Your success. Our priority.

FINAL REPORT AND AUDITED FINANCIAL STATEMENTS
THREADNEEDLE MANAGED FUNDS
MAY 2021

THREADNEEDLE
MANAGED FUNDS

Contents

**These pages, together with the investment reports, Directors' Statements, Comparative Table Disclosure, Reconciliation of units and portfolio statements of the individual funds comprise the Manager's Report.*

Introduction

This Final Report and Audited Financial Statements cover the period from 16 May 2020 to 14 May 2021 which is the final accounting period, and review the performance and market background for five of the unit trusts in the Threadneedle Managed Funds range. These comprise the Threadneedle Managed Equity Fund, Threadneedle Managed Equity Focused Fund, Threadneedle Managed Equity & Bond Fund, Threadneedle Managed Bond Focused Fund, Threadneedle Managed Bond Fund. The Funds were closed on 9 April 2021. The assets and liabilities of the Funds were transferred to new sub-funds (of the same name) launched in Threadneedle Opportunity Investment Funds ICVC and the Funds ceased trading on that date. Accordingly the Funds are no longer a going concern and this is the Final Report for the period 16 May 2020 to 14 May 2021. The termination of the Funds was completed on 14 May 2021.

We hope that you find the report informative. Should you require any further information regarding any aspect of your investment, or about our other products, we would be pleased to help. Alternatively, you may find it helpful to visit columbiathreadneedle.com for further information about Columbia Threadneedle Investments.

Thank you for your continued support.

L Weatherup

Director

Threadneedle Managed Equity Fund

Investment Report

Threadneedle Managed Equity Fund was closed on 9 April 2021. The assets and liabilities of the Threadneedle Managed Equity Fund were transferred to a new sub-fund (of the same name) launched in Threadneedle Opportunity Investment Funds ICVC on that date and the Fund ceased trading on that date. Accordingly the Fund is no longer a going concern and this is the Final Report for the period 16 May 2020 to 14 May 2021.

Investment Objective and Policy

The Fund aims to achieve long term capital growth. It looks to outperform a composite index over rolling 3-year periods, after the deduction of charges. This composite index comprises:

- 60% MSCI ACWI ex UK Index
- 25% FTSE All-Share Index
- 7% Bloomberg Barclays Global Aggregate ex GBP (GBP Hedged) Index
- 3% Bloomberg Barclays Sterling Aggregate Index
- 5% Sterling Overnight Index Average (SONIA)

The Fund is actively managed, and invests at least 80% of its assets in other funds.

The Fund usually invests in other Threadneedle funds, however, funds managed by companies outside the Threadneedle group may also be held, when this is considered appropriate. These funds may invest worldwide.

The Fund focuses on investment in funds providing exposure to equities (company shares), with only limited exposure taken to bonds (including corporate and government bonds).

The balance of the exposure to these different asset types may vary over time, however, equity exposure usually exceeds two-thirds of the Fund's value, under normal market conditions.

The Fund may also hold money market instruments, deposits, cash, and near cash.

Derivatives may be used with the aim of reducing risk or managing the Fund more efficiently, and up to 20% of the value of the Fund may be invested in funds that use derivatives for investment purposes.

The composite index is representative of the Fund's investment exposure, and provides a suitably weighted target benchmark of global equities (excluding the UK), UK equities, investment grade bonds (hedged to sterling), investment grade sterling-denominated bonds, and cash, against which Fund performance will be evaluated over time.

The fund will always invest so as to be eligible as an ISA investment.

Review

This report covers the period from 16 May 2020 to 14 May 2021. Following on from the closure of the Fund on the 9 April 2021, the Authorised Fund Manager decided to terminate the Fund as all its residual assets and liabilities were settled. The termination of the Fund was completed on 14 May 2021.

Fund Performance

From 16 May 2020 to 9 April 2021, the offer price of Class A units rose by 28.60% from 198.60p to 255.40p.

From 16 May 2020 to 9 April 2021, the offer price of Class B units rose by 28.77% from 205.40p to 264.50p.

Looking at performance within its peer group (the IA – Flexible Investment Sector), the total return on the trust from 30 April 2020 to 31 March 2021, including net reinvested income, is +22.72% as compared to a median return of +20.07% over the same period. (Source: Morningstar, bid to bid, income reinvested for a UK basic rate taxpayer). Please note that this period has been used for peer group comparisons due to updated peer group information only being available from Morningstar at month-end points.

As of the 7th May 2020, this fund was measured against a Composite Benchmark (MSCI ACWI ex UK Index 60%, FTSE All Share Index 25%, Bloomberg Barclays Global Aggregate ex GBP (Hedged to GBP) Index 7%, SONIA 5%, Bloomberg Barclays Sterling Aggregate Index 3%) however there is not sufficient history to show 11 months.

Market Overview and Portfolio Activity

The period in review was a turbulent period in terms of both world events and financial-market movements. Following the sharp COVID-19-related declines of March 2020, the period commenced with a continuation of the recovery in equities and industrial commodities that began in prior weeks. In fixed income, yields on core government bonds (which move inversely to price) rebounded from historic lows to finish the review period higher. Credit spreads (the yield premiums over 'risk-free' government bonds) tightened in the investment-grade (IG) and high-yield (HY) markets. In commodities, oil and industrial metals performed well, aided by hopes of increased demand from a recovering global economy. Oil prices also benefited from OPEC-led production cuts.

The unprecedented stimulus measures from central banks and governments helped risk assets rally from May until September. Declining coronavirus caseloads and the resulting easing of lockdown restrictions also boosted markets, while better-than-expected economic data and corporate earnings tended to reinforce the positive sentiment. Despite the 'risk-on' mood, core government bond yields remained low until August, anchored by central-bank asset-purchase programmes and low interest rates.

In September, however, profit-taking in US tech stocks heralded a change of mood, as investors refocused on more worrying elements of the backdrop, including resurgent coronavirus infection rates in many countries and the reimposition of control measures to contain the virus. Meanwhile, political uncertainty also mounted, in relation to the US presidential election and Brexit. The mood turned markedly positive in the last two months of 2020. Investors were encouraged by Joe Biden's triumph in the US election and hopes for further fiscal stimulus. Sentiment was also boosted by landmark results in coronavirus vaccine trials, the subsequent approval of the first vaccines for use in Western democracies and, towards the end of 2020, the last-minute trade agreement between the UK and the EU. These developments pushed up bond yields and sparked a surge in oil prices and stocks in beaten-down sectors that were perceived to be major beneficiaries of a resumption of 'normal' economic activity.

2021 was characterised by a sharp rise in core bond yields on expectations of higher US government spending, after the Democrats took control of the Senate. Yields also rose on expectations that a vaccine-driven recovery in global growth would lead to increased inflation. This and the ensuing debate over whether pricing pressures would prove merely temporary or mark the beginning of a more sustained uptrend prompted some volatility in equity markets, though value-oriented sectors benefited. Corporate-bond markets were less impacted, and credit spreads tightened over the first four months of the period.

Over the 12 months to 14 May, the MSCI All Country World index registered robust gains in local-currency terms, although the outcome in sterling terms was lower as the UK currency strengthened amid optimism about the Brexit deal and the country's successful vaccine rollout. At a sector level, returns were initially led by healthcare, as firms raced to develop tests, vaccines and medications for COVID-19, and technology, as the pandemic accelerated "the digitisation of everything". However, the optimism around vaccines and US fiscal stimulus in November fuelled a subsequent rotation towards economically sensitive sectors such as materials, consumer discretionary, industrials and financials.

At a regional level, US equities were the top performers in local-currency terms, helped by the outperformance of the sizeable technology sector over the first half of the period. However, they marginally underperformed in sterling, due to the pound's rise against the dollar. Emerging markets (EMs) and Asia ex Japan lagged slightly but delivered healthy absolute returns, supported by index heavyweight China – one of the only major economies to report positive GDP growth over 2020. UK equities trailed in local terms held back by earlier jitters about a no-deal Brexit and the market's high exposure to sectors perceived to be vulnerable to COVID-19. However, they outperformed in sterling, aided by the currency's strength. The export-heavy Japanese market lagged, amid concerns over the toll of the pandemic on global growth.

Within fixed income, core bond yields dropped to historic lows in 2020, but ultimately finished the review period higher. Treasuries fared worst, with the 10-year yield increasing sharply over the year. The rise in German bund yields was more muted; this reflected the eurozone's slower vaccine rollout compared to the US and the UK. Both IG and HY bonds posted positive returns; the tightening in spreads outweighed the impact of higher government bond yields. HY outperformed IG; the market is less sensitive to rising interest rates and more likely to benefit from a return to 'normality'.

In the equity segment, we took profits from the US, Japanese, UK, European and EM exposures after strong early-period gains left valuations increasingly stretched. Later in the year, we topped up Japan and Asia. Both offer high operational leverage to the improving global industrial cycle, while valuations also look reasonable given the strength of corporate earnings forecasts in Japan and Asia relative to the rest of the world.

In 2021, we also increased our UK equity allocation after a protracted period of underperformance in 2020. The conclusion of a post-Brexit trade deal with the EU and the rapid rollout of coronavirus vaccinations augur well for a swifter economic recovery, while a large amount of pent-up Mergers and Acquisition activity alongside the market's significant cyclical exposure set it up well for the reflationary theme coming through.

Fixed income activity included adding to HY and IG credit. Though much of the market healing in terms of spread tightening has occurred, we still believe spreads remain reasonable compensation for implied rates of default, and fundamentals are improving as deleveraging occurs. Recently, we have become more positive on HY credit, particularly shorter-maturity bonds, given the normalisation in IG spreads over the year. As well as offering greater carry, HY bonds stand to gain from policy support, the ongoing cyclical upswing and improving credit metrics, including dramatically lower default expectations for both this year and next. We have also increased our exposure to global government bonds in 2021, looking to pick up yield after market weakness. However, we remain cautious towards core fixed income, where value remains limited in our view.

Despite the ongoing battle with coronavirus, a synchronised global economic recovery is underway. Risk assets have staged a remarkable rebound over the past year, helped by the greater number of efficacious vaccines than many expected, and crucially, a continuation of the enormous stimulus from governments and central banks across the world.

The improved prospects for the global economy have led investors to factor in a quicker start to the next interest-rate hiking cycles in the US and the UK. This has pushed up real yields, but the degree to which it has impacted equities and credit spreads has so far been relatively modest.

As life continues to return to normal, helped by the huge additional policy stimulus and vaccine rollouts, the rise in real yields could prove consistent with a reflationary, risk-positive setting: a lot rests on the ability of the Federal Reserve and other central banks to look through what will likely be a sharp rise in inflation as the economy normalises and growth rebounds in the second half of this year.

Directors' Statement

In accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes (COLL) Sourcebook, we hereby certify the Final Report and Audited Financial Statements on behalf of the Directors of Threadneedle Investment Services Limited.

L Weatherup
Director

R Vincent
Director

19 August 2021

Threadneedle Managed Equity Fund

STATEMENT OF TOTAL RETURN

for the accounting period 16 May 2020 to 14 May 2021

	Notes	16/05/2020 to 14/05/2021 £000	Restated 2020* £000
Income			
Net capital gains	3	111,308	2,351
Revenue	4	6,072	7,310
Expenses	5	(4,212)	(5,238)
Net revenue before taxation		1,860	2,072
Taxation	6	–	–
Net revenue after taxation		1,860	2,072
Total return before distributions		113,168	4,423
Distributions*	7	(2,111)	(2,175)
Change in net assets attributable to unitholders from investment activities		111,057	2,248

BALANCE SHEET

as at 14 May 2021

	Notes	2021 £000	2020 £000
Assets:			
Fixed assets:			
Investments		–	393,414
Current assets:			
Debtors	8	–	1,059
Cash and bank balances	9	2	838
Total assets		2	395,311
Liabilities:			
Investment liabilities		–	(334)
Creditors:			
Distribution payable		–	(272)
Other creditors	10	(2)	(908)
Total liabilities		(2)	(1,514)
Net assets attributable to unitholders		–	393,797

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the accounting period 16 May 2020 to 14 May 2021

	16/05/2020 to 14/05/2021 £000	Restated 2020* £000
Opening net assets attributable to unitholders	393,797	400,977
Amounts receivable on the issue of units*	65,530	31,848
Amounts payable on the cancellation of units*	(59,535)	(43,169)
Amounts payable on in specie transfers	(512,619)	–
	(506,624)	(11,321)
Dilution levy	–	3
Change in net assets attributable to unitholders from investment activities (see statement of total return above)*	111,057	2,248
Retained distribution on accumulation units	1,770	1,890
Closing net assets attributable to unitholders	–	393,797

DISTRIBUTION TABLE

for the accounting period 16 May 2020 to 14 May 2021

Dividend distribution in pence per unit

Class A – Accumulation units

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2020/2021	Revenue Accumulated 2019/2020
Group 1				
16/05/20 to 09/04/21	0.4545	–	0.4545	–
16/05/20 to 16/05/21	–	–	–	0.5591
Group 2				
16/05/20 to 09/04/21	0.3554	0.0991	0.4545	–
16/05/20 to 16/05/21	–	–	–	0.5591
Total distributions in the period			**0.4545**	**0.5591**

Class B – Accumulation units

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2020/2021	Revenue Accumulated 2019/2020
Group 1				
16/05/20 to 09/04/21	0.9270	–	0.9270	–
16/05/20 to 16/05/21	–	–	–	1.1283
Group 2				
16/05/20 to 09/04/21	0.7086	0.2184	0.9270	–
16/11/20 to 16/05/21	–	–	–	1.1283
Total distributions in the period			**0.9270**	**1.1283**

Class T – Income units

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2020/2021	Distribution Paid 2019/2020
Group 1				
16/05/20 to 15/11/20	0.3750	–	0.3750	0.1466
16/11/20 to 09/04/21	0.6798	–	0.6798	–
16/11/20 to 16/05/21	–	–	–	0.7115
Group 2				
16/05/20 to 15/11/20	0.3372	0.0378	0.3750	0.1466
16/11/20 to 09/04/21	0.5009	0.1789	0.6798	–
16/11/20 to 16/05/21	–	–	–	0.7115
Total distributions in the period			**1.0548**	**0.8581**

Class Z – Accumulation units

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2020/2021	Revenue Accumulated 2019/2020
Group 1				
16/05/20 to 09/04/21	1.2107	–	1.2107	–
16/05/20 to 16/05/21	–	–	–	1.3431
Group 2				
16/05/20 to 09/04/21	0.8557	0.3550	1.2107	–
16/05/20 to 16/05/21	–	–	–	1.3431
Total distributions in the period			**1.2107**	**1.3431**

Group 2: units purchased during a distribution period.

**For details on restatement please refer to note 17.*

Threadneedle Managed Equity Fund

Comparative Table Disclosure

	Class A – Accumulation units			Class B – Accumulation units		
	14/05/2021[1]	15/05/2020	15/05/2019	14/05/2021[1]	15/05/2020	15/05/2019
Change in net assets per unit						
Opening net asset value per unit (p)	198.58	197.24	197.83	205.33	203.44	203.62
Return before operating charges (p)	59.61	4.38	2.51	61.69	4.50	2.51
Operating charges (p)	(2.87)	(3.04)	(3.10)	(2.55)	(2.61)	(2.69)
Return after operating charges (p)*	56.74	1.34	(0.59)	59.14	1.89	(0.18)
Distributions (p)	(0.45)**	(0.56)	(1.54)	(0.93)**	(1.13)	(2.02)
Retained distributions on accumulation units (p)	0.45**	0.56	1.54	0.93**	1.13	2.02
Redemption value as at 9 April 2021	(255.32)	–	–	(264.47)	–	–
Closing net asset value per unit (p)	–	198.58	197.24	–	205.33	203.44
*after direct transaction costs of (p)	–	–	–	–	–	–
Performance						
Return after charges (%)	28.57	0.68	(0.30)	28.80	0.93	(0.09)
Other information						
Closing net asset value (£000)	–	129,415	158,283	–	120,594	123,490
Closing number of units	–	65,169,111	80,248,181	–	58,732,507	60,702,091
Operating charges (%)***	1.39[†]	1.48	1.60	1.19[†]	1.23	1.35
Direct transaction costs (%)	–	–	–	–	–	–
Prices						
Highest unit price (p)	255.32	224.70	211.20	264.47	228.40	209.60
Lowest unit price (p)	203.17	176.30	178.00	210.07	182.20	183.40

	Class T – Income units			Class Z – Accumulation units		
	14/05/2021[1]	15/05/2020	15/05/2019	14/05/2021[1]	15/05/2020	15/05/2019
Change in net assets per unit						
Opening net asset value per unit (p)	129.33	128.85	130.28	146.78	144.90	144.65
Return before operating charges (p)	38.86	2.85	1.56	44.18	3.23	1.67
Operating charges (p)	(1.13)	(1.51)	(1.60)	(1.29)	(1.35)	(1.42)
Return after operating charges (p)*	37.73	1.34	(0.04)	42.89	1.88	0.25
Distributions (p)	(1.05)*	(0.86)	(1.39)	(1.21)**	(1.34)	(1.83)
Retained distributions on accumulation units (p)	–	–	–	1.21**	1.34	1.83
Redemption value as at 9 April 2021	(166.01)	–	–	(189.67)	–	–
Closing net asset value per unit (p)	–	129.33	128.85	–	146.78	144.90
*after direct transaction costs of (p)	–	–	–	–	–	–
Performance						
Return after charges (%)	29.17	1.04	(0.03)	29.22	1.30	0.17
Other information						
Closing net asset value (£000)	–	49,524	52,412	–	94,264	66,792
Closing number of units	–	38,292,282	40,677,695	–	64,220,947	46,094,095
Operating charges (%)***	0.84[†]	1.12	1.25	0.84[†]	0.89	1.00
Direct transaction costs (%)	–	–	–	–	–	–
Prices						
Highest unit price (p)	166.69	144.60	134.10	189.67	163.10	149.00
Lowest unit price (p)	132.32	115.40	117.10	150.18	130.20	130.50

**This figure is as at the last distribution on 9 April 2021.

***The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a unit class of a fund based on the financial year's expenses and may vary from year to year. It includes charges such as the fund's annual management charge, registration fee, custody fees and distribution cost but ordinarily excludes the costs of buying or selling assets for the fund (unless these assets are shares of another fund). The Key Investor Information Document (KIID) contains the current OCF. The calculation includes the fund's share of the expenses of the underlying fund less any fee rebates received. The share of the costs of the underlying funds may fluctuate due to changes in investment decisions, which may be required as a result of changes in market conditions. For a more detailed breakdown please visit columbiathreadneedle.com/fees.

[1] *The Fund terminated on 14 May 2021.*

[†] *The Ongoing Charges Figure is annualised based on the fees incurred during the accounting period or since commencement date.*

Threadneedle Managed Equity Fund

Notes to the financial statements

for the accounting period 16 May 2020 to 14 May 2021

1 ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of investments, in compliance with FRS 102 and in accordance with the Statement of Recommended Practice for Authorised Funds (SORP) issued by the Investment Management Association in May 2014.

The financial statements have been prepared on a basis other than going concern. Comparative figures were prepared on a going concern basis. No adjustments were necessary in the trust's financial statements to reduce assets to their realisable values, to provide for liabilities arising from the termination and to reclassify fixed assets and long-term liabilities as current assets and liabilities. All future costs will be borne by the Manager. The fund was closed on 9 April 2021, and assets and liabilities of the Fund were transferred to a new sub-fund (of the same name) launched in Threadneedle Opportunity Investment Funds ICVC via an in-specie. Following this, the Authorised Fund Manager decided to terminate the fund as all its residual assets and liabilities were settled. The termination of the fund was completed on 14 May 2021.

(b) Basis of valuation of investments

There are no listed investments on 14 May 2021.

Previously investments of the fund were valued using the single price at 12 noon (UK time), being the valuation point on the last working day of the accounting period. The single price may have included an adjustment to cover dealing costs in the underlying funds.

(c) Exchange rates

Assets and liabilities expressed in foreign currencies are translated into sterling at the exchange rates ruling at 12 noon (UK time), being the valuation point on the last working day of the accounting period.

Transactions denominated in foreign currency are translated into sterling at the exchange rates ruling at the date of the transaction.

(d) Recognition of revenue

Revenue is included in the Statement of Total Return on the following bases:

Distributions from Collective Investment Schemes (CIS) are recognised when the security is quoted ex-dividend.

Any reported revenue from an offshore fund with UK fund reporting status in excess of any distributions is recognised as revenue after the end of the reporting period not later than the date when the reporting fund makes this information available.

Interest on bank and short-term deposits is recognised on an earned basis.

(e) Treatment of expenses (including management expenses)

All expenses other than those relating to the purchase and sale of investments, are included in expenses, in the Statement of Total Return. Expenses are recognised on an accruals basis and include irrecoverable Value Added Tax (VAT) where appropriate.

(f) Fee rebate

In addition to any direct charge for registration and management fees within the fund, there would occur, in the absence of a rebate mechanism, an indirect charge for registration and management fees in respect of investment in other Threadneedle funds. Any such target funds themselves bear registration and management fees, which reduce the value of those funds from what they otherwise would be. The rebate mechanism operates to ensure that investors in the fund bear only the registration and management fee validly applicable to them.

Depending upon the Manager's treatment of management fees within the underlying funds, where management fees are taken to capital, any rebate is classified as a capital item and does not form part of the amount available for distribution.

(g) Allocation of revenue and expenses to multiple unit classes

The allocation of revenue and expenses to each unit class is based upon the proportion of the fund's capital net assets attributable to each unit class on the day the revenue is earned or the expense is suffered. Annual management charges and registration fees are specific to each unit class.

(h) Deferred tax

Deferred taxation liabilities are provided for in full, and deferred tax assets are recognised to the extent that they are considered recoverable, in respect of all items for which recognition falls in different accounting periods for accounting and taxation purposes.

(i) Equalisation policy

The fund operates equalisation to ensure the level of distributable income for any unit class is not affected by the issue or cancellation of units.

2 DISTRIBUTION POLICIES

Where the revenue from investments exceeds the expenses and taxation a distribution will be made from that unit class. Should expenses and taxation exceed revenue for any unit class, there will be no distribution for that unit class and a transfer from capital will be made to cover the shortfall.

Revenue attributable to accumulation unitholders is retained at the end of each distribution period and represents a reinvestment of revenue.

Where distributions are unclaimed for a period of six years these are brought back into the fund as capital.

When a transfer is made between the revenue and capital of the same unit class marginal tax relief is not taken into account when determining the distribution. Marginal tax relief is only taken into account where the transfer of benefit is between the revenue and capital property of at least two different unit classes of the fund.

Equalisation on distributions received is treated as a repayment of capital and therefore disregarded in determining the revenue available for distribution.

3 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2021 £000	2020 £000
Non-derivative securities	110,093	3,158
Forward currency contracts	1,281	(833)
Management fee rebate on collective investment scheme holdings	–	30
Other losses	(66)	(4)
Net capital gains	111,308	2,351

4 REVENUE

	2021 £000	2020 £000
Franked dividend distributions	4,981	5,061
Interest distributions	1,091	1,835
Bank interest	–	9
Management fee rebate on collective investment scheme holdings	–	405
Total revenue	6,072	7,310

5 EXPENSES

	2021 £000	2020 £000
Payable to the Manager or associates of the Manager, and the agents of either of them:		
Annual management charge	(4,147)	(5,169)
	(4,147)	(5,169)
Payable to the trustee or associates of the trustee, and the agents of either of them:		
Trustee fees	(48)	(49)
Safe custody fees	(8)	(9)
	(56)	(58)
Other expenses:		
Audit fees*	(9)	(11)
	(9)	(11)
Total expenses**	(4,212)	(5,238)

**The Threadneedle Managed Equity Fund closed on 9 April 2021, consequent to a scheme of arrangement whereby the assets and liabilities of the Fund were transferred to a new Fund (of the same name) launched in Threadneedle Opportunity Investment Funds ICVC. The full 2021 Audit fees of £10,000 (inclusive of VAT) have been time apportioned across the two Funds.*

***Including irrecoverable VAT where applicable.*

Threadneedle Managed Equity Fund

Notes to the financial statements

(continued)

6 TAXATION

	2021 £000	Restated 2020* £000
a) Analysis of charge in period		
Total current tax (note 6b)	–	–
Total tax charge for the period	–	–
b) Factors affecting taxation charge for period		
Net revenue before taxation	1,860	2,072
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(372)	(414)
Effects of:		
Revenue not subject to taxation	996	1,012
Excess expenses*	(624)	(571)
Capitalised revenue subject to taxation	–	(6)
Conversion transfer from capital*	–	(21)
Current tax charge for period (note 6a)	–	–

**For details on restatement please refer to note 17.*

7 DISTRIBUTIONS

The distribution takes account of revenue received on the creation of units and revenue deducted on the cancellation of units and comprises:

	2021 £000	Restated 2020* £000
Interim	140	58
Final	2,019	2,162
	2,159	2,220
Add: Revenue deducted on the cancellation of units*	63	43
Deduct: Revenue received on the creation of units*	(111)	(88)
Net distribution for the period	2,111	2,175
Net revenue after taxation	1,860	2,072
Equalisation on conversion*	2	103
Undistributed revenue carried forward	249	–
Total distributions	2,111	2,175

**For details on restatement please refer to note 17.*

Details of the distribution per unit are set out in the table on page 4.

8 DEBTORS

	2021 £000	2020 £000
Amounts receivable for the issue of units	–	659
Sales awaiting settlement	–	400
Total debtors	–	1,059

9 CASH AND BANK BALANCES

	2021 £000	2020 £000
Amounts held at futures clearing houses and brokers	–	240
Cash and bank balances	2	598
Total cash and bank balances	2	838

10 OTHER CREDITORS

	2021 £000	2020 £000
Amounts payable for the cancellation of units	–	(326)
Accrued expenses	(2)	(9)
Amounts payable to Manager	–	(573)
Total other creditors	(2)	(908)

11 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, a related party, acts as principal in respect of all transactions of units in the fund. The aggregated monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Unitholders. The amount due to or from Threadneedle Investment Services Limited in respect of unit transactions at the end of the accounting period are disclosed in Notes 8 and 10.

Amounts payable to Threadneedle Investment Services Limited in respect of fund administration and registrar services are disclosed in Notes 8 and 10. A balance of £Nil (2020: £572,840), in respect of annual management service charge and £Nil (2020: £Nil), in respect of registration fees are payable at the end of the accounting period.

Amounts payable to Citibank Europe plc, a related party, in respect of trustee services and safe custody charges are disclosed in Note 10. A balance of £1,483 (2020: £5,650), in respect of trustee services and £229 (2020: £1,066), in respect of safe custody is due at the end of the accounting period.

The fund receives and pays interest on deposits held with Citibank Europe plc as disclosed in Note 4. A balance of £Nil (2020: £8), was receivable at the end of the accounting period. Cash and bank balances at the end of the accounting period are disclosed in the Balance Sheet.

