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# Spotlight on Global Equities Stealing the show

For professional investors only

29 June 2021



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# Optimism abounds in 2021

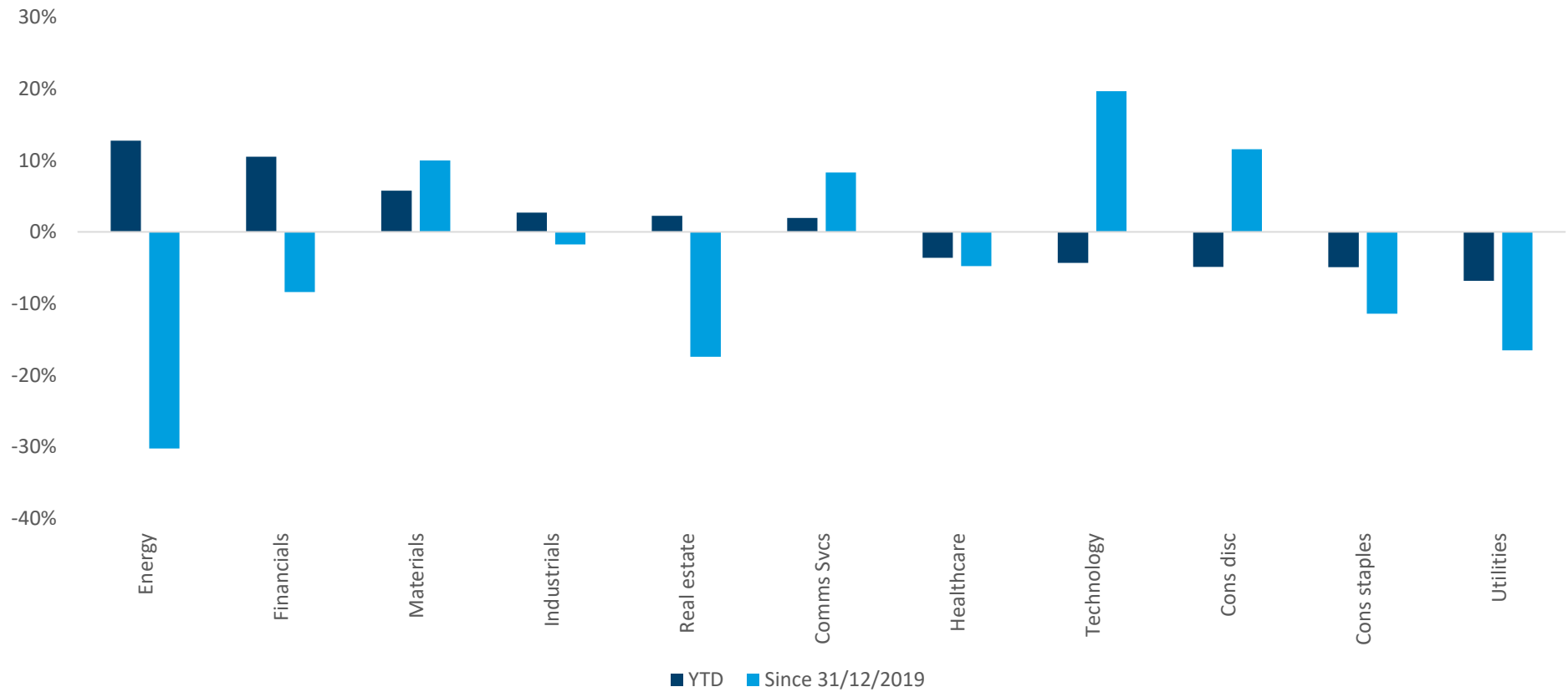
## March 2020 feels like a lifetime ago



# Global equity