

For professional clients and/or qualified investors only

CT Sustainable Global Equity Income Fund

Resilient income
from sustainability leaders

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39%

of greenhouse gas emissions are derived from buildings.

As we transition towards net zero – that has to change.

Source: World Green Building Council, January 2023



Resilient income from sustainability leaders

The world is changing and the drive for sustainability is transforming the investment landscape. By identifying and investing in sustainability leaders, the fund is designed to target an attractive income together with scope for capital growth whilst supporting positive change in the world we live in.



Nick Henderson

Director, Portfolio Manager,
Global Equities

Key risks

The value of investments and any income derived from them can go down as well as up as a result of market or currency movements and investors may not get back the original amount invested.

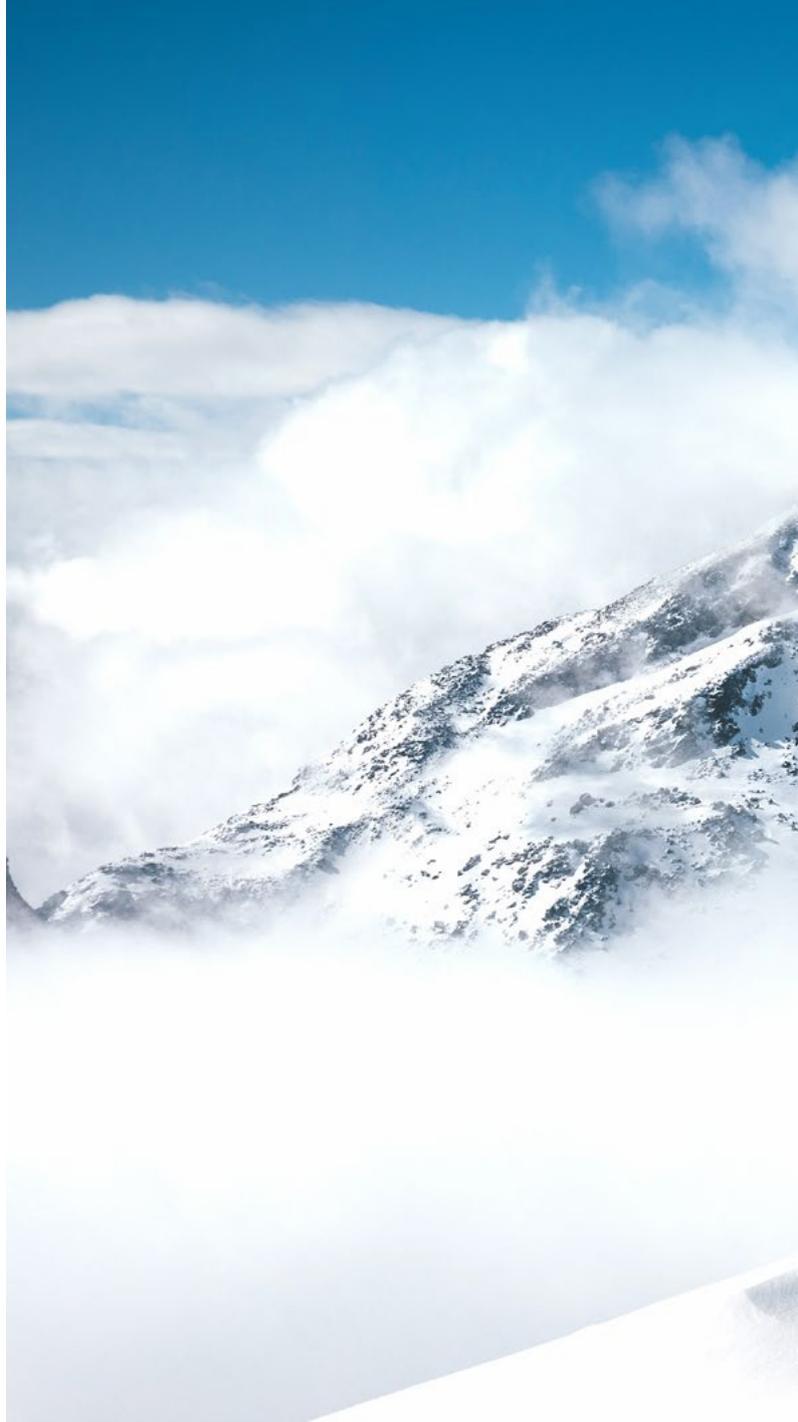
Screening out sectors or companies may result in less diversification and hence more volatility in investment values.

