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Fund Manager  
Since: 01/07/2023



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Fund Manager  
Since: 01/04/2013

#### Fund Information

**You are investing in a fund that is actively managed in reference to the benchmark below. Please refer to the Prospectus and KIID/KID for the Fund objective.**

**Fund Benchmark:** MSCI ACWI Index

**Inception Date:** 31/03/1993

**Fund Currency:** USD

**Fund Domicile:** Luxembourg

**SFDR:** Article 8\*

## FUND COMMENTARY – JUNE 2025

### CT (Lux) Global Focus

Global equities advanced in June in local-currency terms.

- Gross of fees, the fund underperformed its benchmark during the month.
- We opened positions in Western Digital and National Bank of Greece.

### Market Background

Global equities posted gains in June, with the MSCI All-Country World Index (ACWI) returning 3.9% in local-currency terms amid optimism that Washington and Beijing could reach a trade deal, which eased fears of a global recession. This came despite shares falling mid-month after conflict flared between Israel and Iran, which drove a temporary spike in oil prices before markets recovered following a US-brokered truce. Towards the end of June, investors were further cheered as Washington and Beijing reached a deal to reduce tariffs and export controls and normalise trade in rare earth minerals.

US equities had a good month, aided by gains in the sizeable technology sector and hopes that the Federal Reserve could soon resume interest-rate cuts. Economic datapoints allayed recession fears but still pointed to cooling growth. Meanwhile, consumer price inflation for May undershot forecasts. This increased expectations for Fed rate cuts, especially in the face of President Trump's calls to do so. That said, at its meeting in June, the Fed held rates, and Chairman Powell emphasised that decisions will remain data dependent due to high uncertainty and an expected "meaningful increase" in inflation from tariffs.

Europe ex UK equities dipped in June following strong year-to-date gains as tensions in the Middle East prompted profit-taking. In addition, a strong euro dented sentiment towards the region's many exporters. Expectations of further rate cuts mounted as the preliminary eurozone inflation data for May was below the European Central Bank's (ECB's) 2% target for the first time since September 2024. The bank did indeed cut rates by 25 basis points two days later, though ECB President Lagarde struck an unexpectedly hawkish tone.

UK equities declined modestly over the month, partly due to the market's relatively limited exposure to the technology sector in a very strong month for these stocks. Concerns about the UK's government debt also lingered. Prime Minister Starmer had to make concessions to Labour MPs who rebelled against planned cuts to disability support and benefits, thereby further reducing the Chancellor Reeves' already narrow fiscal headroom. Shortly thereafter, the government's spending review highlighted the limited fiscal resources available to boost growth in the near term. The Bank of England left rates on hold at its meeting, though three of the nine rate setters voted for a cut – a more dovish outcome than anticipated. This cemented hopes of further monetary easing, as did some cooling economic data, notably evidence of slowing wage growth.

Japanese equities posted positive returns. Expectations of the pace of monetary tightening were scaled down. During its meeting in June, the Bank of Japan left rates unchanged but said that it will slow the pace at which it buys government bonds

\*The Fund promotes environmental or social characteristics and is categorised as Article 8 under the EU Regulation 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR). (Please refer to [www.columbiathreadneedle.co.uk](http://www.columbiathreadneedle.co.uk) for further disclosures. The decision to invest in the promoted fund should take into account all the characteristics or objectives of the promoted fund as described in its prospectus.)

following a spike in yields on fears of sluggish demand. Emerging-market (EM) equities also advanced over June, aided by easing trade-war jitters, with the Hong Kong market performing particularly well.

By region, US stocks fared best, closely followed by EMs, with both comfortably outperforming the MSCI ACWI. Japanese equities also posted positive returns but trailed the benchmark. The UK and Europe ex UK brought up the rear.

