

# **Columbia Threadneedle (EM) Investments Limited**

## **Part 2A of Form ADV: Firm Brochure**

March 2023

Columbia Threadneedle (EM) Investments Limited is registered in the United States as an investment adviser with the United States Securities and Exchange Commission. Registration does not imply a certain level of skill or training.

**This brochure provides information about the qualifications and business practices of Columbia Threadneedle (EM) Investments Limited. If you have any questions about the contents of this brochure, please contact us at +44 (0) 20 76464 5000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any United States state securities authority.**

Additional information about Columbia Threadneedle (EM) Investments Limited is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

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## **Item 2 Material Changes**

This brochure has been updated to reflect important information related to changes in our business practices from our last Brochure dated July 2022. While there have been no material changes to report from the previous amendment, certain routine updates have been made.

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#### **Item 4: Advisory business**

Columbia Threadneedle Investments is a trading name of Columbia Threadneedle (EM) Investment Limited (Formerly LGM Investments Limited) and, as of 8<sup>th</sup> November 2021, is a wholly owned subsidiaries of Columbia Threadneedle Investments UK International Limited, a leading global asset management group, whose direct parent is Ameriprise Financial, Inc., a company incorporated in the United States. The company was formerly part of BMO Financial Group and used the “BMO” mark in places, under licence from BMO Financial Group, until 4<sup>th</sup> July 2022, when the BMO brand was largely phased out.

Columbia Threadneedle Investments is a leading global asset management group that provides a broad range of actively managed investment strategies and solutions for individual, institutional and corporate clients around the world. At Columbia Threadneedle Investments, we invest to make a difference in our clients’ world, and the wider world. Millions of people rely on us to manage their money and invest for their future; together they entrust us with \$585 billion. Our reach is expansive, with 2,500 people – including more than 650 investment specialists – spanning the world. But for us, a global perspective is about more than numbers, it is about the smarter advantage we create when we bring our teams’ insights together. We’ve built our diverse expertise and on-the-ground knowledge into our processes and solutions, covering almost every asset class and market.

As at 31 December 2022, Columbia Threadneedle (EM) Investments Limited managed approximately US \$3.5 billion of assets for a range of clients. The wider Ameriprise group has more than \$1.2 trillion in assets under management and administration and maintains leadership positions in each of its core business segments: Advice & Wealth Management, Asset Management, Annuities, and Protection, and serves more than 2 million individual, business and institutional clients.

This document and the detail in it relate solely to Columbia Threadneedle (EM) Investments Limited ‘the Firm’, not the wider Ameriprise Group, unless specifically highlighted.

## Item 5: Fees and Compensation

The fees and expenses for our services will depend on the service provided and may be open to negotiation or based on existing agreements we may have entered into with you. Fees will generally be based on either:

- a basis point fee in relation to the assets under management;
- a charge associated with a particular piece of advisory work or a particular solution provided (e.g., if you ask us to structure a specific transaction we will charge you costs associated with this transaction and these will be linked to the risk of the trade and the cost of doing it); and/or
- a performance fee which will be linked to performance targets which have been set and agreed in the agreement we have entered into with you.

The fees and expenses associated with our governance and sustainable investment services are captured as part of the management fee you pay, and the service is therefore part of the broader package that we offer you. We also offer a responsible engagement overlay service for our clients where we do not manage their assets and therefore where there is no associated management fee. In these instances, either a fixed fee or a basis point charge will be applied to the value of assets to which the service is applied.

Fees are usually payable monthly or quarterly in arrears and are either deducted from your assets, which are held by your appointed custodian, or billed directly to you. Respectively, the fee, the method of calculation and the frequency of charging can be negotiated before we enter into any formal agreement with you to manage your money or provide services to you.

The fees and expenses for clients with their own segregated discretionary portfolio management accounts are subject to, and will depend on, the structure of the assets, but may include:

- administration fees;
- brokerage fees; and
- other transaction costs such as the bid/offer spread on non-agency transactions.

Brokerage fees and other transaction fees are discussed in more detail in Item 12 Brokerage Practices.

