

# Tactical asset allocation flashview

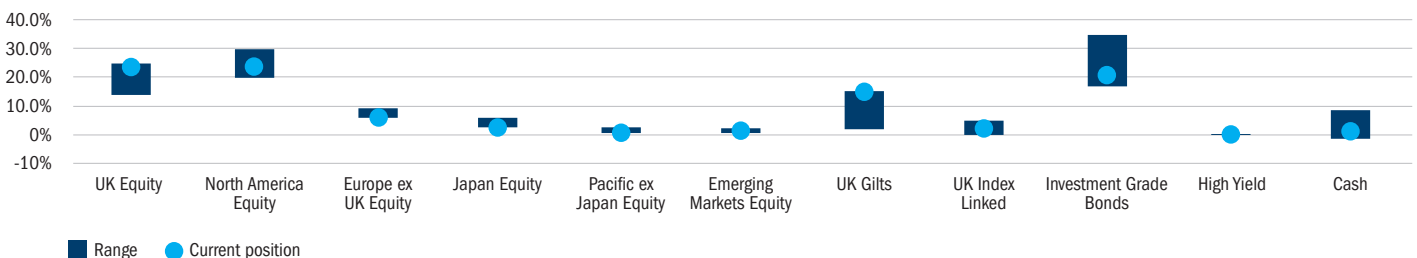
## CT Sustainable Universal MAP Funds Q4 2023

Equities		
<b>UK</b>	The UK equity market continues to look cheap on an absolute and relative basis. Its higher weighting to oil should be constructive through the increased geopolitical concerns in the Middle East. The domestic market may get a lift given the bounce in consumer confidence, improved economic data and potential budget day giveaways from chancellor Hunt, as part of his pre-election strategy.	▲ —
<b>North America</b>	Although inflation has plateaued of late, the direction of travel is still down, allowing the FOMC to start cutting rates. The March meeting is when cuts are anticipated to commence. A soft landing is now the base case as inflation closes in on its 2% target without a noticeable worsening in the employment market. Growth also remains resilient. The equity market continues to look very narrow and is trading on high multiples. So, although fundamentals point towards strong equity performance, valuations temper that view.	— —
<b>Europe ex UK</b>	With the region's powerhouse, Germany, in recessionary territory, the outlook remains challenged. Peripheral Europe appears to still be in good shape however. The ECB will most likely wait for the United States to cut rates first before it makes its own move. However, the market is still pricing in the same number of cuts by year-end.	▼ —
<b>Japan</b>	Valuations still look attractive, especially with the structural changes that continue to evolve corporate behaviour. Increased R&D and investment should translate to productivity gains. Buybacks and dividend payments have been increased, which should mean better shareholder returns. Monetary policy needs to be watched carefully as any tightening will likely flow through to Yen strength, which would be a drag on company profits. Unhedged equities remain the most attractive.	▲ —
<b>Pacific ex Japan</b>	The Australian economy still appears to be in rude health despite the direct pass through of monetary policy, due to the local predominant use of variable mortgages. Only a small number of cuts are priced into interest rate futures and so it will be interesting to see if the long and variable lags of higher interest rates finally work their way into the domestic economy.	— —
<b>Emerging markets</b>	Growth has disappointed and support from the authorities in China has been weak, leading to a less optimistic economic outlook for China. The property market remains a drag on the wider economy. A skills mismatch is leading to high unemployment in the younger age groups (21.3% for 16-24 year olds) as the government regulates the technology, education and property sectors. Retail spending continues to fall, hindering further growth. So, although the region looks cheap we remain cautious.	— —
Fixed income		
<b>UK gilts</b>	Although the US and Europe are expected to move first, the UK will unlikely be far behind in starting to cut base rates. The first one is priced in for the May or June meeting. Four cuts are priced in this year which is less than the US and Europe but should provide decent upside for Gilts. An almost 4% yield looks attractive and remains our favoured position.	▲ ▲
<b>UK index linked</b>	Inflation in the UK still remains higher than in other regions. It also surprised the markets by rising to 4% at the last release. However, we see this as a temporary phenomenon and expect it to resume its downward trajectory. There will be several factors contributing to downward pressure, including stronger Sterling relative to this time last year and a fall in energy bills.	— —
<b>Global corporate bonds</b>	Spreads have narrowed a lot and do not suggest significant excess returns are available. Defaults have picked up marginally but are nowhere near concerning levels. Given the improvement in the economic outlook we continue to believe that investment grade will offer ok returns.	— ▼

Our view: ▼ Negative — Neutral ▲ Positive Allocation change from previous quarter: ▼ Down — Same ▲ Up

### Active AA in action

CT Sustainable Universal MAP Balanced asset allocations ranges since inception (%)

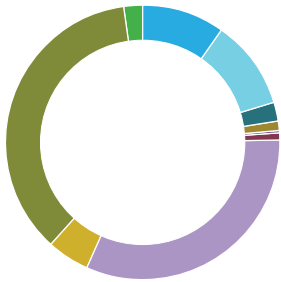


Source: Columbia Threadneedle Investments as at 31-Dec-23

Flashview contains forward-looking statements which can be identified by the use of terminology such as 'may', 'should', 'expect', 'anticipate' or 'believe'. These do not constitute investment advice or recommendations to buy or sell investments and you should not place undue reliance on such returns and statements, as actual returns and results could differ materially due to various risks and uncertainties.

