



# Income Investing

Navigating the search for sustainable income



FOR PROFESSIONAL INVESTORS ONLY

Your success. Our priority.

## About Columbia Threadneedle Investments

Investors around the world rely on  
Columbia Threadneedle Investments to manage their money.

Our reach is expansive, with more than 450 investment professionals around the world, a robust Responsible Investment framework and an independent oversight team.

**Your success is our priority.**

# Income matters

## And we know income!

### The benefits of income investing

To meet the different financial goals of a growing number of investors, investing for income has never been more important. In a world of shifting market dynamics and low interest rates, attractive sustainable income is also getting harder to find.

Income has always been recognised as a critical component of most investment portfolios. In addition to generating consistent income streams, the right mix of income strategies can provide investors with the potential for sustainable long-term growth.

By drawing on a diverse range of income sources, from equities and bonds to alternative investments such as real estate and infrastructure, asset managers can enhance portfolio diversification across asset classes and geographies, lowering overall volatility and providing smoother returns for investors.

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### Reasons to invest in income-generating strategies

1. Income payouts
  2. Capital growth potential
  3. Diversification benefits
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# Why Columbia Threadneedle Investments for income investing?

Columbia Threadneedle Investments is a global asset manager with a strong heritage in income investing across both traditional and alternative asset classes. Our specialist teams use tried and tested investment approaches to deliver attractive, sustainable returns for clients.



## Sustainability of income

We look for long-term consistency and durability of income from investments. Aiming for the highest level of income today is a mistake if it jeopardises total return tomorrow.



## Total return approach

Our approach seeks to deliver yield without chasing it. Portfolio managers aim to maximise return per unit of risk within a total return framework to deliver consistent returns for clients.



## Research intensity

Behind every investment, you'll find original, independent analysis powered by our research experts. Responsible Investment (RI) principles are key and, with our proprietary RI tools, add real value to investment decisions.



### **Threadneedle equity income strategies**

Equities continue to be a popular choice for investors. The broad range of businesses on offer and the familiarity of many of the companies make this market an attractive option for novices and highly sophisticated investors alike. However, in times of crisis, one key area of investor concern is on the ability of companies to pay a dividend.

As equity income investors, we prefer companies that can deliver stable and growing dividends over the medium to long term, and that can do so without compromising their balance sheet, the growth potential of the business or indeed their broader social impact. We believe that this approach will be able to deliver strong risk-adjusted returns for our clients across our wide range of global, regional and single country equity income strategies.



**“Income should be core to any investor’s portfolio. We believe our compelling suite of income strategies cater to a range of risk appetites and distribution requirements.”**

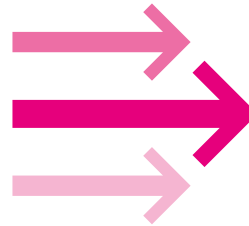
– RICHARD COLWELL  
Head of UK Equities



### **Threadneedle fixed income strategies**

Across the range of fixed income markets can be found a wide array of risk and return characteristics, from traditional asset classes of investment grade and high yield credit, through to more specialist areas that include emerging markets, securitised debt and social bonds.

The attraction of each area can change as economic and credit cycles progress. Our portfolio managers therefore pursue a flexible and dynamic allocation approach to enable them to seize investment opportunities as they arise, while minimising downside risks. Our proprietary risk rating system enables analysts to efficiently communicate an issuer's risk profile and supports rigorous relative value debates that help portfolio managers to determine their final portfolio positions.



**“We don’t follow the crowd.**  
We focus on identifying changes in key catalysts and risks.”

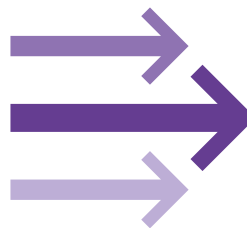
– **KIRK MOORE**  
Head of Global  
Fixed Income Research



### Threadneedle real estate strategies

UK real estate remains a compelling asset class for many investors, with its asset-backed rental income currently providing an attractive annual yield of c5%.<sup>1</sup> Returns from the asset class are traditionally dominated by income, which in a 'lower-for-longer' interest rate environment presents an appealing investment proposition.

Our approach has been built on buying assets that offer high, sustainable income yields, and actively managing those properties to maintain and grow rental income. Our UK Real Estate team is active in all market conditions across the full risk/return spectrum. This gives us visibility on the whole market, with a network of advisers covering all disciplines and locations providing a unique insight into occupational demand patterns, enabling us to track rental trends and identify value.