We review our fee rates regularly and also benchmark our fee schedules against what the market charges, using public information, industry surveys and industry press reports. We aim to ensure that our fees remain competitive whilst reflecting the high quality of our investment products and also the high level of client service that we offer.

We reserve the right to waive or impose different fees or otherwise modify the fee arrangements of an existing client with the consent of that client.

## **Item 6: Performance-Based Fees and Side-By-Side Management**

We charge some clients a performance based fee, that is, a fee based on our performance against targets which have been set and agreed in the client agreement. These will vary from client to client and will be negotiated at the time the agreement is drafted between us.

Potential conflicts of interest may arise due to the nature of performance fees. Such fees may create an incentive for us to undertake investments carrying greater risks. Another potential conflict of interest may arise because we may have an incentive to favour higher performance fee paying accounts or those that pay a performance fee over those that do not.

To manage these risks, we have Performance and Risk Review Committees (PRRC) for mutual funds investing in direct property assets. For other asset classes performance and risk is monitored on a daily basis through a report that monitors both performance and risk across portfolios over a range of periods: daily, month to date, quarter to date year to date. There is also an overarching Performance and Risk Review Oversight Committee (PRROC) which monitors performance and investment risk on a regular basis with a view to ensuring that portfolios are not running undue risk, or that those portfolios with similar objectives are achieving similar outcomes. Additionally, we also seek to monitor the fair participation and fair allocation of deals including new issues. Furthermore, we have a policy of requiring staff to disregard any material interest or conflict when advising or exercising investment discretion for clients. That is, the policy is to always act in the best interests of the client and in the last resort we may decline to act for clients where that is the only alternative.

Other potential conflicts that may arise from us managing both funds with performance fees and more traditional funds with lower fees and where we are seeking to cross assets from one to another. Our policies on fair participation, aggregation and allocation are designed to manage these conflicts. Our senior management and our internal audit, risk and compliance teams monitor these key potential conflicts. Our controls over crossing aim to prevent conflicts arising in this area. That is, positions cannot simply be transferred from account to account. Crosses may be made between clients' accounts, but these are generally traded through a broker in the market at a price that is fair to both parties.

## **Item 7: Types of Clients**

Our clients comprise a range of investors, across a number of geographies and jurisdictions. We provide discretionary investment management services to the following:

- Pension funds;
- Foundations;
- Government organisations;
- Third party funds; and
- Columbia Threadneedle (EM) Investments Limited Investments sponsored funds.

We do not provide investment advice to private individuals.

For our institutional clients wishing to have their own segregated mandate, we generally look to a minimum fund size of \$50 million; however, this may be adjusted on an individual basis. For Columbia Threadneedle (EM) Investments Limited funds, the minimum subscription amounts are detailed in the applicable fund prospectus.

## **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

We offer a broad range of investment strategies across a full range of emerging markets equity asset classes, including:

- Global, regional and country specific
- Emerging market equities in small, medium and large companies (including strategies focused on environmental, social and governance themes)

Excepting passive product, these approaches aim to add value through active management based on investment processes that, inter alia, include internal and external research.

We believe that individuals work best as part of a small, focused team. Our investment professionals are therefore organised into tightly knit groups, focused on specific products/asset classes. Each team is provided with a high degree of autonomy over their investment approach, fostering a strong culture of enterprise and accountability for delivering performance. Individual investment teams applying what they believe to be the most appropriate investment philosophy and process for the particular market in which they invest, based upon specific mandate objectives and guidelines.

Each strategy is designed to provide the investment exposure described in its investment guidelines which in the case of segregated mandates are contained in the Investment Management Agreement. The suitability of a strategy or fund for a particular client depends on their investment requirements and attitude to risk.

Clients will be exposed to the risks associated with investment in stocks and shares and should understand that the value of, and income from, investments can fall as well as rise and that they may not get back the full amount originally invested. Clients should also be aware that the strategy in which they invest will be liable to market movements and should be familiar with the specific risks associated with that strategy and be prepared to undertake those risks. Clients should ensure you are aware of all the potential risks specific to their investment portfolio. We have summarised below the key risks.

