



Your success. Our priority.

Spotlight on Commodities

Transitioning with climate change

For professional investors only

22 April 2021



Your presenters today



David Donora
Head of Commodities

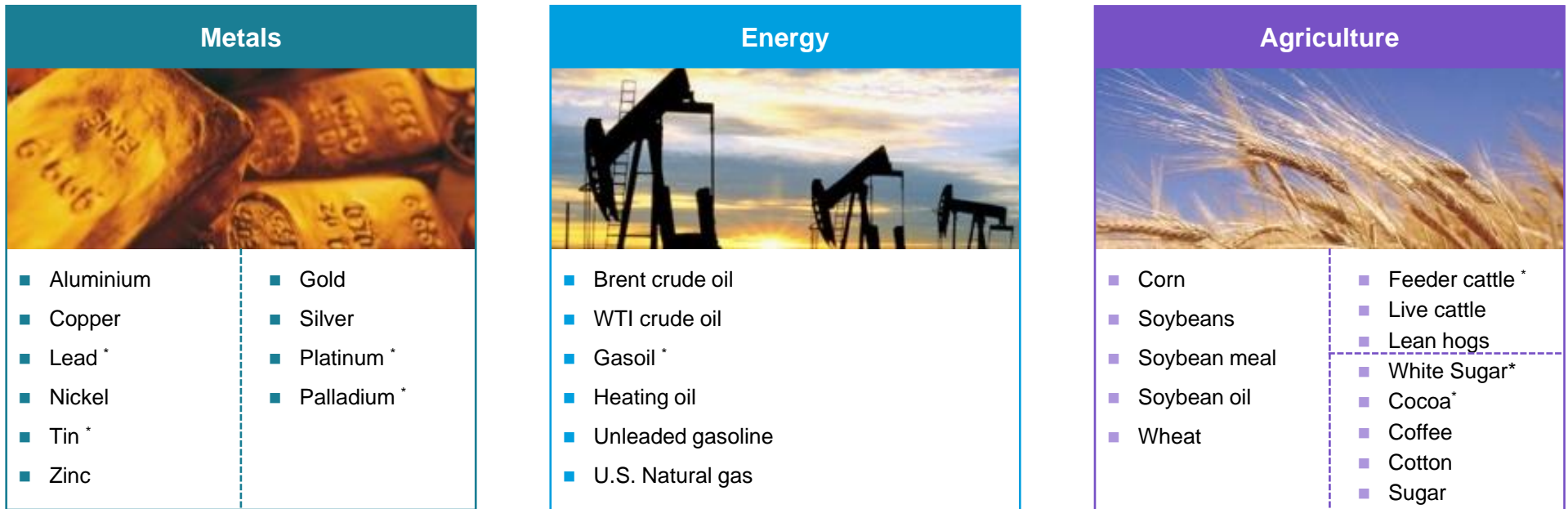


Mike O'Toole
Head of Discretionary Sales

Enhanced Commodities

Bloomberg Commodity Index is the benchmark, to help ensure an appropriate core level of diversification and liquidity. Investable commodities include the BCOM Index and S&P GSCI index components, as well as other off-benchmark commodity derivatives

Universe of Investable Commodities



Off-benchmark commodities are subject to a responsible investment review and the need for positive inclusion. Commodities rejected for inclusion, include Coal and Palm Oil amongst others.

Source: Columbia Threadneedle Investments, as at December 2020.
 Note: Diagram for illustrative purposes only. (*) Denotes off benchmark commodities.

Process

An active approach to Commodity investment

Fundamentally driven investment process which aims to generate outperformance

- The team implements both active weights and curve positioning as it seeks to maximise performance outcome within the tracking error budget constraint.

Active eights
<p><i>Seeks to generate two-thirds of the alpha through active weighting decisions</i></p> <ul style="list-style-type: none"> ■ Rebalancing of weights driven by the investment process ■ Individual commodity weights <ul style="list-style-type: none"> ■ +/-7% per specific commodity ■ Sector weights <ul style="list-style-type: none"> ■ +/-5% per commodity sector

Proactive Curve Positioning
<p><i>Seeks to generate one-third of the alpha by capturing volatility and movement in the term structure</i></p> <ul style="list-style-type: none"> ■ Uncorrelated alpha ■ Positioning of individual commodity weights along the term structure ■ Timing of moving allocations along the curve

- Seeks to maximise performance outcome within the tracking error budget constraint (up to 6%)
- Aims to minimise and manage exposure to liquidity risk and smaller markets
- Collateral is not used as a source of alpha – invested in T-Bills with maturities of up to 1 year

