

For professional investors only. Not for retail distribution

Managing volatility, delivering stability



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Agenda

- Protecting the funding level
- Not all hedges are equal
- Getting more from your LDI mandate

Image Source: AdobeStock_1119040020

Columbia Threadneedle Investments

Global resources and a client-centric approach

Scale and reach



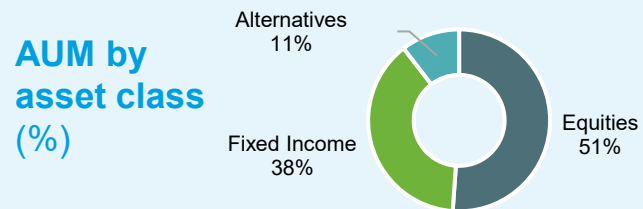
€580 billion¹
Assets under management



18
Countries




~550
Investment professionals² based in North America, Europe and Asia




LDI in numbers



€71 billion
Liabilities hedged for clients in EMEA



22
LDI investment professionals in EMEA



247
LDI mandates
Pooled / segregated / fund of one



2006
Euro LDI swap funds launched in 2006
96 Euro LDI clients / €43bn liabilities hedged for clients in Ireland / Netherlands / Germany

Flexible and proactive

Full service LDI offering

- Liability analysis and solution design
- Day to day portfolio management
- Specialist in derivatives execution
- Informative reporting
- Training and education

Pro-active advice and innovation

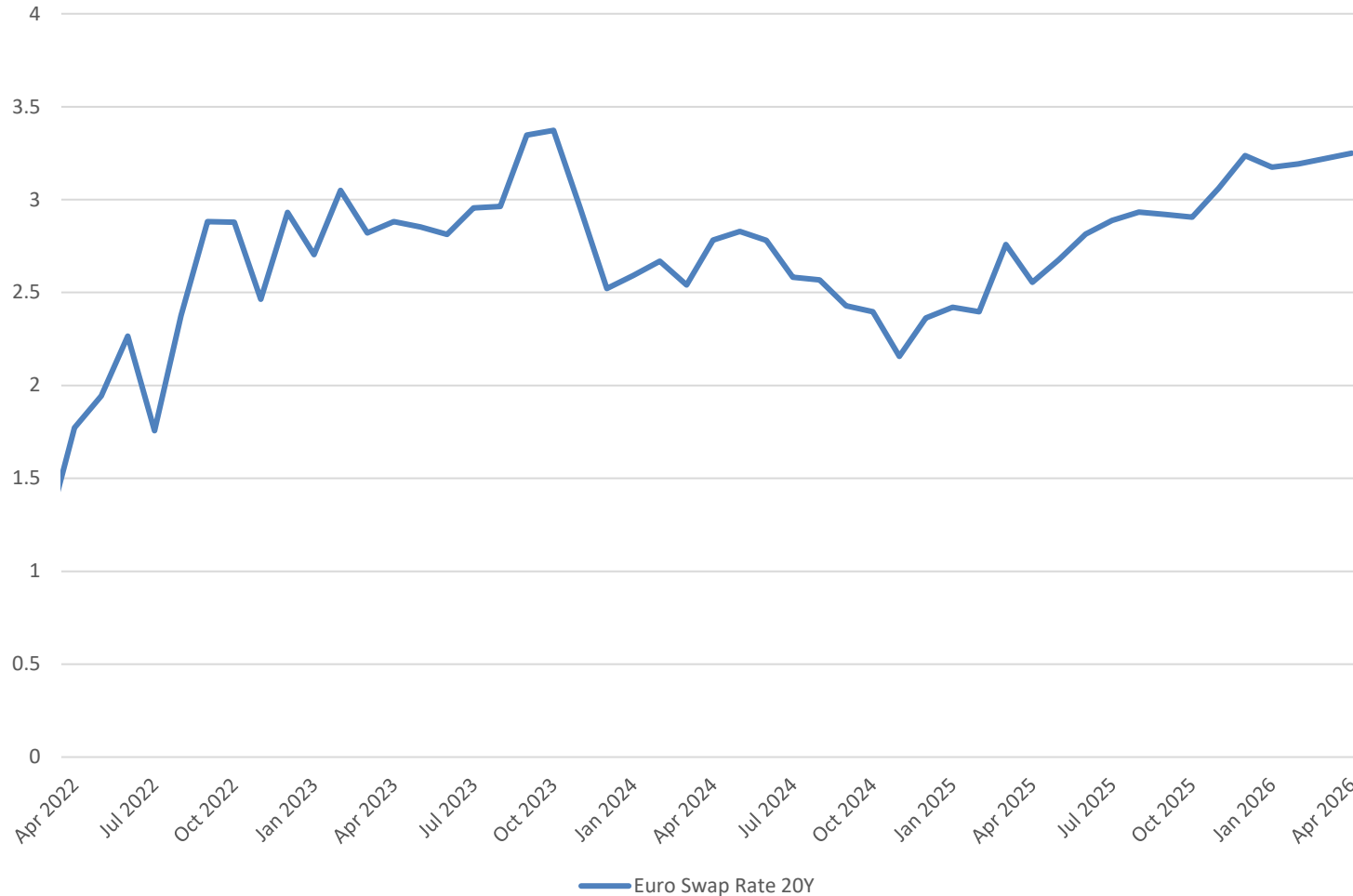
- Client-first approach to service
- Flexibility to evolve mandates as needs and markets change
- Regular evolution and extension of fund range