The fund invests in a number of funds managed by Columbia Threadneedle, all transactions in respect of which are transacted with Threadneedle Investment Services Limited. Details of the gains and losses in the period are disclosed in Note 3. Details of revenue received from the funds are shown in Note 4 and amounts receivable at the end of the accounting period in Note 8.

The Manager, or associate of the Manager acted as principal in all investment transactions.

12 UNITHOLDER FUNDS

There are no unitholders left in the fund. Prior to the closure the fund had four unit classes; Class A, Class B, Class T and Class Z units. The charges on each unit class are as follows:

Annual management charge

Class A units	1.30%
Class B units	1.10%
Class T units	0.75%
Class Z units	0.75%

The net asset value of each unit class, the net asset value per unit, and the number of units in each class are given in the comparative tables on page 5. The distribution per unit class is given in the distribution table on page 4.

All classes have the same rights on winding up.

Reconciliation of units

	2021
Class A – Accumulation units	
Opening units	65,169,111
Units issued	624,696
Units redeemed	(65,263,165)
Net conversions	(530,642)
Closing units	–
Class B – Accumulation units	
Opening units	58,732,507
Units issued	3,847,743
Units redeemed	(62,432,939)
Net conversions	(147,311)
Closing units	–
Class T – Income units	
Opening units	38,292,282
Units issued	491,196
Units redeemed	(38,783,478)
Net conversions	–
Closing units	–
Class Z – Accumulation units	
Opening units	64,220,947
Units issued	18,346,035
Units redeemed	(83,488,477)
Net conversions	921,495
Closing units	–

Threadneedle Managed Equity Fund

Notes to the financial statements

(continued)

13 RISK MANAGEMENT

The following section in relation to Risk Management covers the period 16 May 2020 to 14 May 2021. In pursuing its investment objectives set out on page 3, the Threadneedle Managed Equity Fund may hold the following financial instruments:

- Funds of the Threadneedle Investment Funds ICVC, Threadneedle Specialist Investment Funds ICVC and Threadneedle (Lux) Funds of which a maximum of 20% of the value of the property of the fund may be invested in any one fund within this range of investment funds;
- Cash, liquid resources and short-term debtors and creditors that arise directly from its operations;
- Unitholders' funds which represent investors monies which are invested on their behalf;
- Borrowing used to finance investment activity;
- Derivative transactions to manage the currency and market risks arising from the fund's investment activities.

The Manager uses a risk management process (RMP)*, as reviewed by the Trustee. Throughout the period under review, it has been the policy of the fund to buy and sell financial instruments for the purpose of investment rather than trading. The main risks arising from the fund's financial instruments are market price, liquidity, credit, interest rate and foreign currency risk. The policies for managing each of these risks are reviewed regularly and agreed with the Trustee of the fund and they are summarised below.

**The RMP available on request from the client services team (contact details on page 56).*

Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the fund might suffer through holding market positions in the face of price movements. The value of the investment can fall as well as rise and investors might not recover the amount invested, especially if investments are not held for the long term. The fund is exposed to market risk by virtue of their Investments in Collective Investment Schemes.

The Manager meets regularly to consider the asset allocation of the portfolio in order to minimise the risk associated with particular industry sectors whilst continuing to follow the investment objective. An individual fund manager has responsibility for monitoring the existing portfolio selected in accordance with the overall asset allocation parameters and seeks to ensure that individual stocks also meet the risk reward profile that is acceptable.

The investment guidelines and investment and borrowing powers are set out in the trust deed, the prospectus and in the Financial Conduct Authority's (FCA's) Collective Investment Schemes Sourcebook and describe the nature of the market price risk to which the fund will be exposed.

Market price risk sensitivity

As there are no investments at the balance sheet date, no market price sensitivity analysis has been shown. For 2020, a 5% market increase applied to the equity proportion of the fund would result in an increase on net asset value of the fund by 4.50% and a 1.00% interest rate decrease applied to the bond proportion of the fund would result in an increase on this portion of the fund by 0.69%.

Currency risk

Foreign currency risk is the risk that the value of the funds' investments will fluctuate as a result of changes in foreign currency exchange rates.

The capital values of the fund's underlying investments can be affected by currency translation movements where the assets are denominated in currencies other than sterling, which is the fund's principal currency.

Two principal areas where foreign currency risk could impact the fund are:

- Where movements in rates affect the value of the underlying investments, the fund may hedge the initial investment;
- Where movements in rates affect the revenue received from the underlying investments; the fund does not hedge or otherwise seek to avoid rate movement risk on revenue accrued but not received.

There is no direct foreign currency exposure within the fund at the balance sheet date.

Currency sensitivity

As the fund has no material currency exposure, no sensitivity analysis has been shown (2020: same).

Credit risk/Counterparty risk

Credit risk is the risk that the counterparty in a financial transaction will fail to fulfil their obligation or commitment. The fund is exposed to credit/counterparty risk by virtue of the underlying investments is the collective investment schemes holds and through counterparties it uses to trade the underlying investments or derivative transactions it enters.

Credit risk arises from three main sources. Firstly, the possibility that the issuer of a security will be unable to pay interest and principal in a timely manner. Secondly, for asset backed investments (including Floating Rate Notes) there is the possibility of default of the issuer and default in the underlying assets meaning that the fund may not receive back the full principal originally invested. Thirdly, there is counterparty risk, which is the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the fund has fulfilled its responsibilities, which could result in the fund suffering a loss.

In order to manage credit risk the fund and underlying investments are subject to investment limits for issuers of securities. Issuer credit ratings are evaluated periodically and an approved issuer list is maintained and monitored. In addition the underlying funds only buy and sell investments through brokers which have been approved by the Manager as an acceptable counterparty. Brokers are monitored on an on-going basis for suitability and creditworthiness.

Credit/Counterparty exposure

As at the balance sheet date there is no derivative exposure or collateral to disclose.

2020	Collateral Pledged
Counterparty	**£000**
HSBC	240

The fund did not hold any collateral received from the fund's counterparties in either the current or prior year.

Positive exposure represents the fund's exposure to that counterparty and not the fund's holdings with that counterparty.

Interest rate risk

Interest rate risk is the risk that the value of the funds' investments will fluctuate as a result of changes in interest rates.

The fund may invest in floating rate securities.

Thus any change to the interest rates relevant for particular securities may result in either income increasing or decreasing, or the Manager being unable to secure similar returns on the expiry of contracts or the sale of securities.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held.

In general, if interest rates rise the revenue potential of the fund also rises but the value of fixed rate securities will decline.

A decline in interest rates will in general have the opposite effect.

Duration is a measure of the extent to which this is the case, with a longer duration suggesting higher sensitivity to interest rate moves.

Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates.

Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances (2020: same).

Derivative risks

Derivatives including forward foreign exchange contracts are employed when they are the cheapest and most efficient method of gaining exposure. This increases the risk profile of the fund and may result in a higher degree of volatility. All open positions are regularly reviewed by the fund manager. The fund has entered into various forward foreign exchange contracts during this accounting period. Such contracts commit the fund to future deliveries or receipts, typically three months forward, of assets and liabilities, at prices decided at the point of striking the contract. They therefore allow the fund manager to limit risk, or to enhance fund performance in return for the acceptance of greater risk.

At 14 May 2021, the fund had outstanding forward foreign exchange contracts with an asset value of £Nil (2020: £61,000) and a liability value of £Nil (2020: £334,000).

Threadneedle Managed Equity Fund

Notes to the financial statements

(continued)

14 FAIR VALUE DISCLOSURE

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

Level 1 – Quoted prices for identical instruments in active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

Level 2 – Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investments schemes.

Level 3 – Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

	2021		2020	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Valuation technique	**£000**	**£000**	**£000**	**£000**
Level 2	–	–	393,414	(334)
	–	–	393,414	(334)

15 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2020: Nil).

16 PORTFOLIO TRANSACTION COSTS

From 16 May 2020 to 9 April 2021, the fund's purchases and sales of collective investment schemes purchases and sales amounted to £42,985,793 (2020: £556,881,905) and £40,180,420 (2020: £571,701,329) respectively. In specie transaction costs and proceeds amounted to £Nil (2020: £Nil) and £512,323,548 (2020: £Nil) respectively.

The purchases and sales are not subject to portfolio transaction costs.

At the balance sheet date, the portfolio dealing spread was Nil (15 May 2020: Nil), being the difference between the respective buying and selling prices for the fund's investments.

17 PRIOR PERIOD RESTATEMENTS

All unit conversions have now been reallocated across the Equalisation on the creation and cancellation of units in the Statement of total return, and the Amounts receivable on the issue of units and Amounts payable on the cancellation of units in the Statement of change in net assets attributable to unitholders. Previously certain types of conversions had been excluded, these have now been reallocated. Comparatives have been restated for presentational purposes, and this has had no impact on either the distributions due to unitholders nor the net assets attributable to unitholders.

The following table summarises the impact of the above on the Fund's Statement of total return and Statement of change in net assets attributable to unitholder for the year ending 15 May 2020:

STATEMENT OF TOTAL RETURN	**Previously reported 2020**	**Adjustments**	**Restated 2020**
	£'000	**£'000**	**£'000**
Distributions	(2,076)	(99)	(2,175)
Net impact		(99)	

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	**Previously reported 2020**	**Adjustments**	**Restated 2020**
	£'000	**£'000**	**£'000**
Amounts receivable on the issue of units	47,468	(15,620)	31,848
Amounts payable on the cancellation of units	(58,888)	15,719	(43,169)
	(11,420)	99	(11,321)
Change in net assets attributable to unitholders from investment activities (see statement of total return above)	2,347	(99)	2,248
Impact on net assets attributable to unitholders		–	

	Previously reported 2020	**Adjustments**	**Restated 2020**
	£'000	**£'000**	**£'000**
Note 6 TAXATION			
Excess expenses	(591)	20	(571)
Conversion transfer from capital	(1)	(20)	(21)
Net impact		–	

	Previously reported 2020	**Adjustments**	**Restated 2020**
	£'000	**£'000**	**£'000**
Note 7 DISTRIBUTIONS			
Add: Revenue deducted on the cancellation of units	91	(48)	43
Deduct: Revenue received on the creation of units	(235)	147	(88)
Net impact		99	
Equalisation on conversion	4	99	103

Threadneedle Managed Equity Fund

Statement of Manager's Responsibilities in relation to the Financial Statements of the Scheme

The Collective Investment Schemes (COLL) Sourcebook, as issued (and amended) by the Financial Conduct Authority (FCA) requires the Manager to prepare financial statements for each annual accounting period which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the financial position of the Scheme and of its net revenue and the net capital gains on the property of the Scheme for the period. In preparing the financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice relating to Authorised Funds issued by the Investment Management Association (IMA);
- follow generally accepted accounting principles and applicable accounting standards;
- keep proper accounting records, which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Scheme will continue in operation for the foreseeable future.

The Manager is required to keep proper accounting records and to manage the Scheme in accordance with the Collective Investment Schemes Sourcebook, the Trust Deed and the Prospectus. The Manager is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of the Trustee's Responsibilities in Respect of the Scheme and Report of the Trustee to the Unitholders of the Threadneedle Managed Equity Fund of the Threadneedle Managed Funds ("the Trust") for the Period ended 14 May 2021

The Trustee is responsible for the safekeeping of all property of the Trust which is entrusted to it and ensuring proper registration of tangible moveable property, and for the collection of income arising from all such scheme property.

It is the duty of the Trustee to take reasonable care to ensure that the Trust is managed and operated in accordance with the Financial Conduct Authority' Collective Investment Schemes Sourcebook ("the Sourcebook"), the Financial Services and Markets Act 2000, as amended, and the Trust Deed and the Prospectus of the Trust, concerning: the pricing of and dealing in Trust Units; the application of income of the scheme; and the Trust investment portfolio and borrowing activities.

Having carried out procedures and enquiries considered duly necessary to discharge our responsibilities as Trustee of the scheme, based on information and explanations provided to us, we believe that, in all material respects, the Manager:

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the scheme's units and the application of the scheme's income in accordance with the Sourcebook, the Trust Deed and Prospectus;
(ii) has observed the investment and borrowing powers and restrictions applicable to the scheme; and
(iii) has, otherwise, ensured the proper operation of the Trust.

Citibank Europe plc,
UK Branch
London
19 August 2021

Threadneedle Managed Equity Fund

Independent auditors' report to the Unitholders of Threadneedle Managed Equity Fund

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of Threadneedle Managed Equity Fund (the "Trust"):

- give a true and fair view of the financial position of the Trust as at 14 May 2021 and of the net revenue and the net capital gains on its scheme property for the period from 16 May 2020 to 14 May 2021 ("the period") then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Trust Deed.

We have audited the financial statements, included within the Final Report and Audited Financial Statements (the "Final Report"), which comprise: the Balance Sheet as at 14 May 2021; the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders for the period then ended; the Distribution Tables; and the Notes to the Financial Statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of Matter – Basis of Preparation

In forming our opinion on the financial statements, which is not modified, we draw attention to note 1 (a) to the financial statements which describes the directors' reasons why the financial statements have been prepared on a basis other than going concern.

Reporting on other information

The other information comprises all of the information in the Final Report other than the financial statements and our auditors' report thereon. The Authorised Fund Manager is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Authorised Fund Manager's Report

In our opinion, the information given in the Authorised Fund Manager's Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the Authorised Fund Manager for the financial statements

As explained more fully in the Statement of Manager's Responsibilities in relation to the Financial Statements of the Scheme, the Authorised Fund Manager is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Fund Manager is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Fund Manager is responsible for assessing the Trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Fund Manager either intends to wind up or terminate the Trust, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Trust/industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of the Collective Investment Schemes sourcebook, and we considered the extent to which non-compliance might have a material effect on the financial statements, in particular those parts of the sourcebook which may directly impact on the determination of amounts and disclosures in the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or to increase the net asset value of the Trust. Audit procedures performed included:

- Discussions with the Authorised Fund Manager, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes, including those of the Authorised Fund Manager's board of directors;
- Identifying and testing journal entries, specifically any journals posted as part of the financial period end close process; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Trust's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Opinion on matter required by the Collective Investment Schemes sourcebook

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

Collective Investment Schemes sourcebook exception reporting

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
19 August 2021

Threadneedle Managed Equity Fund

Portfolio Statement

as at 14 May 2021

Holding	Investment	Value £000	% of Net Asset Value
	COLLECTIVE INVESTMENT SCHEMES 0.00% (99.89%)		
	UK equity 0.00% (24.54%)		
	UK bond 0.00% (3.41%)		
	Overseas equity 0.00% (65.55%)		
	Overseas bond 0.00% (6.39%)		
	Total collective investment schemes	–	–
	DERIVATIVES 0.00% (-0.07%)		
	Forward Foreign Exchange Contracts 0.00% (-0.07%)		
	Total Derivatives	–	–
	Total value of investments	–	–
	Net other assets (0.18%)	–	–
	Net assets	–	–

May 2020 comparatives in brackets.

Threadneedle Managed Equity Focused Fund

Investment Report

Threadneedle Managed Equity Focused Fund was closed on 9 April 2021. The assets and liabilities of the Threadneedle Managed Equity Focused Fund were transferred to a new sub-fund (of the same name) launched in Threadneedle Opportunity Investment Funds ICVC on that date and the Fund ceased trading on that date. Accordingly the Fund is no longer a going concern and this is the Final Report for the period 16 May 2020 to 14 May 2021.

Investment Objective and Policy

The Fund aims to provide a combination of long term capital growth and some income. It looks to outperform a composite index over rolling 3-year periods, after the deduction of charges. This composite index comprises:

- 50% MSCI ACWI ex UK Index
- 22.5% FTSE All-Share Index
- 15.5% Bloomberg Barclays Global Aggregate ex GBP (GBP Hedged) Index
- 7% Bloomberg Barclays Sterling Aggregate Index
- 5% Sterling Overnight Index Average (SONIA)

The Fund is actively managed, and invests at least 80% of its assets in other funds.

The Fund usually invests in other Threadneedle funds, however, funds managed by companies outside the Threadneedle group may also be held, when this is considered appropriate. These funds may invest worldwide.

The Fund focuses on investment in funds providing exposure to equities (company shares), but also has some exposure to bonds (including corporate and government bonds).

The balance of the exposure to these different asset types may vary over time, however, equity exposure is usually between 50-85% of the Fund's value, under normal market conditions.

The Fund may also hold money market instruments, deposits, cash, and near cash.

Derivatives may be used with the aim of reducing risk or managing the Fund more efficiently, and up to 20% of the value of the Fund may be invested in funds that use derivatives for investment purposes.

The composite index is representative of the Fund's investment exposure, and provides a suitably weighted target benchmark of global equities (excluding the UK), UK equities, investment grade bonds (hedged to sterling), investment grade sterling-denominated bonds, and cash, against which Fund performance will be evaluated over time.

The fund will always invest so as to be eligible as an ISA investment.

Review

This report covers the period from 16 May 2020 to 14 May 2021. Following on from the closure of the Fund on the 9 April 2021, the Authorised Fund Manager decided to terminate the Fund as all its residual assets and liabilities were settled. The termination of the Fund was completed on 14 May 2021.

Fund Performance

From 16 May 2020 to 9 April 2021, the offer price of Class A units rose by 24.11% from 168.00p to 208.50p.

From 16 May 2020 to 9 April 2021, the offer price of Class B units rose by 24.29% from 173.70p to 215.90p.

Looking at performance within its peer group (the IA – Mixed Investment 40 85% Shares Sector), the total return on the trust from 30 April 2020 to 31 March 2021, including net reinvested income, is +18.88% as compared to a median return of +17.74% over the same period. (Source: Morningstar, bid to bid, income reinvested for a UK basic rate taxpayer).

Fully updated peer group information is only available from Morningstar at month-end points.

As of the 7th May 2020, this fund was measured against a Composite Benchmark (MSCI ACWI ex UK Index 50%, FTSE All Share Index 22.50%, Bloomberg Barclays Global Aggregate ex GBP (Hedged to GBP) Index 15.50%, Bloomberg Barclays Sterling Aggregate Index 7%, SONIA 5%) however there is not sufficient history to show 11 months.

Market Overview and Portfolio Activity

The period in review was a turbulent period in terms of both world events and financial-market movements. Following the sharp COVID-19-related declines of March 2020, the period commenced with a continuation of the recovery in equities and industrial commodities that began in prior weeks. In fixed income, yields on core government bonds (which move inversely to price) rebounded from historic lows to finish the review period higher. Credit spreads (the yield premiums over 'risk-free' government bonds) tightened in the investment-grade (IG) and high-yield (HY) markets. In commodities, oil and industrial metals performed well, aided by hopes of increased demand from a recovering global economy. Oil prices also benefited from OPEC-led production cuts.

The unprecedented stimulus measures from central banks and governments helped risk assets rally from May until September. Declining coronavirus caseloads and the resulting easing of lockdown restrictions also boosted markets, while better-than-expected economic data and corporate earnings tended to reinforce the positive sentiment. Despite the 'risk-on' mood, core government bond yields remained low until August, anchored by central-bank asset-purchase programmes and low interest rates.

In September, however, profit-taking in US tech stocks heralded a change of mood, as investors refocused on more worrying elements of the backdrop, including resurgent coronavirus infection rates in many countries and the reimposition of control measures to contain the virus. Meanwhile, political uncertainty also mounted, in relation to the US presidential election and Brexit. The mood turned markedly positive in the last two months of 2020. Investors were encouraged by Joe Biden's triumph in the US election and hopes for further fiscal stimulus. Sentiment was also boosted by landmark results in coronavirus vaccine trials, the subsequent approval of the first vaccines for use in Western democracies and, towards the end of 2020, the last-minute trade agreement between the UK and the EU. These developments pushed up bond yields and sparked a surge in oil prices and stocks in beaten-down sectors that were perceived to be major beneficiaries of a resumption of 'normal' economic activity.

2021 was characterised by a sharp rise in core bond yields on expectations of higher US government spending, after the Democrats took control of the Senate. Yields also rose on expectations that a vaccine-driven recovery in global growth would lead to increased inflation. This and the ensuing debate over whether pricing pressures would prove merely temporary or mark the beginning of a more sustained uptrend prompted some volatility in equity markets, though value-oriented sectors benefited. Corporate-bond markets were less impacted, and credit spreads tightened over the first four months of the period.

Over the 12 months to 14 May, the MSCI All Country World index registered robust gains in local-currency terms, although the outcome in sterling terms was lower as the UK currency strengthened amid optimism about the Brexit deal and the country's successful vaccine rollout. At a sector level, returns were initially led by healthcare, as firms raced to develop tests, vaccines and medications for COVID-19, and technology, as the pandemic accelerated "the digitisation of everything". However, the optimism around vaccines and US fiscal stimulus in November fuelled a subsequent rotation towards economically sensitive sectors such as materials, consumer discretionary, industrials and financials.

At a regional level, US equities were the top performers in local-currency terms, helped by the outperformance of the sizeable technology sector over the first half of the period. However, they marginally underperformed in sterling, due to the pound's rise against the dollar. Emerging markets (EMs) and Asia ex Japan lagged slightly but delivered healthy absolute returns, supported by index heavyweight China – one of the only major economies to report positive GDP growth over 2020. UK equities trailed in local terms held back by earlier jitters about a no-deal Brexit and the market's high exposure to sectors perceived to be vulnerable to COVID-19. However, they outperformed in sterling, aided by the currency's strength. The export-heavy Japanese market lagged, amid concerns over the toll of the pandemic on global growth.

Within fixed income, core bond yields dropped to historic lows in 2020, but ultimately finished the review period higher. Treasuries fared worst, with the 10-year yield increasing sharply over the year. The rise in German bund yields was more muted; this reflected the eurozone's slower vaccine rollout compared to the US and the UK. Both IG and HY bonds posted positive returns; the tightening in spreads outweighed the impact of higher government bond yields. HY outperformed IG; the market is less sensitive to rising interest rates and more likely to benefit from a return to 'normality'.

In the equity segment, we took profits from the US, Japanese, UK, European and EM exposures after strong early-period gains left valuations increasingly stretched. Later in the year, we topped up Japan, which offers high operational leverage to the improving global industrial cycle, while valuations also look reasonable given the strength of corporate earnings forecasts in Japan relative to the rest of the world.

In 2021, we also increased our UK equity allocation after a protracted period of underperformance in 2020. The conclusion of a post-Brexit trade deal with the EU and the rapid rollout of coronavirus vaccinations augur well for a swifter economic recovery, while a large amount of pent-up Mergers and Acquisition activity alongside the market's significant cyclical exposure set it up well for the reflationary theme coming through.

Fixed income activity included adding to HY and IG credit. Though much of the market healing in terms of spread tightening has occurred, we still believe spreads remain reasonable compensation for implied rates of default, and fundamentals are improving as deleveraging occurs. Recently, we have become more positive on HY credit, particularly shorter-maturity bonds, given the normalisation in IG spreads over the year. As well as offering greater carry, HY bonds stand to gain from policy support, the ongoing cyclical upswing and improving credit metrics, including dramatically lower default expectations for both this year and next.. We have also increased the global and UK government bond exposure in 2021, looking to pick up yield after market weakness. However, we remain cautious towards core fixed income, where value remains limited in our view.

Despite the ongoing battle with coronavirus, a synchronised global economic recovery is underway. Risk assets have staged a remarkable rebound over the past year, helped by the greater number of efficacious vaccines than many expected, and crucially, a continuation of the enormous stimulus from governments and central banks across the world.

The improved prospects for the global economy have led investors to factor in a quicker start to the next interest-rate hiking cycles in the US and the UK. This has pushed up real yields, but the degree to which it has impacted equities and credit spreads has so far been relatively modest.

As life continues to return to normal, helped by the huge additional policy stimulus and vaccine rollouts, the rise in real yields could prove consistent with a reflationary, risk-positive setting: a lot rests on the ability of the Federal Reserve and other central banks to look through what will likely be a sharp rise in inflation as the economy normalises and growth rebounds in the second half of this year.

Directors' Statement

In accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes (COLL) Sourcebook, we hereby certify the Final Report and Audited Financial Statements on behalf of the Directors of Threadneedle Investment Services Limited.

L Weatherup
Director

R Vincent
Director

19 August 2021

Threadneedle Managed Equity Focused Fund

STATEMENT OF TOTAL RETURN

for the accounting period 16 May 2020 to 14 May 2021

	Notes	16/05/2020 to 14/05/2021 £000	Restated 2020* £000
Income			
Net capital gains/(losses)	3	163,339	(12,132)
Revenue	4	11,215	15,907
Expenses	5	(6,885)	(9,157)
Interest payable and similar charges	6	–	(1)
Net revenue before taxation		4,330	6,749
Taxation	7	–	–
Net revenue after taxation		4,330	6,749
Total return before distributions		167,669	(5,383)
Distributions*	8	(4,657)	(7,052)
Change in net assets attributable to unitholders from investment activities		163,012	(12,435)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the accounting period 16 May 2020 to 14 May 2021

	16/05/2020 to 14/05/2021 £000	Restated 2020* £000
Opening net assets attributable to unitholders	710,312	761,987
Amounts receivable on the issue of units*	73,787	43,926
Amounts payable on the cancellation of units*	(118,128)	(90,171)
Amounts payable on in specie transfers	(833,629)	–
	(877,970)	(46,245)
Dilution levy	–	(4)
Change in net assets attributable to unitholders from investment activities (see statement of total return above)*	163,012	(12,435)
Retained distribution on accumulation units	4,646	7,009
Closing net assets attributable to unitholders	–	710,312

For details on restatement please refer to note 18.

BALANCE SHEET

as at 14 May 2021

	Notes	2021 £000	2020 £000
Assets:			
Fixed assets:			
Investments		–	708,941
Current assets:			
Debtors	9	–	3,374
Cash and bank balances	10	3	952
Total assets		3	713,267
Liabilities:			
Investment liabilities		–	(890)
Creditors:			
Other creditors	11	(3)	(2,065)
Total liabilities		(3)	(2,955)
Net assets attributable to unitholders		–	710,312

DISTRIBUTION TABLE

for the accounting period 16 May 2020 to 14 May 2021

Dividend distribution in pence per unit

Class A – Accumulation units

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2020/2021	Revenue Accumulated 2019/2020
Group 1				
16/05/20 to 09/04/21	0.6614	–	0.6614	–
16/05/20 to 16/05/21	–	–	–	1.1189
Group 2				
16/05/20 to 09/04/21	0.4708	0.1906	0.6614	–
16/05/20 to 16/05/21	–	–	–	1.1189
Total distributions in the period			**0.6614**	**1.1189**

Class B – Accumulation units

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2020/2021	Revenue Accumulated 2019/2020
Group 1				
16/05/20 to 09/04/21	1.0515	–	1.0515	–
16/05/20 to 16/05/21	–	–	–	1.6138
Group 2				
16/05/20 to 09/04/21	0.8089	0.2426	1.0515	–
16/05/20 to 16/05/21	–	–	–	1.6138
Total distributions in the period			**1.0515**	**1.6138**

Class Z – Accumulation units

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2020/2021	Revenue Accumulated 2019/2020
Group 1				
16/05/20 to 09/04/21	1.3213	–	1.3213	–
16/05/20 to 16/05/21	–	–	–	1.7647
Group 2				
16/05/20 to 09/04/21	0.8640	0.4573	1.3213	–
16/05/20 to 16/05/21	–	–	–	1.7647
Total distributions in the period			**1.3213**	**1.7647**

Group 2: units purchased during a distribution period.

