This is a marketing communication. Please refer to the prospectus of the UCITS and to the KIID/KID before making any final investment decisions.

Fund Update

CT (Lux) Responsible Global Equity

December 2023

Jamie Jenkins
Managing Director,
and Head of Global ESG Equities

Nick Henderson
Director, Portfolio Manager,
Global Equities

Risk warning

The value of investments and any income derived from them can go down as well as up as a result of market or currency movements and investors may not get back the original amount invested. Screening out sectors or companies may result in less diversification and hence more volatility in investment values. An investment concerns the acquisition of units or shares in a fund, and not underlying assets such as buildings or shares of a company, as these are only the underlying assets owned by the fund. The decision to invest in the promoted fund should also take into account all the characteristics or objectives of the promoted fund as described in the prospectus. Full list of relevant risks can be found in the KIID/KID and prospectus.

At a glance

- 2023 ended strongly as technology stocks rebounded on rate-cut expectations, artificial intelligence (AI) excitement, cost cutting and improving earnings outlooks to lead the whole market higher.
- The fund gained nearly 5% in December, outperforming by over 1% as the market continued to rally.
- We added Equinix to tap into the enormous structural appetite for increased data centre capacity.
- We may not see 2023's strength flow through into 2024, but we believe that high-quality, well-managed companies will continue to perform well.

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The fund outperformed by about 1.2% in December, with stock selection the main driver. The fund performed very strongly, rallying almost 5%, as the broader market embraced a risk-on stance on expectations that we have seen peak rates. Most of the outperformance came from stock selection, especially in healthcare, and in North America. Intercontinental Exchange Group was a leading contributor, as it received a couple of strong broker upgrades. Owning Acuity Brands contributed, given it is a high-beta name that participated very strongly in the wider market rally. Not holding mega-cap, Microsoft, was also a positive. On the negative side, owning industrial gases business, Linde, was a negative, as the stock saw profit-taking after strong returns in 2023. While, overall, sector positioning was neutral, being underweight to the underperforming energy sector was a positive factor.

We added Equinix to tap into the enormous structural appetite for increased data centre capacity.

In December, we added data centre REIT Equinix to tap into the enormous structural appetite for increased data centre capacity, after we met the business during a US west coast research trip. Equinix is the global leader in data centre colocation and interconnection services, operating 200+ data centres spanning 52 metro areas, 24 countries, and five continents. The purchase was funded by selling out of Americold, which offers less upside than Equinix, and is at risk of a sentiment downshift if the food distribution industry slows. We also topped up new holding, Alphabet, which is attractively valued and has significant upside on AI news, and Aptiv, which has seen some weakness on UAW strikes but is a strong fundamental name. We trimmed Apple and CrowdStrike, two very strong names that rallied in the fourth quarter and finished the year on high valuation multiples, taking some profit ahead of 2024.

Our portfolio positioning retains its bias towards higher quality, sustainable growth companies that we feel can prosper in spite of market volatility. Where appropriate, we have been boosting some of our holdings that have not seen strong relative share price performance and that can offer us greater diversification, while trimming some of those stocks that have performed well. This year, fund performance has suffered from not owning some of the strong gainers in the market, as the narrowing breadth and share-price strength seen in a number of the mega caps has proved a challenge. This has particularly been the case with some of the companies, such as Microsoft and Meta Platforms, not being investible for this strategy. However, we have increased our weighting into US mega and large-cap tech in the fourth quarter, adding Alphabet and Airbnb to the strategy. The zero direct exposure to the strongly performing energy sector has been a further drag to relative performance. We continue to look for companies to further leverage investment themes that have gained real market traction, such as AI. As the fund looks now, our main overweight sectors are information technology, healthcare and industrials. This is funded by underweight positions in consumer staples, energy and communication services.

We may not see 2023's strength flow through into 2024, but we believe that high-quality, well-managed companies will continue to perform well.

It looks as if central banks have been effective in combatting the worst excesses of inflation, and this is driving positive sentiment. As we enter 2024, there could be some profit-taking and pullback in markets as investors assess whether expectations for rate cuts have gone too far or been fully priced in. Whether central banks follow through on expected rate cuts will likely be a key variable in investor sentiment in the first half of the year. Pockets of the market, including certain parts of technology and some long-dated growth stocks, trade on fairly elevated valuation multiples, and so we are being duly cautious here. However, corporate earnings have been fairly resilient, and the US economy and consumer continues to defy expectations for a slowdown. We may not see 2023's strength flow through into 2024, but we believe that high-quality, well-managed companies will continue to perform well.

Discrete rolling 12-month performance

	Dec-22 –Dec-23	Dec-21 –Dec-22	Dec-20 –Dec-21	Dec-19 –Dec-20	Dec-18 –Dec-19	Dec-17 –Dec-18	Dec-16 –Dec-17	Dec-15 –Dec-16	Dec-14 –Dec-15	Dec-13 –Dec-14
CT (Lux) Responsible Global Equity	10.00%	-18.23%	27.32%	14.60%	35.39%	-3.77%	12.79%	5.85%	15.38%	14.81%
MSCI World NR	19.60%	-12.78%	31.07%	6.33%	30.02%	-4.11%	7.51%	10.73%	10.42%	19.49%

Source: Columbia Threadneedle Investments as at 31-Dec-23. Performance data is in EUR terms. Performance returns are based on NAV figures, share class I Inc EUR.

All fund performance data is net of management fees. Changes in rates of exchange may also reduce the value of your investment. Costs may increase or decrease as a result of currency and exchange rate fluctuations.

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