CT (Lux) Sustainable Multi-Asset Income Fund

2023 Sustainability Profile

COLUMBIA THREADNEEDLE INVESTMENTS®

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Our benchmark

The benchmark referred to in this report is a composite benchmark. This has been derived from the percentage asset allocation of the Fund as at 31 December 2023, using MSCI World for global equities, ICE BofA Global Corporate for corporate bonds, and the ICE BofA 10+ Year AAA-AA Euro Government Index for cash and government bonds. Within alternatives we use the FTSE All-Share Real Estate Investment Trust Sector Index and the FTSE All-Share Closed End Investments Index for REITs and infrastructure holdings respectively.

Key risks

- The value of investments and any income from them can go down as well as up and investors may not get back the original amount invested.
- An investment concerns the acquisition of units or shares in a fund/s, and not underlying assets such as buildings or shares of a company, as these are only the underlying assets owned by the fund. The decision to invest in the promoted fund/s should also take into account all the characteristics or objectives of the promoted fund/s as described in the prospectus. Full list of relevant risks can be found in the KIID/s and prospectus.
- Changes in interest rates can reduce the value of your investment.
- Screening out sectors or companies may result in less diversification and hence more volatility in investment values.

Fund philosophy

The CT (Lux) Sustainable Multi-Asset Income Fund is an actively managed multi-asset fund that aims to achieve capital appreciation and income, while maintaining long-term value. The Fund aims for 100% of investments to be classified as sustainable, excluding cash, cash equivalents and hedging instruments. It also aims to undertake targeted, active engagement with issuers, using the UN Sustainable Development Goals (SDGs) framework.

The Fund is underpinned by our Avoid, Invest, Improve philosophy:

Avoid
We have a set of exclusion criteria setting threshold standards to avoid investment in issuers with socially and environmentally damaging products (primarily tobacco, weapons and fossil fuels) or unsustainable business practices.

Invest
We invest in issuers that make a positive contribution to society and/or the environment.

Improve
We engage with issuers we invest in on significant ESG issues with most relevance to their business, to reduce risk, improve performance, encourage the adoption of best practices, and underpin long-term investor value. We believe that this active ownership is part of our duty as an investor acting in the best interests of our clients, and as a participant in the global financial system.

Key Fund Facts

- Committed to achieve net zero emissions by 2050 or sooner.
- Classified as an Article 9 Fund under SFDR.
- As at 31 December 2023, the Fund held 31% of the portfolio in green or labelled bonds.

