Threadneedle Pan European Focus Fund

Interim Short Report 31 October 2018

Fund Manager’s Report

Frederic Jeanmaire

**Performance of Class 1 – Accumulation shares**

Over the six months to 31 October 2018, the published share price of Class 1 – Accumulation shares in the Threadneedle Pan European Focus Fund has fallen from 253.81p to 248.61p in sterling terms and from 2.8900 to 2.7991 Euros.

For comparison, using noon prices, the sterling performance of the Class 1 share class was -2.05% and -1.77% for the Class 2 share class compared to a return of -4.22% for the Morningstar Pan European Focus Fund. For a more detailed breakdown please visit columbiathreadneedle.com/fees.

For information purposes, using global close prices, the total return of the MSCI Europe Index was -3.29%.

**Market Overview and Portfolio Activity**

The eurozone’s economic backdrop continued to be supportive and the composite purchasing managers’ index (PMI) remained firmly in expansionary territory. Initial estimates for the third quarter indicated that annual eurozone GDP growth was slightly lower than expected at 1.7%, partly due to economic stagnation in Italy. Monetary policy in the region remained accommodative and the ECB’s stimulus programme is to be wound up at the year-end, if inflationary conditions permit. In the UK, interest rates edged upwards; the economic outlook is clouded by Brexit-related uncertainties and there were concerns that the UK may leave the EU without securing a deal.

Markets were unsettled when the US exchanged protectionist threats with its major trading partners, and imposed tariffs on a range of imports from China and the EU. Having appeared to soften his stance towards the EU on additional trade tariffs, President Trump’s rhetoric hardened once more. Merger and acquisition activity gathered pace, especially in media and finance, while energy stocks were bolstered by strength in oil prices.

Italy’s new populist government unnerved investors by targeting a larger-than-expected budget deficit for 2019, against the wishes of the European Commission. Investors were also unsettled by news that Angela Merkel, Germany’s long-serving chancellor, intends to retire in 2021. Spanish politics were eventful too; Prime Minister Rajoy lost a vote of confidence, and was succeeded by Pedro Sanchez, leader of the socialist PSOE party. In Sweden, a general election saw gains for the anti-immigration party Sweden Democrats, mirroring the rise of populist parties in other countries. However, these gains were less than many had feared, and did not provide a major disruption to the Swedish political landscape. In Turkey, interest rates were raised sharply to 24% in an attempt to control inflation and prevent a further collapse in the lira.

October was a turbulent month for markets; equities were hit by a PE (price to earnings) contraction, as more expensive stocks de-rated. There were concerns that growth in China may be softening, evidenced by some recent corporate results. Interest rates in the US have also been creeping higher and this may lead to a cooling of growth in one of the main engines of the global economy.

We opened a new position in Brenntag, a chemicals distributor which benefits from scale and buying power with suppliers – its business is well diversified by client and geographically. Other new holdings included paint business Akzo Nobel; the company has a strong balance sheet (prompting a generous dividend policy) and a good business model. It operates in a concentrated market, which has led to rational pricing. We inherited a position in Epiroc, which was spun out of Atlas Copco; it is one of the more attractive parts of the Atlas conglomerate and there are good possibilities for reducing costs and increasing margins.

Sales included Prysmian and Ryanair. Prysmian announced reduced profits guidance and a write-off due to the Western Link HVDC cable order – this disappointment reduces the potential upside for the shares, and we believe we can find better opportunities elsewhere. Ryanair is facing Brexit-related risks as well as labour disputes, which threaten its low-cost competitive advantage.

European equities are benefiting from encouraging corporate profitability, a supportive economic backdrop and a resurgence in M&A activity; they are also cheap relative to US equities. Market volatility presents us with investment opportunities.

It will take time before the full effects of Brexit, new governments in Spain and Italy, and Catalonia’s bid for independence become clear. Other risks include heightened tensions with Russia and the threat of a global trade war.

Our main focus in managing this portfolio is on stock selection, informed by macro-economic and thematic views. We favour high-quality companies with the pricing power to sustain strong returns, and we also target re-rating opportunities.