Source: Columbia Threadneedle Investments, as at 31 March 2026. 1 AUM includes externally managed funds under administration as well as all assets managed on a discretionary or non-discretionary basis by the entities in the Columbia and Threadneedle group of companies, as at 31 March 2026. 2 Information is for all group entities acting under the brand Columbia Threadneedle Investments. Total investment professionals includes additional professionals integral to the investment process including multi asset/alternatives, economists, client portfolio managers, and investment risk professionals..

Yields have continued to rise - reducing liability values

20-year euro swaps (%)



Source: Bloomberg, as at 30.04.2026

- Long-dated yields have risen
- This has reduced bond values, but also the PV of pension liabilities
- Net impact is an improvement to DB funding levels

Growth assets continue to perform

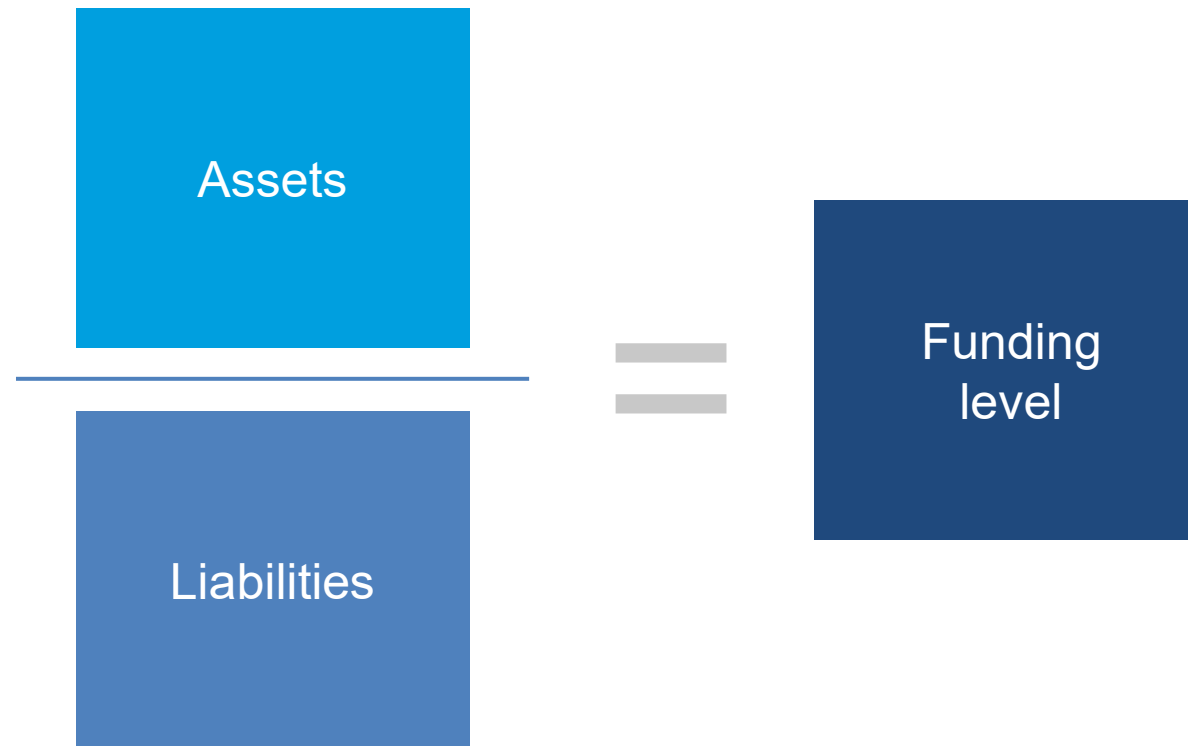
S&P 500 Index



- Despite recent geopolitical events, equity markets continue to rise
- S&P 500 index at all-time high
- Funding level boost, but risk – and volatility - remain

Source: Bloomberg, as at 6/5/26

LDI has a role to play in stabilising the funding level



“Stabilising funding levels typically involves putting liabilities at the heart of the investment strategy.”

