FUND RANGE

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COLUMBIA THREADNEEDLE INVESTMENTS

CT UNIVERSAL MAP FUND RANGE

August 2022

RSMR FUND RANGE

OUR RESEARCH. YOUR SUCCESS

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FUND RANGE PROFILE – CT UNIVERSAL MAP FUND RANGE

OUR FUND RANGE PROFILES provide an in-depth review of our leading rated fund ranges and are designed to give advisers, paraplanners and analysts an 'under the bonnet' view of the funds.

In providing more detailed commentary than a standard fund range factsheet we believe our fund range profiles set the standard for the next generation of research notes, aiding in fund selection and in meeting the ongoing suitability requirements expected by the FCA, and helping ensure firms deliver good client outcomes.

All of our rated fund ranges are subject to rigorous and ongoing scrutiny on both a qualitative and quantitative basis. Our fund range research methodology is available for download from the RSMR Hub – rsmr.co.uk.

RSMR rated the five growth funds of the Universal MAP Fund Range in January 2021. The Cautious, Balanced and Growth funds were launched in November 2017 and the Defensive and Adventurous funds in October 2019. They are an actively managed suite of low-cost multi-asset solutions targeting differing levels of returns and volatility.

The underlying investment philosophy is to deliver a range of cost-effective risk managed solutions, providing investors with the benefits of an actively managed portfolio of equities and fixed income but with charges more in line with passively managed solutions. The funds are diversified across asset classes, timeframes, geographies and investment styles.

The Multi-Asset team responsible for the management of the funds is both large and experienced, as well as having access to expertise from the wider Columbia Threadneedle group both in the UK and abroad. Overall, the CT Universal MAP Fund Range provides investors with a cost competitive, actively managed range of solutions across different risk profiles. The funds have generated competitive risk adjusted returns since launch, and we believe they have the ability to continue do this over the medium to long term.

Andrew Robinson, Senior Investment Analyst, RSMR

Andrew is a member of the research team, providing detailed analysis to support the research managers. Andrew joined RSMR after working in industry where he continued to maintain a close interest in the financial world, studying for and completing exams for the Chartered Institute for Securities & Investment (CISI). Prior to that Andrew worked in the Strategic Planning & Group Treasury teams at the former Halifax/HBOS bank. He is currently a Chartered Member of the CISI and holds the Investment Management Certificate (IMC).

EXECUTIVE SUMMARY

- The CT Universal MAP funds rated by RSMR are a range of five multi-asset portfolios covering five different levels of risk and potential return based around a central investment proposition.

- The funds were launched in order to provide investors with a range of actively managed multi-asset solutions with fees closer to those charged by more passively managed investment strategies – as such they are very competitively priced with an Ongoing Charges Figure (OCF) capped at 0.29%.

- The company has built up a large, experienced Multi-Asset team that has successfully run investment strategies for a number of years and now also has access to a significant level of resource and expertise within the wider Columbia Threadneedle group.

- The individual fund managers are very experienced and have backgrounds and other current responsibilities that are directly related to the type of funds managed.

- The company has a long history in responsible and sustainable investment having been a pioneer in this field for a number of years. They actively engage with companies they invest in to ensure they continue to improve their environmental, social and governance practices.

- The original three funds in the range were launched in November 2017 and their performance since then has been strong and consistent, comfortably outperforming comparative Investment Association (IA) Mixed Investment sectors. The Universal MAP Defensive fund and the Universal MAP Adventurous fund were launched in October 2019 and their performance has also proved very competitive over this shorter time frame.

- The funds have been risk-mapped by a number of leading risk rating providers in the market including Distribution Technology (DT). Using DT's risk profiling methodology the five growth funds currently cover risk profiles 3 through to 7, although these may be subject to change.

MULTI ASSET INVESTING

The recent environment for the provision of financial advice has delivered a number of changes that have altered the way many advisers operate. The implementation of RDR back in 2012 has been at the heart of this change but other subsequent reviews into the selection of investment solutions and the requirement to understand different types of client risk have all contributed to the current regime. Indeed, we have seen a move by many advisers to outsource investment solutions to multi-asset portfolios, relying on the fund manager to maintain the portfolio rather than the adviser. The rise of targeted investing, with either risk or return targets being used to manage investments, has also been a feature of recent product offerings in the UK and has resulted in a number of new solutions that have strict investment parameters. Overall the market for this type of solution has widened and with the pension freedom regulations adding flexibility to an investor's retirement choices the need for such solutions can only grow further.

Looking at the investment background for multi-asset investing, the last fifteen years have been mixed. Although figures will show that equities have outperformed government bond markets over this period, it has certainly not been straight-forward or predictable with short-term periods such as Q3 2007 to Q1 2009, Q3 2011, Q2 2015 to Q1 2016 and, of course, the last 2 years being prime examples of this. This background has made it very difficult for most investors, professional or otherwise, and requires a significant amount of patience and skill to seek out those areas that can offer some return in an ever-rotating economic environment.

Managed investment solutions are one way of helping to take away some of the stress of selecting assets in this environment, allowing the adviser to focus on the many other areas of financial planning whilst the assets are managed on their behalf. It can be argued that these funds are simple solutions to most investment selection and monitoring issues, and they are clearly a popular choice. The challenge is that, whilst it always seems advantageous to have more choice, selecting the right option from an ever-increasing list is increasingly difficult and taking account of the increasing number of complex investment instruments that can be used to form portfolios, the apparently simple solutions become all the more complex.

The changing regulatory environment is also adding to the difficulty in building an appropriate solution that takes a client from risk assessment through to investment solution. The advisory market has an equally expanding range of choices to take an investor through this process and guidance is needed to bring all the elements together to form an acceptable solution.

To try and simplify the choices but provide enough options to cover most investors' requirements is a difficult task. This review looks in detail at the CT Universal MAP Range, which we believe can go a long way to helping overcome many of these issues and difficulties.

