

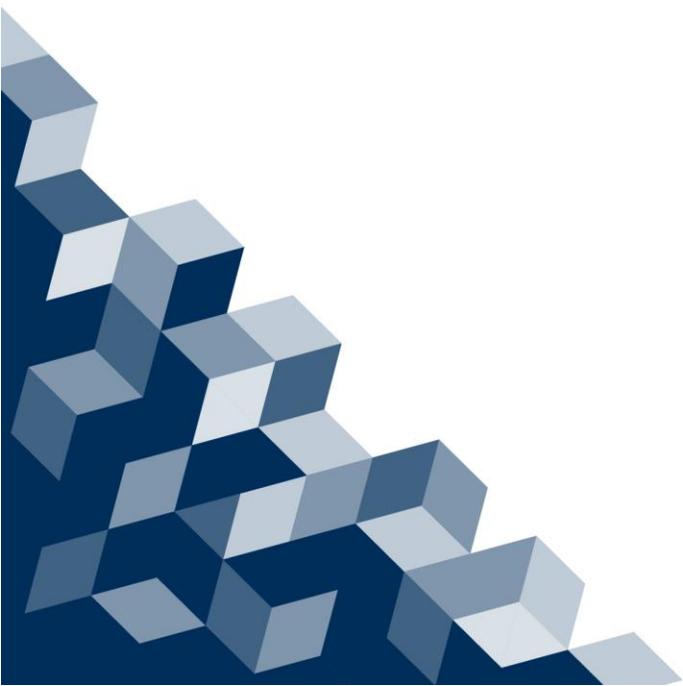


Your success. Our priority.

Threadneedle (Lux) European Social Bond

For professional investors only

19. May 2021



Your presenter today:



Simon Bond
Director

Responsible Investment
Portfolio Management

Agenda

- 1 What is impact investing?
- 2 What is social?
- 3 Investing for social impact
- 4 Oversight: Social Advisory Panel
- 5 Social alpha
- 6 Fund summary
- 7 Performance
- 8 Being part of the solution



ESG: Doing the Thing Right

Impact: Doing the Right Thing

Spectrum of RI approaches



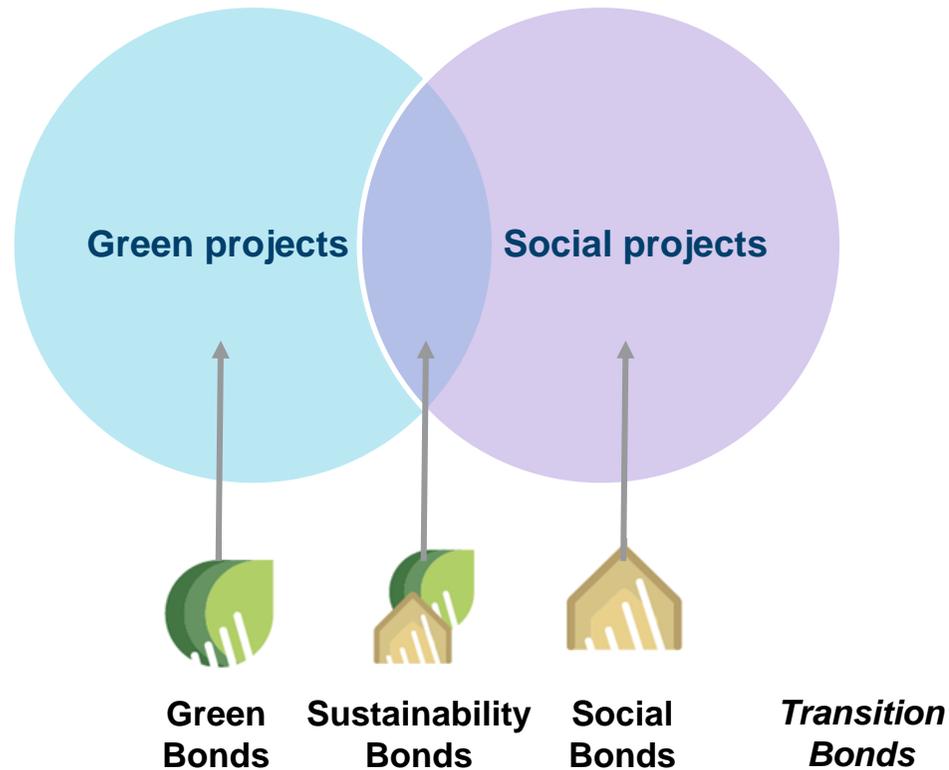
ESG: Doing the Thing Right

Impact: Doing the Right Thing



* Best-in-class investment refers to the composition of portfolios by the active selection of only those companies that meet a defined ranking hurdle established by environmental, social and governance criteria.

