

**Morningstar Rating** ★★★  
**OBSR Rating** A



Fund Manager  
**Katy Dobson**  
 Since: 09 2007

### Fund Aim

The aim of the fund is to achieve capital growth through investing mainly in equities of companies domiciled in Latin America or which have significant Latin American operations. It may further invest in fixed income securities such as Sovereign and corporate Latin American Debt, other equities and money market securities.

### Fund Facts

|                  |  |
|------------------|--|
| Index            | MSCI Emerging Markets Latin America 10/40 Equity |
| Benchmark Sector | UK Unit Trusts / OEICs (IMA) Specialist          |
| Fund Size        | £515.9m  |
| Launch Date      | November 1997                                    |
| Historic Yield   | 1.50% p.a.                                       |
| Pay Dates        | 7 May  |
| XD Dates         | 8 March  |
| Type of Share    | Accumulation                                     |

### Share Class & General

|                 |        |          |
|-----------------|--------|----------|
|                 | Retail | Inst     |
| Initial Charge  | 3.75%  | 0.00%    |
| Annual          | 1.50%  | 1.00%    |
| Min. Investment | £2,000 | £500,000 |

ISA Yes  
 All information expressed in UK Sterling

### Contact Details

Intermediary Line 0800 068 4000\*  
 Client Line 0800 068 3000\*

\*Calls are recorded

PO Box 1331, Swindon, SN38 7TA  
 For UK Investors only.

All data as at 31 01 09



# Threadneedle Latin America Fund

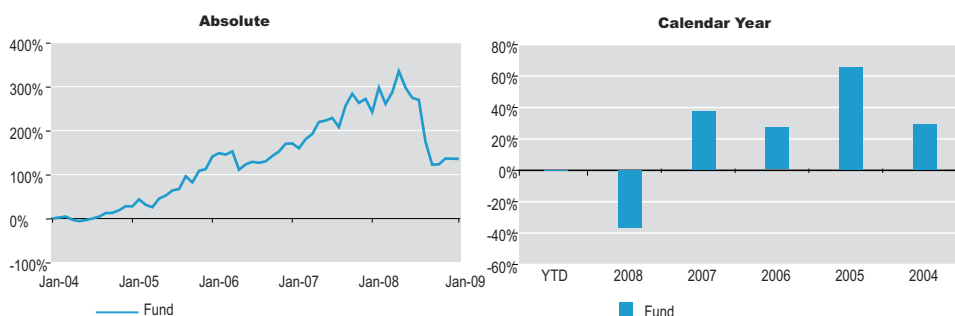
## Commentary and Outlook

Latin American markets were flat in January. Within the region Chile was a significant outperformer, followed by Brazil. Mexico was the worst market. The best performing sectors were energy and materials, while consumer discretionary and telecoms were the worst.

Stock selection in Brazil and asset allocation in Chile hurt the fund's performance. Being overweight in financials also detracted from returns, especially positions in Credicorp, Banorte and Unibanco. An underweight in the steel sector, notably CSN, was another negative for the fund, as was the holding of Walmex in Mexico. We scaled back the positions in Brazilian banks. We also reduced Credicorp in Peru and Banorte in Mexico. In materials, we bought Cemex, Vale and Bradespar and sold Yamana Gold. In real estate, we bought Cyrela and Homex, which had compelling valuations. In telecoms, we sold Telmex after its strong performance, and reinvested in American Movil, Vivo and GVT.

The portfolio remains largely positioned in companies that generate healthy free cash flow with strong franchises and balance sheets. We focus on firms with high returns on invested capital which are able to survive this current environment.

## 5 Year Performance



## Fund Performance

|               | 1M%  | 3M% | YTD% | 1Y%   | 3Y%  | 5Y%   | 10Y%  |
|---------------|------|-----|------|-------|------|-------|-------|
| Fund (Net)    | -0.4 | 5.9 | -0.4 | -31.1 | -2.3 | 135.7 | 446.0 |
| Index (Gross) | -2.1 | 7.5 | -2.1 | -27.4 | 12.8 | 179.9 | 446.1 |

## Performance 12 Months Ending

| 31st Jan 05 | 31st Jan 06 | 31st Jan 07 | 31st Jan 08 | 31st Jan 09 |
|-------------|-------------|-------------|-------------|-------------|
| 27.8%       | 88.7%       | 12.3%       | 26.4%       | -31.1%      |

