

For professional investors only

Income Watch

CT MM Navigator Distribution Fund income quarterly update

Edition 36 – Review of Q4 2024

Contents

Welcome, portfolio activity and executive summary.....3

What makes up the yield of the distribution portfolio?4

Looking closer.....5

Fund’s up-to-date income history.....7

Underlying fund declared income8

Market backdrop.....9

Background income information10

Summary and conclusions.....10

Key risks

The value of investments and any income from them can go down as well as up and investors may not get back the original amount invested. The information, opinions, estimates or forecasts contained in this document were obtained from sources reasonably believed to be reliable and are subject to change at any time.

Welcome to Income Watch

Our quarterly round-up of income news, analysis and data for the CT MM Navigator Distribution Fund and the broader income market.

Survey data over the quarter continues to point to dividend growth globally, albeit at a slower pace and with a little more uncertainty and variation by region. Companies continue to strike a balance in terms of how cash is returned to shareholders, with some shifting in favour of buying back shares rather than increasing dividend payouts. We continue to believe that a diversified portfolio will allow the Distribution fund to continue to maintain a consistent level of income delivery.

Portfolio activity over the quarter

It was quiet quarter for portfolio activity but the Bond allocation in the portfolio saw the addition of two investment grade credit funds, namely Neuberger Berman Global Investment Grade Credit Fund and Wellington Credit Income Fund. Asset Allocation also saw no significant moves. The changes had a negligible impact on the expected portfolio yield.

Executive Summary – December 2024

Dividends in General

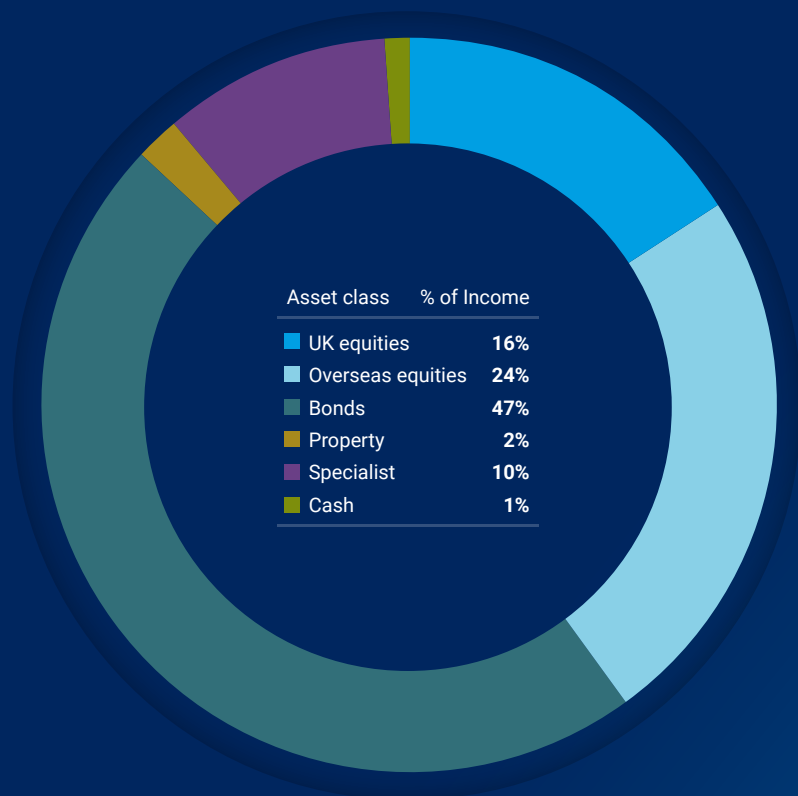
- Surveys continue to point to dividend growth over the next 12 months
- Dividend payouts in Q3 were a new record high
- UK dividends have barely seen any growth thanks to further cuts in payouts from the mining sector
- The shift towards share buybacks instead of or in addition to dividends continues.

CT MM Navigator Distribution Fund

- The fund continues to receive 4.49% for cash held on deposit.
- Fund yield remains in the top decile. At the end of Q4 the yield of 4.96% (C Inc share class) was 6th percentile, with 72 basis points of headroom.
- Total fund return over 1 years is third quartile, with the fund up 4.96%
- Total fund return over 3 years is second quartile, with the fund up 5.11%

Source: LIM 31-Dec-24

What makes up the yield of the distribution portfolio?