COLUMBIA THREADNEEDLE INVESTMENTS

BMO Global Asset Management's asset management business in EMEA and Asia became part of Columbia Threadneedle Investments, the global asset management business of Ameriprise, on 8th November 2021. On the 4th July 2022, Columbia Threadneedle Investments rebranded the BMO Global Asset Management (EMEA) business as Columbia Threadneedle Investments and in line with this the funds covered in this review include the prefix CT, reflecting the Columbia Threadneedle branding

Following the transaction, BMO Global Asset Management (EMEA) became a wholly owned subsidiary of Columbia Threadneedle Investments UK International Limited, whose direct parent is Ameriprise Financial Inc. Ameriprise is quoted on the New York Stock Exchange (NYSE) and is a leading financial services firm based in the US, offering Wealth Management, Asset Management and Annuities & Protection services. As at 31st March 2022, Ameriprise has more than US$1.3 trillion in assets under management and administration. Ameriprise is a Fortune 500® company with an S&P rating of A and a Moody's rating of A3.

CT UNIVERSAL MAP FUND RANGE

Portfolios Concept & Overview

The CT Universal MAP funds are a range of low-cost, globally diversified, multi-asset solutions which seek to generate long term growth through a combination of capital growth and income. The funds within the range are all managed to the same asset allocation and investment process but offer investors a choice of five risk profiles with each fund run to a differing set of return and volatility targets.

There are five funds in the RSMR Rated Range all of which sit within the IA Volatility Managed sector. Launched in November 2017, they were originally a set of three multi asset portfolios (Cautious, Balanced and Growth). They were promoted as low-cost active investment solutions (the OCF is capped at 0.29%), intended to compete with passive solutions of a similar multi-asset capability but with the benefits of more active management, combining strategic / tactical allocations and individual stock selection. In October 2019, the range was extended with the launch of the Defensive, and Adventurous solutions. The funds invest in a combination of fixed income and equities, they do not invest in alternatives. Further information on the funds is shown in the tables below.

FUND NAME	IA SECTOR	LAUNCH DATE	FUND SIZE (30th June 2022)
Defensive	Volatility Managed	7th October 2019	£25.1m
Cautious	Volatility Managed	10th November 2017	£324.2m
Balanced	Volatility Managed	10th November 2017	£550.1m
Growth	Volatility Managed	10th November 2017	£313.6m
Adventurous	Volatility Managed	7th October 2019	£73.1m

The Funds

The funds are not run against a benchmark but target differing levels of return and volatility. Fund objectives and relative volatility targets are detailed below:

Fund Name	Description	Volatility Parameters
Defensive	The fund seeks to provide growth, combining capital and income, over the long term (at least 5 years) consistent with a defensive risk profile over the same time period. It aims to achieve an annualised return of CPI + 1%.	4% – 6%
Cautious	The fund seeks to provide long term growth (combining capital and income) consistent with a cautious volatility level over the long term. It aims to achieve an annualised return of CPI + 2%.	6% – 8%
Balanced	The fund seeks to provide long term growth (combining capital and income) consistent with a balanced volatility level over the long term. It aims to achieve an annualised return of CPI + 3%.	8% – 10%
Growth	The fund seeks to provide long term growth (combining capital and income) consistent with a medium to high volatility level over the long term. It aims to achieve an annualised return of CPI + 4%.	10% – 12%
Adventurous	The fund seeks to provide growth, combining capital and income, over the long term (at least 5 years) consistent with an adventurous risk profile over the same time period. It aims to achieve an annualised return of CPI + 5%.	12% – 14%

Volatility parameters are based on 10 year rolling time periods

Charges

The charges are very competitive for an actively managed strategy. The OCF for the funds as at 30th June 2022.

Name	OCF
CT Universal MAP Defensive Fund	0.29%
CT Universal MAP Cautious Fund	0.29%
CT Universal MAP Balanced Fund	0.29%
CT Universal MAP Growth Fund	0.29%
CT Universal MAP Adventurous Fund	0.29%

Source: Columbia Threadneedle Investments

The OCF is capped at 0.29% and the team are able to achieve this by using fettered in house funds. The managers can also use ETFs and index trackers (when they deem it appropriate) to implement the desired asset allocation exposure and this helps to keep costs low.

FUND MANAGERS

The CT Universal MAP fund range is run by the company's highly experienced Multi-Asset team, with the lead portfolio manager being Paul Niven. Paul is now Head of Asset Allocation, EMEA at Columbia Threadneedle Investments and is responsible for strategic and tactical input to the company's asset allocation process, as well as managing a range of institutional mandates and the F&C Investment Trust.

During his 25 years with BMO GAM (EMEA) and predecessor firms, he held a range of senior asset allocation and strategy roles including Chair of the Global Asset Allocation Committee. He has worked in the financial services industry since 1996 and has a BA (Hons) in Accounting and Economics, an MPhil in Finance from the University of Strathclyde, and is a member of the UK CFA Institute.

The UK-based Multi-Asset team is able to leverage the resources and expertise within the wider Columbia Threadneedle group including the considerable resources in North America. This comprises not only the multi-asset team based there, which currently has 16 members, but also the substantial centralised research team, who complete stock research on equities and credit as well as compiling macro analysis.

Details of the UK-based Multi-Asset team at Columbia Threadneedle, including their years of investment experience are shown below.

Name	Title	Years in Industry	Years at the firm
Paul Niven	Managing Director, Portfolio Manager and Head of Portfolio Management	26	26
Steven Bell	Managing Director, Portfolio Manager & Chief Economist	38	9
Peter Hewitt	Director, Portfolio Manager	43	22
Simon Holmes	Director, Portfolio Manager	22	15
Robert Plant	Director, Portfolio Manager	17	9
Christopher Childs	Director, Portfolio Manager	29	29
Ioannis Pantelidakis	Director, Portfolio Manager	18	4
Andrew Smith	Director, Multi Asset Solutions, Portfolio Manager	19	3
Chris Langford	Senior Associate, Assistant Portfolio Manager	23	23
Keith Balmer	Director, Portfolio Manager	22	6
Mark Sawyer	Vice President, Analyst	14	12
Eftychios Valeontis	Vice President, Quantitative Analyst	9	2
Dionysios Georgiadis	Vice President, Quant Developer	8	1
Alan Xiao	Associate, Analyst	7	5
Eloise Robinson	Associate, Analyst	5	5
Alex Lyle	Head of Managed Funds	42	28
Matt Rees	Portfolio Manager	14	14
Ben Rodriguez	Portfolio Manager	7	7
Rydan Giraudy	Investment Analyst	4	4
Robert Webb	Asset Allocation Implementation	14	14
Craig Nowrie	Client Portfolio Manager	25	8
Rajeev Kapur	Asset Allocation Implementation	18	13
Jemima Kenworthy	Client Portfolio Analyst	3	3
Averages		**19**	**11**

Source – Columbia Threadneedle Investments as at August 2022

INVESTMENT PROCESS

Overview

Asset allocation is the key element in determining the return and volatility characteristics of the portfolios. This is then further enhanced with security selection by underlying asset class specialists and strong risk management.