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

## Top 10 Holdings

| Company                                 | %    |
|---|------|
| Cia Vale do Rio Doce Pfd Sh -A-         | 11.8 |
| America Movil S.A.B. de C.V.            | 10.0 |
| Petrobras Petroleo Brasileiro (Ord)     | 9.6  |
| Banco Itau Holding Financeira S.A.      | 4.4  |
| Banco Bradesco S/A                      | 4.1  |
| Grupo Televisa S.A. de C.V.             | 3.6  |
| Cemig Cia Energ Mg                      | 3.6  |
| Fomento Econ Mexic                      | 3.5  |
| Unibanco Uniao de Bancos Brasileiros SA | 3.2  |
| Wal-Mart de Mexico S.A.B. de C.V.       | 3.1  |

Total % in top 10: 56.9  
 Total Number of Stocks in Portfolio: 41

Past performance is not a guide to the future. The value of investments and any income from them can fall as well as rise.

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

Source performance: Copyright © 2009 Morningstar UK Limited, assumes income is reinvested for a basic rate taxpayer, 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 terms.

## Sector Weightings

| %                          | Fund | Index | Deviation from Index |  |       |
|----------------------------|------|-------|----------------------|--|-------|
| Materials                  | 21.1 | 23.8  |                      |  | -2.7% |
| Financials                 | 18.7 | 18.2  |                      |  | 0.5%  |
| Consumer Staples           | 13.7 | 10.7  |                      |  | 3.0%  |
| Telecommunication Services | 12.7 | 16.2  |                      |  | -3.5% |
| Energy                     | 10.3 | 11.5  |                      |  | -1.2% |
| Consumer Discretionary     | 7.6  | 5.6   |                      |  | 2.0%  |
| Utilities                  | 5.2  | 8.7   |                      |  | -3.5% |
| Information Technology     | 3.8  | 1.0   |                      |  | 2.8%  |
| Industrials                | 3.3  | 4.5   |                      |  | -1.2% |
| Health Care                | 0.5  | 0.0   |                      |  | 0.5%  |
| Cash                       | 3.4  | -     |                      |  | 3.4%  |

## Country Weightings

| %         | Fund | Index | Deviation from Index |  |       |
|-----------|------|-------|----------------------|--|-------|
| Brazil    | 61.4 | 59.1  |                      |  | 2.3%  |
| Mexico    | 27.6 | 25.5  |                      |  | 2.1%  |
| Peru      | 4.9  | 3.3   |                      |  | 1.6%  |
| Chile     | 2.1  | 8.2   |                      |  | -6.1% |
| Colombia  | 0.7  | 3.3   |                      |  | -2.6% |
| Argentina | 0.0  | 0.6   |                      |  | -0.6% |
| Cash      | 3.4  | -     |                      |  | 3.4%  |

## Risk Analysis\*

|                       |        |
|-----------------------|--------|
| Absolute Volatility   | 30.47% |
| Absolute Sharpe Ratio | -0.19  |

## Important Information

\*Due to timing differences some statistics have been omitted. Please contact Threadneedle for more information. Any opinions expressed are made in good faith but are subject to change without notice.

## Fund Codes Retail (Net) Acc GBP

|           |              |
|-----------|--------------|
| Sedol     | 153175       |
| ISIN      | GB0001531754 |
| Bloomberg | TDNLAGI LN   |
| Reuters   | 729818X.DX   |
| MEX ID    | ADLAG        |

For further details on fund codes for other classes, please refer to the rear of the Databook or contact Threadneedle

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

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

## Risk Warnings

**GENERAL RISK:** The value of investments may fall as well as rise and investors may not get back the original investments.

**EMERGING MARKETS:** The fund invests in emerging markets, which may carry risks associated with failed or delayed settlements of market transactions and with registration and custody of securities. Emerging markets are generally less well regulated than their established counterparts. Investments in emerging markets may involve a higher than average risk.

**FOREIGN EXCHANGE:** Changes in exchange rates may also cause the value of investments to fall as well as rise.

## Summarised Glossary

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

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

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

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

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

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

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

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

**R<sup>2</sup>:** This is a measure of how close the portfolio of a fund is correlated (or can be explained by) the performance of the benchmark. A result of 1 means a perfect correlation whilst 0 means there is effectively no relationship between the two performances. The degree of reliance that can be placed on the result is not linear, however. Generally, a correlation is only significant for values of 0.75 and above. Finally, it is worth noting that the higher the R<sup>2</sup> the greater the reliance that can be placed on the beta result.

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

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

Please refer to the Databook or [threadneedle.com](http://threadneedle.com) for a full Glossary of Terms.

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