



# CT (Lux) Global Social Bond

Balancing social outcomes, financial return and liquidity

For Professional Investors only

# CT (Lux) Global Social Bond

## Key Risks

**Investment Risk:** The value of investments can fall as well as rise and investors might not get back the sum originally invested.

**Currency Risk:** 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 investment

**Issuer Risk:** The fund invests in securities whose value would be significantly affected if the issuer either refused to pay or was unable to pay or 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.

**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. The fund may exhibit significant price volatility.

**Valuation Risk:** The Fund's assets may sometimes be difficult to value objectively and the actual value may not be recognised until assets are sold.

**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.

**Volatility Risk:** The fund may exhibit significant price volatility.

**Investment and 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.

# CT (Lux) Global Social Bond

## Objectives

The Fund aims to provide income with the potential to grow the amount you invested over the medium term by investing in bonds globally that are considered to support or fund socially beneficial activities and development.

To achieve this objective, the Fund invests at least 90% of its net assets in bonds (which are similar to a loan and pay a fixed or variable interest rate) issued by companies, governments, voluntary organisations and/or charities. The Fund will mainly invest in investment grade bonds but may invest up to 10% of its net assets in below investment grade bonds. Bonds rated as investment grade, as defined by international agencies that provide such ratings, are considered safer than lower rated bonds but typically pay a lower income. The Fund may invest up to 35% of its net assets in bonds from issuers in emerging market countries.

The Fund may use derivatives (complex instruments) for hedging purposes and may also invest in asset classes and instruments different from those stated above. n The fund manager only selects bonds that are rated as social investments under the Fund's Social Rating Methodology, and ensures that the issuers of these bonds follow good governance practices. The social outcomes of the investments are reviewed by a Social Advisory Panel (SAP). The SAP approves a social impact report which is prepared annually and made available to investors.

The Fund excludes issuers that derive certain levels of revenue from industries or activities where the fund manager considers that they offer minimal social benefits or have a high risk of negative outcomes. However, an investment may be made in specific use of proceeds bonds (such as green, social or sustainability bonds) from an issuer that would otherwise be excluded under the criteria above. It also excludes issuers determined to have breached international standards and principles.

The fund manager engages with issuers to better understand and positively influence their social value. Columbia Threadneedle Investments is a signatory to the Net Zero Asset Managers Initiative and has committed to an ambition to reach net zero emissions by 2050 or sooner for a range of assets, including the Fund. The fund manager uses its proactive engagement to assist with progressing this and may disinvest from those not meeting the minimum standards. n The Fund is not managed in reference to a benchmark. The Bloomberg Global Aggregate Credit Index (USD Hedged) is used as a point of comparison against which the Fund's financial performance may be compared.

The Fund is not subject to any constraints in relation to the comparator index, and as a result of the application of the Social Rating Methodology, is expected to exhibit significant deviation from the index. n Further information on the Fund's investment guidelines and its sustainable investment objective is available in the Social Investment Guidelines and the SFDR RTS Annex of the Prospectus, both available at [www.columbiathreadneedle.com](http://www.columbiathreadneedle.com). The Fund is considered to fall within the scope of Article 9 of SFDR. n Income from investments in the Fund will be added to the value of your shares.

# Proven philosophy built on the principles of impact investing



Believe in the potential of the bond market to ‘do the right thing’ and to ‘**deliver positive social outcomes**’

*Doing the right thing*



**Social investment approach** which focuses on the intentionality and intensity of social impact, by mapping to social outcomes, population need

*Research intensity*



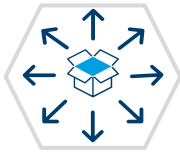
Social impact oversight enhanced with a **Social Advisory Panel** to set impact targets and to advise, review and report on social impact

*Risk management*

# Why bonds for impact investing

They have **multiple advantages** of scale, scope and ‘targeted’ ability to support highly social outcomes and impacts

## Scale and scope



Spectrum of opportunities extends beyond listed companies

- Vast universe includes government agencies, regional and local government bodies, mutuals and charities
- Issuers include social policy leaders that use public bond markets to finance large scale social solutions
- Appropriate and sustainable funding source for social infrastructure

## Liquidity

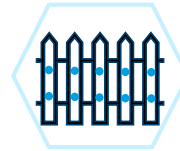


- Bonds are tradable and offer liquidity

## ‘Targeted’ investment opportunity



- Can be secured on identifiable assets
- Property, cash flow from specific operations



Can be issued from ‘ring-fenced’ regulated businesses or subsidiaries

- Housing associations, regulated utilities, regulated transport industries



Specific use of proceeds

- Green, Sustainability, Social Bonds

# Pioneers in social bond investing since 2013

Targeting a **broader opportunity set** with the launch of global social bonds



We **supported** the evolution of Social Bond Guidelines, but were managing social **impact bond funds** even earlier



Now over **\$4 trillion** in ESG labelled bonds<sup>1</sup>

**1st**



- The UK's first daily liquid social bond strategy
- Europe's first daily liquid social bond strategy

**2013**

CT UK Social Bond Fund



**2017**

CT (Lux) European Social Bond Fund



**2023**

CT (Lux) Global Social Bond Fund **launching**

THE GOOD ECONOMY



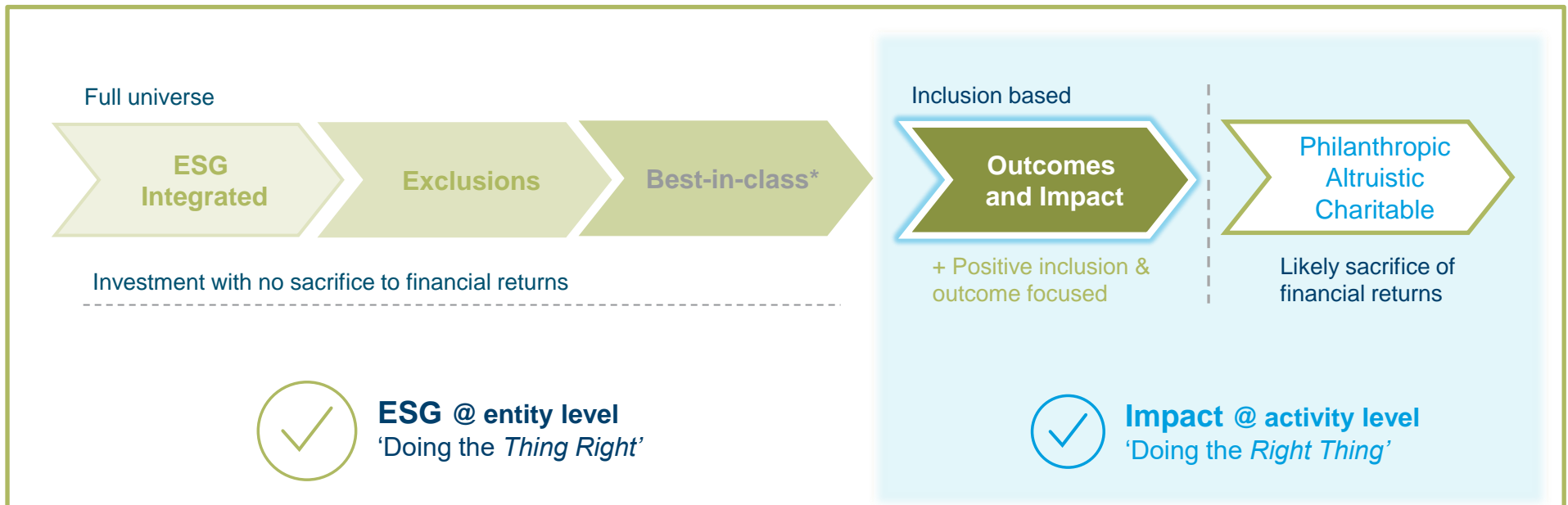
1 – Bloomberg as of 8<sup>th</sup> November 2023 in Green, Social, Sustainable and Sustainability-Linked bonds. Source: Bloomberg and Columbia Threadneedle Investment as at 8 November 2023. Past performance is not a guide to future returns.

