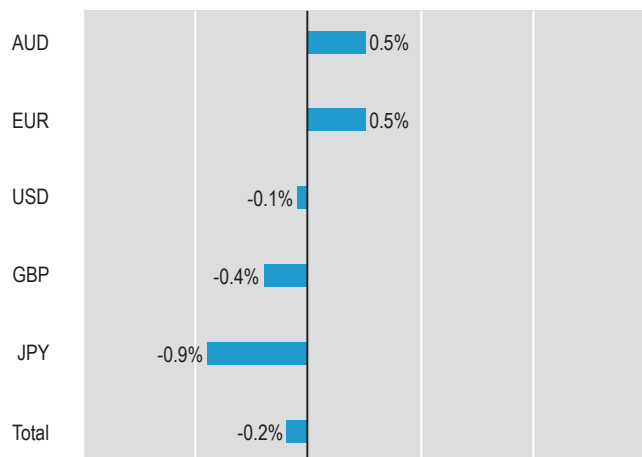
Index returns assume reinvestment of dividends and capital gains and unlike fund returns do not reflect fees or expenses. The index is unmanaged and cannot be invested in directly.

The value of investments and any income from them can fall as well as rise. Source performance: Copyright © 2012 Morningstar UK Limited, assumes income is reinvested for a non-UK taxpayer in fund currency, bid to bid (which means performance does not include the effect of any initial charge). Source other: Threadneedle. All performance and information is quoted in retail share class. Morningstar changed its definition of the GIFS Offshore Universe as at February 2011. This resulted in this fund being removed from it. For the purposes of comparison, Threadneedle continues to use this Universe with its fund included.

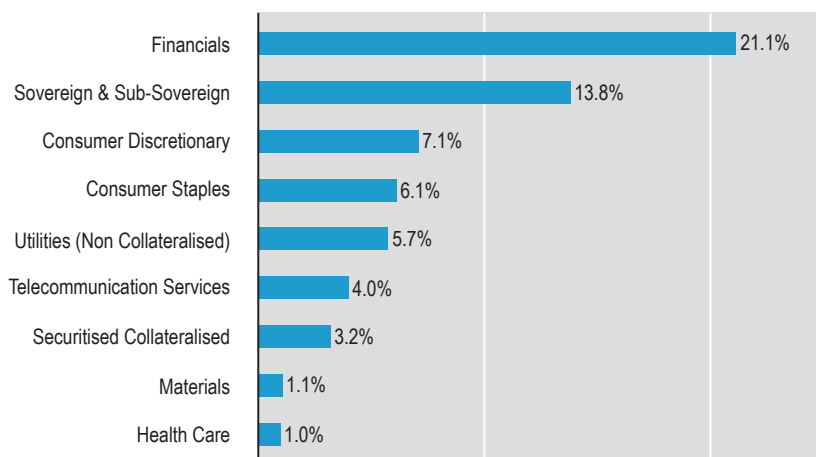
Analysis by Currency (% NAV)



Analysis by Currency (Contribution to Duration)



Sector Exposure (SDHGB)



Portfolio Characteristics

Average Rating	A+
Modified Duration (SDHGB)	0.6

Risk Measures

Metric	Value
Volatility	3.17%
Gross Exposure	184%

Additional Information

Please note this fund may not be registered or authorised in all jurisdictions. For detailed information please consult threadneedle.com

Fund Codes

Retail (Gross) Acc EUR

Sedol	B104JL2
ISIN	GB00B104JL25
Bloomberg	T6TGRT6:LN
Reuters	-
WKN	A0JD57
Valoren	2509331

For further details on fund codes for other classes, please contact Threadneedle



Standard & Poor's Fund Services is an independent company that awards ratings based on a wide variety of factors including performance, fund management style, overall investment process, corporate profile and stability of investment team. Fund Management Ratings range from 'A' to 'AAA'.

Please refer to further Risk Warnings and Glossary at the rear of this document.

Risk Warnings

Currency Risk: Where investments are made in assets that are denominated in foreign currency, changes in exchange rates may affect the value of the investments.

No Capital Guarantee: Positive returns are not guaranteed and no form of capital protection applies.

