3 YEARS

COLUMBIA THREADNEEDLE INVESTMENTS

Your success. Our priority.

Opportunities in… Multi-asset real return funds

Why multi-asset real return funds?

The simple premise behind multi-asset real return funds is to deliver positive returns above inflation – in line with the long run return of equities, but with significantly less risk – by diversifying portfolios across a number of uncorrelated asset classes.

While equities will continue to aim to deliver good returns over the longer term, they are volatile and can suffer significant drawdowns. Core government bonds meanwhile, with interest rates set to remain low, are challenged in providing effective diversification and offer low prospective risk-adjusted returns.

Therefore, having a specialist multi-asset manager that looks to allocate dynamically between and within a wide range of uncorrelated asset classes, participating in growth opportunities while minimising drawdowns, should enhance the overall returns per unit of risk. It is this combination of long-term capital growth potential with less volatility and protection against inflation that lies behind the appeal of multi-asset real return funds.

Our approach to risk

In an uncertain investment climate, where volatility is heightened, managing risk is key to achieving a successful outcome. Multi-asset real return funds aim to navigate markets by investing more conservatively when threats appear on the horizon and participating actively when opportunities develop.

So, in an environment where we like risk, we will invest in assets that have greater volatility in the expectation that volatility will be rewarded. But in an environment where we strongly dislike risk, we will invest in low volatility assets, seeking to protect investors' capital.

Reasons to invest

1. Potential to receive positive real returns with lower levels of volatility than equities.

2. Uncorrelated sources of return delivering important diversification benefits.

3. A cost-effective, 'one stop shop' investment solution for investors.

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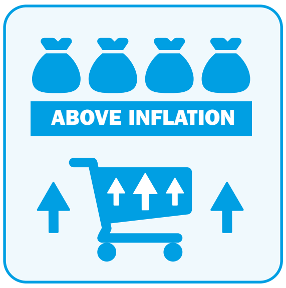
Why consider the Threadneedle (Lux) Euro Dynamic Real Return

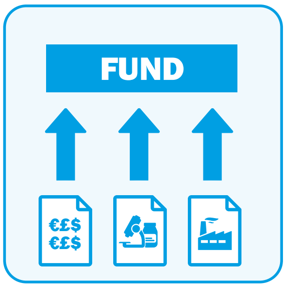
Targets a real return with less risk than equities

- A dynamically managed multi-asset fund that targets a real return of 4% above EU inflation (CPI), in line with the long-run real return of equities, with up to two-thirds of equity volatility.[1] The portfolio can invest in a wide range of investment opportunities – equities, fixed income and cash, property, commodities and alternatives – with the aim of growing and preserving capital over the medium-to-long-term.



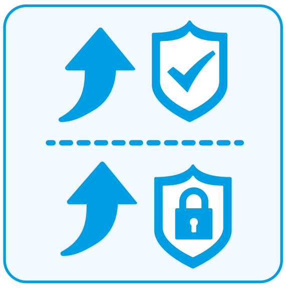
Dynamic and unconstrained

- The fund is dynamically managed, with no neutral allocation and no index constraints, so it reflects our best asset allocation ideas. Importantly, the portfolio can also be zero-weighted in any asset class, so each position must earn its way into the portfolio from both its standalone risk and return characteristics and how it interacts with other positions in the portfolio.



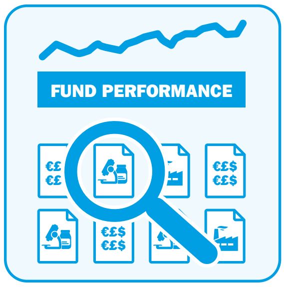
Volatility-controlled

- By dynamically allocating between return-generating and downside-protecting assets, we seek to participate in growth opportunities as we identify them and protect capital when threats appear.



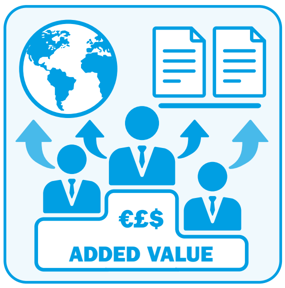
Straightforward and transparent

- The fund is long only and unlevered, so investors can easily understand how we are invested and what is driving the performance of the fund.



Managed by the specialist Columbia Threadneedle Multi-Asset team

- With €129 billion of assets and over 25 years' experience, multi-asset investing is at the heart of what we do at Columbia Threadneedle Investments.[2] We have a robust and repeatable process that brings together our investment professionals from across the organisation.



Please refer to the Fund KIID for the objective and policy of this fund.

[1] EU inflation is defined as the Monetary Union index of consumer prices (MUCIP). Please note that the performance target may not be attained. The performance target is gross of fees.
[2] Source: Columbia Threadneedle Investments, as at 31 December 2020.

About the portfolio manager

Toby Nangle has over 20 years' investment experience. Toby is Head of Global Asset Allocation and is also responsible for managing and co-managing a range of multi-asset portfolios, as well as providing strategic and tactical input to the company's asset allocation process.

> "With the Threadneedle (Lux) Euro Dynamic Real Return, our goal is to deliver consistent performance, even in times of market volatility. Rather than constrain our opportunity set, each position needs to earn its way into the portfolio from a risk and return perspective. Having the ability to rebalance our portfolio actively is key to navigating the current environment and ultimately aiming to deliver a smoother overall investment ride."

Key risks

Past performance is not a guide to future returns and the fund may not achieve its investment objective. Your capital is at risk. The value of investments can fall as well as rise and investors might not get back the sum originally invested. The Investment Policy allows the fund to invest principally in units of other collective investment schemes. Investors should consider the investment policy and asset composition in the underlying funds when assessing their portfolio exposure. Positive returns are not guaranteed and no form of capital protection applies. Where investments are in assets that are denominated in multiple currencies, or currencies other than your own, changes in exchange rates may affect the value of the investments. The Fund invests in securities whose value would be significantly affected if the issuer refused, was unable to or was perceived to be unable to pay. Changes in interest rates are likely to affect the Fund's value. In general, as interest rates rise, the price of a fixed rate bond will fall, and vice versa. The Fund's assets may sometimes be difficult to value objectively and the actual value may not be recognised until assets are sold. The Investment Policy of the fund allows it to invest materially in derivatives. Most bond and cash funds offer limited capital growth potential and an income that is not linked to inflation. Inflation is likely to affect the value of capital and income over time. The fund may exhibit significant price volatility. The risks currently identified as applying to the Fund are set out in the "Risk Factors" section of the prospectus. Please read the Key Investor Information Document and the Fund Prospectus if considering investing.

To find out more visit columbiathreadneedle.com

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