Types of labelled bond



2020: Specific use of proceeds issuance in numbers

US\$0.5 trillion

Total issuance

US\$220 billion

Issuance in September – November

US\$100 billion

COVID-19 Specific Bonds issued

25%

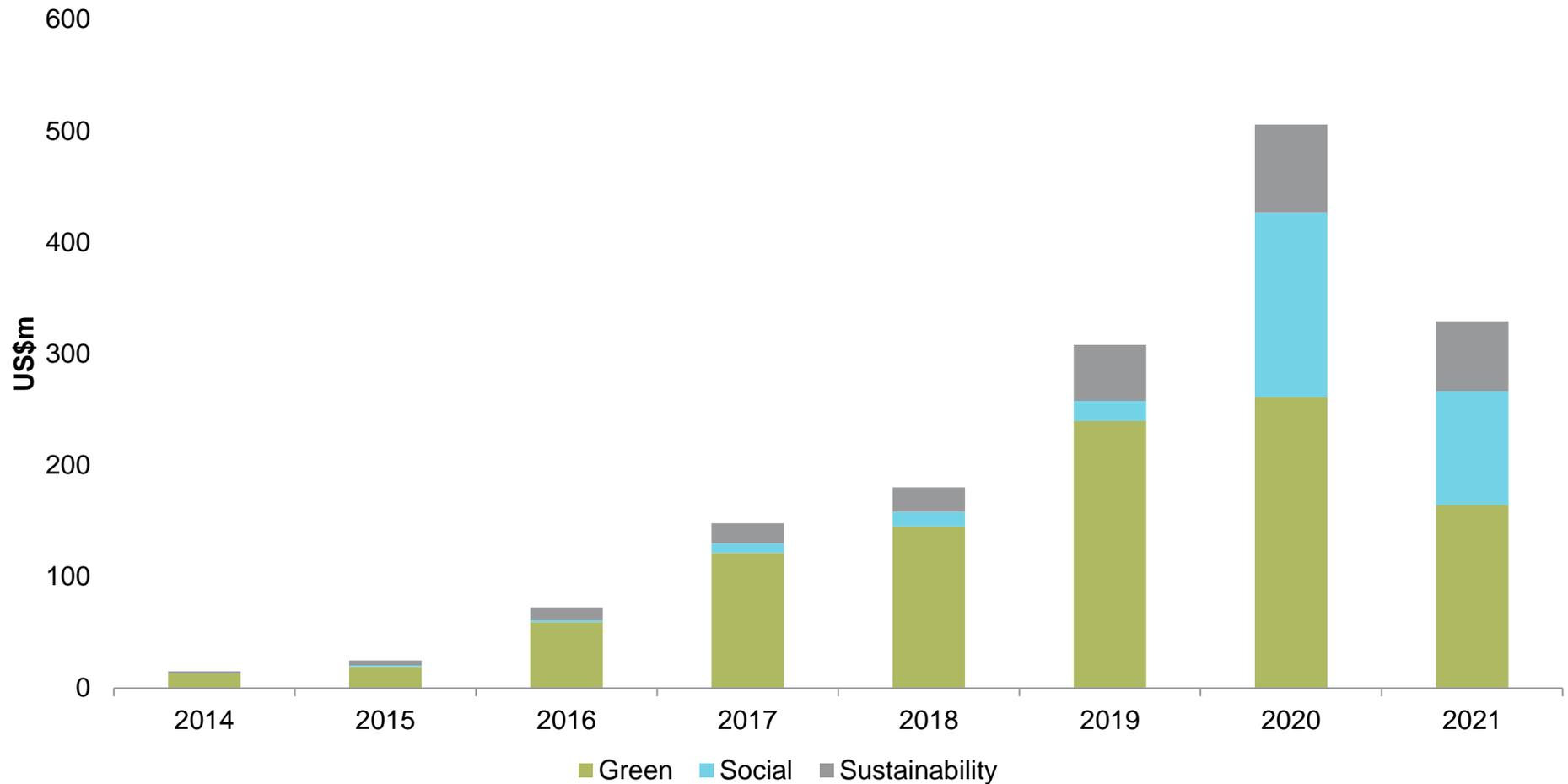
Growth in Green Bond issuance year-on-year

894%

Growth in Social Bond issuance year-on-year



Specific use of proceeds issuance



Source: Bloomberg, as at 22 April 2021.

What are the social needs are we targeting?



How have we been doing it?

At Columbia Threadneedle, we believe...



Positive inclusion



Evidenced based
analysis



Engagement

Social investing



Financials

No concessions

1



**Controversy
& ESG**

Culture /
materiality

2



Impact

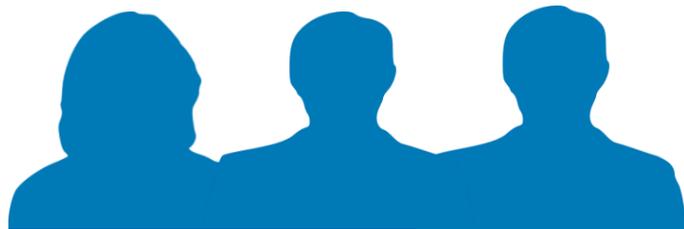
Externalities

3

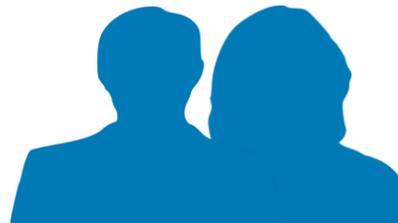
Social Advisory Panel

Independent panel whose role is to:

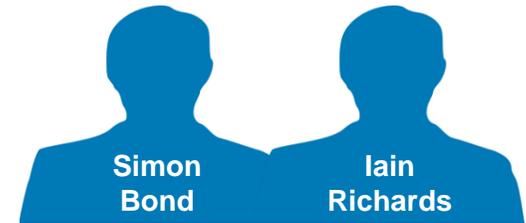
- Review
 - Will meet on a quarterly basis to review the social influence of the Fund
 - INCO to produce an annual report on the social performance of the Fund
- Advise
 - Act as advisor on social viability of investments
- Monitor
 - Ensure the management of the Fund is driven by social purpose