# Investing for social outcomes and positive impact

Unlocking the full potential of bonds to deliver both **financial returns** and **positive social outcomes**



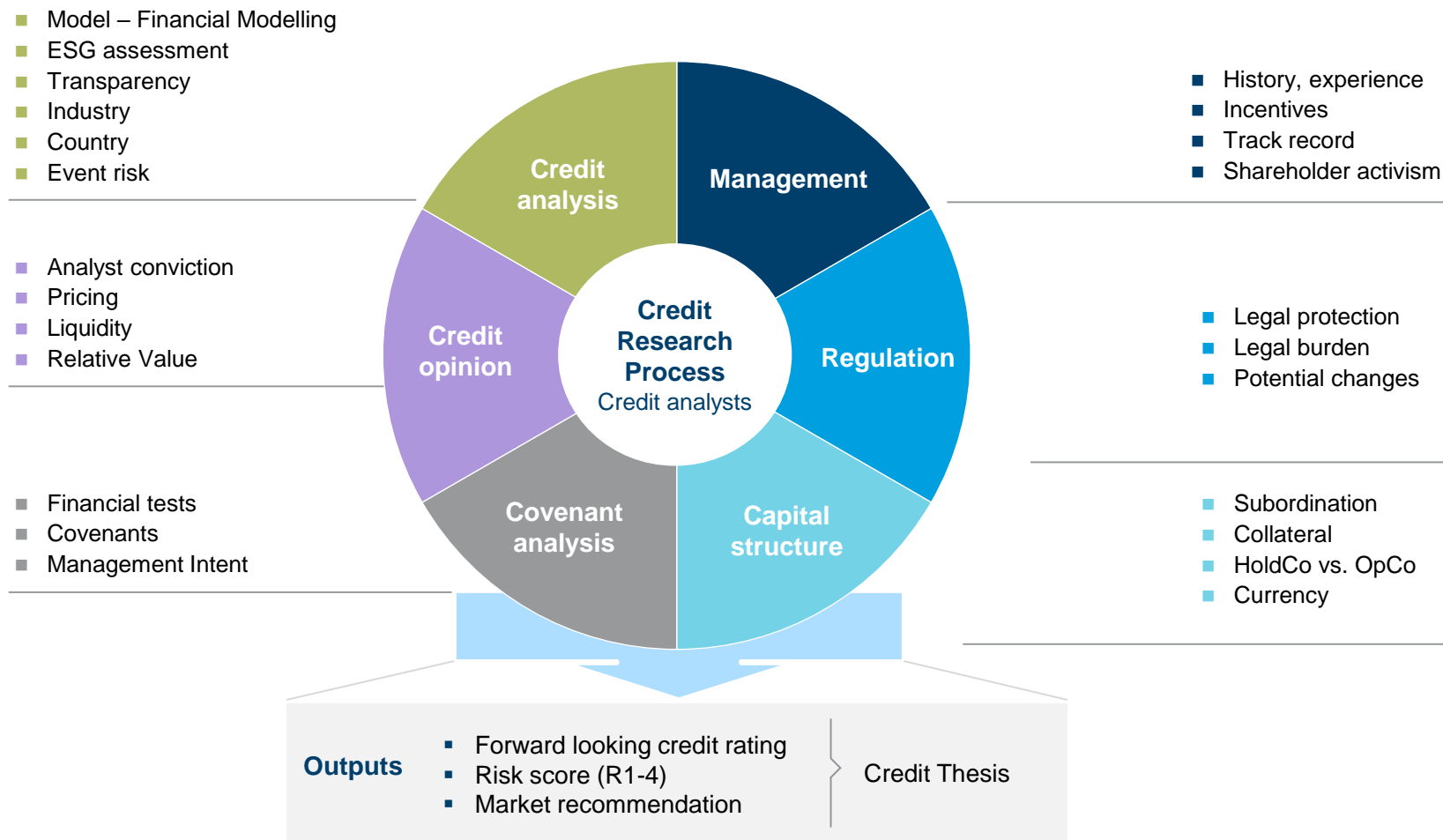
## Spectrum of RI approaches



(\*) Best-in-class investment refers to the composition of portfolios by the active selection to those companies that meet a defined ranking hurdle established by environmental, social and governance criteria.

# Fundamental credit research process – Issuer level

## What our financial analysts consider at company level research



ESG = Environmental Social Governance.



# How have we been doing it?

At Columbia Threadneedle, we believe...