market performance

## A cyclical rebound YTD

### MSCI ACWI sector relative performance

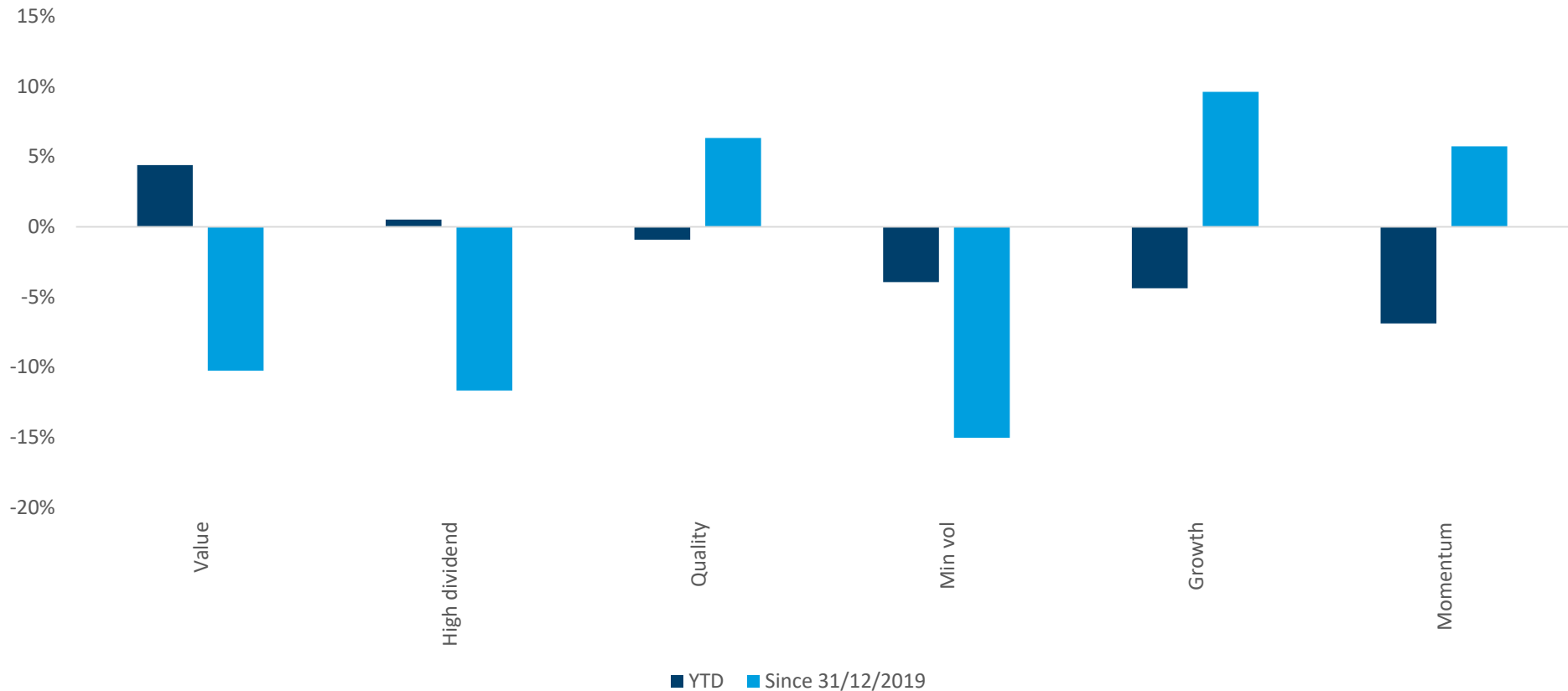


Source: Columbia Threadneedle Investments and Bloomberg, as at 31 May 2021. Sector performance represented by the corresponding MSCI sector indices. **Past performance is not a guide to future returns.**

