

CT (Lux) European Short-Term High Yield Bond

At a glance

This active bond fund is a bottom-up credit strategy that invests in short maturity European high yield corporates.

Investment objective & policy

To provide a total return primarily from income with the potential for capital appreciation over the medium term by investing in a well-diversified portfolio of short maturity European high yield corporates that are rated below investment grade (the highest quality corporate bonds, as assessed by a credit rating agency).

This fund is not managed with reference to a benchmark index.

Risks

This fund is suitable for investors who can tolerate a moderate level of risk and have a medium-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 debt securities and derivatives.

Associated risks: The fund may be exposed to additional credit, market, interest rate and liquidity risks due to the nature of investing in global corporate credit bond markets.

“The short maturity space offers clients an income from European high yield corporates against a backdrop of very low yields from government bonds and cash, with less interest rate sensitivity than a standard high yield bond strategy.”

– Roman Gaiser/Gareth Simmons

Key facts

Fund inception date: 17 July 2019

Fund size: €103 million (as at 31.12.2024)



Roman Gaiser
Portfolio Manager
(since inception)



Gareth Simmons
Portfolio Manager
(since inception)

Key reasons to invest

- 1 High-quality research and security selection:** Our specialist team of portfolio managers and credit research analysts is dedicated solely to high yield. We conduct bottom-up credit research to gain a deeper understanding of issuer and industry dynamics, focusing on issuer and security selection to drive sustainable returns.
- 2 Attractive risk-adjusted return profile:** The portfolio aims to deliver solid total returns with a focus on downside risk management and lower volatility than the European high yield market due to the fund's shorter maturity structure.
- 3 Experienced and global team:** We have experienced several market and economic cycles and assessed how companies and management have performed a variety of different conditions. A global presence and scale make us better positioned to manage this strategy than a more regionally focused manager.

Investment approach

The fund's investment approach is built around strong analyst led credit research, and robust portfolio construction and risk management. We bear in mind the risk of permanent capital loss as well as the asymmetry of potential

returns, which is typical in corporate credit investing. Issuer and specific bond selection as well as the avoidance of significant capital loss, we see as our largest sources of performance.



■ Investment research

- Cornerstone of credit process
- Analyst led
- Identify risk adjusted performance

■ Portfolio construction

- Fund Manager led
- Tier position sizes in accordance with risk

■ Risk management

- Diversify and limit exposures to tail risks
- Seek to eliminate unintended risks

Fundamental credit research and issuer selection: issuer and security selection is driven by a credit research process that surveys the European high yield opportunity set to select those investments that offer the best risk-adjusted returns. Analysis is performed by a team of experienced research analysts who develop independent, fundamental views of the industries and companies they focus upon and their credit quality. Our research process focuses on the micro level, company specific factors which significantly drive credit quality, while additionally factoring in macro factors and top-down themes that can be important drivers of potential return. Our research considers business strategy, management strength, competitive position and Environmental, Social and Governance (ESG) criteria, as well as a variety of financial metrics. The credit analysts deliver formal investment recommendations, risk ratings and internal credit ratings for the issuers they follow. These recommendations and ratings, in combination with a relative value assessment of each issuer, form the basis of security selection.

Portfolio construction: the aim of the portfolio construction process is to own our preferred issues and issuers, expressed in a size that is consistent with the portfolio's risk and return objectives and ensuring that any resulting industry and

overall portfolio credit market risk is in line with our team's industry or credit market risk views. We use data, thematic research and issuer research to assess issuer exposure to ESG themes. Our credit research and responsible investment analysts work together to assess and engage with companies on material ESG concerns, evaluating issuers and engaging with management. Duration positions will typically be moderate, by nature, given the limited final maturity of the bonds. All non-euro exposure is hedged back to euro.

Risk management: risk management follows credit research and portfolio construction as the third (but equally important) element to our investment approach. Risk management is embedded in our investment process and we employ both quantitative and qualitative techniques to measure and manage risk in the portfolio. Each investment recommendation is accompanied by a thesis statement, which includes an issuer risk score. This statement includes the analyst's expectations (and risks around) the evolution of financial metrics, operating results and management behaviour. In addition, analysts set out which parts of the thesis are critical to the recommendation and list the events that might trigger a change in view. These inputs form the basis of portfolio construction, position sizing, risk monitoring and our sell discipline.



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The Fund is a sub-fund of Columbia Threadneedle (Lux) I, a Luxembourg domiciled investment company with variable capital ("SICAV"), managed by Threadneedle Management Luxembourg S.A.

The SICAV's current Prospectus, the Key Investor Information Document (KIID)/Key Information Document (KID) and the summary of investor rights are available in English and/ or in local languages (where applicable) from the Management Company Threadneedle Management Luxembourg S.A., International Financial Data Services (Luxembourg) S.A., your financial advisor and/or on our website www.columbiathreadneedle.com. Threadneedle Management Luxembourg S.A. may decide to terminate the arrangements made for the marketing of the SICAV. Pursuant to article 1:107 of the Act of Financial Supervision, the sub-fund is included in the register that is kept by the AFM. Past performance is calculated according to the BVI method in Germany.

These documents are available in Switzerland from the Swiss Paying Agent CACEIS Investor Services Bank S.A., Esch-sur-Alzette, Zurich Branch, Bleicherweg 7, CH 8027 Zurich.

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In Spain, Columbia Threadneedle (Lux) I is registered with the CNMV under No. 177. The Fund is a non-Spanish collective investment scheme duly registered with the CNMV for marketing in Spain. The fund should be subscribed to through locally authorised appointed distributors. Investors must read the relevant Prospectus and KID for each fund they want to invest before subscribing. All other statutory documentation, as well as the NAV can be obtained from www.columbiathreadneedle.com.

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