Hedging assets

The LDI toolkit

Bonds

- Fixed-interest government bonds
- Inflation-linked government bonds
- Corporate bonds

Swaps

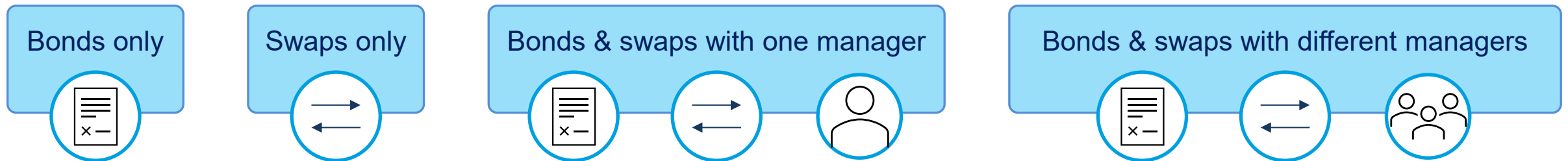
- Interest rate swaps
- Inflation swaps

Tailored LDI solutions may be implemented through pooled funds, segregated mandates or fund-of-one structures

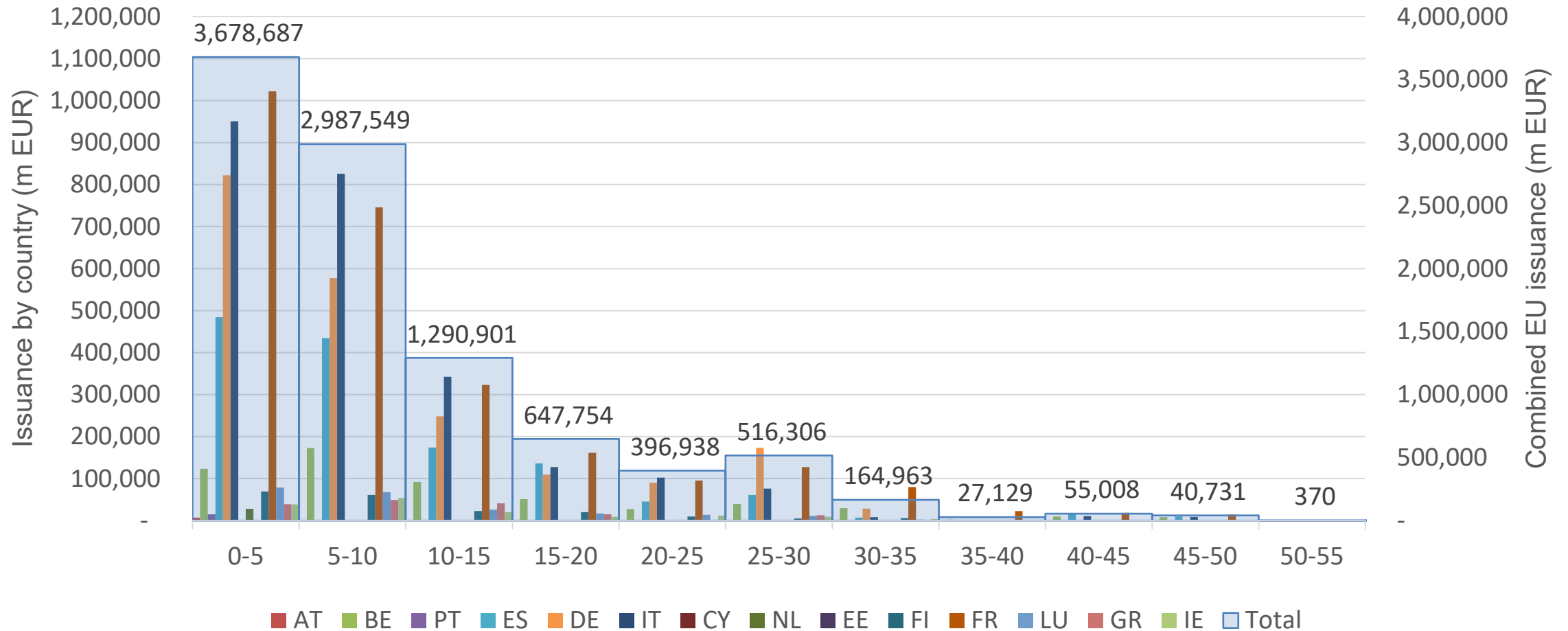
Audience poll

What do you hold in your liability matching portfolio?

(can select multiple)

