

News Release

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COLUMBIA THREADNEEDLE MULTI-MANAGER Q4 2023 FUND WATCH SURVEY

STARK IMPROVEMENT IN NUMBER OF FUNDS CONSISTENTLY OUTPERFORMING IN FINAL QUARTER OF 2023 WHEN COMPARED TO Q4 2022 - BUT NUMBERS DOWN ON Q3 2023

- *39 funds achieved top quartile performance to end of Q4 2023 compared to six in Q4 2022*
- *1.1% decrease in number of top quartile performing funds compared to end Q3 2023*
- *IA Japan sector topped the table - 12.3% of funds delivered top quartile performance*
- *249 funds delivered above median returns consistently (262 out of 1,323 funds Q3 2022)*
- *54 of the 56 IA sectors averages made positive ground: the IA Latin American sector leading, gaining 12%*

LONDON, 17 January 2024: Despite many markets hitting new peaks as 2023 drew to a close, there was a reduction in the number of funds delivering a consistently top quartile performance over a three-year period to the end of Q4 2023, compared to the Q3 2024, according to the latest Columbia Threadneedle Investments Multi-Manager Fund Watch survey.

Fund Watch, a quarterly survey launched in 2008 by the Multi-Manager team at Columbia Threadneedle, analyses the performance of the funds universe and the IA sectors, providing investors insight into where there is value to be found within active management. The Consistency Ratio's historical average range is between 2-4%. A copy of the full Q4 2023 survey can be downloaded [HERE](#)

In Q4 2023 **39** funds out of **1,416** achieved this feat, which equates to **2.8%** of the selected universe, down from **52** funds out of **1,323** funds (**3.9%**) in Q3 2023. However, the number of funds delivering top quartile performance remains higher than that seen during the first half of 2023 when **27** out of the **1,286** funds (**2.1%**) achieved this feat in Q2, and **23** out of **1,261** funds (**1.8%**) during Q1.

The CT European Real Estate Securities Fund led the table of IA universe funds in the last quarter of 2023, whilst the Templeton China Fund compounded the negative sentiment towards Chinese equities as the worst performing fund in the IA sector.

The performance genie was let out of the bag in the final quarter of the year with **54** of the **56** IA sector averages making positive ground and **51** of the **56** beating the **1.4%** return of the IA Standard Money Market sector average, compared to **nine** out of **57** in Q3 2023. The IA Latin American sector was the best returning sector average, gaining **12%**, followed by the IA Technology & Telecom sector, which gained **11.8%**, with the IA Property Other sector close behind, gaining **10.3%**. The standout underperformer of the quarter was the IA China/Greater China sector which **fell 8.4%**, considerably more than the next worse sector which was the IA UK Direct Property which **fell 0.2%**.

Echoing its Q3 2023 performance, the IA Japan sector had the most consistently performing top quartile funds in the fourth quarter with an impressive **12.3%** of funds achieving this feat. The next best was the IA Emerging Markets sector with **9.1%** of funds. The IA £ Corporate, UK Equity Income and North American sectors all failed to have any funds hit the mark with the IA Europe ex UK, IA Global Mixed Bond and IA Sterling Strategic sectors only having **one** fund achieving consistently top quartile returns in the three consecutive 12-month periods.

Lowering the hurdle rate to above median in each of the last three 12-month periods also saw a fall with **249** of the **1,416** funds delivering above median returns consistently, compared to **262** funds in Q3 2023. This means this less demanding ratio fell to **17.6%** from **19.8%**. Once again, the IA Japan sector had the most consistently above average funds with **32.3%** achieving this feat. The next best was the IA Asia ex Japan sector with **29.2%** of funds qualifying. At the other end of the spectrum the IA UK Equity Income sector had the lowest percentage of funds achieving rolling 12-month consistency for the three years at **10%**. Notably, all sectors had a number of funds achieving above average consistency.