Diversification of income streams occurs on a number of levels

- > Well over 2,000 underlying holdings
- > 5 broad asset classes diversified across country, currency, equities and bonds
- > 29 distinct fund holdings
- > From 23 providers with differing investment styles

Comment on each major asset class:

UK Equities

(Makes up 16% of the overall portfolio yield)

The UK appears to be on a mildly improving economic trajectory, though the target of 2.5% annual growth set by the new Labour government may be elusive for some time. Dividend cover and payouts remain stable and with interest rate cuts on the horizon, companies paying steady and high levels of income may become more attractive.

Overseas Equities

(Makes up 24% of the overall portfolio yield)

Continued strength from certain overseas economies have seen dividends hit new all-time highs yet again this quarter. The outlook remains positive for global dividend growth and we expect this area to continue to be a key driver of dividend growth.

Bonds

Makes up 47% of the overall portfolio yield)

Interest rate expectations continue to shift though the consensus is now firmly around one or two cuts at most this year. The underlying volatility in inflation expectations does present active managers opportunities. Fundamentals remain solid; the default cycle

remains relatively benign but spreads have narrowed and a lot of good news appears in the price already.

Property

(Makes up 2% of the overall portfolio yield)

Yields here have some element of inflation protection and are generally upwards only revisions. Assets held in the fund are generally less economically sensitive than the typical property investment, and usually held in closed-ended funds to alleviate any liquidity issues.

Specialist

Makes up 10% of the overall portfolio yield)

Assets held here are stable to rising income investments in the main with a mix of renewable energy, aircraft leasing etc. We continue to see opportunities from the diversification these sectors bring to the portfolio.

Cash

(Makes up 1% of the overall portfolio yield)

We are receiving 4.49% income on cash held which is starting to become a viable investment asset class for the first time since the Global financial crisis.

Looking closer

What are the developments in dividends? A round-up of the three main surveys released during the quarter.

Survey: Janus Henderson Dividend Index to end Q3 2024

- Global Dividends reached a Q3 record of \$431.1bn, up 3.1% year on year.
- Broad dividend growth across the market was offset by large dividend cuts from a small number of companies. Five companies, out of a total of over 700 in the index that made payments in the quarter, reduced growth from 6.5% to 3.1%. The companies responsible included Glencore in the UK and Evergreen Maritime in Taiwan.
- Globally, 88% of companies maintained or increased dividends.
- China, India and Singapore all saw record levels of dividends in the quarter.
- US dividends grew by 10%, boosted by new dividend payers including Alphabet. 96% of companies paying dividends increased or maintained their dividends.
- UK dividend payouts fell by 7%, mainly due to mining sector cuts from Glencore and Anglo American. Overall, 84% of UK companies maintained or increased dividends.
- They expected fewer special dividends over 2024 as a whole, impacting slightly their expectation of headline dividend growth, which remains positive at 4.2% year on year, amounting to \$1.73 trillion of payouts. Their forecast for underlying dividend growth, at 6.4%, is unchanged.
- Six of the top ten dividend payers during the quarter were Chinese companies:

Top 10 biggest payers

Q3 2024

1. China Construction Bank
2. China Mobile Limited
3. PetroChina Co
4. Microsoft Corporation
5. Alibaba Group
6. Commonwealth Bank of Australia
7. Apple
8. Cnooc
9. Exxon Mobil
10. Industrial and Commercial Bank of China

Total: \$56.2bn
13% of all global dividends in Q3

Source: Janus Henderson as at 30.09.2024

Ten biggest forecast dividend increases and declines in 2024

2024 E			
Dividend growth (£ million)		Dividend decline (£ million)	
Rolls Royce	445	WPP	-13
IAG	300	Imperial Brands	-16
AstraZeneca	180	St. James's Place	-33
Admiral Group	166	Antofagasta	-33
Berkeley	162	Mondi	-40
London Metric Property	131	Rio Tinto	-80
GSK	115	Barratt Redrow	-164
Associated British Foods	111	Anglo American	-237
National Grid	106	Vodafone	-1123
3i	86	HSBC	-1169

Source: AJ Bell as at 31-Dec-24

Dashboard:

AJ Bell Dividend Dashboard December 2024

- Aggregate forecasts for the FTSE100 in 2024 and 2025 are falling, with the 2018 high of £85.2 billion unlikely to be surpassed until 2026.
- They expect £78.5bn in FTSE100 dividends in 2024 and almost no dividend growth over 2023. Growth is expected to accelerate to 6.5% in 2025 to £83.6 billion.
- FTSE100 firms have announced £56.5 billion in share buybacks in 2024, up from £52 billion in 2023.
- Combining ordinary dividends, special dividends, and share buybacks, FTSE100 companies are expected to return a record £138.3bn to shareholders in 2024, beating the previous record of £137.5bn set in 2022.
- Dividend growth remains very concentrated in the FTSE100 with 10 companies forecast to make up 54% of the forecast total at £42.7bn, with the top 20 paying out £55.7bn, or 71% of the total.

