

# USD Investment Grade Credit Fund

## A diversified portfolio of predominantly investment grade credits, aiming to preserve capital, ensure liquidity and maximise total return

As a moderate-risk vehicle aiming to maximise investment income, the fund focuses on fundamental, bottom-up credit research by way of well-underwritten credits with a competitive yield advantage and relative value. Disciplined security selection is the primary driver of alpha.

<b>Launch date:</b>	15-Dec-16
<b>Type:</b>	UCITS
<b>Asset class:</b>	Fixed income
<b>Regional focus:</b>	US
<b>Focus:</b>	Total return
<b>Benchmark:</b>	Bloomberg US Credit Bond Index <sup>1</sup>
<b>SFDR:</b>	Article 8*

\*Promotes environmental and social characteristics but does not have a sustainable investment objective.

### Why invest?



#### YIELD-ENHANCED TOTAL RETURN

- A balance of competitive income, with risk management embedded in every step of the process, and a sell discipline driven by valuation and fundamental factors combine to deliver a competitive total return.



#### OPTIMAL TEAM STRUCTURE

- Take advantage of a fully integrated team focused on yield-enhanced mandates and functionally organised to extract value from the market, with experienced analysts collaborating seamlessly as sector and region experts.
- Portfolio managers have an average of 22 years of experience.



#### ESG INTEGRATION

- The fund uses a negative screen to exclude companies based on exposure to ESG risk and invests at least 5% of its assets in Green, Sustainable, Sustainable-Linked and Social Bonds, which fall under the guidance of the International Capital Markets Association Green Bond Principle.
- The team considers the proprietary ESGiQ (ESG Information Quotient) rating system combines the breadth of third-party data with our analysts' insights, capturing key issues that may be mispriced.

#### PORTFOLIO MANAGERS

##### **Scott Smith, CFA**

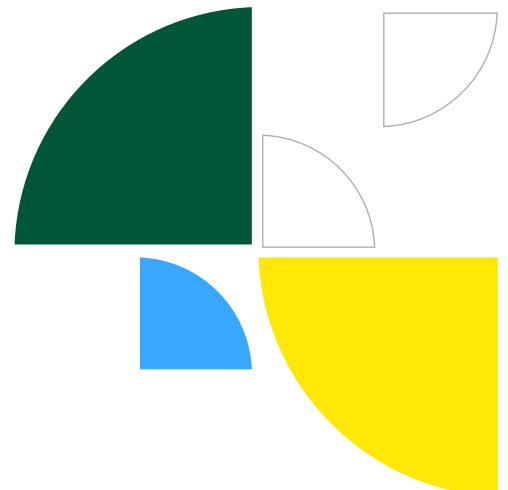
Senior Portfolio Manager  
Head of Investment Grade Income

##### **Jonathan Terry, CFA**

Senior Portfolio Manager  
Lead Credit Manager Investment Grade Income

“ Whilst volatility is always unsettling, it almost always creates better risk-adjusted opportunities in the market ... it sets up really well for a process that's focused on bottom-up credit research and security selection as the primary source of alpha. It's important to stay true to your process and see through to the underlying fundamentals of the names that you're putting into portfolios.

—SCOTT SMITH





## Our approach



### Valuation focus

Investments are analysed and selected based on a robust relative valuation framework that focuses on issuer value, capital structure value, credit curve value and other essential factors. Multiple proprietary models are deployed in the valuation monitoring process.



### Fundamental credit research

Fundamental credit research is pivotal to the identification of high-quality bonds with a competitive income advantage that deliver superior risk-adjusted performance, with security selection being the dominant historical driver of alpha.



### Benchmark-aware, not benchmark-centric

Portfolio construction that remains aware of the benchmark's characteristics rather than attempting to match the benchmark's composition supports the fund's absolute return orientation and provides the flexibility to focus on less-efficient market sectors.

## Sustainable investing

- The fund targets a minimum 5% allocation to green, social, sustainable, or sustainability-linked bonds.
- Integration of ESG risks is informed by **Allspring ESGiQ**, a proprietary rating system created to assess ESG risk and materiality by enhancing data from third-party providers with our analysts' in-depth sector knowledge and expertise.
- The fund adheres to a set of "core" exclusions criteria, defined to ensure alignment with market expectations around business activities fundamentally incompatible with investment products that have explicit ESG or sustainability objectives. It employs additional exclusionary criteria related to thermal coal and firms with high levels of ESG risk.

## How can we help?

We're committed to thoughtful investing, purposeful planning, and the desire to deliver outcomes that expand above and beyond financial gains. To contact us, please email our Allspring International team at [AllspringInternational@allspringglobal.com](mailto:AllspringInternational@allspringglobal.com).



1. The fund uses the Bloomberg US Credit Index for performance comparison. The investments of the sub-fund may deviate significantly from the components of and their respective weightings in the benchmark.

### **Objectives and process**

- Seeks total return, maximising investment income whilst preserving capital
- Invests at least two-thirds of its assets in US\$-denominated credit debt securities of investment grade (or equivalent) at the time of purchase
- Invests at least 5% of its assets in green, sustainable, sustainable-linked and social bonds
- Focuses on bottom-up credit research seeking to balance income whilst aiming for a competitive yield to drive total returns
- Favours companies with strong or improving ESG positions and incorporates into its rigorous fundamental analysis
- Uses a negative screen to exclude securities issued by companies based on their exposure to ESG risks
- May invest:
  - One-third of its assets in debt securities rated below investment grade and non US\$-denominated debt securities
  - Up to 20% of its assets in asset-backed securities
  - Using futures/derivatives for hedging, efficient portfolio management or for investment purposes

### **Fund risks**

**Debt securities risk:** debt securities are subject to credit risk and interest rate risk and are affected by an issuer's ability to make interest payments or repay principal when due.

**Asset-backed securities risk:** asset-backed securities may be more sensitive to changes in interest rates and may exhibit added volatility, known as extension risk, and are subject to prepayment risk.

**High yield securities risk:** high yield securities are rated below investment grade, are predominantly speculative, have a much greater risk of default and may be more volatile than higher-rated securities of similar maturity.

**ESG risk:** applying an ESG screen for security selection may result in lost opportunity in a security or industry resulting in possible underperformance relative to peers. ESG screens are dependent on third-party data and errors in the data may result in the incorrect inclusion or exclusion of a security.

**Contingent Convertible Bonds Risk:** These instruments can be converted from debt into equity because of the occurrence of certain predetermined trigger events including when the issuer is in crisis resulting in possible price fluctuations and potential liquidity concerns.

**Geographic concentration risk:** investments concentrated in specific geographic regions and markets may be subject to greater volatility due to economic downturns and other factors affecting the specific geographic regions.

**Global investment risk:** securities of certain jurisdictions may experience more rapid and extreme changes in value and may be affected by uncertainties such as international political developments, currency fluctuations and other developments in the laws and regulations of countries in which an investment may be made.

**Leverage Risk:** the use of certain types of financial derivative instruments may create leverage which may increase share price volatility.

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The prospectus is available in English, French, German, Italian, Spanish and Portuguese.

The KIDs are available in English, Finnish, French, Danish, Dutch, German, Italian, Norwegian, Spanish, Swedish and Portuguese.

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