What a difference a year makes

Comparing fund performance on a like-for-like basis at the same point in time last year shows a very contrasting picture. Despite fund performance improving from the all-time low of Q3 2022, which recorded **three** funds (**0.26%**)¹ delivering consistent top quartile returns over the period, only **six** out of the **1,219** funds (**0.5%**) achieved top quartile returns over three years to the end of Q4 2022. The final quarter of 2022 saw **44** of the **57** IA sectors make positive ground.

¹ Record low is based on Fund Watch data, which has been recorded since 2008.

Kelly Prior, Investment Manager in the Multi-Manager team at Columbia Threadneedle Investments,

comments: *“Consistency faltered in the fourth quarter as the mood music again took on a different tempo. Having failed to respond to expectations of a change in rate outlook for much of the year, the final Federal Reserve meeting of 2023 offered a more dovish tone. Japan proved to be something of an outlier in 2023. A market often forgotten due to its ever-decreasing importance in global indices, it continues to prove a rich hunting ground for active management.*

“As we peer into our tea leaves for inspiration for the year to come it strikes us that we may be nearing a time to be brave. China, the standout underperformer this quarter, looks ripe for a change of sentiment while India is priced for perfection, and if Private Equity needs to start deploying capital, then smaller companies are viewed as a steal, particularly in the UK. High Yield has been fabulous but when floating rates start to bite there will be winners and losers, and Emerging market central bankers have been ahead of the curve in hiking and then cutting interest rates while their developed market cousins sat on the sidelines. Indeed, a change in the fortunes of the ‘Magnificent 7’ stocks could result in a change in consistency outcomes for US Equities funds too.

“With continued geo-political tensions and an election year for 60% of the world population likely to throw significant curve balls into the mix, investing in 2024 certainly isn’t going to be for the fainthearted!!”

Other highlights from Q4 2023 survey included:

- There was a changing of the guard in the UK equity sectors with the UK Smaller Companies average leading the move upwards in the quarter with a **6.8%** gain. The IA UK All Companies sector returned a respectable **4.5%**, while the IA UK Equity Income a close **4.3%**. The returns for the year remain significantly different however, with the IA Smaller companies average essentially flat while the IA UK All companies gained **7.2%**.
- There were no consistently top quartile North American funds and **9** of the **20** that were consistently ahead of average were trackers.
- Sensitivity to interest rates was a major factor in the fortunes of bond sector returns with the IA UK Index Linked Gilt sector average gaining close to **10%** in the quarter, though the 12-month return was a less stunning at **0.4%**.

ENDS

Notes to editors:

About Fund Watch

The Fund Watch survey uses the Columbia Threadneedle Investments Multi-Manager team's process to highlight the past quarter's developments in the fund world. It is fact-based and uses performance analysis techniques which form part of the team's investment process. All data is from Lipper for Investment Association (IA) sectors and is calculated in total return terms in sterling for periods ending 31 December 2023.

The Columbia Threadneedle Investments Multi-Manager team has worked together since 1996 and runs two fund ranges - CT MM Lifestyle, a range of five risk targeted funds, and CT MM Navigator a range of five risk profiled funds, full details can be found online here.

CT MM Lifestyle	CT MM Navigator Range
CT MM Lifestyle 3 Fund	CT MM Navigator Balanced Fund
CT MM Lifestyle 4 Fund	CT MM Navigator Boutiques Fund
CT MM Lifestyle 5 Fund	CT MM Navigator Cautious Fund
CT MM Lifestyle 6 Fund	CT MM Navigator Distribution Fund
CT MM Lifestyle 7 Fund	CT MM Navigator Growth Fund

About Columbia Threadneedle Investments

Columbia Threadneedle Investments is a leading global asset manager, entrusted with £490bn² on behalf of 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 Asia³. We offer our clients a wide range of strategies across equities, fixed income and alternatives, as well as specialist responsible investment capabilities and a comprehensive suite of solutions.

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.

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² Source: Ameriprise Financial Q3 2023 earnings release

³ As at 30 September 2023, Columbia Threadneedle Investments