

THREADNEEDLE NAVIGATOR ISA MANAGER LIMITED

(Registered Number: 2558025)

**Report and Financial Statements
for the year ended
31 December 2011**

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Threadneedle Navigator ISA Manager Limited
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DIRECTORS

C J Henderson Chairman and Chief Executive

C D Fleming

T N Gillbanks

P J W Reed

N J Ring

Secretary and registered office

A Kaye
60 St Mary Axe
London
EC3A 8JQ

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

Threadneedle Navigator ISA Manager Limited
Report and Financial Statements for the year ended 31 December 2011

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report and the audited financial statements ("the financial statements") of Threadneedle Navigator ISA Manager Limited ("the Company") for the year ended 31 December 2011

The Company is a subsidiary of Threadneedle Asset Management Holdings Sàrl, a Luxembourg registered company owned by Ameriprise Financial, Inc ("Ameriprise"), the ultimate parent company. Threadneedle Asset Management Holdings Sàrl and all its subsidiaries are referred to herein as "the Group"

The Company's registration number is 2558025

Significant developments and principal activities

The Company continues to act as a manager of individual savings accounts ("ISAs") on behalf of retail investors in the Threadneedle Navigator branded range of unit trusts. The Company is authorised and regulated by the UK Financial Services Authority. In addition to this the Company entered into an agreement in September 2011 to act as an introducer of clients to a share platform managed by Cofunds Limited, a share supermarket

Results and dividends

The profit and loss account for the year is set out on page 9. The profit for the financial year was £1,000 (2010: £nil)

The directors do not recommend the payment of a dividend (2010: £nil)

Review of business and future developments

The results of companies within the Group are managed on a group and business stream basis. Business streams do not correspond directly with individual legal entities, and consequently key performance indicators are not set for individual companies.

After accounting for the cost of purchasing units sold, the Company's only revenue is bank interest which has reduced in line with the reduction in bank interest rates. The level of business and the financial position at the end of the year are considered to be satisfactory by the directors.

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

Risk management

The Board of Threadneedle Asset Management Holdings Sàrl has established a Risk Committee, which includes representatives from Ameriprise, one of whom is its Chairperson. The Risk Committee reports to both the Board and the Audit Committee so that they may fulfil their corporate governance responsibilities in relation to risk management. The Risk Committee meets quarterly and is responsible for the oversight of the Group's strategic, business and process risks and ensuring a suitable risk management framework is in place to mitigate risk. The scope of this review incorporates the operations of the Company.

The principal credit risk lies in uncollectible receivables. The Company manages credit risk by only offering credit to reputable institutions and by operating strict credit control procedures. The directors do not perceive any significant credit risk as the main concentration of trade debtors is with related parties.

The Company maintains sufficient cash and liquid investments such that liquidity and cashflow risk are minimised. The Company monitors the credit rating of its banks to minimise the risk of loss due to counterparty failure.

The Company is exposed to interest rate risk through its bank and cash balances. However, in the normal course of business, none of the Company's other assets or liabilities are sensitive to interest rates.

The Company is also exposed to non-financial or operational risk which includes the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The Company has completed risk and control assessments to identify potential risks and ensure that adequate controls are in place to mitigate them.

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out on pages 3 to 4.

The Company generates positive cash flows and participates in the Group's centralised treasury arrangements and so shares banking relationships with its parent and fellow subsidiaries.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors

The names of the directors and secretary of the Company are listed on page 2. The directors all held office throughout the year unless otherwise shown.

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

Directors' third party qualifying indemnity provision

During the year and also at the date of approval of the financial statements the Company had in force a qualifying third party indemnity provision in favour of one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006

Creditor payment policy

In respect of all of its suppliers, it is the Company's policy to

- settle the terms of payment with those suppliers when agreeing the terms of each transaction,
- ensure that those suppliers are made aware of the terms of payment, and
- abide by the terms of payment

The Company's average creditor payment period, calculated by reference to the ratio of trade creditors at 31 December 2011 to amounts invoiced by suppliers during the year was nil days (2010 nil days) Amounts due to trade creditors are paid on behalf of the Company by Threadneedle Asset Management Holdings Limited Amounts arising on the settlement of units bought on behalf of ISA investments in the Threadneedle Navigator range of unit trusts are paid on behalf of the Company by Threadneedle Unit Trust Manager Limited, a fellow subsidiary