Threadneedle Managed Equity Focused Fund

Comparative Table Disclosure

	Class A – Accumulation units			Class B – Accumulation units		
	14/05/2021[1]	15/05/2020	15/05/2019	14/05/2021[1]	15/05/2020	15/05/2019
Change in net assets per unit						
Opening net asset value per unit (p)	167.97	170.19	170.55	173.69	175.55	175.57
Return before operating charges (p)	42.71	0.28	2.22	44.21	0.27	2.20
Operating charges (p)	(2.28)	(2.50)	(2.58)	(2.01)	(2.13)	(2.22)
Return after operating charges (p)*	40.43	(2.22)	(0.36)	42.20	(1.86)	(0.02)
Distributions (p)	(0.66)**	(1.12)	(1.51)	(1.05)**	(1.61)	(1.90)
Retained distributions on accumulation units (p)	0.66**	1.12	1.51	1.05**	1.61	1.90
Redemption value as at 9 April 2021	(208.40)	–	–	(215.89)	–	–
Closing net asset value per unit (p)	–	167.97	170.19	–	173.69	175.55
*after direct transaction costs of (p)	–	–	–	–	–	–
Performance						
Return after charges (%)	24.07	(1.30)	(0.21)	24.30	(1.06)	(0.01)
Other information						
Closing net asset value (£000)	–	184,377	255,395	–	282,581	318,207
Closing number of units	–	109,767,719	150,063,395	–	162,691,063	181,260,720
Operating charges (%)***	1.33[†]	1.42	1.54	1.13[†]	1.17	1.29
Direct transaction costs (%)	–	–	–	–	–	–
Prices						
Highest unit price (p)	208.40	192.80	181.60	215.89	195.10	180.30
Lowest unit price (p)	171.29	148.40	154.60	177.13	153.40	159.30

	Class Z – Accumulation units		
	14/05/2021[1]	15/05/2020	15/05/2019
Change in net assets per unit			
Opening net asset value per unit (p)	136.10	137.08	136.71
Return before operating charges (p)	34.70	0.20	1.63
Operating charges (p)	(1.09)	(1.18)	(1.26)
Return after operating charges (p)*	33.61	(0.98)	0.37
Distributions (p)	(1.32)**	(1.76)	(1.86)
Retained distributions on accumulation units (p)	1.32**	1.76	1.86
Redemption value as at 9 April 2021	(169.71)	–	–
Closing net asset value per unit (p)	–	136.10	137.08
*after direct transaction costs of (p)	–	–	–
Performance			
Return after charges (%)	24.70	(0.71)	0.27
Other information			
Closing net asset value (£000)	–	243,354	188,385
Closing number of units	–	178,801,760	137,431,757
Operating charges (%)***	0.78[†]	0.83	0.94
Direct transaction costs (%)	–	–	–
Prices			
Highest unit price (p)	169.71	152.70	140.50
Lowest unit price (p)	138.80	120.10	124.30

**This figure is as at the last distribution on 9 April 2021.

***The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a unit class of a fund based on the financial year's expenses and may vary from year to year. It includes charges such as the fund's annual management charge, registration fee, custody fees and distribution cost but ordinarily excludes the costs of buying or selling assets for the fund (unless these assets are shares of another fund). The Key Investor Information Document (KIID) contains the current OCF. The calculation includes the fund's share of the expenses of the underlying fund less any fee rebates received. The share of the costs of the underlying funds may fluctuate due to changes in investment decisions, which may be required as a result of changes in market conditions. For a more detailed breakdown please visit columbiathreadneedle.com/fees.

[1] *The Fund terminated on 14 May 2021.*

[†] *The Ongoing Charges Figure is annualised based on the fees incurred during the accounting period or since commencement date.*

Threadneedle Managed Equity Focused Fund

Notes to the financial statements

for the accounting period 16 May 2020 to 14 May 2021

1 ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of investments, in compliance with FRS 102 and in accordance with the Statement of Recommended Practice for Authorised Funds (SORP) issued by the Investment Management Association in May 2014.

The financial statements have been prepared on a basis other than going concern. Comparative figures were prepared on a going concern basis. No adjustments were necessary in the trust's financial statements to reduce assets to their realisable values, to provide for liabilities arising from the termination and to reclassify fixed assets and long-term liabilities as current assets and liabilities. All future costs will be borne by the Manager. The fund was closed on 9 April 2021, and assets and liabilities of the Fund were transferred to a new sub-fund (of the same name) launched in Threadneedle Opportunity Investment Funds ICVC via an in-specie. Following this, the Authorised Fund Manager decided to terminate the fund as all its residual assets and liabilities were settled. The termination of the fund was completed on 14 May 2021.

(b) Basis of valuation of investments

There are no listed investments on 14 May 2021.

Previously investments of the fund were valued using the single price at 12 noon (UK time), being the valuation point on the last working day of the accounting period. The single price may have included an adjustment to cover dealing costs in the underlying funds.

(c) Exchange rates

Assets and liabilities expressed in foreign currencies are translated into sterling at the exchange rates ruling at 12 noon (UK time), being the valuation point on the last working day of the accounting period.

Transactions denominated in foreign currency are translated into sterling at the exchange rates ruling at the date of the transaction.

(d) Recognition of revenue

Revenue is included in the Statement of Total Return on the following bases:

Distributions from Collective Investment Schemes (CIS) are recognised when the security is quoted ex-dividend.

Any reported revenue from an offshore fund with UK fund reporting status in excess of any distributions is recognised as revenue after the end of the reporting period not later than the date when the reporting fund makes this information available.

Interest on bank and short-term deposits is recognised on an earned basis.

(e) Treatment of expenses (including management expenses)

All expenses other than those relating to the purchase and sale of investments, are included in expenses, in the Statement of Total Return. Expenses are recognised on an accruals basis and include irrecoverable Value Added Tax (VAT) where appropriate.

(f) Fee rebate

In addition to any direct charge for registration and management fees within the fund, there would occur, in the absence of a rebate mechanism, an indirect charge for registration and management fees in respect of investment in other Threadneedle funds. Any such target funds themselves bear registration and management fees, which reduce the value of those funds from what they otherwise would be. The rebate mechanism operates to ensure that investors in the fund bear only the registration and management fee validly applicable to them.

Depending upon the Manager's treatment of management fees within the underlying funds, where management fees are taken to capital, any rebate is classified as a capital item and does not form part of the amount available for distribution.

(g) Allocation of revenue and expenses to multiple unit classes

The allocation of revenue and expenses to each unit class is based upon the proportion of the fund's capital net assets attributable to each unit class on the day the revenue is earned or the expense is suffered. Annual management charges and registration fees are specific to each unit class.

(h) Deferred tax

Deferred taxation liabilities are provided for in full, and deferred tax assets are recognised to the extent that they are considered recoverable, in respect of all items for which recognition falls in different accounting periods for accounting and taxation purposes.

(i) Equalisation policy

The fund operates equalisation to ensure the level of distributable income for any unit class is not affected by the issue or cancellation of units.

2 DISTRIBUTION POLICIES

Where the revenue from investments exceeds the expenses and taxation a distribution will be made from that unit class. Should expenses and taxation exceed revenue for any unit class, there will be no distribution for that unit class and a transfer from capital will be made to cover the shortfall.

Revenue attributable to accumulation unitholders is retained at the end of each distribution period and represents a reinvestment of revenue.

Where distributions are unclaimed for a period of six years these are brought back into the fund as capital.

When a transfer is made between the revenue and capital of the same unit class marginal tax relief is not taken into account when determining the distribution. Marginal tax relief is only taken into account where the transfer of benefit is between the revenue and capital property of at least two different unit classes of the fund.

Equalisation on distributions received is treated as a repayment of capital and therefore disregarded in determining the revenue available for distribution.

3 NET CAPITAL GAINS/(LOSSES)

Net capital gains/(losses) during the period comprise:

	2021 £000	2020 £000
Non-derivative securities	159,132	(10,284)
Forward currency contracts	4,427	(1,906)
Management fee rebate on collective investment scheme holdings	–	77
Other losses	(220)	(19)
Net capital gains/(losses)	163,339	(12,132)

4 REVENUE

	2021 £000	2020 £000
Franked dividend distributions	8,214	11,344
Interest distributions	3,001	3,816
Bank interest	–	10
Management fee rebate on collective investment scheme holdings	–	737
Total revenue	11,215	15,907

5 EXPENSES

	2021 £000	2020 £000
Payable to the Manager or associates of the Manager, and the agents of either of them:		
Annual management charge	(6,784)	(9,046)
	(6,784)	(9,046)
Payable to the trustee or associates of the trustee, and the agents of either of them:		
Trustee fees	(84)	(91)
Safe custody fees	(8)	(9)
	(92)	(100)
Other expenses:		
Audit fees*	(9)	(11)
	(9)	(11)
Total expenses**	(6,885)	(9,157)

**The Threadneedle Managed Equity Focused Fund closed on 9 April 2021, consequent to a scheme of arrangement whereby the assets and liabilities of the Fund were transferred to a new Fund (of the same name) launched in Threadneedle Opportunity Investment Funds ICVC. The full 2021 Audit fees of £10,000 (inclusive of VAT) have been time apportioned across the two Funds.*

***Including irrecoverable VAT where applicable.*

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2021 £000	2020 £000
Interest payable	–	(1)
Total interest payable and similar charges	–	(1)

Threadneedle Managed Equity Focused Fund

Notes to the financial statements
(continued)

7 TAXATION

	2021 £000	Restated 2020* £000
a) Analysis of charge in period		
Total current tax (note 7b)	–	–
Total tax charge for the period	–	–
b) Factors affecting taxation charge for period		
Net revenue before taxation	4,330	6,749
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(866)	(1,350)
Effects of:		
Revenue not subject to taxation	1,643	2,269
Excess expenses*	(776)	(843)
Capitalised revenue subject to taxation	–	(16)
Conversion transfer from capital*	(1)	(60)
Current tax charge for period (note 7a)	–	–

**For details on restatement please refer to note 18.*

8 DISTRIBUTIONS
The distribution takes account of revenue received on the creation of units and revenue deducted on the cancellation of units and comprises:

	2021 £000	Restated 2020* £000
Final	4,646	7,009
	4,646	7,009
Add: Revenue deducted on the cancellation of units*	208	313
Deduct: Revenue received on the creation of units*	(197)	(270)
Net distribution for the period	4,657	7,052
Net revenue after taxation	4,330	6,749
Equalisation on conversion*	6	303
Undistributed revenue carried forward	321	–
Total distributions	4,657	7,052

**For details on restatement please refer to note 18.*

Details of the distribution per unit are set out in the table on page 14.

9 DEBTORS

	2021 £000	2020 £000
Amounts receivable for the issue of units	–	1,214
Sales awaiting settlement	–	2,160
Total debtors	–	3,374

10 CASH AND BANK BALANCES

	2021 £000	2020 £000
Amounts held at futures clearing houses and brokers	–	760
Cash and bank balances	3	192
Total cash and bank balances	3	952

11 OTHER CREDITORS

	2021 £000	2020 £000
Amounts payable for the cancellation of units	–	(1,073)
Accrued expenses	(3)	(14)
Corporation tax payable	–	(978)
Total other creditors	(3)	(2,065)

12 RELATED PARTY TRANSACTIONS
Threadneedle Investment Services Limited, a related party, acts as principal in respect of all transactions of units in the fund. The aggregated monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Unitholders. The amount due to or from Threadneedle Investment Services Limited in respect of unit transactions at the end of the accounting period are disclosed in Notes 9 and 11.

Amounts payable to Threadneedle Investment Services Limited in respect of fund administration and registrar services are disclosed in Notes 9 and 11. A balance of £Nil (2020: £978,424), in respect of annual management service charge and £Nil (2020: £Nil), in respect of registration fees are due at the end of the accounting period.

Amounts payable to Citibank Europe plc, a related party, in respect of trustee services and safe custody charges are disclosed in Note 11. A balance of £2,417 (2020: £10,244), in respect of trustee services and £229 (2020: £1,066), in respect of safe custody is due at the end of the accounting period.

The fund receives and pays interest on deposits held with Citibank Europe plc as disclosed in Notes 4 and 6. A balance of £Nil (2020: £17), was receivable at the end of the accounting period. Cash and bank balances at the end of the accounting period are disclosed in the Balance Sheet.

The fund invests in a number of funds managed by Columbia Threadneedle, all transactions in respect of which are transacted with Threadneedle Investment Services Limited. Details of the gains and losses in the period are disclosed in Note 3. Details of revenue received from the funds are shown in Note 4 and amounts receivable at the end of the accounting period in Note 9.

The Manager, or associate of the Manager acted as principal in all investment transactions.

13 UNITHOLDER FUNDS
There are no unitholders left in the fund. Prior to the closure the fund had three unit classes; Class A, Class B and Class Z units. The charges on each unit class are as follows:

Annual management charge

Class A units	1.25%
Class B units	1.05%
Class Z units	0.70%

The net asset value of each unit class, the net asset value per unit, and the number of units in each class are given in the comparative tables on page 15. The distribution per unit class is given in the distribution table on page 14.

All classes have the same rights on winding up.

Reconciliation of units

	2021
Class A – Accumulation units	
Opening units	109,767,719
Units issued	1,264,102
Units redeemed	(110,134,607)
Net conversions	(897,214)
Closing units	–
Class B – Accumulation units	
Opening units	162,691,063
Units issued	1,977,725
Units redeemed	(164,318,650)
Net conversions	(350,138)
Closing units	–
Class Z – Accumulation units	
Opening units	178,801,760
Units issued	18,389,081
Units redeemed	(198,739,827)
Net conversions	1,548,986
Closing units	–

Threadneedle Managed Equity Focused Fund

Notes to the financial statements

(continued)

14 RISK MANAGEMENT

The following section in relation to Risk Management covers the period 16 May 2020 to 14 May 2021. In pursuing its investment objectives set out on page 13, the Threadneedle Managed Equity Focused Fund may hold the following financial instruments:

- Funds of the Threadneedle Investment Funds ICVC, Threadneedle Specialist Investment Funds ICVC and Threadneedle (Lux) Funds of which a maximum of 20% of the value of the property of the fund may be invested in any one fund within this range of investment funds;
- Cash, liquid resources and short-term debtors and creditors that arise directly from its operations;
- Unitholders' funds which represent investors monies which are invested on their behalf;
- Borrowing used to finance investment activity;
- Derivative transactions to manage the currency and market risks arising from the fund's investment activities.

The Manager uses a risk management process (RMP)*, as reviewed by the Trustee. Throughout the period under review, it has been the policy of the fund to buy and sell financial instruments for the purpose of investment rather than trading. The main risks arising from the fund's financial instruments are market price, liquidity, credit, interest rate and foreign currency risk. The policies for managing each of these risks are reviewed regularly and agreed with the Trustee of the fund and they are summarised below.

**The RMP available on request from the client services team (contact details on page 56).*

Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the fund might suffer through holding market positions in the face of price movements. The value of the investment can fall as well as rise and investors might not recover the amount invested, especially if investments are not held for the long term. The fund is exposed to market risk by virtue of their Investments in Collective Investment Schemes.

The Manager meets regularly to consider the asset allocation of the portfolio in order to minimise the risk associated with particular industry sectors whilst continuing to follow the investment objective. An individual fund manager has responsibility for monitoring the existing portfolio selected in accordance with the overall asset allocation parameters and seeks to ensure that individual stocks also meet the risk reward profile that is acceptable.

The investment guidelines and investment and borrowing powers are set out in the trust deed, the prospectus and in the Financial Conduct Authority's (FCA's) Collective Investment Schemes Sourcebook and describe the nature of the market price risk to which the fund will be exposed.

Market price risk sensitivity

As there are no investments at the balance sheet date, no market price sensitivity analysis has been shown. For 2020, a 5% market increase applied to the equity proportion of the fund would result in an increase on net asset value of the fund by 3.95% and a 1.00% interest rate decrease applied to the bond proportion of the fund would result in an increase on this portion of the fund by 1.79%.

Currency risk

Foreign currency risk is the risk that the value of the funds' investments will fluctuate as a result of changes in foreign currency exchange rates.

The capital values of the fund's underlying investments can be affected by currency translation movements where the assets are denominated in currencies other than sterling, which is the fund's principal currency.

Two principal areas where foreign currency risk could impact the fund are:

- Where movements in rates affect the value of the underlying investments, the fund may hedge the initial investment;
- Where movements in rates affect the revenue received from the underlying investments; the fund does not hedge or otherwise seek to avoid rate movement risk on revenue accrued but not received.

There is no direct foreign currency exposure within the fund at the balance sheet date.

Currency sensitivity

As the fund has no material currency exposure, no sensitivity analysis has been shown (2020: same).

Credit risk/Counterparty risk

Credit risk is the risk that the counterparty in a financial transaction will fail to fulfil their obligation or commitment. The fund is exposed to credit/counterparty risk by virtue of the underlying investments is the collective investment schemes holds and through counterparties it uses to trade the underlying investments or derivative transactions it enters.

Credit risk arises from three main sources. Firstly, the possibility that the issuer of a security will be unable to pay interest and principal in a timely manner. Secondly, for asset backed investments (including Floating Rate Notes) there is the possibility of default of the issuer and default in the underlying assets meaning that the fund may not receive back the full principal originally invested. Thirdly, there is counterparty risk, which is the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the fund has fulfilled its responsibilities, which could result in the fund suffering a loss.

In order to manage credit risk the fund and underlying investments are subject to investment limits for issuers of securities. Issuer credit ratings are evaluated periodically and an approved issuer list is maintained and monitored. In addition the underlying funds only buy and sell investments through brokers which have been approved by the Manager as an acceptable counterparty. Brokers are monitored on an on-going basis for suitability and creditworthiness.

Credit/Counterparty exposure

As at the balance sheet date there is no derivative exposure or collateral to disclose.

2020	**Collateral Pledged**
Counterparty	**£000**
HSBC	760

The fund did not hold any collateral received from the fund's counterparties in either the current or prior year.

Positive exposure represents the fund's exposure to that counterparty and not the fund's holdings with that counterparty.

Interest rate risk

Interest rate risk is the risk that the value of the funds' investments will fluctuate as a result of changes in interest rates.

The fund may invest in floating rate securities.

Thus any change to the interest rates relevant for particular securities may result in either income increasing or decreasing, or the Manager being unable to secure similar returns on the expiry of contracts or the sale of securities.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held.

In general, if interest rates rise the revenue potential of the fund also rises but the value of fixed rate securities will decline.

A decline in interest rates will in general have the opposite effect.

Duration is a measure of the extent to which this is the case, with a longer duration suggesting higher sensitivity to interest rate moves.

Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates.

Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances (2020: same).

Derivative risks

Derivatives including forward foreign exchange contracts are employed when they are the cheapest and most efficient method of gaining exposure. This increases the risk profile of the fund and may result in a higher degree of volatility. All open positions are regularly reviewed by the fund manager. The fund has entered into various forward foreign exchange contracts during this accounting period. Such contracts commit the fund to future deliveries or receipts, typically three months forward, of assets and liabilities, at prices decided at the point of striking the contract. They therefore allow the fund manager to limit risk, or to enhance fund performance in return for the acceptance of greater risk.

At 14 May 2021, the fund had outstanding forward foreign exchange contracts with an asset value of £Nil (2020: £9,000) and a liability value of £Nil (2020: £890,000).

15 FAIR VALUE DISCLOSURE

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

Level 1 – Quoted prices for identical instruments in active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

Level 2 – Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investments schemes.

Threadneedle Managed Equity Focused Fund

Notes to the financial statements

(continued)

Level 3 – Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

	2021		2020	
	Assets	Liabilities	Assets	Liabilities
Valuation technique	**£000**	**£000**	**£000**	**£000**
Level 2	–	–	708,941	(890)
	–	–	708,941	(890)

16 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2020: Nil).

17 PORTFOLIO TRANSACTION COSTS

From 16 May 2020 to 9 April 2021, the fund's purchases and sales of collective investment schemes purchases and sales amounted to £72,969,334 (2020: £928,202,849) and £125,053,456 (2020: £983,659,394) respectively. In specie transaction costs and proceeds amounted to £Nil (2020: £Nil) and £827,194,598 (2020: £Nil) respectively.

The purchases and sales are not subject to portfolio transaction costs.

At the balance sheet date, the portfolio dealing spread was Nil (15 May 2020: Nil), being the difference between the respective buying and selling prices for the fund's investments.

18 PRIOR PERIOD RESTATEMENTS

All unit conversions have now been reallocated across the Equalisation on the creation and cancellation of units in the Statement of total return, and the Amounts receivable on the issue of units and Amounts payable on the cancellation of units in the Statement of change in net assets attributable to unitholders. Previously certain types of conversions had been excluded, these have now been reallocated. Comparatives have been restated for presentational purposes, and this has had no impact on either the distributions due to unitholders nor the net assets attributable to unitholders.

The following table summarises the impact of the above on the Fund's Statement of total return and Statement of change in net assets attributable to unitholder for the year ending 15 May 2020:

STATEMENT OF TOTAL RETURN	**Previously reported 2020**	**Adjustments**	**Restated 2020**
	£'000	**£'000**	**£'000**
Distributions	(6,750)	(302)	(7,052)
Net impact		(302)	

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	**Previously reported 2020**	**Adjustments**	**Restated 2020**
	£'000	**£'000**	**£'000**
Amounts receivable on the issue of units	92,101	(48,175)	43,926
Amounts payable on the cancellation of units	(138,648)	48,477	(90,171)
	(46,547)	302	(46,245)
Change in net assets attributable to unitholders from investment activities (see statement of total return above)	(12,133)	(302)	(12,435)
Impact on net assets attributable to unitholders		–	

	Previously reported 2020	**Adjustments**	**Restated 2020**
	£'000	**£'000**	**£'000**
Note 7 TAXATION			
Excess expenses	(903)	60	(843)
Conversion transfer from capital	–	(60)	(60)
Net impact		–	

	Previously reported 2020	**Adjustments**	**Restated 2020**
	£'000	**£'000**	**£'000**
Note 8 DISTRIBUTIONS			
Add: Revenue deducted on the cancellation of units	651	(338)	313
Deduct: Revenue received on the creation of units	(910)	640	(270)
Net impact		302	
Equalisation on conversion	1	302	303

Threadneedle Managed Equity Focused Fund

Statement of Manager's Responsibilities in relation to the Financial Statements of the Scheme

The Collective Investment Schemes (COLL) Sourcebook, as issued (and amended) by the Financial Conduct Authority (FCA) requires the Manager to prepare financial statements for each annual accounting period which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the financial position of the Scheme and of its net revenue and the net capital gains on the property of the Scheme for the period. In preparing the financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice relating to Authorised Funds issued by the Investment Management Association (IMA);
- follow generally accepted accounting principles and applicable accounting standards;
- keep proper accounting records, which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Scheme will continue in operation for the foreseeable future.

The Manager is required to keep proper accounting records and to manage the Scheme in accordance with the Collective Investment Schemes Sourcebook, the Trust Deed and the Prospectus. The Manager is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of the Trustee's Responsibilities in Respect of the Scheme and Report of the Trustee to the Unitholders of the Threadneedle Managed Equity Focused Fund of the Threadneedle Managed Funds ("the Trust") for the Period ended 14 May 2021

The Trustee is responsible for the safekeeping of all property of the Trust which is entrusted to it and ensuring proper registration of tangible moveable property, and for the collection of income arising from all such scheme property.

It is the duty of the Trustee to take reasonable care to ensure that the Trust is managed and operated in accordance with the Financial Conduct Authority' Collective Investment Schemes Sourcebook ("the Sourcebook"), the Financial Services and Markets Act 2000, as amended, and the Trust Deed and the Prospectus of the Trust, concerning: the pricing of and dealing in Trust Units; the application of income of the scheme; and the Trust investment portfolio and borrowing activities.

Having carried out procedures and enquiries considered duly necessary to discharge our responsibilities as Trustee of the scheme, based on information and explanations provided to us, we believe that, in all material respects, the Manager:

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the scheme's units and the application of the scheme's income in accordance with the Sourcebook, the Trust Deed and Prospectus;
(ii) has observed the investment and borrowing powers and restrictions applicable to the scheme; and
(iii) has, otherwise, ensured the proper operation of the Trust.

Citibank Europe plc,
UK Branch
London
19 August 2021

Threadneedle Managed Equity Focused Fund

Independent auditors' report to the Unitholders of Threadneedle Managed Equity Focused Fund

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of Threadneedle Managed Equity Focused Fund (the "Trust"):

- give a true and fair view of the financial position of the Trust as at 14 May 2021 and of the net revenue and the net capital gains on its scheme property for the period from 16 May 2020 to 14 May 2021 ("the period") then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Trust Deed.

We have audited the financial statements, included within the Final Report and Audited Financial Statements (the "Final Report"), which comprise: the Balance Sheet as at 14 May 2021; the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders for the period then ended; the Distribution Tables; and the Notes to the Financial Statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of Matter – Basis of Preparation

In forming our opinion on the financial statements, which is not modified, we draw attention to note 1 (a) to the financial statements which describes the directors' reasons why the financial statements have been prepared on a basis other than going concern.

Reporting on other information

The other information comprises all of the information in the Final Report other than the financial statements and our auditors' report thereon. The Authorised Fund Manager is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Authorised Fund Manager's Report

In our opinion, the information given in the Authorised Fund Manager's Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the Authorised Fund Manager for the financial statements

As explained more fully in the Statement of Manager's Responsibilities in relation to the Financial Statements of the Scheme, the Authorised Fund Manager is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Fund Manager is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Fund Manager is responsible for assessing the Trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Fund Manager either intends to wind up or terminate the Trust, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Trust/industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of the Collective Investment Schemes sourcebook, and we considered the extent to which non-compliance might have a material effect on the financial statements, in particular those parts of the sourcebook which may directly impact on the determination of amounts and disclosures in the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or to increase the net asset value of the Trust. Audit procedures performed included:

- Discussions with the Authorised Fund Manager, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes, including those of the Authorised Fund Manager's board of directors;
- Identifying and testing journal entries, specifically any journals posted as part of the financial period end close process; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Trust's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Opinion on matter required by the Collective Investment Schemes sourcebook

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

Collective Investment Schemes sourcebook exception reporting

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
19 August 2021

Threadneedle Managed Equity Focused Fund

Portfolio Statement

as at 14 May 2021

Holding	Investment	Value £000	% of Net Asset Value
COLLECTIVE INVESTMENT SCHEMES 0.00% (99.80%)			
	UK equity 0.00% (22.37%)		
	UK bond 0.00% (12.31%)		
	Overseas equity 0.00% (54.86%)		
	Overseas bond 0.00% (10.26%)		
	Total collective investment schemes	–	–
DERIVATIVES 0.00% (-0.12%)			
	Forward Foreign Exchange Contracts 0.00% (-0.12%)		
	Total Derivatives	–	–
Total value of investments		–	–
Net other assets (0.32%)		–	–
Net assets		–	–

May 2020 comparatives in brackets.