# Global equity market performance

Value dominating since November 2020's vaccine approval

## MSCI ACWI style relative performance

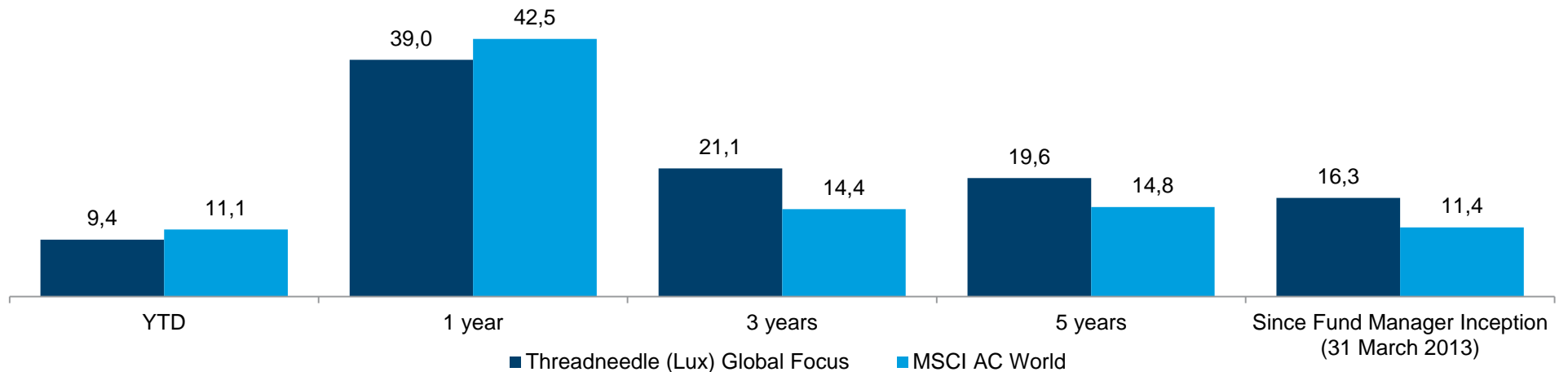


Source: Columbia Threadneedle Investments and Bloomberg, as at 31 May 2021. Style performance represented by the corresponding MSCI sector indices.  
**Past performance is not a guide to future returns.**

# Threadneedle (Lux) Global Focus

## The rotation has been challenging YTD

### Gross annualised performance versus benchmark in US\$ (%)



### Risk-adjusted performance (USD)

	Tracking error	Information ratio	Beta	Upside capture	Downside capture
<b>3 years</b>	5.1%	1.3	0.9	104.2	76.0
<b>5 years</b>	5.5%	0.9	0.9	105.5	78.9

Source: Columbia Threadneedle Investments and FactSet, as at 31 May 2021. Performance is shown gross of management fees in USD. Periods greater than one year, data is annualised. Outperformance shown is calculated on an geometric basis. Past performance is not indicative of future results.



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But can the rotation continue?  
Sentiment v fundamentals