Positive inclusion




Evidenced based  
analysis



Engagement

Social investing



**Financials**

No concessions

**1**



**Controversy  
& ESG**

Culture /  
materiality

**2**

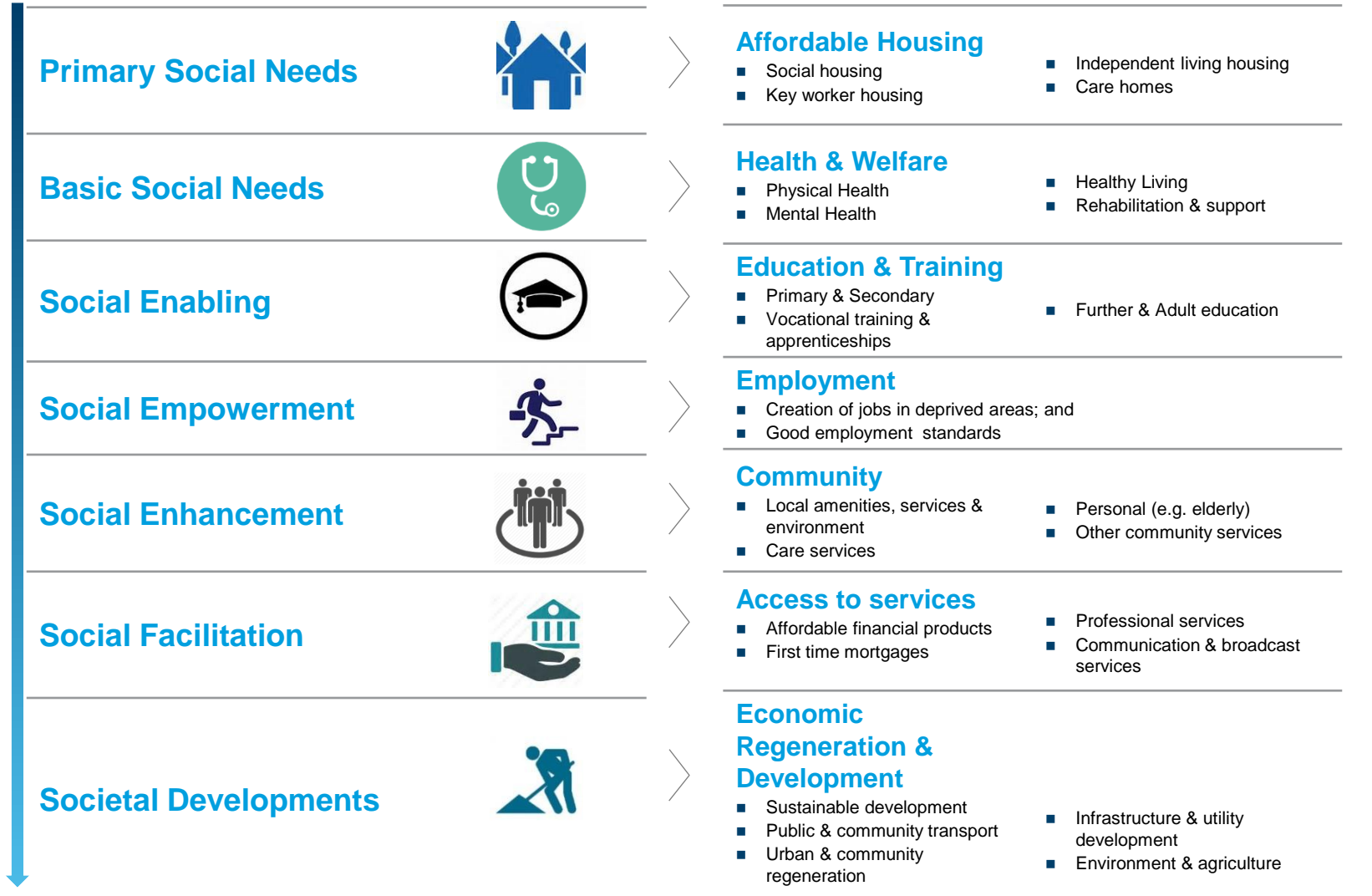


**Impact**

Externalities

**3**

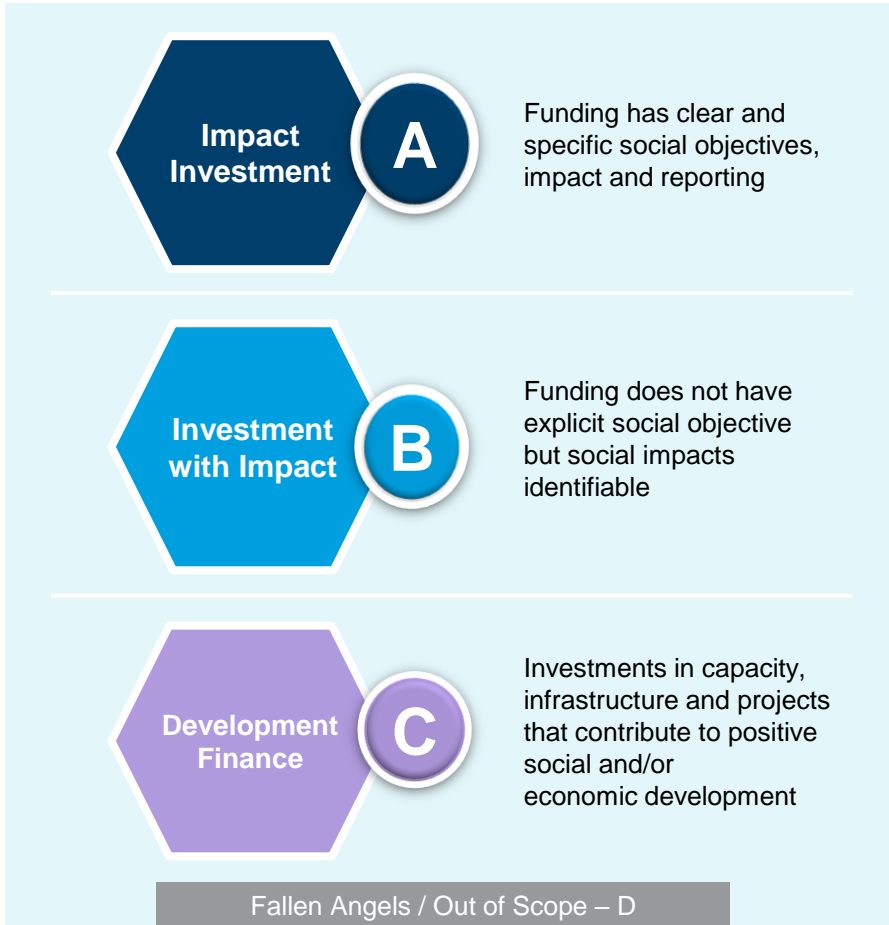
# We target social outcomes according to a hierarchy of needs



# Social Rating Methodology

## Social Intentionality

Qualitative assessment of the 'strength' of social intentionality, across 3 levels of impact

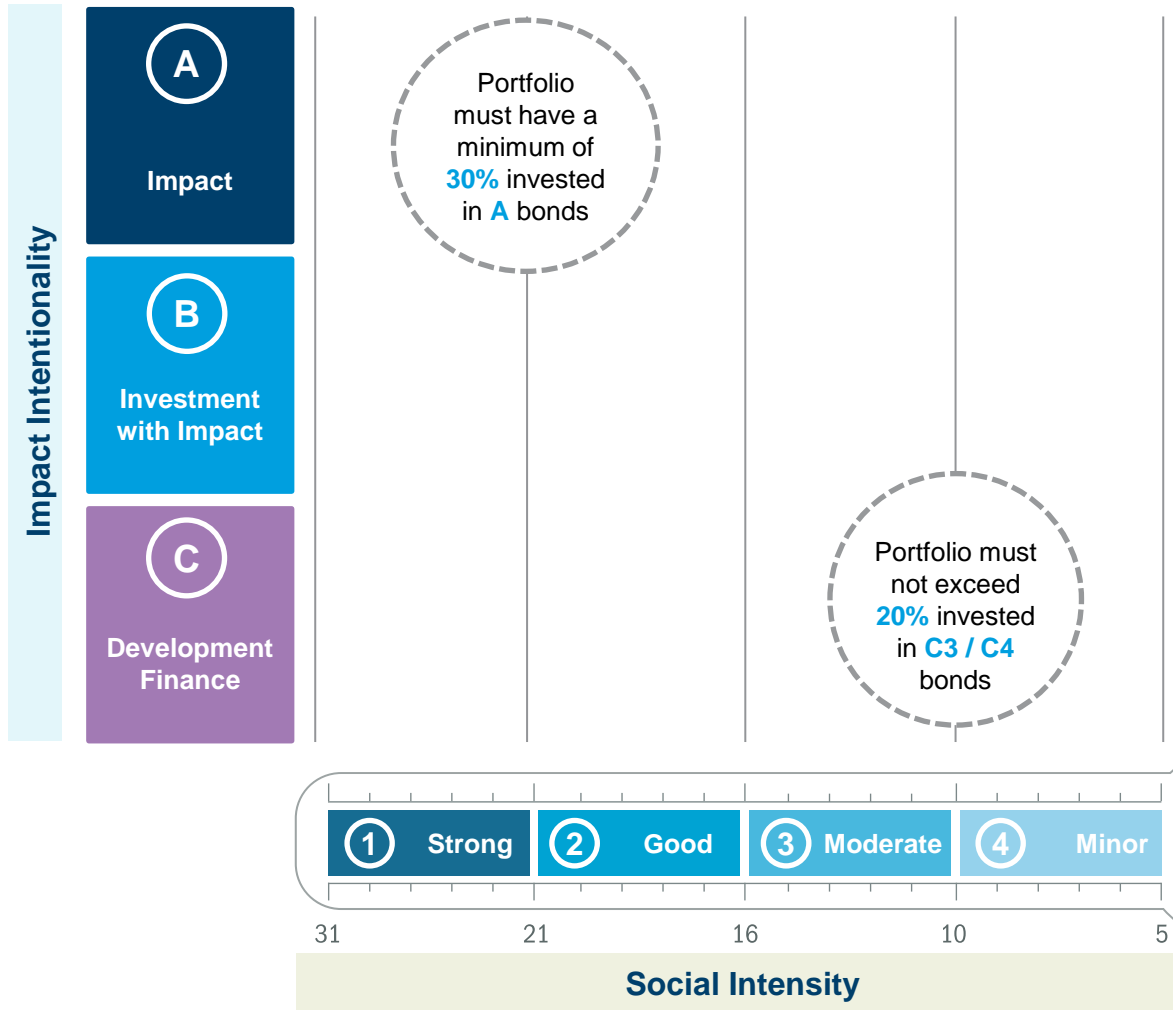


## Social Intensity

Quantitative assessment of the social 'intensity', across 9 measures (to score within 0 to 31)

	Score
<b>Social Mapping (who, where)</b>	
<b>Socio-economic/Deprivation focus</b>	(max 4)
<b>Regional score</b>	(max 4)
<b>Positive peace score</b>	(max 2)
<b>Social Focus (what)</b>	
<b>Social hierarchy of needs</b>	(max 5)
<b>Additionality (new funding)</b>	(max 5)
<b>Additive, secondary benefits</b>	(max 2)
<b>Funding usage (social targeting)</b>	(max 2)
<b>Impact Transparency</b>	
<b>Quality of reporting</b>	(max 2)
<b>Clarity of impact</b>	(max 5)
<b>TOTAL</b>	(max 31)

# Social Rating Methodology



## Model Portfolio – Impact Intentionality

Impact Investment A1 to A4	48%
Investment with Impact B1 to B4	33%
Development Finance C1 to C4	17%

## Geographical Region funded

Europe (incl UK)	40%
North America	28%
South America	2%
Asia	8%
Australia & New Zealand	10%
Global	12%

# CT (Lux) Global Social Bond

## At a glance

### Objective

- Actively allocate capital to support or fund socially beneficial activities and development globally
- Deliver, after fees, a corporate bond market return, as well as social alpha.