Revenue alignment with the SDGs

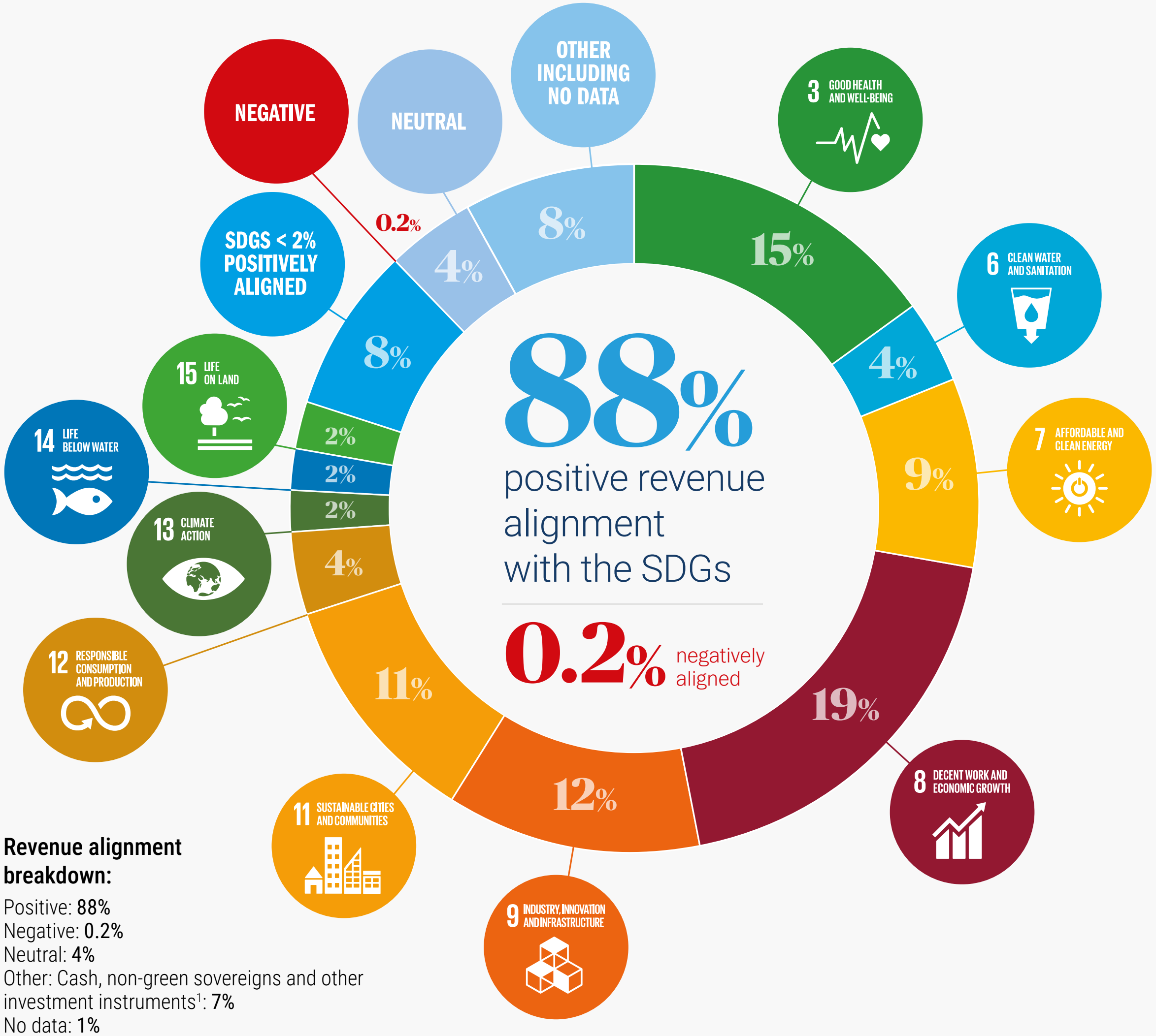
The **UN Sustainable Development Goals** (SDGs) are 17 goals and 169 underlying targets that set out a roadmap for a more sustainable world by 2030, covering issues such as poverty, climate change and health and well-being.

We developed our SDG revenue mapping tool in 2016 and have been reviewing and enhancing our methodology and its use cases since. Rather than simply mapping how companies align with the 17 goals, our model considers the underlying targets, giving us a far more granular view of companies' alignment.

Our model uses revenue data from FactSet, and we overlay our methodology on top. We analyse the individual revenue streams of portfolio holdings and identify whether the products and services in those business segments have links to the SDG targets. We map the revenue lines to the targets as positive, neutral, or negative.

The results of this analysis are summarised here at the goal level, with the target level alignment available on **page 13**.

CT (Lux) Sustainable Multi-Asset Income Fund



Revenue alignment breakdown:

Positive: **88%**
Negative: **0.2%**
Neutral: **4%**
Other: Cash, non-green sovereigns and other investment instruments[1]: **7%**
No data: **1%**

Source: Columbia Threadneedle Investments, as at 31 December 2023, designed for illustrative purposes, subject to change.
Only >0.5% positive alignment is shown on the chart.
[1] This represents FX, futures and options.

Assessing our SDG alignment in 2023

19%

positive alignment with SDG 8 – Decent Work and Economic Growth.

Examples that align with target 8.2 – achieve greater productivity through innovation:

Keyence manufactures sensors and instruments for monitoring and controlling various industrial process variables.

Nvidia develops accelerated computing systems that provide the infrastructure to power applications such as data analytics for better business forecasting, AI for autonomous vehicles, and advanced visualisation for medical diagnosis.

Microsoft provides IT infrastructure and office software for businesses.

15%

positive alignment with SDG 3 – Good Health and Well-being.