Threadneedle Managed Equity & Bond Fund

Investment Report

Threadneedle Managed Equity & Bond Fund was closed on 9 April 2021. The assets and liabilities of the Threadneedle Managed Equity & Bond Fund were transferred to a new sub-fund (of the same name) launched in Threadneedle Opportunity Investment Funds ICVC on that date and the Fund ceased trading on that date. Accordingly the Fund is no longer a going concern and this is the Final Report for the period 16 May 2020 to 14 May 2021.

Investment Objective and Policy

The Fund aims to provide a combination of long-term capital growth and income. It looks to outperform a composite index over rolling 3-year periods, after the deduction of charges. This composite index comprises:

- 35% MSCI ACWI ex UK Index
- 31.5% Bloomberg Barclays Global Aggregate ex GBP (GBP Hedged) Index
- 15% FTSE All- Share Index
- 13.5% Bloomberg Barclays Sterling Aggregate Index
- 5% Sterling Overnight Index Average (SONIA)

The Fund is actively managed, and invests at least 80% of its assets in other funds.

The Fund usually invests in other Threadneedle funds, however, funds managed by companies outside the Threadneedle group may also be held, when this is considered appropriate. These funds may invest worldwide.

The Fund focuses on investment in funds providing exposure to equities (company shares), and bonds (including corporate and government bonds).

The balance of the exposure to these different asset types may vary over time, however, equity exposure will usually not exceed 60% of the Fund's value, with at least 30% exposure maintained to bonds, under normal market conditions.

The Fund may also hold money market instruments, deposits, cash, and near cash.

Derivatives may be used with the aim of reducing risk or managing the Fund more efficiently, and up to 20% of the value of the Fund may be invested in funds that use derivatives for investment purposes.

The composite index is representative of the Fund's investment exposure, and provides a suitably weighted target benchmark of global investment grade bonds (hedged to sterling), investment grade sterling-denominated bonds, global equities (excluding the UK), UK equities, and cash, against which Fund performance can be evaluated over time.

The fund will always invest so as to be eligible as an ISA investment.

Review

This report covers the period from 16 May 2020 to 14 May 2021. Following on from the closure of the Fund on the 9 April 2021, the Authorised Fund Manager decided to terminate the Fund as all its residual assets and liabilities were settled. The termination of the Fund was completed on 14 May 2021.

Fund Performance

From 16 May 2020 to 9 April 2021, the offer price of Class A units rose by 16.14% from 154.90p to 179.90p.

From 16 May 2020 to 9 April 2021, the offer price of Class B units rose by 16.34% from 159.70p to 185.80p.

Looking at performance within its peer group (the IA – Mixed Investment 20 60% Shares Sector), the total return on the trust from 30 April 2020 to 31 March 2021, including net reinvested income, is +12.60% as compared to a median return of +13.00% over the same period. (Source: Morningstar, bid to bid, income reinvested for a UK basic rate taxpayer).

Fully updated peer group information is only available from Morningstar at month-end points.

As of the 7th May 2020, this fund was measured against a Composite Benchmark (MSCI ACWI ex UK Index 35%, Bloomberg Barclays Global Aggregate ex GBP (Hedged to GBP) Index 31.50%, FTSE All Share Index 15%, Bloomberg Barclays Sterling Aggregate Index 13.50%, SONIA 5%) however there is not sufficient history to show 11 months.

Market Overview and Portfolio Activity

The period in review was a turbulent period in terms of both world events and financial-market movements. Following the sharp COVID-19-related declines of March 2020, the period commenced with a continuation of the recovery in equities and industrial commodities that began in prior weeks. In fixed income, yields on core government bonds (which move inversely to price) rebounded from historic lows to finish the review period higher. Credit spreads (the yield premiums over 'risk-free' government bonds) tightened in the investment-grade (IG) and high-yield (HY) markets. In commodities, oil and industrial metals performed well, aided by hopes of increased demand from a recovering global economy. Oil prices also benefited from OPEC-led production cuts.

The unprecedented stimulus measures from central banks and governments helped risk assets rally from May until September. Declining coronavirus caseloads and the resulting easing of lockdown restrictions also boosted markets, while better-than-expected economic data and corporate earnings tended to reinforce the positive sentiment. Despite the 'risk-on' mood, core government bond yields remained low until August, anchored by central-bank asset-purchase programmes and low interest rates.

In September, however, profit-taking in US tech stocks heralded a change of mood, as investors refocused on more worrying elements of the backdrop, including resurgent coronavirus infection rates in many countries and the reimposition of control measures to contain the virus. Meanwhile, political uncertainty also mounted, in relation to the US presidential election and Brexit. The mood turned markedly positive in the last two months of 2020. Investors were encouraged by Joe Biden's triumph in the US election and hopes for further fiscal stimulus. Sentiment was also boosted by landmark results in coronavirus vaccine trials, the subsequent approval of the first vaccines for use in Western democracies and, towards the end of 2020, the last-minute trade agreement between the UK and the EU. These developments pushed up bond yields and sparked a surge in oil prices and stocks in beaten-down sectors that were perceived to be major beneficiaries of a resumption of 'normal' economic activity.

2021 was characterised by a sharp rise in core bond yields on expectations of higher US government spending, after the Democrats took control of the Senate. Yields also rose on expectations that a vaccine-driven recovery in global growth would lead to increased inflation. This and the ensuing debate over whether pricing pressures would prove merely temporary or mark the beginning of a more sustained uptrend prompted some volatility in equity markets, though value-oriented sectors benefited. Corporate-bond markets were less impacted, and credit spreads tightened over the first four months of the period.

Over the 12 months to 14 May, the MSCI All Country World index registered robust gains in local-currency terms, although the outcome in sterling terms was lower as the UK currency strengthened amid optimism about the Brexit deal and the country's successful vaccine rollout. At a sector level, returns were initially led by healthcare, as firms raced to develop tests, vaccines and medications for COVID-19, and technology, as the pandemic accelerated "the digitisation of everything". However, the optimism around vaccines and US fiscal stimulus in November fuelled a subsequent rotation towards economically sensitive sectors such as materials, consumer discretionary, industrials and financials.

At a regional level, US equities were the top performers in local-currency terms, helped by the outperformance of the sizeable technology sector over the first half of the period. However, they marginally underperformed in sterling, due to the pound's rise against the dollar. Emerging markets (EMs) and Asia ex Japan lagged slightly but delivered healthy absolute returns, supported by index heavyweight China – one of the only major economies to report positive GDP growth over 2020. UK equities trailed in local terms held back by earlier jitters about a no-deal Brexit and the market's high exposure to sectors perceived to be vulnerable to COVID-19. However, they outperformed in sterling, aided by the currency's strength. The export-heavy Japanese market lagged, amid concerns over the toll of the pandemic on global growth.

Within fixed income, core bond yields dropped to historic lows in 2020, but ultimately finished the review period higher. Treasuries fared worst, with the 10-year yield increasing sharply over the year. The rise in German bund yields was more muted; this reflected the eurozone's slower vaccine rollout compared to the US and the UK. Both IG and HY bonds posted positive returns; the tightening in spreads outweighed the impact of higher government bond yields. HY outperformed IG; the market is less sensitive to rising interest rates and more likely to benefit from a return to 'normality'.

In the equity segment, we took profits from the US, UK, European, Asian and EM exposures after strong early-period gains left valuations increasingly stretched, while COVID-19 and geopolitical issues continued to pose risks. Meanwhile, we added to the fund's Japanese equity allocation. Japan offers high operational leverage to the improving global industrial cycle, while valuations also look reasonable given the strength of corporate earnings forecasts in Japan relative to the rest of the world.

In 2021, we also increased our UK equity allocation after a protracted period of underperformance in 2020. The conclusion of a post-Brexit trade deal with the EU and the rapid rollout of coronavirus vaccinations augur well for a swifter economic recovery, while a large amount of pent-up Mergers and Acquisition activity alongside the market's significant cyclical exposure set it up well for the reflationary theme coming through.

Fixed income activity included adding to HY and IG credit. Though much of the market healing in terms of spread tightening has occurred, we still believe spreads remain reasonable compensation for implied rates of default, and fundamentals are improving as deleveraging occurs. Recently, we have become more positive on HY credit, particularly shorter-maturity bonds, given the normalisation in IG spreads over the year. As well as offering greater carry, HY bonds stand to gain from policy support, the ongoing cyclical upswing and improving credit metrics, including dramatically lower default expectations for both this year and next.. We have also increased the global and UK government bond exposure in 2021, looking to pick up yield after market weakness. However, we remain cautious towards core fixed income, where value remains limited in our view.

Despite the ongoing battle with coronavirus, a synchronised global economic recovery is underway. Risk assets have staged a remarkable rebound over the past year, helped by the greater number of efficacious vaccines than many expected, and crucially, a continuation of the enormous stimulus from governments and central banks across the world.

The improved prospects for the global economy have led investors to factor in a quicker start to the next interest-rate hiking cycles in the US and the UK. This has pushed up real yields, but the degree to which it has impacted equities and credit spreads has so far been relatively modest.

As life continues to return to normal, helped by the huge additional policy stimulus and vaccine rollouts, the rise in real yields could prove consistent with a reflationary, risk-positive setting: a lot rests on the ability of the Federal Reserve and other central banks to look through what will likely be a sharp rise in inflation as the economy normalises and growth rebounds in the second half of this year.

Directors' Statement

In accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes (COLL) Sourcebook, we hereby certify the Final Report and Audited Financial Statements on behalf of the Directors of Threadneedle Investment Services Limited.

L M Weatherup

L Weatherup
Director

19 August 2021

R Vincent
Director

Threadneedle Managed Equity & Bond Fund

STATEMENT OF TOTAL RETURN

for the accounting period 16 May 2020 to 14 May 2021

	Notes	16/05/2020 to 14/05/2021 £000	Restated 2020* £000
Income			
Net capital gains	3	210,243	591
Revenue	4	20,344	28,895
Expenses	5	(10,879)	(12,939)
Interest payable and similar charges	6	(1)	(3)
Net revenue before taxation		9,464	15,953
Taxation	7	–	(256)
Net revenue after taxation		9,464	15,697
Total return before distributions		219,707	16,288
Distributions*	8	(10,181)	(15,936)
Change in net assets attributable to unitholders from investment activities		209,526	352

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the accounting period 16 May 2020 to 14 May 2021

	16/05/2020 to 14/05/2021 £000	Restated 2020* £000
Opening net assets attributable to unitholders	1,375,260	1,393,957
Amounts receivable on the issue of units*	181,446	131,927
Amounts payable on the cancellation of units*	(262,318)	(165,911)
Amounts payable on in specie transfers	(1,513,306)	–
	(1,594,178)	(33,984)
Dilution levy	–	(6)
Change in net assets attributable to unitholders from investment activities (see statement of total return above)*	209,526	352
Retained distribution on accumulation units	9,394	14,941
Transferable to Manager on Termination	(2)	–
Closing net assets attributable to unitholders	–	1,375,260

*For details on restatement please refer to note 18.

BALANCE SHEET

as at 14 May 2021

	Notes	2021 £000	2020 £000
Assets:			
Fixed assets:			
Investments		–	1,372,555
Current assets:			
Debtors	9	–	7,923
Cash and bank balances	10	10	5,681
Total assets		10	1,386,159
Liabilities:			
Investment liabilities		–	(4,719)
Creditors:			
Distribution payable		–	(511)
Other creditors	11	(10)	(5,669)
Total liabilities		(10)	(10,899)
Net assets attributable to unitholders		–	1,375,260

DISTRIBUTION TABLE

for the accounting period 16 May 2020 to 14 May 2021

Dividend distribution in pence per unit

Class A – Accumulation units

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2020/2021	Revenue Accumulated 2019/2020
Group 1				
16/05/20 to 09/04/21	0.7546	–	0.7546	–
16/05/20 to 16/05/21	–	–	–	1.2888
Group 2				
16/05/20 to 09/04/21	0.6246	0.1300	0.7546	–
16/05/20 to 16/05/21	–	–	–	1.2888
Total distributions in the period			**0.7546**	**1.2888**

Class B – Accumulation units

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2020/2021	Revenue Accumulated 2019/2020
Group 1				
16/05/20 to 09/04/21	0.9954	–	0.9954	–
16/05/20 to 16/05/21	–	–	–	1.6564
Group 2				
16/05/20 to 09/04/21	0.7676	0.2278	0.9954	–
16/05/20 to 16/05/21	–	–	–	1.6564
Total distributions in the period			**0.9954**	**1.6564**

Class T – Income units

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2020/2021	Distribution Paid 2019/2020
Group 1				
16/05/20 to 15/11/20	0.4487	–	0.4487	0.4853
16/11/20 to 09/04/21	0.6260	–	0.6260	–
16/11/20 to 16/05/21	–	–	–	0.6917
Group 2				
16/05/20 to 15/11/20	0.3728	0.0759	0.4487	0.4853
16/11/20 to 09/04/21	0.4737	0.1523	0.6260	–
16/11/20 to 16/05/21	–	–	–	0.6917
Total distributions in the period			**1.0747**	**1.1770**

Class Z – Accumulation units

Distribution Period	Revenue	Equalisation	Revenue Accumulated 2020/2021	Revenue Accumulated 2019/2020
Group 1				
16/05/20 to 09/04/21	1.2040	–	1.2040	–
16/05/20 to 16/05/21	–	–	–	1.7349
Group 2				
16/05/20 to 09/04/21	0.8004	0.4036	1.2040	–
16/05/20 to 16/05/21	–	–	–	1.7349
Total distributions in the period			**1.2040**	**1.7349**

Group 2: units purchased during a distribution period.

Threadneedle Managed Equity & Bond Fund

Comparative Table Disclosure

	Class A – Accumulation units			Class B – Accumulation units		
	14/05/2021[1]	15/05/2020	15/05/2019	14/05/2021[1]	15/05/2020	15/05/2019
Change in net assets per unit						
Opening net asset value per unit (p)	154.80	153.47	152.10	159.65	157.97	156.25
Return before operating charges (p)	26.93	3.29	3.42	27.76	3.29	3.44
Operating charges (p)	(1.89)	(1.96)	(2.05)	(1.71)	(1.61)	(1.72)
Return after operating charges (p)*	25.04	1.33	1.37	26.05	1.68	1.72
Distributions (p)	(0.75)**	(1.29)	(1.42)	(1.00)**	(1.66)	(1.77)
Retained distributions on accumulation units (p)	0.75**	1.29	1.42	1.00**	1.66	1.77
Redemption value as at 9 April 2021	(179.84)	–	–	(185.70)	–	–
Closing net asset value per unit (p)	–	154.80	153.47	–	159.65	157.97
*after direct transaction costs of (p)	–	–	–	–	–	–
Performance						
Return after charges (%)	16.18	0.87	0.90	16.32	1.06	1.10
Other information						
Closing net asset value (£000)	–	197,349	256,466	–	420,591	437,021
Closing number of units	–	127,485,766	167,107,945	–	263,439,463	276,647,346
Operating charges (%)***	1.23†	1.23	1.36	1.08†	0.98	1.11
Direct transaction costs (%)	–	–	–	–	–	–
Prices						
Highest unit price (p)	179.84	171.50	161.60	185.70	172.90	160.10
Lowest unit price (p)	156.94	140.50	143.50	161.86	144.90	147.60

	Class T – Income units			Class Z – Accumulation units		
	14/05/2021[1]	15/05/2020	15/05/2019	14/05/2021[1]	15/05/2020	15/05/2019
Change in net assets per unit						
Opening net asset value per unit (p)	116.56	116.52	116.59	130.33	128.60	126.84
Return before operating charges (p)	20.20	2.47	2.54	22.63	2.57	2.72
Operating charges (p)	(0.84)	(1.25)	(1.34)	(0.95)	(0.84)	(0.96)
Return after operating charges (p)*	19.36	1.22	1.20	21.68	1.73	1.76
Distributions (p)	(1.07)**	(1.18)	(1.27)	(1.20)**	(1.73)	(1.79)
Retained distributions on accumulation units (p)	–	–	–	1.20**	1.73	1.79
Redemption value as at 9 April 2021	(134.85)	–	–	(152.01)	–	–
Closing net asset value per unit (p)	–	116.56	116.52	–	130.33	128.60
*after direct transaction costs of (p)	–	–	–	–	–	–
Performance						
Return after charges (%)	16.61	1.05	1.03	16.63	1.35	1.39
Other information						
Closing net asset value (£000)	–	86,140	90,751	–	671,180	609,719
Closing number of units	–	73,899,052	77,883,460	–	514,975,434	474,130,217
Operating charges (%)***	0.73†	1.02	1.16	0.73†	0.63	0.76
Direct transaction costs (%)	–	–	–	–	–	–
Prices						
Highest unit price (p)	135.48	127.00	119.50	152.01	141.10	130.10
Lowest unit price (p)	118.18	106.40	109.50	132.14	118.20	120.00

**This figure is as at the last distribution on 9 April 2021.

***The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a unit class of a fund based on the financial year's expenses and may vary from year to year. It includes charges such as the fund's annual management charge, registration fee, custody fees and distribution cost but ordinarily excludes the costs of buying or selling assets for the fund (unless these assets are shares of another fund). The Key Investor Information Document (KIID) contains the current OCF. The calculation includes the fund's share of the expenses of the underlying fund less any fee rebates received. The share of the costs of the underlying funds may fluctuate due to changes in investment decisions, which may be required as a result of changes in market conditions. For a more detailed breakdown please visit columbiathreadneedle.com/fees.

[1] *The Fund terminated on 14 May 2021.*

† *The Ongoing Charges Figure is annualised based on the fees incurred during the accounting period or since commencement date.*

Threadneedle Managed Equity & Bond Fund

Notes to the financial statements

for the accounting period 16 May 2020 to 14 May 2021

1 ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of investments, in compliance with FRS 102 and in accordance with the Statement of Recommended Practice for Authorised Funds (SORP) issued by the Investment Management Association in May 2014.

The financial statements have been prepared on a basis other than going concern. Comparative figures were prepared on a going concern basis. No adjustments were necessary in the trust's financial statements to reduce assets to their realisable values, to provide for liabilities arising from the termination and to reclassify fixed assets and long-term liabilities as current assets and liabilities. All future costs will be borne by the Manager. The fund was closed on 9 April 2021, and assets and liabilities of the Fund were transferred to a new sub-fund (of the same name) launched in Threadneedle Opportunity Investment Funds ICVC via an in-specie. Following this, the Authorised Fund Manager decided to terminate the fund as all its residual assets and liabilities were settled. The termination of the fund was completed on 14 May 2021.

(b) Basis of valuation of investments

There are no listed investments on 14 May 2021.

Previously investments of the fund were valued using the single price at 12 noon (UK time), being the valuation point on the last working day of the accounting period. The single price may have included an adjustment to cover dealing costs in the underlying funds.

(c) Exchange rates

Assets and liabilities expressed in foreign currencies are translated into sterling at the exchange rates ruling at 12 noon (UK time), being the valuation point on the last working day of the accounting period.

Transactions denominated in foreign currency are translated into sterling at the exchange rates ruling at the date of the transaction.

(d) Recognition of revenue

Revenue is included in the Statement of Total Return on the following bases:

Distributions from Collective Investment Schemes (CIS) are recognised when the security is quoted ex-dividend.

Any reported revenue from an offshore fund with UK fund reporting status in excess of any distributions is recognised as revenue after the end of the reporting period not later than the date when the reporting fund makes this information available.

Interest on bank and short-term deposits is recognised on an earned basis.

(e) Treatment of expenses (including management expenses)

All expenses other than those relating to the purchase and sale of investments, are included in expenses, in the Statement of Total Return. Expenses are recognised on an accruals basis and include irrecoverable Value Added Tax (VAT) where appropriate.

(f) Fee rebate

In addition to any direct charge for registration and management fees within the fund, there would occur, in the absence of a rebate mechanism, an indirect charge for registration and management fees in respect of investment in other Threadneedle funds. Any such target funds themselves bear registration and management fees, which reduce the value of those funds from what they otherwise would be. The rebate mechanism operates to ensure that investors in the fund bear only the registration and management fee validly applicable to them.

Depending upon the Manager's treatment of management fees within the underlying funds, where management fees are taken to capital, any rebate is classified as a capital item and does not form part of the amount available for distribution.

(g) Allocation of revenue and expenses to multiple unit classes

The allocation of revenue and expenses to each unit class is based upon the proportion of the fund's capital net assets attributable to each unit class on the day the revenue is earned or the expense is suffered. Annual management charges and registration fees are specific to each unit class.

(h) Deferred tax

Deferred taxation liabilities are provided for in full, and deferred tax assets are recognised to the extent that they are considered recoverable, in respect of all items for which recognition falls in different accounting periods for accounting and taxation purposes.

(i) Equalisation policy

The fund operates equalisation to ensure the level of distributable income for any unit class is not affected by the issue or cancellation of units.

2 DISTRIBUTION POLICIES

Where the revenue from investments exceeds the expenses and taxation a distribution will be made from that unit class. Should expenses and taxation exceed revenue for any unit class, there will be no distribution for that unit class and a transfer from capital will be made to cover the shortfall.

Revenue attributable to accumulation unitholders is retained at the end of each distribution period and represents a reinvestment of revenue.

Where distributions are unclaimed for a period of six years these are brought back into the fund as capital.

When a transfer is made between the revenue and capital of the same unit class marginal tax relief is not taken into account when determining the distribution. Marginal tax relief is only taken into account where the transfer of benefit is between the revenue and capital property of at least two different unit classes of the fund.

Equalisation on distributions received is treated as a repayment of capital and therefore disregarded in determining the revenue available for distribution.

3 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2021 £000	2020 £000
Non-derivative securities	188,833	8,068
Forward currency contracts	22,394	(8,106)
Management fee rebate on collective investment scheme holdings	–	436
Other (losses)/gains	(984)	193
Net capital gains	210,243	591

4 REVENUE

	2021 £000	2020 £000
Franked dividend distributions	10,168	15,110
Interest distributions	10,175	12,801
Bank interest	1	15
Management fee rebate on collective investment scheme holdings	–	969
Total revenue	20,344	28,895

5 EXPENSES

	2021 £000	2020 £000
Payable to the Manager or associates of the Manager, and the agents of either of them:		
Annual management charge	(10,705)	(12,747)
	(10,705)	(12,747)
Payable to the trustee or associates of the trustee, and the agents of either of them:		
Trustee fees	(157)	(172)
Safe custody fees	(8)	(9)
	(165)	(181)
Other expenses:		
Audit fees*	(9)	(11)
	(9)	(11)
Total expenses**	(10,879)	(12,939)

**The Threadneedle Managed Equity & Bond Fund closed on 9 April 2021. Consequent to a scheme of arrangement whereby the assets and liabilities of the Fund were transferred to a new Fund (of the same name) launched in Threadneedle Opportunity Investment Funds ICVC. The full 2021 Audit fees of £10,000 (inclusive of VAT) have been time apportioned across the two Funds.*

***Including irrecoverable VAT where applicable.*

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2021 £000	2020 £000
Interest payable	(1)	(3)
Total interest payable and similar charges	(1)	(3)

Threadneedle Managed Equity & Bond Fund

Notes to the financial statements
(continued)

7 TAXATION

	2021 £000	Restated 2020* £000
a) Analysis of charge in period		
Corporation tax	–	(256)
Total current tax (note 7b)	–	(256)
Total tax charge for the period	–	(256)
b) Factors affecting taxation charge for period		
Net revenue before taxation	9,464	15,953
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(1,893)	(3,191)
Effects of:		
Revenue not subject to taxation*	2,033	3,062
Excess expenses	(139)	–
Capitalised revenue subject to taxation	–	(87)
Conversion transfer from capital*	(1)	(40)
Current tax charge for period (note 7a)	–	(256)

**For details on restatement please refer to note 18.*

The fund has not recognised a deferred tax asset of £139,415 (2020: £Nil) arising as a result of having unutilised management expenses. The movement in deferred tax asset may not agree to the excess expenses figure quoted above due to prior year adjustments.

8 DISTRIBUTIONS

The distribution takes account of revenue received on the creation of units and revenue deducted on the cancellation of units and comprises:

	2021 £000	Restated 2020* £000
Interim	326	367
Final	9,843	15,452
	10,169	15,819
Add: Revenue deducted on the cancellation of units*	486	914
Deduct: Revenue received on the creation of units*	(474)	(797)
Net distribution for the period	10,181	15,936
Net revenue after taxation	9,464	15,697
Equalisation on conversion*	7	200
Tax charge on capital management fee rebates	–	39
Undistributed revenue carried forward	710	–
Total distributions	10,181	15,936

**For details on restatement please refer to note 18.*

Details of the distribution per unit are set out in the table on page 24.

9 DEBTORS

	2021 £000	2020 £000
Amounts receivable for the issue of units	–	4,450
Sales awaiting settlement	–	3,470
Corporation tax recoverable	–	3
Total debtors	–	7,923

10 CASH AND BANK BALANCES

	2021 £000	2020 £000
Amounts held at futures clearing houses and brokers	–	4,100
Cash and bank balances	10	1,581
Total cash and bank balances	10	5,681

11 OTHER CREDITORS

	2021 £000	2020 £000
Amounts payable for the cancellation of units	–	(4,189)
Accrued expenses	(5)	(23)
Amounts payable to Manager	(2)	(1,457)
Corporation tax payable	(3)	–
Total other creditors	(10)	(5,669)

12 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, a related party, acts as principal in respect of all transactions of units in the fund. The aggregated monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Unitholders. The amount due to or from Threadneedle Investment Services Limited in respect of unit transactions at the end of the accounting period are disclosed in Notes 9 and 11.

Amounts payable to Threadneedle Investment Services Limited in respect of fund administration and registrar services are disclosed in Note 11. A balance of £Nil (2020: £1,456,602), in respect of annual management service charge and £Nil (2020: £Nil), in respect of registration fees are payable at the end of the accounting period.

Amounts payable to Citibank Europe plc, a related party, in respect of trustee services and safe custody charges are disclosed in Note 11. A balance of £4,415 (2020: £19,959), in respect of trustee services and £229 (2020: £1,066), in respect of safe custody is due at the end of the accounting period.

The fund receives and pays interest on deposits held with Citibank Europe plc as disclosed in Notes 4 and 6. A balance of £Nil (2020: £263), was receivable at the end of the accounting period. Cash and bank balances at the end of the accounting period are disclosed in the Balance Sheet.

The fund invests in a number of funds managed by Columbia Threadneedle, all transactions in respect of which are transacted with Threadneedle Investment Services Limited. Details of the gains and losses in the period are disclosed in Note 3. Details of revenue received from the funds are shown in Note 4 and amounts receivable at the end of the accounting period in Note 9.

The Manager, or associate of the Manager acted as principal in all investment transactions.