# Global equity market performance

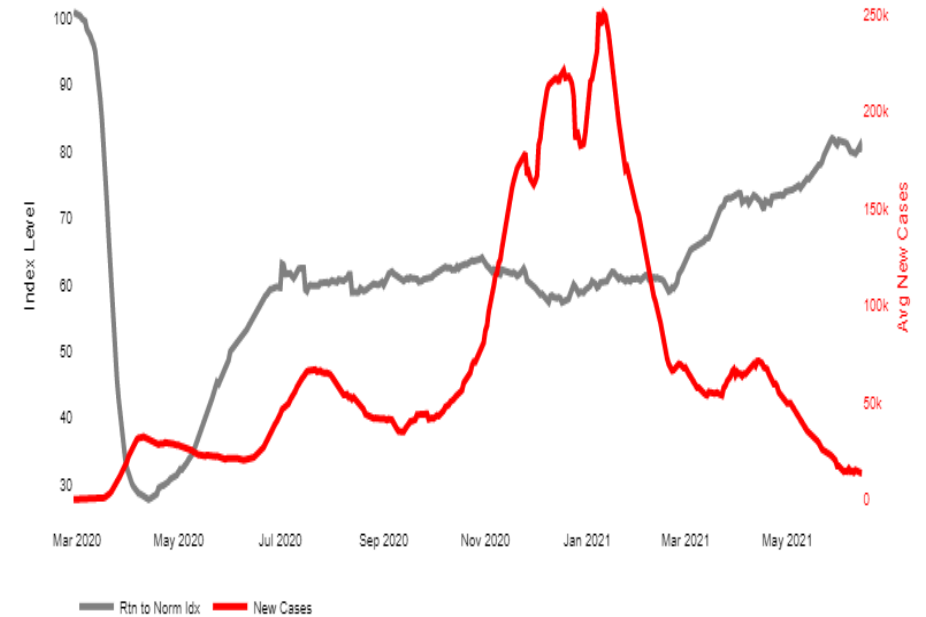
## Sentiment *rather than* fundamentals

### Live Nation Entertainment

Share price (USD) – last 5 years



### Return to normal index



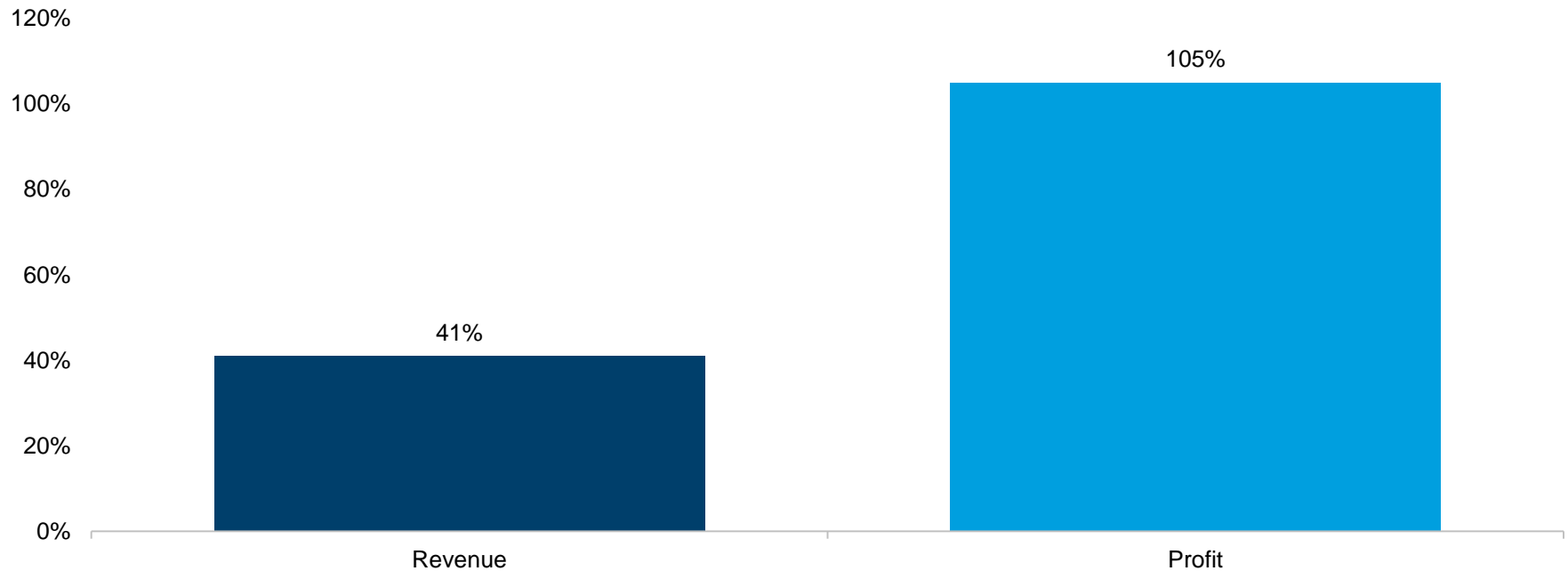
- Stocks trading at record highs, but we're still not back to normality yet

Source: Columbia Threadneedle Investments, Bloomberg, June 2021

# Generating profits through the pandemic

## Some companies have just got stronger

**Amazon, Apple, Facebook, Microsoft & Alphabet**  
Combined results: Q1-21 vs. Q1-20



Source: Macrobond and S&P500, as at May 2021.