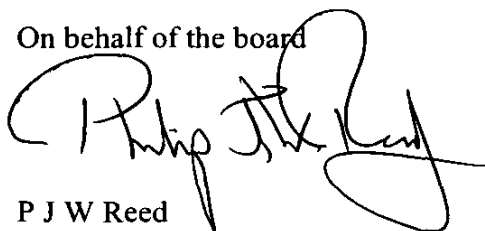
Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditors are unaware and each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information

Independent auditors

PricewaterhouseCoopers LLP were appointed auditors to the Company by a members written resolution during the period following the resignation of Ernst & Young LLP PricewaterhouseCoopers LLP have indicated their willingness to continue in office and will be deemed to be re-appointed under section 487(2) of the Companies Act 2006

On behalf of the board



P J W Reed
Director
24 April 2012

Threadneedle Navigator ISA Manager Limited
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STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent, and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the transactions of the Company and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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Threadneedle Navigator ISA Manager Limited
Report and Financial Statements for the year ended 31 December 2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THREADNEEDLE NAVIGATOR ISA MANAGER LIMITED

We have audited the financial statements of Threadneedle Navigator ISA Manager Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Threadneedle Navigator ISA Manager Limited
Report and Financial Statements for the year ended 31 December 2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THREADNEEDLE NAVIGATOR ISA MANAGER LIMITED

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Alex Bertolotti (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
24 April 2012

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PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 £'000	2010 £'000
Turnover	2	563	456
Cost of sales		(563)	(456)
Operating profit		<u>-</u>	<u>-</u>
Administrative expenses		-	(1)
Interest receivable and similar income	4	1	1
Profit on ordinary activities before taxation	5	<u>1</u>	<u>-</u>
Tax on profit on ordinary activities	6	-	-
Profit for the financial year		<u><u>1</u></u>	<u><u>-</u></u>

The movements in reserves are set out in note 9

All results are derived from continuing operations

The Company has no recognised gains or losses in the year other than the profit for the year, therefore no statement of total recognised gains or losses has been included

The notes on pages 11 to 15 form an integral part of these financial statements

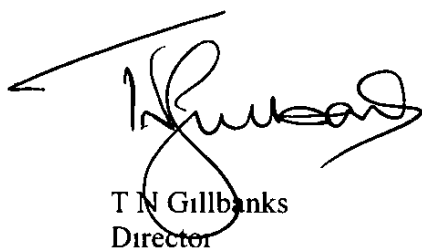
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BALANCE SHEET
AS AT 31 DECEMBER 2011

	Note	2011 £'000	2010 £'000
Current assets			
Cash at bank and in hand		608	621
		<u>608</u>	<u>621</u>
Creditors			
Amounts falling due within one year	7	-	(14)
		<u>608</u>	<u>607</u>
Net current assets			
		<u>608</u>	<u>607</u>
Net assets			
		<u>608</u>	<u>607</u>
Capital and reserves			
Called up share capital	8	500	500
Profit and loss account	9	108	107
		<u>608</u>	<u>607</u>
Total shareholders' funds	10	<u>608</u>	<u>607</u>

The notes on pages 11 to 15 form an integral part of these financial statements

The financial statements on pages 9 to 15 were approved and authorised for issue by the board of directors on 24 April 2012 and were signed on its behalf by



T N Gillbanks
Director

Threadneedle Navigator ISA Manager Limited
Report and Financial Statements for the year ended 31 December 2011

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

a) Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom (United Kingdom Generally Accepted Accounting Practice).

On the grounds that the Company is a subsidiary undertaking, 100% of whose voting rights are controlled within a group which prepares publicly available consolidated financial statements in which the results of the Company are included, it is exempt from the requirement to prepare a cash flow statement under Financial Reporting Standard ("FRS") 1 (revised 1996), 'Cash flow statements' and the disclosure requirements of FRS 29, 'Financial Instruments – Disclosures'

The financial statements are prepared under the historical cost convention, as modified to include financial assets and liabilities at fair value under FRS 26, 'Financial Instruments – Measurement'

b) Revenue recognition

Turnover represents amounts receivable from the purchase by investors of the stocks and shares element of individual savings accounts and is recognised on the trade date

Interest receivable is recognised on an accruals basis

c) Cost of sales

Cost of sales represents the cost of purchasing units in the range of Threadneedle Navigator Unit Trust funds from Threadneedle Unit Trust Manager Limited

d) Taxes

Current income tax

Income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the country where the Company operates and generates taxable income

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate

2. Turnover

All turnover is derived in the UK from the Company's principal activity

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3. Directors and employees

Employees

The average monthly number of persons (including directors), considered to be directly employed by the Company on a full time basis during the year was nil (2010 nil). The costs associated with the administration of the Company that are performed by employees of fellow subsidiaries of the Group are not recharged to the Company.