13 UNITHOLDER FUNDS

There are no unitholders left in the fund. Prior to the closure the fund had four unit classes; Class A, Class B, Class T and Class Z units. The charges on each unit class are as follows:

Annual management charge	
Class A units	1.15%
Class B units	1.00%
Class T units	0.65%
Class Z units	0.65%

The net asset value of each unit class, the net asset value per unit, and the number of units in each class are given in the comparative tables on page 25. The distribution per unit class is given in the distribution table on page 24.

All classes have the same rights on winding up.

Reconciliation of units

	2021
Class A – Accumulation units	
Opening units	127,485,766
Units issued	1,400,546
Units redeemed	(128,175,123)
Net conversions	(711,189)
Closing units	–
Class B – Accumulation units	
Opening units	263,439,463
Units issued	1,809,128
Units redeemed	(264,504,839)
Net conversions	(743,752)
Closing units	–
Class T – Income units	
Opening units	73,899,052
Units issued	1,125,041
Units redeemed	(74,967,598)
Net conversions	(56,495)
Closing units	–
Class Z – Accumulation units	
Opening units	514,975,434
Units issued	30,189,027
Units redeemed	(546,965,452)
Net conversions	1,800,991
Closing units	–

Threadneedle Managed Equity & Bond Fund

Notes to the financial statements

(continued)

14 RISK MANAGEMENT

The following section in relation to Risk Management covers the period 16 May 2020 to 14 May 2021. In pursuing its investment objectives set out on page 23, the Threadneedle Managed Equity & Bond Fund may hold the following financial instruments:

- Funds of the Threadneedle Investment Funds ICVC, Threadneedle Specialist Investment Funds ICVC and Threadneedle (Lux) Funds of which a maximum of 20% of the value of the property of the fund may be invested in any one fund within this range of investment funds;
- Cash, liquid resources and short-term debtors and creditors that arise directly from its operations;
- Unitholders' funds which represent investors monies which are invested on their behalf;
- Borrowing used to finance investment activity;
- Derivative transactions to manage the currency and market risks arising from the fund's investment activities.

The Manager uses a risk management process (RMP)*, as reviewed by the Trustee. Throughout the period under review, it has been the policy of the fund to buy and sell financial instruments for the purpose of investment rather than trading. The main risks arising from the fund's financial instruments are market price, liquidity, credit, interest rate and foreign currency risk. The policies for managing each of these risks are reviewed regularly and agreed with the Trustee of the fund and they are summarised below.

**The RMP available on request from the client services team (contact details on page 56).*

Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the fund might suffer through holding market positions in the face of price movements. The value of the investment can fall as well as rise and investors might not recover the amount invested, especially if investments are not held for the long term. The fund is exposed to market risk by virtue of their Investments in Collective Investment Schemes.

The Manager meets regularly to consider the asset allocation of the portfolio in order to minimise the risk associated with particular industry sectors whilst continuing to follow the investment objective. An individual fund manager has responsibility for monitoring the existing portfolio selected in accordance with the overall asset allocation parameters and seeks to ensure that individual stocks also meet the risk reward profile that is acceptable.

The investment guidelines and investment and borrowing powers are set out in the trust deed, the prospectus and in the Financial Conduct Authority's (FCA's) Collective Investment Schemes Sourcebook and describe the nature of the market price risk to which the fund will be exposed.

Market price risk sensitivity

As there are no investments at the balance sheet date, no market price sensitivity analysis has been shown. For 2020, a 5% market increase applied to the equity proportion of the fund would result in an increase on net asset value of the fund by 3.00% and a 1.00% interest rate decrease applied to the bond proportion of the fund would result in an increase on this portion of the fund by 3.88%.

Currency risk

Foreign currency risk is the risk that the value of the funds' investments will fluctuate as a result of changes in foreign currency exchange rates.

The capital values of the fund's underlying investments can be affected by currency translation movements where the assets are denominated in currencies other than sterling, which is the fund's principal currency.

Two principal areas where foreign currency risk could impact the fund are:

- Where movements in rates affect the value of the underlying investments, the fund may hedge the initial investment;
- Where movements in rates affect the revenue received from the underlying investments; the fund does not hedge or otherwise seek to avoid rate movement risk on revenue accrued but not received.

There is no direct foreign currency exposure within the fund at the balance sheet date.

Currency sensitivity

As the fund has no material currency exposure, no sensitivity analysis has been shown (2020: same).

Credit risk/Counterparty risk

Credit risk is the risk that the counterparty in a financial transaction will fail to fulfil their obligation or commitment. The fund is exposed to credit/counterparty risk by virtue of the underlying investments is the collective investment schemes holds and through counterparties it uses to trade the underlying investments or derivative transactions it enters.

Credit risk arises from three main sources. Firstly, the possibility that the issuer of a security will be unable to pay interest and principal in a timely manner. Secondly, for asset backed investments (including Floating Rate Notes) there is the possibility of default of the issuer and default in the underlying assets meaning that the fund may not receive back the full principal originally invested. Thirdly, there is counterparty risk, which is the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the fund has fulfilled its responsibilities, which could result in the fund suffering a loss.

In order to manage credit risk the fund and underlying investments are subject to investment limits for issuers of securities. Issuer credit ratings are evaluated periodically and an approved issuer list is maintained and monitored. In addition the underlying funds only buy and sell investments through brokers which have been approved by the Manager as an acceptable counterparty. Brokers are monitored on an on-going basis for suitability and creditworthiness.

Credit/Counterparty exposure

As at the balance sheet date there is no derivative exposure or collateral to disclose.

2020	**Collateral Pledged**
Counterparty	**£000**
HSBC	4,100

The fund did not hold any collateral received from the fund's counterparties in either the current or prior year.

Positive exposure represents the fund's exposure to that counterparty and not the fund's holdings with that counterparty.

Interest rate risk

Interest rate risk is the risk that the value of the funds' investments will fluctuate as a result of changes in interest rates.

The fund may invest in floating rate securities.

Thus any change to the interest rates relevant for particular securities may result in either income increasing or decreasing, or the Manager being unable to secure similar returns on the expiry of contracts or the sale of securities.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held.

In general, if interest rates rise the revenue potential of the fund also rises but the value of fixed rate securities will decline.

A decline in interest rates will in general have the opposite effect.

Duration is a measure of the extent to which this is the case, with a longer duration suggesting higher sensitivity to interest rate moves.

Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates.

Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances (2020: same).

Derivative risks

Derivatives including forward foreign exchange contracts are employed when they are the cheapest and most efficient method of gaining exposure. This increases the risk profile of the fund and may result in a higher degree of volatility. All open positions are regularly reviewed by the fund manager. The fund has entered into various forward foreign exchange contracts during this accounting period. Such contracts commit the fund to future deliveries or receipts, typically three months forward, of assets and liabilities, at prices decided at the point of striking the contract. They therefore allow the fund manager to limit risk, or to enhance fund performance in return for the acceptance of greater risk.

At 14 May 2021, the fund had outstanding forward foreign exchange contracts with an asset value of £Nil (2020: £Nil) and a liability value of £Nil (2020: £4,719,000).

Threadneedle Managed Equity & Bond Fund

Notes to the financial statements

(continued)

15 FAIR VALUE DISCLOSURE

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

Level 1 – Quoted prices for identical instruments in active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

Level 2 – Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investments schemes.

Level 3 – Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

	2021		2020	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Valuation technique	**£000**	**£000**	**£000**	**£000**
Level 2	–	–	1,372,555	(4,719)
	–	–	1,372,555	(4,719)

16 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2020: Nil).

17 PORTFOLIO TRANSACTION COSTS

From 16 May 2020 to 9 April 2021, the fund's purchases and sales of collective investment schemes purchases and sales amounted to £166,098,801 (2020: £1,761,017,457) and £250,051,850 (2020: £1,813,983,329) respectively. In specie transaction costs and proceeds amounted to £Nil (2020: £Nil) and £1,497,778,418 (2020: £Nil) respectively.

The purchases and sales are not subject to portfolio transaction costs.

At the balance sheet date, the portfolio dealing spread was Nil (15 May 2020: Nil), being the difference between the respective buying and selling prices for the fund's investments.

18 PRIOR PERIOD RESTATEMENTS

All unit conversions have now been reallocated across the Equalisation on the creation and cancellation of units in the Statement of total return, and the Amounts receivable on the issue of units and Amounts payable on the cancellation of units in the Statement of change in net assets attributable to unitholders. Previously certain types of conversions had been excluded, these have now been reallocated. Comparatives have been restated for presentational purposes, and this has had no impact on either the distributions due to unitholders nor the net assets attributable to unitholders.

The following table summarises the impact of the above on the Fund's Statement of total return and Statement of change in net assets attributable to unitholder for the year ending 15 May 2020:

STATEMENT OF TOTAL RETURN	**Previously reported 2020**	**Adjustments**	**Restated 2020**
	£'000	**£'000**	**£'000**
Distributions	(15,737)	(199)	(15,936)
Net impact		(199)	

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	**Previously reported 2020**	**Adjustments**	**Restated 2020**
	£'000	**£'000**	**£'000**
Amounts receivable on the issue of units	172,087	(40,160)	131,927
Amounts payable on the cancellation of units	(206,270)	40,359	(165,911)
	(34,183)	199	(33,984)
Change in net assets attributable to unitholders from investment activities (see statement of total return above)	551	(199)	352
Impact on net assets attributable to unitholders		–	

	Previously reported 2020	**Adjustments**	**Restated 2020**
	£'000	**£'000**	**£'000**
Note 7 TAXATION			
Revenue not subject to taxation	3,022	40	3,062
Conversion transfer from capital	–	(40)	(40)
Net impact		–	

	Previously reported 2020	**Adjustments**	**Restated 2020**
	£'000	**£'000**	**£'000**
Note 8 DISTRIBUTIONS			
Add: Revenue deducted on the cancellation of units	1,261	(347)	914
Deduct: Revenue received on the creation of units	(1,343)	546	(797)
Net impact		199	
Equalisation on conversion	1	199	200

Threadneedle Managed Equity & Bond Fund

Statement of Manager's Responsibilities in relation to the Financial Statements of the Scheme

The Collective Investment Schemes (COLL) Sourcebook, as issued (and amended) by the Financial Conduct Authority (FCA) requires the Manager to prepare financial statements for each annual accounting period which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the financial position of the Scheme and of its net revenue and the net capital gains on the property of the Scheme for the period. In preparing the financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice relating to Authorised Funds issued by the Investment Management Association (IMA);
- follow generally accepted accounting principles and applicable accounting standards;
- keep proper accounting records, which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Scheme will continue in operation for the foreseeable future.

The Manager is required to keep proper accounting records and to manage the Scheme in accordance with the Collective Investment Schemes Sourcebook, the Trust Deed and the Prospectus. The Manager is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of the Trustee's Responsibilities in Respect of the Scheme and Report of the Trustee to the Unitholders of the Threadneedle Managed Equity & Bond Fund of the Threadneedle Managed Funds ("the Trust") for the Period ended 14 May 2021

The Trustee is responsible for the safekeeping of all property of the Trust which is entrusted to it and ensuring proper registration of tangible moveable property, and for the collection of income arising from all such scheme property.

It is the duty of the Trustee to take reasonable care to ensure that the Trust is managed and operated in accordance with the Financial Conduct Authority' Collective Investment Schemes Sourcebook ("the Sourcebook"), the Financial Services and Markets Act 2000, as amended, and the Trust Deed and the Prospectus of the Trust, concerning: the pricing of and dealing in Trust Units; the application of income of the scheme; and the Trust investment portfolio and borrowing activities.

Having carried out procedures and enquiries considered duly necessary to discharge our responsibilities as Trustee of the scheme, based on information and explanations provided to us, we believe that, in all material respects, the Manager:

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the scheme's units and the application of the scheme's income in accordance with the Sourcebook, the Trust Deed and Prospectus;
(ii) has observed the investment and borrowing powers and restrictions applicable to the scheme; and
(iii) has, otherwise, ensured the proper operation of the Trust.

Citibank Europe plc,
UK Branch
London
19 August 2021

Threadneedle Managed Equity & Bond Fund

Independent auditors' report to the Unitholders of Threadneedle Managed Equity and Bond Fund

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of Threadneedle Managed Equity and Bond Fund (the "Trust"):

- give a true and fair view of the financial position of the Trust as at 14 May 2021 and of the net revenue and the net capital gains on its scheme property for the period from 16 May 2020 to 14 May 2021 ("the period") then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Trust Deed.

We have audited the financial statements, included within the Final Report and Audited Financial Statements (the "Final Report"), which comprise: the Balance Sheet as at 14 May 2021; the Statement of Total Return, the Statement of Change in Net Assets attributable to unitholders for the period then ended; the distribution tables; and the Notes to the Financial Statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of Matter – Basis of Preparation

In forming our opinion on the financial statements, which is not modified, we draw attention to note 1 (a) to the financial statements which describes the directors' reasons why the financial statements have been prepared on a basis other than going concern.

Reporting on other information

The other information comprises all of the information in the Final Report other than the financial statements and our auditors' report thereon. The Authorised Fund Manager is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Authorised Fund Manager's Report

In our opinion, the information given in the Authorised Fund Manager's Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the Authorised Fund Manager for the financial statements

As explained more fully in the Statement of Manager's Responsibilities in relation to the Financial Statements of the Scheme, the Authorised Fund Manager is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Fund Manager is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Fund Manager is responsible for assessing the Trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Fund Manager either intends to wind up or terminate the Trust, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Trust/industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of the Collective Investment Schemes sourcebook, and we considered the extent to which non-compliance might have a material effect on the financial statements, in particular those parts of the sourcebook which may directly impact on the determination of amounts and disclosures in the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or to increase the net asset value of the Trust. Audit procedures performed included:

- Discussions with the Authorised Fund Manager, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes, including those of the Authorised Fund Manager's board of directors;
- Identifying and testing journal entries, specifically any journals posted as part of the financial period end close process; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Trust's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Opinion on matter required by the Collective Investment Schemes sourcebook

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

Collective Investment Schemes sourcebook exception reporting

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
19 August 2021

Threadneedle Managed Equity & Bond Fund

Portfolio Statement

as at 14 May 2021

Holding	Investment	Value £000	% of Net Asset Value
COLLECTIVE INVESTMENT SCHEMES 0.00% (99.80%)			
	UK equity 0.00% (14.87%)		
	UK bond 0.00% (22.13%)		
	Overseas equity 0.00% (39.16%)		
	Overseas bond 0.00% (23.64%)		
	Total collective investment schemes	–	–
DERIVATIVES 0.00% (-0.34%)			
	Forward Foreign Exchange Contracts 0.00% (-0.34%)		
	Total Derivatives	–	–
Total value of investments		–	–
Net other assets (0.54%)		–	–
Net assets		–	–

May 2020 comparatives in brackets.

Threadneedle Managed Bond Focused Fund

Investment Report

Threadneedle Managed Bond Focused Fund was closed on 9 April 2021. The assets and liabilities of the Threadneedle Managed Bond Focused Fund were transferred to a new sub-fund (of the same name) launched in Threadneedle Opportunity Investment Funds ICVC on that date and the Fund ceased trading on that date. Accordingly the Fund is no longer a going concern and this is the Final Report for the period 16 May 2020 to 14 May 2021.

Investment Objective and Policy

The Fund aims to provide a combination of income and long-term capital growth. It looks to outperform a composite index over rolling 3-year periods, after the deduction of charges. This composite index comprises:

- 47.5% Bloomberg Barclays Global Aggregate ex GBP (GBP Hedged) Index
- 20% Bloomberg Barclays Sterling Aggregate Index
- 20% MSCI ACWI ex UK Index
- 7.5% FTSE All-Share Index
- 5% Sterling Overnight Index Average (SONIA)

The Fund is actively managed, and invests at least 80% of its assets in other funds.

The Fund usually invests in other Threadneedle funds, however, funds managed by companies outside the Threadneedle group may also be held, when this is considered appropriate. These funds may invest worldwide.

The Fund focuses on investment in funds providing exposure to bonds (including corporate and government bonds), and to a lesser extent, funds investing in equities (company shares), particularly the shares of UK companies.

The balance of the exposure between these different asset types may vary over time, however, equity exposure will usually not exceed 35% of the Fund's value, under normal market conditions.

The Fund may also hold money market instruments, deposits, cash, and near cash.

Derivatives may be used with the aim of reducing risk or managing the Fund more efficiently, and up to 20% of the value of the Fund may be invested in funds that use derivatives for investment purposes.

The composite index is representative of the Fund's investment exposure, and provides a suitably weighted target benchmark of global investment grade bonds (hedged to sterling), investment grade sterling-denominated bonds, global equities (excluding the UK), UK equities, and cash, against which Fund performance can be evaluated over time.

The fund will always invest so as to be eligible as an ISA investment.

Review

This report covers the period from 16 May 2020 to 14 May 2021. Following on from the closure of the Fund on the 9 April 2021, the Authorised Fund Manager decided to terminate the Fund as all its residual assets and liabilities were settled. The termination of the Fund was completed on 14 May 2021.

Fund Performance

From 16 May 2020 to 9 April 2021, the offer price of Class A units rose by 8.47% from 118.00p to 128.00p.

From 16 May 2020 to 9 April 2021, the offer price of Class B units rose by 8.69% from 122.00p to 132.60p.

The total return on the trust from 30 April 2020 to 31 March 2021, including net reinvested income, is +6.40%. (Source: Morningstar, bid to bid, income reinvested for a UK basic rate taxpayer). Over the same period the median return of the peer group (IA – Mixed Investment 0 35% Shares Sector) was +7.37%. (Source: Morningstar, bid to bid, income reinvested for a UK basic rate taxpayer).

Fully updated peer group information is only available from Morningstar at month-end points.

As of the 7th May 2020, this fund was measured against a Composite Benchmark (Bloomberg Barclays Global Aggregate ex GBP (Hedged to GBP) Index 47.50%, Bloomberg Barclays Sterling Aggregate Index 20%, MSCI ACWI ex UK Index 20%, FTSE All Share Index 7.5%, SONIA 5%) however there is not sufficient history to show 11 months.

Market Overview and Portfolio Activity

The period in review was a turbulent period in terms of both world events and financial-market movements. Following the sharp COVID-19-related declines of March 2020, the period commenced with a continuation of the recovery in equities and industrial commodities that began in prior weeks. In fixed income, yields on core government bonds (which move inversely to price) rebounded from historic lows to finish the review period higher. Credit spreads (the yield premiums over 'risk-free' government bonds) tightened in the investment-grade (IG) and high-yield (HY) markets. In commodities, oil and industrial metals performed well, aided by hopes of increased demand from a recovering global economy. Oil prices also benefited from OPEC-led production cuts.

The unprecedented stimulus measures from central banks and governments helped risk assets rally from May until September. Declining coronavirus caseloads and the resulting easing of lockdown restrictions also boosted markets, while better-than-expected economic data and corporate earnings tended to reinforce the positive sentiment. Despite the 'risk-on' mood, core government bond yields remained low until August, anchored by central-bank asset-purchase programmes and low interest rates.

In September, however, profit-taking in US tech stocks heralded a change of mood, as investors refocused on more worrying elements of the backdrop, including resurgent coronavirus infection rates in many countries and the reimposition of control measures to contain the virus. Meanwhile, political uncertainty also mounted, in relation to the US presidential election and Brexit. The mood turned markedly positive in the last two months of 2020. Investors were encouraged by Joe Biden's triumph in the US election and hopes for further fiscal stimulus. Sentiment was also boosted by landmark results in coronavirus vaccine trials, the subsequent approval of the first vaccines for use in Western democracies and, towards the end of 2020, the last-minute trade agreement between the UK and the EU. These developments pushed up bond yields and sparked a surge in oil prices and stocks in beaten-down sectors that were perceived to be major beneficiaries of a resumption of 'normal' economic activity.

2021 was characterised by a sharp rise in core bond yields on expectations of higher US government spending, after the Democrats took control of the Senate. Yields also rose on expectations that a vaccine-driven recovery in global growth would lead to increased inflation. This and the ensuing debate over whether pricing pressures would prove merely temporary or mark the beginning of a more sustained uptrend prompted some volatility in equity markets, though value-oriented sectors benefited. Corporate-bond markets were less impacted, and credit spreads tightened over the first four months of the period.

Over the 12 months to 14 May, the MSCI All Country World index registered robust gains in local-currency terms, although the outcome in sterling terms was lower as the UK currency strengthened amid optimism about the Brexit deal and the country's successful vaccine rollout. At a sector level, returns were initially led by healthcare, as firms raced to develop tests, vaccines and medications for COVID-19, and technology, as the pandemic accelerated "the digitisation of everything". However, the optimism around vaccines and US fiscal stimulus in November fuelled a subsequent rotation towards economically sensitive sectors such as materials, consumer discretionary, industrials and financials.

At a regional level, US equities were the top performers in local-currency terms, helped by the outperformance of the sizeable technology sector over the first half of the period. However, they marginally underperformed in sterling, due to the pound's rise against the dollar. Emerging markets (EMs) and Asia ex Japan lagged slightly but delivered healthy absolute returns, supported by index heavyweight China – one of the only major economies to report positive GDP growth over 2020. UK equities trailed in local terms held back by earlier jitters about a no-deal Brexit and the market's high exposure to sectors perceived to be vulnerable to COVID-19. However, they outperformed in sterling, aided by the currency's strength. The export-heavy Japanese market lagged, amid concerns over the toll of the pandemic on global growth.

Within fixed income, core bond yields dropped to historic lows in 2020, but ultimately finished the review period higher. Treasuries fared worst, with the 10-year yield increasing sharply over the year. The rise in German bund yields was more muted; this reflected the eurozone's slower vaccine rollout compared to the US and the UK. Both IG and HY bonds posted positive returns; the tightening in spreads outweighed the impact of higher government bond yields. HY outperformed IG; the market is less sensitive to rising interest rates and more likely to benefit from a return to 'normality'.

Activity in the dominant fixed-income portion of the portfolio included adding to the European HY and sterling IG positions. Spreads in both markets have tightened meaningfully but remain reasonable compensation for implied rates of default, and fundamentals are improving as deleveraging occurs. Recently, we have become more positive on HY credit, particularly shorter-maturity bonds, given the normalisation in IG spreads over the year. As well as offering greater carry, HY bonds stand to gain from policy support, the ongoing cyclical upswing and improving credit metrics, including dramatically lower default expectations for both this year and next. Elsewhere, we added to local-currency EM debt. In government bonds, we added to the UK and global positions, looking to pick up yield after market weakness in 2021. However, we remain cautious towards core fixed income, where value remains limited in our view.

In the equity segment, we took profits from most regional allocations after strong early-period gains left valuations increasingly stretched. Later on, however, we increased the Japanese equity allocation. Japan offers high operational leverage to the improving global industrial cycle, while valuations also look reasonable given the strength of corporate earnings forecasts in Japan relative to the rest of the world. In 2021, we also increased our UK equity allocation after a protracted period of underperformance in 2020. The conclusion of a post-Brexit trade deal with the EU and the rapid rollout of coronavirus vaccinations augur well for a swifter economic recovery, while a large amount of pent-up Mergers and Acquisition activity alongside the market's significant cyclical exposure set it up well for the reflationary theme coming through.

Despite the ongoing battle with coronavirus, a synchronised global economic recovery is underway. Risk assets have staged a remarkable rebound over the past year, helped by the greater number of efficacious vaccines than many expected, and crucially, a continuation of the enormous stimulus from governments and central banks across the world.

The improved prospects for the global economy have led investors to factor in a quicker start to the next interest-rate hiking cycles in the US and the UK. This has pushed up real yields, but the degree to which it has impacted equities and credit spreads has so far been relatively modest.

As life continues to return to normal, helped by the huge additional policy stimulus and vaccine rollouts, the rise in real yields could prove consistent with a reflationary, risk-positive setting: a lot rests on the ability of the Federal Reserve and other central banks to look through what will likely be a sharp rise in inflation as the economy normalises and growth rebounds in the second half of this year.

Directors' Statement

In accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes (COLL) Sourcebook, we hereby certify the Final Report and Audited Financial Statements on behalf of the Directors of Threadneedle Investment Services Limited.

L Weatherup
Director

R Vincent
Director

19 August 2021

Threadneedle Managed Bond Focused Fund

STATEMENT OF TOTAL RETURN

for the accounting period 16 May 2020 to 14 May 2021

	Notes	16/05/2020 to 14/05/2021 £000	Restated 2020* £000
Income			
Net capital gains	3	22,543	6,662
Revenue	4	4,205	5,990
Expenses	5	(2,232)	(2,906)
Net revenue before taxation		1,973	3,084
Taxation	6	–	(20)
Net revenue after taxation		1,973	3,064
Total return before distributions		24,516	9,726
Distributions*	7	(2,177)	(3,183)
Change in net assets attributable to unitholders from investment activities		22,339	6,543

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the accounting period 16 May 2020 to 14 May 2021

	16/05/2020 to 14/05/2021 £000	Restated 2020* £000
Opening net assets attributable to unitholders	278,507	296,597
Amounts receivable on the issue of units*	64,181	28,314
Amounts payable on the cancellation of units*	(44,518)	(56,031)
Amounts payable on in specie transfers	(322,829)	–
	(303,166)	(27,717)
Dilution levy	–	(8)
Change in net assets attributable to unitholders from investment activities (see statement of total return above)*	22,339	6,543
Retained distribution on accumulation units	2,321	3,092
Transferable to Manager on Termination	(1)	–
Closing net assets attributable to unitholders	–	278,507

*For details on restatement please refer to note 17.