Paul Niven, the lead manager on the CT Universal MAP fund range is based in London along with the other members of the UK Multi-Asset team. There is a collaborative approach to decision making and ideas are openly discussed, with the management seeking to get agreement across the team before any final decision is made. On the rare occasions where there is disagreement then Paul, as lead manager, has the final say. This rarely happens however, as if there is strong disagreement then the most common form of action is to carry out further research before debating the proposal again. Their investment process involves both quantitative and qualitative elements and an optimisation process is the starting point for determining the strategic allocations across the different asset classes. The funds are invested in a combination of equities, fixed income and cash (they do not invest in alternatives), and within equities and fixed income these are broken into sub asset classes. The output from the quantitative elements is reviewed by the Multi-Asset team who then apply a qualitative overlay. The Multi-Asset team has total responsibility for the asset allocation decisions, and stock selection decisions are made by the underlying fund managers.

Overall, the investment process can be broken down into three key components:

- Strategic Asset Allocation
- Security Selection
- Tactical Asset Allocation

Strategic Asset Allocation

The strategic asset allocation (SAA) is an extremely important part of the investment process and is a key driver of returns for the portfolios. The SAA is reviewed quarterly, and this differentiates the funds from many other multi-asset propositions which generally review on an annual basis. The team believe it is important to review and potentially adjust the SAA on a quarterly basis as conditions in the global economy change quickly, impacting the long-term fundamentals of asset classes.

An optimisation process forms the starting point for determining the strategic allocations across nine sub-asset classes. Within the optimiser, each asset has a permitted allocation range. For fixed income sub-asset classes, the range is typically 0-25%, however higher risk sub-asset classes such as high yield and emerging market debt are restricted to a smaller maximum weighting, the level of which is dependent upon the fund. Equity sub-asset classes have a higher permitted allocation range than individual fixed income sub-asset classes. The equity range depends on the fund, with funds that target higher volatility levels having higher permitted equity allocations. There are constraints on the maximum and minimum aggregate levels for equities and fixed income. Inputs for the optimiser include historical volatility, correlation and pragmatic return expectations. For equities, return expectations are derived from current dividend yield and dividend growth, and fixed income expected returns are based on current yield and curve shape. The optimiser is calibrated to deliver the best return potential given specific levels of volatility over the mid to long term for each fund.

The results from the optimiser are reviewed by the Multi-Asset team who then apply a qualitative overlay and adjustments are made accordingly. The qualitative element is important, and the team are not afraid to ignore the quants and make their own decisions when they feel they are justified in doing so. An example of this was in early 2020 when the quantitative output recommended a high weighting to UK equities. They overruled this due to a strong belief that Brexit uncertainty would be a drag on UK equity performance. The team reverted to a higher weighting to the UK in line with the quantitative model in the September review when the trade agreement was likely to be signed – a decision that proved successful as a Brexit agreement was achieved and UK equities responded positively. Having established the optimal level for the strategic allocation, these are then implemented through direct holdings, securities, collective investment schemes or passive instruments.

Security Selection

For security selection, the Mult-Asset team use internal asset class specialists to run segregated mandates designed for the portfolios using the investment guidelines and parameters set by the Multi-Asset team. Security selection decisions are taken by the relevant investment teams using their own processes and decision-making policies. The Multi-Asset team's focus is on how the investment impacts the risk/return profile of the fund and whether it leads to any unexplained or unintended incremental risk biases. The Multi-Asset team have full oversight of all positions and so can monitor each manager's trading activity and portfolios. If no appropriate active options are available, or they don't have inhouse expertise, then the managers will use ETFs and trackers. The portfolios will only hold liquid assets and typically all assets can be traded on a daily basis.

Tactical Asset Allocation

The Tactical Asset Allocation (TAA) process is designed to add value by taking advantage of shorter-term opportunities and reducing exposure to specific risks through time. The TAA is reviewed formally on a monthly basis, or more frequently if required, such as to respond to an extreme market event. The monthly meeting is chaired by Paul Niven and includes attendees from the Multi-Asset team and asset class specialists. Inputs used include fundamental views and quantitative models which, after consultation, lead to a tactical output for cross asset classes (e.g. stocks versus bonds), between geographic areas for equities (e.g. US versus Europe) and between sub-asset classes for fixed income. These short-term overlays (the time horizon will generally be between 3 months and one year) are then integrated into the portfolios in the most efficient manner, either by physical trades or through synthetic exposures, such as futures or options.

RISK MANAGEMENT

Risk is managed at three levels:

The first level of risk management sits with the managers, who monitor and analyse risk at both portfolio and individual holding level. A formal weekly meeting also takes place to monitor the portfolios at team level, looking at the performance and risk contributions of all the holdings, and ensuring there is no meaningful style drift.

