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Fund Manager  
Since: 01/11/2024

### 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:** 23/10/2018

**Fund Currency:** USD

**Fund Domicile:** Luxembourg

**SFDR:** Article 8\*

## FUND COMMENTARY – JUNE 2025

### CT (Lux) Global Equity Income

#### Summary

- Global equities had a positive month in local-currency terms.
- Gross of fees, the fund underperformed its benchmark, the MSCI All-Country World index (ACWI), in June but remained ahead over the year to date.
- We topped up TSMC, Hubbell and Tokyo Electron.

#### Market Background

Global equities posted gains in June, with the MSCI 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

\*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.)

unchanged but said that it will slow the pace at which it buys government bonds 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 underperformed its benchmark in June but remained ahead of the index over the year to date.

The outperformance of growth stocks hampered relative performance. Stock selection was unfavourable, particularly in consumer discretionary and financials. However, picks in technology were beneficial. Sector allocation also detracted in aggregate, partly due to the underweight in technology and overweight in healthcare, although the underweight in consumer discretionary added relative value.

At the stock level, the lack of exposure to Nvidia was the key detractor in a strong month for semiconductor related names.

The holding in Deutsche Telekom also detracted. Along with the broader headwinds pressuring German stocks, Deutsche Telekom was impacted by news of SoftBank selling shares in the telco's T-Mobile subsidiary at a discount. However, our investment thesis remains intact. We favour Deutsche Telekom for its strong management team, high-quality products and premium growth profile relative to its peers. The company's market position is supported by its exposure to the strongest European telecoms market.

Positive contributors included Tokyo Electron, which develops, manufactures and sells semiconductor production equipment and industrial electronic products for flat-panel display manufacturing equipment. The shares rallied along with other semiconductor-related stocks amid optimism surrounding increased AI spending and hopes of easing US restrictions on advanced chip exports to China. Tokyo Electron benefits from a robust position as one of the world's largest manufacturers in its sector. As well as being well placed to capitalise on the structural growth of semiconductor demand, Tokyo Electron should also benefit from trends within semiconductor production, including increased investment in cutting-edge chipmaking processes and the miniaturisation of chipmaking equipment. The firm boasts a strong market share in semiconductor coatings and could grow its position in etching systems, a key step in the semiconductor manufacturing process.

Hewlett Packard Enterprise (HPE) was another key contributor. The shares surged towards the end of June following news that the firm's proposed \$14 billion takeover of Juniper Networks had been approved by the US Department of Justice. HPE creates software and AI-related services for small and medium-sized businesses, as well as large organisations in the government, health and education sectors. We feel the company is an underappreciated player in the AI field, with potential for growth. In particular, we believe that HPE will begin to benefit from the explosive growth in AI servers. Moreover, the traditional IT hardware infrastructure market is starting to return to growth, which should prove a tailwind for HPE.

## Activity

We added to our holding in the aforementioned Tokyo Electron. We also increased our exposure to Taiwan Semiconductor Manufacturing Company (TSMC) and Hubbell Incorporated.

TSMC is the largest dedicated silicon foundry in the world and operates in an industry with high barriers to entry. The company has exposure to a diverse range of tech applications and the stock generates some of the highest risk-adjusted returns in the sector. In addition, TSMC boasts a technological advantage and a top-quality management team.

Hubbell is a leading manufacturer of products and solutions for critical infrastructure markets for electrical distribution and transmission. The firm's products and solutions are key to providing a greater, more efficient transfer of electricity to meet growing demands, including from data centres. Hubbell's solutions play an essential role in grid modernisation and electrification, leaving the firm well positioned to benefit from the energy transition. The company boasts a robust capital allocation policy and a strong competitive advantage, underpinned by its switching costs.

We trimmed positions in Johnson Controls and Broadcom.

## 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.

We believe resilient free cashflow margins will be vital in identifying sustainable dividend growers. Consequently, we will focus on ensuring our portfolio companies have pricing power and an ability to manage cost structures and capital investments while operating with reasonable debt loads. This discipline remains of the utmost importance, with dividend sustainability more greatly prized with ongoing inflation in the system.

We continue to prioritise companies that can offer a blend of sustainable income and growth; we believe this is the best approach for total returns over the long term.

## 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) %	13.79	13.16	12.64	-9.57	38.91	-8.38	6.37	5.05	14.36	1.54
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.

The past performance information for the period prior to 23 October 2018 is from the Global Equity Income Fund (a UK authorised UCITS fund launched on 27 June 2007), which merged into this Fund on 24 November 2018.

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 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.

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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