INCO Appointees



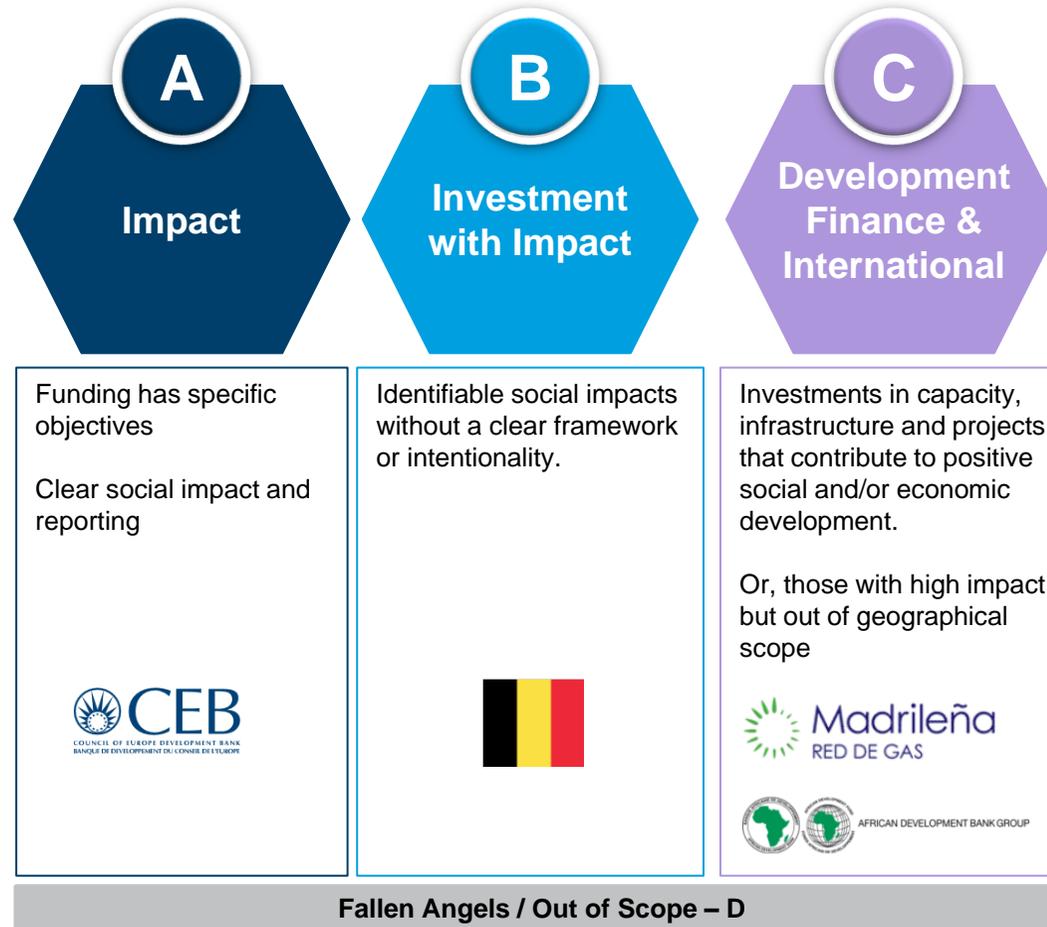
Independent
Appointees



Simon
Bond Iain
Richards
Portfolio Managers

Categorisation

Intentionality of the social impact



* Derived from development work from Intra-American Development Bank on categorisation models

Source: Columbia Threadneedle Investments, 2021.

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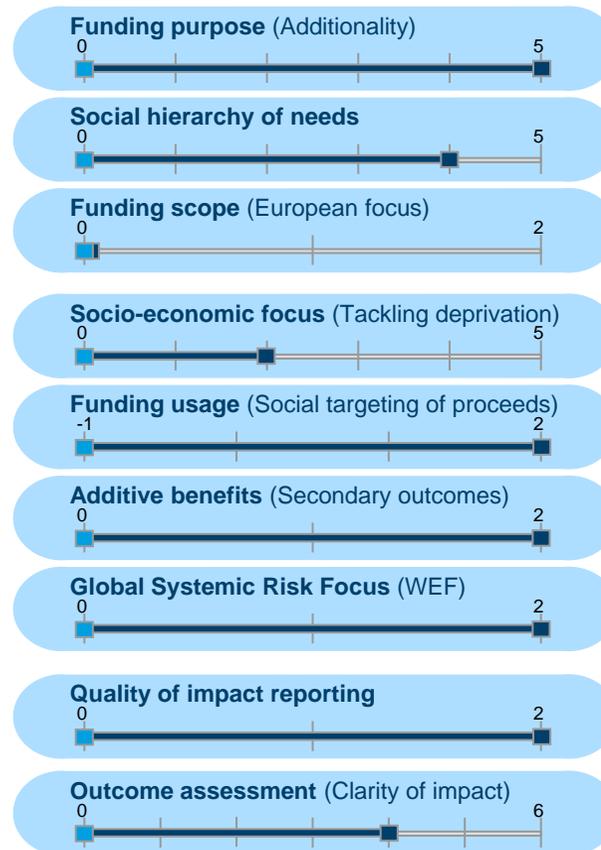
Social rating scoring