### **General Risks**

The following risks are general and apply to all strategies we offer:

- **Market risk:** the value of shares and the income from them is not guaranteed and can fall as well as rise due to stock market and currency movements.
- **Performance risk:** past performance is not a guide to future investment returns and when holdings are sold you may get back less than you originally invested.



There will be a variation in performance between different funds with similar objectives due to the different assets selected. Portfolios will also diverge from their benchmarks depending on these selections. There is no guarantee of the performance of your investment.

- **Inflation risk:** inflation can affect the value of your investment.
- **Fees:** the impact of fees charged on the management of assets may reduce the prospects for capital growth or possibly result in capital erosion.

### Strategy Specific Risks

Our individual investment strategies have different specific areas of investment and investment objectives. These specific objectives may mean that one or more of the specific risks listed below could also apply to your investment.

- **Liquidity risk:** Generally speaking, smaller capitalization and emerging market equities; credit, high yield and emerging market debt instruments; private equity and direct property are less liquid than other asset classes. This means that there may be difficulty in both buying and selling assets and individual asset prices may be subject to short-term price swings. This may result in increased volatility for these assets.
- **Exchange or currency risk:** Investments made overseas may not be traded in your base currency and movements in exchange rates may cause the value of your investment to rise and fall.
- **Smaller companies:** Smaller companies and businesses at an early stage of their development carry a higher degree of risk and this means that the value of such investments is usually more sensitive to market movements, which may result in increased volatility for these assets.
- **Concentrated portfolio:** Where a portfolio is concentrated, short-term volatility in the price could be relatively high.
- **Responsible and Sustainable screening:** Certain strategies are unable to invest in certain sectors and companies due to the responsible and sustainable, product, conduct and other responsible investment/ESG screening they undertake which may lead to differential volatility in portfolios containing such strategies.
- **Investment trusts:** Certain strategies may invest in investment trusts. These are public limited companies quoted on the Stock Exchange. The price of their shares depends on supply and demand and is not necessarily the same as the value of the underlying assets per share. It may be higher 'at a premium' or lower 'at a discount'. The discount or premium varies continuously and represent an additional measure of risk and reward. Gearing – investment trusts can borrow money,

which can then be used to make further investments. In a rising market, this 'gearing' can enhance returns to shareholders. Correspondingly, if the market falls, losses will also be multiplied.

- **Emerging Markets:** Investments in emerging markets may be more volatile than investments in more developed markets. Many emerging markets do not have well developed regulatory systems and disclosure standards may be less stringent than those of developed markets. The risks of expropriation, nationalisation and social, political and economic instability are greater in emerging markets than in more developed markets. The accumulation and disposal of holdings may be more expensive, time consuming and generally more difficult than in more developed markets. Also, due to the lack of liquidity, volatility may be higher. Many emerging markets are small, have low trading volumes, low liquidity and significant price volatility. Significant changes in the exchange rates of currencies of the countries in which investments are made may occur following investment in these countries. It may not be possible to undertake currency hedging techniques in respect of these currencies. Settlement and custody standards may not be as high and supervisory and regulatory authorities may not be as sophisticated. As a result, there may be risks that settlement may be delayed and that cash or securities could be disadvantaged. Emerging markets may restrict the access of foreign investors to securities. As a result, certain equity securities may not be readily available because the maximum permitted number of or investment by foreign shareholders has been reached. Similarly, the outward remittance by foreign investors of their share of net profits, capital and dividends may be restricted or require governmental approval. The fund manager will only invest in markets in which it believes these restrictions to be acceptable. There is however no guarantee that additional restrictions will not be imposed after an investment has been made. Settlement and custody standards may not be as high and supervisory and regulatory authorities may not be as sophisticated. As a result, there may be risks that settlement may be delayed and that cash or securities could be disadvantaged.
- **Political and / or regulatory risks:** The value of your investment may be affected by uncertainties such as changes in government policies, taxation, restrictions on foreign investment and on foreign currency repatriation, currency fluctuation and other developments in the laws and regulations of investee countries.
- **Economic risk:** Any investment made may be sensitive to any general downturn in the overall economy or in that entity's industrial sector. Although the fund manager will attempt, through careful selection of investment candidates, to limit the risk associated with general economic conditions, substantial adverse economic conditions might have an impact on the investment assets the client's account.
- **Derivatives and Forward Transactions:** Investments in derivatives may increase or decrease the volatility of the value of the client's investment.

