COLUMBIA THREADNEEDLE INVESTMENTS

This is a marketing communication. Please refer to the prospectus of the UCITS and to the KIID / KID before making any final investment decisions.

Neil Robson
Fund Manager
Since: 01/10/2019

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: 25/01/2019

Fund Currency: USD

Fund Domicile: Luxembourg

SFDR: Article 8*

FUND COMMENTARY – JUNE 2025

CT (Lux) Global Select

Summary

- Global equities rose in June.
- Gross of fees, the fund outperformed the MSCI All-Country World Index (ACWI) over the month.
- We opened positions in Disco Corporation and KKR.

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 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 outperformed its benchmark in June.

Sector allocation drove the relative outperformance, with the overweight in technology and underweight in consumer staples adding most value. However, the overweight in materials was slightly unhelpful. Stock selection was negative in aggregate as gains from our picks in technology were outweighed by detraction elsewhere, notably in real estate and financials.

Equinix was among the detractors. Shares in the digital infrastructure company fell after its investor day in June, where management revealed a lower-than-expected outlook for near-term growth, primarily due to the need to invest in expanding capacity to meet demand from AI usage. However, we continue to favour Equinix and its data centre business. The company has a superior moat via its network of data centres located at key enterprise hubs, which is difficult to replicate. Additionally, Equinix boasts a high-quality management team and conservative debt profile; the firm should benefit from its presence in less mature markets. Equinix is also benefiting from the move to cloud-based technologies and the need for businesses to connect networks and co-locate workloads.

Mastercard was also among the detractors. 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.

On the other side, Nvidia and Lam Research were the top contributors in June. 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 see Nvidia as a leader in the design and development of 3D graphics processing units, which are used in data centres, gaming and automotive end markets. The firm's products are considered key to the development of AI technology. Nvidia is also well positioned to benefit from other powerful secular trends, such as the increasing demand for electric vehicles, cloud gaming and emerging omniverse opportunities. Meanwhile, 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.

Activity

We opened positions in Disco Corporation and KKR.

Disco Corporation has a significant market share in the cutting and grinding processes for semiconductor and electrical component production. This places the company in a strong position to benefit from 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. The holding will increase our exposure to semiconductor names.

Leading global investment company KKR is a well-diversified business with significant assets under management across a range of areas, including private equity, energy, infrastructure, credit and hedge funds.

We exited Japanese conglomerate Sony as we now see limited upside in the position. In addition, we sold out of Nutrien as we have some concerns around potential changes in supply and demand towards the end of the year given the change in crop conditions.

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) %	11.78	27.81	19.12	-23.08	37.98	8.35	9.68	16.83	21.12	-1.36
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 25 January 2019 is from the Global Select Fund (a UK authorised UCITS fund launched on 22 January 2009), which merged into this Fund on 26 January 2019.

For detailed information on Fund Changes please see Significant Events - Threadneedle (Lux) Funds PDF available on 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.

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.

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

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