“Our team is tried and tested through multiple market cycles”

– JOSEPH VULLO  
Head of UK Real Estate

<sup>1</sup>Source: MSCI UK Monthly Property Index, gross income yield was 4.9% as at 31 December 2020.

### Threadneedle multi-asset income strategies

Investment returns from individual asset classes can vary significantly over time, with each asset class offering a different risk and return profile depending on the economic environment. By actively allocating across a mix of assets, the strategies managed by our multi-asset experts provide a 'one stop shop' investment solution for investors that can deliver attractive levels of income with less volatility than equities.

At a time where yields across many asset classes are low, our multi-asset income strategies can provide a well-diversified, cost-effective solution for investors seeking a good level of income while keeping volatility in check, irrespective of market conditions.



“Our multi-asset income strategies provide a cost-effective solution for investors seeking quality, sustainable income while keeping volatility in check.”

– MAYA BHANDARI  
Portfolio Manager, Multi-Asset

# Our core income strategies

Find the income you're looking for – whatever your investment goals

<b>HIGH YIELD</b> There are smarter ways to deliver an attractive yield without chasing it.	<b>TOTAL RETURN</b> Unlock the potential of income and growth in a single strategy.	<b>RISK MITIGATION</b> There's more than one way to manage risk while delivering sustainable income.
<p><b>THREADNEEDLE HIGH YIELD BOND</b></p> <p><b>Approach</b>            Focuses on issuer and security selection to exploit worldwide opportunities in the high yield market.</p> <p><b>Key features</b></p> <ul style="list-style-type: none"> <li>&gt; Intensive and forward-looking approach</li> <li>&gt; Rigorous in-house fundamental research process</li> <li>&gt; Credit spread compensates for the risk of default</li> </ul>	<p><b>THREADNEEDLE UK EQUITY INCOME</b></p> <p><b>Approach</b>            A versatile UK equity strategy with a contrarian bias that seeks to generate both income and growth.</p> <p><b>Key features</b></p> <ul style="list-style-type: none"> <li>&gt; Conviction-driven, core UK equity income offering               <ul style="list-style-type: none"> <li>&gt; Looks for 'hidden gems'</li> </ul> </li> <li>&gt; Uses short-term volatility to build positions in long-term opportunities</li> </ul>	<p><b>THREADNEEDLE GLOBAL MULTI ASSET INCOME</b></p> <p><b>Approach</b>            A well-diversified portfolio, investing across equities, fixed income and real estate.</p> <p><b>Key features</b></p> <ul style="list-style-type: none"> <li>&gt; Dynamically managed multi-asset strategy</li> <li>&gt; Proven capability in income generation               <ul style="list-style-type: none"> <li>&gt; 'One stop shop' solution</li> </ul> </li> </ul>
<p><b>THREADNEEDLE UK PROPERTY AUTHORISED INVESTMENT</b></p> <p><b>Approach</b>            Targets assets where we can add value through active asset management and seeks to deliver an attractive income yield to investors.</p> <p><b>Key features</b></p> <ul style="list-style-type: none"> <li>&gt; Preference for high yielding investments               <ul style="list-style-type: none"> <li>&gt; Emphasis on asset picking</li> </ul> </li> <li>&gt; Avoids speculative development</li> </ul>	<p><b>THREADNEEDLE STERLING CORPORATE BOND</b></p> <p><b>Approach</b>            Focuses on issuer and security selection to exploit opportunities in the UK investment grade corporate bond market.</p> <p><b>Key features</b></p> <ul style="list-style-type: none"> <li>&gt; Robust credit research process</li> <li>&gt; Potential for yield pick-up over government bonds               <ul style="list-style-type: none"> <li>&gt; All non-sterling exposure hedged back</li> </ul> </li> </ul>	<p><b>THREADNEEDLE MONTHLY EXTRA INCOME</b></p> <p><b>Approach</b>            'Best of both' strategy combining ideas from both UK equities and bond teams.</p> <p><b>Key features</b></p> <ul style="list-style-type: none"> <li>&gt; Diversified UK equity and investment grade bond strategy</li> <li>&gt; Regular monthly income payouts               <ul style="list-style-type: none"> <li>&gt; 'One stop shop' solution</li> </ul> </li> </ul>

For our full range of income strategies please visit [columbiathreadneedle.com/incomeinvesting](https://columbiathreadneedle.com/incomeinvesting)

To find out more visit

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