- **Taxation:** Levels and bases of taxation and reliefs from such taxation are subject to change and their value, in certain circumstances, depends on an investor's particular circumstances. Existing and prospective investors should consult their professional advisers regarding potential tax consequences of undertaking particular investments.

The importance of these risks may change in the future.

**Item 9: Disciplinary Information**

There is no disciplinary information that relates directly to Columbia Threadneedle (EM) Investments Limited.

## **Item 10: Other Financial Industry Activities and Affiliations**

As of 8<sup>th</sup> November 2021, Columbia Threadneedle (EM) Investments Limited (CT(EM)IL), is a wholly owned subsidiaries of Columbia Threadneedle Investments UK International Limited, whose direct parent is Ameriprise Financial, Inc., a company incorporated in the United States. The company was formerly part of BMO Financial Group and used the “BMO” mark in places, under licence from BMO Financial Group, until 4<sup>th</sup> July 2022, when the BMO brand was largely phased out. When appropriate, employees of Columbia Threadneedle (EM) Investment Limited may provide information, marketing materials and disclosure documents to clients or potential clients of companies within the Columbia Threadneedle Investments group of companies. These products or services are only offered to investors in those countries and regions in accordance with applicable laws and regulations. Alternatively, other companies within the Columbia Threadneedle Investments UK International Limited group of companies may provide information, marketing materials and disclosure documents with respect to clients or potential clients of Columbia Threadneedle (EM) Investment Limited.

In addition, Columbia Threadneedle (EM) Investment Limited may have common management and officers with some of its affiliates, including with affiliated investment advisers. Columbia Threadneedle (EM) Investment Limited shares facilities with some affiliates and relies on the Columbia Threadneedle Investments UK International Limited group of companies for various administrative support including information technology, human resources, legal, finance, risk management, internal audit and compliance. These facilities can create potential conflicts of interest. Columbia Threadneedle (EM) Investment Limited seeks to mitigate these potential conflicts of interests through its governance structures and by maintaining trading policies and procedures including a Code of Ethics policy.

## **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **Our Approach to Conflicts of Interest**

Ameriprise Financial and its subsidiaries, which includes us, constitute a large diversified financial services organization. As a result of this and other aspects of our business, conflicts of interest arise from time to time among our different clients and among us, our affiliates, and our clients. Conflicts of interest that may arise in the course of providing investment advisory services are described throughout this brochure, as are some of our policies and procedures designed to address specific conflicts of interest, such as our Code of Ethics and trading procedures.

We have a compliance program in place that is intended to identify, mitigate and, in some instances, prevent actual and potential conflicts of interest, as well as to ensure compliance with legal and regulatory requirements and ensure compliance with client investment guidelines and restrictions. Our compliance program includes written policies and procedures that we believe are reasonably designed to prevent violations of applicable law and regulations. We have appointed a senior member of the compliance group as the Conflicts Officer to serve as both a resource to employees as well as to help ensure the compliance program appropriately addresses conflicts.

Our various business units typically take front-line responsibility for ongoing implementation and supervision of our policies and procedures, with monitoring provided by our compliance department. We also maintain various committees, which provide oversight and review of compliance across functional boundaries including several operating committees, whose membership is comprised of personnel from the impacted business area(s). These committees receive input from our compliance and legal departments and help ensure compliance with some of these policies and procedures. Some of the key committees (or subcommittees) supporting our compliance program efforts include those committees (or subcommittees) responsible for investment oversight, proxy voting, SubAdviser oversight, Code of Ethics oversight, valuation, trading, including complex securities and best execution, portfolio holdings disclosure and new products.

