

# »THE OPPORTUNITIES IN EUROPE ARE ENORMOUS«

What has changed for Columbia Threadneedle with the acquisition of BMO? And what role does Responsible Investing play in this? These are some of the topics that CEO Ted Truscott and Florian Uleer, Head of EMEA Wholesale, covered in this interview

**DAS INVESTMENT:** You recently acquired BMO. What was the reason for the acquisition?

**Ted Truscott:** The acquisition was strategic in several respects. BMO was primarily complementary to Columbia Threadneedle. The key complementary feature is that BMO was more institutional in nature,

whereas Columbia Threadneedle was more wholesale and retail focused. As a result, the acquisition added further investment capabilities, particularly alternative investments. In addition, the acquisition has meant that our European and US businesses are now almost balanced. We love the European market and want to grow. The acquisition of BMO has allowed us to significantly expand our offering in Europe and globally. In addition, we have been able to expand our capabilities around responsible investing.

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#### **William F. „Ted“ Truscott**

is chief executive officer of Columbia Threadneedle. Truscott started at the investment fund firm more than 20 years ago. He serves on several boards of Columbia Threadneedle Investments and Ameriprise. Truscott also sits on the board of directors of the Investment Company Institute and the board of trustees of Middlebury College.



### How exactly?

**Truscott:** The Columbia Threadneedle approach was a bottom-up research approach, whereas BMO's approach was more product and engagement based. We call this engagement service the Responsible Engagement Overlay Service. In this way, we can work with our clients to improve the outcomes of all ESG factors. The bottom-up research approach and the top-down product-based engagement approach are great complements.

### How is the acquisition going?

**Truscott:** It's going well. As with any large transaction, it has its complexities, for instance we are in the process of implementing an order management and trading system as well as integrating the BMO portfolios into the wider business. Integrating the staff, is going very well, and that's what you want in an acquisition. You want the culture to add up, you don't want it to be subtractive. This wasn't a cost-cutting acquisition, it wasn't designed to be heavily downsizing or cost-cutting.

### What challenges still lie ahead?

**Truscott:** Let's start with responsible investing. We have a great responsible investment proposition, but we also have to prove to the market that we are market leaders. And, of course, we have to meet all the obligations that come with that. We are also in a competitive business environment, and in the current environment growth can be a challenge, but I'm confident we're well positioned. Our core business, managing

funds for institutional investors as well as private and large clients, is intact. We need to stay good at this while diversifying the business into alternative investments, real estate, private equity and hedge funds. We need to continue to diversify and grow the offering that BMO has brought to the table and what we have brought to the table.

### You have already mentioned the Responsible Engagement Overlay Service REO. What exactly do you offer?

**Florian Uleer:** REO has different dimensions. We act on behalf of our institutional investors. We not only vote on their behalf, but also in such a way that the underlying companies transform according to the investors' ideas. The second dimension is to quantify our successes. We document our progress in reports for our investors who have transferred their voting rights to us. REO is now one of our fastest growing responsible investment offerings, with assets of \$1.1 trillion at the end of December 2022. At the moment, →

### Florian Uleer

is Head of EMEA Wholesale. He joined Columbia Threadneedle in 2015 as Head of Germany.



Ted Truscott and Florian Uleer of Columbia Threadneedle agree: „We also have to prove to the market that we are market leaders.“

we offer this service mainly to institutions. But in the future we also want to offer it to private banks, asset managers or wealth managers and thus open it up to private providers.

**Will there still be funds without an ESG label in your portfolio in ten years' time?**

**Uleer:** We are not the only ones to decide that. We are guided by the needs of our clients and comply with regulatory requirements. When we classify funds, we want to keep that promise and not have to downgrade them again within a few months. For this reason, we currently have only a few Article 9 funds. Most of our European Sicav funds fall under Article 8+. In addition, we offer funds that are classified as neither Article 8 nor Article 9. Some investors want to tap into more opportunities than Article 8 funds would allow.

**Do you expect to lose investors if they classify more funds as Article 8 or 9?**

**Uleer:** On the contrary. We will attract clients. But we will not be pioneers because we want to comply thoroughly and reliably. The opportunity to win clients with sustainable funds is huge. But I also don't

expect to lose clients by not converting all funds.

**Truscott:** Our business is driven by customer needs. And these differ from market to market. The opportunities in Europe are enormous. In the US, it depends on the particular market how investors react to sustainable products.

**Will the rapid growth of responsible investing continue?**

**Truscott:** The growth potential is huge. When I travel around Europe, it's the topic that clients want to talk about. There is a reason why this is a strategic initiative for us. Clients want to invest their assets sustainably, or responsibly. So the sector is also a huge business for us, at least in Europe. In the US, the picture is more nuanced. I assume that the segment will also prove to be an opportunity there, but it will develop more slowly than in Europe.

**There is a countermovement in the US at the moment. Do you expect it to continue?**

**Truscott:** Oh yes, because it is involved in US politics. It is primarily about politics and not about content. The backlash will continue and we need to pay attention to

that. But if investors don't want to invest sustainably, they don't have to.

**Are you afraid of boycotts?**

**Truscott:** I hope not. Some larger suppliers have already been boycotted by governments or official bodies. But we are not on any of these lists. It would be unfortunate if someone boycotted us just because we respond to customer requests.

**Back to Europe. Is the demand for responsible investments mainly driven by private or institutional investors?**

**Uleer:** The trend is almost equally strong in both groups, private and institutional investors also ask us similar questions. If you are a credible player in this segment, you will be successful with both investor groups.

**Would you describe Columbia Threadneedle as an impact investor?**

**Truscott:** I wouldn't call ourselves impact investors, I would call us responsible investors. That's one of our four cornerstones. We are global, we do intensive research, we are a responsible investor and we are constantly improving. | *The interview was conducted by Katharina Lamster*