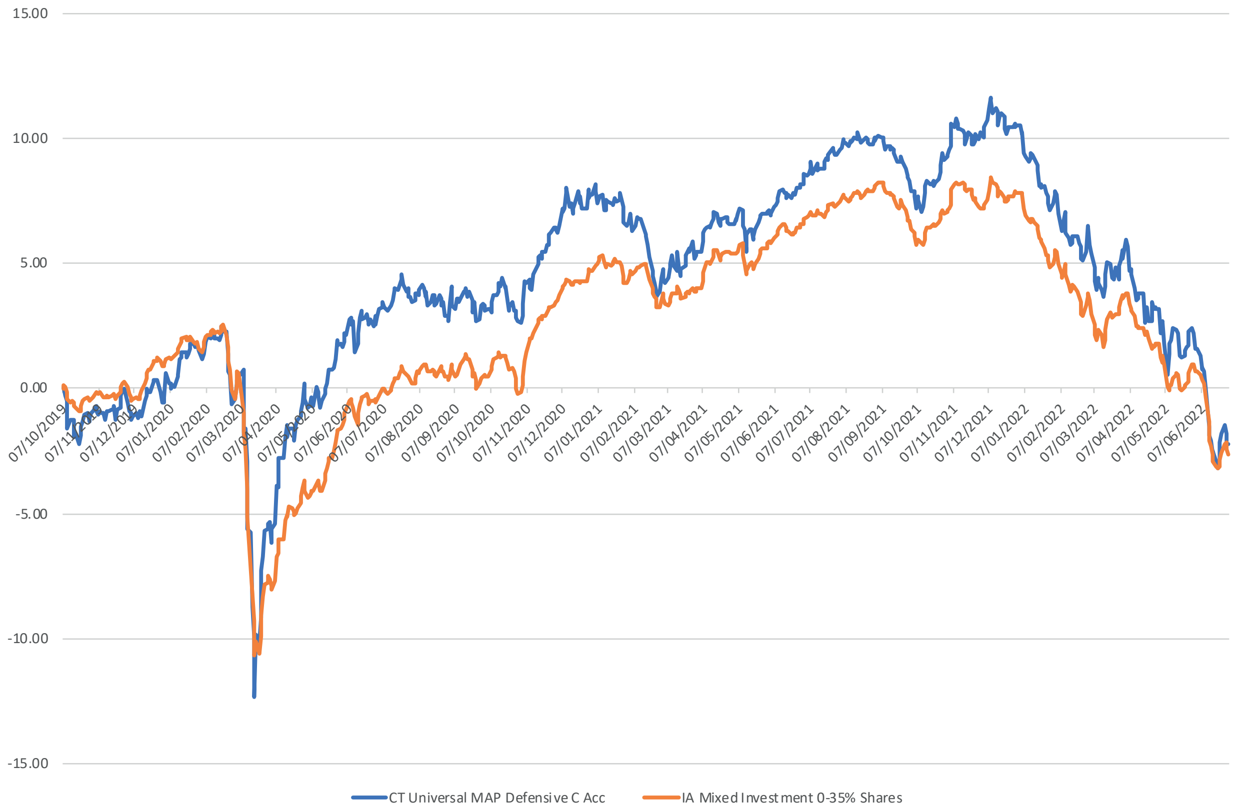
At the next level, several risk systems monitor the portfolios' compliance with risk limits. VAR analysis, leverage and risk exposure analysis are all used, along with analysis of aggregated overall exposures to asset classes and fund management groups. Underlying exposures in asset classes (on a look through basis, with cash excluded) are also monitored. This function also provides performance attribution.

Finally, the independent risk management teams report outside the investment function line. Their principal remit is to provide independent oversight of the investment risk within the portfolios, to report independently calculated risk data and to work with fund managers to provide alternative perspectives of the risk within the portfolios and advise and warn of any potential issues.

