CT Net Zero Transition Low Duration Credit (GBP) Fund

COLUMBIA THREADNEEDLE INVESTMENTS

Overview

The CT Net Zero Transition Low Duration Credit (GBP) Fund (the Fund) is a short-dated global credit strategy with a commitment to net zero and at least 80% of the portfolio by Net Asset Value invested in bonds that are on a clear and measurable path to environmental or social transition.

The Fund aims to exploit opportunities in investment grade and the highest rated high yield credit securities to deliver an attractive return within a clearly understood range of outcomes and with a disciplined risk framework. Managed using a low turnover approach, it offers a diversified global portfolio with currency exposure hedged back to sterling.

Our credit analysts look for quality companies on a stable or improving credit trend and whose debt can be held for a number of years. This allows us to target a yield that is relatively predictable while aiming to minimise the risk of loss of capital.

As an SFDR Article 8 accredited fund, as well as embedding minimum levels of sustainability and governance standards within the investment process, the Fund applies a methodology aligned with net zero carbon emissions by 2050 or sooner.

Investment team and approach

Managed by our specialist investment grade (IG) credit team, located globally:
- 10 IG portfolio managers
- 16 IG credit analysts
- 19 years' average experience

The portfolio managers also draw upon the research of our 15 high yield credit analysts.

Collaborative, interactive environment between investment grade and high yield credit teams, and over 40 responsible investment experts, ensures best ideas are incorporated into the Fund's portfolio.

Bottom-up, fundamental credit research enables us to gain a deep understanding of issuer and industry dynamics.

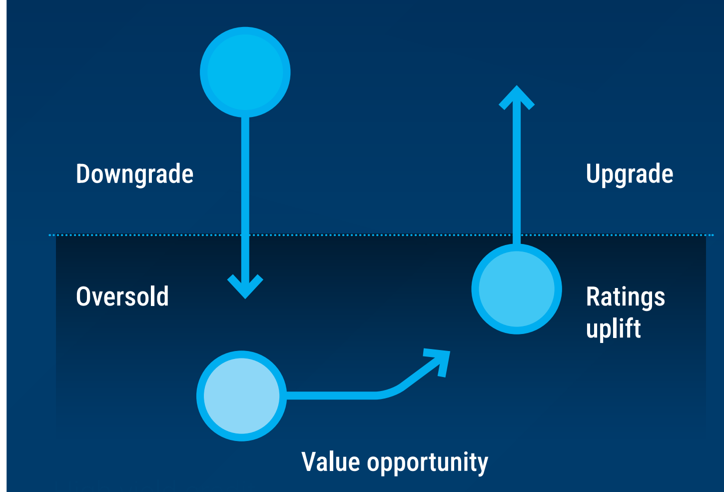
Focus on downside risk management, including key ESG risk factors.

Taking advantage of credit rating transitions

The convention of demarcation between investment grade and high yield credit can give rise to investment opportunities (see diagram).

Many institutional investors are prohibited from owning high yield bonds and become forced sellers when companies are downgraded. This forced selling gives rise to opportunities for unconstrained investors who can identify strong companies with a positive credit outlook.

Investment grade



Accessing attractive credit opportunities

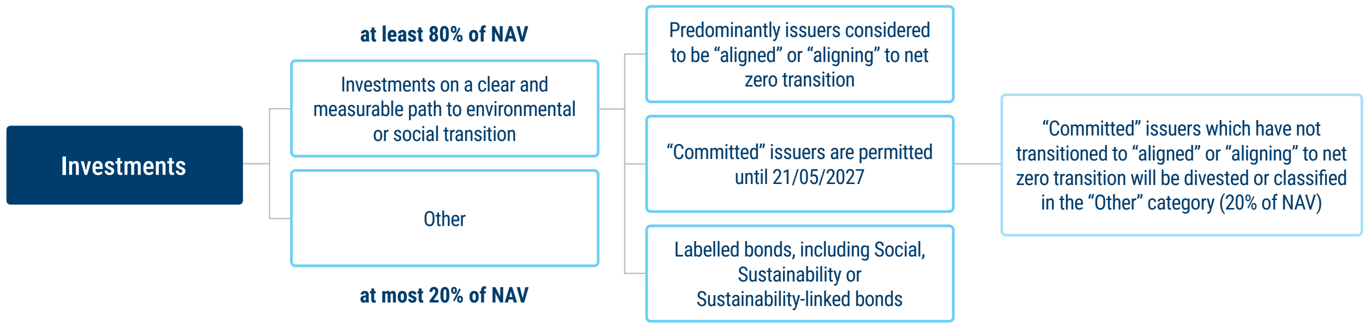
The main characteristics of the portfolio are to:

