

# Allspring Climate Transition Fixed Income Strategies

MARKETING COMMUNICATION



FOR PROFESSIONAL/QUALIFIED INVESTORS ONLY





## Harness Allspring's proven investment process and track record

Allspring's global fixed income platform is anchored by our commitment to active management, deep fundamental research and continuous risk management. We are purposely structured to give our teams the freedom to make independent decisions for each portfolio whilst encouraging the seamless exchange of ideas and practices. We target attractive income and risk-adjusted returns by employing a systematic methodology that features rigorous analysis, high-impact security selection and consistent alpha generation.

# US\$485 billion

AUM globally<sup>1</sup>

# US\$401 billion

Fixed income AUM globally<sup>1</sup>

# US\$38 billion

AUM in investment-grade credit globally

# 61

Fixed income portfolio managers globally

# US\$24 billion

AUM in buy & maintain credit

# 50

Global fixed income research analysts covering > 2,250 credits globally

# US\$15 billion

AUM in sustainable credit globally<sup>2</sup>

# 21

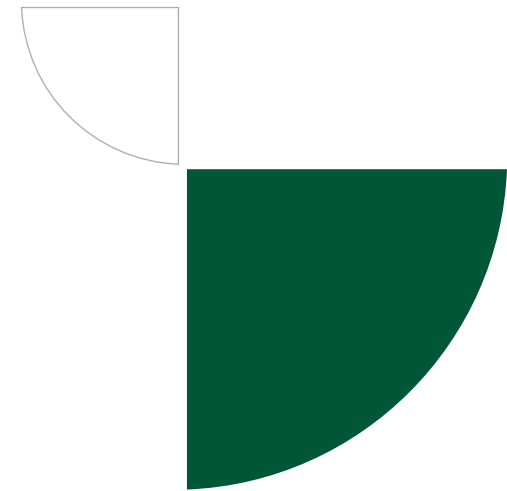
Members of our Climate Change Working Group across the company

# US\$4 billion

AUM in high yield credit globally

# US\$3 billion

AUM in climate transition credit strategies



Sources: Allspring and affiliates. All data as of 30-Jun-23 unless otherwise stated. 1. Figure represents the Stable Value assets under management of Galliard Capital Management, an affiliate advisor that is not part of the Allspring GIPS firm (US\$7.1B Stable Value; the remaining US\$1.7B of Galliard's assets under management are represented within Global Aggregate/Investment Grade). Total fixed income assets US\$16.2B. Allspring Money Market AUM US\$16.9B. 2. Defined as fixed income mandates with ESG exclusions, objectives, SFDR Article 8, or other requirements.



As the world transitions towards net-zero emissions, new opportunities and risks are opening up across markets. We believe investors need to consider repositioning their portfolios to best capture new opportunities and manage attendant risks. Grounded in a proven and successful investment process, Allspring is responding with a suite of climate transition credit strategies.

Our global climate transition strategies seek to:

- 01 Decarbonise the real economy**
- 02 Decarbonise the portfolio**
- 03 Prioritise engagement over exclusions**