Survey:

Computershare Q3 2024

- UK dividends fell to £25.6bn in Q3 2024, down 8.1% on a headline basis. Excluding special dividends, payouts fell to £25.3bn
- Share buybacks are contributing to slower dividend growth but are an increasingly important part of overall shareholder returns
- Mining sector payouts dropped by £2.6bn
- 17 of 21 sectors raised payouts, with 75% of companies raising or maintaining their dividends.
- FTSE250 companies saw dividend growth of 3.6%
- The 12 month prospective yield on UK equities is now 3.7%, down from 4.0%
- They expect headline dividends of £92.3bn for 2024, up 2.0% year on year. Their previous forecast was for growth of 3.8%
- Regular dividends are expected to be £86.8bn, a decline of 0.3% year on year. Their previous forecast was for growth of 0.1%

Our view:

CT MM Team Comment on the Surveys and Regulations

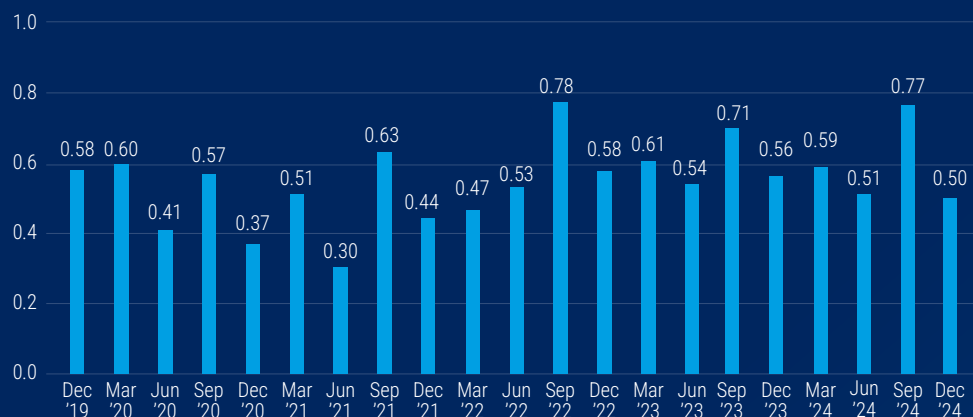
As previously, we continue to expect the global dividend outlook for your diversified fund to be better than the UK-focussed surveys, due to a combination of active management and international diversification. However capital return potential for UK shares from current levels continues to look attractive, hence our continued overweight to the region. We also note the more recent global survey reports remain upbeat, but the pace of dividend growth does appear to be slowing. The economic backdrop continues to be uncertain, and while the UK and eurozone have escaped with very mild recessions, there remains significant unknowns on the path of inflation and interest rates. Combined continued geo-political uncertainty, this means vigilance in portfolio management remains key for income as well as capital preservation and growth.

The economic backdrop does allow for a little more optimism in the portfolio's positioning but we remain vigilant to risks not least after a strong performance run in equity markets since last autumn.

Fund's up-to-date income history

CT MM Navigator Distribution C Income XD rates – quarterly

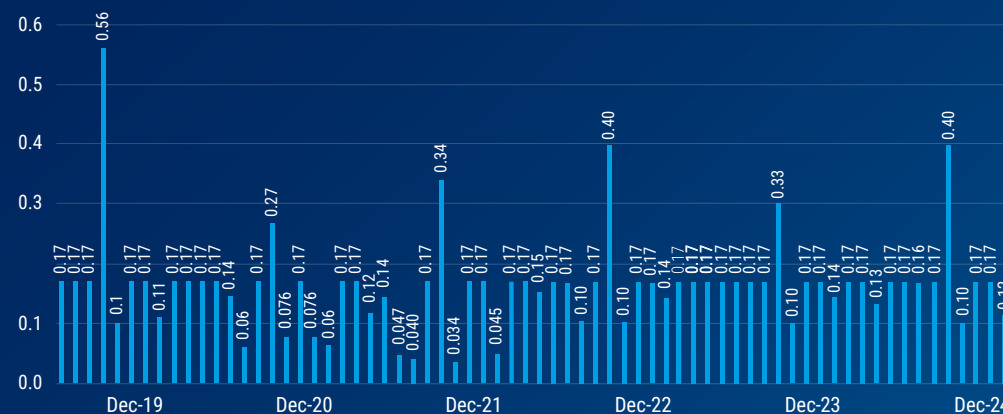
The fund XD payments for the quarterly paying C share class can be seen below. This quarter's payment is 0.4981p to be paid at the end of February 2025.