Directors' remuneration

The remuneration of the Directors, which was borne by other companies within the Group and not recharged to the Company, was as follows

	2011 £'000	2010 £'000
Aggregate emoluments in respect of qualifying services	225	243
Pension contributions	4	4
	<u>229</u>	<u>247</u>

Five directors (2010 six) received shares or units in other companies of the Group under long-term incentive schemes in respect of qualifying services. Retirement benefits are accruing to two directors under a defined benefit scheme (2010 two)

	2011 £'000	2010 £'000
In respect of the highest paid director:		
Aggregate emoluments and amounts receivable under long-term incentive plans	<u>78</u>	<u>60</u>
Defined benefit pension scheme:		
Accrued pension at end of the year	<u>1</u>	<u>-</u>

The highest paid director received (2010 received) shares or units in other companies of the Group under long-term incentive schemes in respect of qualifying services

4. Interest receivable and similar income

	2011 £'000	2010 £'000
Bank interest receivable	<u>1</u>	<u>1</u>

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5. Profit on ordinary activities before taxation

All administrative expenses were borne by Threadneedle Asset Management Holdings Limited on behalf of the Company and were not recharged

The audit fee for the Company of £7,000 (2010 £20,000) was borne by Threadneedle Asset Management Holdings Limited on behalf of the Company and was not recharged. Fees payable to the auditors for other non-audit services during the period under review were £nil (2010 £nil)

6. Tax on profit on ordinary activities

a) Taxation in the profit and loss account is as follows

	2011 £'000	2010 £'000
Current tax:		
UK corporation tax on profits of the year	-	-

b) Factors affecting the current tax charge on ordinary activities

The tax assessed for the year is equivalent to the standard rate of corporation tax in the UK of 26.5% (2010 28%)

	2011 £'000	2010 £'000
Profit on ordinary activities before taxation	1	-
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26.5% (2010 28%)	-	-

7. Creditors: Amounts falling due within one year

	2011 £'000	2010 £'000
Amounts due to group undertakings	-	14

8. Called up share capital

	2011 £'000	2010 £'000
Authorised		
5,000,000 (2010 5,000,000) ordinary shares of £1 each	5,000	5,000
Allotted, called up and fully paid		
500,000 (2010 500,000) ordinary shares of £1 each	500	500

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9. Movement in reserve

	Profit and loss account £'000
At 1 January 2011	107
Profit for the financial year	1
At 31 December 2011	108

10. Reconciliation of movement in shareholders' funds

	2011 £'000	2010 £'000
Opening shareholders' funds	607	607
Profit for the financial year	1	-
Closing shareholders' funds	608	607

11. Ultimate parent company

The Company is a subsidiary of Ameriprise Financial, Inc ("Ameriprise"), a company incorporated in the state of Delaware, United States of America. Copies of the consolidated financial statements of Ameriprise can be obtained by writing to the Corporate Secretary, Ameriprise Financial, Inc, 1098 Ameriprise Financial Center, Minneapolis, Minnesota, USA, 55474 or by visiting the Ameriprise Financial website at www.ameriprise.com

Threadneedle Asset Management Holdings Sàrl, a company incorporated in Luxembourg, is the parent company of the smallest group of companies, of which the Company is a member, for which consolidated financial statements are drawn up. Copies of the consolidated financial statements of Threadneedle Asset Management Holdings Sàrl can be obtained from 19, rue de Bitbourg, L-1273, Luxembourg

12. Related party transactions

Advantage has been taken of the exemption provided by FRS 8 ('Related party disclosures') from disclosing details of transactions with Ameriprise and its subsidiary undertakings on the basis that 100% of the Company's voting rights are controlled within a group which prepares publicly available consolidated financial statements in which they are included

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13. Contingent liability

The Company acts as guarantor, along with other group undertakings, under a set-off agreement ("the Agreement") with Lloyds TSB Bank plc ("the Bank"). The purpose of the Agreement is to pool the bank balances of the respective group undertakings in order to maximise interest earnings for the Group.

Under the Agreement each group undertaking acts as guarantor for the overdraft of any other group undertaking that is party to it, jointly and severally, via a charge on, and limited to, any credit balance it holds with the Bank. At the year end the Company's potential liability was £608,000 (2010 £621,000).