

# COLUMBIA THREADNEEDLE EUROPEAN SUSTAINABLE INFRASTRUCTURE FUND

## OBJECTIVE

The fund aims to deliver consistent total returns comprising recurrent inflation-linked yield and medium-to- long-term capital growth, across economic cycles, by constructing a diversified portfolio of unlisted infrastructure equity investments.

## SOURCES OF ADDED VALUE

- 1. An open-ended fund dedicated to investing in European, core mid-market infrastructure:** the perpetual investment period enables us to acquire and actively manage infrastructure assets over the long term, driving value and unlocking growth potential by investing and adapting in a changing environment. The European mid-market space offers a supportive investment and regulatory environment, significant opportunity for bilateral origination and platform investing, with a diversified, strong deal flow which results in less competitive pricing pressure.
- 2. Proprietary investment and portfolio construction approach:** the 'OMS' (Operational/Macroeconomic/Sustainability) framework integrates our infrastructure expertise with Columbia Threadneedle's global research and specialist Responsible Investment capabilities. This collaboration gives us a perspective advantage that informs our origination strategy and allows us to build a balanced, robust portfolio with controlled volatility through economic cycles and a critical focus on long-term growth and sustainable outcomes.
- 3. Clear alignment with investors:** the innovative and competitive fee mechanism and the open-ended structure align the manager with the long-term ownership of infrastructure assets, the fund's dual objective to generate recurrent cash yields and capital growth and the long-term objectives of investors.

## KEY FACTS

### Fund structure

Open-ended<sup>1</sup>

### Performance target<sup>2</sup>

Net IRR of 8-10% p.a.

Net yield of 5-6% p.a.

### Target investment universe

High-quality and sustainable infrastructure assets in Europe (primarily in European OECD countries) with a focus on utilities, transportation, social infrastructure, renewable energy and telecommunications.

<sup>1</sup> Providing liquidity via redemption mechanism.

<sup>2</sup> Please note that the performance targets may not be attained.

## INFRASTRUCTURE INVESTMENTS TEAM



**HEIKO SCHUPP**  
Global Head of  
Infrastructure Investments



**INGRID EDMUND**  
Senior Portfolio Manager



**ANTONIO BOTIJA**  
Head of Origination &  
Investments



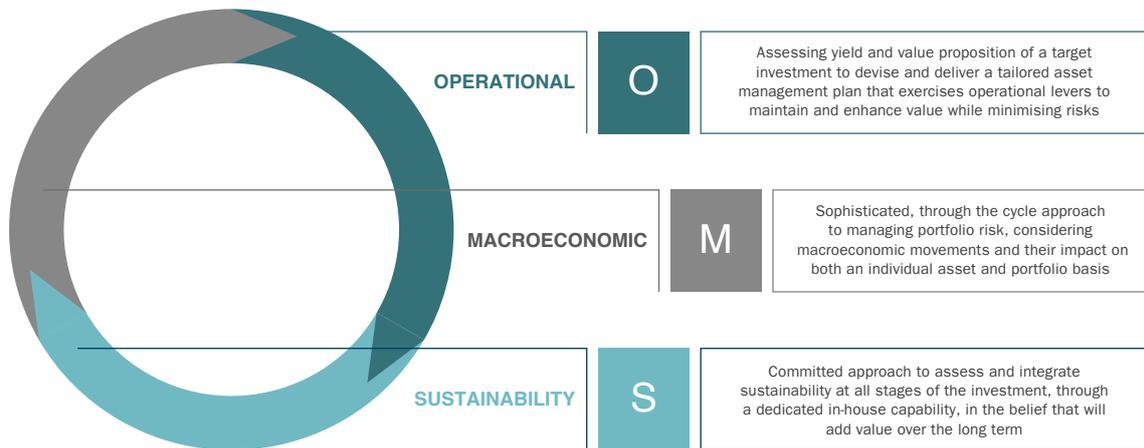
**ASH KELSO**  
Head of Asset Management

## INVESTMENT APPROACH

We believe that having the ability to construct and actively manage a portfolio over the long term in an open-ended structure is key to navigating the long-term ownership of infrastructure assets, capitalising on industry disruption trends and delivering consistent performance and growth through economic cycles, even in times of market volatility.

Our origination strategy is based on the principle that each investment needs to be additive to the portfolio from a risk and return, as well as from a sustainability perspective. We have developed a proprietary infrastructure investment and dynamic portfolio construction framework, which integrates Columbia Threadneedle's micro, sectoral and thematic and macro research and specialist Responsible Investment expertise.

## THE 'OMS' INVESTMENT AND PORTFOLIO CONSTRUCTION FRAMEWORK



**Operational:** we aim to protect value, optimise recurrent yield and deliver medium to long term growth by following a systematic approach to originating and managing assets, enabled by the fund's open-ended structure. We focus on investments where we can work actively with the management teams to identify opportunities that capitalise on latent growth. Pre-acquisition, we differentiate and price sources of yield generation and value enhancement over the short, medium and longer term; we believe this gives us a competitive advantage. Post-acquisition, a pro-active asset management approach that continuously seeks to add value and grow assets enables us to seek to deliver on the fund's dual total return objectives.

**Macroeconomic:** we developed a proprietary dynamic portfolio construction model, which enables us to deliver the fund's yield and growth targets with minimum return volatility over economic cycles. Rather than use simple sector and country limits, each

prospective and existing asset is categorised according to its specific revenue characteristics, sensitivity to GDP growth, inflation and interest rates and its lifecycle maturity stage. We draw on insights from the firm's proprietary research groups to help formulate views on macroeconomic variables and scenarios. The macroeconomic sensitivity and yield/return contribution of each asset to the overall portfolio is analysed, using Monte Carlo simulations to determine the optimal asset weightings.

**Sustainability:** we work closely with our Responsible Investment team to integrate sustainability at all stages of the investment process. We analyse a prospective asset's compatibility with the fund's objectives and values and create an outcome-focused sustainability plan, which is integrated in the long-term business plan and reflected in the acquisition price. Post-acquisition, we engage actively with all stakeholders to ensure alignment and delivery of sustainable outcomes.



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