

Enhanced Commodities

Portfolio Manager David Donora, Threadneedle Asset Management Limited

Portfolio Overview

Fund Aim: Seeks to achieve capital appreciation which is directly and indirectly linked to commodity markets. The portfolio aims to generate returns in excess of the benchmark index over the long-term through investment in commodities on a global basis. The portfolio will be an actively managed portfolio utilising asset allocation between individual commodities markets and the optimisation of commodity term structures to drive performance. This will be achieved by investing in swaps that provide the returns of single commodity indices.

General Information

Base Currency	US Dollar
Portfolio Size (in Millions)	\$85.60
Index	DJ UBS Commodities Index
Inception Date (Class AU)	June, 2010
Inception Date (Class AEH)	June, 2010
Available Share Classes	AU, AEH, AGH, DU, DEH, IU, IEH, IGH, IFH
ISIN Code (Class AU)	LU0515768298
ISIN Code (Class AEH)	LU0515768454
Bloomberg Ticker (Class AU)	THECUAU
Annual Management Fee (AU)	1.75%
Annual Management Fee (AEH)	1.75%

Current Strategy

Commodity markets ended 2010 on a very strong note, pulled higher by softs, grains and metal. The energy complex continued to lag the wider market.

With economic conditions strengthening, the environment for metals, and copper in particular, continues to grow stronger. We have maintained our overweight in the base metals complex, privileging copper, lead and nickel. These are metals with either severe supply constraints or where we believe new capacity addition has been priced too aggressively by the market. Against these metals, we are underweight aluminium and zinc. Elsewhere, we maintained our overweight in sugar, while still convinced that the backwardation seen at the front end of the curve will subside into the first quarter. We maintained a short structure bias in energy. This was rewarded by the end of the month when the crude oil curve weakened dramatically. We remain of the view that WTI contango is set to widen again with the onset of refinery maintenance in the first quarter and have maintained our positioning further out on the curve into the New Year.

Performance

Class AU Class AEH Index

No performance data shown for funds less than 12 months old.

Portfolio Return¹ (Class AU) (%)

No performance data shown for funds less than 12 months old.

Annualised Return¹ (Class AU) (%)

No performance data shown for funds less than 12 months old.

Calendar Return¹ (Class AU) (%)

No performance data shown for funds less than 12 months old.







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Portfolio Statistics²

Alpha	N/A
Beta	N/A
R ²	N/A
Maximum Drawdown	N/A
Standard Deviation	N/A
Sharpe Ratio	N/A
Information Ratio	N/A
Tracking Error	N/A
Sortino Ratio	N/A

Sector Weightings

Grains	26.42%	
Energy	23.39%	
Base Metals	20.22%	
Precious Metals	13.77%	
Softs	10.61%	
Livestocks	5.58%	

¹ Total performance is historical and is not a guarantee of future results. The price of mutual fund shares may go up or down. Performance is net of assumed fees and expenses (but does not reflect a sales charge maximum of 2.00%). Base Currency - US dollar. Performance statistics are annualised and based on three years' monthly data. General information refers to base currency unless otherwise stated.

² Risk analysis measured against Index will be available 3 years after fund launch.

Stated Fund Aim in Portfolio overview are objectives only. There is no guarantee that the Portfolio will achieve its objectives. Adverse market conditions may cause the Portfolio to experience negative performance. This material is for informational purposes only and is not to be considered as an offer or solicitation to buy or sell securities.

For more information on Threadneedle's SICAV funds please visit our website at threadneedle.com/lux

Source performance: Copyright © 2010 Morningstar UK Limited, assumes income is reinvested for a non-UK taxpayer in fund currency, bid to bid (which means performance does not include the effect of any initial charge). Source other: Threadneedle. All performance and information is quoted in retail share class.