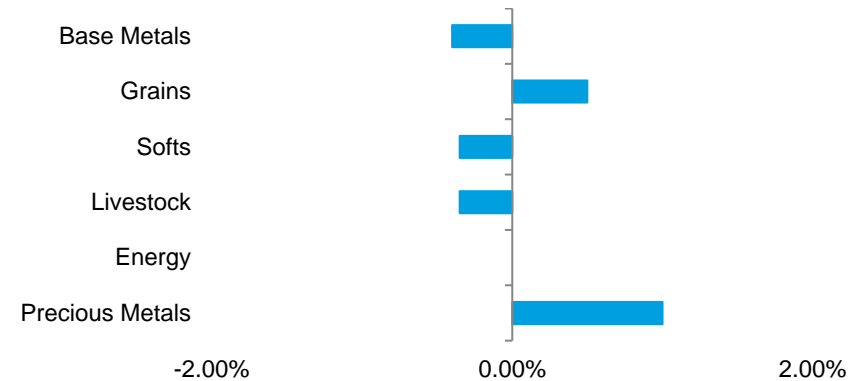
Source: Columbia Threadneedle Investments, as at 31 December 2020.

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.

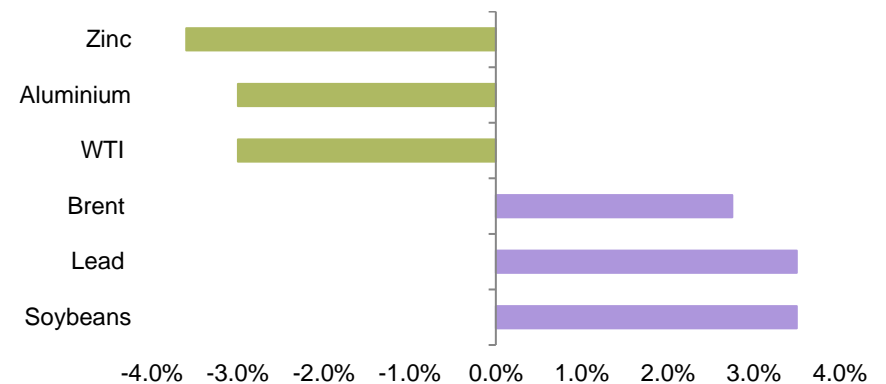
Sector positioning and viewpoints

Sector	Weighting			Comments
	Under	Neutral	Over	
Base metals		✓		O/W Copper and Lead on China industrial demand improving and Green energy build. U/W Aluminium and Zinc on adequate supply
Precious metals			✓	O/W Gold – Fiscal and Monetary stimulus globally as well as US election uncertainty supports Gold as a safe haven
Energy		✓		Recovery in crude prices have run ahead of demand, at current prices we expect to see production stable and curves invert
Grains			✓	Overweight Soybeans, Meal and Oil vs underweight in Corn and Wheat
Soft commodities	✓			Underweight Sugar on weak Ethanol demand, relatively high prices and significant spec length
Livestock		✓		Livestock positioned further along the curve than index

Sector positioning



Top over-weights and under-weights



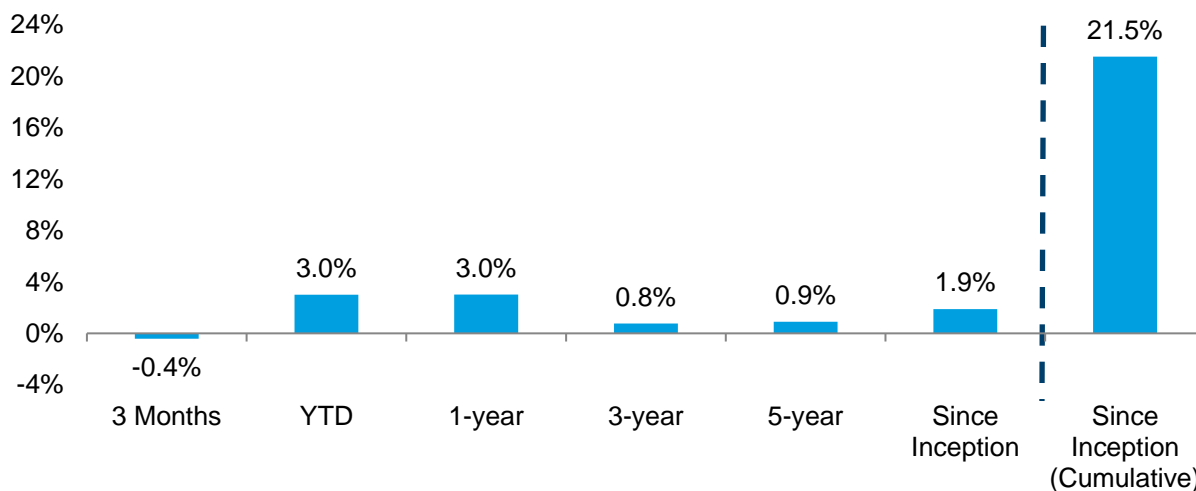
Source: Columbia Threadneedle Investments EMEA APAC, as at 31 December 2020.

Note: Positioning is based on a representative account of the strategy.