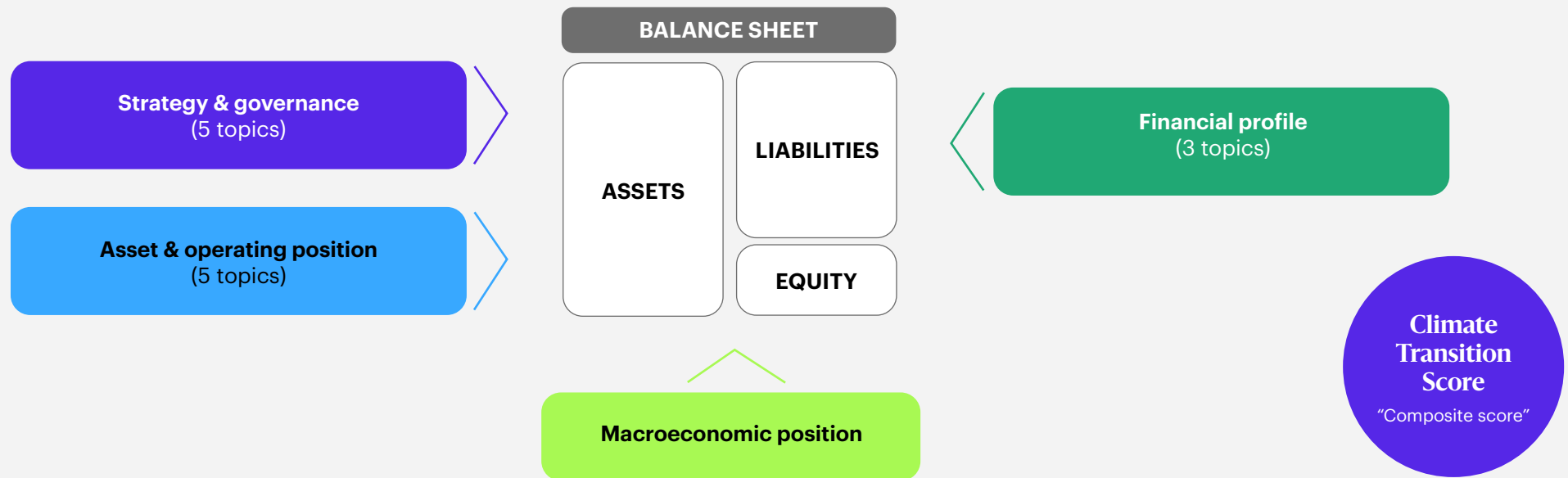


# 01 Decarbonise the real economy

With 50 global fixed income research analysts, we use fundamental analysis and security selection as the primary drivers of alpha generation. Consistent with this approach, we've developed the Climate Transition Framework to evaluate two forward-looking questions for each company we analyse: (1) to what extent does the company contribute to decarbonisation, and (2) how will decarbonisation affect the entity's fundamental strength?

Using proprietary data and systems, our analysts fully integrate four primary categories of climate risk and opportunity—based on dozens of climate risk metrics—into their holistic, forward-looking view of the company. Companies that stand to make the most meaningful contributions to decarbonisation whilst benefitting fundamentally are prioritised in security selection. Companies that fare poorly in our climate transition assessment do not typically form part of the portfolios.

FIGURE 1: CLIMATE CHANGE CAN AFFECT COMPANY FUNDAMENTALS

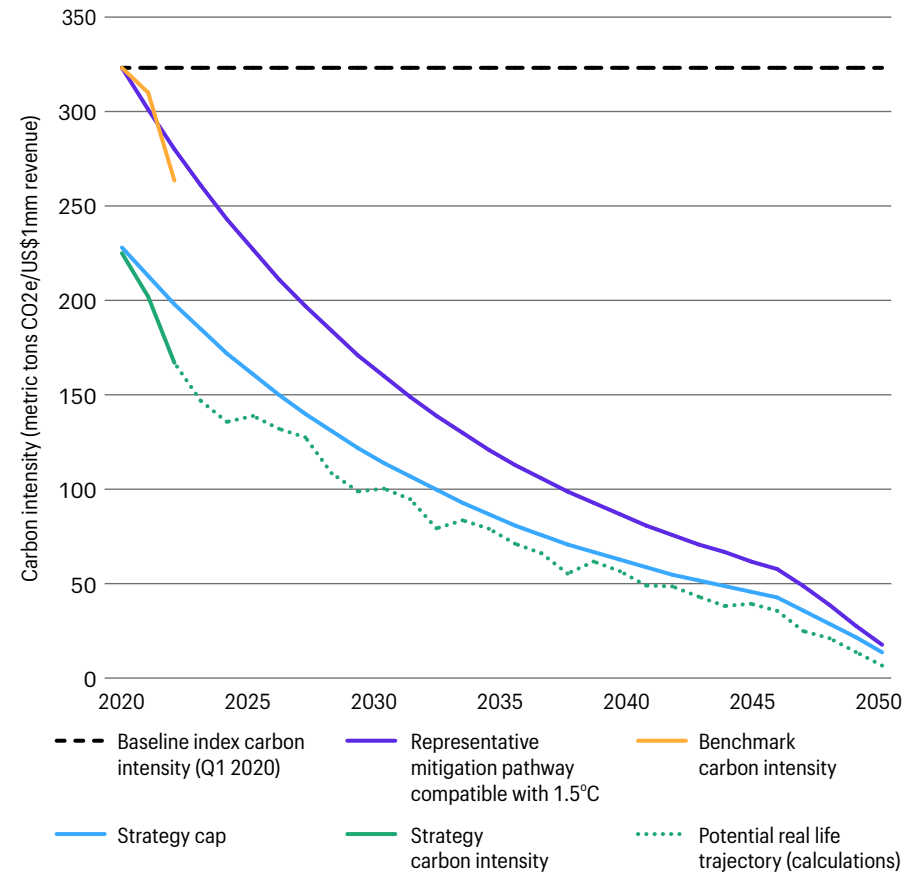


## 02 Decarbonise the portfolio

Our clients increasingly want to decarbonise their assets, and our climate transition strategies enable this. Our strategies align with a transparent, consensus-based trajectory that is part of European Union climate benchmark policies. Key features include targeting an overall carbon intensity for the portfolio that is initially at least 30% below the benchmark and thereafter aims to fully decarbonise by 2050.