The mention of any specific shares or bonds should not be taken as a recommendation to deal.



# COVID accelerates existing trends

Ecommerce, online advertising, cloud, decarbonisation & more

***“We saw two years of digital transformation in two months”***

Satya Nadella,  
CEO, Microsoft

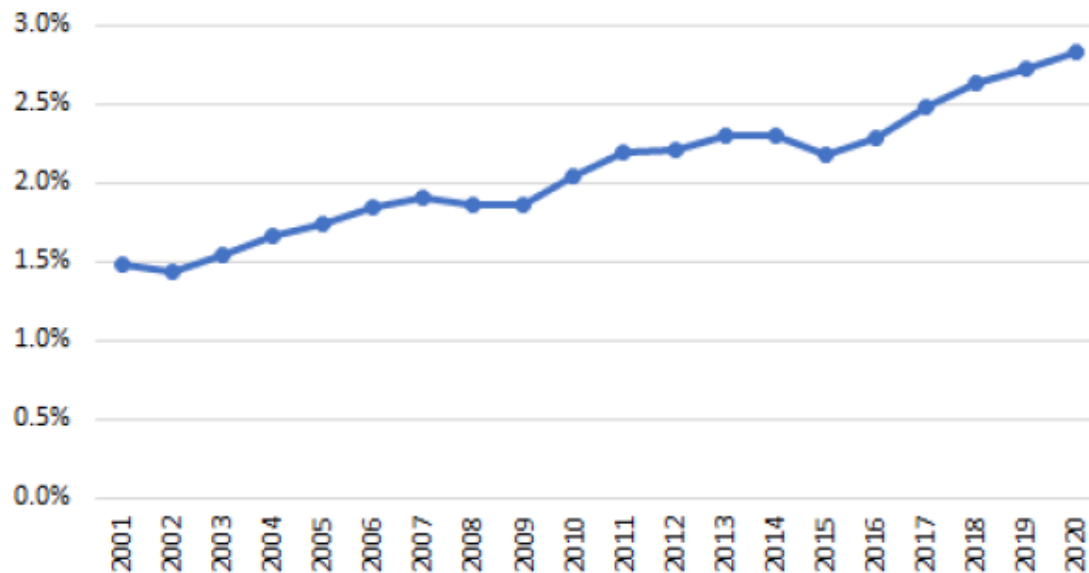
***“Each crisis tends to bring us to the future faster and that appears to be what's happening here”***