### Approach

- Focus on bottom-up, fundamental financial and social analysis
- Dynamic and innovative Social Research Methodology guides investment decisions
- Emphasis on downside risk management

### Team

- Experienced, specialist portfolio management team
- Supported by large team of credit analysts
- Social assessment provided by social impact analyst and our Global Social Investment partner

### Key selling points

- Unique approach to enhancing social outcomes through mainstream markets
- Social outcomes are independently assessed via our social partnership
- Daily liquidity

### CT (Lux) Global Social Bond

<b>Lead Manager</b>	Tammie Tang
<b>Deputy Managers</b>	Andrew Dewar Ben Kelly
<b>Benchmark</b>	Bloomberg Global Credit Aggregate (USD hedged)
<b>Duration</b>	6.2 years
<b>Yield</b>	5.4% (USD hedged yield)
<b>Portfolio rating</b>	A2/A3
<b>Portfolio holdings</b>	75-125 (at launch)
<b>Global Regions</b>	US, Europe, UK, Asia & Asia Pacific and Supranationals
<b>High Yield (B- or above)</b>	1-3% (at launch), subject to 10% max
<b>Social Partners</b>	
<b>Core Partner</b>	The Good Economy
<b>Independent</b>	Steward Redqueen

# Dedicated Social Bond Team



**Tammie Tang**  
Lead Portfolio Manager

20 years industry  
9 years social bond management



**Andrew Dewar**  
Deputy Portfolio Manager

11 years industry



**Ben Kelly**  
Deputy Portfolio Manager

15 years industry



**Letty Byatt**  
Social Impact Analyst

4 years industry



**Charlotte Finch**  
Client Portfolio Management

6 years industry

## With input and access to:

**5**

other IG  
Portfolio  
Managers

17 years  
average  
experience

Dedicated  
Client  
Portfolio  
Management  
Team

and

Dedicated  
Traders

**19**

Investment  
Grade  
Fundamental  
Analysts

18 years  
average  
experience

**40+**

Responsible  
Investment  
Specialists

## Social Advisory Panel

Review, Advise, Monitor, Report

- The Good Economy Appointees (x3)
- Steward Redqueen Appointee (x1)
- Independent Appointee (x1)
- Columbia Threadneedle Appointees (x2)

**steward redqueen**

MAKING BUSINESS WORK FOR SOCIETY

THE  
GOOD  
ECONOMY

# Investment grade credit team

## Experienced | Dedicated to Investment Grade | Sector Specialists

### Social Bond Portfolio Management Team

**Tammie Tang**, Executive Director, Senior Portfolio Manager

**Andrew Dewar, CFA**, Portfolio Manager

**Ben Kelly**, Portfolio Manager

**Letty Byatt**, Social Impact Analyst

.....  
**Alasdair Ross, CFA**, Senior Portfolio Manager, Head of Investment Grade Credit, EMEA

**Ryan Staszewski, CFA**, Senior Portfolio Manager

**Andrew Brown, ASIP**, Senior Portfolio Manager

**Christopher Hult, CFA**, Portfolio Manager

**James Phillips**, Portfolio Analyst

**Rebecca Seabrook, ASIP**, Senior Portfolio Manager

.....  
**Sarah Kendrick**, Senior Trader

**James Lake**, Trader

.....  
**David Oliphant**, Executive Director Fixed Income

**Charlotte Finch**, Client Portfolio Analyst

**Jake Lunness**, Client Portfolio Analyst

**Sarah McDougall**, Client Portfolio Analyst

**17 years average experience**

**16 Professionals**

### Investment Grade Research Team

**Todd Czachor, CFA**, Senior Analyst and Head of Global Investment Grade Research Energy

**David Morgan, CFA**, Head of U.S. Investment Grade Research  
Healthcare/Pharmaceuticals

**Jean-Baptiste Bouillaguet**, Analyst  
Consumer & Retail

**Arabella Duckworth**, Senior Analyst  
Communications

**Travis Flint, CFA**, Analyst  
Environmental, Energy

**Guillaume Langellier, CFA**, Senior Analyst  
ABS & Property

**Michael Laskin**, Senior Analyst  
Retail, Consumer

**Nate Liddle**, Senior Analyst  
Media, Technology, Cable, Telecoms

**Ben Myrtle, CFA**, Analyst  
Housing Associations, Infrastructure/Transportation

**Justin Ong**, Senior Analyst  
Asian Corporate Credit

**Jonathan Pitkanen**, Head of Investment Grade Credit Research, EMEA & Asia  
Industrials, Insurance

**Tony Pederson**, Analyst  
Insurance

**Rosalie Pinkney, CFA**, Senior Analyst  
Banks

**Claire Robbs, CFA**, Analyst  
Metals & mining, Industrials

**Gregory Turnbull Schwartz**, Senior Analyst  
Chemicals, Conglomerates, Transportation, Aerospace/Defense

**Paul Smillie**, Senior Analyst  
Banks

**Amelia Sugiarto**, Analyst  
UK & Australian Utilities

**Mary Titler, CFA**, Senior Analyst  
Utilities

**Sharon Vieten**, Senior Analyst  
European Utilities

**19 years average experience**

**19 Research Professionals**

Source: Columbia Threadneedle Investments, as at 30 September 2023. Certain team members may be employees of affiliated companies acting under the Columbia Threadneedle Investment brand.

# Our Responsible Investment capability

**Claudia Wearmouth**  
Global Head Responsible Investment

**Femida Danga**  
Head of Responsible Investment Implementation

## ESG Analysis and Active Ownership

Environmental		Social		Governance and proxy voting			Nina Roth Head of Active Ownership
Vicki Bakhshi Climate strategist	Albertine Pegrum-Haram	Alice Evans Social strategist	Lorraine Hau	Cassie Traeger	Andrew Droste	Troy Sawyer	Teni Ekundare Engagement Manager
Harry Ashman	Olivia Watson*	Tim Bonds	Marcus Wilert	David Patt	Freddie Rowan-Hamilton	Tyler Blenkush	
Joe Horrocks-Taylor	Natalia Luna*	Ellen Brauers	Sally Springer*	Yu-Ting Fu	Charlotte Crawley	Geetika Jobanputra	
Tom Barron		Tenisha Elliot		Nikki Lantigua Jackson	Coen Kleinegris		

## ESG/RI Funds and Solutions

ESG/RI fund leads		RI Product specialists				
Fionnuala O'Grady ESG Integrated strategies	Catherine McCabe ESG Elevated strategies	Clare Allen Global Equities	Karlijn Van Lierop Head of REO	Ryan Christianson	Felicity Garner	Maren Schloesser
Emma Lupton Impact/Sustainable strategies	Manuel Adamini RI Fiduciary Strategist	Felicity Long	Anais Cothereau	Lucy Martin	Pieter Van Stijn	

## ESG Data and Reporting

Umut Avnioglu	Olivia Baker	Sunny Brar	Jan Ilett	Kirsty Nicholson	Jemima Addae
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# Expert Partnerships

## New Partners



Leading social impact advisory firm with a strong reputation as a trusted advisor in impact investment, with an extensive track record towards the measurement and management of sustainable and social impact. Core partner to our **Global Social Bond Strategy**.