### **Code of Ethics/Personal Trading Rules and Procedures**

We and certain of our affiliates have adopted The Global Asset Management Personal Account Dealing and Code of Ethics "Code" that sets forth standards of business conduct and principles to mitigate conflicts of interest for all our "Covered Persons" as they perform their respective roles and responsibilities, including when they engage in personal securities transactions. Covered Persons are persons who have access to our non-public client information, such as information about purchases or sales of portfolio securities for clients' accounts and may include employees of our affiliates and/or vendors. All Covered Persons are required to conduct all personal trades through designated broker-dealers unless an exception has been granted or in the case of Covered Persons at a non-U.S. affiliate (including but not limited to CTEMIL in the UK), at a broker-dealer otherwise approved by such affiliate. Further, all Covered Persons must complete an annual certification form regarding their personal securities activities and provide additional information about personal trading activities and also comply with quarterly reporting requirements.

The specific provisions under the Code seek to ensure that clients' interests are placed ahead of the interests of Covered Persons. Under the Code, Covered Persons must pre-clear investments in most types of securities, are restricted with respect to the timing of certain transactions and are prohibited from making certain transactions. The Code also contains short swing profit prohibitions applicable to all Covered Persons and trading black-out periods which apply to applicable portfolio managers and traders. These prohibitions are subject to limited exceptions.

The Code contains specific provisions relating to Fund shares, including a prohibition on direct or indirect market timing and, for Covered Persons, a 30-day holding period for Covered Funds subject to limited exceptions. Covered Funds are those funds for which we or an affiliate serves as an investment adviser or sub-adviser or for which an affiliate serves as principal underwriter.

We will provide a copy of the Code to any client or prospective client upon request. Clients may obtain a copy by writing to us at the address set forth on the cover of this Brochure or calling the phone number that appears on that page.

CTEMIL adheres to the Global Code of Ethics. Certain Advisory Affiliate employees who are Covered Persons may be subject to certain exceptions. The personal trades of such employees are monitored in accordance with the Code.

#### Material Non-Public Information

We and our employees may, from time to time, come into possession of material, non-public information which, if disclosed, might affect an investor's decision to buy, sell or hold a security including, as appropriate, shares of pooled vehicles. The Code incorporates our "Global Policy - Inside Information" which prohibits the misuse of material non-public information by us, our employees and those of our affiliates who may provide certain services to our accounts. Those who possess material non-public information must not:

- (a) use that information to obtain profits, mitigate losses or otherwise secure benefits for us, our clients, any of our affiliates or their clients, themselves, or others,
- (b) engage in transactions or make recommendations while in possession of material non-public information, or
- (c) disclose that information to others (except to Legal and Compliance personnel who assist in administering the Inside Information Policy or persons authorized by Legal and Compliance).

In addition, we have adopted procedures designed to restrict trading in an issuer's securities in situations where we or one of our employees, or an employee of one of our affiliates, possesses material non-public information regarding the issuer's securities. These prohibitions and restrictions on trading or sharing information may result in our not purchasing or selling securities for a client account or not fully communicating material investment ideas despite our view that a purchase, sale, or communication would benefit client accounts. Losses could be incurred if we cannot close out a position. In certain situations where material non-public information is obtained, these procedures also allow for the creation of an "information wall" to contain information within a small group and avoid a firm-wide prohibition on trading.

However, our Legal and Compliance department may determine that an information wall is not appropriate under the circumstances and restrict trading across the entire firm, including its affiliates (as applicable). In implementing specific investment decisions through different accounts and investment vehicles, the timing of the implementation of our advice may differ among the various accounts or investment vehicles. Differences among the accounts and investment vehicles that impact this timing include, among others, whether the account is managed on an advisory basis and whether a third party is involved in the implementation of the advice.

Differences in timing may result in one client receiving better or worse investment performance than a client receiving similar advice through a different account, program, or investment vehicle. The timing and sequencing of trades executed for discretionary accounts in these programs, as well as underlying portfolios, is influenced by many factors such as the size of an asset allocation shift, the related cash flows in and out of the underlying portfolios, market conditions and the potentially differing views of those managing underlying Mutual Funds. Our investment platforms that manage accounts in these programs may also manage accounts for a variety of clients, including other institutional clients. In these situations, we seek to provide a process that is designed to prevent an unfair advantage in the timing and sequencing of trades for all client accounts.

