

# 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 stringent 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 disciplined methodology that features rigorous analysis, high-impact security selection and consistent alpha generation.

US\$605 billion

AUA globally<sup>1</sup>

US\$45 billion

AUM in investment-grade credit globally

US \$24 billion

AUM in buy & maintain credit

US\$5.7 billion

AUM in climate transition credit strategies

US\$461 billion

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

152

Dedicated Allspring fixed income investment team members

>2,250

Credits covered by the global credit research analysts

21

Members of our Climate Change Working Group across the company

Source: Allspring and affiliates. All data as of 31-Dec-24 unless otherwise stated. <sup>1</sup>Please note that the assets under advisement (AUA) figures provided include discretionary and non-discretionary assets and have been adjusted to eliminate any duplication of reporting among assets directed by multiple investment teams and includes \$80B from Galliard Capital Management (\$61B stable value; \$20B fixed income). AUA includes non-discretionary assets that are not captured in Allspring's assets under management (AUM) figure of \$537B which includes Galliard, an investment advisor that is not part of the Allspring trade name/GIPS firm. Numbers may not add up to the total presented due to rounding.



As the world transitions towards net-zero emissions, new potential opportunities and risks are opening up across markets. We believe investors need to consider repositioning their portfolios to seek to capture new opportunities and manage attendant risks. As pioneers in this specialist area, Allspring developed our proprietary Climate Transition Framework over four years ago, which we married with our deep fixed income expertise through 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**