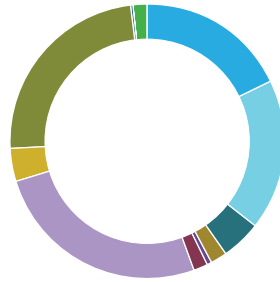
Asset allocation as at 31-Dec-23

**CT Sustainable Universal MAP  
Defensive Fund**



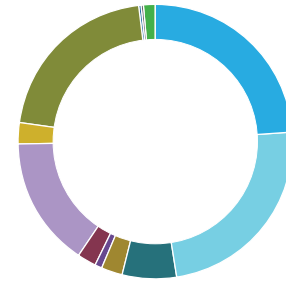
		Change*
UK Equity	9.9%	-2.0%
North America Equity	10.6%	-0.5%
Europe ex UK Equity	2.3%	0.2%
Japan Equity	1.0%	0.1%
Pacific ex Japan Equity	0.3%	0.0%
Emerging Markets Equity	0.8%	0.0%
UK Gilts	32.0%	0.6%
UK Index Linked	5.0%	0.0%
US Treasury	0.0%	0.0%
Global Corporate Bonds	36.1%	2.3%
High Yield	0.0%	0.0%
Emerging Market Debt	0.0%	0.0%
Cash	2.1%	-0.8%

**CT Sustainable Universal MAP  
Cautious Fund**



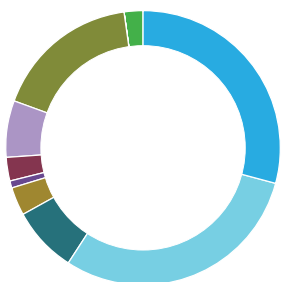
		Change*
UK Equity	18.0%	1.0%
North America Equity	17.7%	0.2%
Europe ex UK Equity	4.6%	0.3%
Japan Equity	2.1%	0.0%
Pacific ex Japan Equity	0.6%	0.1%
Emerging Markets Equity	1.7%	0.4%
UK Gilts	25.7%	3.5%
UK Index Linked	4.0%	-0.6%
US Treasury	0.0%	0.0%
Global Corporate Bonds	23.8%	-4.3%
High Yield	0.2%	0.2%
Emerging Market Debt	0.2%	0.2%
Cash	1.4%	-0.7%

**CT Sustainable Universal MAP  
Balanced Fund**



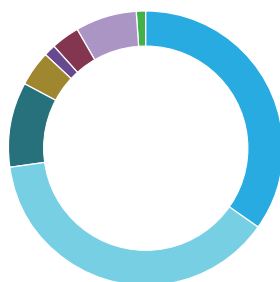
		Change*
UK Equity	24.0%	0.5%
North America Equity	23.8%	0.5%
Europe ex UK Equity	6.2%	0.2%
Japan Equity	2.7%	-0.1%
Pacific ex Japan Equity	0.8%	0.1%
Emerging Markets Equity	2.1%	0.5%
UK Gilts	15.2%	3.8%
UK Index Linked	2.5%	0.4%
US Treasury	0.0%	0.0%
Global Corporate Bonds	20.9%	-4.4%
High Yield	0.3%	0.3%
Emerging Market Debt	0.3%	0.3%
Cash	1.3%	-1.9%

**CT Sustainable Universal MAP  
Growth Fund**



		Change*
UK Equity	29.4%	0.4%
North America Equity	30.0%	0.3%
Europe ex UK Equity	7.8%	0.1%
Japan Equity	3.2%	-0.2%
Pacific ex Japan Equity	1.0%	0.1%
Emerging Markets Equity	2.7%	0.6%
UK Gilts	6.8%	0.0%
UK Index Linked	0.0%	0.0%
US Treasury	0.0%	0.0%
Global Corporate Bonds	17.0%	-0.6%
High Yield	0.1%	0.1%
Emerging Market Debt	0.1%	0.1%
Cash	2.0%	-1.0%

**CT Sustainable Universal MAP  
Adventurous Fund**



		Change*
UK Equity	34.8%	1.6%
North America Equity	38.1%	-0.7%
Europe ex UK Equity	10.0%	0.2%
Japan Equity	4.3%	-0.2%
Pacific ex Japan Equity	1.3%	0.1%
Emerging Markets Equity	3.3%	0.7%
UK Gilts	7.2%	0.5%
UK Index Linked	0.0%	0.0%
US Treasury	0.0%	0.0%
Global Corporate Bonds	0.0%	0.0%
High Yield	0.0%	0.0%
Emerging Market Debt	0.0%	0.0%
Cash	1.0%	-2.2%

Source: Columbia Threadneedle Investments. \*Change from 30 Sep 23.

To find out more, visit [columbiathreadneedle.com](http://columbiathreadneedle.com)



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