

CT Sustainable Universal MAP fund range

Suitability report paragraphs are an important part of offering investors the most appropriate investment advice. They are an area we can help you with. This document aims to help you with ideas you can include in these letters when recommending funds in the CT Sustainable Universal MAP range.

Please note that it is your responsibility and not that of Columbia Threadneedle Investments to ensure that your letter is compliant with the rules of the regulatory authorities. You should have a particular regard to the suitability of the investment for your client and that they are aware of the risks involved.

Why risk profiling is important

Accurate risk profiling, the process of determining the balance of risk and reward that's right for an investor, is essential to providing quality investment advice. The consequences of not doing it or getting it wrong can be severe for both investor and adviser. In the UK, there are many examples of individuals being mis-sold products which did not fit their risk profile. The benefits of getting it right however are also significant; from your perspective there is the opportunity to avoid unwanted investment experiences which are either too risky, or indeed too conservative (which is the case for many UK consumers).

Benefits of active management

The CT Sustainable Universal MAP fund range will always be predominantly active. The benefit of active fund management is that it can add value by selecting or avoiding companies that passive funds cannot, as passive funds are tied to tracking a stock market index. Active managers also have the flexibility to tilt their portfolios to focus on different sectors in light of prevailing market conditions. However, if the management team believes value cannot be added from active securities in certain areas, they will invest in passive instruments.

Why multi-asset?

Different investments (or asset classes) can deliver different returns over different time periods, and this can change depending on the economic environment. As a result, many investors choose to diversify their investment via a multi-asset fund, which ensures they spread their capital to avoid putting 'all their eggs in one basket'. By choosing a multi-asset fund to meet your investment needs, you will benefit from an expert multi asset team who will continually monitor and make investment decisions based on their experience, research and expertise.

Multi asset low cost proposition – 0.39% ongoing fund charge (OCF)

The CT Sustainable Universal MAP fund range is an institutional calibre product that is globally diversified and invests in individual equities and fixed income securities, derivatives, collective schemes and exchange-traded funds (ETFs). Your risk profile broadly matches the CT Sustainable Universal MAP [Defensive Cautious Balanced Growth Adventurous] - **remove those which don't apply**

The CT Sustainable Universal MAP range ‘Avoid, Invest, Improve’ philosophy

Within underlying asset classes, the Columbia Threadneedle investment specialists seek to identify the best opportunities. When picking stocks, they implement clear screening standards around defined product and conduct-based criteria. As well as avoiding damaging or unsustainable practices they aim to emphasise those that make a more positive contribution. The portfolios target predominantly direct holdings to allow a high level of engagement.

- **Avoid:** Product-based assets with damaging or unsustainable business practices, specifically weapons, tobacco and fossil fuels. Conduct-based breaches of the UN’s Global Compact or companies with a low ESG score.
- **Invest:** Select assets that make a positive contribution to society and the environment.
- **Improve:** Encourage best practice management of ESG issues through engagement and voting.

The CT Sustainable Universal MAP range investment process

The aim of the range is to deliver steady, long-term, risk-controlled returns that contribute to a more sustainable world, designed on three key investment principles:

- **Risk-controlled** – Carefully managed exposure to multi asset sustainable investments aligned to an investor’s attitude to risk with a CPI+ return expectation.
- **Active** – combining strategic and tactical asset allocation with individual sustainable security selection.
- **Cost focused** – capped 0.39% OCF designed to meet the need for high quality, low-cost sustainable investment solutions.

Three step active process

Strategic asset allocation: Reviewed quarterly, this is the main lever of the investment process and aims to position the portfolio with a long-term perspective of the economic cycle. This allows for further minor shifts in the approach and helps ensure the fund stays within its volatility levels.

Manager selection: The managers chosen within the range are predominantly in-house responsible investment experts with long track records of beating their benchmarks. They seek to avoid investment in companies that are doing harm whilst emphasising those helping the world to meet the sustainability challenges it faces. In addition, they aim to drive positive improvement through active ownership.