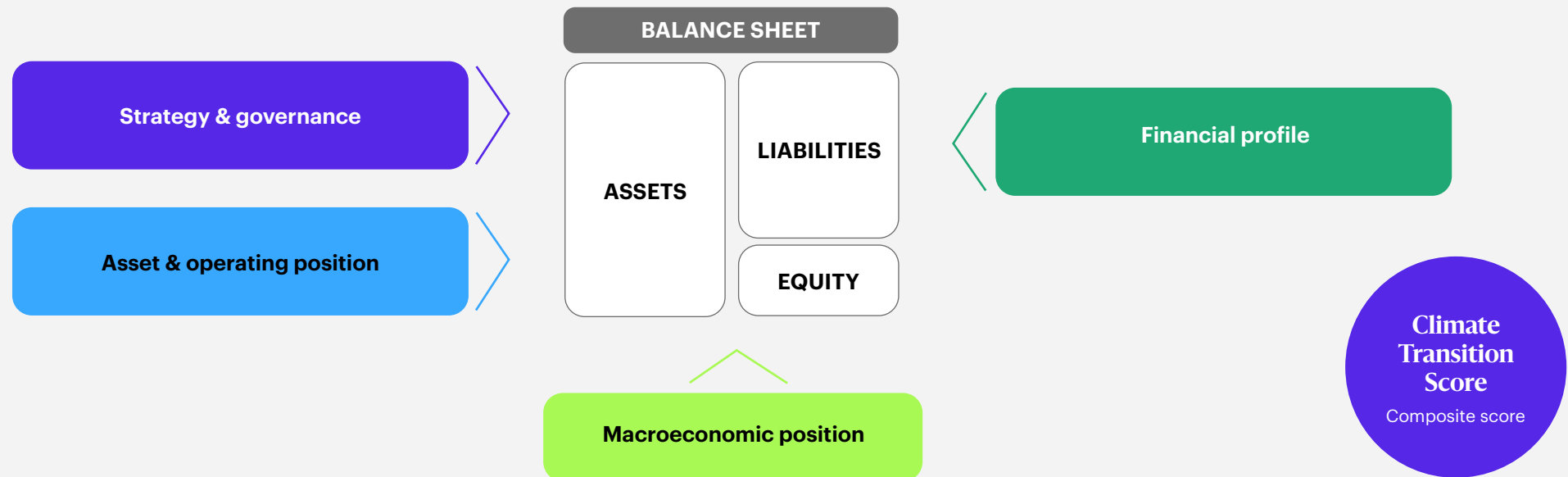


# 01 Decarbonise the real economy

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

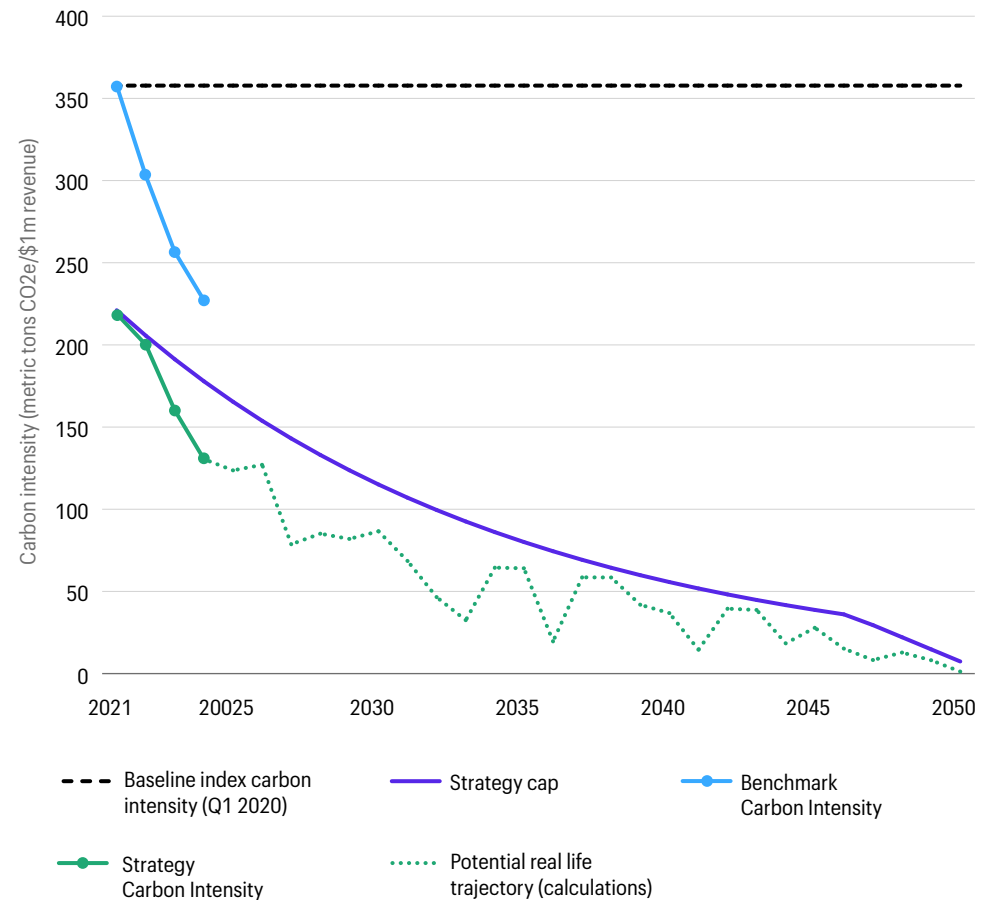


## 02 Decarbonise the portfolio

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 the European Union climate benchmark policies. Key features include targeting an overall carbon intensity for the portfolio that has an initial reduction of at least 30% below the benchmark and 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, and Trucost as of March 2024.



## 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 Exclusion 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 of business activities fundamentally incompatible with ESG-focused investment products that target adherence to a minimum set of core exclusion criteria.