Views and opinions have been arrived at by Columbia Threadneedle Investments and should not be considered to be a recommendation or solicitation to buy or sell any stocks or products that may be mentioned.

A sustainable option for income seekers

The CT Sustainable Global Equity Income Fund is a portfolio of sustainability leaders built on a robust philosophy and proven investment process.

We believe our approach offers investors access to the potential benefits of an income orientated strategy, facilitates a differentiated style dynamic relative to many environmental, social and governance (ESG) orientated strategies and/or provides an alternative to traditional equity income strategies.



Why 'sustainable' income



Attractive income

Persisting sustainability megatrends, like resource efficiency, mean well-placed businesses can generate attractive and growing cashflows, which are supportive of dividend payments.



Mind the value traps

Many traditional income portfolio stalwarts are facing structural challenges to their business models. For income seekers, it may be time to look elsewhere.



Evolving opportunity set

As the world addresses issues like climate change, the transition provides tailwinds to a host of sustainability leaders – disruptors that are well placed to maintain and grow their market-leading positions.



Diversified

Resilient income generated by ensuring we maintain a diversified yield profile across the portfolio.



A robust philosophy and proven approach allows us to target sustainability leaders with real investment potential

A clear philosophy



Avoid companies with damaging or unsustainable business practices.



Invest in companies that make a positive contribution to society and/or the environment.



Use influence as an investor to encourage best practice management of ESG issues through engagement and voting.

Our heritage spans back to 1984 and the launch of Europe's first ethically screened fund.

Since then, our ESG fund range has expanded across asset classes and geographies, each strategy underpinned by a robust Avoid, Invest, Improve philosophy.

A sustainable income portfolio

Drawing on select sustainability leaders from around the world, the CT Sustainable Global Equity Income Fund offers access to a fast-evolving opportunity set of income generators.

At a glance

The world is changing, and the corporate winners of tomorrow will likely look very different to those of the past. We believe that focusing on sustainability leaders is the best way to achieve an attractive and resilient income in the years to come.

Key facts

Benchmark:
MSCI ACWI

Morningstar sector:
EAA Fund Global Equity Income

IA Sector:
IA Global Equity Income

Launch:
9 February 2023

Structure:
UK OEIC -sub-fund of
the Columbia Threadneedle
(UK) ICVC 1

Dividend:
Quarterly

Fund manager:
Nick Henderson

Availability:
Most platforms
– contact us for details



High conviction

A 30-50 stock portfolio, built through a disciplined approach with sustainability at its core.



Diversified income

The fund targets a resilient and attractive level of income, with a yield in excess of the benchmark. Deploying a diversified dividend yield profile across the portfolio to enable a resilient income stream for investors.



Sustainable income

We carefully select income opportunities. That means seeking dividend income that is backed by growing cashflow streams aligned with long term sustainability themes.



Non-conventional

A focus on sustainability results in a differentiated regional and sectoral portfolio composition. Crucially, we focus on an opportunity set with structural tailwinds – contrast that with the challenges facing many traditional income generating sectors, such as oil and tobacco.