**Fund Facts**

**Fund Accounting and Distribution Dates**

<table>
<thead>
<tr>
<th>Accounting Dates</th>
<th>Payment Dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 April</td>
<td>30 June</td>
</tr>
</tbody>
</table>

**Ongoing Charges Figure**

The Ongoing Charges Figure (OCF) is the European standard method of disclosing the charges of a share 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). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit columbiathreadneedle.com/fees.

*In pound Sterling and against UK peer group.*
Threadneedle Pan European Focus Fund

Summary of Fund Performance

Performance History (%)

<table>
<thead>
<tr>
<th>Share class</th>
<th>2018†</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class 1 – Income shares</td>
<td>-3.85</td>
<td>+14.89</td>
<td>+2.24</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Class 1 – Accumulation shares</td>
<td>-3.22</td>
<td>+15.44</td>
<td>-0.32</td>
<td>+15.29</td>
<td>-0.44</td>
<td>+30.45</td>
</tr>
<tr>
<td>Class 2 – Accumulation shares</td>
<td>-2.75</td>
<td>+16.10</td>
<td>+0.26</td>
<td>+15.95</td>
<td>+0.13</td>
<td>+31.07</td>
</tr>
<tr>
<td>Class X – Accumulation shares</td>
<td>-1.93</td>
<td>+17.26</td>
<td>+1.31</td>
<td>+1.12</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Class Z – Accumulation shares</td>
<td>-2.60</td>
<td>+16.31</td>
<td>+0.43</td>
<td>+16.15</td>
<td>+0.31</td>
<td>+31.07</td>
</tr>
</tbody>
</table>

†To 31 October 2018.

Source: Morningstar and Threadneedle. Bid to bid prices are quoted (i.e. not including any initial charge) with net income reinvested for a UK basic rate tax payer and gross income reinvested for a non-UK resident. Performance data is quoted in sterling apart from hedged share classes, where applicable, which are in the hedged currency.

Past performance is not a guide to future investment performance. The value of investments and any income is not guaranteed and can go down as well as up and may be affected by exchange rate fluctuations. This means that an investor may not get back the amount invested.

Net Asset Value (NAV)

<table>
<thead>
<tr>
<th>As at</th>
<th>Share class</th>
<th>NAV (£)</th>
<th>NAV per share</th>
<th>Number of shares in issue</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 October 2018</td>
<td>Class 1 – Income shares</td>
<td>3,439</td>
<td>114.64</td>
<td>3,000</td>
</tr>
<tr>
<td>30 April 2018</td>
<td>Class 1 – Income shares</td>
<td>3,511</td>
<td>117.03</td>
<td>3,000</td>
</tr>
<tr>
<td>30 April 2017</td>
<td>Class 1 – Income shares</td>
<td>3,316</td>
<td>110.55</td>
<td>3,000</td>
</tr>
<tr>
<td>30 April 2016</td>
<td>Class 1 – Income shares</td>
<td>3,050</td>
<td>101.67</td>
<td>3,000</td>
</tr>
<tr>
<td>31 October 2018</td>
<td>Class 1 – Accumulation shares</td>
<td>18,835,944</td>
<td>248.53</td>
<td>7,578,881</td>
</tr>
<tr>
<td>30 April 2018</td>
<td>Class 1 – Accumulation shares</td>
<td>22,034,906</td>
<td>253.74</td>
<td>8,683,917</td>
</tr>
<tr>
<td>30 April 2017</td>
<td>Class 1 – Accumulation shares</td>
<td>21,664,786</td>
<td>238.14</td>
<td>9,097,364</td>
</tr>
<tr>
<td>30 April 2016</td>
<td>Class 1 – Accumulation shares</td>
<td>22,204,891</td>
<td>217.96</td>
<td>10,187,450</td>
</tr>
<tr>
<td>31 October 2018</td>
<td>Class 2 – Accumulation shares</td>
<td>43,025,199</td>
<td>267.43</td>
<td>16,088,651</td>
</tr>
<tr>
<td>30 April 2018</td>
<td>Class 2 – Accumulation shares</td>
<td>44,513,908</td>
<td>272.24</td>
<td>16,350,734</td>
</tr>
<tr>
<td>30 April 2017</td>
<td>Class 2 – Accumulation shares</td>
<td>41,807,316</td>
<td>254.04</td>
<td>16,456,859</td>
</tr>
<tr>
<td>30 April 2016</td>
<td>Class 2 – Accumulation shares</td>
<td>51,126,992</td>
<td>231.18</td>
<td>22,115,405</td>
</tr>
<tr>
<td>31 October 2018</td>
<td>Class X – Accumulation shares</td>
<td>4,985,898</td>
<td>117.90</td>
<td>4,299,068</td>
</tr>
<tr>
<td>30 April 2018</td>
<td>Class X – Accumulation shares</td>
<td>5,604,361</td>
<td>119.42</td>
<td>4,693,111</td>
</tr>
<tr>
<td>30 April 2017</td>
<td>Class X – Accumulation shares</td>
<td>5,177,642</td>
<td>110.32</td>
<td>4,693,111</td>
</tr>
<tr>
<td>30 April 2016</td>
<td>Class X – Accumulation shares</td>
<td>2,981</td>
<td>99.37</td>
<td>3,000</td>
</tr>
<tr>
<td>31 October 2018</td>
<td>Class Z – Accumulation shares</td>
<td>1,725,316</td>
<td>181.44</td>
<td>950,913</td>
</tr>
<tr>
<td>30 April 2018</td>
<td>Class Z – Accumulation shares</td>
<td>1,989,706</td>
<td>184.54</td>
<td>1,078,174</td>
</tr>
<tr>
<td>30 April 2017</td>
<td>Class Z – Accumulation shares</td>
<td>2,723,728</td>
<td>171.91</td>
<td>1,584,429</td>
</tr>
<tr>
<td>30 April 2016</td>
<td>Class Z – Accumulation shares</td>
<td>2,859,586</td>
<td>156.16</td>
<td>1,831,136</td>
</tr>
</tbody>
</table>
Distribution History/Share Price Range