Examples that align with target 3.8 – access to medicines and healthcare:

Intuitive Surgical develops and manufactures robotic products to assist with minimally invasive surgeries.

Dexcom supports the treatment of diabetes through the provision of home testing blood glucose meters.

Our alternative holding **Impact Healthcare REIT** invests in a range of healthcare real estate assets in the UK, with a focus on residential care homes.

4%

neutral alignment with the SDGs.

This includes some business lines of financials holdings, such as investment banking and asset management, as well as **Microsoft's** LinkedIn and gaming provisions and most business segments of veterinary care provider **Zoetis**, as our SDG methodology does not capture animal health.

0.2% negative alignment with the SDGs.

Our analysis also identifies companies' negative contributions to the SDGs. That is, those products or services that companies in our Fund offer which might hinder the achievement of some of the SDGs. Whilst the Fund screens remove many such companies, we did still identify a very small negative alignment to the SDGs at 0.2%.

This includes **Linde's** construction of chemical and industrial plants, which is negatively aligned with target 9.1 – develop resilient and sustainable infrastructure.

How we align green bonds to the SDGs

We also align most of our green bond holdings, including sovereign green bonds, to the SDGs. For example, we hold UK Government Green Gilts, the proceeds of which are used to finance projects like zero-emissions buses, offshore wind, and schemes to decarbonise homes and buildings.

We align these with various different SDGs and underlying targets, such as 7.2 – substantially increase the global share of renewable energy, and 13.1 – strengthen adaptive capacity to climate-related events.

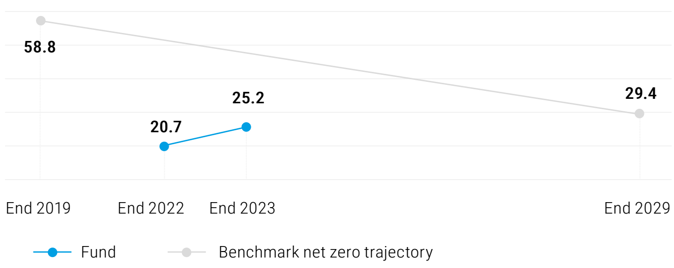
Our climate commitment

We have committed the Fund to achieving net zero emissions by 2050 or sooner.

The **methodology** we use to implement our net zero commitment is based on the Net Zero Investment Framework, developed by the Paris Aligned Investment Initiative. The focus of our approach is on real-world change, using stewardship to encourage issuers to improve their own alignment to a net zero emissions future.

The Fund's net zero trajectory

CO_2e/$m invested



Source: Columbia Threadneedle Investments and MSCI ESG, as at 31 December 2023. The Fund's financed emissions intensity (expressed as tonnes of CO_2 emitted per $m invested) figures reflected here for end-2022 and end-2023 use our company-wide Task Force on Climate-related Financial Disclosures (TCFD) system data.

[2] Financed emissions intensity, expressed as tonnes of CO_2 emitted per $m invested

We compare the Fund's overall carbon footprint[2] (Scope 1 & 2 emissions) with a net zero aligned trajectory, based on taking the benchmark's end-2019 carbon footprint, and applying a 50% reduction by end-2029. Due to the limitations of looking at Scope 1 & 2 emissions in isolation, we view this data as a way to track progress rather than as a target, and hope to see these measures reflect real-economy emissions cuts as our issuers take action.

As the chart demonstrates, the Fund's carbon footprint remains below that of the benchmark's trajectory for both end-2023 and end-2029. However, the Fund's carbon footprint has risen since end-2022. The denominator for calculating the intensity measure, $m invested, is subject to both market movements and inflation, meaning that emissions intensity can change due to these factors even if nothing changes in the real world. Indeed, there are no portfolio changes creating a significant increase in the Fund's carbon footprint: chemicals company **Linde** and packaging company **Smurfit Kappa** remain among the top contributors, alongside **O-I Glass**, the parent company of a green bond we hold in **O-I European Group**, as we currently assess green bonds based on their parent issuer and not on their individual use of proceeds.