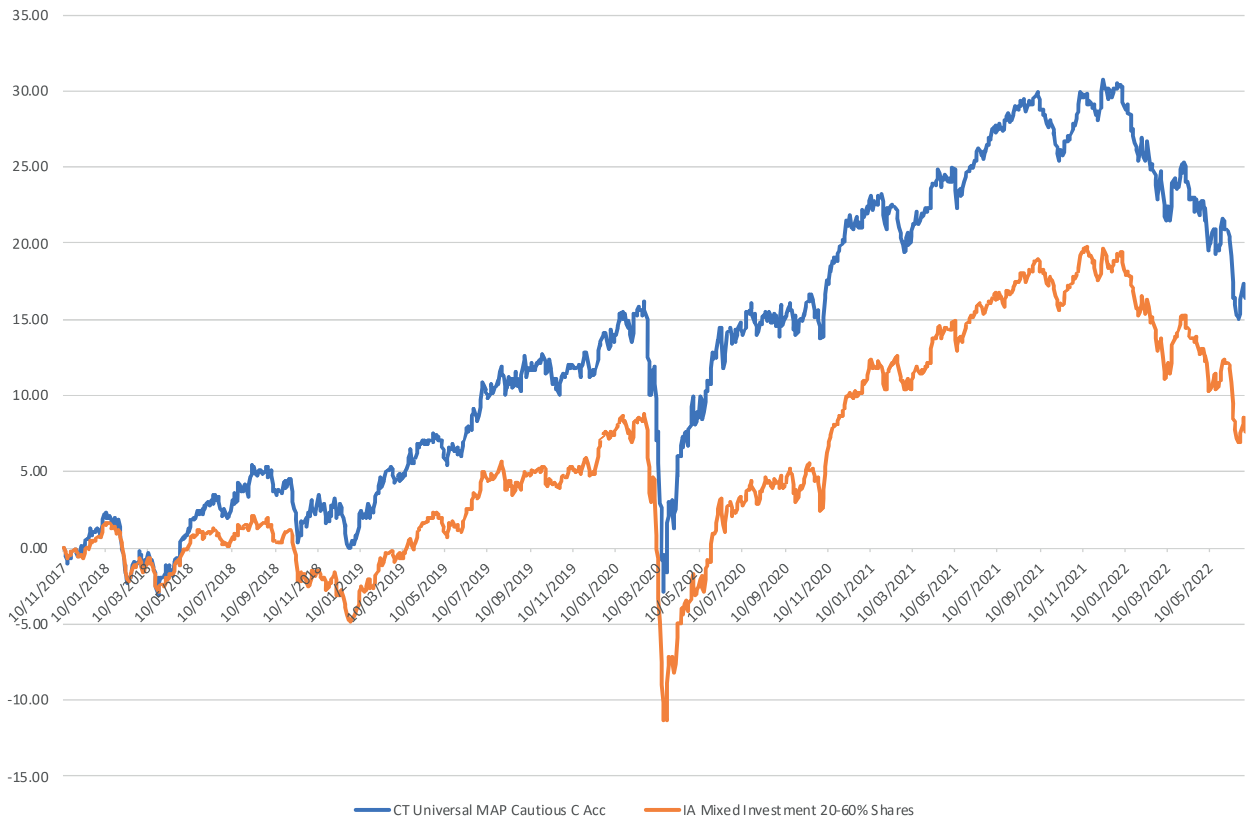
PERFORMANCE

The charts below show performance of the individual multi-asset funds against relevant comparators. As the funds are located in the Investment Association (IA) Volatility Managed section, we have looked at performance relative to comparative IA Mixed Investment sectors from their respective launch dates up until 30th June 2022. The performance charts for the Defensive and Adventurous funds run from October 2019 (the date of their launch) until the end of June 2022 and for the Cautious, Balanced and Growth funds from November 2017 (the date of their launch) until the end of June 2022.

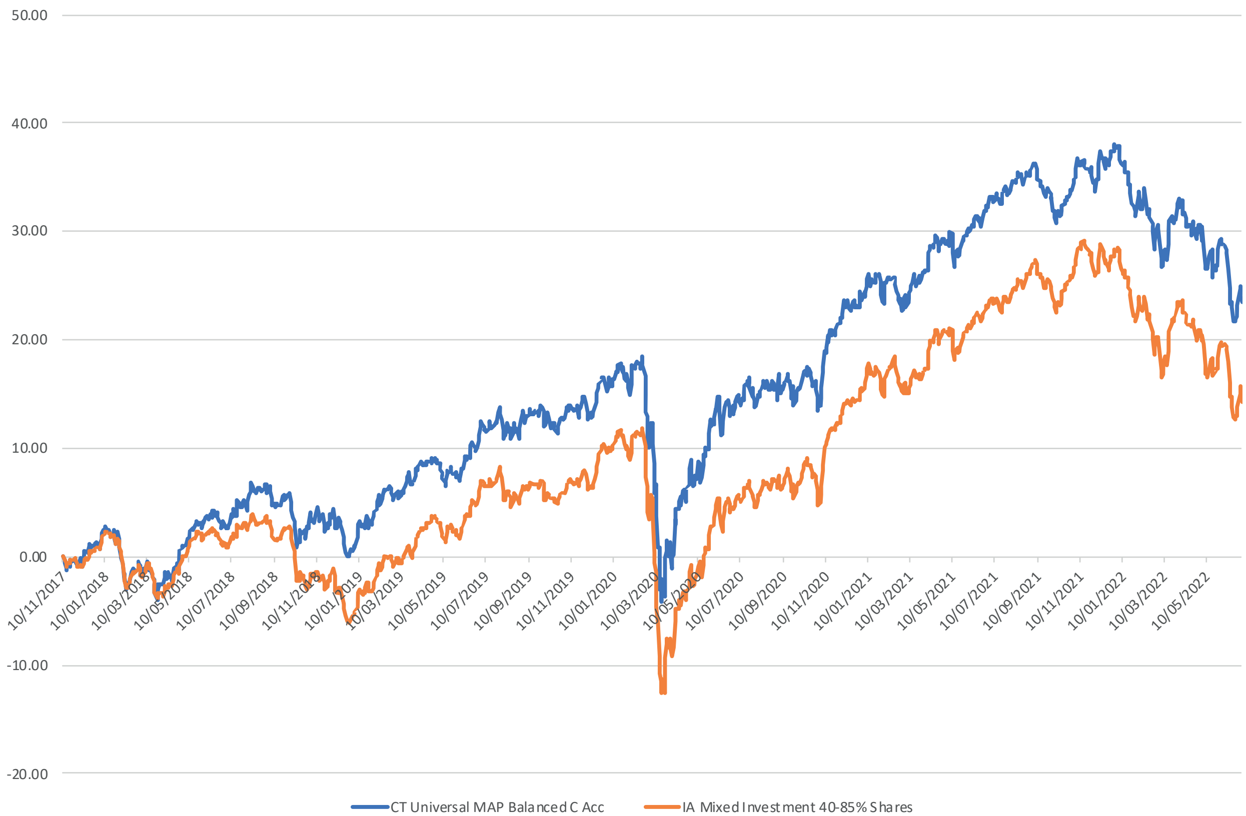
CT Universal MAP Defensive – Performance from 7th October 2019 until 30th June 2022