<table>
<thead>
<tr>
<th>Year to</th>
<th>Share class</th>
<th>Pence per share</th>
<th>Highest share price (pence)</th>
<th>Lowest share price (pence)</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 October 2018</td>
<td>Class 1 – Income shares</td>
<td>–</td>
<td>129.08</td>
<td>111.64</td>
</tr>
<tr>
<td>30 April 2018</td>
<td>Class 1 – Income shares</td>
<td>0.8033</td>
<td>124.14</td>
<td>110.93</td>
</tr>
<tr>
<td>30 April 2017</td>
<td>Class 1 – Income shares</td>
<td>0.5776</td>
<td>111.42</td>
<td>96.15</td>
</tr>
<tr>
<td>30 April 2016</td>
<td>Class 1 – Income shares¹</td>
<td>0.2260</td>
<td>104.41</td>
<td>100.00</td>
</tr>
<tr>
<td>31 October 2018</td>
<td>Class 1 – Accumulation shares</td>
<td>–</td>
<td>279.86</td>
<td>242.04</td>
</tr>
<tr>
<td>30 April 2018</td>
<td>Class 1 – Accumulation shares</td>
<td>1.6597</td>
<td>267.37</td>
<td>238.98</td>
</tr>
<tr>
<td>30 April 2017</td>
<td>Class 1 – Accumulation shares</td>
<td>1.1555</td>
<td>238.78</td>
<td>206.12</td>
</tr>
<tr>
<td>30 April 2016</td>
<td>Class 1 – Accumulation shares</td>
<td>0.6103</td>
<td>225.00</td>
<td>200.34</td>
</tr>
<tr>
<td>31 October 2018</td>
<td>Class 2 – Accumulation shares</td>
<td>–</td>
<td>300.83</td>
<td>260.42</td>
</tr>
<tr>
<td>30 April 2018</td>
<td>Class 2 – Accumulation shares</td>
<td>3.3308</td>
<td>286.06</td>
<td>254.94</td>
</tr>
<tr>
<td>30 April 2017</td>
<td>Class 2 – Accumulation shares</td>
<td>2.6075</td>
<td>254.70</td>
<td>218.82</td>
</tr>
<tr>
<td>30 April 2016</td>
<td>Class 2 – Accumulation shares</td>
<td>1.9571</td>
<td>238.19</td>
<td>212.23</td>
</tr>
<tr>
<td>31 October 2018</td>
<td>Class X – Accumulation shares</td>
<td>–</td>
<td>132.39</td>
<td>114.79</td>
</tr>
<tr>
<td>30 April 2018</td>
<td>Class X – Accumulation shares</td>
<td>2.6470</td>
<td>125.10</td>
<td>110.72</td>
</tr>
<tr>
<td>30 April 2017</td>
<td>Class X – Accumulation shares</td>
<td>2.1933</td>
<td>110.60</td>
<td>94.21</td>
</tr>
<tr>
<td>30 April 2016</td>
<td>Class X – Accumulation shares</td>
<td>0.6070</td>
<td>102.02</td>
<td>91.01</td>
</tr>
<tr>
<td>31 October 2018</td>
<td>Class Z – Accumulation shares</td>
<td>–</td>
<td>204.04</td>
<td>176.68</td>
</tr>
<tr>
<td>30 April 2018</td>
<td>Class Z – Accumulation shares</td>
<td>2.5800</td>
<td>193.75</td>
<td>172.52</td>
</tr>
<tr>
<td>30 April 2017</td>
<td>Class Z – Accumulation shares</td>
<td>2.0453</td>
<td>172.35</td>
<td>147.86</td>
</tr>
<tr>
<td>30 April 2016</td>
<td>Class Z – Accumulation shares</td>
<td>1.5902</td>
<td>160.80</td>
<td>143.31</td>
</tr>
</tbody>
</table>

