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**Georgina Hellyer**  
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 – Q2 2025

### CT (Lux) Global Equity Income

#### Summary

- Global equities rose over the second quarter (Q2) of 2025.
- Gross of fees, the fund underperformed its benchmark – the MSCI All Country World Index (ACWI) – but remained ahead over the year to date.
- We added to our holdings in Taiwan Semiconductor Manufacturing Company, Tokyo Electron and Schneider Electric.

#### Market Background

Global equities advanced in Q2 of 2025, with the ACWI returning 9.5% in local-currency terms. Equities sold off sharply at the start of the period following US President Trump's "Liberation Day" announcement of sweeping "reciprocal" tariffs. However, the US administration later paused many of the highest tariffs and entered into trade talks with several countries, including China, which allayed fears of a global economic downturn and paved the way for a broad-based risk rally.

US equities were impacted by concerns that the import tariffs, which were steeper than anticipated, could lead to "stagflation" (higher inflation and slower economic growth). Higher Treasury yields early in the period due to worries about rising US deficit levels also formed a headwind. However, once global trade tensions subsided, generally strong corporate earnings fuelled a rebound, led by technology and other growth stocks. Encouragingly, inflation eased more than expected. Despite Trump's public pressure on policymakers to lower interest rates, the Federal Reserve held fire during the period, as expected. Fed Chair Jerome Powell said that the central bank "can afford to be patient" and noted the potential inflationary impact of tariffs.

European equities were supported by optimism for the eurozone economy in the wake of recent defence spending packages and pro-growth reforms in Germany and other countries. Falling inflation was also helpful, with the annual reading for May dipping below the European Central Bank's (ECB) 2% target. The ECB cut interest rates by 25 basis points (bps) in April and June, but accompanying commentary in June hinted at a potential pause to the easing cycle. This prompted some profit taking following equities' strong performance in early Q2. In addition, a short-lived spike in oil prices due to the Israel–Iran conflict moderated risk appetite late in the quarter. In the UK, the Bank of England (BoE) lowered interest rates by 25 bps in May. However, inflation remained above target, prompting investors to scale down expectations of further rate cuts this year, although the vote split at the BoE's June meeting was slightly more dovish than expected. The wider rotation to growth stocks also contributed to the more defensively orientated UK market lagging the wider rally. Slowing economic growth remained a concern; while Q1 GDP data beat forecasts, the Office for National Statistics reported in June that the UK economy contracted more than expected month on month in April.

Following the initial US tariff shock, Japanese stocks joined the wider risk rally. However, inflation remained above the Bank of Japan's (BoJ) target, with the core figure hitting its highest level in more than two years in May, strengthening expectations that the BoJ will increase rates in July. The threat of a trade war between

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the US and China hung over emerging markets (EMs), especially early in the period when US tariffs on Chinese imports rose to 145% and China retaliated with similar levies. EM stocks later benefited from a thaw in US–China trade relations, culminating in a deal being agreed late in the period. Other tailwinds came in the form of a weaker US dollar, encouraging Q1 GDP growth in China and stimulus measures from Chinese authorities to further boost economic activity.

All major equity regions in the MSCI ACWI posted positive returns in Q2 in local-currency terms. The US fared best, buoyed by its large technology sector. EMs and Japan were the next strongest but slightly lagged the index. Europe ex UK was weaker still due to the softer end to the period, while UK stocks brought up the rear.

By sector, technology stocks rode renewed enthusiasm for the AI theme to post the highest returns in the ACWI. Communication services and industrials also outpaced the index. On the other side, returns were weakest in the healthcare sector, which was impacted by Trump's plans to reduce drug prices in the US. Energy also underperformed: increased OPEC production contributed to oil prices declining over the period, despite a brief spike due to the Israel–Iran conflict.

## Performance

Gross of fees, the fund underperformed its benchmark over the quarter but remained ahead of the index over the year to date.

Both stock selection and sector allocation weighed on relative returns. Selection effects detracted most in healthcare, consumer staples and utilities, although picks in technology were beneficial. In terms of allocation, the overweight in healthcare and underweight in technology were especially unhelpful. However, there was a positive contribution from the underweight in consumer discretionary.

At the stock level, the zero weight in Nvidia detracted most in a strong period for chipmakers.

The position in Bristol Myers Squibb (BMS) was another key detractor. As well as Trump's aforementioned plans to reduce US drug prices, the pharmaceutical company was impacted by news of disappointing results for two phase 3 trials of new treatments. However, BMS's Q1 results beat forecasts for revenue and earnings. In addition, management raised its full-year sales outlook. We believe the company's long-term prospects are supported by its development of innovative medicines in areas such as oncology, cardiovascular disease, immunoscience and cystic fibrosis. Moreover, BMS boasts strong free cash flow and a high dividend yield, while its innovation and pipeline of best-in-class medication provide opportunities for market share gains.

On the other side, the lack of exposure to Apple aided relative returns in a weak quarter for the stock.

Our holding in Broadcom was also beneficial. The chipmaker benefited from upbeat sentiment towards semiconductor-related names, with Microsoft and Meta reaffirming their commitment to investing in AI, while US President Donald Trump rescinded incoming restrictions on AI chip exports. Broadcom boasts a strong market position, particularly in data centres, networking and recurring software. The firm is also well positioned to benefit from powerful long-term secular tailwinds, such as the growing demand related to generative AI.

## Activity

We added to our exposures in Taiwan Semiconductor Manufacturing Company (TSMC), Tokyo Electron and Schneider Electric, among others.

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.

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 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.

Schneider is a global leader in electrical distribution, automation and energy management products that improve efficiency and sustainability for customers. Over the long term, Schneider should benefit from the global drive towards carbon neutrality, as its products enable customers to control and monitor the carbon output of buildings. In addition, the current energy dynamics in Europe are positive for Schneider's business as the EU puts in place a number of energy-saving and transformative initiatives.

We exited our remaining position in media and advertising company WPP. We have some concerns about how the macroeconomic environment will impact the stock.

## 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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**CTEA6596390.1 05/2024**