Marc Benihoff,  
CEO, Salesforce

# COVID accelerates existing trends

## Semiconductors – chips with everything

### Russell 1000 “Tech” sales share of Global GDP

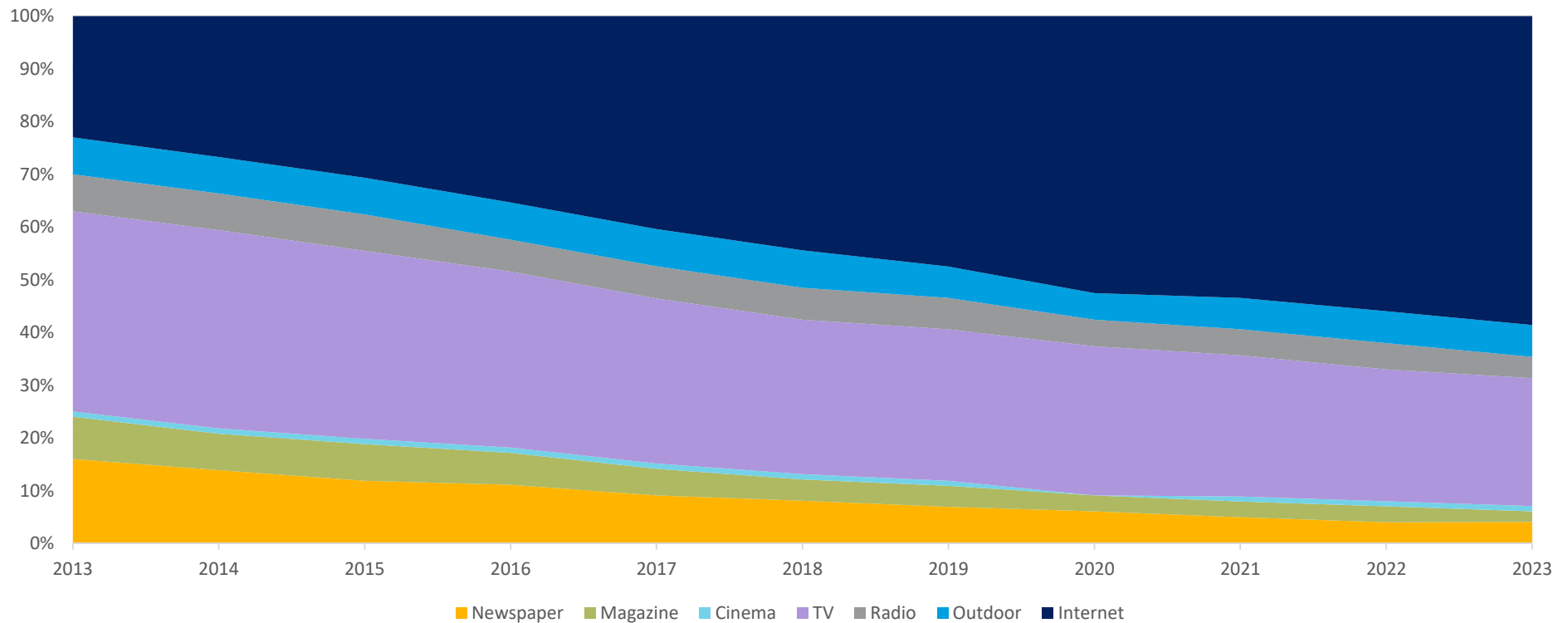


- Rising tech intensity is a secular tailwind for semiconductors...
- ... while the industry becomes more consolidated
- Not just growth, but profitable growth