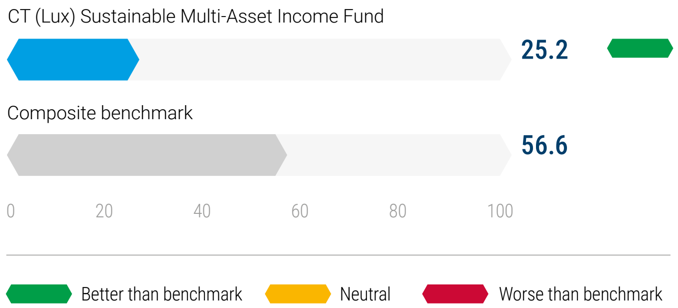
Where there are green bonds in the portfolio, this may therefore overstate the portfolio's overall carbon intensity.

Please see page 2 for the Fund's overall allocation to green, social and sustainability-linked bonds.

We also provide the Fund's carbon footprint for end-2023 versus its composite benchmark as a reference. As demonstrated in the chart below, the Fund's carbon footprint is below that of the composite benchmark.

The Fund's carbon footprint versus its composite benchmark

Financed emissions intensity, expressed as tonnes of CO_2 emitted per $m invested



Source: Columbia Threadneedle Investments and MSCI ESG, as at 31 December 2023. The carbon footprint figures for the funds use our TCFD system data, while the benchmark figures are still calculated using our Responsible Investment impact reporting system data.

Issuers' net zero alignment in 2023

We use a selection of data sources to rate issuers on their alignment to a net zero pathway, including their targets, strategy, governance, and disclosure around net zero. This enables us to analyse portfolios and identify issuers in need of engagement.

Alignment status of portfolio companies by percentage weight of portfolio

12%

Aligned

The issuer has specific commitments, targets, and a clear strategy in place to meet its net zero objectives by 2050 or sooner.

Examples: Vestas Wind Systems, **United Utilities** and **Salesforce**

26%

Aligning

The issuer is progressing towards implementing sufficient commitments and targets to progress toward a net zero future.

Examples: Linde, **Smurfit Kappa** and **Infineon Technologies**

5%

Committed

The issuer has committed to net zero by 2050 or sooner but has not yet set a pathway or strategy to achieve its goals.

Examples: Air Liquide, **MercadoLibre**, and **CSL Limited**

9%

Not aligned

The issuer does not meet minimum expectations on climate strategy.

Examples: Packaging Corp of America, **Gen Digital** and **Descartes Systems**

31%

Not assessed – Corporates

16%

Not assessed – Cash and Sovereigns

Under our TCFD reporting system, this category is applicable to all investment instruments currently not assessed by our net zero methodology, which includes cash and sovereigns, as well as financial issuers. We are working on methodologies to be able to assess their net zero alignment.

Examples of financial issuers not assessed: Lloyds Banking Group, **American Express** and **Legal & General Group**

Source: Columbia Threadneedle Investments, as at 31 December 2023, using our TCFD system data. All figures subject to rounding and may result in charts not totaling 100%.

Engaging on net zero

During 2023, we engaged 48 issuers on climate change. Specific dialogue on net zero strategy featured often. For example, we praised **Smurfit Kappa** – one of the top contributors to the Fund's carbon footprint – for enhancing its net zero transition disclosures, and highlighted a couple of areas for improvement, particularly around the process to identify strategic decarbonisation projects and the evaluation of the impact of physical risks on its suppliers.

We also engaged **Air Liquide**, which is also among the top contributors to the Fund's overall carbon footprint. The company recently announced the construction of an industrial scale ammonia cracking pilot plant in Belgium. When transformed into ammonia, hydrogen can be easily transported over long distances and this plant will make it possible to convert ammonia into hydrogen with an optimised carbon footprint. With this cracking technology, Air Liquide aims to further contribute to the development of hydrogen as a key enabler of the energy transition. Aside from their work on hydrogen, the company noted that energy sourcing will be another lever they pull to reduce their GHG emissions, with carbon capture as the third lever.

We also recorded 14 Milestones[3] related to climate change. This included **Hoya** improving its emissions reduction target, and **AIB Group** enhancing its TCFD reporting.

[3] Improvements in issuers' ESG policy, management systems or practices against the engagement Objectives that we set.