The Fund joins our established line-up of ESG-orientated global equity strategies, leveraging off a proven ethos and approach

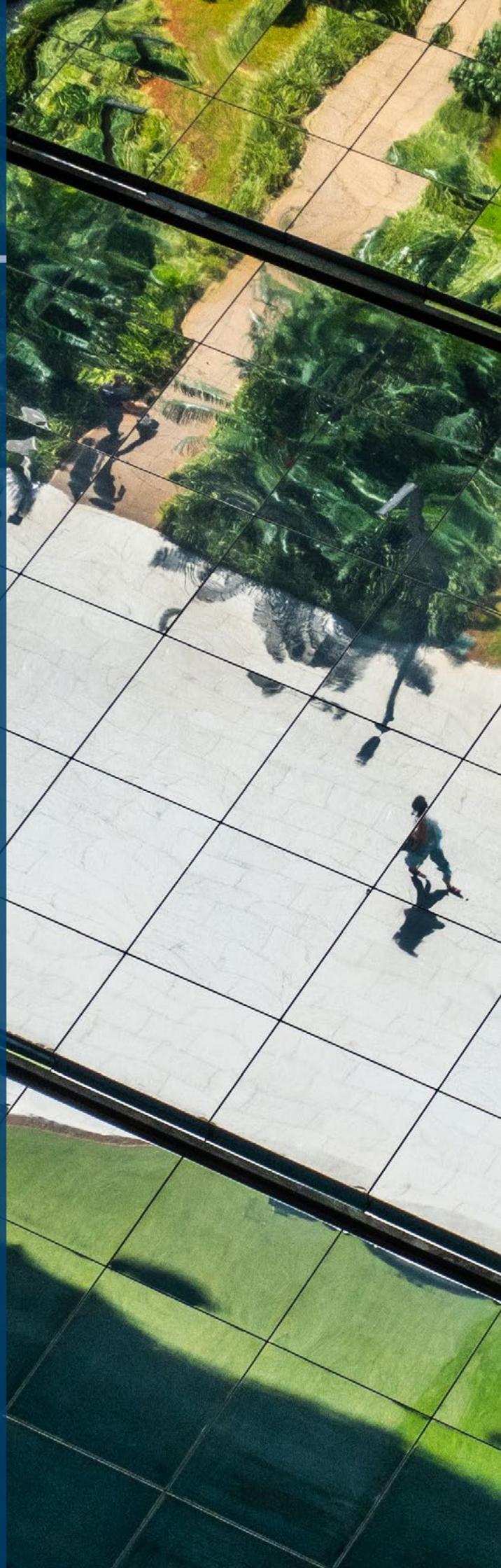
Invest

Identifying sustainability leaders

Stock selection drives the composition of the portfolio. We're clear in what we believe constitutes a quality company, robust in our assessment of businesses with the potential to be real contributors to a sustainable future and disciplined in our approach to valuation.

An approach that combines the potential of supportive megatrends and stock selection.

- How we focus our research efforts – **sustainability themes**
- Hardwiring sustainability **into our stock selection**
- What we look for **in a company**



➤ How we focus our research efforts – sustainability themes

We want to invest in companies that stand to benefit from or contribute to trends in sustainable development. We have identified seven megatrends providing long-term tailwinds to well-placed companies.

- | | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>7 persisting megatrends provide a framework for focusing our analysis</p> | <p>✓ Connect & protect Technologies to improve safety and connectivity or to mitigate the environmental impacts of business activities.</p> | <p>✓ Digital empowerment Technologies empowering people to make decisions with the best outcomes or those that democratise digital access.</p> | <p>✓ Energy transition Reducing fossil fuel dependence; increasing renewable energy production; enabling transition to EV; improving fuel efficiency.</p> |
| <p>✓ Health & well-being Improving the nutritional value of food and drinks, the quality and/ or accessibility of health products and services.</p> | <p>✓ Resource efficiency Enabling recycling; providing products/ services which reduce waste or increase water-use efficiency.</p> | <p>✓ Sustainable cities Affordable housing or low-carbon commercial buildings and enabling the provision of public transport services.</p> | <p>✓ Sustainable finance Improving financial inclusion; providing access to finance or financial services to support small businesses.</p> |

➤ Hardwiring sustainability into our stock selection

Our A.I.M framework

Sustainability lies at the heart of our portfolio. Strict exclusion criteria ensure we avoid sectors and companies involved in damaging practices. At the same time, we want to invest in sustainable companies or those that actively support sustainability. Our global equities team work closely with our responsible investment specialists to assess the impact of individual businesses, including within their supply chains.