Source: Columbia Threadneedle Investments as at 31-Dec-24

CT MM Distribution M Inc XD rates – monthly

The total of the Q4 payments is 0.46p with the latest of these payments at 0.12p at the end of December payable at the end of January 2025.



Source: Columbia Threadneedle Investments as at 31-Dec-24

5 year rolling performance

	2019/20	2020/21	2021/22	2022/23	2023/24
CT MM Navigator Distribution C Acc	-11.38	16.06	-6.88	4.03	12.86

Source Lipper 31-Dec-24

Past performance should not be seen as an indication of future performance.

All fund performance data is net of management fees. Costs may increase or decrease as a result of currency and exchange rate fluctuations.

Outlook

The recovery in income payments to pre-Covid 19 levels is complete for the various global markets and for the CT MM Navigator Distribution fund. Looking ahead, high levels of dividend cover, elements of inflation pass-through via price increases for goods and services add support, offsetting economic concerns somewhat. If we add the stock-selection and income management skills of the underlying managers, then the outlook remains relatively stable, notwithstanding dividend growth in some countries, such as the UK, now having gone into reverse. This quarter saw yet more shifts in expectations in the outlook for interest rates, as inflation appears 'sticky' meaning central banks are minded not to cut rates at the pace expected at the start of the year. On balance we believe that income growth will be muted from here but with the economic backdrop improving, the path to stronger capital returns could be getting easier.

Underlying Fund declared income

There have been 35 dividends declared since we last reported, 32 of which have an equivalent dividend the previous year to provide a comparison.

Of those:

- 16 have increased, by an average of 11.60%
- 13 have decreased, by an average of 12.80%
- 3 are unchanged

Fund Name	XD date	Pay Date	Latest Rate (p)	YOY Prev Rate (p)	% change
Montanaro UK Equity Income F GBP	01/10/2024	15/10/2024	0.010	0.011	-8.21%
CC Japan Income & Growth JPY S Inc	01/10/2024	08/01/2025	35.300	32.120	9.90%
JOHCM UK Equity Income Y Inc	01/10/2024	29/11/2024	1.794838	2.320076	-22.64%
Barings EMD Total Return	01/10/2024	07/10/2024	1.122923	1.195631	-6.08%
Janus Henderson Strategic Bond I Inc	01/10/2024	29/11/2024	1.008500	0.951400	6.00%
Liontrust Global Dividend Fund MGI	01/10/2024	30/11/2024	0.676481	0.463038	46.10%
Man GLG Sterling Corporate Bond Fund	01/10/2024	29/11/2024	0.474717	0.575957	-17.58%
Montanaro European Income GBP Dis	01/10/2024	15/10/2024	0.003322	0.003779	-12.09%
Pacific North of South EM Equity Income Opportunities	01/10/2024	15/10/2024	0.198545	0.216591	-8.33%
Polar European ex-UK Income X GBP Inc	01/10/2024	31/10/2024	0.044900	0.033500	34.03%
TwentyFour Dynamic Bond M IC	01/10/2024	31/10/2024	41.850600	45.192600	-7.40%
TwentyFour Monument Bond Fund	01/10/2024	29/11/2024	2.791300	2.714700	2.82%
Franklin Templeton ClearBridge Global Infra Income X Inc	01/10/2024	29/11/2024	1.236668	1.509091	-18.05%
Supermarket Income REIT	11/10/2024	15/11/2024	1.530000	1.515000	0.99%
TwentyFour Income Fund	18/10/2024	01/11/2024	2.000000	2.000000	0.00%
Schroder US Equity Income Maximiser Z Inc	18/10/2024	20/12/2024	0.886500	0.859400	3.15%
Wellington Credit Income	30/10/2024	06/11/2024	0.051878	0.000000	

