

THREADNEEDLE (LUX) GLOBAL INVESTMENT GRADE CREDIT OPPORTUNITIES

AT A GLANCE

An active, absolute return credit fund that aims to deliver positive cash-plus returns by investing in the best opportunities in global investment grade markets. Additionally, it will have the flexibility to invest in developed market asset-backed and emerging market corporate credit as well as developed market high yield up to a maximum of 10%. These investments will typically be the subordinated debt of investment grade issuers.

REASONS TO INVEST

- 1. An absolute return approach:** With the ability to generate returns from both rising and falling markets by going short as well as long credit market risk and individual issuer exposure, this fund aims to have the flexibility to generate positive returns regardless of market direction.
- 2. Accessing a proven track record:** This new fund is managed by an experienced team with a long track record in managing long-only and absolute return investment grade credit strategies, delivering strong risk-adjusted returns through several economic and credit cycles. The team has also successfully run the investment grade allocation of an existing absolute return credit strategy for the past eight years.
- 3. Driven by high-quality research:** The fund follows our well-established approach to managing credit portfolios that is founded on intensive fundamental research to uncover the best global credit ideas. The portfolio managers will allocate active risk to the combination of long/short investments that is expected to deliver strong risk-adjusted returns.



ALASDAIR ROSS
Co-Portfolio Manager



RYAN STASZEWSKI
Co-Portfolio Manager

KEY FACTS

Fund launch date

27 March 2018

Benchmark Index

ICE BofAML EUR 1 Month
Deposit Rate

Fund size (as at 31.12.2018)

€24 million

“We think the launch of an absolute return credit fund is timely given our position in the economic and credit cycle. This low duration strategy will give us the flexibility to apply our global credit investment skills and seek to deliver strong risk-adjusted returns for investors irrespective of the direction of the market”

– Alasdair Ross/Ryan Staszewski

INVESTMENT APPROACH

Our investment approach is built around robust credit research, portfolio construction and risk management.

Fundamental credit research and issuer selection

Issuer and security selection is driven by a credit research process that surveys the global opportunity set to select those investments that offer strong risk-adjusted returns. Analysis is performed by a team of experienced analysts who develop independent, fundamental views of the industries and companies they focus upon and their credit quality. Our research considers business strategy, management strength, competitive position as well as a variety of financial metrics.

The credit analysts deliver formal investment recommendations, risk ratings and internal credit ratings for the issuers they follow. Each investment recommendation is accompanied with a thesis statement, which includes an issuer risk score. This statement includes the analyst's expectations (and risks around) the evolution of financial metrics, operating results and management behaviour. In addition, analysts set out which parts of the thesis are critical to the recommendation and list the events that might trigger a change in view.

These recommendations and ratings, in combination with a relative value assessment of each issuer, form the basis of security selection, position sizing and risk monitoring.

RISK PROFILE

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 the fund may fluctuate in response to the performance of individual companies and general market conditions and investors may not get back the sum originally invested.

The Fund is rated a medium to low level of volatility (how much the value of the Fund goes up and down).

The lowest category does not mean a risk-free investment.

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.

Positive returns are not guaranteed and no form of capital protection applies.

The Fund may enter into financial transactions with selected counterparties. Any financial difficulties arising at these counterparties could significantly affect the availability and the value of Fund assets.

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.

The Fund holds assets which could prove difficult to sell. The Fund may have to lower the selling price, sell other investments or forego more appealing investment opportunities.



To find out more visit columbiathreadneedle.co.uk

Portfolio construction and risk management

The aim of the portfolio construction process is to actively allocate risk to the combination of long/short investments where we have the strongest conviction. This is implemented in a way that is consistent with the portfolio's risk and return objectives and ensuring that any resulting industry and overall portfolio credit market risk is not out of line with our team's industry or credit market risk views.

In practice, the fund will be constructed with a portfolio of short maturity investments with additional overlay strategies aiming to provide additional returns. These include Event, Directional long/short, Relative Value, Basis and finally Capital structure arbitrage strategies. The portfolio managers will actively allocate risk to whichever mix of instruments is expected to provide strong risk-adjusted returns.

Risk management is embedded in our investment process and we employ both quantitative and qualitative techniques to measure and manage risk in the portfolio. The overall level of credit market risk in the portfolio will be driven by the recommendations of the Fixed Income asset allocation team and country exposure is always closely monitored.

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.

Leverage occurs when economic exposure through derivatives is greater than the amount invested. Such exposure, and the use of short selling techniques, may lead to the Fund suffering losses in excess of the amount it initially invested.

The Fund may invest materially in derivatives. A relatively small change in the value of the underlying investment may have a much larger positive or negative impact on the value of the derivative.

There is no guarantee that the hedging strategy applied in Hedged Shares will entirely remove the effects of changes in exchange rates between the Base Currency and the currency of the Hedged Shares.

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.



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Documents can be obtained free of charge on request by writing to the management company at 44, rue de la Vallée, L-2661 Luxembourg, Grand Duchy of Luxembourg, from International Financial Data Services (Luxembourg) S.A. at 47, avenue John F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg, from www.columbiathreadneedle.com and/or: Austria from Erste Bank, Graben 21 A-1010 Vienna; in Belgium: CACEIS Belgium S.A., avenue du Port 86 C b 320, 1000 Brussels; in France from CACEIS Bank, 1/3 Place Valhubert, 75013 Paris; in Germany from JP Morgan AG, Junghofstr. 14, 60311 Frankfurt; in the UK from JPMorgan Worldwide Securities Services, 60 Victoria Embankment, London EC4Y 0JP. For Swiss investors: Subscriptions to a Fund may only be made on the basis of the current Prospectus and the Key Investor Information Document, as well as the latest annual or interim reports, which can be obtained free of charge on request, and the applicable terms & conditions. 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