

Media Release

LATEST ANNUAL IMPACT REPORT SHOWS THREADNEEDLE UK SOCIAL BOND FUND SUPPORTING THE COVID-19 RECOVERY

- **Report by The Big Issue Group assesses how well the fund has delivered on its impact objective to support more inclusive and sustainable development in the UK**
- **Investment highlights include £14 million invested in social bonds aimed at alleviating the negative effects of the pandemic**

LONDON, 24 February 2022: The social advisor to the Threadneedle UK Social Bond Fund has released its seventh [Annual Impact Report](#) as part of the fund's disclosure to investors. The report assesses the degree to which the investment strategy's impact objective to support more inclusive and sustainable development in the UK¹ has been achieved.

Launched in 2014 as the UK's first mainstream, fixed income social investment offering, the Threadneedle UK Social Bond Fund is a partnership between Columbia Threadneedle Investments and The Big Issue Group, who acts as the social advisor to the fund.

In producing the annual report, The Big Issue Group assesses portfolio holdings according to the bonds' alignment to the Sustainable Development Goals (SDGs) and their social performance rating (high, medium, low) by outcome area and geography. The investment projects' impact reporting, transparency and relevant impact evidence are also scored using standards such as the Impact Management Project.

The 2021 report shows that overall, the fund held 225 bonds from 121 issuers including charities, registered social housing providers and publicly listed companies in sectors such as health & social care, utilities and the environment, and housing & property. Most bonds (83%) were scored to have a high or medium social performance rating, with nearly 60% favouring regional development outside the Greater Southeast.

¹ The fund's investments are primarily concentrated in the UK, with a particular focus on driving inclusive development and tackling regional inequality in regions outside the Greater Southeast. The last three years have also seen an increase in investment in bonds targeting development outcomes internationally, including in countries in Europe, Africa and Latin America (representing 18% of the fund's total bond holdings as at 30 June 2021).

The report also shows a new type of bond introduced to the portfolio, with £14 million invested into so-called “pandemic bonds” which aim to finance both the healthcare response to, and wider economic recovery from, the Covid-19 pandemic. Examples of such bond issuance include:

- An **\$8bn sustainability bond** issued by the **International Bank of Reconstruction & Development** to help member countries expand laboratory capacity, invest in detection equipment, train health workers and resolve supply constraints.
- A **\$750m social (vaccine) bond** issued by the **International Finance Facility for Immunisation** for funding to the Global Alliance for Vaccines and Immunisations’ core immunisation programmes and its COVAX Advance Market Commitment scheme, which pools funding to purchase Covid-19 vaccines for participating countries.

Simon Bond, manager of the Threadneedle UK Social Bond Fund, said: “It has been fascinating to watch the quick and efficient bond market response to one of the most pressing social challenges of our time. This has presented our fund’s investors with an opportunity to support an inclusive and sustainable recovery from the Covid-19 pandemic, while at the same time generating returns on their investments. The developments over the last few years also reflect the growth of the ‘S’ within Environmental, Social and Governance investment - social bond issuance was up 129% year on year to the end of September. There will be plenty more opportunities to put investments to work for social good, and I look forward to continuing to manage the fund in this way.”

Outside of pandemic bonds, last year’s notable investments include Tesco’s first sustainability-linked bond contributing towards its target of reducing Scope 1 and 2 greenhouse gas emissions by 60% by 2025. The growth of such sustainability-linked social bond issuance has been significant over recent years and the report calls for future issuance to consider the intersection of social and environmental impact.

Nigel Kershaw OBE, Chair of The Big Issue Group and co-founder of The Big Exchange, said: “Our aim with this partnership was to bring the mainstream to social investment by giving ordinary people, as well as institutional investors, an opportunity to see their savings and investments do social good. Having grown to just over £408 million in assets under management², the fund’s success shows that more and more people want to be able to plan and save for the future while helping to create a more inclusive UK - it’s finance for the people. I am incredibly proud of what the fund has been able to achieve, not only over the last year but over the last seven years.”

The Threadneedle UK Social Bond Fund contributes a share of its annual management fee to The Big Issue Group, as well as the Columbia Threadneedle Foundation.

² As at 31 January 2022. Source: Columbia Threadneedle Investments

[Click here](#) to read the 2021 Annual Impact Report.

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Notes to Editors

About Columbia Threadneedle Investments

Columbia Threadneedle Investments is a leading global asset manager that provides a broad range of actively managed investment strategies and solutions for individual, institutional and corporate clients around the world.

We have more than 2500 people including over 650 investment professionals based in North America, Europe and Asia⁴. We manage £557bn / €663bn / US\$754bn³ of assets across equities, fixed income, multi-asset, solutions and alternatives.

