

CT UK Social Bond Fund

At a glance

A UK credit fund that uses a positive social outcomes approach to unlock the full potential of corporate bonds to deliver both financial and social returns.

Key reasons to invest

1

Strength in partnership: Our strong reputation across both bonds and social investment is enhanced by our partnership with the Big Issue Group, social entrepreneurs and a leader and innovator in backing sustainable social businesses in the UK.

2

Innovative approach: The first fund to unlock the full potential of bonds to deliver both financial returns and positive social outcomes. Using a dynamic social assessment methodology to guide investment decisions, the portfolio manager actively sources assets that combine clear social benefits with sound financial attributes.

3

Consistent track record in social bond investing: We have successfully managed outcomes-focused social bond strategies since 2013, and have over £1 billion invested in a range of strategies for clients in the UK, Europe and the US.

Key facts

Fund inception date:

1 January 2014

Fund objective:

Please refer to the Fund KIID for the objective and policy of this fund

Social Advisory Committee:

The Big Issue Group acts as the social advisor to the Fund, via the Social Advisory Committee. The Committee's role is to advise, review and challenge the Fund's investment from a social performance perspective.

Average credit quality:

A+ to A-

Investable social universe

Constituents of Bank of America Merrill Lynch 1-10 Year Sterling Non-Gilt Index and selective off-benchmark bonds.

Liquidity

Daily

Fund size:

£372 million (as at 31.12.2024)



Tammie Tang

Portfolio Manager
(since June 2022)

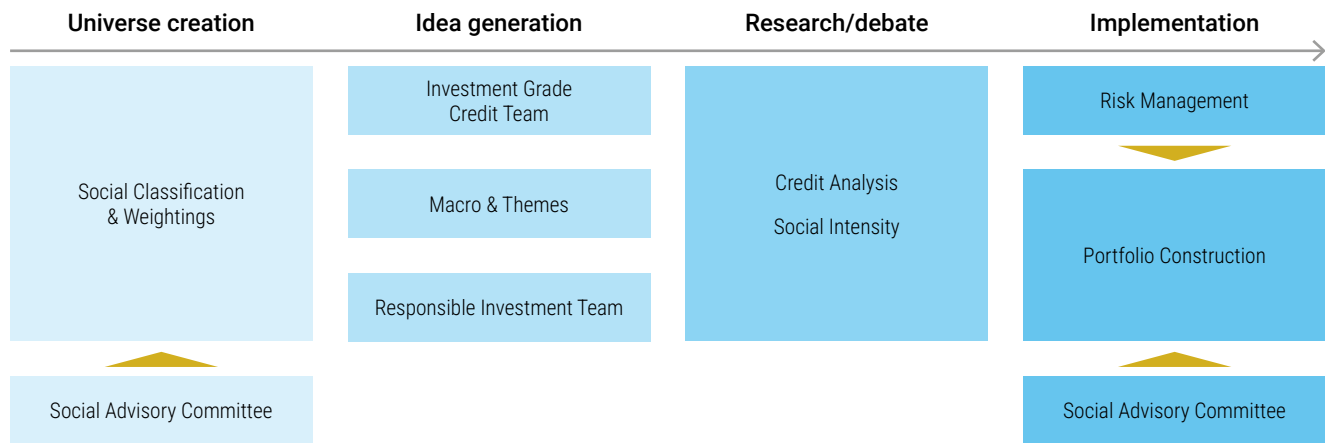
"We take a portfolio approach to focus on social outcomes, targeting the most beneficial projects in the areas of most need. We use conventional assets (corporate bonds) to achieve our aim of bringing social investment into the mainstream and add value through 'social alpha' from our investments, without sacrificing financial returns." – **Tammie Tang**

Investment approach

We use an outcomes-focused approach to deliver both social and financial returns. We first identify bonds that conform to eight key social fields set by The Big Issue Group to form a social universe of 350-400 securities. Eligible investments are then ranked by our Responsible Investment team to evaluate the 'social intensity' of qualifying bonds, with each security is ranked as high, medium or low social intensity. This is not a simple box-ticking exercise, but involves a three-dimensional approach to the social implications of each issue. At the most basic level, bonds are invested in measurable outcomes in one of the eight social fields; next, our analysis draws on a number of factors to judge the social outcome. Here, geography is a key driver – where the outcome occurs is important. The next level of detail looks at localities, using indicators which show where deprivation levels are most severe.

Our investment grade credit team evaluates these bonds using our established credit research process to ensure that investment ideas meet the necessary financial and liquidity requirements for inclusion within the portfolio. The portfolio manager has ultimate responsibility for final portfolio construction and targets a third of the exposures in each of the three high, medium and low social intensity buckets. This is a 'soft' guideline and ideally, where possible, the portfolio manager will look to increase the allocation to the higher intensity buckets – to add 'social alpha.' The portfolio is balanced and well-diversified and targets a minimum of 80% UK domestic social outcomes. Securities will be on average investment grade with some high yield securities and unrated bonds and smaller issues especially where they have high social value. Particular attention is paid to managing liquidity and a proportion of the fund will, as a result, be in highly liquid but lower yielding instruments.

Combining social outcomes with financial returns



Key risks

Past performance is not a guide to future returns and the fund may not achieve its investment objective. Your capital is at risk. The value of investments can fall as well as rise and investors might not get back the sum originally invested. The Fund invests in securities whose value would be significantly affected if the issuer refused, was unable to or was perceived to be unable to pay. The fund holds assets which could prove difficult to sell. The fund may have to lower the selling price, sell other investments or forego more appealing investment opportunities. Most bond and cash funds offer limited capital growth potential and an income that is not linked to inflation. Inflation is likely to affect the value of capital and income over time. Changes in interest rates

are likely to affect the fund's value. In general, as interest rates rise, the price of a fixed rate bond will fall, and vice versa. The investment policy of the fund allows it to invest in derivatives for the purposes of reducing risk or minimising the cost of transactions. The fund may exhibit significant price volatility. All the risks currently identified as being applicable to the Fund are set out in the "Risk Factors" section of the Prospectus. Please read the Key Investor Information Document and the Fund Prospectus if considering investing.



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