¹Commenced 24 February 2016.
²Commenced 2 December 2015.

Past performance is not a guide to future performance.

Classification of Investments

<table>
<thead>
<tr>
<th>Month</th>
<th>Percentage</th>
<th>France</th>
<th>Germany</th>
<th>United Kingdom</th>
<th>Italy</th>
<th>Netherlands</th>
<th>Sweden</th>
<th>Switzerland</th>
<th>Spain</th>
<th>United States of America</th>
<th>Norway</th>
<th>Finland</th>
<th>Republic of Ireland</th>
<th>Belgium</th>
<th>Net other assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 October 2018 vs 30 April 2018</td>
<td>25%</td>
<td>0%</td>
<td>20%</td>
<td>15%</td>
<td>10%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Portfolio Information

| Top Five Holdings as at 31 October 2018 | % of Fund | Dassault Systems | 7.30 | Sika | 6.11 | Adidas | 5.64 | Cellnex Telecom | 5.36 | L’Oreal | 5.31 |
| Top Five Holdings as at 30 April 2018  | % of Fund | Dassault Systems | 6.49 | Hexagon | 5.91 | Legrand | 5.45 | ASML | 5.37 | Infrastructure Wireless Italia | 5.34 |
Threadneedle Pan European Focus Fund

Investment Objective and Policy
The investment objective of the Pan European Focus Fund is to achieve above average capital growth. The ACD’s investment policy is to actively manage a concentrated portfolio of primarily European equities including UK Equities with the ability to hold cash and/or money market securities in order to enable the pursuit of the Fund’s investment objective. This approach means that the ACD has the flexibility to take significant stock and sector positions, which may lead to increased levels of volatility. The portfolio will primarily consist of equities of companies domiciled in Europe including the UK or which have a significant part of their economic activities in Europe and/or the UK. Where securities are non-euro denominated they may be hedged into Euros. If the ACD considers it desirable it may hold a substantial proportion or all of the Funds in cash and/or money market instruments.

Key Investor Information Document (KIID) – Subscription requirements
The KIID is a pre-contractual document and investors have to confirm that they have read the latest KIID before making a subscription. Threadneedle has the right to reject a subscription if the investor does not confirm that they have read the latest KIID at the time of application. Investors can obtain the latest KIID from columbiathreadneedle.com.

Changes to the management of the ACD
The following changes have been made to the directors of the ACD:
- Resignation of Don Jordison on 1 May 2018;
- Appointment of Peter Stone on 5 September 2018.

Changes to the Prospectus
During the period from 1 May 2018 to 31 October 2018 the following changes were made to the Prospectus of the Threadneedle Specialist Investment Funds ICVC (the Company):
- Inclusion of a note regarding the winding up of one sub-fund following successful votes in favour of cross-border mergers;
- Increase to the initial investment minimum for L Shares;
- Update to the list of directors of, and funds managed by the ACD;
- Update to the list of countries where the funds are registered;
- Update to dilution and performance figures.

Changes to the Instrument of Incorporation
There were no changes to the Instrument of Incorporation during the period from 1 May 2018 to 31 October 2018.