Our 'A.I.M' framework helps us identify companies that are making a real difference. In-depth assessment of these distinct factors allows us to identify those that are authentic sustainability leaders.

Additionality

The innovation provided to address emerging sustainability challenges.

Intentionality

The drive of the management to direct the company towards sustainability challenges.

Materiality

Assessment of revenue linkage of the company towards sustainability opportunities.

SDG Alignment

We also consider a company’s contribution towards the 17 UN Sustainable Development Goals and use this ‘roadmap to a more sustainable world’ as a framework for engaging to drive positive change. See more about our active ownership on page 14.



What we look for in a company

Once a ‘sustainable opportunity’ is identified we conduct detailed fundamental research, seeking to identify high quality, well managed and attractively priced companies.

High quality business – we clearly define quality. We look for readily understandable business models with durable competitive advantages and supported by long-term growth drivers. Additionally, we seek positive alignment with the UN SDGs.

Strong management – we want to entrust our clients’ capital to proven well-incentivised management teams with a

consistent track record of execution and a responsible approach to capital allocation.

Attractive price – the success of an investment is determined by the price you pay and ultimately sell. We seek opportunities with meaningful upside potential and use discounted cash flow to determine a conservative assessment of intrinsic value.



Defined quality and robust valuation assessment



High quality business

- › Understandable
 - › Durable competitive advantages
 - › Long-term growth drivers
 - › Positive alignment to SDGs
-



Strong management

- › Proven management team
 - › Consistent execution
 - › Responsible capital allocators
 - › Appropriate incentives
-



Attractive price

- › Identification of long-term value creators
- › Upside to our assessment of fair value
- › Use of discounted cash flow & relative valuation

Exploring the portfolio



North America
54%



Stock selection drives portfolio construction and leads to a differentiated geographic and sectoral composition.

1 **Brookfield**
Renewable Energy Partners

Brookfield Renewable Partners
~**4.3% dividend yield**

Megatrend: Energy Transition

Challenge: The climate challenge necessitates energy production switch to renewables

Leader: Brookfield Renewable operates one of the world's largest publicly traded, pure-play renewable power platforms

2 **Pfizer**

Pfizer
~**3.5% yield**

Megatrend: Health and Wellbeing

Challenge: High demand for novel therapies to address widespread and evolving diseases

Leader: Pfizer is a leading pharmaceutical company focused on innovating and advancing access for medicines and vaccines around the world

Regional Allocation (relative holding) %



A global remit allows us to invest free of geographic restriction. Alongside US based high quality global leaders we can tap into opportunities in the UK, Europe and further afield. Japan, for example, is home to some of the most cash rich businesses in the world – many with a rapidly improving ESG profile.

Source: Columbia Threadneedle Investments, as at 31-Jan-23. Benchmark: MSCI ACWI
Example holdings, stated yields and geographic/sector breakdowns are for illustrative purposes only



3 **DIGITAL REALTY**

Digital Realty Trust
~4.3% yield

Megatrend: Connect and Protect

Challenge: Connectivity is crucial but risks coming at a large environmental cost

Leader: Digital Realty are a leader in data centre infrastructure and a pioneer in data centre sustainable environmental practices

4 **Smurfit Kappa**

Smurfit Kappa Group
~3.4% yield

Megatrend: Resource Efficiency

Challenge: 40% of produced plastic is single-use packaging

Leader: Smurfit Kappa Group is an innovative provider of credible alternatives, including recyclable and recycled cardboard packaging