- Focus on short-dated maturities to reduce the risk of losses due to changes in the credit market cycle
- Employ a high degree of diversification with the aim to minimise the risk of capital loss from credit weakness and default
- Maintain a low turnover approach, which helps to reduce the risk of trading costs eroding returns

The Fund is not benchmark constrained. This means that our focus is on issuer and security selection to generate attractive returns from an area of the credit market where traditional constraints can create opportunities for active investors.

A commitment to net zero carbon emissions

This fund has a commitment to apply a Net Zero methodology. Our approach to Net Zero at a fund level is focused on assessing the alignment of individual issuers to a low-carbon future, considering key aspects of their strategy such as ambition, targets and implementation. We prefer this to a divestment-based approach. It allows us to engage with investee companies, particularly those in high-emissions sectors, to push for and monitor change as they progress through the energy transition.



Applying a net zero investment commitment

Net zero alignment

Aim for 70% of financed emissions to be represented by companies which are either rated as Aligned, or are under engagement on climate change.

Net zero stewardship

Engage with issuers on specific climate–related objectives.

Emissions reduction target

Monitor portfolio emissions, and compare with a representative net zero pathway.

Key reasons to invest

Innovative investment approach

Exploits rating transition anomalies in global credit markets while a low turnover approach ensures a more cost-effective portfolio.

Market-leading expertise in credit and responsible investing

Our specialist investment grade and high yield credit teams work hand-in-hand with our 40+ responsible investment experts.

Access to global credit markets

This increases the opportunity set and diversification characteristics of the portfolio, enhancing its potential to generate attractive returns.

Investing responsibly

We aim to manage the portfolio in line with net zero emissions by 2050 or sooner, while management of ESG risks is fully embedded within the investment process.

Key fund facts

Investment vehicle	Luxembourg FCP
Launch date	5 August 2019*
Lead portfolio managers	Rebecca Seabrook, Andrew Brown
Base currency	GBP
Performance target	Short maturity UK gilts index + 1-1.5% p.a. over a full market cycle
Number of issuers	150-200
Average credit quality	Investment grade, BBB
SFDR rating	Article 8**
Duration	3 years (+ / - 0.5 years)
High yield exposure	Maximum 20%
Emerging markets exposure	Maximum 10%
Liquidity	Fund is daily dealt and settlement is T+2

Note: all data as of 31 December 2023. *The Fund was renamed CT Net Zero Transition Low Duration Credit (GBP) Fund on 8 February 2024 to reflect the change in its investment objective to enhance the integration of ESG elements within the investment process, including the adoption of a net zero commitment. Prior to this, it was named the CT Global Low Duration Credit Fund. **The Fund is categorised as one that promotes environmental or social characteristics under Article 8 of the EU Regulation 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR). The decision to invest in the promoted fund should also take into account all the characteristics or objectives of the promoted fund as described in its prospectus. The fund's sustainability related disclosures can be found on our website columbiathreadneedle.com.

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.

Past performance should not be seen as an indication of future performance. The performance figures are shown gross of fees. The effect of fees or costs will be to lower the figures shown.

Changes in interest rates can affect the value of fixed interest holdings and may adversely affect the value of your investment.

The income and capital due from bonds is dependent upon the issuing company's ability to pay and any default will adversely affect the value of your investment.

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English language copies of the Fund's Prospectus and summarised investor rights can be obtained from Columbia Threadneedle Investments, Cannon Place, 78 Cannon Street, London EC4N 6AG, email: sales.support@columbiathreadneedle.com or electronically at www.columbiathreadneedle.com. Please read the Prospectus before taking any investment decision.

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