



THREADNEEDLE UK SUSTAINABLE EQUITY FUND

1 July 2019



Your success. Our priority.

At Columbia Threadneedle Investments, we believe the argument for long-term responsible investment is clear; stronger economies and well-run or improving businesses that look to the future are better placed to deliver financial reward.

Responsible investment in practice covers a range of activities. These include sustainability research, focused on the products, services and impacts of a business, as well as Environmental, Social and Governance (ESG) research, focused on the standards of operations and leadership within a business.

WHAT DOES SUSTAINABLE MEAN TO US?

Sustainable companies are those whose products, services and impacts enhance society and provide solutions to its most pressing challenges – from climate change to affordable housing.

THREADNEEDLE UK SUSTAINABLE EQUITY FUND

WHAT TYPES OF COMPANIES DOES THE FUND INVEST IN?

The Fund invests in UK companies which produce innovative products and services to meet pressing sustainability challenges, and/or exhibit strong ESG characteristics, with an overarching focus on generating superior long-term financial returns.

WHY CONSIDER THE FUND?

This Fund provides investors with the twin rewards of delivering positive sustainability outcomes and capital growth. As a prominent investor in UK companies, and a pioneer of responsible investment, we can enable clients to capture these rewards.

INVESTMENT APPROACH

In today's rapidly transforming world, the Fund's investment approach seeks to benefit from and promote advances in sustainability.

1) We take a longer-term view

We look to invest in businesses that drive innovation and create a more sustainable, green and inclusive economy, while generating stable returns for shareholders.

2) We look for sustainable drivers as opportunities

When assessing a company, we evaluate both current exposure to our investment criteria as well as strategy and innovation that support the delivery

of eight sustainable outcome areas which cover environmental and social themes. We have a clear exclusion policy to not invest in companies offering unsuitable products and services, such as weapons, tobacco, alcohol and fossil fuel production. Further information, including a copy of the Fund's Investment Guidelines, can be found at columbiathreadneedle.com.

3) We look for companies exhibiting best-in-class standards and discipline

Understanding how a business conducts its internal ESG practices, as well as its financial stewardship, is vital as part of a holistic view of its approach to sustainability.

OUR PHILOSOPHY – FINDING THE 'SWEET SPOT'



- The Fund looks for businesses that derive revenue or growth from sustainable opportunities – a minimum 75% of the Fund will be invested in such companies
- Companies with strong ESG credentials, or an openness to improve, are preferred. We require particularly strong ESG credentials for companies with no significant sustainability impact
- Complemented by a focus on long-term returns, with rigorous financial analysis undertaken for every constituent
- Underpinned by the exclusion of practices misaligned with sustainable outcomes



INVESTMENT THEMES

We have developed eight investable environmental and social outcome themes for the Fund to target.

These are aligned with the 17 UN Sustainable Development Goals (SDGs) which were developed by countries around the world to deliver a better and more sustainable future.

These themes mean the Fund can invest in impactful businesses that are best prepared for the future, with the aim of delivering returns alongside supporting sustainable development. The diagram shows our themes in blue with the coloured boxes showing the prime UN SDGs to which they are aligned.

There is a significant investment opportunity in quality companies, which can help deliver solutions to the world's sustainability challenges – from renewable energy to affordable housing. People are also increasingly aware of the environmental and social

impacts of their consumption choices. Shifting habits are having tangible economic impacts. For example, natural and organic segments for food, beverages and personal care have enjoyed robust growth rates in recent years.



CASE STUDY

Johnson Matthey is a specialty chemicals company that provides world class sustainable technologies.



Johnson Matthey



SUSTAINABLE THEMES FOR JOHNSON MATTHEY

- 85% of sales contribute to UN Sustainable Development Goals
- Leader in catalysts and batteries which help to improve air quality and mitigate climate change
- Produces affordable and personalized healthcare

SUSTAINABLE IMPACT*

- 3.31m tonnes of pollutants removed through products
- 10.6m tonnes of greenhouse gasses removed (CO2 equivalent)

STRONG GROWTH POTENTIAL

- The company was instrumental in the launch of Euro 6C diesel cars, a solution to the controversial diesel emissions issue
- Strong financial stewardship, for example through ongoing research and development investment, should lead to improving returns for investors

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*In 2017/2018.

MEET THE TEAM

We have a dedicated Responsible Investment team working with our UK equity managers; their in-depth company research forms an integral part of our investment process.



James Thorne
Co-manager, Threadneedle
UK Sustainable Equity Fund

James has a strong track record in

managing UK growth portfolios and also currently manages the Threadneedle UK Mid 250 Fund and the Threadneedle UK Smaller Companies Fund.

In addition, he is responsible for stock analysis and idea generation for the UK chemicals and technology sectors.



Sonal Sagar
Co-manager, Threadneedle
UK Sustainable Equity Fund

Sonal has responsibility for researching UK

companies in the leisure, healthcare, industrials and life insurance sectors. She is also deputy fund manager on a number of core UK equity products.



Iain Richards
Global Head of
Responsible Investment

Iain leads the strategy for the growth and

implementation of our Responsible Investment activities. His work includes the development of new research models and methodologies, as well as new innovative strategies across asset classes.



Michael Hamblett
Analyst

Michael is an analyst in the Responsible Investment team with

responsibility for stewardship activities including company engagement and contributing to the team's ESG research and integration.

To find out more visit
COLUMBIATHREADNEEDLE.CO.UK



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