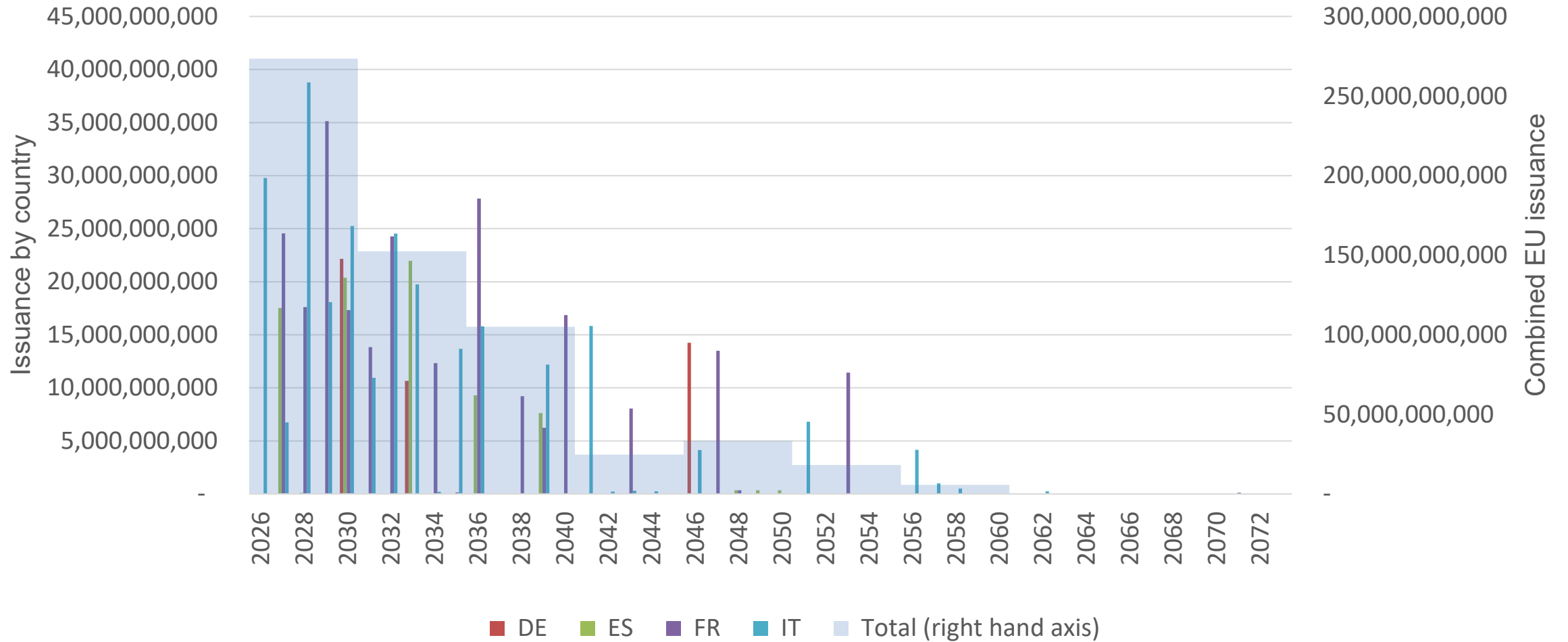


European government bond issuance



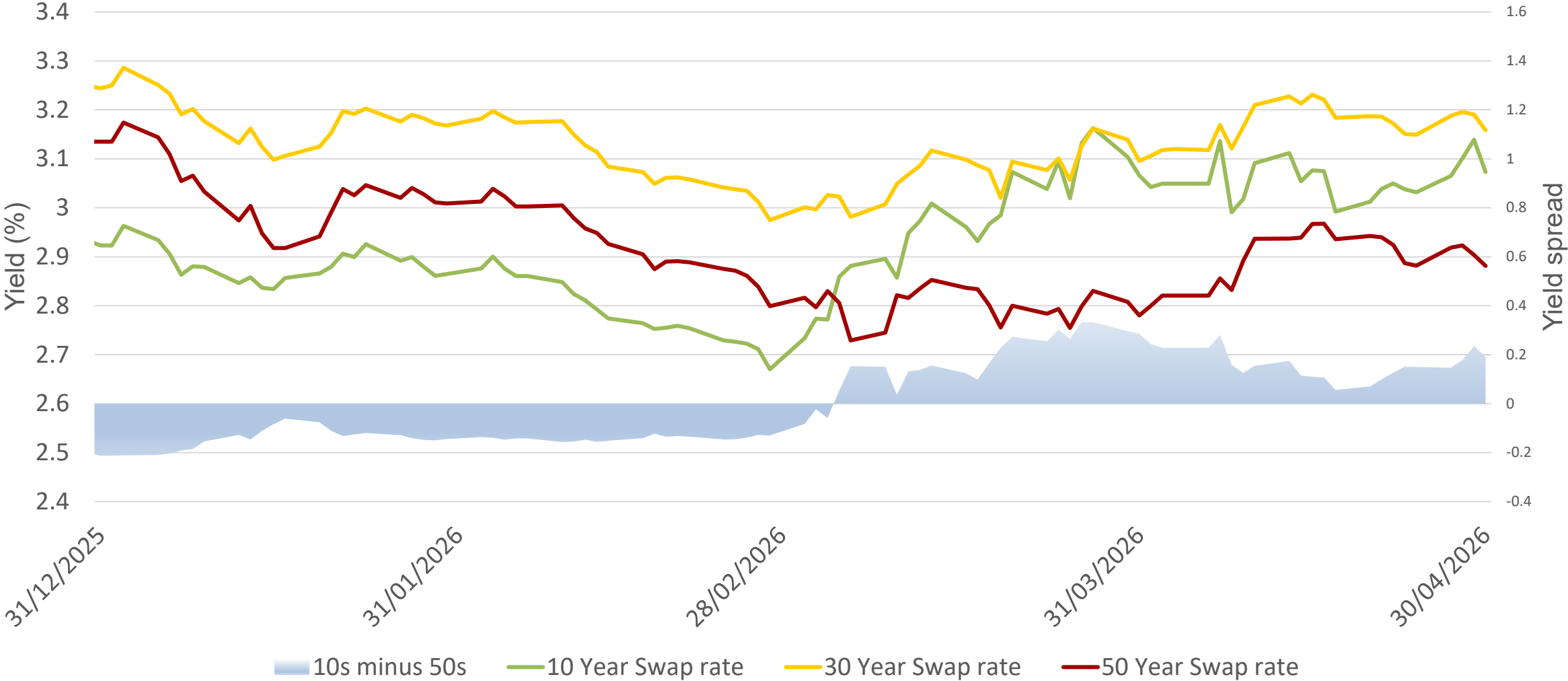
Source: Bloomberg as at 30.04.2026

European inflation-linked issuance



Source: Bloomberg as at 30.04.2026

Maturity matters



Source: Bloomberg as at 30.04.2026

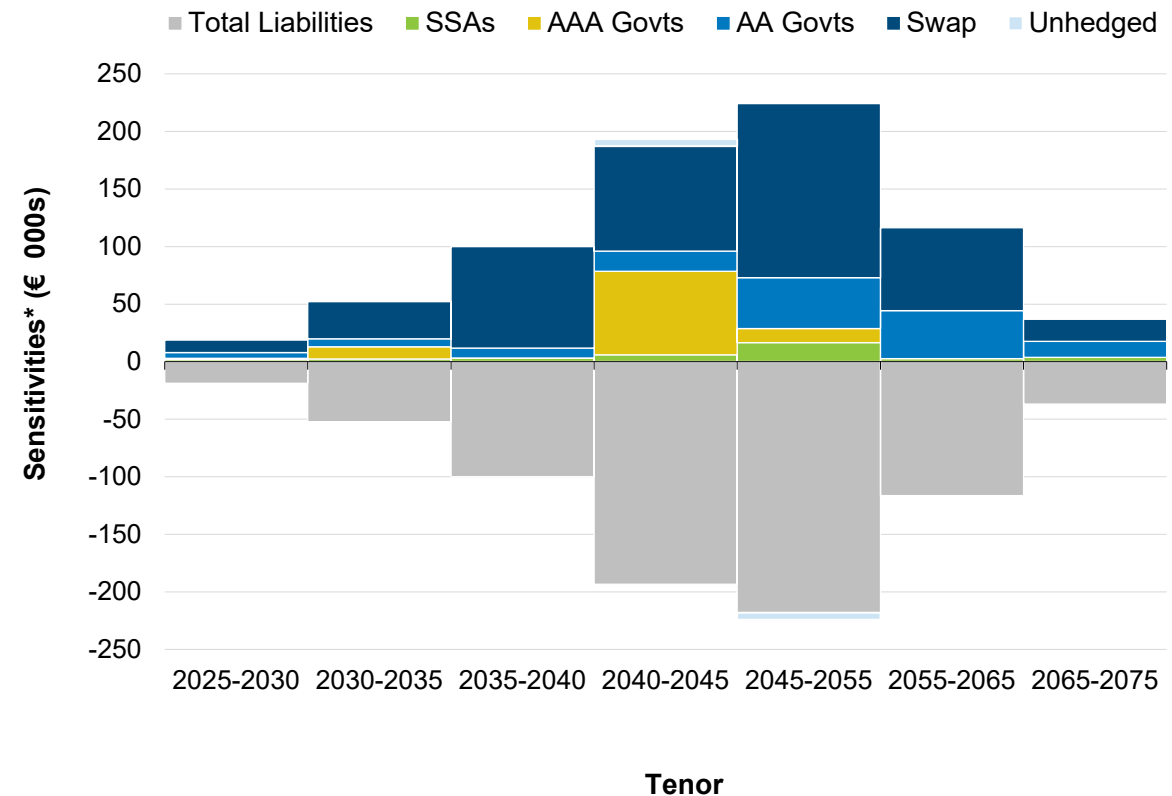
Check your hedge

Not all assets are created equal

Hedge design considers:

- Client risk budget
- Relative value between swaps and bonds
- Relative value between countries
- Forward-looking country views on deficit / rating
- Inclusion of supranational and agency (SSA) issuers
- **Liability fit**
- Collateral eligibility constraints