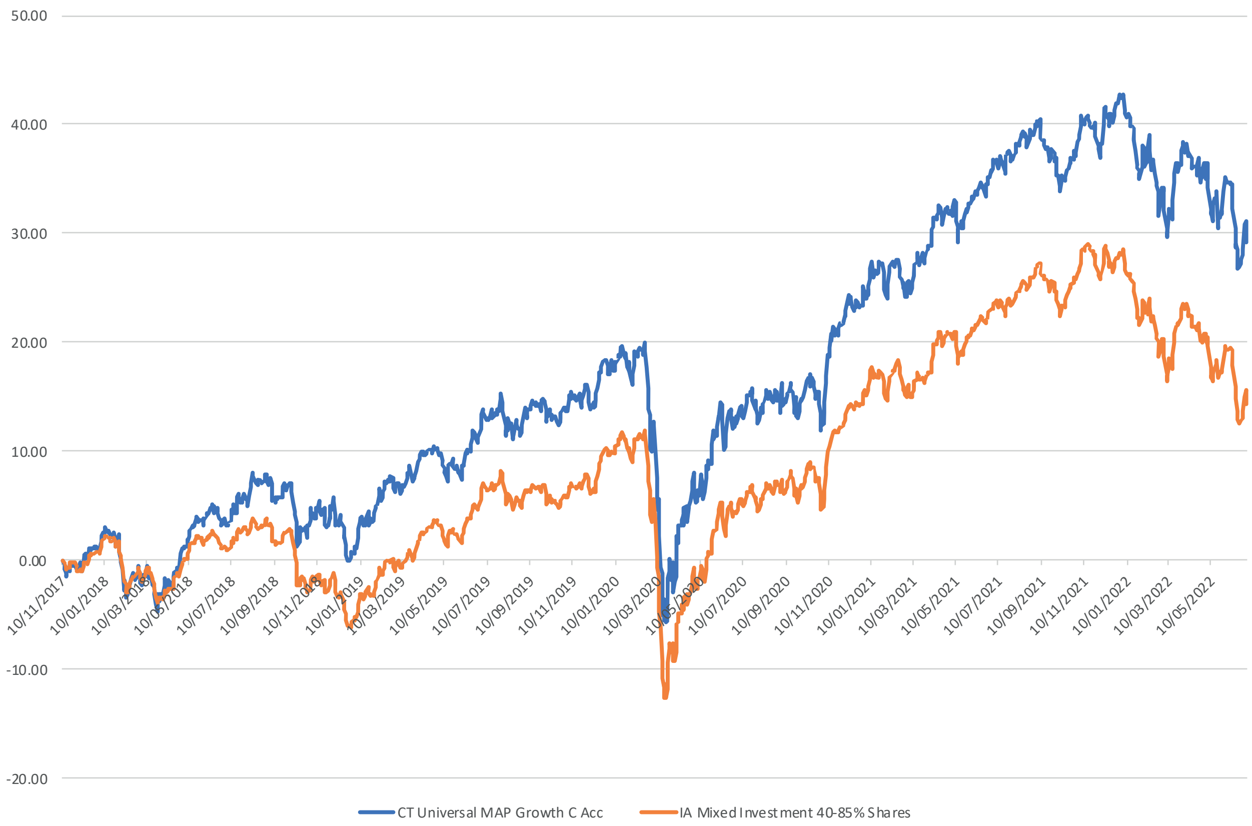
CT Universal MAP Cautious – Performance from 10th November 2017 until 30th June 2022



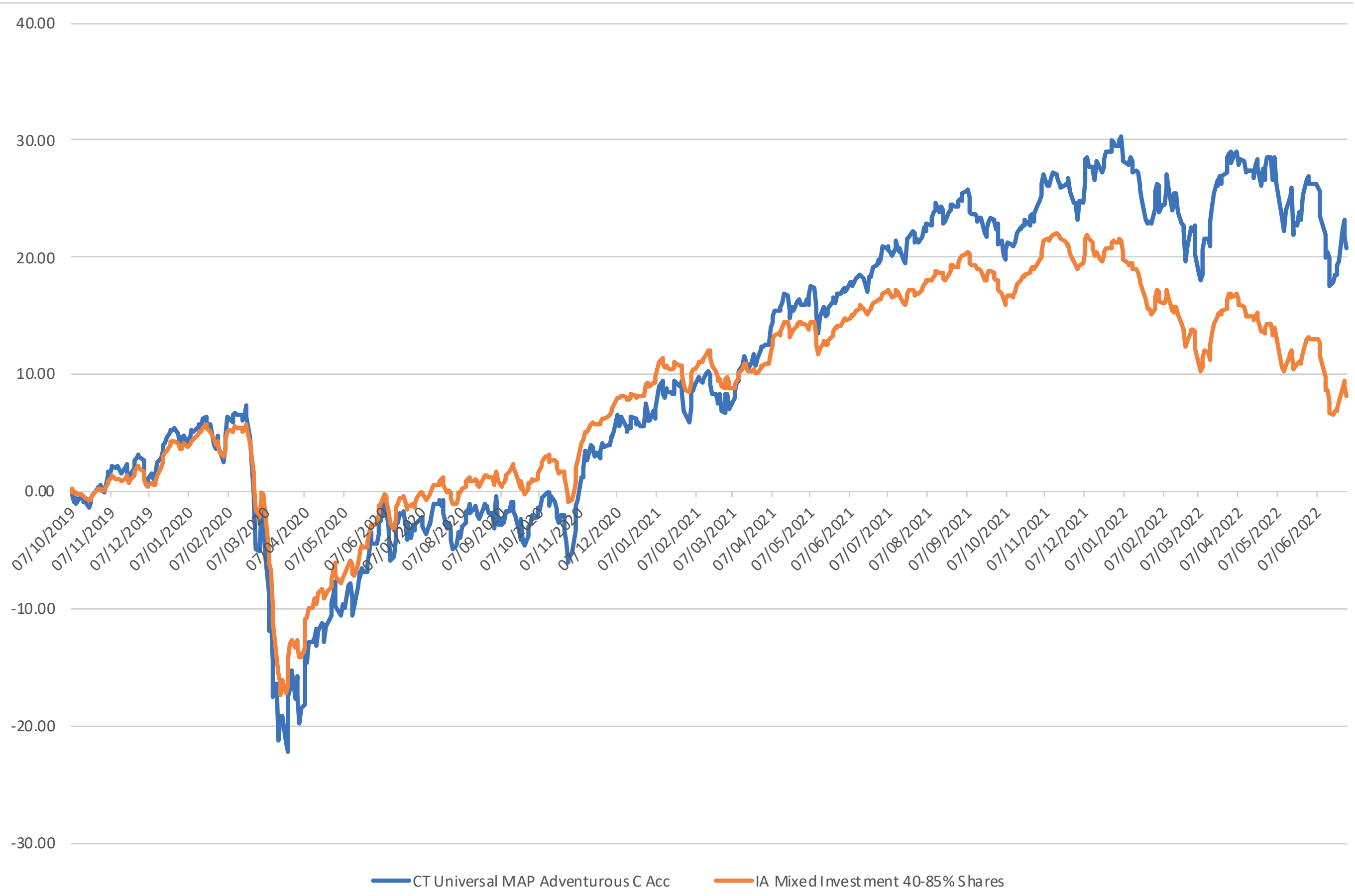
CT Universal MAP Balanced – Performance from 10th November 2017 until 30th June 2022



CT Universal MAP Growth – Performance from 10th November 2017 until 30th June 2022



CT Universal MAP Adventurous – Performance from 7th October 2019 until 30th June 2022



As can be seen from the charts above, the funds have all outperformed comparative IA Mixed Investment sectors since their respective launch dates up until 30th June 2022 with the longer running CT Universal MAP Cautious, Balanced and Growth Funds demonstrating particularly strong relative performance since launch, all significantly outperforming the comparative IA Mixed Investment sector over the period. The Defensive and Adventurous funds have also managed to outperform their comparative IA sector averages since launch – the Defensive fund only marginally, but the Adventurous fund has significantly outperformed, buoyed by its much higher equity weighting.