Sustainability metrics: environmental stewardship

Discover how the Fund's waste and water intensity compares with its composite benchmark

The Fund's water and waste intensity both remain below the benchmark. Canadian fertiliser company **Nutrien** remains the most waste intensive holding, followed by water and wastewater utility **American Water Works**.

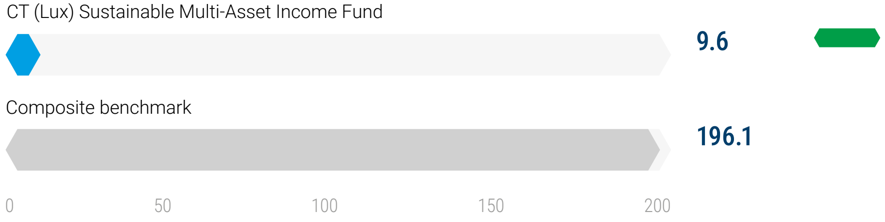
During the year we reached out to Nutrien to get an update on the phasing out of hazardous chemicals and move towards a greener product portfolio, transitioning to a more circular business model and, where relevant, minimising plastic waste. **Smurfit Kappa** is also a relatively waste-intensive holding. While it's packaging solutions actually help prevent waste generation, its involvement in the paper recycling business impacts its overall waste metrics. During 2023, however, the company achieved a 36% reduction in waste sent to landfill from its paper mills compared with 2013 levels. In terms of other waste reduction targets, we also note that **Zebra Technologies** committed to achieving 1 million circular economy devices by the end of 2024, through various initiatives including buyback, certified refurbished sales/rentals and recycling.

We had previously engaged the company to encourage it to set targets for its circular economy initiatives, to get a better understanding of its e-waste management, and to understand how it measures the success of its circular economy strategy.

Energy company **SSE** is the largest contributor to the Fund's water intensity. SSE operates 91 hydro dams in north Scotland, accounting for the majority of water extracted by the company. Water is taken from rivers and lochs and returned, almost immediately, after being run through the turbines to generate electricity. We also note that we have received revised figures for the water intensity of **Brookfield Renewable Partners**, in line with its ESG report, which has contributed to the Fund's increased water intensity figure (although it still remains below that of the composite benchmark).

Waste intensity

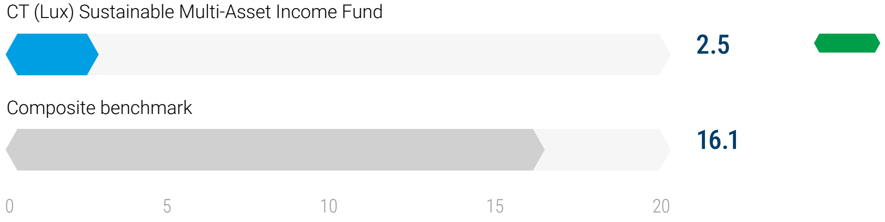
Tonnes of solid waste generated to create $1m revenue



Source: Impact Cubed, as at 31 December 2023

Water intensity

Thousands of cubic metres of fresh water used per $1m revenue



Source: Impact Cubed, as at 31 December 2023

Better than benchmark | Neutral | Worse than benchmark

Sustainability metrics: fairness and equality

Here we provide two metrics to give an indication of the Fund's performance versus its composite benchmark on gender equality at Board level, and the ratio of the CEO to the average employee's salary.

The Fund outperforms the benchmark both in terms of board-level gender diversity and CEO to average employee pay ratios.

Wolters Kluwer, **DNB Bank** and **Nationwide** are among the issuers we hold with boards that have over 50% female representation. **Tokio Marine**, **Takeda Pharmaceutical Company** and **Daiwa House Industry** are three Japanese holdings in the Fund with low female representation at the board level, which remains a relatively significant issue in the country.