**steward redqueen**

MAKING BUSINESS WORK FOR SOCIETY

A specialised consultancy firm that works across the globe advising organisations on impact and sustainability. Independent partner to our **Global Social Bond Strategy**.

## Existing Partners



A global organization with a track record of investing in environmentally sustainable enterprise, partnered with the **CT (Lux) European Social Bond**.

The UK's number one street paper and social enterprise, in partnership with the CT UK Social Bond Fund.



## Wider industry connections



Accelerating the growth and effectiveness of the impact investing market

An ambitious initiative to provide coherent and end-to-end 'rules of the road' for impact management.

**IMPACT MANAGEMENT PROJECT**

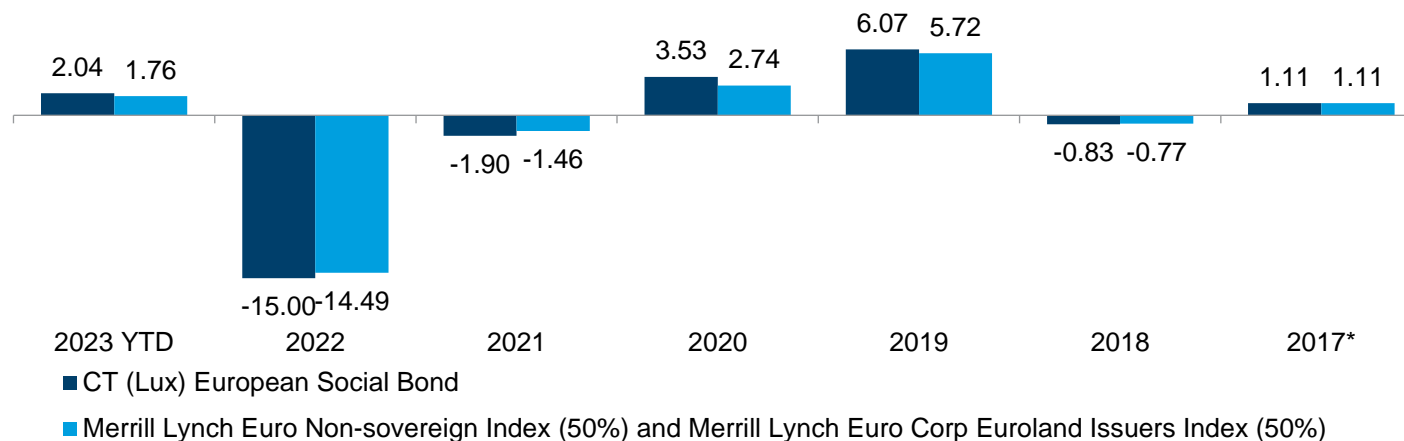


Promoting high standard of market practice, appropriate regulation, education and communication.

# Social impact range: CT (Lux) European Social Bond

## Performance analysis – Calendar year

### Past performance does not predict future returns



Performance %	2023 YTD	2022	2021	2020	2019	2018	2017*
CT (Lux) European Social Bond, EUR, Gross	2.04	-15.00	-1.90	3.53	6.07	-0.83	1.11
Merrill Lynch Euro Non-sovereign Index (50%) and Merrill Lynch Euro Corp Euroland Issuers Index (50%), EUR, Gross	1.76	-14.49	-1.46	2.74	5.72	-0.77	1.11
Excess Return	<b>+0.27</b>	<b>-0.60</b>	<b>-0.45</b>	<b>+0.77</b>	<b>+0.33</b>	<b>-0.06</b>	<b>+0.00</b>

Past performance is not a guide to future returns. Source: Columbia Threadneedle Investments and FactSet, as at 30 September 2023. Fund returns gross of tax and TER (GB00BF233790) for comparison with indices. All data is quoted in GBP. From 01.04.2010 fund gross returns are calculated in FactSet using daily official Global Close valuations and daily cash flows. All prices are calculated by the fund's administrator. 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. Benchmark was BofA Merrill Lynch 1-10 Year Sterling Non-Gilt Index from 6 April 2017 and BofA Merrill Lynch Sterling Non-Gilt before 6 April 2017. The relative returns shown are calculated on a geometric basis. 1 Since inception is fund inception of 5 December 2013.

# Performance

## Financial and Social Impact Measures

### Financial Performance Track Record

		Gross Performance vs. Benchmark		
		1 Yr	3 Yr p.a.	5 Yr p.a.
Market				
€	<b>CT (Lux) European Social Bond Fund</b> vs ICE BofA Euro Non-sovereign Index (50%), ML Euro Corp Euroland Issuers Index (50%)	+0.33	-0.28	+0.10

### Social Impact Measures

Access to Services



Affordable Housing



Community



Economic Regeneration & Development



Education & Training



Employment



Health & Welfare



### Successful alignment to SDGs



### Independent assessment of Social outcomes

#### Social Advisory Panel Review, Advise, Monitor

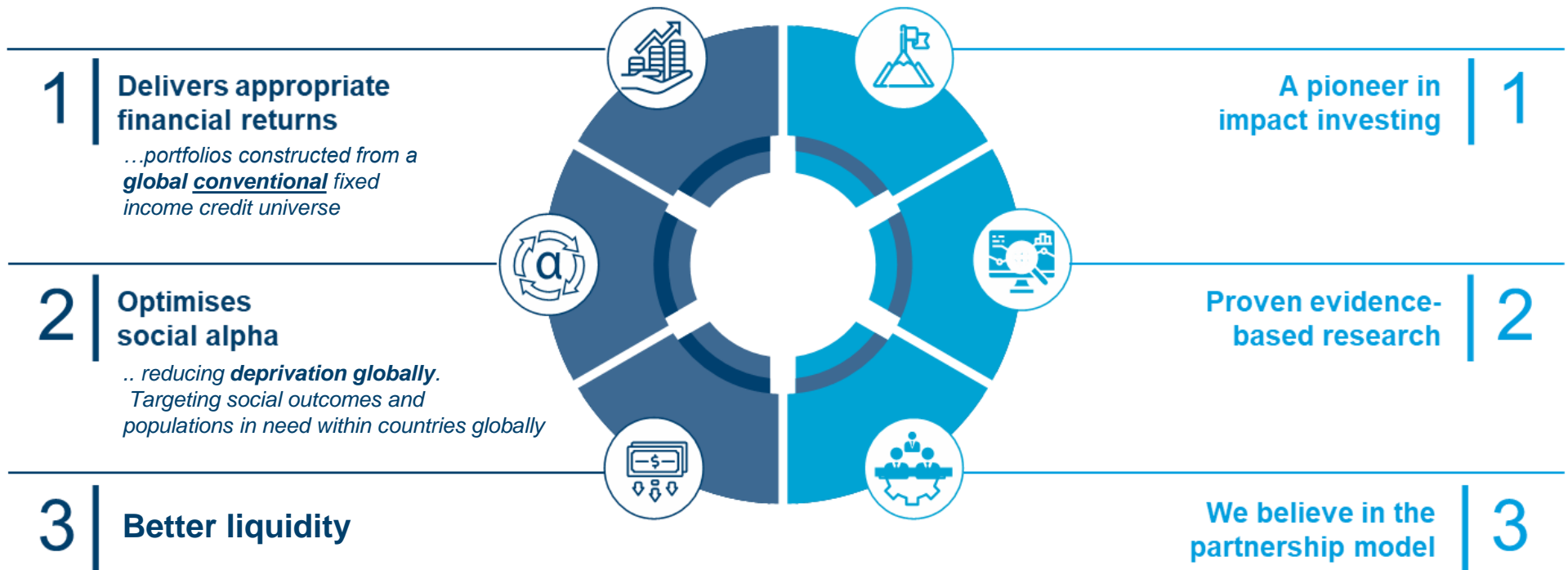


Source: Columbia Threadneedle Investments as at 30 September 2023. UN logo use does not imply UN endorsement of this fund. Use for promotion of the SDGs. Past performance does not indicate future returns. Gross of fee fund returns are time-weighted rates of return net of commissions, transactions costs 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.

