COLUMBIA THREADNEEDLE INVESTMENTS®

CT (Lux) Asian Equity Income

At a glance

A well-balanced quality Asian equity fund that aims to provide a high underlying dividend yield, offering diversified income exposure and dividend surprise for the potential of additional excess returns.

Investment objective & policy

To provide income with the prospects for capital appreciation and outperform the MSCI Asia Pacific ex Japan Index by investing in a diversified portfolio of competitively advantaged companies that yield more than the market yield.

In line with its active management strategy, portfolio holdings may deviate significantly from those of the index while there is also the flexibility to invest in off-benchmark companies.

Risks

This fund is suitable for investors who can tolerate high levels of risk and volatility and have a long-term investment horizon. Investors could lose some or all their capital and should read the Prospectus for a full description of all risks.

Investment risks: Investment in equities, smaller companies, portfolio concentration and currencies.

Associated risks: The fund may be exposed to additional market, regulatory and liquidity risks due to the nature of investing in certain Asian markets.

“Our investment approach seeks to maximize total return through a focus on both capital appreciation and income. We believe companies that can demonstrate a sustainable income whilst exhibiting the potential to grow dividends are best placed to take advantage of the maturing approach to capital distribution within Asia. We combine this with dividend surprise for additional excess returns – exposing the potential for an unanticipated change in dividend policy. We believe this approach will reap the benefits of Asia’s evolving demographics, as these are likely to result in continuing domestic interest in companies that can pay sustainable, growing dividends over time.” **– George Gosden**

Key facts

Fund inception date: 6 April 1999

Typical fund holdings: 40-60 companies

Fund size: $68 million (as at 31.12.2024)

George Gosden
Portfolio Manager
(since January 2013)

Key reasons to invest

1 **Attractive dividend yield:** In aggregate the fund aims to provide a yield at least 10% above that of the underlying index.

2 **Diversified sources of income:** The team invests in high-quality companies across the Asia Pacific region ex Japan to create a well-diversified portfolio spread by country and sector.

3 **Dividend surprise:** We seek to invest in companies with the possibility for an unanticipated change in dividend policy as a potential additional source of excess returns.

Investment approach

Bottom-up stock selection is the main driver of the investment process. The investment universe consists of Asian stocks in and outside the MSCI Asia Pacific ex Japan Index and includes developed and frontier market companies with growth potential tied to Asian markets.

We overlay fundamental, quantitative and Environmental, Social & Governance (ESG) screens to continually evaluate and direct our focus to companies with characteristics that fit with our investment philosophy. We focus on franchises with sustainable business models, returns focused management, attractive valuation given growth prospects, scope for earnings surprise, sustainable dividends and potential for dividend surprise, whilst considering underperforming franchises only with clear catalysts for change. Evaluating companies in this way – analysing multiple sources of excess returns – is a more effective than any single approach because it yields a more comprehensive understanding of factors that drive performance.

Our investment process is centred around the premise of 'no unintended bets', where we seek an informed view for all companies within our investment universe, including a perspective on those we don't own. This is achieved through creating upside/downside targets (buy and sell targets) for all companies in three key groups: all current fund holdings; stocks we see as potential investment opportunities; and all stocks greater than 0.50% in the benchmark. The upside/ downside price targets act as our 'map' to allocate capital during the portfolio construction stage, ensuring that the team's best ideas make up the largest percentage of risks taken by the fund.

There is a formalised sell discipline in place for the fund; so, if a stock breaches its 12-month low from the purchase level relative to the market, this triggers a review and position cut. Independent monitoring teams also help eliminate unintended risks, promote strong, consistent returns and ensure the fund is aligned with its investment objective.

A clearly defined and repeatable investment process

Step 1 **Define & evaluate investable universe**	Step 2 **Conduct research & valuation analysis**	Step 3 **Construct portfolio**	Step 4 **Portfolio & risk monitoring**
"No unintended bets"	***"Stewards of capital"***	***"Take risk where you have conviction"***	***"Checks and balances"***
Investable universe ■ All stocks held ■ Identified opportunities ■ All stocks >0.50% in BM	■ Company factors ■ Sector factors ■ Country factors ■ Proprietary Quant and ESG research	■ Upside & downside targets – map to allocate capital ■ Risk budgeting for conviction ■ 40-60 names	■ Formalized sell discipline ■ Independent risk monitoring ■ Investment oversight monitoring
Take a "long-short" view of our universe	**Creating upside & downside targets for our investable universe**	**High conviction and focused**	**Routinely & independently monitored**

To find out more visit columbiathreadneedle.com

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