FIGURE 2: WE AIM TO DECARBONISE PORTFOLIOS ALONG A PRESET TRAJECTORY



For illustrative purposes only. Portfolio represented is the Allspring Climate Transition Global Investment Grade Credit strategy. Sources: Allspring, Trucost, Bloomberg Company Materials and Bloomberg Indexes, as of 31-Mar-23



# 03 Prioritise engagement over exclusions to optimise performance

## Targeted exclusions to optimise security selection

Broad industrywide exclusions often miss opportunities to invest in the most quickly decarbonising companies that are outperforming financially in the process. Our Exclusions Working Group meets on a regular basis to ensure our core environmental, social and governance (ESG) exclusions criteria remain fit for purpose and aligned with evolving expectations. These criteria have been defined to ensure alignment with market expectations around business activities fundamentally incompatible with investment products that have explicit ESG or sustainability objectives. Allspring ESG-focused products target to adhere to a minimum set of these core exclusions criteria.

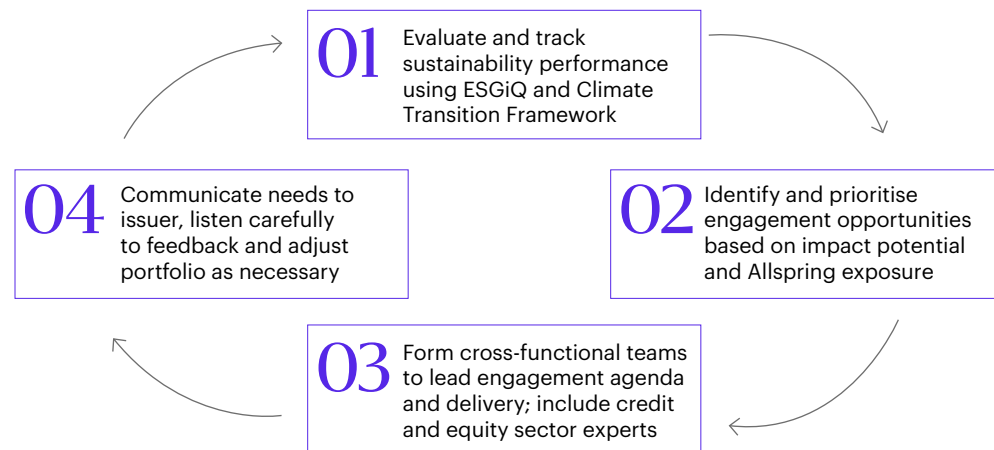
### ESGiQ: Allspring's ESG Risk-Assessment Framework

ESGiQ is a proprietary rating system we created to assess material ESG risk. Our methodology enhances data from third-party providers with our analysts' in-depth sector knowledge and expertise. The rating frame leverages high-quality ESG data and analyses from leading external data providers, enabling broader coverage than what is available from a single provider. Assessment by our fundamental investment analysts complements the vended data to ensure timeliness as well as capturing trends. We use a simple 1-through-5 scale, with 5 being the best, to articulate our assessment.

## Collaborative and independent engagement

We use corporate engagement as an essential active management tool to maximise the long-term value of our clients' capital whilst influencing corporate behaviour around net-zero and other initiatives. These engagement efforts deepen our understanding of companies' operations and priorities. They also provide a platform to influence companies on material issues such as climate and disclosure. We engage both independently and in partnership with industry groups such as Climate Action 100+. We prioritise corporate engagement by potential to influence, including the systemic importance of climate change itself, strategy-level exposure and our overall exposure.

### ENGAGE TO OPTIMISE RISK-ADJUSTED PERFORMANCE





## Applying climate transition strategies to meet investors' specific needs

Investors can use our climate transition credit strategies for global or regional exposure and across various investment approaches. Our Climate Transition Global Investment Grade Credit, Climate Transition Short Duration Global Investment Grade Credit, Climate Transition Global Buy & Maintain and Climate Transition Global High Yield strategies share similar climate goals but have a range of financial goals that vary by asset class and investment style.