Fund Name	XD date	Pay Date	Latest Rate (p)	YOY Prev Rate (p)	% change
GCP Infrastructure	31/10/2024	01/11/2024	1.750000	1.750000	0.00%
Man GLG High Yield Opportunities Fund	01/11/2024	31/12/2024	0.782082	0.681705	14.72%
Man GLG High Yield Opportunities Fund	01/11/2024	30/11/2024	0.688424	0.687949	0.07%
Man GLG Sterling Corporate Bond Fund	01/11/2024	31/12/2024	0.687710	0.555311	23.84%
TwentyFour Dynamic Bond M IC	01/11/2024	29/11/2024	46.553600	46.029600	1.14%
Artemis Short Dated Global High Yield Fund	04/11/2024	31/12/2024	0.015390	0.015639	-1.59%
CIFC Floating Rate Credit Income B2 GBP Dist	10/11/2024	08/11/2024	16.737854	20.692070	-19.11%
GCP Asset Backed Income Fund Ltd	14/11/2024	29/11/2024	1.581250	1.581250	0.00%
The Renewables Infrastructure Group Limited	14/11/2024	31/12/2024	1.861750	1.795000	3.72%
Greencoat UK Wind plc	14/11/2024	29/11/2024	2.500000	2.190000	14.16%
Wellington Credit Income	29/11/2024	05/12/2025	0.051878	0.000000	
Schroder Income Maximiser A Inc	02/12/2024	31/01/2025	0.5362	0.5845	-8.26%
Man GLG High Yield Opportunities Fund	02/12/2024	31/01/2025	0.654775	0.599842	9.16%
Man GLG Sterling Corporate Bond Fund	02/12/2024	31/01/2025	0.424391	0.670035	-36.66%
TwentyFour Dynamic Bond M IC	02/12/2024	31/12/2024	41.768	41.9254	-0.38%
Cordiant Digital Infrastructure	06/12/2024	20/12/2024	2.1	2	5.00%
iShares USD Treasury Bond 20+y	13/12/2024	27/12/2024	0.0707	0.0638	10.82%
Wellington Credit Income	31/12/2024	07/01/2025	0.051878	0.000000	

Source: Columbia Threadneedle Investments as at 31-Dec-24.



Market backdrop

The market and economic backdrop remains relatively benign for the moment, with corporate earnings generally healthy and economic data, while hardly stellar, remaining positive. With inflation easing, central banks have begun the process of cutting interest rates, but with inflation expected to be sticky, 2025 may not see as many interest rate cuts as hoped. All the same, at least two further rate cuts from the Bank of England appear likely, with the outlook dependent on how comfortable the Bank is with inflation slightly above target. Given the healthy corporate backdrop the outlook should be relatively

positive for income though with companies, particularly in the UK, minded to buy back shares rather than increase payouts, the outlook for dividend income looks flat.

The CT MM Navigator Distribution Fund, coming up to five years since the pandemic, has recovered strongly in absolute, income, total and relative terms since the March 2020 low. Its progress up the peer group tables leaved the fund in the top third of all funds within the IA Mixed Investment 20-60% shares peer group 3 years and with an enticing, top decile yield of 4.95%.

Contact us



Intermediary sales



clientsupport@columbiathreadneedle.com



[columbiathreadneedle.co.uk/en/intm/our-products/
our-capabilities/multi-asset/multi-manager](https://columbiathreadneedle.co.uk/en/intm/our-products/our-capabilities/multi-asset/multi-manager)

Telephone calls may be recorded.

Views and opinions have been arrived at by Columbia Threadneedle Investments and should not be considered to be a recommendation or solicitation to buy or sell any companies that may be mentioned.

To find out more, visit columbiathreadneedle.com



IMPORTANT INFORMATION. FOR PROFESSIONAL INVESTORS ONLY. For marketing purposes. Your capital is at risk.

This financial promotion is issued for marketing and information purposes only by Columbia Threadneedle Investments in the UK.

Columbia Threadneedle (UK) ICVC VII 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 UK UCITS scheme.

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 Cannon Place, 78 Cannon St, London, EC4N 6AG, your financial advisor and/or on our website www.columbiathreadneedle.com. Please read the Prospectus before taking any investment decision.

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.

In the UK: Issued by Columbia Threadneedle Management Limited, No. 517895, registered in England and Wales and authorised and regulated in the UK by the Financial Conduct Authority.

© 2025 Columbia Threadneedle Investments. Columbia Threadneedle Investments is the global brand name of the Columbia and Threadneedle group of companies.

WF2626748 (01/25) UK