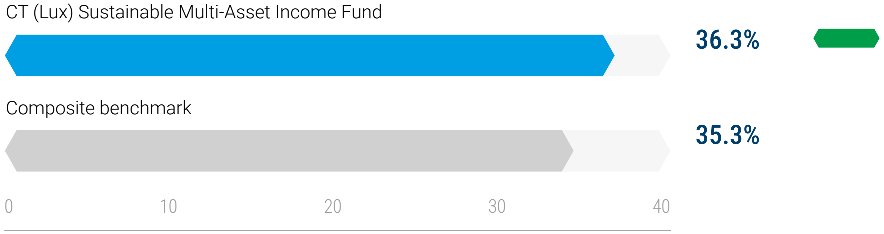
Our new holding **Microsoft** has the highest executive pay ratio, with a significant difference between the CEO and average employee's pay. **eBay** and telecoms company **Comcast** are also among the issuers with relatively large ratios.

During the year, we spoke with eBay's Chair of Compensation and Human Capital Committee ahead of its AGM on the shareholder proposals on the ballot, including executive compensation. We also met with Comcast's Company Secretary and Chief Legal Officer along with its Investor Relations team to discuss compensation, among other ESG priorities. Comcast noted it does not exclude share repurchases from the long-term EPS assessment, which is disappointing.

We note that **Orsted** strengthened its transparency on how ESG performance is linked to executive remuneration, by creating shared ESG KPIs amongst the executive team and increasing the weight of remuneration dependent on shared, rather than individual, KPIs. In 2022 we had raised this issue with the company and voted against remuneration in part due to concerns on this topic, so we are pleased to see improvement here.

Gender

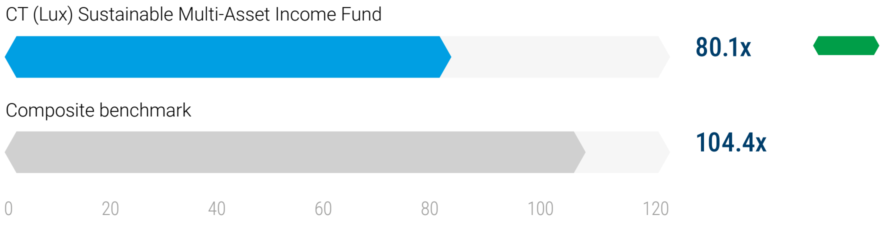
% female directors on company board



Source: MSCI ESG, as at 31 December 2023

Executive pay

CEO pay relative to average employee compensation



Source: Impact Cubed, as at 31 December 2023

Better than benchmark | Neutral | Worse than benchmark

Stewardship in 2023

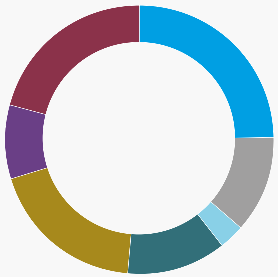
We undertake active, targeted engagement with issuers, using the SDGs as a framework. We also exercise our shareholder right to vote on company management resolutions to encourage further improvement of the management of ESG issues.

We measure and report on the success of our engagement through the assignment of Milestones, which recognise improvements in issuers' ESG policy, management systems or practices against the engagement Objectives that we set. We align Milestones to the SDGs to demonstrate how these outcomes can contribute towards a better, more sustainable future.

Milestones are ascribed using a three-star rating system, with three stars indicating the most significant impact of change and one star reflecting smaller, incremental change along a pathway for the issuer, or across a broader context, for the relevant industry as a whole.

88
Issuers engaged in 2023

Engagements by theme



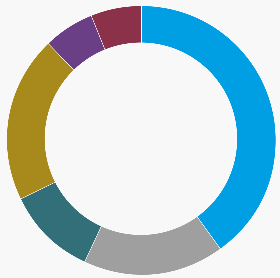
Climate change	25%
Environmental stewardship	12%
Business conduct	3%
Human rights	12%
Labour standards	19%
Public health	9%
Corporate governance	21%

153 **Meetings voted**

We voted against management on **10%** of all proposals. These related to compensation and director elections, among other topics.