# COVID accelerates existing trends

## Online advertising

### Share of advertising spend by medium

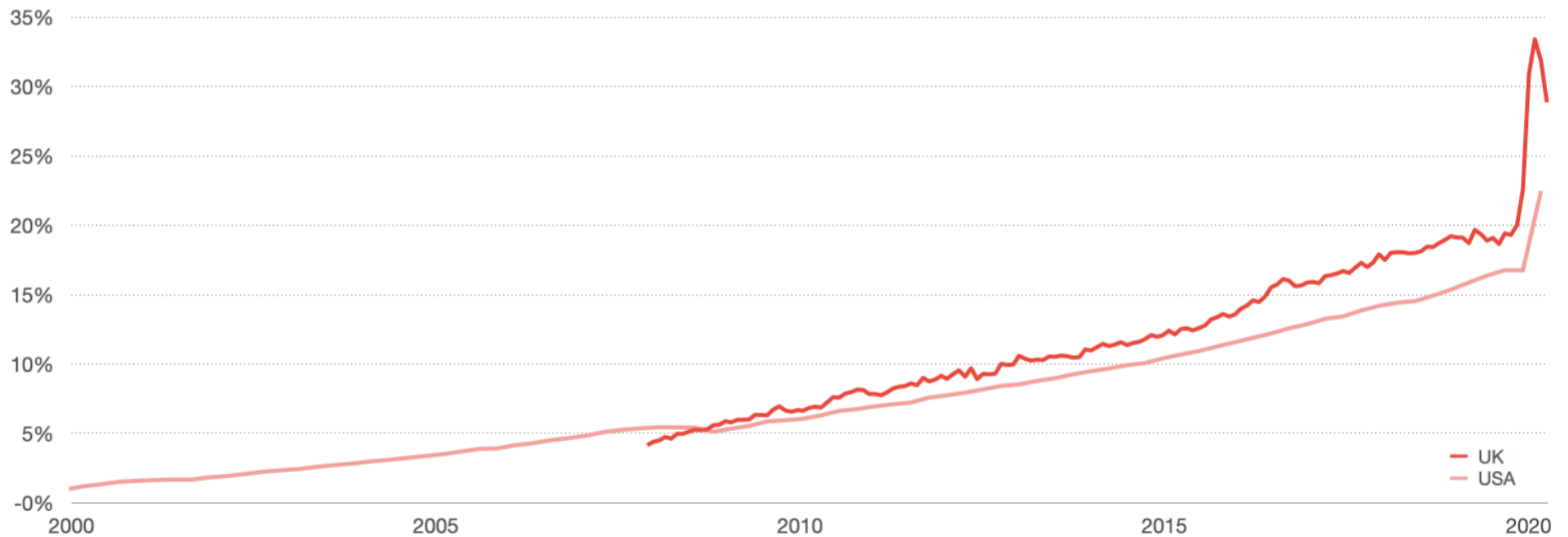


Source: Zenith, June 2021

# COVID accelerates existing trends

## Ecommerce

### Ecommerce as % addressable retail<sup>1</sup>



Source: ONS, US Census. 1. Excluding cars, car parts, fuel, bars & restaurants. Seasonally adjusted. Quarterly US and monthly UK data.

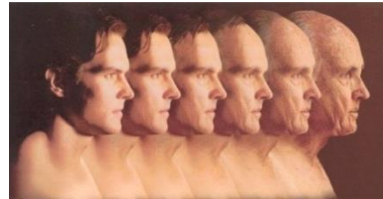
# COVID accelerates existing trends

## Exposure to attractive secular themes

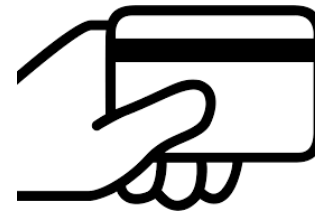
### Digitalisation



### Demographics



### Payments



### EM consumer



# Threadneedle (Lux) Global Focus

## Top 10 holdings

Top 10 holdings	Absolute (%)	Active (%)
<b>Microsoft</b>	7.6	4.9
<b>Amazon.com</b>	6.4	4.3
<b>Alphabet</b>	6.0	3.8
<b>Mastercard</b>	5.4	4.8
<b>Intuit</b>	5.2	5.0
<b>Adobe</b>	5.1	4.7
<b>Thermo Fisher Scientific</b>	4.1	3.8
<b>Paypal</b>	3.1	2.7
<b>Hoya</b>	3.0	3.0
<b>Samsung Electronics</b>	3.0	2.4

Source: Columbia Threadneedle Investments, as at 31 May 2021. Benchmark is the MSCI AC World Index. The mention of stocks is not a recommendation to deal.

# Global Equities Update

## Summary

- As the world moves out of COVID, some mean reversion will continue across many sectors (e.g. travel & leisure, consumer staples)
- However, there are risks to the COVID recovery trade (e.g. low vaccine uptake in some geographies, new variants etc)
- Valuations in some areas showing little fundamental support
- Many of the same structural themes continue and should benefit a quality approach



