

Threadneedle (Lux) European Social Bond

At a glance

This investment grade credit fund unlocks the full potential of bonds to deliver both financial returns and positive social outcomes.

Investment objective & policy

To provide a total return from income and capital appreciation and outperform the ICE BofA Euro Non-Sovereign (50%), ICE BofA Euro Corporate Euroland Issuers (50%) Index. The fund invests in a well-diversified portfolio primarily of investment grade debt securities (high-quality bonds, as assessed by a credit rating agency) that support or fund socially beneficial activities and development principally in Europe.

In line with its active management strategy, portfolio holdings may deviate significantly from those of the index while there is also the flexibility to invest in off-benchmark debt securities.

The fund's sustainability related disclosures can be found on our website: www.columbiathreadneedle.com.

The decision to invest in the fund should also take into account any additional fund characteristics or objectives as set out in its Prospectus.



Tammie Tang
Portfolio Manager (since July 2022)

Key facts

Fund inception date

23 May 2017

Fund size (as at 30.09.2022)

€354 million

SFDR

Article 8*

*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).

Key reasons to invest

- 1. Innovative approach:** Using a dynamic social assessment methodology to guide investment decisions, the portfolio manager actively targets bonds that combine clear social benefits with sound financial attributes.
- 2. Strength in partnership:** Our strong reputation across both fixed income credit and social investment is enhanced by our social partnership with INCO Group,¹ an organisation focused on the European social economy and a leader in assessing sustainable social businesses.
- 3. Proven track record in social bond investing:** We have successfully managed outcomes-based social bond strategies since 2013 and have over €1 billion invested in a range of strategies for clients in the UK, Europe and the US.

Risks to be aware of

This fund is suitable for investors who can tolerate a moderate level of risk and have a medium-term investment horizon. Investors could lose some or all their capital and should read the Prospectus for a full description of all risks.

Investment risks: Investment in debt securities, derivatives and currencies.

Associated risks: The fund may be exposed to additional credit, market, interest rate and liquidity risks due to the nature of investing in debt markets.

In a market currently dominated by exclusion-based products focused on negative screening, our social bond strategies are based on a markedly different approach to social investment: the principle of positive inclusion. We actively allocate capital to businesses that address real social needs, using a broad range of bonds to target specific positive outcomes.

– Tammie Tang

¹ INCO operates under the auspices of Europe's leading social enterprise: Groupe SOS and Le Comptoir de l'innovation.

Investment approach

We use an outcomes-based approach to deliver both social and financial returns, investing in businesses that have a positive social impact predominantly in Europe, accessing a broad social universe of around 2,000 bonds. We actively source bonds from seven key social development fields, targeting the most beneficial projects in the areas of most need, with geography being a key driver.

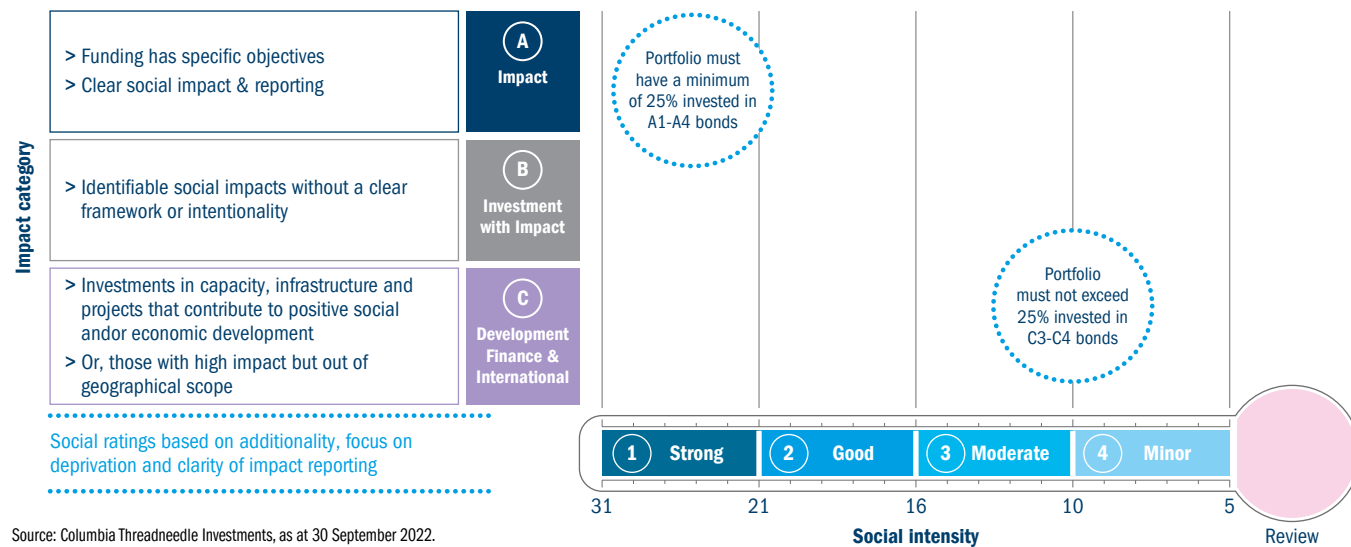
Eligible investments are ranked both by their impact category and social intensity by our Responsible Investment (RI) analysts. Our Investment Grade credit research analysts ensure investment ideas pass rigorous financial tests for inclusion in the portfolio. We actively engage with company managements to understand how their businesses work and take a proactive role with both corporates and governments in the growth and development of the social bond market. Our social partner, INCO Group, brings its expertise and reputation by deepening the research on the social outcomes of potential investments; reviewing, advising and monitoring our social assessments via a quarterly Social Advisory Panel; and producing an independent annual report.