BALANCE SHEET

as at 14 May 2021

	Notes	2021 £000	2020 £000
Assets:			
Fixed assets:			
Investments		–	278,373
Current assets:			
Debtors	8	–	1,028
Cash and bank balances	9	2	1,592
Total assets		2	280,993
Liabilities:			
Investment liabilities		–	(1,686)
Creditors:			
Distribution payable		–	(1)
Other creditors	10	(2)	(799)
Total liabilities		(2)	(2,486)
Net assets attributable to unitholders		–	278,507

DISTRIBUTION TABLE

for the accounting period 16 May 2020 to 14 May 2021

Interest distribution in pence per unit

Class A – Accumulation units

Distribution Period	Gross Revenue	Equalisation	Revenue Accumulated 2020/2021	Revenue Accumulated 2019/2020
Group 1				
16/05/20 to 09/04/21	0.5670	–	0.5670	–
16/05/20 to 16/05/21	–	–	–	0.9331
Group 2				
16/05/20 to 09/04/21	0.4506	0.1164	0.5670	–
16/05/20 to 16/05/21	–	–	–	0.9331
Total distributions in the period			**0.5670**	**0.9331**

Class A – Income units

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2020/2021	Distribution Paid 2019/2020
Group 1				
16/05/20 to 09/04/21	0.5070	–	0.5070	–
16/05/20 to 16/05/21	–	–	–	0.8347
Group 2				
16/05/20 to 09/04/21	0.5070	–	0.5070	–
16/05/20 to 16/05/21	–	–	–	0.8347
Total distributions in the period			**0.5070**	**0.8347**

Class B – Accumulation units

Distribution Period	Gross Revenue	Equalisation	Revenue Accumulated 2020/2021	Revenue Accumulated 2019/2020
Group 1				
16/05/20 to 09/04/21	0.8238	–	0.8238	–
16/05/20 to 16/05/21	–	–	–	1.2713
Group 2				
16/05/20 to 09/04/21	0.5582	0.2656	0.8238	–
16/05/20 to 16/05/21	–	–	–	1.2713
Total distributions in the period			**0.8238**	**1.2713**

Class Z – Accumulation units

Distribution Period	Gross Revenue	Equalisation	Revenue Accumulated 2020/2021	Revenue Accumulated 2019/2020
Group 1				
16/05/20 to 09/04/21	1.2397	–	1.2397	–
16/05/20 to 16/05/21	–	–	–	1.7791
Group 2				
16/05/20 to 09/04/21	0.6747	0.5650	1.2397	–
16/05/20 to 16/05/21	–	–	–	1.7791
Total distributions in the period			**1.2397**	**1.7791**

Class Z – Income units*

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2020/2021	Distribution Paid 2019/2020
Group 1				
16/05/20 to 09/04/21	0.9748	–	0.9748	–
Group 2				
16/05/20 to 09/04/21	0.4748	0.5000	0.9748	–
Total distributions in the period			**0.9748**	**–**

Group 2: units purchased during a distribution period.
**For launch dates, refer to the footnotes after the comparative tables.*

Threadneedle Managed Bond Focused Fund

Comparative Table Disclosure

	Class A – Accumulation units			Class A – Income units		
	14/05/2021[1]	15/05/2020	15/05/2019	14/05/2021[1]	15/05/2020	15/05/2019
Change in net assets per unit						
Opening net asset value per unit (p)	117.96	114.62	112.16	104.41	102.27	101.00
Return before operating charges (p)	11.52	4.84	3.97	10.21	4.31	3.58
Operating charges (p)	(1.49)	(1.50)	(1.51)	(1.32)	(1.34)	(1.36)
Return after operating charges (p)*	10.03	3.34	2.46	8.89	2.97	2.22
Distributions (p)	(0.57)**	(0.93)	(1.06)	(0.51)**	(0.83)	(0.95)
Retained distributions on accumulation units (p)	0.57**	0.93	1.06	–	–	–
Redemption value as at 9 April 2021	(127.99)	–	–	(112.79)	–	–
Closing net asset value per unit (p)	–	117.96	114.62	–	104.41	102.27
*after direct transaction costs of (p)	–	–	–	–	–	–
Performance						
Return after charges (%)	8.50	2.91	2.19	8.51	2.90	2.20
Other information						
Closing net asset value (£000)	–	64,970	89,292	–	118	651
Closing number of units	–	55,078,721	77,904,060	–	113,414	637,249
Operating charges (%)***	1.19[†]	1.26	1.35	1.19[†]	1.26	1.35
Direct transaction costs (%)	–	–	–	–	–	–
Prices						
Highest unit price (p)	129.69	127.20	119.40	114.81	113.50	107.50
Lowest unit price (p)	118.85	109.50	108.80	105.20	97.63	97.96

	Class B – Accumulation units			Class Z – Accumulation units		
	14/05/2021[1]	15/05/2020	15/05/2019	14/05/2021[1]	15/05/2020	15/05/2019
Change in net assets per unit						
Opening net asset value per unit (p)	121.94	118.19	115.37	127.74	123.38	120.00
Return before operating charges (p)	11.89	4.98	4.09	12.46	5.22	4.29
Operating charges (p)	(1.28)	(1.23)	(1.27)	(0.94)	(0.86)	(0.91)
Return after operating charges (p)*	10.61	3.75	2.82	11.52	4.36	3.38
Distributions (p)	(0.82)**	(1.27)	(1.38)	(1.24)**	(1.78)	(1.86)
Retained distributions on accumulation units (p)	0.82**	1.27	1.38	1.24**	1.78	1.86
Redemption value as at 9 April 2021	(132.55)	–	–	(139.26)	–	–
Closing net asset value per unit (p)	–	121.94	118.19	–	127.74	123.38
*after direct transaction costs of (p)	–	–	–	–	–	–
Performance						
Return after charges (%)	8.70	3.17	2.44	9.02	3.53	2.82
Other information						
Closing net asset value (£000)	–	110,745	132,974	–	102,201	73,680
Closing number of units	–	90,821,170	112,507,662	–	80,004,247	59,718,799
Operating charges (%)***	0.99[†]	1.00	1.10	0.69[†]	0.67	0.76
Direct transaction costs (%)	–	–	–	–	–	–
Prices						
Highest unit price (p)	134.25	126.90	118.70	140.94	132.90	123.90
Lowest unit price (p)	122.86	113.10	112.10	128.71	118.40	116.70

Threadneedle Managed Bond Focused Fund

Comparative Table Disclosure

(continued)

	Class Z – Income units	
	14/05/2021[1]	15/05/2020[2]
Change in net assets per unit		
Opening net asset value per unit (p)	100.85	100.00
Return before operating charges (p)	9.80	0.90
Operating charges (p)	(0.74)	(0.05)
Return after operating charges (p)*	9.06	0.85
Distributions (p)	(0.97)**	–
Retained distributions on accumulation units (p)	–	–
Redemption value as at 9 April 2021	(108.94)	–
Closing net asset value per unit (p)	–	100.85
*after direct transaction costs of (p)	–	–
Performance		
Return after charges (%)	8.98	0.85
Other information		
Closing net asset value (£000)	–	473
Closing number of units	–	469,126
Operating charges (%)***	0.69†	0.77†
Direct transaction costs (%)	–	–
Prices		
Highest unit price (p)	111.25	101.50
Lowest unit price (p)	101.62	99.88

**This figure is as at the last distribution on 9 April 2021.

***The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a unit class of a fund based on the financial year's expenses and may vary from year to year. It includes charges such as the fund's annual management charge, registration fee, custody fees and distribution cost but ordinarily excludes the costs of buying or selling assets for the fund (unless these assets are shares of another fund). The Key Investor Information Document (KIID) contains the current OCF. The calculation includes the fund's share of the expenses of the underlying fund less any fee rebates received. The share of the costs of the underlying funds may fluctuate due to changes in investment decisions, which may be required as a result of changes in market conditions. For a more detailed breakdown please visit columbiathreadneedle.com/fees.

[1]*The Fund terminated on 14 May 2021.*

[2]*Commenced 21 April 2020.*

†*The Ongoing Charges Figure is annualised based on the fees incurred since commencement date.*

Threadneedle Managed Bond Focused Fund

Notes to the financial statements

for the accounting period 16 May 2020 to 14 May 2021

1 ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of investments, in compliance with FRS 102 and in accordance with the Statement of Recommended Practice for Authorised Funds (SORP) issued by the Investment Management Association in May 2014.

The financial statements have been prepared on a basis other than going concern. Comparative figures were prepared on a going concern basis. No adjustments were necessary in the trust's financial statements to reduce assets to their realisable values, to provide for liabilities arising from the termination and to reclassify fixed assets and long-term liabilities as current assets and liabilities. All future costs will be borne by the Manager. The fund was closed on 9 April 2021, and assets and liabilities of the Fund were transferred to a new sub-fund (of the same name) launched in Threadneedle Opportunity Investment Funds ICVC via an in-specie. Following this, the Authorised Fund Manager decided to terminate the fund as all its residual assets and liabilities were settled. The termination of the fund was completed on 14 May 2021.

(b) Basis of valuation of investments

There are no listed investments on 14 May 2021.

Previously investments of the fund were valued using the single price at 12 noon (UK time), being the valuation point on the last working day of the accounting period. The single price may have included an adjustment to cover dealing costs in the underlying funds.

(c) Exchange rates

Assets and liabilities expressed in foreign currencies are translated into sterling at the exchange rates ruling at 12 noon (UK time), being the valuation point on the last working day of the accounting period.

Transactions denominated in foreign currency are translated into sterling at the exchange rates ruling at the date of the transaction.

(d) Recognition of revenue

Revenue is included in the Statement of Total Return on the following bases:

Distributions from Collective Investment Schemes (CIS) are recognised when the security is quoted ex-dividend.

Any reported revenue from an offshore fund with UK fund reporting status in excess of any distributions is recognised as revenue after the end of the reporting period not later than the date when the reporting fund makes this information available.

Interest on bank and short-term deposits is recognised on an earned basis.

(e) Treatment of expenses (including management expenses)

All expenses other than those relating to the purchase and sale of investments, are included in expenses, in the Statement of Total Return. Expenses are recognised on an accruals basis and include irrecoverable Value Added Tax (VAT) where appropriate.

(f) Fee rebate

In addition to any direct charge for registration and management fees within the fund, there would occur, in the absence of a rebate mechanism, an indirect charge for registration and management fees in respect of investment in other Threadneedle funds. Any such target funds themselves bear registration and management fees, which reduce the value of those funds from what they otherwise would be. The rebate mechanism operates to ensure that investors in the fund bear only the registration and management fee validly applicable to them.

Depending upon the Manager's treatment of management fees within the underlying funds, where management fees are taken to capital, any rebate is classified as a capital item and does not form part of the amount available for distribution.

(g) Allocation of revenue and expenses to multiple unit classes

The allocation of revenue and expenses to each unit class is based upon the proportion of the fund's capital net assets attributable to each unit class on the day the revenue is earned or the expense is suffered. Annual management charges and registration fees are specific to each unit class.

(h) Deferred tax

Deferred taxation liabilities are provided for in full, and deferred tax assets are recognised to the extent that they are considered recoverable, in respect of all items for which recognition falls in different accounting periods for accounting and taxation purposes.

(i) Equalisation policy

The fund operates equalisation to ensure the level of distributable income for any unit class is not affected by the issue or cancellation of units.

2 DISTRIBUTION POLICIES

Where the revenue from investments exceeds the expenses and taxation a distribution will be made from that unit class. Should expenses and taxation exceed revenue for any unit class, there will be no distribution for that unit class and a transfer from capital will be made to cover the shortfall.

Revenue attributable to accumulation unitholders is retained at the end of each distribution period and represents a reinvestment of revenue.

Where distributions are unclaimed for a period of six years these are brought back into the fund as capital.

When a transfer is made between the revenue and capital of the same unit class marginal tax relief is not taken into account when determining the distribution. Marginal tax relief is only taken into account where the transfer of benefit is between the revenue and capital property of at least two different unit classes of the fund.

Equalisation on distributions received is treated as a repayment of capital and therefore disregarded in determining the revenue available for distribution.

3 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2021 £000	2020 £000
Non-derivative securities	15,195	9,190
Forward currency contracts	7,701	(2,706)
Management fee rebate on collective investment scheme holdings	–	99
Other (losses)/gains	(353)	79
Net capital gains	22,543	6,662

4 REVENUE

	2021 £000	2020 £000
Franked dividend distributions	1,169	1,736
Interest distributions	3,036	4,105
Bank interest	–	9
Stocklending income	–	140
Total revenue	4,205	5,990

5 EXPENSES

	2021 £000	2020 £000
Payable to the Manager or associates of the Manager, and the agents of either of them:		
Annual management charge	(2,183)	(2,852)
	(2,183)	(2,852)
Payable to the trustee or associates of the trustee, and the agents of either of them:		
Trustee fees	(32)	(35)
Safe custody fees	(8)	(8)
	(40)	(43)
Other expenses:		
Audit fees*	(9)	(11)
	(9)	(11)
Total expenses**	(2,232)	(2,906)

**The Threadneedle Managed Bond Focused Fund closed on 9 April 2021, consequent to a scheme of arrangement whereby the assets and liabilities of the Fund were transferred to a new Fund (of the same name) launched in Threadneedle Opportunity Investment Funds ICVC. The full 2021 Audit fees of £10,000 (inclusive of VAT) have been time apportioned across the two Funds.*

***Including irrecoverable VAT where applicable.*

Threadneedle Managed Bond Focused Fund

Notes to the financial statements

(continued)

6 TAXATION

	2021 £000	Restated 2020* £000
a) Analysis of charge in period		
Corporation tax	–	(20)
Total current tax (note 6b)	–	(20)
Total tax charge for the period	–	(20)
b) Factors affecting taxation charge for period		
Net revenue before taxation	1,973	3,084
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(394)	(617)
Effects of:		
Revenue not subject to taxation	234	347
Distributions treated as tax deductible*	161	290
Capitalised revenue subject to taxation	–	(20)
Conversion transfer from capital*	(1)	(20)
Current tax charge for period (note 6a)	–	(20)

**For details on restatement please refer to note 17.*

Interest distributions were made in respect of all distributions during the prior period.

7 DISTRIBUTIONS

The distribution takes account of revenue received on the creation of units and revenue deducted on the cancellation of units and comprises:

	2021 £000	Restated 2020* £000
Final	2,324	3,093
	2,324	3,093
Add: Revenue deducted on the cancellation of units*	106	315
Deduct: Revenue received on the creation of units*	(253)	(225)
Net distribution for the period	2,177	3,183
Net revenue after taxation	1,973	3,064
Equalisation on conversion*	2	99
Tax charge on capital management fee rebates*	–	20
Undistributed revenue carried forward	202	–
Total distributions	2,177	3,183

**For details on restatement please refer to note 17.*

Details of the distribution per unit and any unit class with a shortfall are set out in the table on page 34.

8 DEBTORS

	2021 £000	2020 £000
Amounts receivable for the issue of units	–	468
Sales awaiting settlement	–	560
Total debtors	–	1,028

9 CASH AND BANK BALANCES

	2021 £000	2020 £000
Amounts held at futures clearing houses and brokers	–	1,510
Cash and bank balances	2	82
Total cash and bank balances	2	1,592

10 OTHER CREDITORS

	2021 £000	2020 £000
Amounts payable for the cancellation of units	–	(472)
Accrued expenses	(1)	(8)
Amounts payable to Manager	(1)	(318)
Corporation tax payable	–	(1)
Total other creditors	(2)	(799)

11 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, a related party, acts as principal in respect of all transactions of units in the fund. The aggregated monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Unitholders. The amount due to or from Threadneedle Investment Services Limited in respect of unit transactions at the end of the accounting period are disclosed in Notes 8 and 10.

Amounts payable to Threadneedle Investment Services Limited in respect of fund administration and registrar services are disclosed in Note 10. A balance of £Nil (2020: £318,353), in respect of annual management service charge and £Nil (2020: £Nil), in respect of registration fees are payable at the end of the accounting period.

Amounts payable to Citibank Europe plc, a related party, in respect of trustee services and safe custody charges are disclosed in Note 10. A balance of £946 (2020: £4,046), in respect of trustee services and £229 (2020: £1,066), in respect of safe custody is due at the end of the accounting period.

The fund receives and pays interest on deposits held with Citibank Europe plc as disclosed in Note 4. A balance of £Nil (2020: £7), was receivable at the end of the accounting period. Cash and bank balances at the end of the accounting period are disclosed in the Balance Sheet.

The fund invests in a number of funds managed by Columbia Threadneedle, all transactions in respect of which are transacted with Threadneedle Investment Services Limited. Details of the gains and losses in the period are disclosed in Note 3. Details of revenue received from the funds are shown in Note 4 and amounts receivable at the end of the accounting period in Note 8.

The Manager, or associate of the Manager acted as principal in all investment transactions.

12 UNITHOLDER FUNDS

There are no unitholders left in the fund. Prior to the closure the fund had three unit classes; Class A, Class B and Class Z units. The charges on each unit class are as follows:

Annual management charge

Class A units	1.10%
Class B units	0.90%
Class Z units	0.60%

The net asset value of each unit class, the net asset value per unit, and the number of units in each class are given in the comparative tables on pages 35 to 36. The distribution per unit class is given in the distribution table on page 34.

All classes have the same rights on winding up.

Reconciliation of units

	2021
Class A – Accumulation units	
Opening units	55,078,721
Units issued	331,548
Units redeemed	(55,038,535)
Net conversions	(371,734)
Closing units	–
Class A – Income units	
Opening units	113,414
Units issued	–
Units redeemed	(99,040)
Net conversions	(14,374)
Closing units	–
Class B – Accumulation units	
Opening units	90,821,170
Units issued	2,480,601
Units redeemed	(93,296,551)
Net conversions	(5,220)
Closing units	–
Class Z – Accumulation units	
Opening units	80,004,247
Units issued	33,673,332
Units redeemed	(114,024,499)
Net conversions	346,920
Closing units	–

Threadneedle Managed Bond Focused Fund

Notes to the financial statements

(continued)

	2021
Class Z – Income units	
Opening units	469,126
Units issued	7,700
Units redeemed	(491,659)
Net conversions	14,833
Closing units	–

13 RISK MANAGEMENT

The following section in relation to Risk Management covers the period 16 May 2020 to 14 May 2021. In pursuing its investment objectives set out on page 33, the Threadneedle Managed Bond Focused Fund may hold the following financial instruments:

- Funds of the Threadneedle Investment Funds ICVC, Threadneedle Specialist Investment Funds ICVC and Threadneedle (Lux) Funds of which a maximum of 20% of the value of the property of the fund may be invested in any one fund within this range of investment funds;
- Cash, liquid resources and short-term debtors and creditors that arise directly from its operations;
- Unitholders' funds which represent investors monies which are invested on their behalf;
- Borrowing used to finance investment activity;
- Derivative transactions to manage the currency and market risks arising from the fund's investment activities.

The Manager uses a risk management process (RMP)*, as reviewed by the Trustee. Throughout the period under review, it has been the policy of the fund to buy and sell financial instruments for the purpose of investment rather than trading. The main risks arising from the fund's financial instruments are market price, liquidity, credit, interest rate and foreign currency risk. The policies for managing each of these risks are reviewed regularly and agreed with the Trustee of the fund and they are summarised below.

**The RMP available on request from the client services team (contact details on page 56).*

Market price risk

As there are no investments at the balance sheet date, no market price sensitivity analysis has been shown. For 2020, a 5% market increase applied to the equity proportion of the fund would result in an increase on net asset value of the fund by 2.00% and 1.00% interest rate decrease applied to the bond proportion of the fund would result in an increase on this portion of the fund by 6.16%.

The Manager meets regularly to consider the asset allocation of the portfolio in order to minimise the risk associated with particular industry sectors whilst continuing to follow the investment objective. An individual fund manager has responsibility for monitoring the existing portfolio selected in accordance with the overall asset allocation parameters and seeks to ensure that individual stocks also meet the risk reward profile that is acceptable.

The investment guidelines and investment and borrowing powers are set out in the trust deed, the prospectus and in the Financial Conduct Authority's (FCA's) Collective Investment Schemes Sourcebook and describe the nature of the market price risk to which the fund will be exposed.

Market price risk sensitivity

As there are no investments at the balance sheet date, no market price sensitivity analysis has been shown. For 2020, a 5% market increase applied to the equity proportion of the fund would result in an increase on net asset value of the fund by 2.00% and a 1.00% interest rate decrease applied to the bond proportion of the fund would result in an increase on this portion of the fund by 6.16%.

Currency risk

Foreign currency risk is the risk that the value of the funds' investments will fluctuate as a result of changes in foreign currency exchange rates.

The capital values of the fund's underlying investments can be affected by currency translation movements where the assets are denominated in currencies other than sterling, which is the fund's principal currency.

Two principal areas where foreign currency risk could impact the fund are:

- Where movements in rates affect the value of the underlying investments, the fund may hedge the initial investment;
- Where movements in rates affect the revenue received from the underlying investments; the fund does not hedge or otherwise seek to avoid rate movement risk on revenue accrued but not received.

There is no direct foreign currency exposure within the fund at the balance sheet date.

Currency sensitivity

As the fund has no material currency exposure, no sensitivity analysis has been shown (2020: same).

Credit risk/Counterparty risk

Credit risk is the risk that the counterparty in a financial transaction will fail to fulfil their obligation or commitment. The fund is exposed to credit/counterparty risk by virtue of the underlying investments is the collective investment schemes holds and through counterparties it uses to trade the underlying investments or derivative transactions it enters.

Credit risk arises from three main sources. Firstly, the possibility that the issuer of a security will be unable to pay interest and principal in a timely manner. Secondly, for asset backed investments (including Floating Rate Notes) there is the possibility of default of the issuer and default in the underlying assets meaning that the fund may not receive back the full principal originally invested. Thirdly, there is counterparty risk, which is the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the fund has fulfilled its responsibilities, which could result in the fund suffering a loss.

In order to manage credit risk the fund and underlying investments are subject to investment limits for issuers of securities. Issuer credit ratings are evaluated periodically and an approved issuer list is maintained and monitored. In addition the underlying funds only buy and sell investments through brokers which have been approved by the Manager as an acceptable counterparty. Brokers are monitored on an on-going basis for suitability and creditworthiness.

Credit/Counterparty exposure

As at the balance sheet date there is no derivative exposure or collateral to disclose (2020: same).

The fund did not hold any collateral received from the fund's counterparties in either the current or prior year.

Interest rate risk

Interest rate risk is the risk that the value of the funds' investments will fluctuate as a result of changes in interest rates.

The fund may invest in floating rate securities.

Thus any change to the interest rates relevant for particular securities may result in either income increasing or decreasing, or the Manager being unable to secure similar returns on the expiry of contracts or the sale of securities.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held.

In general, if interest rates rise the revenue potential of the fund also rises but the value of fixed rate securities will decline.

A decline in interest rates will in general have the opposite effect.

Duration is a measure of the extent to which this is the case, with a longer duration suggesting higher sensitivity to interest rate moves.

Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates.

Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances (2020: same).

14 FAIR VALUE DISCLOSURE

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

Level 1 – Quoted prices for identical instruments in active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

Level 2 – Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investments schemes.

Threadneedle Managed Bond Focused Fund

Notes to the financial statements

(continued)

Level 3 – Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

	2021		2020	
	Assets	Liabilities	Assets	Liabilities
Valuation technique	£000	£000	£000	£000
Level 1	–	–	278,373	(1,686)
	–	–	278,373	(1,686)

15 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2020: Nil).

16 PORTFOLIO TRANSACTION COSTS

From 16 May 2020 to 9 April 2021, the fund's purchases and sales of collective investment schemes purchases and sales amounted to £58,584,085 (2020: £353,051,584) and £37,838,888 (2020: £386,013,622) respectively. In specie transaction costs and proceeds amounted to £Nil (2020: £Nil) and £318,518,415 (2020: £Nil) respectively.

The purchases and sales are not subject to portfolio transaction costs.

At the balance sheet date, the portfolio dealing spread was Nil (15 May 2020: Nil), being the difference between the respective buying and selling prices for the fund's investments.

17 PRIOR PERIOD RESTATEMENTS

All unit conversions have now been reallocated across the Equalisation on the creation and cancellation of units in the Statement of total return, and the Amounts receivable on the issue of units and Amounts payable on the cancellation of units in the Statement of change in net assets attributable to unitholders. Previously certain types of conversions had been excluded, these have now been reallocated. Comparatives have been restated for presentational purposes, and this has had no impact on either the distributions due to unitholders nor the net assets attributable to unitholders.

The following table summarises the impact of the above on the Fund's Statement of total return and Statement of change in net assets attributable to unitholder for the year ending 15 May 2020:

STATEMENT OF TOTAL RETURN	Previously reported 2020	Adjustments	Restated 2020
	£'000	£'000	£'000
Distributions	(3,084)	(99)	(3,183)
Net impact		(99)	

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	Previously reported 2020	Adjustments	Restated 2020
	£'000	£'000	£'000
Amounts receivable on the issue of units	45,684	(17,370)	28,314
Amounts payable on the cancellation of units	(73,500)	17,469	(56,031)
	(27,816)	99	(27,717)
Change in net assets attributable to unitholders from investment activities (see statement of total return above)	6,642	(99)	6,543
Impact on net assets attributable to unitholders		–	

	Previously reported 2020	Adjustments	Restated 2020
	£'000	£'000	£'000
Note 6 TAXATION			
Distributions treated as tax deductible	270	20	290
Conversion transfer from capital	–	(20)	(20)
Net impact		–	

	Previously reported 2020	Adjustments	Restated 2020
	£'000	£'000	£'000
Note 7 DISTRIBUTIONS			
Revenue deducted on the cancellation of units	458	(143)	315
Deduct: Revenue received on the creation of units	(467)	242	(225)
Net impact		99	
Equalisation on conversion	1	98	99
Tax charge on capital management fee rebates	19	1	20
Net impact		99	

Threadneedle Managed Bond Focused Fund

Statement of Manager's Responsibilities in relation to the Financial Statements of the Scheme

The Collective Investment Schemes (COLL) Sourcebook, as issued (and amended) by the Financial Conduct Authority (FCA) requires the Manager to prepare financial statements for each annual accounting period which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the financial position of the Scheme and of its net revenue and the net capital gains on the property of the Scheme for the period. In preparing the financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice relating to Authorised Funds issued by the Investment Management Association (IMA);
- follow generally accepted accounting principles and applicable accounting standards;
- keep proper accounting records, which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Scheme will continue in operation for the foreseeable future.

The Manager is required to keep proper accounting records and to manage the Scheme in accordance with the Collective Investment Schemes Sourcebook, the Trust Deed and the Prospectus. The Manager is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of the Trustee's Responsibilities in Respect of the Scheme and Report of the Trustee to the Unitholders of the Threadneedle Managed Bond Focused Fund of the Threadneedle Managed Funds ("the Trust") for the Period ended 14 May 2021

The Trustee is responsible for the safekeeping of all property of the Trust which is entrusted to it and ensuring proper registration of tangible moveable property, and for the collection of income arising from all such scheme property.

It is the duty of the Trustee to take reasonable care to ensure that the Trust is managed and operated in accordance with the Financial Conduct Authority' Collective Investment Schemes Sourcebook ("the Sourcebook"), the Financial Services and Markets Act 2000, as amended, and the Trust Deed and the Prospectus of the Trust, concerning: the pricing of and dealing in Trust Units; the application of income of the scheme; and the Trust investment portfolio and borrowing activities.

Having carried out procedures and enquiries considered duly necessary to discharge our responsibilities as Trustee of the scheme, based on information and explanations provided to us, we believe that, in all material respects, the Manager:

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the scheme's units and the application of the scheme's income in accordance with the Sourcebook, the Trust Deed and Prospectus;
(ii) has observed the investment and borrowing powers and restrictions applicable to the scheme; and
(iii) has, otherwise, ensured the proper operation of the Trust.

Citibank Europe plc,
UK Branch
London
19 August 2021

Threadneedle Managed Bond Focused Fund

Independent auditors' report to the Unitholders of Threadneedle Managed Bond Focused Fund

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of Threadneedle Managed Bond Focused Fund (the "Trust"):

- give a true and fair view of the financial position of the Trust as at 14 May 2021 and of the net revenue and the net capital gains on its scheme property for the period from 16 May 2020 to 14 May 2021 ("the period") then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Trust Deed.