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# Appendix

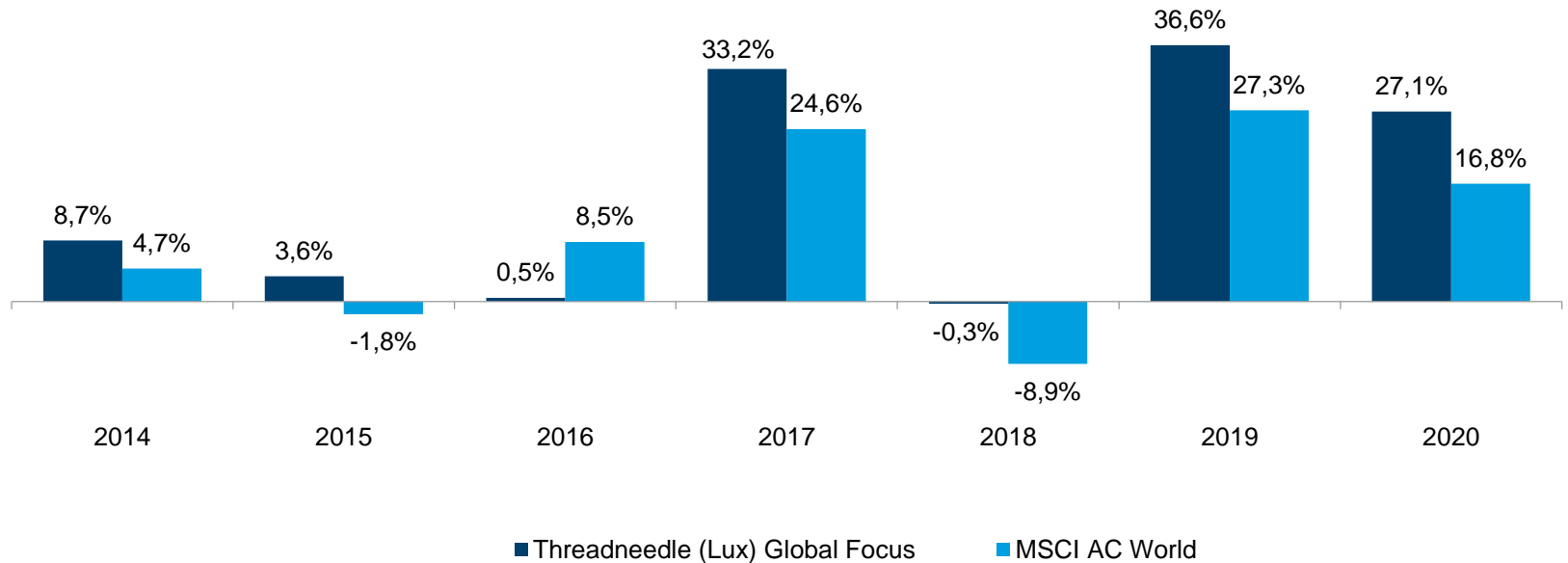




# Threadneedle (Lux) Global Focus

## Calendar year performance

### Calendar year performance versus benchmark (US\$)



Outperformance	+3.8%	+5.5%	-7.4%	+6.9%	+9.5%	+7.3%	+8.8%
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Source: Columbia Threadneedle Investments, and FactSet as at 31 December 2020. Performance is shown gross of management fees in USD. Past performance is not indicative of future results. Outperformance shown is calculated on an geometric basis.

# Threadneedle (Lux) Global Focus

## Objective and key risks

**Objective** – The aim of the Fund is to provide income with the potential to grow the amount you invested as well. The Fund invests at least two-thirds of its assets in shares of companies worldwide. The Fund can invest in developed and emerging markets.

**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.

**Effect of Portfolio Concentration** – The Fund has a concentrated portfolio (holds a limited number of investments and/or has a restricted investment universe) and if one or more of these investments declines or is otherwise affected, it may have a pronounced effect on the fund's value.

**Derivatives for EPM / Hedging** – The fund may invest in derivatives with the aim of reducing risk or minimising the cost of transactions. Such derivative transactions may benefit or negatively affect the performance of the fund. The Manager does not intend that such use of derivatives will affect the overall risk profile of the fund.

**Volatility Risk** – The fund may exhibit significant price volatility.

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