Our priority is the investment success of our clients. We know investors want strong and repeatable risk-adjusted returns and we aim to deliver this through an active and consistent investment approach that is team-based, risk-aware and performance-driven. Our investment teams around the world work together to uncover investment insights. By sharing knowledge across asset classes and geographies we generate richer perspectives on global, regional and local investment landscapes. The ability to exchange and debate investment ideas in a collaborative environment enriches our teams' investment processes to ensure the best insights are applied to portfolios. More importantly it results in better informed decisions for our clients.

Columbia Threadneedle Investments is the global asset management group of Ameriprise Financial, Inc. (NYSE:AMP), a leading US-based financial services provider. As part of Ameriprise, we are supported by a large and well-capitalised diversified financial services firm.

www.columbiathreadneedle.com

About Big Issue Invest

Founded in 2005, Big Issue Invest, as part of The Big Issue Group, extends the Group's mission by financing the growth of sustainable social enterprises and social purpose businesses across the UK.

Big Issue Invest (BII) offers social enterprises and social purpose businesses loans and investment from £20,000 to £3.5 million. It manages or advises on £450 million of social funds, including £45 million assets under direct management.

In 2020-2021, BII invested in over 184 organisations across the UK, with 62% of investment in the highest areas of deprivation. Alongside working in areas where it is needed, Big Issue Invest's clients provide services to over 1.16 million people across the UK and provide jobs for up to 10,000 people and volunteering opportunities for 6,900 people.

<https://bigissueinvest.com/>

Key Risks & Objective

³ Source: Ameriprise Financial Q4 2021 earnings release

Key risks

- **Investment Risk:** The value of investments can fall as well as rise and investors might not get back the sum originally invested.
- **Social Investment Risk:** The Fund aims to invest in assets that are deemed to be supporting and funding socially beneficial activities and development and utilises a Social Assessment Methodology. This will affect the Fund's exposure to certain issuers, industries, sectors, and regions, and may impact the relative performance of the Fund positively or negatively, depending on whether such investments are in or out of favour. The concept of socially beneficial activities and development is subjective. It is therefore possible that an investment may not perform in a way that an investor considers to be a socially beneficial activity or development, even though it has been selected in accordance with the Social Assessment Methodology.
- **Issuer Risk:** 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.
- **Liquidity Risk:** 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.
- **Inflation Risk:** 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.
- **Interest Rate Risk:** 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.
- **Derivatives for EPM/Hedging:** The investment policy of the fund allows it to invest in derivatives for the purposes of reducing risk or minimising the cost of transactions.

Investment Objective & Policy

The Fund aims to provide income with the prospect of some investment growth over the long term (5 years or more), through investment in bonds that are deemed to be supporting and funding socially beneficial activities and development, primarily in the UK.

The Fund is actively managed, and seeks to maximise its investment exposure to socially beneficial activities and development, based on assessments produced under the Fund's Social Assessment Methodology (developed by The Big Issue Group and Columbia Threadneedle Investments).

The Social Assessment Methodology ensures that social impact considerations are integrated into the investment decision-making process. Investment is directed towards eight social outcome areas: housing and property; community services; education, learning and skills; employment and training; financial inclusion; health and social care; transport and communications infrastructure, utilities and the environment. Eligible Investments are assessed to establish an overall view of the investment's "social intensity". Some debt securities will have more direct and tangible social benefits than others, however those selected for investment are considered to have net positive impacts.

A Social Advisory Committee regularly reviews the Social Assessment Methodology and the assessments carried out and may propose amendments or updates over time. An annual report is made available to investors which provides a summary of the Fund's social impact performance.

The Fund may invest in bonds (usually investment grade) issued by international, public, private or voluntary and/or charitable sector organisations. Cash or near cash will be retained within the Fund for efficient management, and similarly deposits and money market instruments may be held for this reason.

IMPORTANT INFORMATION

FOR PROFESSIONAL INVESTORS ONLY (not to be used with or passed on to any third party).

Your capital is at risk.

The mention of any specific shares or bonds should not be taken as a recommendation to deal.

Threadneedle Opportunity Investment Funds ICVC ("TOIF") is an open-ended investment company structured as an umbrella company, incorporated in England and Wales, authorised and regulated in the UK by the Financial Conduct Authority (FCA) as a Non-UCITS scheme.

This material should not be considered as an offer, solicitation, advice or an investment recommendation. This communication is valid at the date of publication and may be subject to change without notice. Information from external sources is considered reliable but there is no guarantee as to its accuracy or completeness.

The current Prospectus, the Key Investor Information Document (KIID), latest annual or interim reports and the applicable terms & conditions are available from Columbia Threadneedle Investments at PO Box 10033, Chelmsford, Essex CM99 2AL, your financial adviser and/or on our website www.columbiathreadneedle.com.

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Columbia Threadneedle Investments is the global brand name of the Columbia and Threadneedle group of companies.

Source: All information is based on Big Issue Invests' Annual Impact Report 2021, as at June 2021, unless otherwise stated.