By sector, technology led gains as renewed optimism about AI and hopes for trade deals supported semiconductor names. Communication services and energy also outperformed, with the latter supported by a rise in oil prices in response to the conflict between Iran and Israel. At the other end, consumer staples and consumer discretionary lagged amid signs of softening consumer demand and tariff-related uncertainty.

## Performance

Gross of fees, the fund slightly underperformed its benchmark in June due to unfavourable stock selection, especially in financials, although picks in technology and healthcare were modestly beneficial. Sector allocation was supportive overall, with the overweight in technology and underweight in consumer staples adding most value.

At the stock level, key detractors included Mastercard. The shares fell on reports that major retailers are exploring using in-house stablecoins – a type of cryptocurrency pegged to currency – to avoid card payment fees. The US Senate also passed the Genius Act, which would support stablecoin issuance by creating a solid federal framework. However, we retain conviction in the stock. Leading global payments firm Mastercard benefits from several advantages, including its dominance in an oligopolistic industry, strong brand and global reach. With these competitive edges, Mastercard has a powerful network effect. The firm is also ahead of its peers in terms of penetration and its superior offering of value-added services. In our view, Mastercard is well placed to benefit from key structural themes, such as the shift from cash to card and the expansion of e-commerce.

The holding in Progressive Corporation also detracted. The US insurer underperformed, alongside sector peers, on signs of softening prices for property insurance in the US. Potential claims related to damage to cars and property from recent protests in Los Angeles, where Progressive has significant exposure, posed an additional headwind. Our investment thesis remains intact. The company specialises in the automobile sector and is widely regarded as one of the best-managed firms in the industry. Its strong reputation forms one of its key competitive advantages, which has resulted in industry-leading customer acquisition and net premium growth rates. By maintaining a best-in-class expense ratio, the firm is able to offer competitive prices to enhance its market share. Progressive also successfully uses data science in all aspects of its business, including pricing, customer behaviour and satisfaction, and the company boasts good ESG ratings.

On the other side, key contributors included Lam Research and Disco Corporation. Both benefited from positive sentiment towards chipmakers on renewed optimism over AI-driven demand and hopes that trade negotiations between the US and China could result in lighter restrictions on chip exports. We continue to favour Lam for its market leadership, scale and resilient business model. The company also boasts one of the best reputations in the industry for innovation in edge equipment. In addition, Lam remains well positioned to benefit from growing demand for technology, as well as expanding capital-intensity trends in materials-based engineering and manufacturing processes. Meanwhile, Disco has a significant market share in the cutting and grinding processes for semiconductor and electrical component production. This positions the firm well to capitalise on the growing demand for generative AI chips. Disco's earnings momentum should further reinforce its market position, while partnerships with major semiconductor firms enhance the company's competitive edge.

## Activity

We opened positions in Western Digital and National Bank of Greece.

Western Digital is a global leader in digital storage solutions. The firm produces hard disk drives that record, store and recall volumes of data, as well as solid state drives used in mobile devices and other applications. The company benefits from a broad and ever-expanding portfolio of products, which it sells directly to consumers, large enterprises and public cloud platforms. Western Digital is now part of a stable duopoly alongside Seagate and should be a considerable beneficiary of the rising value of data.

We added National Bank of Greece (NBG) as we wanted to increase our exposure to peripheral European banking markets; Greece is less risky as there are limited new entrants to the market. As the country's largest and longest running bank, NBG is a leading player in a relatively consolidated banking market. The lender is making good progress with digitalisation and has significantly improved its credit profile over the past year – a key factor in the restoration of its investment-grade ratings from S&P and Moody's in early 2025. Asset quality trends and credit expansion remain supportive. The strength of the Greek economy, which is set to outperform the eurozone average, augurs well for the bank's prospects, given its attractive market position.

We exited Munich Re and Pearson to reallocate funds to other higher conviction names and to reduce the number of stocks held in the fund. Munich Re had performed well over the holding period, and we opted to take profits as we wanted to lower our overweight position in insurers and reinsurers.