The strategies have also proven very competitive over discrete annual calendar years since launch. Over 2018, the Cautious, Balanced and Growth funds significantly outperformed on a relative basis with strong stock selection being a significant contributing factor in what proved to be a very challenging year for most asset classes. Markets recovered strongly in 2019 with some strong returns from both fixed income and equities, and again the strategies were competitive against comparative IA Mixed Investment sectors – the Balanced fund generated returns which were close to the comparative sector average whilst the Cautious and Growth funds both marginally outperformed.

As we moved into 2020, the markets suffered a significant sell-off over the first quarter due to the initial effects of the Covid-19 pandemic. Over this period, the five funds all proved more defensive on a relative basis as, although they generated significantly negative returns, these were lower the respective comparative IA sector averages. As markets recovered over the second quarter, the managers were able to capture some of that upside so that by the end of the year all but the Adventurous fund were ahead of their comparative sector averages. Stock selection had proved less favourable over 2020 with elements of underperformance in both growth and value positioning. The asset allocation was beneficial and was the key influencing factor in the funds' strong relative performance for the full year 2020, particularly the tactical asset allocation as the managers were able to quickly adjust the portfolios to take advantage of the opportunities that the market volatility provided.

The funds all generated positive returns for 2021, with the higher risk strategies comfortably outperforming the comparative IA sector average and with the two more defensive funds performing broadly in line with their comparative sector averages. The funds held a tactical tilt towards equity markets over the year which proved particularly constructive for the higher risk funds as equity markets significantly outperformed bond markets over this period. Throughout 2021, the funds were also tactically overweight to the US which was one of the best performing asset classes of the year. The managers had been cautious on government debt for a while and so running historically low levels of UK gilts helped over the year. Towards the end of 2021 they bought options to protect against higher yields which helped to reduce losses as bond markets detracted. Overall, however fixed income exposure cost performance for the funds over 2021.

The first half of 2022 has been very difficult for investors, as most asset classes have fallen significantly in value. The Universal MAP funds have not been immune to the sell-offs –the two more defensive funds have had losses broadly in line with their comparative IA sector averages, but the higher risk strategies have manged to outperform, particularly the Adventurous fund.

Further information on performance and positioning for the first half of 2022 is contained in the Current Positioning section further in this report.

ESG

The company has a long history of responsible investment, having been a pioneer in this field for more than 30 years. It was a founding signatory to the United Nations Principles for Responsible Investment (UN PRI) and launched Europe's first ethically screened fund in 1984. They describe responsible investment as central to their corporate identity and integral to their overall investment philosophy. The company has significant resources dedicated to responsible investing covering both equities and fixed income.

They continue to evolve and improve their responsible investment capabilities and in 2021, the firm appointed a dedicated ESG Integration Manager and Senior ESG Data Scientist to work closely with the investment teams to support integration and act as points of contacts within the Responsible

Investment team. In late 2021, they reviewed and approved changes to their voting policy, in preparation for the 2022 proxy voting season which included formally developing their policy to include biodiversity and severe human and labour rights issues.

The Universal MAP funds are not managed to a specific responsible mandate and no specific negative screens are applied to the funds (although there is a company-wide exclusion on companies involved with controversial weapons). That said, responsible investment forms part of the core investment process and sustainable investment/engagement is a consideration with every investment.

CURRENT POSITIONING

After a relatively constructive backdrop last year, the team entered 2022 with a moderately positive stance. They believed that equity markets should still continue to perform well, driven predominately by solid corporate earnings, and that ‘value’ orientated stocks would outperform ‘growth’ in the higher inflationary environment. They thought that US equities would probably underperform whilst Japan, Europe and the UK would do better. At the end of January and into February they quickly reassessed, as inflation began to ramp up along with the expectations over the size and speed of interest rate changes. This, along with Russia’s invasion of Ukraine meant that the investment landscape was beginning to change rapidly. Real interest rates shot up, driving a de-rating in equity markets, particularly in long duration growth stocks. Their tactical asset decision to be overweight equities proved detrimental at this stage although it was more than offset by being short rates duration, and by making some reasonable calls within the underlying equity holdings. They cut their equity weightings, which included closing off a recently opened overweight position on Europe, a strategy which had initially proved very beneficial but quickly began to turn negative as Russia invaded Ukraine.

Stock selection from the global equity team was strong over the first part of 2022, as the funds benefited from the rotation away from growth towards the end of 2021 and into 2022 and they generally avoided the large tech names that have struggled over this period. The UK equity allocation initially performed well but a bias towards growth in UK equity and their underweight to energy and materials companies proved detrimental. Being fully aware of events in the natural resources markets, the managers reduced their global equity holdings and added to the UK, increasing their exposure to energy stocks, and performance subsequently improved. As a result of these changes, the UK equity weightings are now as high as they have ever been.

At a regional level, until recently they were tactically overweight Japan, on a hedged basis, attracted by Japan’s divergent view on monetary policy relative to other developed markets and continued strong earnings growth. The managers very recently reduced the position on concerns that the Bank of Japan may be forced to act on their currency, given how far and fast the yen has fallen, reaching multi decade lows. They remain cautious on emerging markets given the continued strength of the US dollar, with emerging market exposure now as low as it has ever been – a position that for most of 2022 so far has worked well for them. They acknowledge that Chinese valuations look relatively cheap after a sharp sell-off over the last year but still have concerns over the unpredictability of government intervention, particularly with regard to their policy on Covid-19 restrictions and therefore they remain cautious.