Taking an evidence based approach

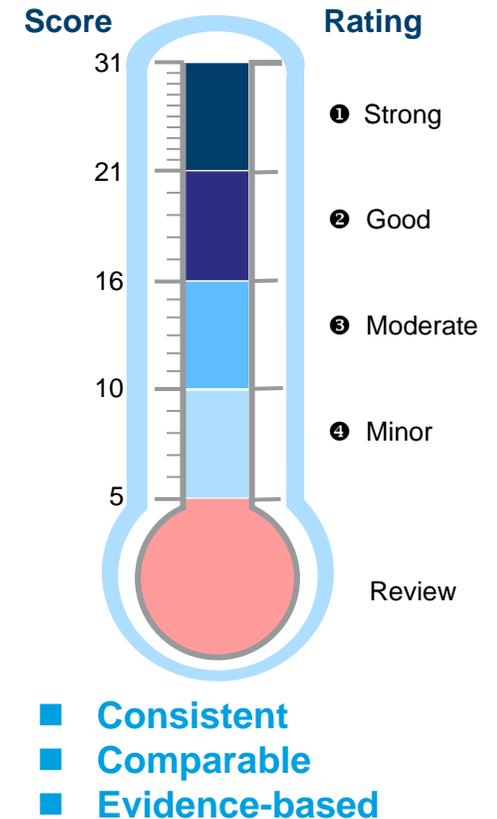
Stage assessment:



Stage score gauges:



Social intensity:



Source: Columbia Threadneedle Investments, 2021.

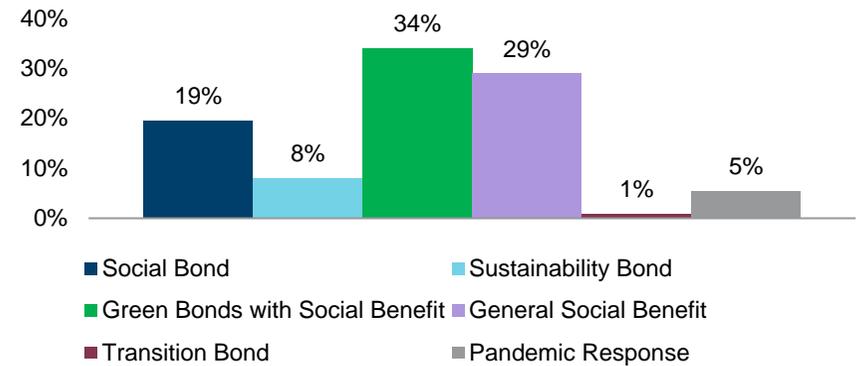
Social alpha

Measuring the social value added

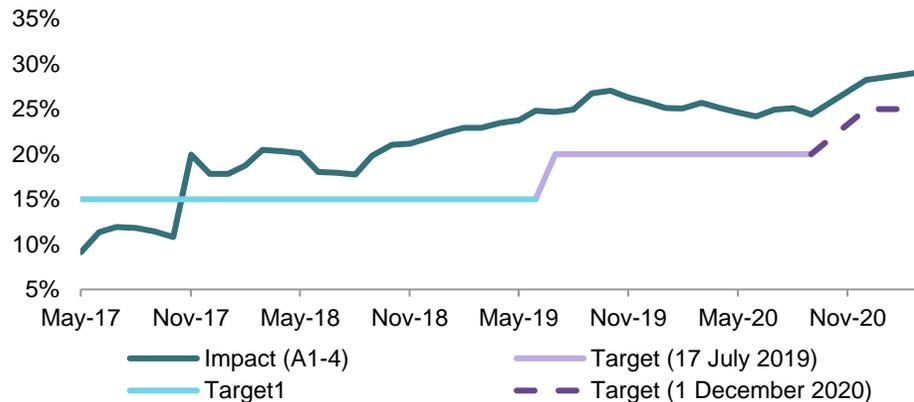
Average social score



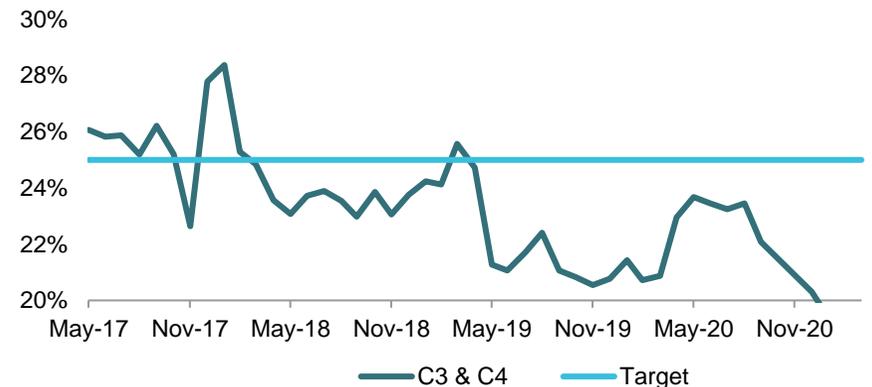
Bond type



Impact investments



Lower social outcomes



Source: Columbia Threadneedle Investments, as at 31 March 2021.

SFDR – what next?