5 **Daiwa House**

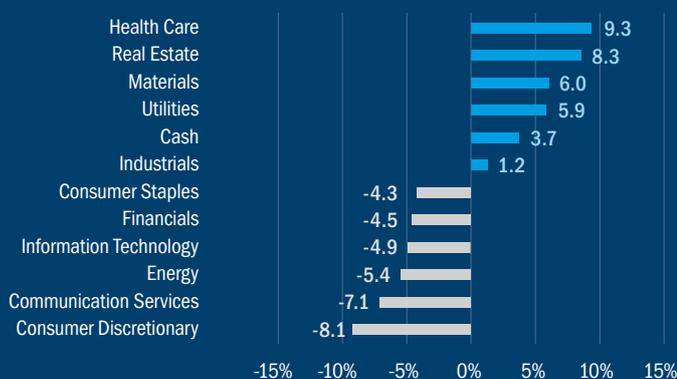
Daiwa House
~4.3% yield

Megatrend: Sustainable cities

Challenge: Buildings account for 39% of global emissions and 35% of global energy use

Leader: Leader in sustainable housing in Japan, targeting 100% of new builds being net zero energy in 2030

Sector Allocation (relative holding) %



The plethora of sustainability challenges enables opportunities across an array of industries and sectors. We have identified differentiated sustainability leaders in areas such as Health Care, Real Estate and Materials. This is funded by underweight positions in Consumer Discretionary, Communication Services, and Consumer Staples.

Source: Columbia Threadneedle Investments, as at 31-Jan-23. Benchmark: MSCI ACWI

Improve

Dialogue to drive positive change

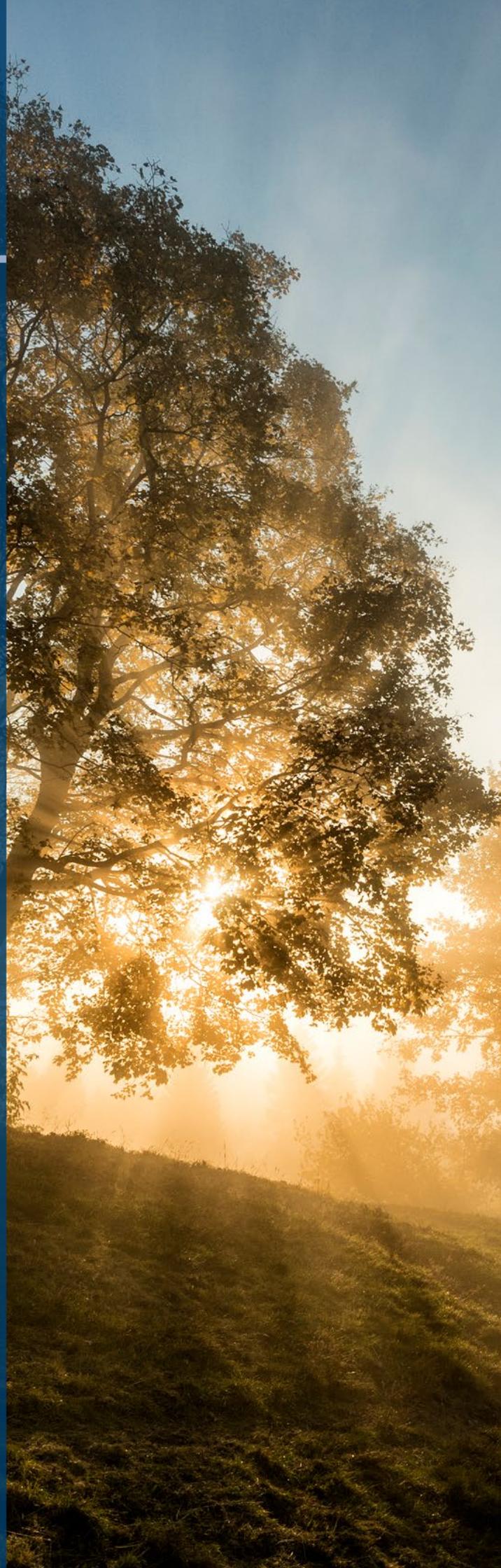
Active ownership is a key part of our investment philosophy. The investment team work closely with our Responsible Investment specialists to gain a deep understanding of a company's commitment to sustainability and their ESG practices. Through focused engagement and voting we seek to drive positive change in the companies we invest in on ESG issues.