## Outlook

The policies of the new US administration have created uncertainty, both geopolitically and for equity markets. This is not necessarily expected to abate in the near term, and macroeconomic headwinds have recently increased.

However, high-quality, well-managed companies should continue to perform well over the longer term. In our view, those companies with strong fundamentals that have weathered the challenging operating environment of the past few years will likely continue to outperform, and we plan to take advantage of bouts of volatility to add to high-conviction names.

We also continue to believe that, in environments like this, diversification will remain important, particularly as investment to tackle issues such as decarbonisation, deglobalisation and energy efficiency creates a broader opportunity for earnings growth. Our focus remains on building a diversified portfolio of quality businesses that are multi-year compounders, with pricing power and less gearing to the broader economy. We believe that our bottom-up approach will allow us to find such quality growth companies across a range of sectors and geographies.

## 12M Rolling Period Return in (USD) - as at 30 June 2025

Past performance does not predict future returns and future returns are not guaranteed.

	06/24- 06/25	06/23- 06/24	06/22- 06/23	06/21- 06/22	06/20- 06/21	06/19- 06/20	06/18- 06/19	06/17- 06/18	06/16- 06/17	06/15- 06/16
Fund (Gross) %	14.65	26.08	20.68	-20.53	40.20	14.85	15.58	15.97	18.17	3.97
Index (Gross) %	16.69	19.92	17.13	-15.37	39.87	2.64	6.32	11.31	19.42	-3.17

Source: Columbia Threadneedle Investments as at 30/06/2025. Gross of fee fund returns are time-weighted rates of return net of commissions transactions costs and non-reclaimable taxes on dividends interest and capital gains using pricing of investments which is either the last traded price or a bid basis. Cash flows are factored as of the end of the day and exclude entry and exit charges. Index returns include capital gains and assume reinvestment of any income. The index does not include fees or charges and you cannot invest directly in it. The return of your investment may change as a result of currency fluctuations if your investment is made in a currency other than that used in the past performance calculation.

For detailed information on Fund Changes please see Significant Events - Threadneedle (Lux) Funds PDF available on [www.columbiathreadneedle.com/en/changes](http://www.columbiathreadneedle.com/en/changes)

## Key Risks

The value of investments can fall as well as rise and investors might not get back the sum originally invested.

Where investments are in assets that are denominated in multiple currencies, or currencies other than your own, changes in exchange rates may affect the value of the investments.

The Fund has a concentrated portfolio (holds a limited number of investments and/or has a restricted investment universe) and if one or more of these investments declines or is otherwise affected, it may have a pronounced effect on the Fund's value.

The Fund may invest in derivatives (complex instruments linked to the rise and fall of the value of other assets) with the aim of reducing risk or minimising the cost of transactions. Such derivative transactions may benefit or negatively affect the performance of the Fund. The Manager does not intend that such use of derivatives will affect the overall risk profile of the Fund.

An investment style bias can impact a Fund's performance relative to its benchmark in a positive or negative way. No investment style performs well in all market conditions. When one style is in favour another may be out of favour. Such conditions may persist for short or long periods. A Fund exhibits a growth style bias relative to its benchmark if the majority of the Fund invests in companies with above average growth rates, or good growth potential (based on indicators such as earnings and sales growth) relative to its benchmark. However, there is no guarantee that such companies will continue to show such characteristics in the future. A Fund's investment style may also change over time.

The Fund applies a range of measures as part of its consideration of ESG factors, including the exclusion of investments involved in certain industries and/or activities. This reduces the investable universe, and may impact the performance of the Fund positively or negatively relative to a benchmark or other funds without such restrictions.

The fund typically carries a risk of high volatility due to its portfolio composition or the portfolio management techniques used. This means that the fund's value is likely to fall and rise more frequently and this could be more pronounced than with other funds.

The risks currently identified as applying to the Fund are set out in the "Risk Factors" section of the prospectus.

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