- Substantial contribution to one or more environmental objectives
- Does not significantly harm any of the environmental objectives
- Carried out in compliance with the minimum safeguards

Image source: European Commission, as at 18 June 2019.
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Taxonomy Technical Report

June 2019

2020 Impact Report

Social fund highlights

€176.5m
 Invested, out of €185M
 under management

3
 Labels
 & Awards

272
 Bonds from
 162 issuers

Social Targets & Profile

Social Target	Achievement 2019-2020	Achievement 2018-2019
Over 20% of the fund invested in Social Impact Investments (rated A)	24.2%	24.8%
Under 25% of the fund invested in Lower Social Outcomes (rated C3 or C4)	23.5%	21%
Raising the Average Social Intensity Score year on year	18.2	18.1

Diversified portfolio targeting seven outcome areas aligned to the UN Sustainable Development Goals:

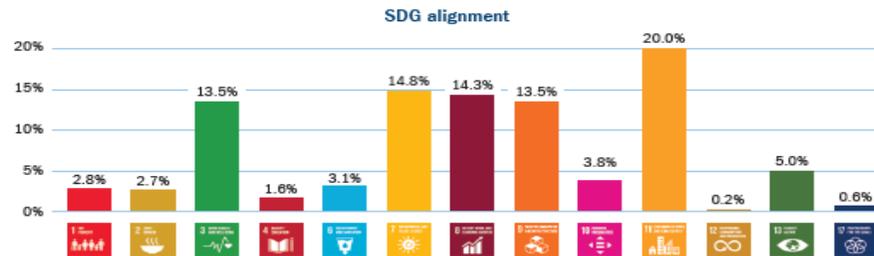


- Access to Services
- Affordable Housing
- Community
- Economic Regeneration & Development
- Education & Training
- Employment
- Health & Welfare



The Fund celebrates its 3 year anniversary
 The Fund passed its €100m AuM milestone
 The Fund has benefitted from a general shift from Environmental to Social themes

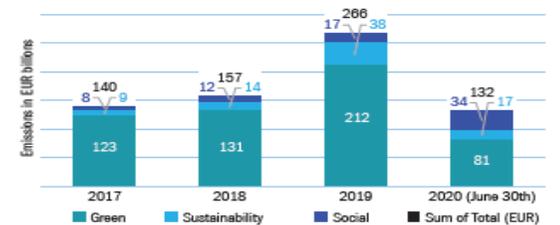
All our investments are mapped to the UN Sustainable Development Goals (SDGs), demonstrating the Fund's alignment with global social and environmental imperatives.



The fund targets positive social outcomes in Europe, allowing itself a 20% international exposure to access high impact issues with global outcomes, improve liquidity and overall stability.



Portfolio growth and social impact split over time



Source: INCO: 2020 Impact Report and Columbia Threadneedle Investments, as at 30 June 2020.

Threadneedle (Lux) European Social Bond

At a glance



Objective

- Actively allocate capital to support or fund socially beneficial activities and development principally in Europe
- Deliver, after fees, a corporate bond market return, as well as social alpha.



Approach

- Focus on bottom-up, fundamental financial and social analysis
- Dynamic and innovative Social Research Methodology guides investment decisions
- Emphasis on downside risk management



Team

- Experienced, specialist portfolio management team
- Supported by large team of credit analysts
- Social assessment provided by Responsible Investment team and our European Social Investment partner, INCO



Key selling points

- Unique approach to enhancing social outcomes through mainstream markets
- Social outcomes are independently assessed via our partnership with INCO
- Daily liquidity

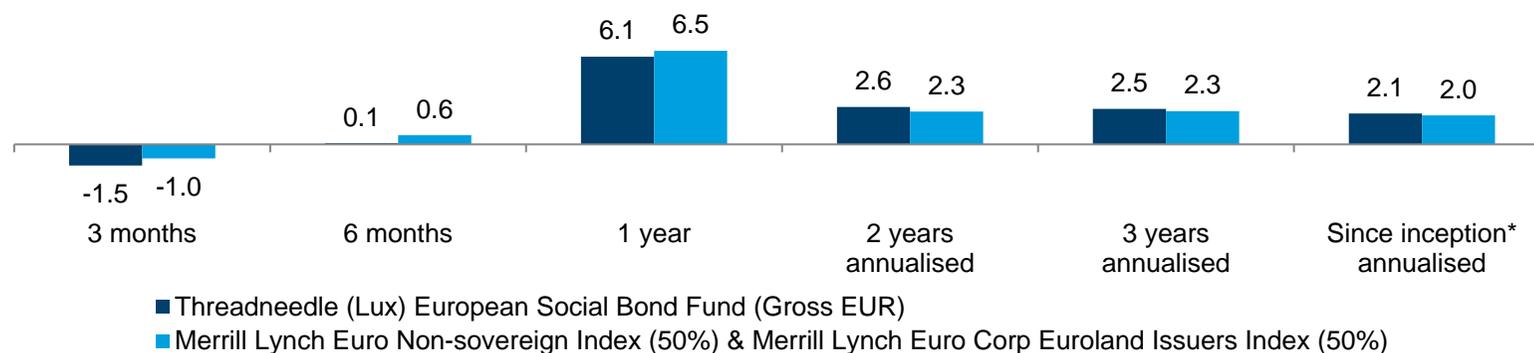
Threadneedle (Lux) European Social Bond	
Portfolio manager	Simon Bond
Dep. portfolio manager	Tammie Tang
Benchmark	50% Bank of America Merrill Lynch Euro Non-sovereign Index 50% Bank of America Merrill Lynch Euro Corp Euroland Issuers Index
Maximum restrictions	
High Yield (B- or above)	10%
ABS/MBS	10% ¹
Contingent capital	10%
Geographical restrictions	
Country allocation	Maximum 33.33% to any one domicile
Domicile	66% from European issuers
Focus	80% of outcomes in Europe

¹ Does not include secured issues.

