

CT (Lux) UK Equity Income

At a glance

Our best ideas UK equity fund that aims to generate both income and growth.

Investment objective & policy

To generate income with prospects for capital appreciation and outperform the FTSE All Share by investing in a concentrated and actively managed portfolio of UK companies that yield more than the market yield.

In line with its active management strategy of holding a small number of investments, 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, portfolio concentration and derivatives.

“Our portfolio turnover is low; we are patient and have conviction in what we do. Over the long-term, we are confident we can find companies that will re-rate and where dividend growth can be strong. The bedrock of our approach is buying unloved businesses when valuations were in the doldrums and well before operational improvements were evident.” – **Jeremy A. Smith**

Key facts

Fund inception date: 5 October 2016

Typical fund holdings: 40-60 companies

Fund size: £268 million (as at 31.12.2024)



Jeremy A. Smith
Portfolio Manager
(since November 2022)

Key reasons to invest

- 1 Flexible, conviction-driven approach:** We invest with conviction, unconstrained by index or style. Yield is constructed at the portfolio level resulting in adaptable dividends and differentiation in stock ideas and selection.
- 2 Seeks out 'hidden gems':** We scour the market for unloved stocks where the potential to deliver sustainable dividends or long-term capital growth has yet to be recognised.
- 3 Managed by dedicated equity income team:** Our specialists have significant expertise of income investing and draw on a range of perspectives from our multi-disciplinary UK Equity team and across the wider investment platform.

Investment approach

We invest with conviction and are not index-constrained, building a focused portfolio of 40-60 stocks using fundamental, bottom-up stock selection. We do not hold overseas stocks, bonds or derivatives and cash levels are minimal as we always aim to be fully invested. While delivering income is a primary aim, the yield is constructed at the portfolio level so there is no yield hurdle at the stock level and the fund is managed for total return. This enables us to combine higher yielding investments with capital growth opportunities. By constructing a more diversified portfolio, we are well-placed to deliver strong, consistent returns through the cycle.

We use short-term volatility in the market to exploit the longer-term valuation opportunity, assessing companies on a three-to-five-year view. When looking for new ideas, we scour the market for 'hidden gems' – unloved stocks where the potential to deliver sustainable dividends or long-term capital growth has yet to be recognised.

Clear investment approach

We like

- Hidden gems
- Unloved stocks that have disappointed
- Good businesses with restraining issues
- Medium to long term company potential
- Value discrepancies, not just optically cheap stocks
- Active engagement with management

We avoid

- Stock envy
- Short term earnings momentum
- Speculative or bubble stocks
- 'Comfort' stocks
- Over-reliance on macro bets
- Index constraints



To find out more visit columbiathreadneedle.com



Important information: Your capital is at risk. This financial promotion is issued for marketing and information purposes only by Columbia Threadneedle Investments.

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.

The Fund is categorised as Article 6 under the EU Regulation 2019/2088 on sustainability related disclosures in the financial services sector (SFDR) and DOES NOT promote environmental or social characteristics as an objective. Sustainability risks are integrated into the fund's investment decisions making process for financial Risk Management purposes only.

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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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