Brexit
In June 2016 the United Kingdom voted to leave the European Union. While negotiations progress, there is significant uncertainty relating to the UK’s withdrawal from the EU, the potential consequences and precise timeframe. It is expected that the UK will exit from the EU on 29 March 2019. Depending on the outcome of the UK's negotiations with the European Union, and the existence or otherwise of any formal implementation period, it is possible that the Funds may no longer be eligible to enjoy the rights set out in the UCITS Directive. Ceasing to be so eligible may affect the ability of non-UK domiciled investors to make new investments in the Company. The ACD is monitoring the situation and will keep shareholders informed.

The ACD has considered the impact of Brexit for investors in its funds and made a recommendation to investors in the Pan European Equity Dividend Fund that they should vote in favour of a resolution to transfer the fund, using a cross-border UCITS merger, to an equivalent Luxembourg-based fund, in order to provide continuity and certainty for investors. For EU investors, the transfer will remove uncertainty regarding the future status of their investment in their home country. Shareholders voted in favour of the proposal at a meeting of shareholders held on 24 August 2018. Following the merger the Pan European Equity Dividend Fund has been closed and is in the process of being wound up. Further information, including a Q&A document is available at www.columbiathreadneedle.com/changes.

Key Risks
Investment Risk: The value of investments can fall as well as rise and investors might not get back the sum originally invested.
Currency Risk: Where investments are in assets that are denominated in multiple currencies, or currencies other than your own, changes in exchange rates may affect the value of the investments.
Effect of Portfolio Concentration Risk: The Fund has a concentrated portfolio (holds a limited number of investments and/or has a restricted investment universe) and if one or more of these investments declines or is otherwise affected, it may have a pronounced effect on the fund’s value.
Derivatives for EPM/Hedging Risk: The investment policy of the fund allows it to invest in derivatives for the purposes of reducing risk or minimising the cost of transactions.
High Volatility Risk: The fund typically carries a risk of high volatility due to its portfolio composition or the portfolio management techniques used. This means that the fund’s value is likely to fall and rise more frequently and this could be more pronounced than with other funds.
Further risks applicable to the fund can be found in the Prospectus.

Risk and Reward Profile
As at 31 October 2018 the figure for the risk and reward profile disclosed in the most recent KIID representing this fund is 5. The fund is in this specific category because historically it has shown a medium to high level of volatility (how much the value of the fund went up and down compared to other categories). It is based on past performance data in pound sterling. If your investment in the fund is not in pound sterling, please check the figure for the risk and reward profile disclosed on our website (columbiathreadneedle.com) according to the currency of your investment in the fund.
General Information
The information in this report is designed to enable shareholders to make an informed judgement on the activities of the fund during the period it covers and the results of those activities at the end of the period. For further information, please contact Threadneedle Investment Services Limited.

The Annual Report and Financial Statements is available free of charge on request from the ACD and on our website. For more information about the activities and performance of the Company during the period and previous periods, please contact the ACD at the administration address noted below, or visit our website at columbiathreadneedle.com.

Contacts:
Registered Office
Cannon Place
78 Cannon Street
London EC4N 6AG

Authorised Corporate Director (ACD)
Threadneedle Investment Services Limited
Cannon Place
78 Cannon Street
London EC4N 6AG

Registrar
Threadneedle Investment Services Limited
Delegated to:
DST Financial Services Europe Limited
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Investment Manager
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London EC4N 6AG

Depositary
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London E14 5LB

Legal Advisers
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Baum Financial Services Law Team
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Germany

Independent Auditor
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Edinburgh EH3 8EX

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PO Box 10033
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Fax (dealing): 0845 113 0274
Email (enquiries): questions@service.columbiathreadneedle.co.uk

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Telephone (dealing & customer enquiries): +852 3667 7111*
Fax (dealing): +352 2452 9807
Email (enquiries): threadneedleenquiries@statestreet.com

All Other Investors
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International Financial Data Services
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Telephone (dealing & customer enquiries): +352 464 010 7020*
Fax (dealing): +352 2452 9807
Email (enquiries): questions@service.columbiathreadneedle.co.uk
Website: columbiathreadneedle.com

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Selmaustrasse 16
8002 Zurich
Switzerland

*Calls will be recorded.