We have audited the financial statements, included within the Final Report and Audited Financial Statements (the "Final Report"), which comprise: the Balance Sheet as at 14 May 2021; the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders for the period then ended; the Distribution Tables; and the Notes to the Financial Statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of Matter – Basis of Preparation

In forming our opinion on the financial statements, which is not modified, we draw attention to note 1 (a) to the financial statements which describes the directors' reasons why the financial statements have been prepared on a basis other than going concern.

Reporting on other information

The other information comprises all of the information in the Final Report other than the financial statements and our auditors' report thereon. The Authorised Fund Manager is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Authorised Fund Manager's Report

In our opinion, the information given in the Authorised Fund Manager's Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the Authorised Fund Manager for the financial statements

As explained more fully in the Statement of Manager's Responsibilities in relation to the Financial Statements of the Scheme, the Authorised Fund Manager is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Fund Manager is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Fund Manager is responsible for assessing the Trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Fund Manager either intends to wind up or terminate the Trust, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Trust/industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of the Collective Investment Schemes sourcebook, and we considered the extent to which non-compliance might have a material effect on the financial statements, in particular those parts of the sourcebook which may directly impact on the determination of amounts and disclosures in the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or to increase the net asset value of the Trust. Audit procedures performed included:

- Discussions with the Authorised Fund Manager, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes, including those of the Authorised Fund Manager's board of directors;
- Identifying and testing journal entries, specifically any journals posted as part of the financial period end close process; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Trust's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Opinion on matter required by the Collective Investment Schemes sourcebook

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

Collective Investment Schemes sourcebook exception reporting

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
19 August 2021

Threadneedle Managed Bond Focused Fund

Portfolio Statement

as at 14 May 2021

Holding	Investment	Value £000	% of Net Asset Value
COLLECTIVE INVESTMENT SCHEMES 0.00% (99.96%)			
	UK equity 0.00% (7.60%)		
	UK bond 0.00% (30.41%)		
	Overseas equity 0.00% (23.29%)		
	Overseas bond 0.00% (38.66%)		
	Total collective investment schemes	–	–
DERIVATIVES 0.00% (-0.61%)			
	Forward Foreign Exchange Contracts 0.00% (-0.61%)		
	Total Derivatives	–	–
Total value of investments		–	–
Net other assets (0.65%)		–	–
Net assets		–	–

May 2020 comparatives in brackets.

Threadneedle Managed Bond Fund

Investment Report

Threadneedle Managed Bond Fund was closed on 9 April 2021. The assets and liabilities of the Threadneedle Managed Bond Fund were transferred to a new sub-fund (of the same name) launched in Threadneedle Opportunity Investment Funds ICVC on that date and the Fund ceased trading on that date. Accordingly the Fund is no longer a going concern and this is the Final Report for the period 16 May 2020 to 14 May 2021.

Investment Objective and Policy

The Fund aims to provide income with potential for long term capital growth. It looks to outperform a composite index over rolling 3-year periods, after the deduction of charges. This composite index comprises:

- 56% Bloomberg Barclays Global Aggregate ex GBP (GBP Hedged) Index
- 24% Bloomberg Barclays Sterling Aggregate Index
- 10% MSCI ACWI ex UK Index
- 5% FTSE All-Share Index
- 5% Sterling Overnight Index Average (SONIA)

The Fund is actively managed, and invests at least 80% of its assets in other funds.

The Fund usually invests in other Threadneedle funds, however, funds managed by companies outside the Threadneedle group may also be held, when this is onsidered appropriate. These funds may invest worldwide.

The Fund focuses on investment in funds providing exposure to bonds (including corporate and government bonds), and to a lesser extent, funds investing in equities (company shares).

The balance of the exposure between these different asset types may vary over time, however, equity exposure will usually not exceed 20% of the Fund's value, under normal market conditions.

The Fund may also hold money market instruments, deposits, cash, and near cash.

Derivatives may be used with the aim of reducing risk or managing the Fund more efficiently, and up to 20% of the value of the Fund may be invested in funds that use derivatives for investment purposes.

The composite index is representative of the Fund's investment exposure, and provides a suitably weighted target benchmark of global investment grade bonds (hedged to sterling), investment grade sterling-denominated bonds, global equities (excluding the UK), UK equities, and cash, against which Fund performance can be evaluated over time.

Review

This report covers the period from 16 May 2020 to 14 May 2021. Following on from the closure of the Fund on the 9 April 2021, the Authorised Fund Manager decided to terminate the Fund as all its residual assets and liabilities were settled. The termination of the Fund was completed on 14 May 2021.

Fund Performance

From 16 May 2020 to 9 April 2021, the offer price of Class A units rose by 4.63% from 103.60p to 108.40p.

From 16 May 2020 to 9 April 2021, the offer price of Class B units rose by 4.67% from 107.00p to 112.00p.

The total return on the trust from 30 April 2020 to 31 March 2021, is +3.07%. (Source: Morningstar, bid to bid, income reinvested for a UK basic rate taxpayer). Over the same period the median return of the peer group Morningstar Category GBP Cautious Allocation was +6.59%. (Source: Morningstar, bid to bid, income reinvested for a UK basic rate taxpayer).

As of the 7th May 2020, this fund was measured against a Composite Benchmark (Bloomberg Barclays Global Aggregate ex GBP (Hedged to GBP) Index 56%, Bloomberg Barclays Sterling Aggregate Index 24%, MSCI ACWI ex UK Index 10%, FTSE All Share Index 5%, SONIA 5%) however there is not sufficient history to show 11 months.

Market Overview and Portfolio Activity

The period in review was a turbulent period in terms of both world events and financial-market movements. Following the sharp COVID-19-related declines of March 2020, the period commenced with a continuation of the recovery in equities and industrial commodities that began in prior weeks. In fixed income, yields on core government bonds (which move inversely to price) rebounded from historic lows to finish the review period higher. Credit spreads (the yield premiums over 'risk-free' government bonds) tightened in the investment-grade (IG) and high-yield (HY) markets. In commodities, oil and industrial metals performed well, aided by hopes of increased demand from a recovering global economy. Oil prices also benefited from OPEC-led production cuts.

The unprecedented stimulus measures from central banks and governments helped risk assets rally from May until September. Declining coronavirus caseloads and the resulting easing of lockdown restrictions also boosted markets, while better-than-expected economic data and corporate earnings tended to reinforce the positive sentiment. Despite the 'risk-on' mood, core government bond yields remained low until August, anchored by central-bank asset-purchase programmes and low interest rates.

In September, however, profit-taking in US tech stocks heralded a change of mood, as investors refocused on more worrying elements of the backdrop, including resurgent coronavirus infection rates in many countries and the reimposition of control measures to contain the virus. Meanwhile, political uncertainty also mounted, in relation to the US presidential election and Brexit. The mood turned markedly positive in the last two months of 2020. Investors were encouraged by Joe Biden's triumph in the US election and hopes for further fiscal stimulus. Sentiment was also boosted by landmark results in coronavirus vaccine trials, the subsequent approval of the first vaccines for use in Western democracies and, towards the end of 2020, the last-minute trade agreement between the UK and the EU. These developments pushed up bond yields and sparked a surge in oil prices and stocks in beaten-down sectors that were perceived to be major beneficiaries of a resumption of 'normal' economic activity.

2021 was characterised by a sharp rise in core bond yields on expectations of higher US government spending, after the Democrats took control of the Senate. Yields also rose on expectations that a vaccine-driven recovery in global growth would lead to increased inflation. This and the ensuing debate over whether pricing pressures would prove merely temporary or mark the beginning of a more sustained uptrend prompted some volatility in equity markets, though value-oriented sectors benefited. Corporate-bond markets were less impacted, and credit spreads tightened over the first four months of the period.

Over the 12 months to 14 May, the MSCI All Country World index registered robust gains in local-currency terms, although the outcome in sterling terms was lower as the UK currency strengthened amid optimism about the Brexit deal and the country's successful vaccine rollout. At a sector level, returns were initially led by healthcare, as firms raced to develop tests, vaccines and medications for COVID-19, and technology, as the pandemic accelerated "the digitisation of everything". However, the optimism around vaccines and US fiscal stimulus in November fuelled a subsequent rotation towards economically sensitive sectors such as materials, consumer discretionary, industrials and financials.

At a regional level, US equities were the top performers in local-currency terms, helped by the outperformance of the sizeable technology sector over the first half of the period. However, they marginally underperformed in sterling, due to the pound's rise against the dollar. Emerging markets (EMs) and Asia ex Japan lagged slightly but delivered healthy absolute returns, supported by index heavyweight China – one of the only major economies to report positive GDP growth over 2020. UK equities trailed in local terms held back by earlier jitters about a no-deal Brexit and the market's high exposure to sectors perceived to be vulnerable to COVID-19. However, they outperformed in sterling, aided by the currency's strength. The export-heavy Japanese market lagged, amid concerns over the toll of the pandemic on global growth.

Within fixed income, core bond yields dropped to historic lows in 2020, but ultimately finished the review period higher. Treasuries fared worst, with the 10-year yield increasing sharply over the year. The rise in German bund yields was more muted; this reflected the eurozone's slower vaccine rollout compared to the US and the UK. Both IG and HY bonds posted positive returns; the tightening in spreads outweighed the impact of higher government bond yields. HY outperformed IG; the market is less sensitive to rising interest rates and more likely to benefit from a return to 'normality'.

Activity in the dominant fixed-income portion of the portfolio included reducing the weightings to IG credit and gilts, as well as EM and Asian debt. However, we added to European HY bonds, which we feel offer greater carry than IG, even if spreads remain static. HY bonds also stand to gain from policy support, the ongoing cyclical upswing and improving credit metrics, including dramatically lower default expectations for both this year and next. In government bonds, we added to the UK and global positions later in the period, looking to pick up yield after market weakness. However, we remain cautious towards core fixed income, where value remains limited in our view.

In the equity portfolio, we took profits from the US, UK, European, Japanese and EM exposures after strong early-period gains left valuations increasingly stretched, while COVID-19 and geopolitical issues continued to pose risks. We later increased the Japanese equity allocation. Japan offers high operational leverage to the improving global industrial cycle, while valuations also look reasonable given the strength of corporate earnings forecasts in Japan relative to the rest of the world. In 2021, we also increased our UK equity allocation after a protracted period of underperformance in 2020. The conclusion of a post-Brexit trade deal with the EU and the rapid rollout of coronavirus vaccinations augur well for a swifter economic recovery, while a large amount of pent-up Mergers and Acquisition activity alongside the market's significant cyclical exposure set it up well for the reflationary theme coming through.

Directors' Statement

In accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes (COLL) Sourcebook, we hereby certify the Final Report and Audited Financial Statements on behalf of the Directors of Threadneedle Investment Services Limited.

L Weatherup
Director

R Vincent
Director

19 August 2021

Threadneedle Managed Bond Fund

STATEMENT OF TOTAL RETURN

for the accounting period 16 May 2020 to 14 May 2021

	Notes	16/05/2020 to 14/05/2021 £000	Restated 2020* £000
Income			
Net capital gains	3	9,826	9,325
Revenue	4	3,411	4,230
Expenses	5	(1,722)	(2,148)
Net revenue before taxation		1,689	2,082
Taxation	6	–	(14)
Net revenue after taxation		1,689	2,068
Total return before distributions		11,515	11,393
Distributions	7	(1,773)	(2,096)
Change in net assets attributable to unitholders from investment activities		9,742	9,297

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the accounting period 16 May 2020 to 14 May 2021

	16/05/2020 to 14/05/2021 £000	Restated 2020* £000
Opening net assets attributable to unitholders	242,369	222,708
Amounts receivable on the issue of units	49,344	53,506
Amounts payable on the cancellation of units	(48,337)	(44,888)
Amounts payable on in specie transfers	(254,458)	–
	(253,451)	8,618
Dilution levy	–	(1)
Change in net assets attributable to unitholders from investment activities (see statement of total return above)	9,742	9,297
Retained distribution on accumulation units	1,341	1,747
Transferable to Manager on Termination	(1)	–
Closing net assets attributable to unitholders	–	242,369

*For details on restatement please refer to note 17.

BALANCE SHEET

as at 14 May 2021

	Notes	2021 £000	2020 £000
Assets:			
Fixed assets:			
Investments		–	245,560
Current assets:			
Debtors	8	–	1,020
Cash and bank balances	9	2	2,074
Total assets		2	248,654
Liabilities:			
Investment liabilities		–	(1,667)
Creditors:			
Distribution payable		–	(169)
Other creditors	10	(2)	(4,449)
Total liabilities		(2)	(6,285)
Net assets attributable to unitholders		–	242,369

DISTRIBUTION TABLE

for the accounting period 16 May 2020 to 14 May 2021

Interest distribution in pence per unit

Class A – Accumulation units

Distribution Period	Gross Revenue	Equalisation	Revenue Accumulated 2020/2021	Revenue Accumulated 2019/2020
Group 1				
16/05/20 to 09/04/21	0.5733	–	0.5733	–
16/05/20 to 16/05/21	–	–	–	0.6360
Group 2				
16/05/20 to 09/04/21	0.2700	0.3033	0.5733	–
16/05/20 to 16/05/21	–	–	–	0.6360
Total distributions in the period			**0.5733**	**0.6360**

Class B – Accumulation units

Distribution Period	Gross Revenue	Equalisation	Revenue Accumulated 2020/2021	Revenue Accumulated 2019/2020
Group 1				
16/05/20 to 09/04/21	0.6509	–	0.6509	–
16/05/20 to 16/05/21	–	–	–	0.9182
Group 2				
16/05/20 to 09/04/21	0.5660	0.0849	0.6509	–
16/05/20 to 16/05/21	–	–	–	0.9182
Total distributions in the period			**0.6509**	**0.9182**

Class T – Income units

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2020/2021	Distribution Paid 2019/2020
Group 1				
16/05/20 to 15/11/20	0.6211	–	0.6211	0.5660
16/11/20 to 09/04/21	0.4242	–	0.4242	–
16/11/20 to 16/05/21	–	–	–	0.4049
Group 2				
16/05/20 to 15/11/20	0.5002	0.1209	0.6211	0.5660
16/11/20 to 09/04/21	0.3114	0.1128	0.4242	–
16/11/20 to 09/04/21	–	–	–	0.4049
Total distributions in the period			**1.0453**	**0.9709**

Class Z – Accumulation units

Distribution Period	Gross Revenue	Equalisation	Revenue Accumulated 2020/2021	Revenue Accumulated 2019/2020
Group 1				
16/05/20 to 09/04/21	1.1524	–	1.1524	–
16/05/20 to 16/05/21	–	–	–	1.5579
Group 2				
16/05/20 to 09/04/21	0.7185	0.4339	1.1524	–
16/05/20 to 16/05/21	–	–	–	1.5579
Total distributions in the period			**1.1524**	**1.5579**

Group 2: units purchased during a distribution period.

Threadneedle Managed Bond Fund

Comparative Table Disclosure

	Class A – Accumulation units			Class B – Accumulation units		
	14/05/2021[1]	15/05/2020	15/05/2019	14/05/2021[1]	15/05/2020	15/05/2019
Change in net assets per unit						
Opening net asset value per unit (p)	103.57	98.86	95.85	106.93	101.79	98.45
Return before operating charges (p)	6.01	5.90	4.15	5.98	6.13	4.26
Operating charges (p)	(1.22)	(1.19)	(1.14)	(0.98)	(0.99)	(0.92)
Return after operating charges (p)*	4.79	4.71	3.01	5.00	5.14	3.34
Distributions (p)	(0.57)**	(0.64)	(1.01)	(0.65)**	(0.92)	(1.29)
Retained distributions on accumulation units (p)	0.57**	0.64	1.01	0.65**	0.92	1.29
Redemption value as at 9 April 2021	(108.36)	–	–	(111.93)	–	–
Closing net asset value per unit (p)	–	103.57	98.86	–	106.93	101.79
*after direct transaction costs of (p)	–	–	–	–	–	–
Performance						
Return after charges (%)	4.62	4.76	3.14	4.68	5.05	3.39
Other information						
Closing net asset value (£000)	–	31,764	37,568	–	113,121	95,985
Closing number of units	–	30,667,883	38,003,387	–	105,791,684	94,294,346
Operating charges (%)***	0.99[†]	1.16	1.18	0.94[†]	0.93	0.93
Direct transaction costs (%)	–	–	–	–	–	–
Prices						
Highest unit price (p)	110.97	109.90	102.70	114.61	109.20	101.90
Lowest unit price (p)	103.93	96.46	93.97	107.30	99.55	96.62

	Class T – Income units			Class Z – Accumulation units		
	14/05/2021[1]	15/05/2020	15/05/2019	14/05/2021[1]	15/05/2020	15/05/2019
Change in net assets per unit						
Opening net asset value per unit (p)	118.15	113.47	111.18	129.55	122.91	118.46
Return before operating charges (p)	6.57	6.78	4.78	7.22	7.38	5.14
Operating charges (p)	(0.71)	(1.13)	(1.09)	(0.78)	(0.74)	(0.69)
Return after operating charges (p)*	5.86	5.65	3.69	6.44	6.64	4.45
Distributions (p)	(1.05)**	(0.97)	(1.40)	(1.15)**	(1.56)	(1.98)
Retained distributions on accumulation units (p)	–	–	–	1.15**	1.56	1.98
Redemption value as at 9 April 2021	(122.96)	–	–	(135.99)	–	–
Closing net asset value per unit (p)	–	118.15	113.47	–	129.55	122.91
*after direct transaction costs of (p)	–	–	–	–	–	–
Performance						
Return after charges (%)	4.96	4.98	3.32	4.97	5.40	3.76
Other information						
Closing net asset value (£000)	–	49,232	49,931	–	48,252	39,224
Closing number of units	–	41,670,090	44,005,693	–	37,245,149	31,913,046
Operating charges (%)***	0.64[†]	0.96	0.98	0.64[†]	0.58	0.58
Direct transaction costs (%)	–	–	–	–	–	–
Prices						
Highest unit price (p)	126.25	121.70	114.30	139.14	132.00	123.00
Lowest unit price (p)	118.56	110.40	109.10	130.00	120.60	116.50

**This figure is as at the last distribution on 9 April 2021.

***The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a unit class of a fund based on the financial year's expenses and may vary from year to year. It includes charges such as the fund's annual management charge, registration fee, custody fees and distribution cost but ordinarily excludes the costs of buying or selling assets for the fund (unless these assets are shares of another fund). The Key Investor Information Document (KIID) contains the current OCF. The calculation includes the fund's share of the expenses of the underlying fund less any fee rebates received. The share of the costs of the underlying funds may fluctuate due to changes in investment decisions, which may be required as a result of changes in market conditions. For a more detailed breakdown please visit columbiathreadneedle.com/fees.

[1] *The Fund terminated on 14 May 2021.*

[†] *The Ongoing Charges Figure is annualised based on the fees incurred during the accounting period or since commencement date.*

Threadneedle Managed Bond Fund

Notes to the financial statements

for the accounting period 16 May 2020 to 14 May 2021

1 ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of investments, in compliance with FRS 102 and in accordance with the Statement of Recommended Practice for Authorised Funds (SORP) issued by the Investment Management Association in May 2014.

The financial statements have been prepared on a basis other than going concern. Comparative figures were prepared on a going concern basis. No adjustments were necessary in the trust's financial statements to reduce assets to their realisable values, to provide for liabilities arising from the termination and to reclassify fixed assets and long-term liabilities as current assets and liabilities. All future costs will be borne by the Manager. The fund was closed on 9 April 2021, and assets and liabilities of the Fund were transferred to a new sub-fund (of the same name) launched in Threadneedle Opportunity Investment Funds ICVC via an in-specie. Following this, the Authorised Fund Manager decided to terminate the fund as all its residual assets and liabilities were settled. The termination of the fund was completed on 14 May 2021.

(b) Basis of valuation of investments

There are no listed investments on 14 May 2021.

Previously investments of the fund were valued using the single price at 12 noon (UK time), being the valuation point on the last working day of the accounting period. The single price may have included an adjustment to cover dealing costs in the underlying funds.

(c) Exchange rates

Assets and liabilities expressed in foreign currencies are translated into sterling at the exchange rates ruling at 12 noon (UK time), being the valuation point on the last working day of the accounting period.

Transactions denominated in foreign currency are translated into sterling at the exchange rates ruling at the date of the transaction.

(d) Recognition of revenue

Revenue is included in the Statement of Total Return on the following bases:

Distributions from Collective Investment Schemes (CIS) are recognised when the security is quoted ex-dividend.

Any reported revenue from an offshore fund with UK fund reporting status in excess of any distributions is recognised as revenue after the end of the reporting period not later than the date when the reporting fund makes this information available.

Interest on bank and short-term deposits is recognised on an earned basis.

(e) Treatment of expenses (including management expenses)

All expenses other than those relating to the purchase and sale of investments, are included in expenses, in the Statement of Total Return. Expenses are recognised on an accruals basis and include irrecoverable Value Added Tax (VAT) where appropriate.

(f) Fee rebate

In addition to any direct charge for registration and management fees within the fund, there would occur, in the absence of a rebate mechanism, an indirect charge for registration and management fees in respect of investment in other Threadneedle funds. Any such target funds themselves bear registration and management fees, which reduce the value of those funds from what they otherwise would be. The rebate mechanism operates to ensure that investors in the fund bear only the registration and management fee validly applicable to them.

Depending upon the Manager's treatment of management fees within the underlying funds, where management fees are taken to capital, any rebate is classified as a capital item and does not form part of the amount available for distribution.

(g) Allocation of revenue and expenses to multiple unit classes

The allocation of revenue and expenses to each unit class is based upon the proportion of the fund's capital net assets attributable to each unit class on the day the revenue is earned or the expense is suffered. Annual management charges and registration fees are specific to each unit class.

(h) Deferred tax

Deferred taxation liabilities are provided for in full, and deferred tax assets are recognised to the extent that they are considered recoverable, in respect of all items for which recognition falls in different accounting periods for accounting and taxation purposes.

(i) Equalisation policy

The fund operates equalisation to ensure the level of distributable income for any unit class is not affected by the issue or cancellation of units.

2 DISTRIBUTION POLICIES

Where the revenue from investments exceeds the expenses and taxation a distribution will be made from that unit class. Should expenses and taxation exceed revenue for any unit class, there will be no distribution for that unit class and a transfer from capital will be made to cover the shortfall.

Revenue attributable to accumulation unitholders is retained at the end of each distribution period and represents a reinvestment of revenue.

Where distributions are unclaimed for a period of six years these are brought back into the fund as capital.

When a transfer is made between the revenue and capital of the same unit class marginal tax relief is not taken into account when determining the distribution. Marginal tax relief is only taken into account where the transfer of benefit is between the revenue and capital property of at least two different unit classes of the fund.

Equalisation on distributions received is treated as a repayment of capital and therefore disregarded in determining the revenue available for distribution.

3 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2021 £000	2020 £000
Non-derivative securities	2,004	11,731
Forward currency contracts	8,231	(2,402)
Management fee rebate on collective investment scheme holdings	–	70
Other losses	(409)	(74)
Net capital gains	9,826	9,325

4 REVENUE

	2021 £000	2020 £000
Franked dividend distributions	613	909
Interest distributions	2,798	3,228
Bank interest	–	9
Management fee rebate on collective investment scheme holdings	–	84
Total revenue	3,411	4,230

5 EXPENSES

	2021 £000	2020 £000
Payable to the Manager or associates of the Manager, and the agents of either of them:		
Annual management charge	(1,677)	(2,100)
	(1,677)	(2,100)
Payable to the trustee or associates of the trustee, and the agents of either of them:		
Trustee fees	(28)	(28)
Safe custody fees	(8)	(9)
	(36)	(37)
Other expenses:		
Audit fees*	(9)	(11)
	(9)	(11)
Total expenses**	(1,722)	(2,148)

**The Threadneedle Managed Bond Fund closed on 9 April 2021, consequent to a scheme of arrangement whereby the assets and liabilities of the Fund were transferred to a new Fund (of the same name) launched in Threadneedle Opportunity Investment Funds ICVC. The full 2021 Audit fees of £10,000 (inclusive of VAT) have been time apportioned across the two Funds.*

***Including irrecoverable VAT where applicable.*

Threadneedle Managed Bond Fund

Notes to the financial statements
(continued)

6 TAXATION

	2021 £000	Restated 2020* £000
a) Analysis of charge in period		
Corporation tax	–	(14)
Total current tax (note 6b)	–	(14)
Total tax charge for the period	–	(14)
b) Factors affecting taxation charge for period		
Net revenue before taxation	1,689	2,082
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(338)	(417)
Effects of:		
Revenue not subject to taxation	123	182
Distributions treated as tax deductible*	215	238
Capitalised revenue subject to taxation	–	(14)
Conversion transfer from capital*	–	(3)
Current tax charge for period (note 6a)	–	(14)

**For details on restatement please refer to note 17.*

Interest distributions were made in respect of all distributions during the prior period.

7 DISTRIBUTIONS

The distribution takes account of revenue received on the creation of units and revenue deducted on the cancellation of units and comprises:

	2021 £000	Restated 2020* £000
Interim	255	241
Final	1,513	1,915
	1,768	2,156
Add: Revenue deducted on the cancellation of units*	101	252
Deduct: Revenue received on the creation of units*	(96)	(312)
Net distribution for the period	1,773	2,096
Net revenue after taxation	1,689	2,068
Equalisation on conversion*	–	14
Tax charge on capital management fee rebates	–	14
Undistributed revenue carried forward	84	–
Total distributions	1,773	2,096

**For details on restatement please refer to note 17.*

Details of the distribution per unit are set out in the table on page 45.

8 DEBTORS

	2021 £000	2020 £000
Amounts receivable for the issue of units	–	527
Sales awaiting settlement	–	493
Total debtors	–	1,020

9 CASH AND BANK BALANCES

	2021 £000	2020 £000
Amounts held at futures clearing houses and brokers	–	1,450
Cash and bank balances	2	624
Total cash and bank balances	2	2,074

10 OTHER CREDITORS

	2021 £000	2020 £000
Amounts payable for the cancellation of units	–	(4,174)
Accrued expenses	(1)	(7)
Amounts payable to Manager	(1)	(254)
Corporation tax payable	–	(14)
Total other creditors	(2)	(4,449)

11 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, a related party, acts as principal in respect of all transactions of units in the fund. The aggregated monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Unitholders. The amount due to or from Threadneedle Investment Services Limited in respect of unit transactions at the end of the accounting period are disclosed in Notes 8 and 10.

Amounts payable to Threadneedle Investment Services Limited in respect of fund administration and registrar services are disclosed in Note 10. A balance of £Nil (2020: £254,486), in respect of annual management service charge and £Nil (2020: £Nil), in respect of registration fees are payable at the end of the accounting period.

Amounts payable to Citibank Europe plc, a related party, in respect of trustee services and safe custody charges are disclosed in Note 10. A balance of £750 (2020: £3,605), in respect of trustee services and £229 (2020: £1,066), in respect of safe custody is due at the end of the accounting period.