Source: Columbia Threadneedle Investments. Past performance is not a guide to future returns. The fund characteristics described above are internal guidelines (rather than limits and controls). They do not form part of the fund's objective and policy and are subject to change without notice in the future.

Threadneedle (Lux) European Social Bond Performance analysis

Annualised gross performance (%)¹



Outperformance ¹	3 months	6 months	1 year	2 years annualised	3 years annualised	Since inception* annualised
	-0.5%	-0.5%	-0.4%	+0.3%	+0.2%	+0.1%

Calendar year gross performance (%)¹

	2021 YTD	2020	2019	2018	2017*
Threadneedle (Lux) European Social Bond	-1.5	3.5	6.1	-0.8	1.1
Merrill Lynch Euro Non-sovereign Index (50%) and Merrill Lynch Euro Corp Euroland Issuers Index (50%)	-1.0	2.7	5.7	-0.8	1.1
Relative return	-0.5	+0.8	+0.3	-0.1	+0.0

Source: Columbia Threadneedle Investments and FactSet, all data as at 31 March 2021 and in EUR. Past performance is not a guide to future returns. All returns include gross reinvested income and fund returns are gross of TER. EUR Share class (LU1589837373). 1 Fund returns gross of fees and management expenses for comparison with Merrill Lynch Euro Non-sovereign Index (50%) and Merrill Lynch Euro Corp Euroland Issuers Index (50%). Relative return is shown on a geometric basis. (*) Since inception is fund inception of 31 May 2017.

Being part of the solution...

Social Bond funds break through US\$1 billion



UK Social Bond



European Social Bond

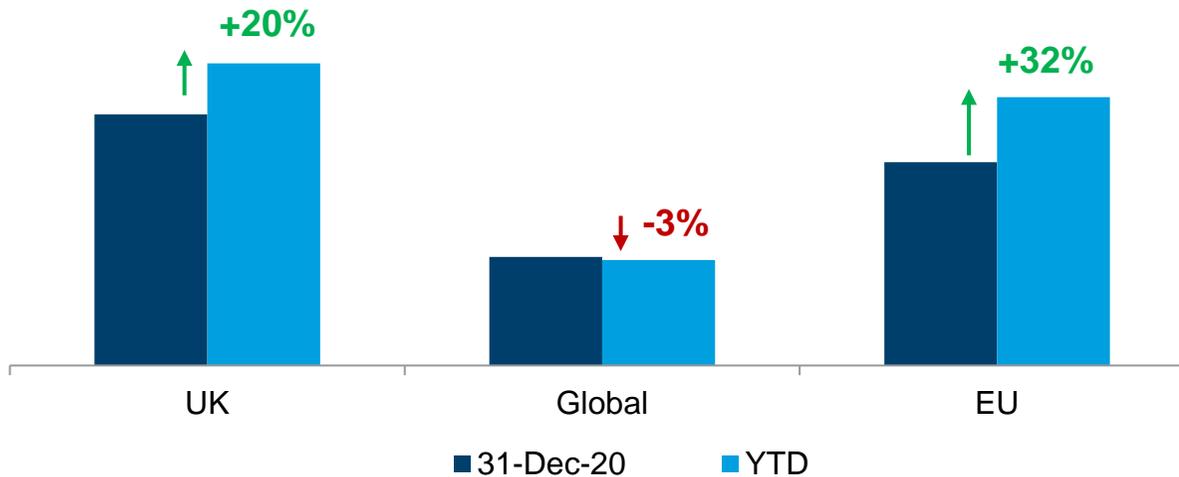


US Social Bond



Global Social Bond

AUM and YTD growth (US\$)



- European Social Bond:
 - YTD exceeding **€350 million**
 - Reached its **3-year anniversary** in May 2020

Source: Columbia Threadneedle Investments, as at 6 May 2021.

How did ...
When are ...
Where is ...
Who is ...
Can I ...
Will there ...
Should we ...
How can ...
Tell us ...



Social alpha

Measuring the social value added

SDG mapping



SDGs		%
1	No Poverty	2.58%
2	Zero Hunger	2.35%
3	Good Health and Well-Being	14.70%
4	Quality Education	1.29%
5	Gender Equality	--
6	Clean Water and Sanitation	2.03%
7	Affordable and Clean Energy	16.34%
8	Decent Work and Economic Growth	13.03%
9	Industry, Innovation and Infrastructure	12.93%
10	Reduced Inequalities	5.81%
11	Sustainable Cities and Communities	18.47%
12	Responsible Production and Consumption	0.48%
13	Climate Action	5.60%
14	Life Below Water	0.09%
15	Life on Land	--
16	Peace, Justice and Strong Institutions	--
17	Partnerships for the Goals	0.41%

Source: Columbia Threadneedle Investments, as at 31 March 2021.