Financials: we aim to maximise return per unit of risk, pursuing income within a total return framework to deliver consistent, sustainable returns. Particular attention is paid to managing liquidity and a proportion of the fund will be in highly liquid but lower yielding investments. Credit research analysts produce bottom-up fundamental analysis on companies deemed investible.

Controversy & ESG: credit research and RI analysts work together to assess and engage with companies on material ESG concerns, evaluating issuers' responses to past or present controversies and engaging with management to ensure appropriate action is taken to give us confidence that they will 'do the right thing' now and in the future.

Impact: RI analysts produce impact and social intensity assessments for all issuers held by the fund. The portfolio is well-diversified, targeting a minimum of 80% European social domestic outcomes. The Social Advisory Panel ensures oversight of the fund's activities.

Social assessment methodology directs investments to positive social outcomes



Source: Columbia Threadneedle Investments, as at 30 September 2022.



To find out more visit columbiathreadneedle.com



Important Information: Your Capital is at risk. Threadneedle (Lux) is a Luxembourg domiciled investment company with variable capital ("SICAV"), managed by Threadneedle Management Luxembourg S.A.. This material should not be considered as an offer, solicitation, advice or an investment recommendation. This communication is valid at the date of publication and may be subject to change without notice. Information from external sources is considered reliable but there is no guarantee as to its accuracy or completeness. The SICAV's current Prospectus, the Key Investor Information Document (KIID)/Key Information Document (KID) and the summary of investor rights are available in English and/ or in local languages (where applicable) from the Management Company Threadneedle Management Luxembourg S.A., International Financial Data Services (Luxembourg) S.A., your financial advisor and/or on our website www.columbiathreadneedle.com. These documents are available in Switzerland from the Swiss Representative and Paying Agent RBC Investor Services Bank S.A., Esch-sur-Alzette, Zurich branch, Bleicherweg 7, CH 8027 Zurich. Threadneedle Management Luxembourg S.A. may decide to terminate the arrangements made for the marketing of the Fund. Pursuant to article 1:107 of the Act of Financial Supervision, the sub-fund is included in the register that is kept by the AFM. Threadneedle (Lux) is authorised in Spain by the Comisión Nacional del Mercado de Valores (CNMV) and registered with the relevant CNMV's Register with number 177. Past performance is calculated according to the BVI method in Germany. In the EEA and Switzerland: Issued by Threadneedle Management Luxembourg S.A. registered with the Registre de Commerce et des Sociétés (Luxembourg), Registered No. B 110242, 44 rue de la Vallée, L-2661 Luxembourg, Grand Duchy of Luxembourg. In the UK: Issued by Threadneedle Asset Management Limited. Registered in England and Wales, No. 573204. Registered Office: 78 Cannon Street, London EC4N 6AG, United Kingdom. Authorised and regulated in the UK by the Financial Conduct Authority. In the Middle East: This document is distributed by Columbia Threadneedle Investments (ME) Limited, which is regulated by the Dubai Financial Services Authority (DFSA). For Distributors: This document is intended to provide distributors with information about Group products and services and is not for further distribution. For Institutional Clients: The information in this document is not intended as financial advice and is only intended for persons with appropriate investment knowledge and who meet the regulatory criteria to be classified as a Professional Client or Market Counterparties and no other Person should act upon it. **Columbia Threadneedle Investments is the global brand name of the Columbia and Threadneedle group of companies.** columbiathreadneedle.com

Valid from 11.22 | Valid to 06.23 | J32572 | 5118868