Example hedge

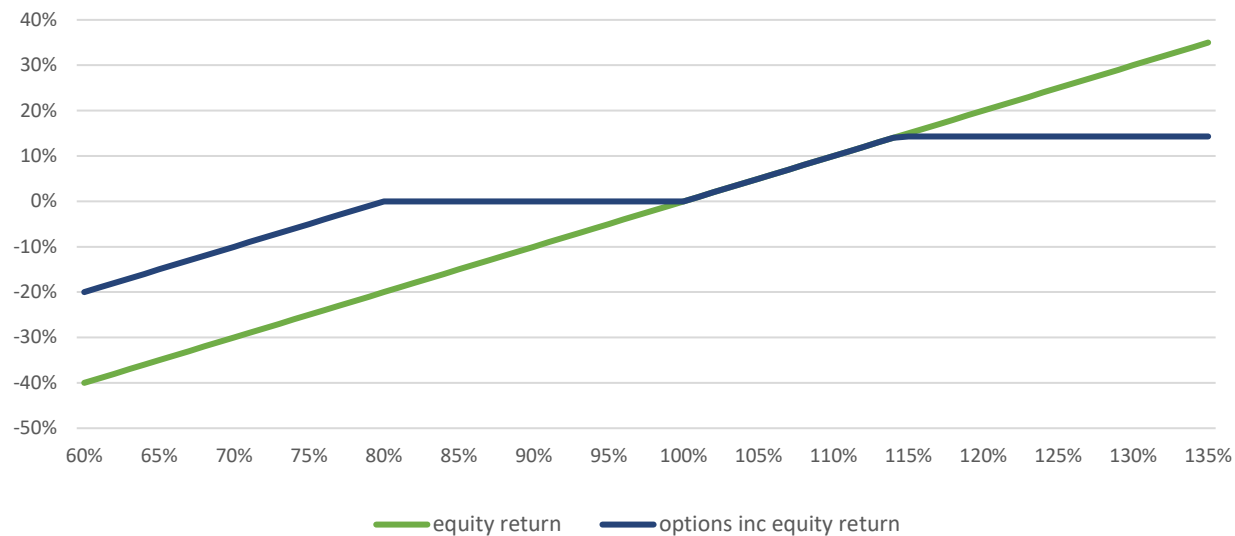


*Change in value due to a 0.01% change in nominal interest rates

Illustrative purposes only

Equity Protection – example trade

MSCI World – Maturity date 30th September 2027



	Option Type	Strike (% of Index Spot)	Direction
1	Put	80%	Sell
2	Put	100%	Buy
3	Call	114.3%	Sell

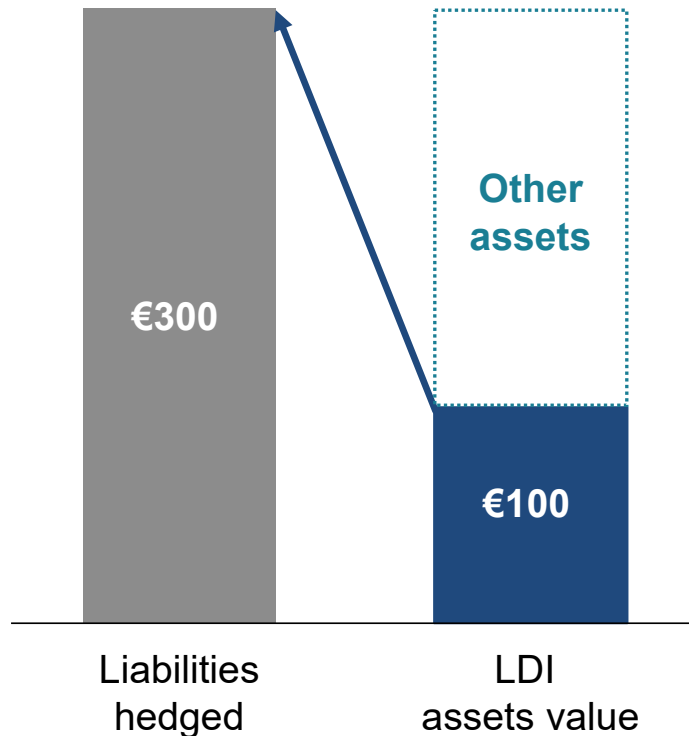
Solved for call strike on 20th April 2026 such that the overall premium was zero

Source: Columbia Threadneedle Investments. For illustrative purposes only. Outcomes shown are hypothetical and not representative of actual investment results.