Investing in securities for clients and personal security or corporate dealing

CTEMIL and its affiliates may act as investment adviser or sub -adviser to numerous client accounts including Mutual Funds. CTEMIL and its affiliates may give advice and take action with respect to any portfolios or accounts they manage, or for their own accounts, that may differ from action taken by them on behalf of other portfolios or accounts. CTEMIL and its affiliates are not obligated to recommend, buy, or sell, or to refrain from recommending, buying, or selling any security that they or their respective access persons, as defined by the Investment Company Act of 1940 ("1940 Act"), may buy or sell for their own accounts or for the accounts of any other client. CTEMIL and its affiliates are not obligated to refrain from investing in securities held by portfolios or accounts that they manage, except to the extent that such investments violate the "Global Code of Ethics" ("Code"). In summary, where there is an open or pending order or deal for a third-party client account, except under certain strict conditions, the Code does not permit personal or corporate dealing until those orders are completed.

CTEMIL does not exercise its management discretion to cause its clients to engage in principal transactions with, or agency cross transactions through, affiliated broker-dealers.



## Item 12 Brokerage Practices

The committee responsible for counterparty approval and monitoring is the Counterparty Credit Committee (CCC). The CCC is responsible for the appointment of counterparties and the subsequent monitoring and review of credit limits where applicable for all counterparties. The CCC also approves the derivatives policy for the Firm which is then monitored daily by the Derivative Support Group, reporting any deviation from the derivatives policy to the CCC.

All new counterparties are subject to a due diligence process in which the counterparties' legal, tax, regulatory status, financial strength, operational, 'Environmental, Social and Governance' (ESG) factors as well as money laundering bona fides are assessed. In addition, appropriate legal contractual documentation is put in place between the Broker and the Firm. Counterparties / brokers are differentiated and classed into different credit risk categories resulting from the different products utilised within the Firm.

The CCC meets formally on a quarterly basis and more frequently if required. Where necessary the CCC will decide if the Firm should cease trading, increase/decrease/reduce exposures or limits with an approved counterparty based on positive or adverse factors identified during the review process. Changes to the list of approved counterparties will occur whenever a counterparty meets or ceases to meet the Firm's criteria. Execution quality is monitored continually and reviewed by the Dealing Oversight Committee quarterly. Counterparties can also be removed and added based on the quality of execution services offered.

From January 1<sup>st</sup>, 2018, the Firm pays from its own P&L for all third-party investment research consumed by investment teams in EMEA. The use of Commission Sharing Agreements ceased at the end of Dec 2017 and client portfolios will only incur execution-related costs from then onwards. All execution rates are reviewed on an ongoing basis by the Dealing Team to ensure the Firm obtains optimum rates on behalf of its clients. Rates will vary depending on the country of execution and type of service required from the executing broker.

The Firm's Centralised Dealing Desk have a responsibility to ensure best execution on behalf of client portfolios and therefore have full discretion about how and where to place orders, as described in the firm's Order Execution Policy. As part of our commitment to deliver consistent execution quality, we utilise independent Transaction Cost Analysis (TCA) services, which allows the central dealing team to evaluate their execution quality and to optimise execution strategies across asset classes. We have a robust governance framework in place around order execution processes and outcomes. The relevant committees are responsible for oversight of practices and review of this policy, and include representation from Business Management, Dealing and Compliance.

### Item 13 Review of Accounts

On a regular basis (typically monthly) our Performance Review and Risk Oversight Committee, comprising members of the product management and investment risk teams, meet to formally review the performance and investment risk of investment desks including:

- Comparison of performance versus benchmark (if appropriate) over appropriate time periods, typically: one and three-year returns;
- Comparison to peer groups (if appropriate) where relevant showing one and three-year relative returns;
- Consistency in performance and identify of any outliers;
- Ex ante risk, whereby ex ante tracking errors are reviewed against internal targets or client limits for representative portfolios; and

Reports reviewed in the committee meetings are provided by the following specialist teams who also ensure independent monitoring:

- The State Street Performance Analytics team: calculates portfolio returns, delivering these on a monthly basis to the Product Management and investment teams, and senior management. Their detailed analysis covers absolute and relative performance, dispersion and risk comparisons.
- The Investment Risk Oversight team: produces a report utilising the State Street truView risk analytics service, on the portfolio active risk positions. This is in addition to the daily monitoring used by the portfolio managers. This report includes risk attribution.