Note: Additive/contextual SDGs are often relevant across outcomes, e.g. the link of an outcomes intensity in addressing social exclusion and deprivation and the Poverty SDG). The Fund itself and work around it link to SDG 11: Sustainable Cities and Communities. UN logos. Use does not imply UN endorsement of this fund. Use for promotion of the SDGs. The mention of any specific shares or bonds should not be taken as a recommendation to deal. All intellectual property rights in the brands and logos set out in this slide are reserved by respective owners.

Ørsted (formerly DONG Energy)

Green bond from offshore wind farm operator



A former fossil fuel company transitioning to 100% renewable that takes tangible action to create a world that runs entirely on green energy

- Ørsted delivers sustainable electricity generation
 - Renewable energy to gradually replace carbon and nuclear based conventional generation.
 - Growth driven by government carbon reduction targets and improving cost competitiveness - c.50% drop in offshore wind costs since 2014
 - Electrification trend, including the shift to EVs.



Source: Columbia Threadneedle Investments, as at 28 February 2018.
 1: This is a proprietary social bond rating assessment constructed and implemented by the Columbia Threadneedle Global Responsible Investment Team
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 2: MSCI Rating

Ørsted Green Bond 	
ISIN	XS1721760541
Social Bond Rating¹	B2
ESG Credentials²	AAA
Credit Rating	Baa1 (Moody's)
Social Needs Category	Societal Development
Use of Proceeds	Ringfenced
Reporting – Use of Proceeds	
<ul style="list-style-type: none"> ■ Acquisition, development and construction of new Eligible Projects. ■ Eligible Projects: Offshore windfarms & other renewable energy production types, bioenergy, energy storage, smart grid and other energy solutions ■ Nuclear or fossil energy generation projects are excluded. ■ Reporting will be annual ■ The Green Bond Framework has been reviewed by CICERO and received a Dark Green shading 	
Outcome	
Avoided emissions from green bond projects: 3.1 million tonnes CO ₂ /year	
Avoided emissions 104,000 tonnes CO ₂ /year	
	

Nordic Investment Bank Recovery Bond

Alleviate the social and economic consequences of the pandemic



- The Nordic Investment Bank (NIB) is an International Financial Institution, located in Helsinki, Finland. The Bank was established by the five Nordic countries in 1975 to overcome investment barriers and attract commercial lending.
- Offers corporate and sovereign loans, loans to municipalities, loans to public-private partnerships, loan programmes, investments in green bonds, project and structure finance and lending outside the member countries.
- NIB loans will be made available to member countries and sustainable businesses, which are facing economic consequences due to the coronavirus COVID-19 pandemic.

Source: Columbia Threadneedle Investments, as at 31 March 2020.

1: This is a proprietary social bond rating assessment constructed and implemented by the Columbia Threadneedle Global Responsible Investment Team

2: MSCI

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Nordic Investment Bank	
ISIN	XS2152308644
Social Bond Rating ¹	A1
ESG Credentials ²	No material concerns
Credit Rating	AAA
Social Needs Category	Basic Social Needs
Use of Proceeds	Ringfenced but not an ICMA conforming Social Bond
Reporting – Use of Proceeds	
<ul style="list-style-type: none"> ■ As it is not an ICMA conforming Social Bond, no assurances around level of reporting. May prompt reassessment if reporting is not at the ICMA Social Bond Principles standard 	
Outcome	
 <p>1) Lending to public sector</p> <ul style="list-style-type: none"> a) Financing of temporary and permanent measures to increase capacity in healthcare services b) Financing of temporary increase in social security expenditures, including, but not limited to, unemployment, sickness, child- and elderly care benefits c) Financing of government or government-related institutions' expenditures aimed at supporting member country companies in temporary need of subsidisation due to supply or demand side disruptions in their operations in order to protect viable companies <p>2) Lending to financial sector</p> <ul style="list-style-type: none"> a) Financing of financial institutions' extraordinary measures to provide funding for small and medium-size enterprises and mid-cap corporates that are negatively affected by the pandemic <p>3) Lending to real economy sector</p> <ul style="list-style-type: none"> a) Financing of large companies in the medical equipment and healthcare sector facing an increasing demand for equipment or services related to the pandemic b) Financing of companies in the infrastructure sector that are in need of funding due to supply or demand side disruptions in their operations 	

Council of Europe Development Bank

Social bond from The Social Development Bank in Europe



Established to bring solutions to the problems of refugees, its scope has progressively widened to other sectors contributing to strengthening social cohesion in Europe

- Established in 1956 by eight member countries of the Council of Europe (France, Germany, Italy, Belgium, Luxemburg, Greece, Iceland and Turkey)
- Council of Europe Development Bank is the oldest international financial institution in Europe and the only one with an exclusively social mandate.
- Established to bring solutions to the problems of refugees, its scope has progressively widened to other sectors contributing to strengthening social cohesion in Europe.
- This is a 7-year social inclusion bond dedicated to social housing, education and MSME support.