### ALLSPRING'S CLIMATE TRANSITION STRATEGIES

	CLIMATE TRANSITION GLOBAL SHORT DURATION INVESTMENT GRADE CREDIT	CLIMATE TRANSITION GLOBAL INVESTMENT GRADE CREDIT	CLIMATE TRANSITION GLOBAL BUY & MAINTAIN	CLIMATE TRANSITION GLOBAL HIGH YIELD
Strategy descriptions	Provide performance and risk metrics similar to a typical short duration investment-grade credit strategy	Provide performance and risk metrics similar to a typical investment-grade credit strategy	Provide cash flow and risk characteristics similar to a typical investment-grade buy and maintain portfolio	Provide performance and risk metrics similar to a typical high yield credit strategy
Investment objectives	Seeks total return, maximising investment income whilst preserving capital; promotes environmental and social characteristics but does not have a sustainable investment objective	Seeks total return, maximising investment income whilst preserving capital; promotes environmental and social characteristics but does not have a sustainable investment objective	Seeks total return, minimising turnover whilst preserving capital; promotes environmental and social characteristics but does not have a sustainable investment objective	Seeks total return, consisting of a high level of income and capital appreciation; promotes environmental and social characteristics but does not have a sustainable investment objective
Time horizon goals	Consistent outperformance over multi-year horizons	Consistent outperformance over multi-year horizons	Predictable cash flows over time with limited credit migration	Consistent outperformance over multi-year horizons
Investment focus	A benchmark-aware approach provides flexibility to focus on less-efficient sectors of the market to generate alpha	A benchmark-aware approach provides flexibility to focus on less-efficient sectors of the market to generate alpha	A cash-flow-driven approach for tailoring to client requirements	A benchmark-aware approach provides flexibility to focus on less-efficient sectors of the market to generate alpha
Diversification	The strategy will be broadly diversified from a credit quality, country, sector and security point of view	The strategy will be broadly diversified from a credit quality, country, sector and security point of view	The strategy will be broadly diversified from a credit quality, country, sector and security point of view	The strategy will be broadly diversified from a credit quality, country, sector and security point of view
Strategy benchmarks	Bloomberg Global Aggregate Corporate 1-5 Year Index	Bloomberg Global Aggregate Corporate Index (USD hedged)	ICE BofA Sterling Corporate Index	ICE BofA Developed Markets High Yield Constrained Index (USD hedged)
Vehicle availability	Mandate	Mandate Lux Fund*	Mandate Lux Fund*	Mandate Lux Fund*
Strategy inception	01-Jan-21	01-Jan-21	01-Sep-23	01-Jul-23

Note: \*Fund, share class and currency availability vary by jurisdiction. Please contact your Allspring representative for more information.





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## Allspring's Climate Transition Credit suite of strategies are designed to:

- 01** Balance both financial and climate goals for each portfolio.
- 02** Start with fundamental analysis at the heart of each strategy, which is guided by the Allspring Climate Transition framework.
- 03** Aim to decarbonise in spirit with the EU Climate Transition Benchmark (CTB) pathway to reach net-zero carbon emissions by 2050 with an initial intensity of at least 30% below the reference benchmark.
- 04** Focus on engagement and apply limited, targeted exclusions.
- 05** Offer distinct solution vehicles for a variety of clients looking to partner on achieving climate transition investing goals.

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## For further information



We want to help clients build for successful outcomes, defend portfolios against uncertainty and create long-term financial well-being. To learn more, investment professionals can contact us.

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## Contact details

### FOR INTERNATIONAL (EX-U.S.) INVESTORS ONLY

To reach our Allspring International team, contact us at **AllspringInternational@allspringglobal.com**.

### FOR U.S. INVESTORS ONLY

- For retail clients, contact your financial advisor.
- To reach our intermediary sales professionals, contact your dedicated regional director, or call us at **1-866-701-2575**.
- To reach our institutional investment professionals, contact your existing client relations director, or email us at **AllspringInstitutional@allspringglobal.com**.
- To reach our retirement professionals, contact your dedicated defined contribution investment only specialist, or call us at **1-800-368-1370**.

### FOR SUSTAINABLE INVESTING

To discuss sustainable investing solutions, contact **Henrietta Pacquement**, head of Sustainability, and **Jamie Newton**, deputy head of Sustainability, at **henrietta.pacquement@allspringglobal.com** and **jamie.newton@allspringglobal.com**.



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