In particular, the Investment Risk Oversight team is responsible for:

- Monitoring the active risk taken by the Firm's portfolios;
- Analysing the sources of risk taken in each portfolio and checking they are consistent with the fund manager's investment strategy; and
- Checking that portfolios' risk is consistent with investment performance objectives;

The monitoring of client portfolio active risk positions will typically include the following:

- Risk statistics (portfolio volatility, ex ante tracking error, value at risk, portfolio beta)
- Deviations from benchmarks (per stock, sector, country, duration, quality, currency, etc.)
- Portfolio biases (style, market capitalisation, momentum, etc.)
- Compliance with client guidelines.

Risk oversight is typically undertaken daily, and statistics are reported internally by the Investment Risk Oversight team on a monthly basis. The team acts strictly independently from the Fund Managers to ensure adequate monitoring of the risk taken within portfolios.

**Portfolio monitoring**

In addition, the Investment Mandate Control team checks all client portfolios on a daily basis to ensure post-trade compliance with investment guidelines. This team uses the ThinkFolio system to ensure that all mandates are run in-line with the client's pre-agreed limits. ThinkFolio is a compliance system which monitors all the agreed limits of the mandates managed by the Firm.. Every active or passive breach will immediately be communicated to the relevant portfolio manager, allocation team and responsible account manager.

**Institutional Client Reporting**

We place great importance on maintaining and developing a good relationship with our clients. As part of this, we aim to provide institutional clients with an excellent standard of service, tailored to meet their requirements. We can provide a comprehensive package of reports on your portfolio and reports are available in hard copy or email.

Typically, these will include:

- Monthly valuation of the portfolio;
- Monthly list of transactions carried out during the month;
- Monthly cash statement, showing the movements on the account during the month;
- Quarterly report on the activity and performance in the last quarter;
- Quarterly report of the voting actions taken at company meetings for your holdings;
- Quarterly report on transaction costs incurred for the portfolio;
- Quarterly investment outlook, giving our view on the global investment scene; and
- Annual audited report on our control policies and procedures ("AAF 01/06 (formerly known as "FRAG 21/94)").

We review regularly the content of our reports to ensure that they still meet high standards and are relevant to the nature of the mandate.

**Item 14: Client Referrals and Other Compensation**

This section is not applicable to us as we do not compensate client referrals.

**Item 15: Custody**

This section is not applicable as we do not have custody of our US advisory clients' funds or securities.

## Item 16: Investment Discretion

Our main business is investment management. Clients appoint us to manage their assets as described in the investment management agreement or a Fund Prospectus, and therefore we typically have investment discretion over clients' assets within pre agreed guidelines. For Fund investors the investment guidelines are articulated in a Fund prospectus and KIID document and there are clear procedures for any change that include engagement with an independent Board as well as client communication protocols.

For a client who engages with us via a segregated account a client director is appointed and will have responsibility for managing the client's on-going relationship with the Firm and for checking that all the client's requirements are met by the company. In order to ensure smooth and effective onboarding of a client our internal transitions team support the client directors in the on boarding and to verify that all relevant business units (including the fund management and operations teams) are informed of the details of each new client so that the accounts are set-up on all relevant in-scope IT applications. The transition management team then receives confirmation from the business units that the accounts have been set-up in time for the commencement of investment activities.

Money laundering detection and Know Your Client procedures include the requirement to verify the identity of all new clients with official documentation and obtaining an authorised signatory list. An electronic checklist is completed to verify that such documentation is obtained.

From the details received from the new client, the client director checks that a client classification is established based on the client's investment objectives and risk profile. This is documented and appears in the client's investment management agreement (IMA) so that the correct regulatory protections are afforded to the client. For a Fund investor, this verification is undertaken by our administrator and follows agreed standards and procedures overseen by our Anti-Money Laundering function.