35
Milestones achieved in 2023

Milestones achieved by theme



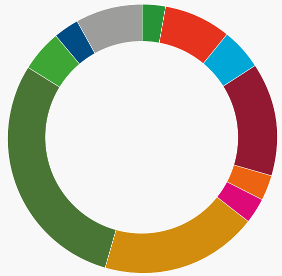
Climate change	40%
Environmental stewardship	17%
Business conduct	0%
Human rights	11%
Labour standards	20%
Public health	6%
Corporate governance	6%

Milestones achieved by rating

1 star	46%
2 stars	43%
3 stars	11%

92%
Milestones aligned to SDGs

Milestones by SDG



3	Good Health and Well-Being	3%
5	Gender Equality	8%
6	Clean Water and Sanitation	5%
8	Decent Work and Economic Growth	14%
9	Industry, Innovation and Infrastructure	3%
10	Reduced Inequalities	3%
12	Responsible Consumption and Production	19%
13	Climate Action	30%
15	Life on Land	5%
16	Peace, Justice and Strong Institutions	3%
	No SDG	8%

Source for all data: Columbia Threadneedle Investments, as at 31 December 2023. All figures subject to rounding and may result in charts not totaling 100%.

Engagement case studies

Discover 2023 engagement case studies, along with their SDG alignment and outcomes achieved.

GSK

3 GOOD HEALTH AND WELL-BEING

GSK

Upcoming US regulatory requirements will push the pharmaceutical industry to include diversity planning in trial protocol or justify why not. Under-preparedness might result in drugs and therapies not being approved by the FDA, which poses a material risk to drug manufacturers and Contract Research Organisations (CROs). We engaged GSK's Senior Vice President of Global Clinical Operations to discuss the upcoming regulatory requirements and how GSK is preparing for compliance. GSK has a team dedicated to diversity in clinical trials, ultimately reporting to the Chief Scientific Officer. While work on trial diversity costs time and effort, GSK considers this a learning curve and stressed that this is the right thing to do for patients and communities and that financially, the cost of getting it wrong will be more substantial. They also consider it crucial to their ambition to reach 2.5 billion patients by the end-2030. GSK shared case studies, for instance on how it works with patient advocacy groups to assess and understand patient needs, and increasing the availability of Decentralised Clinical Trials (DCT). Finally, GSK discussed how they collaborate with CROs, that they expect these to adhere to GSK's third-party vendor rules, and that GSK doesn't work with CROs who don't work on improving diversity in clinical trials.

Our view: Diversity in clinical trials is increasingly embedded in GSK's company-wide strategy. GSK feels confident about their preparedness for regulatory requirements, having made efforts to increase diversity in clinical trials for over 15 years. This is evidenced by progress on their target to have 100% of 2023 phase III trials contain a proactive strategy to enroll appropriately diverse trial participants, consistent with the disease epidemiology. We consider GSK a leader here and will monitor further developments.

PROLOGIS

13 CLIMATE ACTION

Prologis

We engaged Prologis, a real estate investment trust that invests in logistics facilities, on climate change and its resilience strategy. The company is aiming to be carbon neutral across its supply chain by 2040, and as part of this has committed to carbon-neutral construction by 2025. However, access to carbon-neutral materials is still a challenge and thus the company relies on carbon offsetting as part of its strategy, which has been questioned by several investors and customers. The company is aiming for rigour in its strategy, including third-party verification, choosing projects located near its sites and prioritising projects that can provide co-benefit (positive impacts other than emissions reduction that result from carbon offset projects). We followed up this discussion by providing Prologis with a viewpoint we have written on offsetting best practice, and encouraged the company to disclose the cost of offsets and the percentage of offsets by storage. On physical risk, Prologis discussed that there is more work to be done on modelling and monitoring physical risks, particularly through a forward-looking lens. Overall, the company is not exposed to any singular points of failure due to its largely diversified portfolio, so its physical risk exposure is lower compared with other REITs. We followed up with peer-leading examples of forward-looking physical risks.

Our view: Overall, we found the management approachable and knowledgeable, and look forward to further engagements with the company on its offsetting and risk strategies.

Milestones

Discover examples of Milestones recorded in 2023 and how they align with the SDGs.