# Summary

## Why global social bonds

## Why Columbia Threadneedle Investments



Leveraging the same philosophy and investment process as the CT (Lux) European Social Bond fund



# Appendix



# Positions

## Model Portfolio

### Social Intentionality Score

Impact Investment (A)	51%
Investment with Impact (B)	31%
Development Finance (C)	18%

### IMP<sup>2</sup>

Act to avoid harm	12%
Benefit Stakeholders	7%
Contribute to solutions	81%

### SDG<sup>1</sup>

1	
2	
3	24%
4	4%
5	1%
6	2%
7	23%
8	14%
9	10%
10	6%
11	15%
12	
13	1%
14	
15	
16	
17	

### Social Outcome

Affordable Housing	16%
Health & Welfare	26%
Education & Training	3%
Employment	13%
Community	0%
Access to services	14%
Economic Regeneration & Development	28%

### Specific Use of Proceeds

Social Bond	35%
Sustainability Bond	24%
Green Bond	20%
General Corporate Purpose	21%

Source: Columbia Threadneedle Investments as at 31 May 2023. 1 – Sustainable Development Goals. 2 – Impact Management Project.

# Positions

## Model Portfolio

Maturity		
	Model Portfolio	Benchmark
0-2Y	5%	12%
2-5Y	16%	34%
5-10Y	54%	28%
10-15Y	6%	6%
15-25Y	4%	11%
25-35Y	9%	8%
35+Y	3%	2%

Rating		
	Model Portfolio	Benchmark
AAA	20%	11%
AA	15%	11%
A	30%	37%
BBB	31%	40%
BB & Below	2%	0%
Not Rated	0%	1%

Currency		
	Model Portfolio	Benchmark
USD	55%	66%
EUR	33%	25%
GBP	6%	4%
Other	5%	5%

Sector		
	Model Portfolio	Benchmark
Financial Institutions	32%	30%
<i>Banking</i>	22%	20%
<i>Insurance</i>	6%	5%
<i>Other</i>	4%	5%
Industrial	16%	40%
Foreign Agencies	12%	8%
Sovereign	8%	5%
Supranational	14%	9%
Utility	16%	7%
Other	-	1%

Source: Columbia Threadneedle Investments as at 31 May 2023.

# Positions

## Model Portfolio - Top 25 holdings

Top 25 Issuers	% Model Portfolio
Inter-American Development Bank	2.5%
KFW	2.5%
European Investment Bank	2.3%
Asian Development Bank	2.0%
NatWest	2.0%
Japan International Cooperation Agency	1.8%
Caisse d'Amortissement de la Dette Sociale	1.8%
Vonovia	1.8%
European Union	1.8%
MetLife	1.7%
Bank of America	1.5%
International Finance Facility for Immunisation	1.5%
Banque Federative du Credit Mutuel	1.5%
AIB Group	1.5%
Nederlandse Waterschapsbank	1.5%
BNG Bank	1.5%
Ausgrid Finance	1.5%
Yorkshire Building Society	1.5%
Eversource Energy	1.5%
UNEDIC	1.3%
Korea Housing	1.3%
National Housing Finance and Investment	1.3%
CaixaBank	1.3%
Credit Agricole	1.3%
Prologis	1.0%

Top 25 Issues	Bond Type	% Model Portfolio
Inter-American Development Bank 1 1/8 01/13/31	Sustainability	1.8%
KFW 0 3/4 09/30/30	Green	1.8%
Caisse d'Amortissement de la Dette Sociale 2 1/8 01/26/32	Social	1.8%
Japan International Cooperation Agency 1 3/4 04/28/31	GCP	1.8%
European Union 0 11/04/25	Social	1.5%
European Investment Bank 0 7/8 05/17/30	Sustainability	1.5%
Banque Federative du Credit Mutuel 4 11/21/29	Social	1.5%
NatWest 0.78 02/26/30	Social	1.5%
AIB Group 4 5/8 07/23/29	Social	1.5%
International Finance Facility for Immunisation 1 04/21/26	Social	1.5%
BNG Bank 1 1/2 10/16/24	Social	1.5%
Vonovia 1 7/8 06/28/28	Social	1.5%
Eversource Energy 3 1/4 05/15/29	Green	1.5%
CaixaBank 0 5/8 01/21/28	Social	1.3%
National Housing Finance and Investment 1.41 06/29/32	Social	1.3%
Korea Housing 0.258 10/27/28	Social	1.3%
UNEDIC 0.1 11/25/26	Social	1.3%
Bank of America 6.204 11/10/28	Sustainability	1.0%
ABN Amro Bank 2.47 12/13/29	Green	1.0%
Credit Agricole 0 1/2 09/21/29	Social	1.0%
Yorkshire Building Society 3.511 10/11/30	Social	1.0%
Intesa Sanpaolo 5 1/4 01/13/30	Social	1.0%
Asian Development Bank Float 05/23/29	Social	1.0%
Council of Europe 3 06/16/25	Social	1.0%
Nederlandse Waterschapsbank1 05/28/30	Green	1.0%

Source: Columbia Threadneedle Investments as at 31 May 2023. GCP = General Corporate Purpose. The mention of any bonds or stocks is not a recommendation to deal.



# Japan International Cooperation Agency

## Promoting human security and quality growth in developing countries



Aims to end poverty, improve health and education, reduce inequality, and spur economic growth

- JICA is a supranational which provides investment for **socioeconomic development** projects including transport, healthcare, peacebuilding, education and climate response
- Targets **least developed** and lower income countries primarily in Asia and Africa
- This sustainability bond was the first labelled issuance from JICA in the US market
- Proceeds of this bond go directly to (re)financing projects aimed at promoting sustainable development in developing countries through supporting fundamental infrastructure, education, healthcare, agriculture and SME support.
- Key focus on **gender equality** and women’s empowerment across economy, education & health, rights and security and infrastructure
  - E.g. the Delhi Metro expansion project included a women’s only car, empowering more women to travel on the Metro into work safely
- We engaged around the issuance date to discuss reporting expectations and supported a full annual report detailing case studies. Once again we promoted the idea of survey reporting.

### JICA Sustainability Bond

<b>ISIN</b>	US47109LAG95
<b>Social Bond Rating<sup>1</sup></b>	C1
<b>Credit Rating</b>	A+
<b>Social Needs Category</b>	Economic Regeneration & Development
<b>Use of Proceeds</b>	Sustainability Bond
<b>SDG</b>	9 – Industry, Innovation and Infrastructure

### Reporting – Use of Proceeds

- Targeting socioeconomic development in the world’s least developed and low income countries
- Individual project level reports include detailed analysis of outcomes
- Overarching annual report will include specific case studies for individual bonds use of proceeds

### Outcome

- Outcomes across all 17 SDGs in particular gender equality considerations throughout project development
- Outcomes across Africa, Asia, Oceania, Latin America, Middle East and Europe

Source: Columbia Threadneedle Investments and Japan International Cooperation Agency, as at 31 March 2023.

1: This is a proprietary social bond rating assessment constructed by the Social Bond Investment Team.

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# Intesa Sanpaolo

## Social Bond targeting SMEs in Italy's disadvantaged regions



### Intesa Sanpaolo Overview

- This social bond was issued in May 2023, the second social bond issuance from Intesa following the inaugural social bond in June 2022. The bond was £750m in size saw high demand in the market, with books closing at £1.6bn of interest.
- Intesa Sanpaolo is a large banking group operating approximately 3,400 branches throughout Italy.
- Within their 2022-2025 business plan they set out an ambition to be the first Impact bank in the world through supporting the most in need, incentivizing education and youth employment and caring for the elderly population.
  - Committed to developing one of the largest social housing programmes in Italy, providing up to 8,000 units for students, young workers and seniors on low incomes.
  - Partnership to provide free training courses to over 3,000 unemployed young people aged 18-29, helping them gain skills to work
  - School4Life project launched in partnership with schools and companies to combat early school leavers
  - Digital re-start programme is aimed at reintegrating unemployed people aged 40-50, funding scholarships for Masters degrees in data analysis
  - Fight against poverty & inclusion project delivered 15.9 million meals & 2.2 million beds, 3 million medicine prescriptions and 264,000 items of clothing to those in need, including Ukrainian refugees.