8-10 million tonnes

of plastic end up in our oceans each year.

We need to transition to a more circular economy.

Source: Intergovernmental Oceanographic Commission, UNESCO, May 2022



Effective engagement requires

Deep understanding of how ESG issues impact business strategy – insights gleaned through fundamental company assessment and robust focus on sustainability related issues.

Long-term relationships with the companies we invest in – we aim to invest over a meaningful time horizon and in doing so develop a deep and productive relationship with the companies we invest in.

Specific expertise, local knowledge, and context – a 40+ strong responsible investment team facilitates depth of specialist knowledge across a broad range of ESG related topics and issues.

Access to senior management and board – as large shareholders we typically enjoy ready access to key decision makers, and often work in concert with other asset managers to magnify our influence.

Our engagement priorities in 2023

| | |
|---|---------------------------|
| ✓ | Climate change |
| ✓ | Environmental stewardship |
| ✓ | Public health |
| ✓ | Human rights |
| ✓ | Corporate governance |

Engagement case study

Smurfit Kappa

We take a holistic approach to sustainability, and care about a company's conduct just as much as its revenue streams. We have engaged with the company over several years and seen improvements in its sustainability profile. They consulted us on their remuneration policy in 2021 and we have been in dialogue with them on the Workforce Disclosure Initiative.

Our aim is to reduce risk, enhance long-term performance and encourage a positive contribution to broader environmental, social and governance issues

Extensive capabilities

25-strong

Global Equities team with 16 years' average experience

40+ strong

Responsible Investment team

1984

launched Europe's 1st ethically screened fund

20+ years

of active ownership

£1.1tr

assets engaged within our Responsible engagement overlay service

2005

Founding signatory of the UN Principles for Responsible Investment



Columbia Threadneedle Investments is proud to join the Net Zero Asset Managers initiative and commit to net zero by 2050 or sooner.



Source: Columbia Threadneedle Investments, as at 30-Jun-22

In touch

Portfolio updates and insights

We're committed to open dialogue with our investors about the portfolio – its performance, our investment decisions, and the impact we make as responsible investors. We also contribute to the broader debate around responsible investment by playing an active role in policy development, and by sharing our knowledge.

40%

of US adults have obesity.
Treatments for conditions like type 2 diabetes need to be readily available.

Source: National Health and Nutrition Examination Survey



Keep in touch with the portfolio and our latest thinking:



Fund updates

Monthly commentary detailing investment activity, portfolio positioning and outlook.



Impact report

The first Impact report for Fund will be published in early 2024 and cover 2023, containing SDG alignment mapping, assessment versus sustainability metrics, stewardship activities including engagement case studies.



ESG Viewpoints

In-depth insights into ESG issues, often detailing our approach and engagement efforts in this area.



Pioneer Perspectives

Timely shorter updates on trending and topical ESG issues.

Visit [columbiathreadneedle.com](https://www.columbiathreadneedle.com) for our latest Responsible Investment insights

Follow us on: [LinkedIn](#), [Twitter](#)

Also available

We offer a range of responsible investment products across asset classes and geographies, including a suite of global equity funds.

CT Responsible Global Equity Fund

A global equity fund reflecting the team's best ideas across a range of sustainability orientated investment themes and managed within our avoid, invest, improve philosophy.

CT (Lux) SDG Engagement Global Equity Fund

Using the UN Sustainable Development Goals as a framework for proactive engagement, the fund aims to deliver attractive returns and positive impact through a select portfolio of small and mid-cap companies.

CT Sustainable Opportunities Global Equity Fund

A focused global portfolio of carefully selected sustainability leaders reflecting opportunities within a range of defined themes.

The value of investments and any income derived from them can go down as well as up as a result of market or currency movements and investors may not get back the original amount invested.

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Telephone calls may be recorded.

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