Tactical asset allocation: The Columbia Threadneedle Multi-Asset team, along with asset class specialists, formally review the asset allocation of the funds on a monthly basis to identify short term market anomalies that can either protect capital values or potentially increase returns. Tactical asset allocation decisions can sometimes be made on a more frequent basis if the CT multi-asset team believe that certain market events warrant a more rapid response. Tactical asset allocation decisions include:

- Asset class allocation between equities and bonds on a global basis
- Geographical allocations within equities
- Sub-asset class allocations within fixed income
- Risk mitigation trades

Risk Mapping

| Fund | Defaqto Engage | Dynamic Planner | eValue (15 Yr) Standard 1-10 | FinaMetrica | Synaptic Risk 1-5 (1-10) |
|---|----------------|-----------------|------------------------------|-------------|--------------------------|
| CT Sustainable Universal MAP Defensive Fund | 3 | 3 | 1 | 21-44 | 1.9 (2) |
| CT Sustainable Universal MAP Cautious Fund | 4 | 4 | 2 | 45-54 | 2.5 (4) |
| CT Sustainable Universal MAP Balanced Fund | 5 | 5 | 3 | 55-62 | 3.2 (5) |
| CT Sustainable Universal MAP Growth Fund | 6 | 6 | 4 | 63-75 | 3.7 (6) |
| CT Sustainable Universal MAP Adventurous Fund | 8 | 7 | 4 | 76-100 | 4.6 (8) |

As at the end of Q4 2022

Columbia Threadneedle Investments ESG/Sustainable investment credentials

Investing responsibly lies at the heart of everything Columbia Threadneedle Investments does. This means we are well positioned to offer investors the advantages of multi-asset solutions combined with the benefits of sustainable investing. While the CT Multi-Asset team is responsible for constructing and managing the portfolios day-to-day, their close collaboration with the Responsible Investment team makes all the difference, from integrating ESG factors within their investment processes to driving improvement through engagement, screening, proxy voting and detailed client impact reporting.

We have 35+ years of experience in responsible investment, and following Columbia Threadneedle's acquisition of BMO Global Asset Management (EMEA) in 2021, the two businesses combine complementary strengths to form a differentiated RI capability based on the creation of value through research intensity, driving real-world change through active ownership, and partnering with clients to deliver innovative RI solutions.

- We launched Europe's first social and environmentally screened fund in 1984.
- We were a founding member of the UN Principles for Responsible Investment (UN PRI) in 2006.
- We are A+ Rated for Strategy and Governance by the UN PRI in the latest assessment.
- We have £46.7bn¹ of AUM in dedicated ESG fund/strategies and £848bn² of assets under advice in our responsible engagement overlay (**reo**®) service.
- We have one of the largest and best resourced Responsible Investment teams in the industry (45+ dedicated ESG specialists across the group).
- Our independent Responsible Investment Advisory Council³ consists of five external sustainability experts helping to maintain the integrity of the standards by which our Sustainable funds are run, providing advice on ESG, ethical and sustainability criteria.
- We have a long history of award wins in the field, including Investment Week Sustainable Investment Awards Winner for Best ESG Research team in 2018, 2019, and 2020. Most recently we were awarded 'Best Active ESG Fund House' at the ESG Clarity Awards 2022.

¹ As at 30 June 2022

² As at 31 March 2022. Includes external **Reo**® client assets only.

³ More detail on our Responsible Investment Advisory Council can be found [here](#).

Fund management expertise

The CT Sustainable Universal MAP fund range is managed by the CT Multi-Asset team, who have over 18 years' average industry experience. The 40+ strong team has a wealth of experience managing multi-asset solutions for institutional clients including; pension funds, local authorities, charities and other financial institutions. In constructing the Universal MAP portfolios, the team utilises the considerable investment expertise from the 650+ investment professionals across the Columbia Threadneedle Investments Group.

Ongoing charges

All funds in the range are capped at 0.39% OCF, and we do not believe that any other company is offering both active asset allocation and active security selection at this cost level. The CT Multi Asset team manages circa £40bn in multi asset portfolios for institutional investors and they have leveraged their considerable scale and expertise to offer a low cost fund range to the UK retail market.

© 2023 Columbia Threadneedle Investments is the global brand name of the Columbia and Threadneedle group of companies.

For professional investors only

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

The Fund is a sub fund of Columbia Threadneedle (UK) ICVC III, an open ended investment company (OEIC), registered in the UK and authorised by the Financial Conduct Authority (FCA).

English language copies of the Fund's Prospectus, summarised investor rights, English language copies of the key investor information document (KIID) can be obtained from Columbia Threadneedle Investments, Exchange House, Primrose Street, London EC2A 2NY, telephone: Client Services on 0044 (0)20 7011 4444, email: sales.support@columbiathreadneedle.com or electronically at www.columbiathreadneedle.com. Please read the Prospectus before taking any investment decision.

The information provided in the marketing material does not constitute, and should not be construed as, investment advice or a recommendation to buy, sell or otherwise transact in the Funds. The manager has the right to terminate the arrangements made for marketing.

Financial promotions are issued for marketing and information purposes; in the United Kingdom by Columbia Threadneedle Management Limited, which is authorised and regulated by the Financial Conduct Authority.