Threadneedle (Lux) Enhanced Commodities

Performance overview (in USD)

Alpha (Portfolio Total Returns versus Bloomberg Commodity Index¹)



	Portfolio (gross)	BCOM (TR)
3 Months	9.7%	10.2%
YTD	-0.2%	-3.1%
1 Year	-0.2%	-3.1%
3 Year	-1.8%	-2.5%
5 Year	2.0%	1.0%
Since inception (ann.)	-2.1%	-3.9%
Since Inception (cum.)	-19.8%	-34.0%

Portfolio (gross) versus Bloomberg Commodity Index (TR) ²	Alpha (Annualised)	Beta	Tracking Error (Ex Post, Annualised)	Information Ratio	Volatility (Annualised) TECF / BCOM TR
3 Year	0.7	1.0	2.3%	0.33	13.7% / 13.9%
5 Year	0.9	1.0	1.9%	0.5	12.2% / 12.4%
Since Inception	1.9	1.0	2.9%	0.6	14.3 / 14.2%

Source: Columbia Threadneedle Investments and FactSet as at 31 December 2020. Gross performance in USD based on official global close prices adjusted by the TER. Relative return is the geometric difference between the fund and the index. Please see the GIPS report in the Appendix for composite performance, including the impact of fees.

Note: Past performance is not a guide to future performance.

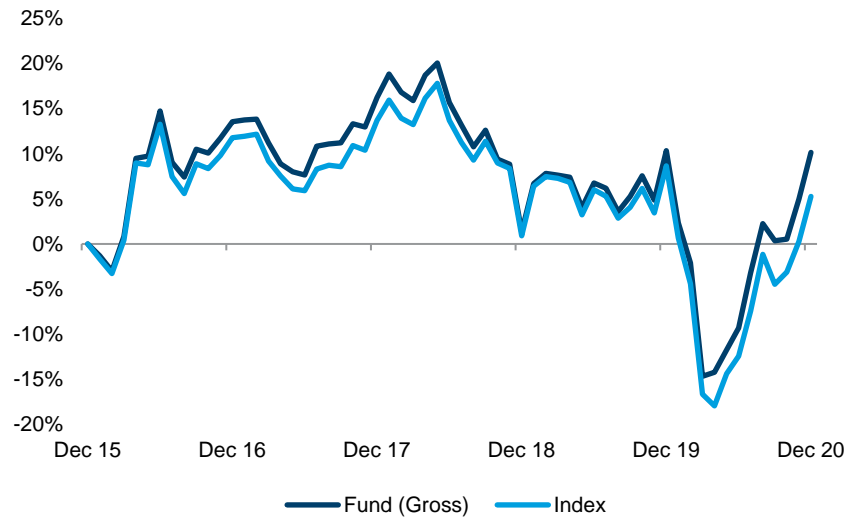
¹ Since inception at 30 June 2010.

² All risk data in table based on monthly observations. Tracking Error and Volatility are annualised.

Threadneedle (Lux) Enhanced Commodities

Performance analysis

5-year cumulative gross performance versus benchmark¹



Calendar year gross performance (%) ¹					
	2020	2019	2018	2017	2016
Fund	-0.2	8.9	-12.8	2.4	13.5
Index	-3.1	7.7	-11.2	1.7	11.8
Relative return	+3.0	+1.1	-1.8	+0.6	+1.6

Source: FactSet and Morningstar, all data as at 31 December 2020 and in USD. Past performance is not a guide to future returns.

¹ Fund returns gross of fees and management expenses for comparison with Bloomberg Commodity Index. Gross performance is calculated at total fund level, using daily global close valuations. Relative return is shown on a geometric basis.

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



Threadneedle (Lux) Enhanced Commodities

Objective and key risks

Objective – The aim of the Fund is to grow the amount you invested. The Fund invests in commodities using derivatives. Commodities are physical materials such as oil, food, and metals. Derivatives are sophisticated investment instruments linked to the rise and fall of the price of other assets.

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 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.

Counterparty Risk – 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.

Political and Financial Risk – The fund invests in markets where economic and regulatory risk can be significant. These factors can affect liquidity, settlement and asset values. Any such event can have a negative effect on the value of your investment.

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.

Investment in Derivatives – 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.

Leverage Risk – Leverage occurs when economic exposure through derivatives is greater than the amount invested. Such exposure may lead to the Fund suffering losses in excess of the amount it initially invested.

Volatility Risk – The fund may exhibit significant price volatility.

Basis Risk – The fund invests in derivatives rather than physical securities. Therefore there is a risk that the price of the instrument does not accurately reflect the price of the underlying security/commodity.

Commodities Risk – As the fund gains exposure to Commodities, it is exposed to factors affecting a particular industry or commodity for example, weather, embargoes, tariffs and international economic, political and regulatory developments and trading activities in commodities and related contracts.

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Please read the Prospectus before investing.

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