Source: Columbia Threadneedle Investments Council of Europe Development Bank, as at 31 May 2018

1: This is a proprietary social bond rating assessment constructed and implemented by the Columbia Threadneedle Global Responsible Investment Team

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Council of Europe Development Bank 		
ISIN	XS1799045197	
Social Bond Rating¹	A1	
ESG Credentials	Robust ESG due diligence and monitoring processes	
Credit Rating	Aaa1 (Moody's)	
Social Needs Category	Social Empowerment	
Use of Proceeds	Ringfenced	
Reporting – Use of Proceeds		
Proceeds raised through the Social Inclusion Bond will be exclusively used to finance and/or finance in part or in full, existing and new loans through the following social categories:		
<ul style="list-style-type: none"> ■ Financing MSMEs: The creation and preservation of jobs that will strength competitiveness and the promotion of migrants' integration. ■ Education: This includes construction and rehabilitation of education facilities, training for the unemployed and in favour of disadvantaged populations. ■ Social Housing: Access to property ownership, rental housing or related infrastructure. 		
Outcome		
The loans will be selected from the three above-mentioned sectors of action according to the year of their disbursement . The outcomes within each sector are as follows:		
<ul style="list-style-type: none"> ■ Supporting MSMEs: Number of MSMEs, number of jobs preserved and created. ■ Education: Number of schools (construction/renovation, number of students ■ Social Housing, Number of dwellings, number of beneficiaries 		
		

Biography

SIMON BOND

Director – Responsible Investment Portfolio Management



Simon Bond joined the company in 2003 and has been the portfolio manager of the Threadneedle UK Social Bond Fund since its launch in 2013, as well as the Threadneedle (Lux) European Social Bond Fund launched in 2017. Having previously managed a number of institutional and retail investment grade corporate bond portfolios, Simon now concentrates his focus on managing Columbia Threadneedle's social bond portfolios and developing other responsible investment strategies across the firm.

Simon has 34 years' experience in the fund management industry, with the last 29 years specialising in corporate credit. Throughout his career, Simon has taken a keen interest in the social investment space and as an analyst the first entity Simon reported on was Peabody Trust and the first sector he covered was housing associations. Simon is particularly passionate about the role of infrastructure in both regeneration and economic growth.

Prior to joining the firm, Simon managed £6 billion in his role as the Senior UK Credit Fund Manager for AXA. Simon also worked for GE Insurance as a Portfolio Manager, Provident Mutual as a Fixed Income Analyst and Hambros Bank as an Investment Accountant and Pension Fund Investment Administrator.

Simon is a Fellow of the Chartered Institute for Securities and Investment, holds the Investment Management Certificate and the General Registered Representatives Certificate.

Company start date: 2003

Industry start date: 1986

Threadneedle (Lux) European Social Bond

Key Risks and Objective

Investment Risk: The value of investments can fall as well as rise and investors might not get back the sum originally invested.

Currency Risk: Where investments are made in assets that are denominated in multiple currencies, changes in exchange rates may affect the value of the investments.

Issuer Risk: The fund invests in securities whose value would be significantly affected if the issuer either refused to pay or was unable to pay or perceived to be unable to pay.

Liquidity Risk: 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.

Inflation Risk: 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.

Interest Rate Risk: 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.

Valuation Risk: The fund's assets may sometimes be difficult to value objectively and the actual value may not be recognised until assets are sold.

Derivatives for EPM / Hedging: The investment policy of the fund allows it to invest in derivatives for the purposes of reducing risk or minimising the cost of transactions.

Volatility Risk: The fund may exhibit significant price volatility.

Objective: The aim of the Fund is to provide both income and the potential to grow the amount you invested. The Fund's investments aim to support socially beneficial activities and developments.

Important information

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This is an advertising document.

Past performance is not a guide to future performance. The value of investments and any income is not guaranteed and can go down as well as up and may be affected by exchange rate fluctuations. This means that an investor may not get back the amount invested. Your capital is at risk. This material is for information only and does not constitute an offer or solicitation of an order to buy or sell any securities or other financial instruments, or to provide investment advice or services. The mention of any specific shares or bonds should not be taken as a recommendation to deal.

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Certain sub-funds of the SICAV are registered in Austria, Belgium, Denmark, France, Finland, Germany, Hong Kong, Iceland, Ireland, Italy, Liechtenstein, Luxembourg, Macau, the Netherlands, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the UAE and the UK; however, this is subject to applicable jurisdictions and some sub-funds and/or share classes may not be available in all jurisdictions. Shares in the Funds may not be offered to the public in any other country and this document must not be issued, circulated or distributed other than in circumstances which do not constitute an offer to the public and are in accordance with applicable local legislation.

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Het compartiment is op grond van artikel 1:107 van de Wet op het financieel toezicht opgenomen in het register dat wordt gehouden door de Autoriteit Financiële Markten. / 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.

Please read the Prospectus before investing.

Shares in the Funds may not be offered, sold or delivered directly or indirectly in the United States or to or for the account or benefit of any "U.S. Person", as defined in Regulation S under the 1933 Act.

Important information (cont.)

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 and the applicable terms & conditions. Please refer to the 'Risk Factors' section of the Prospectus for all risks applicable to investing in any fund and specifically this Fund. Documents other than KIIDs are available in English, French, German, Portuguese, Italian, Spanish and Dutch (no Dutch Prospectus). KIIDs are available in local languages. 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 from: in 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 Sweden from Skandinaviska Enskilda Banken AB (publ), Kungsträdgårdsgatan, SE-10640 Stockholm, Sweden; in the UK from JPMorgan Worldwide Securities Services, 60 Victoria Embankment, London EC4Y 0JP.

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