BROADCOM

Broadcom

★

8 DECENT WORK AND ECONOMIC GROWTH

Target 8.7 – Eradicate forced labour, modern slavery & human trafficking

Improved supplier due diligence

Broadcom disclosed how it engages and monitors suppliers to ensure they are not complicit in human rights violations and abide by its Supplier Code of Conduct. The company conducts supplier human rights surveys and assessments and also audits its suppliers on human rights issues, which includes interviews with workers and working together with suppliers to establish remediation plans. We previously recommended the company discuss how it implements, monitors and verifies its Supplier Code of Conduct.

ZEBRA

Zebra Technologies

★★

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Target 12.5 – Reduce waste through prevention, reduction, recycling and reuse

Set circular economy targets

Zebra Technologies committed to achieving 1 million circular economy devices by the end of 2024 through various initiatives, including buybacks, certified refurbished sales/ rentals and recycling. We had previously spoken to the company to encourage them to set targets for its circular economy initiatives, to get a better understanding of its e-waste management, and to understand how it measures the success of its circular economy strategy.

CME Group

CME Group

★★★

No SDG

Governance disclosure enhancement

CME Group enhanced its governance disclosure. We engaged the company and advocated for better disclosure concerning their board skills to ensure investors could assess the quality of the board. This was particularly important given the size of the board (20+). The company responded to this by including a skills matrix in their 2023 proxy, which they did not disclose clearly in their 2022 proxy.

Appendix: SDG revenue alignment breakdown

Positive alignment **88%**

SDG 3: Good Health and Well-Being		**15%**
3.3	End AIDS, TB, malaria and other water-borne and communicable diseases	0.8%
3.4	Reduce mortality from non-communicable diseases and promote mental health	2.3%
3.8	Access to medicines and health-care	11.1%
3.9	Reduce deaths and illnesses from pollution and contamination	1.3%
SDG 6: Clean Water & Sanitation		**4%**
6.1	Achieve universal access to safe & affordable drinking water	0.6%
6.3	Improve water quality by reducing pollution	0.7%
6.4	Increase water-use efficiency to address water scarcity	0.9%
SDG 7: Affordable and Clean Energy		**9%**
7.2	Substantially increase the global share of renewable energy	7.6%
7.3	Double the global rate of improvement in energy efficiency	0.6%
7.a	Facilitate global access to clean energy research	1.2%
SDG 8: Decent Work and Economic Growth		**19%**
8.2	Achieve greater productivity through innovation.	9.2%
8.4	Improve resource efficiency and prevent environmental degradation	1.2%
8.10	Increase access to finance	8.2%
SDG 9: Industry, Innovation and Infrastructure		**12%**
9.1	Develop resilient and sustainable infrastructure	6.2%
9.3	Increase access to finance for SME's	2.4%
9.4	Upgrade and retrofit industries to increase sustainability	2.6%
9.c	Ensure universal and affordable access to ICT	0.7%
SDG 11: Sustainable Cities and Communities		**11%**
11.1	Ensure universal access to safe and affordable housing	0.6%
11.2	Provide access to safe and affordable transport systems	3.7%
11.5	Reduce social and economic losses caused by disasters	0.6%
11.c	Support constructing resilient buildings with local materials	5.4%
SDG 12: Responsible Consumption and Production		**4%**
12.2	Sustainably manage and make efficient use of natural resources	0.9%
12.4	Manage chemical usage and waste throughout their life cycle	1.2%
12.5	Reduce waste through prevention, reduction, recycling and reuse	1.6%
12.6	Encourage companies to adopt sustainable practices and enhance ESG reporting	0.5%
SDG 13: Climate Action		**2%**
13.1	Strengthen adaptive capacity to climate-related events	1.5%
13.3	Improve education & the capacity for climate change mitigation	1.1%
SDG 14: Life Below Water		**2%**
	No targets >0.5% aligned	
SDG 15: Life on Land		**2%**
	No targets >0.5% aligned	
SDGs less than 2.0% positively aligned		**8%**

Neutral alignment:	**4%**
Negative alignment:	**0.2%**
Other: Cash, non-green sovereigns and other investment instruments[1]:	**7%**
No data:	**1%**

Source: Columbia Threadneedle Investments, as at 31 December 2023, designed for illustrative purposes, subject to change. Only targets more than 0.5% aligned are shown in the table. All figures subject to rounding.
[1] This represents FX, futures and options.

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