In fixed income, the gilt exposure is almost at the bottom of the range and they recently moved underweight in high yield, leaving them underweight on credit overall, counterbalancing the general overweight to equities. They highlight that as inflation shows signs of destabilisation, we will see more value in bond markets. They do not believe we are in that position yet, but the management are certainly taking more interest in bond markets. The market’s rate expectations have moved a long way with much priced in, and whilst there is a risk in that there is further to go, they believe we are quite mature in that process now. The funds remain short duration although this positioning has been reduced over the last few months.

In their outlook, the managers caution that the chances of recession have increased over the last few weeks, and that there are challenges for markets in the months ahead. The sell offs over the last few weeks have meant that valuations in parts of the market are now fairly attractive but the team feel that shares could still get cheaper, particularly if earnings numbers disappoint. They highlight that for the longer term investor there are currently opportunities to invest in good quality companies at attractive prices and as ever, the managers remain active in their positioning, ready to take advantage of any opportunities that any future volatility may provide.

Despite a strong sell-off in growth stocks over the first half of 2022, the managers highlight that these companies were coming off some very high valuations, and that the premium of growth over value is still bigger than the historic norm. They believe that it is unlikely that growth type companies will lead the next bull market and therefore they continue to have a value tilt within their overall equity positioning.

The table below summarises the asset allocation for each of the five funds as at 30th June 2022.

Asset Class	Defensive	Cautious	Balanced	Growth	Adventurous
UK Equity	10.90%	15.50%	21.60%	26.90%	32.60%
North America Equity	8.90%	17.20%	23.80%	29.80%	39.40%
Europe ex UK Equity	2.10%	3.90%	5.40%	6.80%	9.00%
Japan Equity	1.60%	1.80%	2.50%	3.10%	5.10%
Pacific ex Japan Equity	0.30%	1.90%	2.70%	3.30%	1.50%
Emerging Markets Equity	1.40%	1.70%	2.50%	3.00%	6.10%
UK Gilts	24.10%	14.40%	3.90%	0.00%	0.00%
UK Index Linked	5.00%	2.30%	2.00%	0.00%	0.00%
US Treasury	0.00%	0.00%	0.00%	0.00%	0.00%
Global Corporate Bonds	43.90%	28.60%	24.80%	17.50%	0.00%
High Yield	1.00%	3.40%	3.30%	3.40%	4.10%
Emerging Market Debt	0.00%	0.00%	0.00%	0.00%	0.00%
Cash	0.60%	9.30%	7.60%	6.20%	2.20%
Total	**99.8%**	**100.0%**	**100.1%**	**100.0%**	**100.0%**

Source: Columbia Threadneedle Investments as at 30 June 2022 (totals may not be 100% due to the effects of rounding).

SUMMARY & EVALUATION

The CT Universal MAP funds were launched to provide a range of actively managed multi-asset solutions with fees closer to those charged by more passively managed investment strategies. The funds are very competitively priced, given they are offering both active asset allocation and active security selection, with an Ongoing Charges Figure (OCF) capped at 0.29%.

The investment process places a great deal of emphasis on asset allocation which the managers highlight as one of the key drivers of returns for the portfolios, and they apply significant resources and evaluation to this area – their strategic asset allocation is reviewed on a quarterly basis which differentiates them from others in the marketplace who review on an annual basis. This, combined with a dynamic tactical asset allocation process, provides a competitive advantage over many in their peer group.

We see the recent acquisition of BMO Global Asset Management (EMEA) by Columbia Threadneedle as a positive step in the running of the Universal MAP funds. The core management and investment process remains unchanged, but the resources are being expanded with additional members across the UK-based multi-asset team. The team are very experienced, running significant sums of money and as well as gaining team members, they also have access to the research and resources of the wider Columbia Threadneedle group. The managers also have access to a number of investment professionals and product specialists, thereby ensuring significant expertise across different asset classes.

The company has a long heritage of managing responsible, and ethical investments and although these funds are not managed to a specific responsible mandate, this is at the core of their investment process with a particularly strong emphasis on engaging with investee companies to promote environmental, social and governance factors.

Three of the five RSMR rated strategies were launched in November 2017, since when their performance has been very good, with each strategy significantly outperforming a comparative IA Mixed Investment sector over that period. The Defensive and the Adventurous funds were launched in October 2019 and have also proved competitive since launch. Given the quality of the management and robust nature of the investment process, we believe they should all be capable of producing competitive returns over the longer term.

Overall, the CT Universal MAP funds should continue to produce good risk-adjusted returns for investors, and they provide a strong option for advisers seeking a range of very competitively priced multi-asset solutions covering different risk profiles.

ABOUT US

RSMR
Our Research. Your Success.

Established in 2004 RSMR provides research and analysis to firms working across the UK's personal financial services marketplace.

Our work is completed with total impartiality and without any conflict of interest and delivered to a high professional standard by a team of experienced and highly qualified people.

Working with advisers

We provide specialist research, analysis and support to a diverse range of financial advisers and planners helping them to deliver sound advice to their clients backed by rigorous and structured research and due diligence.

The main regulatory body in the UK, the FCA, states that personal recommendations made by advisers should be 'based on a comprehensive and fair analysis of the relevant market' and this has led to closer scrutiny of the whole advice process. Our solutions are designed to help advisers meet these challenges whilst recognising that advisory firms require a range of flexible options that best meet their own business needs and those of their clients.

Working with providers

We work with all the leading fund groups, life and pension companies and platform operators across the financial services sector offering straight forward and pragmatic advice to help add value and improve their business performance and efficiency whilst treating customers fairly in line with FCA requirements.

Ratings

Our innovative range of ratings are now recognised as market leading and cover a broad area of investment solutions including single strategy funds, SRI funds, Multimanager and multi-asset funds, DFMs and investment trusts. Our familiar 'R' logo is now recognised as a trusted badge of quality by advisers and providers alike and a 'must-have' when selecting funds. Our ratings are founded on a strict methodology that considers performance and risk measures but places a greater emphasis on the ability of fund managers to continue to deliver performance in the years ahead based on our in-depth face-to-face meetings with fund managers across the globe.

We understand financial services and we will work alongside you to deliver tailored solutions that are right for your clients and your business.

Our research. Your success.

Our Research. Your Success.

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