### Intesa Sanpaolo Social Bond

<b>ISIN</b>	XS2630420268
<b>Social Bond Rating<sup>1</sup></b>	A2
<b>Credit Rating</b>	BBB
<b>Social Needs Category</b>	Employment
<b>Use of Proceeds</b>	Social Bond
<b>SDG</b>	SDG 8.3

### Reporting – Use of Proceeds

- Ringfenced proceeds will primarily refinance loans to organisations in Italy:
  - Small and medium enterprises in socioeconomically disadvantaged regions
  - Non-profit entities focused on social services including healthcare, education, welfare and solidarity
- Loans have been provided to SMEs in economically disadvantaged areas creating local jobs

### Outcome

- Outcomes occur across regions in Italy
- Loans have been provided to SMEs which struggled during and after COVID-19, allowing retention of thousands of jobs.
- Previous impact reports indicate the SME support in disadvantaged areas has created thousands of jobs & COVID-19 support loans has retained thousands of jobs.

Source: Columbia Threadneedle Investments and Intesa Sanpaolo, as at 30<sup>th</sup> June 2023.

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# NatWest

## €500m Gender Bond



### First UK Financial institution to issue Social Bond under ICMA's principles

This is NatWest's third social bond issued in March 2023 and the first gender focused bond in the European IG market.

- Natwest are a banking group based in the UK. Their mission is to champion potential, break down barriers and build financial confidence for its customers.
- We consider Natwest to be a leader in the labelled bond market. They have targeted 25% of issuance in 2023 to be through labelled bonds, and their two previous social bonds were highly impactful and targeted:
  - 2019: inaugural labelled issuance from Natwest which focused on providing loans to SMEs operating in areas of the UK with high unemployment, creating 6,900 jobs across multiple sectors including healthcare, agriculture, manufacturing and services industry.
  - 2021: 1bn EUR affordable housing bond, first of its kind from a UK bank with proceeds going towards housing units providing affordable rent, social rent and shared property schemes.
- Proceeds from the 2023 gender bond will be used to (re)finance loans exclusively to women-led enterprises. This is coupled with support of 1,000 relationship managers who have been trained to support women in business through recognising the specific barriers they may face including care giver status, risk aversion and barriers to finance.
- The bond supports the NatWest commitment to help create an additional 65,000 new female-led businesses by 2025 by inspiring and supporting 400,000 women to consider enterprise as a career.
- We engaged with Natwest before & after issuance to discuss putting the community voice into the bond report. We requested that they include case studies and a survey of women who had received loans to further understand the impact of the bond.


### NatWest Gender Bond

<b>ISIN</b>	XS2596599063
<b>Social Bond Rating<sup>1</sup></b>	A1
<b>Credit Rating</b>	A-
<b>Social Needs Category</b>	Employment & Training
<b>Use of Proceeds</b>	Social Bond

### Reporting – Use of Proceeds

- This bond's proceeds are ringfenced to provide loans to women led and women run businesses in the UK
- The bond has been issued with the aim to support female entrepreneurship and ownership in the UK. Loans will be used to set up, expand and run businesses.
- Following our engagement, this issuer is looking at survey reporting for April 2024 to further understand the impact of the bond on the target population

### Outcome

- 
  - This bond primarily supports SDG 10.3 which supports equal opportunity and reduce inequalities of outcome through policy & practice
  - Outcomes in the UK
- Estimate that 14,000 loans will be provided to women owning and running businesses, alongside the support of relationship managers who are trained to recognise the specific barriers that women face in business.

Source: Columbia Threadneedle Investments and NatWest, as at 31 March 2023.

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# Pearson

## Inaugural Social Bond focusing on Education, Learning and Skills



### Providing access to education for under-served groups

- The proceeds from this issuance will be used to fund the **Connections Academy** – this provides high quality, virtual, free education to the user. It enables people to attain minimum levels in English and Maths and opens up many employment opportunities associated with these subjects
- This bond has supported those who are undereducated, underserved learners and people with disabilities, primarily in the United States of America
- Overall, 184,000 learners have benefitted from the connections academy through this bond, with 94% of students completing their chosen course

### Pearson Social Bond

<b>ISIN</b>	XS2044910466
<b>Social Bond Rating<sup>1</sup></b>	A1
<b>Credit Rating</b>	BBB-
<b>Social Needs Category</b>	Education and Training
<b>Use of Proceeds</b>	Social Bond
<b>SDG</b>	4 – Quality Education

### Reporting – Use of Proceeds

- Reporting indicates that allocation of all proceeds is now complete and was used to support the Connections Academy. Proceeds were allocated over a two-year period

### Outcome

- Significant positive impact from this issue, directed to projects in a highly socially intensive area, education.
- With rising inequality affecting more than two-thirds of the globe, access to education is an essential area of investment to tackle this issue
- 184,000 learners have benefitted from this bond through the Connections Academy

Source: Columbia Threadneedle Investments and Pearson, as at 31 March 2023.

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# Korea Housing Finance Corporation

## Affordable access to homes in South Korea



### Supporting low and middle income households

- KHFC is mandated to support the Korean government’s housing welfare policy, aiming to provide stable, accessible, long-term housing finance in South Korea
- Their Social Bonds support several initiatives including:
  - Bogeumjari loan: enabling moderate to low income households to own their own home with affordable mortgage loans and stable debt payments
  - Didimdol loan: helping low income families to purchase their own home
  - **Conforming loan**: supports new borrowers and existing borrowers with short-term rates in purchasing homes through promoting long-term fixed rate amortizing mortgage loans, helping borrowers to manage their mortgage payments

### KHFC Social Bond

<b>ISIN</b>	XS2678945317
<b>Social Bond Rating<sup>1</sup></b>	A1
<b>Credit Rating</b>	AAA
<b>Social Needs Category</b>	Affordable Housing
<b>Use of Proceeds</b>	Social Bond
<b>SDG</b>	11– Sustainable Cities and Communities

### Reporting – Use of Proceeds

- Social bond supporting low to medium income households in purchasing their own home
- Support provided through affordable, stable, long-term mortgages

### Outcome

- Supported 10,656 households through the conforming loan, helping borrowers through sustainable long term fixed rate mortgages

Source: Columbia Threadneedle Investments and Korea Housing Finance Corporation, as at 31 March 2023.

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# Standard Chartered

## International bank financing impact in the world's least developed countries



### Supporting sustainable development in LDC's

- Standard Chartered's sustainable finance assets are targeted towards the world's least developed countries across Asia, Africa and the Middle East.
- Proceeds of this sustainable bond primarily supported the following categories:
  - Employment generation through SME and Microfinance lending. These loans were primarily distributed to projects in India, Bangladesh, Nepal, Kenya and Sri Lanka.
  - Green Buildings and Renewable Energy projects with 34 projects operational and 17 projects under construction.
  - The bond also supported 1,500+ hospital beds, a desalination project providing drinking water and 1,000+ jobs in affordable infrastructure projects.

### Standard Chartered Sustainability Bond

<b>ISIN</b>	[XS2312154508]
<b>Social Bond Rating<sup>1</sup></b>	A1
<b>Credit Rating</b>	BBB+
<b>Social Needs Category</b>	Societal Development
<b>Use of Proceeds</b>	Sustainability Bond
<b>SDG</b>	7 – Affordable Sustainable Energy

### Reporting – Use of Proceeds

- Detailed reporting providing breakdown of projects, geographical region and relevant impact metrics

### Outcome

- Financing of projects supporting sustainable development across Asia, Africa and the Middle East
- Support for Renewable energy & green building projects
- Loans to SMEs supporting employment generation in LDCs

Source: Columbia Threadneedle Investments and Standard Chartered, as at 31 March 2023.