Liquidity Risk: The fund invests in assets that are not always readily saleable without suffering a discount to fair value. The portfolio may have to lower the selling price, sell other investments or forego another, more appealing investment opportunity.

Inflation Risk: Most bond funds offer limited capital growth potential and an income that is not linked to inflation. Therefore, inflation can affect the value of capital and income over time.

Interest Rate Risk: Changes in interest rates are likely to affect the fund's value. In general, as interest rates rise, the price of a fixed rate bond will fall, and vice versa. Duration is a measure of the extent to which this is the case, with a longer duration suggesting higher sensitivity to interest rate moves.

Valuation Risk: The fund's assets may sometimes be difficult to value objectively and the true value may not be recognised until assets are sold.

Short Selling Risk: Short selling is designed to make a profit from falling prices. However, if the value of the underlying investment increases, the short position will negatively affect the fund's value.

Leverage Risk: Leverage amplifies the effect that a change in the price of an investment has on the fund's value. As such, leverage can enhance returns to investors but can also increase losses.

Derivatives Risk: Investment in derivatives may result in losses in excess of the amount invested.

Summarised Glossary

In addition to the above specific risk warnings applicable to the fund, the second page of the factsheet includes a number of statistical measures that should also assist investors and/or their advisors in selecting funds that meets both their investment objectives and appetite for risk.

SHARPE RATIO: This measure is a risk-adjusted return statistic. It measures the fund's return over and above cash (excess return over a risk free asset) divided by the absolute volatility of the fund. It shows the trade-off between risk and return. The greater the result, the better the return the fund has delivered given the risks within the fund.

ABSOLUTE VOLATILITY: One of the main ways in which the risk of an investment is measured is calculating the degree to which its value fluctuates around an average. The standard method for calculating this volatility is standard deviation. Absolute volatility is the standard deviation of the fund's last three years' performance which is then expressed as a percentage. All the other risk measures below are also based on the last 3 year's fund performance.

AVERAGE LIFE: This is the weight adjusted average life of the bonds held in the portfolio i.e. on average how many years to go before their expected redemption.

BETA: This is a measure of the volatility of the fund relative to its benchmark. A figure greater than 1 indicates that the fund will tend to outperform in a rising market and under perform in a falling one. I.e. is more volatile than the market. The reverse applies to a Beta of less than 1.

INFORMATION RATIO: This statistic is commonly used to measure a fund manager's skill against the benchmark. The out/underperformance of the fund relative to its peer group is divided by the tracking error. Therefore, anything positive is above average and anything negative is below average. The larger the number the better.

JENSEN ALPHA: A risk-adjusted performance measure that represents the average return on the fund over and above that predicted by the CAPM (Capital Asset Pricing Model), given the fund's beta and the average market return as represented by the benchmark. If the value is positive then the fund has outperformed the market and if it is negative then the opposite is true.

MODIFIED DURATION: Is a measure of risk for fixed interest securities as it predicts the sensitivity of the value of the fund's portfolio to a change in interest rates. The higher the value the greater the volatility of the fund's performance resulting from changes to interest rates. If the modified duration of a fund is 5 years then the average price movement of the fund resulting from a +/- 1% change in interest rates is 5%.

R²: This is a measure of how close the portfolio of a fund is correlated (or can be explained by) the performance of the benchmark. A result of 1 means a perfect correlation whilst 0 means there is effectively no relationship between the two performances. The degree of reliance that can be placed on the result is not linear, however. Generally, a correlation is only significant for values of 0.75 and above. Finally, it is worth noting that the higher the R² the greater the reliance that can be placed on the beta result.

RELATIVE VOLATILITY: Shows how much more or less volatile the fund has been relative to its benchmark which for all risk measures will be an index. For example if the fund's absolute volatility is 9% and the benchmark's is 10% then the relative volatility is 0.90.

TRACKING ERROR: Indicates how closely the fund tracks the benchmark. It is the standard deviation of the monthly returns of the fund divided by the monthly returns of its benchmark. The lower the number the closer the fund follows its benchmark.

Please refer to the Databook or threadneedle.com for a full Glossary of Terms.

Subscriptions to a fund may only be made on the basis of the current Prospectus. Investors should note the "Risk factors" section of the Prospectus in terms of risks applicable to investing in this or any other fund.

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