The fund receives and pays interest on deposits held with Citibank Europe plc as disclosed in Note 4. A balance of £Nil (2020: £9), was receivable at the end of the accounting period. Cash and bank balances at the end of the accounting period are disclosed in the Balance Sheet.

The fund invests in a number of funds managed by Columbia Threadneedle, all transactions in respect of which are transacted with Threadneedle Investment Services Limited. Details of the gains and losses in the period are disclosed in Note 3. Details of revenue received from the funds are shown in Note 4 and amounts receivable at the end of the accounting period in Note 8.

The Manager, or associate of the Manager acted as principal in all investment transactions.

12 UNITHOLDER FUNDS

There are no unitholders left in the fund. Prior to the closure the fund had four unit classes; Class A, Class B, Class T and Class Z units. The charges on each unit class are as follows:

Annual management charge

Class A units	0.90%
Class B units	0.85%
Class T units	0.55%
Class Z units	0.55%

The net asset value of each unit class, the net asset value per unit, and the number of units in each class are given in the comparative tables on page 46. The distribution per unit class is given in the distribution table on page 45.

All classes have the same rights on winding up.

Reconciliation of units

	2021
Class A – Accumulation units	
Opening units	30,667,883
Units issued	317,859
Units redeemed	(30,879,265)
Net conversions	(106,477)
Closing units	–
Class B – Accumulation units	
Opening units	105,791,684
Units issued	19,080,368
Units redeemed	(124,872,052)
Net conversions	–
Closing units	–
Class T – Income units	
Opening units	41,670,090
Units issued	670,710
Units redeemed	(42,335,234)
Net conversions	(5,566)
Closing units	–
Class Z – Accumulation units	
Opening units	37,245,149
Units issued	11,845,287
Units redeemed	(49,180,404)
Net conversions	89,968
Closing units	–

Threadneedle Managed Bond Fund

Notes to the financial statements

(continued)

13 RISK MANAGEMENT

The following section in relation to Risk Management covers the period 16 May 2020 to 14 May 2021. In pursuing its investment objectives set out on page 44, the Threadneedle Managed Bond Fund may hold the following financial instruments:

- Funds of the Threadneedle Investment Funds ICVC, Threadneedle Specialist Investment Funds ICVC and Threadneedle (Lux) Funds of which a maximum of 20% of the value of the property of the fund may be invested in any one fund within this range of investment funds;
- Cash, liquid resources and short-term debtors and creditors that arise directly from its operations;
- Unitholders' funds which represent investors monies which are invested on their behalf;
- Borrowing used to finance investment activity;
- Derivative transactions to manage the currency and market risks arising from the fund's investment activities.

The Manager uses a risk management process (RMP)*, as reviewed by the Trustee. Throughout the period under review, it has been the policy of the fund to buy and sell financial instruments for the purpose of investment rather than trading. The main risks arising from the fund's financial instruments are market price, liquidity, credit, interest rate and foreign currency risk. The policies for managing each of these risks are reviewed regularly and agreed with the Trustee of the fund and they are summarised below.

**The RMP available on request from the client services team (contact details on page 56).*

Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the fund might suffer through holding market positions in the face of price movements. The value of the investment can fall as well as rise and investors might not recover the amount invested, especially if investments are not held for the long term. The fund is exposed to market risk by virtue of their Investments in Collective Investment Schemes.

The Manager meets regularly to consider the asset allocation of the portfolio in order to minimise the risk associated with particular industry sectors whilst continuing to follow the investment objective. An individual fund manager has responsibility for monitoring the existing portfolio selected in accordance with the overall asset allocation parameters and seeks to ensure that individual stocks also meet the risk reward profile that is acceptable.

The investment guidelines and investment and borrowing powers are set out in the trust deed, the prospectus and in the Financial Conduct Authority's (FCA's) Collective Investment Schemes Sourcebook and describe the nature of the market price risk to which the fund will be exposed.

Market price risk sensitivity

As there are no investments at the balance sheet date, no market price sensitivity analysis has been shown. For 2020, a 5% market increase applied to the equity proportion of the fund would result in an increase on net asset value of the fund by 1.50% and a 1.00% interest rate decrease applied to the bond proportion of the fund would result in an increase on this portion of the fund by 7.40%.

Currency risk

Foreign currency risk is the risk that the value of the funds' investments will fluctuate as a result of changes in foreign currency exchange rates.

The capital values of the fund's underlying investments can be affected by currency translation movements where the assets are denominated in currencies other than sterling, which is the fund's principal currency.

Two principal areas where foreign currency risk could impact the fund are:

- Where movements in rates affect the value of the underlying investments, the fund may hedge the initial investment;
- Where movements in rates affect the revenue received from the underlying investments; the fund does not hedge or otherwise seek to avoid rate movement risk on revenue accrued but not received.

There is no direct foreign currency exposure within the fund at the balance sheet date.

Currency sensitivity

As the fund has no material currency exposure, no sensitivity analysis has been shown (2020: same).

Credit risk/Counterparty risk

Credit risk is the risk that the counterparty in a financial transaction will fail to fulfil their obligation or commitment. The fund is exposed to credit/counterparty risk by virtue of the underlying investments is the collective investment schemes holds and through counterparties it uses to trade the underlying investments or derivative transactions it enters.

Credit risk arises from three main sources. Firstly, the possibility that the issuer of a security will be unable to pay interest and principal in a timely manner. Secondly, for asset backed investments (including Floating Rate Notes) there is the possibility of default of the issuer and default in the underlying assets meaning that the fund may not receive back the full principal originally invested. Thirdly, there is counterparty risk, which is the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the fund has fulfilled its responsibilities, which could result in the fund suffering a loss.

In order to manage credit risk the fund and underlying investments are subject to investment limits for issuers of securities. Issuer credit ratings are evaluated periodically and an approved issuer list is maintained and monitored. In addition the underlying funds only buy and sell investments through brokers which have been approved by the Manager as an acceptable counterparty. Brokers are monitored on an on-going basis for suitability and creditworthiness.

Credit/Counterparty exposure

As at the balance sheet date there is no derivative exposure or collateral to disclose.

2020	**Collateral Pledged**
Counterparty	**£000**
HSBC	1,450

The fund did not hold any collateral received from the fund's counterparties in either the current or prior year.

Positive exposure represents the fund's exposure to that counterparty and not the fund's holdings with that counterparty.

Interest rate risk

Interest rate risk is the risk that the value of the funds' investments will fluctuate as a result of changes in interest rates.

The fund may invest in floating rate securities.

Thus any change to the interest rates relevant for particular securities may result in either income increasing or decreasing, or the Manager being unable to secure similar returns on the expiry of contracts or the sale of securities.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held.

In general, if interest rates rise the revenue potential of the fund also rises but the value of fixed rate securities will decline.

A decline in interest rates will in general have the opposite effect.

Duration is a measure of the extent to which this is the case, with a longer duration suggesting higher sensitivity to interest rate moves.

Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates.

Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances (2020: same).

Derivative risks

Derivatives including forward foreign exchange contracts are employed when they are the cheapest and most efficient method of gaining exposure. This increases the risk profile of the fund and may result in a higher degree of volatility. All open positions are regularly reviewed by the fund manager. The fund has entered into various forward foreign exchange contracts during this accounting period. Such contracts commit the fund to future deliveries or receipts, typically three months forward, of assets and liabilities, at prices decided at the point of striking the contract. They therefore allow the fund manager to limit risk, or to enhance fund performance in return for the acceptance of greater risk.

At 14 May 2021, the fund had outstanding forward foreign exchange contracts with an asset value of £Nil (2020: £Nil) and a liability value of £Nil (2020: £1,667,000).

14 FAIR VALUE DISCLOSURE

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

Level 1 – Quoted prices for identical instruments in active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

Threadneedle Managed Bond Fund

Notes to the financial statements

(continued)

Level 2 – Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investments schemes.

Level 3 – Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

	2021		2020	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Valuation technique	**£000**	**£000**	**£000**	**£000**
Level 2	–	–	245,560	(1,667)
	–	–	245,560	(1,667)

15 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2020: Nil).

16 PORTFOLIO TRANSACTION COSTS

From 16 May 2020 to 9 April 2021, the fund's purchases and sales of collective investment schemes purchases and sales amounted to £41,021,487 (2020: £294,261,104) and £43,112,837 (2020: £285,904,532) respectively. In specie transaction costs and proceeds amounted to £248,883,419 (2020: £Nil) and £248,883,419 (2020: £Nil) respectively.

The purchases and sales are not subject to portfolio transaction costs.

At the balance sheet date, the portfolio dealing spread was Nil (15 May 2020: Nil), being the difference between the respective buying and selling prices for the fund's investments.

17 PRIOR PERIOD RESTATEMENTS

All unit conversions have now been reallocated across the Equalisation on the creation and cancellation of units in the Statement of total return, and the Amounts receivable on the issue of units and Amounts payable on the cancellation of units in the Statement of change in net assets attributable to unitholders. Previously certain types of conversions had been excluded, these have now been reallocated. Comparatives have been restated for presentational purposes, and this has had no impact on either the distributions due to unitholders nor the net assets attributable to unitholders.

The following table summarises the impact of the above on the Fund's Statement of total return and Statement of change in net assets attributable to unitholder for the year ending 15 May 2020:

STATEMENT OF TOTAL RETURN	**Previously reported 2020**	**Adjustments**	**Restated 2020**
	£'000	**£'000**	**£'000**
Distributions	(2,082)	(14)	(2,096)
Net impact		(14)	

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	**Previously reported 2020**	**Adjustments**	**Restated 2020**
	£'000	**£'000**	**£'000**
Amounts receivable on the issue of units	55,998	(2,492)	53,506
Amounts payable on the cancellation of units	(47,394)	2,506	(44,888)
	8,604	14	8,618
Change in net assets attributable to unitholders from investment activities (see statement of total return above)	9,311	(14)	9,297
Impact on net assets attributable to unitholders		–	

	Previously reported 2020	**Adjustments**	**Restated 2020**
	£'000	**£'000**	**£'000**
Note 6 TAXATION			
Distributions treated as tax deductible	235	3	238
Conversion transfer from capital	–	(3)	(3)
Net impact		–	

	Previously reported 2020	**Adjustments**	**Restated 2020**
	£'000	**£'000**	**£'000**
Note 7 DISTRIBUTIONS			
Add: Revenue deducted on the cancellation of units	268	(16)	252
Deduct: Revenue received on the creation of units	(342)	30	(312)
Net impact		14	
Equalisation on conversion	–	14	14

Threadneedle Managed Bond Fund

Statement of Manager's Responsibilities in relation to the Financial Statements of the Scheme

The Collective Investment Schemes (COLL) Sourcebook, as issued (and amended) by the Financial Conduct Authority (FCA) requires the Manager to prepare financial statements for each annual accounting period which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the financial position of the Scheme and of its net revenue and the net capital gains on the property of the Scheme for the period. In preparing the financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice relating to Authorised Funds issued by the Investment Management Association (IMA);
- follow generally accepted accounting principles and applicable accounting standards;
- keep proper accounting records, which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Scheme will continue in operation for the foreseeable future.

The Manager is required to keep proper accounting records and to manage the Scheme in accordance with the Collective Investment Schemes Sourcebook, the Trust Deed and the Prospectus. The Manager is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of the Trustee's Responsibilities in Respect of the Scheme and Report of the Trustee to the Unitholders of the Threadneedle Managed Bond Fund of the Threadneedle Managed Funds ("the Trust") for the Period ended 14 May 2021

The Trustee is responsible for the safekeeping of all property of the Trust which is entrusted to it and ensuring proper registration of tangible moveable property, and for the collection of income arising from all such scheme property.

It is the duty of the Trustee to take reasonable care to ensure that the Trust is managed and operated in accordance with the Financial Conduct Authority' Collective Investment Schemes Sourcebook ("the Sourcebook"), the Financial Services and Markets Act 2000, as amended, and the Trust Deed and the Prospectus of the Trust, concerning: the pricing of and dealing in Trust Units; the application of income of the scheme; and the Trust investment portfolio and borrowing activities.

Having carried out procedures and enquiries considered duly necessary to discharge our responsibilities as Trustee of the scheme, based on information and explanations provided to us, we believe that, in all material respects, the Manager:

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the scheme's units and the application of the scheme's income in accordance with the Sourcebook, the Trust Deed and Prospectus;
(ii) has observed the investment and borrowing powers and restrictions applicable to the scheme; and
(iii) has, otherwise, ensured the proper operation of the Trust.

Citibank Europe plc,
UK Branch
London
19 August 2021

Threadneedle Managed Bond Fund

Independent auditors' report to the Unitholders of Threadneedle Managed Bond Fund

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of Threadneedle Managed Bond Fund (the "Trust"):

- give a true and fair view of the financial position of the Trust as at 14 May 2021 and of the net revenue and the net capital gains on its scheme property for the period from 16 May 2020 to 14 May 2021 ("the period") then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Trust Deed.

We have audited the financial statements, included within the Final Report and Audited Financial Statements (the "Final Report"), which comprise: the Balance Sheet as at 14 May 2021; the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders for the period then ended; the Distribution Tables; and the Notes to the Financial Statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of Matter – Basis of Preparation

In forming our opinion on the financial statements, which is not modified, we draw attention to note 1 (a) to the financial statements which describes the directors' reasons why the financial statements have been prepared on a basis other than going concern.

Reporting on other information

The other information comprises all of the information in the Final Report other than the financial statements and our auditors' report thereon. The Authorised Fund Manager is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Authorised Fund Manager's Report

In our opinion, the information given in the Authorised Fund Manager's Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the Authorised Fund Manager for the financial statements

As explained more fully in the Statement of Manager's Responsibilities in relation to the Financial Statements of the Scheme, the Authorised Fund Manager is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Fund Manager is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Fund Manager is responsible for assessing the Trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Fund Manager either intends to wind up or terminate the Trust, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Trust/industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of the Collective Investment Schemes sourcebook, and we considered the extent to which non-compliance might have a material effect on the financial statements, in particular those parts of the sourcebook which may directly impact on the determination of amounts and disclosures in the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or to increase the net asset value of the Trust. Audit procedures performed included:

- Discussions with the Authorised Fund Manager, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes, including those of the Authorised Fund Manager's board of directors;
- Identifying and testing journal entries, specifically any journals posted as part of the financial period end close process; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Trust's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Opinion on matter required by the Collective Investment Schemes sourcebook

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

Collective Investment Schemes sourcebook exception reporting

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
19 August 2021

Threadneedle Managed Bond Fund

Portfolio Statement

as at 14 May 2021

Holding	Investment	Value £000	% of Net Asset Value
COLLECTIVE INVESTMENT SCHEMES 0.00% (101.32%)			
	UK equity 0.00% (5.31%)		
	UK bond 0.00% (35.60%)		
	Overseas equity 0.00% (13.25%)		
	Overseas bond 0.00% (47.16%)		
	Total collective investment schemes	–	–
DERIVATIVES 0.00% (-0.69%)			
	Forward Foreign Exchange Contracts 0.00% (-0.69%)		
	Total Derivatives	–	–
Total value of investments		–	–
Net other liabilities (-0.63%)		–	–
Net assets		–	–

May 2020 comparatives in brackets.

Important Information

General
Each fund is an authorised fund that has been set up in accordance with the rules contained in the Financial Conduct Authority's (FCA) Collective Investment Schemes sourcebook (COLL) and operates under Chapter 5 of the COLL Rules. Until 31 December 2020, the funds were certified by the FCA as eligible to enjoy the rights conferred by the Undertakings for Collective Investment in Transferable Securities Directive (2009/65/EC) (the "UCITS Directive").

The prospectus, which describes each of the funds in the Threadneedle Managed Funds range in detail, is available on request from Threadneedle Investment Services Limited, the Authorised Unit Trust Manager (Manager).

Changes to the Prospectus
During the period from 16 May 2020 to 14 May 2021, the following changes were made to the prospectus of the funds:

- Amendments required as a result of changes to UK law, rules and regulations affecting collective investment schemes following the UK's exit from the European Union.
- Update to the list of directors of the Manager.
- Updates to Appendix III (Eligible Securities Markets and Eligible Derivatives Markets).
- Updates to Appendix IV (Performance of the Fund).
- Updates to Appendix VI (Delegates of the Depositary).
- Effective 9 April 2021 change of name of the Funds to include (in wind-up).

Changes to the Trust Deed
During the period from 16 May 2020 to 14 May 2021 the Trust Deeds were amended to reflect the change of name of the funds to include (in wind-up).

Changes to the directors of the Manager
The following changes have been made to the directors of the Manager:

- Resignation of P Stone on 15 June 2020.

Brexit
The UK's departure from the European Union (EU) single market became effective from 1 January 2021 with the end of the Brexit transition period and the post-Brexit trade deal between the UK and EU taking effect at 11pm on 31 December 2020.

As a result of the UK leaving the EU, UK funds managed by a UK manager such as the funds will no longer qualify as EEA UCITS Schemes under the UCITS Directive and can therefore no longer benefit from the passporting rights under the EEA UCITS regime. Under the UCITS Directive, both the collective investment funds and their managers must be established and registered or authorised in the EU in order to be able to market funds to retail and professional investors across the EU.

The funds, authorised as UK UCITS Schemes, still follow all the same rules and regulations as EEA UCITS Schemes, but they can no longer be marketed in the EEA States using a UCITS passport.

COVID-19
The coronavirus disease 2019 (COVID-19) public health crisis has become a pandemic that has resulted in, and may continue to result in, significant global economic and societal disruption and market volatility due to disruptions in market access, resource availability, facilities operations, imposition of tariffs, export controls and supply chain disruption, among others. Such disruptions may be caused, or exacerbated by, quarantines and travel restrictions, workforce displacement and loss in human and other resources. The uncertainty surrounding the magnitude, duration, reach, costs and effects of the global pandemic, as well as actions that have been or could be taken by governmental authorities or other third parties, present unknowns that are yet to unfold. The impacts, as well as the uncertainty over impacts to come, of COVID-19 – and any other infectious illness outbreaks, epidemics and pandemics that may arise in the future – could negatively affect global economies and markets in ways that cannot necessarily be foreseen. In addition, the impact of infectious illness outbreaks and epidemics in emerging market countries may be greater due to generally less established healthcare systems, governments and financial markets. Public health crises caused by the COVID-19 outbreak may exacerbate other pre-existing political, social and economic risks in certain countries or globally. The disruptions caused by COVID-19 could prevent the fund from executing advantageous investment decisions in a timely manner and negatively impact the fund's ability to achieve their investment objectives.

Value Assessment Report
As required by the FCA we have carried out an annual Value Assessment Report and this report is available on our website as follows:

https://www.columbiathreadneedle.co.uk/en/value-assessmentreport? it=Private

https://www.columbiathreadneedle.co.uk/en/value-assessmentreport? it=Intermediary

https://www.columbiathreadneedle.co.uk/en/value-assessment-report?it=Institutional

Charges and Prices
For the funds, two unit prices are quoted, the 'offer' price at which you buy units and the 'bid' price at which you sell them back to us. The difference between these two prices includes the initial charge and is called the bid/ offer spread.

The fees and expenses of the Manager, Trustee, Registrar, Auditor and the FCA authorisation fee are payable by the funds.

Income Equalisation
Since each fund operates equalisation, the first allocation made after the acquisition of units will include an amount of equalisation. This amount represents the Manager's best estimate of the income included in the price at which the units were acquired (subject to grouping where appropriate) and represents a capital repayment for UK tax purposes which should be deducted from the cost of units in arriving at any capital gain realised on their subsequent disposal.

Individual Savings Accounts
Throughout the accounting period the fund has satisfied the requirements of the Individual Savings Account Regulations 1998 (as amended).

It is the Manager's intention that the fund will be managed in such a way as to continue to meet this requirement.

Foreign Account Tax Compliance Act (FATCA)
Threadneedle and its funds (Threadneedle) have registered with the US Internal Revenue Service in accordance with FATCA and other current related legislation. Threadneedle has put in place appropriate processes and procedures to maintain its compliance with the statutory requirements, including ensuring that Threadneedle obtain the required certification from its clients and investors as necessary to mitigate any requirement upon Threadneedle to withhold or report such clients under the legislation. This registration and compliance process will ensure that Threadneedle will not suffer withholding tax under FATCA.

Common Reporting Standard (CRS)
The Common Reporting Standard ('CRS') has come into effect in stages, starting from 1 January 2016, was developed by the Organisation for Economic Co-operation and Development ('OECD'). The CRS has been adopted in the UK by The International Tax Compliance Regulations 2015, and may require Threadneedle funds to report account holder information to HMRC about their shareholdings. HMRC will in turn pass this information onto the competent authorities with which it has an agreement.

Investor Reports
Annual long-form reports and financial statements of the Funds will be made available and published within four months of the close of each annual accounting period and half-yearly long report and financial statements will be published within two months of the close of each interim accounting period.

The annual accounting period for the Funds ends on 15 May and the interim reporting period ends on 15 November.

The reports will provide information on the performance of the funds, the market background, and details of each of the portfolios.

Remuneration Disclosures
This disclosure is made in respect of the remuneration policy of Threadneedle Asset Management Sárl ("TAM Sárl" or "the Group"), as it applies to Threadneedle Investments Services Limited ("the Manager") in respect of the Undertakings for Collective Investment in Transferable Securities ("UCITS") Directive and other applicable rules and guidance. The Remuneration Policy applies to all its subsidiary entities to which the UCITS

Important Information

(continued)

directives requirements apply, and was last approved by the Remuneration Committee in June 2018.

1. The Remuneration Committee

The Remuneration Committee of TAM Sárl is a sub-committee of the TAM Sárl Board with the responsibility to establish the philosophy and objectives that will govern the Group's compensation and benefit programmes; review and approve compensation and benefit plans, policies, and practices; and oversee and approve the Group's remuneration. It has been determined to be independent of the day-to-day executive management of the Group, its Members being Directors of the Group who are nominated by Ameriprise Financial, and the Group's parent company.

Current Committee Members are Mr Walter Berman, and Mr Ted Truscott. Meetings are normally held in January, March, June, September and December. The Group's Global Head, Reward acts as Secretary to the Committee. The Committee may invite the attendance of any Group employee or functional expert from the parent company as deemed appropriate, to allow it to fulfil its responsibilities including ensuring remuneration is consistent with effective risk management and does not encourage excessive risk taking.

2. Determining Incentive Remuneration Pools

The Manager made its annual Total Incentive Award decisions from separate pools covering the Property business, Distribution unit, Investments business and Support functions, ultimately aggregated for governance and oversight at the EMEA regional level. Those pools are determined at the final discretion of the Remuneration Committee with reference to four un-weighted factors being a 'Top-Down' assessment of market practice, legal and regulatory requirements and any other internal or external contextual factors; a 'Bottom-Up' calculation based on business performance against Plan and Target Incentive level for the firm (see 'Pay for Performance' below); the overall financial and strategic performance of the Group; and the financial and strategic performance of Ameriprise Financial as the Group's parent company and shareholder. The Committee also receives ongoing reports through the year from the Risk function regarding risk assessments and any themes or areas of note related to risk control or risk-related behavioural concerns.

The Committee takes all of these factors into account in order to make a balanced decision on the Total Incentive pool for the year in question.

3. Determining Individual Total Incentive Awards

Individual reward decisions are wholly discretionary, although strongly informed by the annual performance appraisal and by known market remuneration levels for equivalent jobs as well as by the pool funding available. Risk and Compliance provide a critical input to final performance rating setting, ensuring that any risk and relevant behavioural concerns are reflected in performance appraisals and subsequently in remuneration recommendations. The leads in Risk and Compliance also report directly to the Remuneration Committee of the award process to ensure that the Committee receives a direct report on which to base its final risk adjustment decisions.

Base salaries are maintained at a market-competitive level in order to ensure that, if required, it is possible to award zero incentive.

Pay for Performance

The bottom-up element of the incentive pool determination process measures team and wider business performance against key business targets for each area of the Group, including longer-term investment performance for the Investments and Property divisions and a mix of gross and net sales for Distribution. Investment performance is assessed against each fund's benchmarks and its risk profile. All such assessments' impacts on the bottom-up calculation are capped so as not to incentivise managers to take excessive risk in order to deliver higher incentive pools. While the Group and parent company financial and strategic results are important factors in pool determination, the model is set up to ensure that delivery of the business' core goals, including delivering investment performance to its customers, is an explicit and significant driver in pool determination for those divisions.

Individual discretionary awards from the available funding, in context of market-competitive reward levels for the job in question, are driven strongly by each individual's ratings against Goals (objectives) and the Group's Values, each of which is separately rated on a 5-point scale to ensure the Values assessment is given due prominence. Goals focus on the key deliverables for the role that year, in particular on the delivery of investment performance for Investments employees and for the Property division: all employees are also managed against a mandatory Risk Management Goal. Investment performance, where relevant to the role, is assessed against each fund's benchmark and its risk profile.

Ratings are consistency-checked across the business with the input of the Heads of Risk and Compliance to ensure balance and due reflection of risk management. For Sales, Property and Investment incentives there is no pre-determined grid or formula driving awards, which are discretionary in order to be able to account for and reflect all relevant factors.

Delivery of Total Incentives

Threadneedle believes that deferred awards for higher earners and risk-takers are a matter of good practice and an important part of aligning key staff's interests with the long-term interests of customers and shareholders. To that end, Total Incentive awards for all employees in the Group may be delivered partly in deferred awards through the Ameriprise Financial Long-Term Incentive Award ("LTIA") programme and, for Code Staff and those in the Investments division, through a fund deferral programme. Deferrals, and delivery of awards in instruments, will comply with relevant regulatory requirements in force from time to time.

Staff qualifying as Code Staff/Identified employees and those of a comparable level of seniority are subject to a higher rate of deferral. 50% of the overall incentive award is delivered in fund-linked units subject to a holding period after delivery. The fund linked units are designed to reflect the performance of a cross section of products and asset classes within the region.

4. Identified Staff

The Manager defines its' Code Staff/Identified Staff in line with the definitions provided by SYSC 19E and associated guidance. Those Identified Staff are the senior management, individuals with a material impact on the risk profile of UCITS, individuals within control functions and other employees whose total remuneration takes them in to the same bracket as senior management and risk takers, whose professional activities have a material impact on the risk profiles of the Manager or of the funds it manages. In practice, this will include the named Fund Managers of the Manager's funds.

5. Remuneration Payment Disclosure

Total remuneration paid by the Management Company to 14 UCITS V Remuneration Code Staff Senior Managers in respect of its UCITS activities in the 2020 performance year was £1.10m, of which £0.48m was fixed and £0.62m was variable. Total remuneration paid to other members of the UCITS Remuneration Code Staff whose actions had a material impact on the risk profile of the Manager was £6.79m, of which £2.87m was fixed and £3.92m was variable. Total Remuneration paid to delegated managers of UCITS regulated funds was £0.40m, of which £0.08m was fixed and £0.32m was variable.

Directory

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J Griffiths (Appointed to the Board on 24 September 2019)
A Roughead (non-executive)
R Vincent (Appointed to the Board on 12 August 2019)
L Weatherup

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**Calls will be recorded.*

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