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# Eli Lilly & Co.

## Inaugural Sustainability Bond supporting sustainable healthcare



### Working to close gaps in the global healthcare system

- The proceeds allocated to social impact projects will aim to improve access to healthcare by:
  - Focus on including populations with limited resources, low / middle incomes and victims of crisis e.g. COVID-19.
  - Support for the **Lilly Cares Foundation** which provides prescribed medications (including treatments for cancer, diabetes and immunology diseases) free for up to 12 months and provides patient support with these medicines
  - Support for the **Lilly 30 x 30 goal**, which aims to improve annual access to quality healthcare for 30 million people living in limited resource communities by 2030.
  - Enabling anyone using **Lilly insulin** to fill their monthly prescription for \$35 / month
  - Eli Lilly are currently launching two highly impactful drugs which will tackle obesity and slow the effects of alzheimers
- Green projects will aim to reduce the environmental impact of healthcare and include:
  - Pollution prevention & control
  - Energy efficiency & renewable energy
  - Sustainable water management
  - Clean transportation
- Eli Lilly continue to be at the forefront of drug development, with recent discoveries and progression of two highly impactful drugs which will tackle obesity and slow the effects of Alzheimer’s disease

### Eli Lilly Sustainability Bond

<b>ISIN</b>	XS2386186063
<b>Social Bond Rating<sup>1</sup></b>	B1
<b>Credit Rating</b>	A+
<b>Social Needs Category</b>	Societal Development
<b>Use of Proceeds</b>	Sustainability Bond
<b>SDG</b>	SDG 3 – Health & Wellbeing

### Reporting – Use of Proceeds

- 70% proceeds towards green projects, with 30% allocated to social proceeds overall
- Proceeds will be supporting mainly new projects, with a minimum target of 75% proceeds going to new developments

### Outcome

- Latest 2021 allocation report shows 94 million EUR had been spent on providing access to healthcare in response to the COVID-19 pandemic. The bond had also supported 1.5 million patients through patient care
- Developed five medicines using ecologically sound testing, including three COVID-19 antibodies which were authorised for
- Saved ~1,300 tonnes of CO2 / year through solvent recovery, energy efficiency, clean energy and waste reduction

Source: Columbia Threadneedle Investments and Eli Lilly, as at 31 March 2023.

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# Positioning

## Key characteristics and risk measures

	SICAV
Full name	CT (Lux) Global Social Bond
Benchmark	Bloomberg Aggregate Credit Index – USD Hedged
Social Investible Universe	Issuers excluded based on minimum standards Positive inclusion of ICMA <sup>1</sup> labelled bonds Circa 60% of the benchmark, approx. 10,800 bonds
Base Currency	USD
Performance Target	To provide financial returns commensurate with the benchmark AND provide positive social impact
Tracking Error	Guideline between 0.5%-2%, no limit
Number of holdings	75 – 125 at launch
Duration	Guideline +/- 2 years Typical allocation +/- 0.25 years
Yield	5.4% (USD hedged yield)
Average Credit Rating	A2/A3

1 – ICMA, International Capital Markets Association. Source: Columbia Threadneedle Investments as at 31 May 2023 The fund characteristics described above are internal guidelines (rather than limits and controls). They do not form part of the fund's objective and policy and are subject to change without notice in the future. .



# Biography



## **TAMMIE TANG** Executive Director

Tammie Tang is a senior portfolio manager in the Fixed Income team with a focus on investment grade credit, having joined the company in 2012. She is lead portfolio manager for Columbia Threadneedle's UK, European and global social bond strategies, as well as various institutional UK credit strategies and the Threadneedle Pensions Corporate Bond Fund. Tammie's responsibilities and focus are geared towards generating active returns and alignment with clients' sustainability objectives.

Tammie previously worked at JPMorgan in New York, where she held roles in structuring, trading and portfolio management within more complex interest rate and credit derivative products for the bank's asset management and insurance clients. Tammie started her career at PricewaterhouseCoopers, Sydney, in an actuarial consulting role where she provided detailed pricing, valuation and statistical modelling work for insurance clients.

Tammie holds a Master of Statistics from the University of New South Wales and is a Fellow of the Institute of Actuaries Australia. She is also a trustee for the Columbia Threadneedle Foundation where we work closely with long-term charity partners to drive social change.

# Biography



## **ANDREW DEWAR**

### **Portfolio Manager, Investment Grade Credit**

Andrew Dewar is a portfolio manager in the Fixed Income team with a focus on investment grade credit, having joined the company in 2022. Andrew's responsibilities and focus are geared towards generating active returns and management of the insurance portfolios.

Andrew previously worked at GAM Investments as a portfolio manager, where he was responsible for portfolio construction, implementation, and ongoing management of credit portfolios and bespoke client mandates. Andrew held other credit analysis, finance and advisory roles at GAM Investments and Westpac.

Andrew holds a Bachelor of Commerce in Management from Otago University and a Graduate Diploma in Business Studies from Massey University. He holds the Chartered Financial Analyst® designation and the CFA Certificate in ESG Investing.

# Biography



## **BEN KELLY**

### **Senior Portfolio Impact Analyst**

Benjamin Kelly is a Senior Portfolio Impact and ESG Analyst at Columbia Threadneedle Investments. Ben leads on thematic research and idea generation for the impact strategies within fixed income, which includes social bond analysis from an impact and ESG perspective. In addition, Ben leads the firm's insight generation in behavioural science and provides insights to the investment teams regarding biases in investment decision making.

Previously, Ben was a senior thematic analyst within the Responsible Investment team covering green mobility and infrastructure. Within this role he led the sustainability research and asset improvement for the Threadneedle European Sustainable Infrastructure strategy.

Prior to joining the company in 2017, Ben worked in BlackRock's Investment Institute where he combined macroeconomic research across equity, fixed income and real asset teams with expertise in behavioural finance and investment decision making. In this context, he worked with fundamental and quantitative alpha generation teams focusing on their investment processes and how these can be modified to combat behavioural biases. Ben has worked in the financial services industry since 2007.

Ben is a visiting lecturer in behavioural science at the University of St. Andrews, London School of Economics and Warwick Business School.

He holds a BSc (Hons) in Chemistry, an M.Litt in Management, Economics and International Relations and a PhD in Behavioural Economics, all from the University of St Andrews.

# Biography



## **LETTY BYATT** Social Impact Analyst

Letty Byatt is a Social Impact Analyst in the Investment Grade Credit team at Columbia Threadneedle Investments. She joined the company in 2022 and works closely with the portfolio managers to identify positive social impact opportunities for the social bond strategies. Letty also focuses on fixed income issuer and industry engagement to promote social impact investment awareness and best practice.

Prior to this, Letty held senior roles in responsible investment reporting and client services at Royal London Asset Management. She has worked in the financial services industry since 2017.

Letty has a BSc (hons) in Psychology with Middle Eastern Studies and French Language. She also holds the CFA Institute Certificate in ESG Investing and has completed a Sustainable Finance course at Cambridge University Institute for Sustainability Leadership.

# Biography



## **CHARLOTTE FINCH** Client Portfolio Analyst

Charlotte Finch is a client portfolio analyst in the Fixed Income team, EMEA at Columbia Threadneedle Investments. She joined the company as a graduate in 2017. Since then her focus has been to support the investment grade team along with our specialist social bond strategies by providing detailed information on the company's views and capabilities in these asset classes to clients, prospects and consultant.

Charlotte has a BSc Honours degree in Mathematics from Coventry University. She also holds the Investment Management Certificate and the CFA Institute Certificate in ESG Investing.

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