Each new IMA is reviewed by the legal department and a contract sign-off form completed as evidence that the IMA is compliant with legal requirements and current regulations, before the IMA is signed by authorised signatories of both parties.

The client management team captures all the client's requirements including investment objectives, benchmarks, restrictions and guidelines in the IMA. The agreement is signed by authorised signatories of the Firm, as per the authorised signatory list, and the client before the commencement of investment activities.

The Transition team completes an electronic checklist to verify that investment activity cannot commence on a new client's portfolio until:

1. the IMA has been completed and signed by both parties, or issued in line with local regulations,
2. the commencement date of the IMA has been reached and
3. Anti-Money Laundering and Know Your Client documentation has been confirmed as complete.

Communication is maintained between the client director and the new client to verify that their requirements are met. All communications (correspondence, meetings, etc.) with new, potential and existing clients are recorded by the institutional business team in a Client Relationship Management system, Salesforce.

A checklist is completed by the Transition Manager to verify that the client's account has been set-up correctly on the investment accounting systems, and the client's stock and cash holdings have been received and recorded on the client's account.

A report on the opening book values of all transferred assets is prepared by the operations team prior to being sent to the client. Any discrepancies are followed up with the client and resolved.

## Item 17 Voting Client Securities

When acting as a fiduciary, the group of regulated entities whose parent company is Columbia Threadneedle Investments UK International Limited entity (formerly trading as BMO Global Asset Management EMEA) ("CT") votes proxies in the best interests of its clients. Unless the client has directed otherwise, we generally vote all proxies for securities held in client accounts and we have adopted policies and procedures designed to help ensure that this happens efficiently and in line with the interests of our clients.

**How We Vote Proxies.** The baseline for voting proxies for our clients is set out in our Corporate Governance Guidelines. The guiding principle is to vote proxies in the interest of our clients with a view to enhancing the value of securities they hold. What follows is a brief description of the proxy voting process.

**Global Proxy Voting Process.** The global proxy voting process is overseen by the regional governance committees, which for Columbia Threadneedle is the EMEA Investment Committee (EIC). The EIC approves policies and guidelines for proxy voting. Our RI team supports the development of our global Corporate Governance Guidelines (CGG). We have engaged Institutional Shareholder Services Inc. (ISS) to assist with the execution of proxy votes. The CGG are coded into the ISS system, and all proxy proposals that are within the scope of our CGG are auto-executed by ISS in accordance with our CGG. When ISS requires guidance on standing voting instructions, ISS consults with the RI team. In the event that an issuer files additional soliciting materials sufficiently prior to the vote deadline, the RI team seeks to review the materials in light of our CGG, escalate to the Proxy Working Group, comprising senior portfolio managers representing one of the three legal, regional entities and vote accordingly. When mutual funds are held in client accounts, portfolio managers of the client account in certain instances request that the RI team manually vote proxies and liaise with them on voting such holdings.

**Conflicts of Interest:** In the event a vote involves a potential conflict of interest, our Conflicts of Interest policy sets out how manage such conflict by directing that ISS casts our vote in a way that represent the best interests of our clients. A copy of our Conflicts of Interest Policy –Proxy Voting is available upon request. We could vote at a company meeting where the company is a client or has another type of business relationship with Columbia Threadneedle. We manage this conflict by treating all our clients equally in our voting activities. Unless an institutional client instructs us otherwise, we apply our CGG to all client portfolios in a manner that considers our clients' respective investment objectives and best interests. We could also vote at a meeting for Ameriprise Financial, Inc. or a mutual fund offered by Columbia Threadneedle Investments which raises a conflict of interest. We manage this conflict by using ISS as our proxy voting administrator, to auto-execute all relevant votes in accordance with the ISS proxy voting policy. ISS executes votes without our further guidance, except where we have specific instructions from a client.

Clients may retain the right and obligation to vote any proxies relating to securities held by/in their account(s) by providing prior written notice to us. Any changes to a client's proxy voting instructions must be received in



writing. Clients can request and obtain a copy of our complete proxy voting policies and procedures and information about how we voted any proxies on behalf of their account.

**Item 18: Financial Information**

This section is not applicable to us as we do not require or solicit prepayment of more than six months or more in advance.