The impact of leverage – interest rates rise

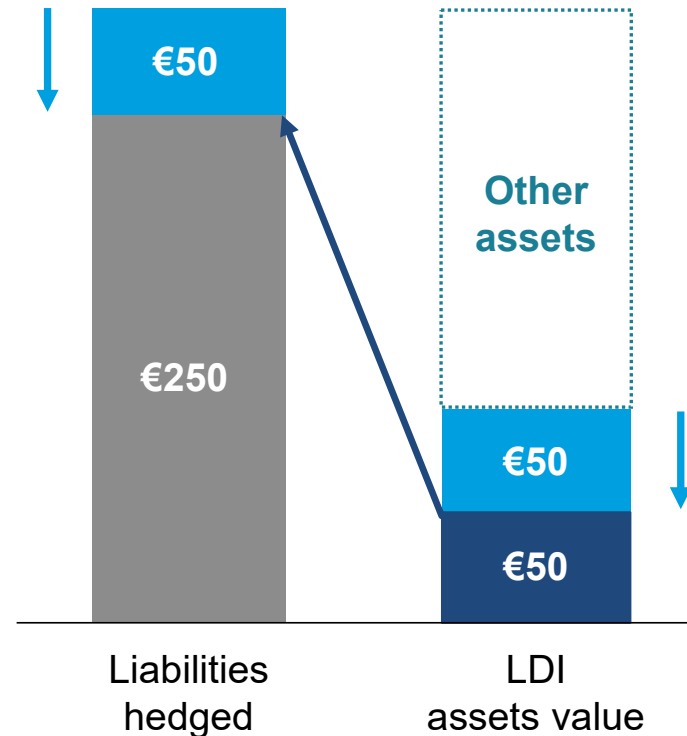
Starting point

LDI Leverage = 3



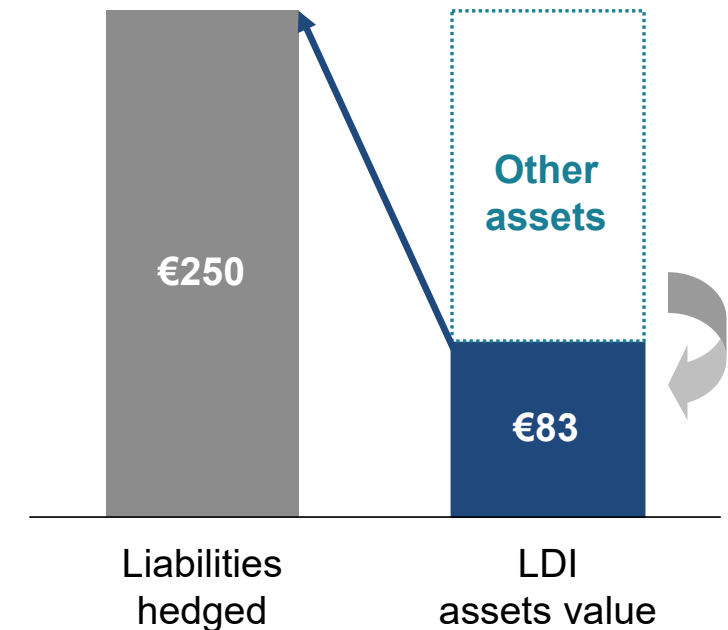
Before rebalancing

Liability falls in value
LDI Leverage = 5



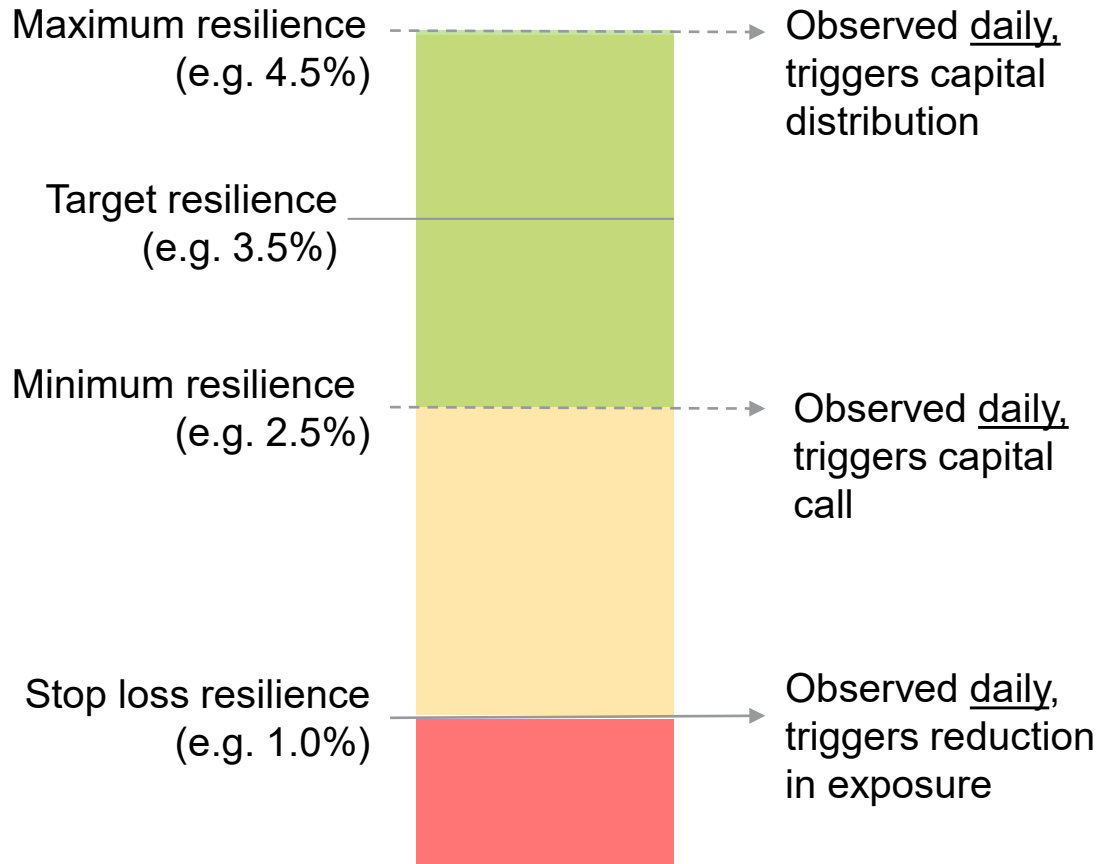
After rebalancing

Cash required to rebalance = €33
LDI Leverage = 3



For illustration only

Ensuring investment efficiency

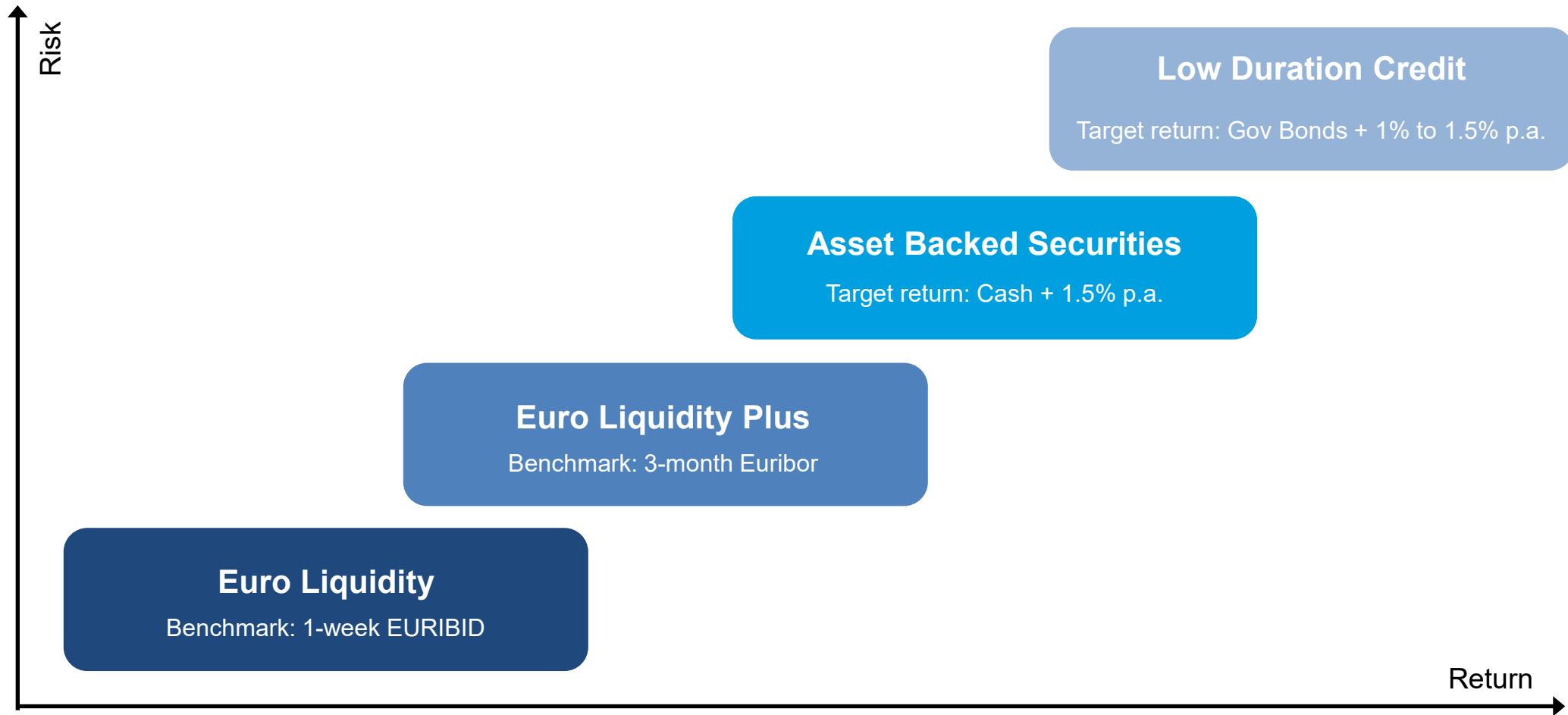


Framework designed to account for client-specific features:

- Maximum resilience set ensure investment efficiency
- Client can determine triggers to achieve their own combination of liquidity and expected return
- A range of assets classes are available for use in a “collateral waterfall”

For illustration only

Example collateral waterfall



Summary

Funding levels are healthy

- Recent moves in bonds and equities have strengthened DB funding levels

Check your hedge

- An LDI solution can protect the funding level – but the hedge need to be fit for purpose

Other risks might remain

- Can your LDI solution help you manage other risks, such as equities?

Efficiency

- A strong governance framework can ensure you get the most from your assets

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1 Introduction to LDI

2 LDI in Practice

3 Integrated LDI

With more to come.....

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