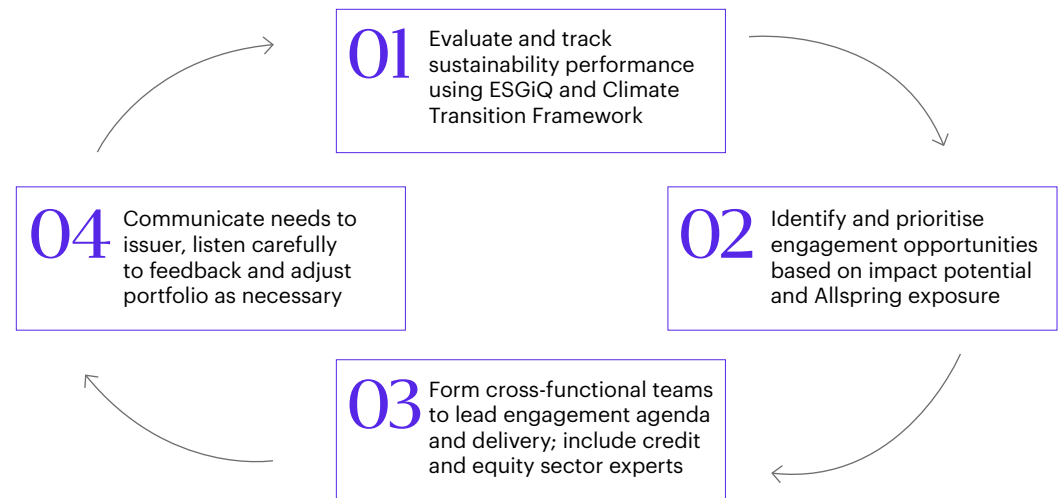
#### ESGiQ: Allspring's ESG Risk Assessment Framework

ESGiQ is a proprietary rating system we created to assess 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, taking into account strategy-level exposure, our Allspring overall exposure, as well as the systemic importance of the company itself to climate change.

#### 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 suite of strategies all 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 INVESTMENT GRADE CREDIT	CLIMATE TRANSITION GLOBAL SHORT DURATION INVESTMENT GRADE CREDIT	CLIMATE TRANSITION GLOBAL HIGH YIELD	CLIMATE TRANSITION GLOBAL BUY & MAINTAIN	CLIMATE TRANSITION BUY & MAINTAIN PLUS 2025-2029 & 2030-2034
Approach	Aim to meet both financial and climate objectives while investing in a broad range of transition leaders				
Investment focus	Seeks total return, maximising investment income whilst preserving capital		Seeks total return, consisting of a high level of income and capital appreciation	Seeks total return, consisting of income while minimising turnover	Seeks investment income with a focus on regular cashflow turnover
Benchmark	Bloomberg Global Agg. Corporate Index	Bloomberg Global Agg. Corporate 1-5 Year Index	ICE BofA Developed Markets High Yield Constrained Index	ICE BofA Sterling Corporate Index	N/A
Inception date	Jan 2021	Jan 2021	Jul 2023	Sep 2023	Jan 2025
AUM (USD)	\$4,428m	\$904m	\$48m	\$333m	–
Vehicle availability	Segregated account UCITS <sup>1</sup>	Segregated account	Segregated account UCITS <sup>1</sup>	Segregated account UCITS <sup>1</sup>	SICAV SIF <sup>1</sup>
Exclusions	<a href="#">Allspring core / tailored exclusions</a>				
Decarbonisation trajectory of carbon cap	Trajectory targets net zero by 2050				Decarbonises 7% p.a. until pay down period
Climate transition assessment	Allspring Climate Transition Framework S&P Trucost, Bloomberg, Moody's				
Sustainability assessment	ESGiQ, MSCI & Sustainalytics				

Source: Allspring as of 31 December 2024. All strategies promote environmental and social characteristics but do not have a sustainable investment objective.  
1. Fund share class and currency availability vary by jurisdiction. A target is indicative only, not guaranteed and does not take into account fees or charges which will reduce returns.



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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 reduction in 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're committed to thoughtful investing, purposeful planning, and the desire to deliver outcomes that expand above and beyond financial gains.

Click or scan the QR code to check out Allspring's insights:



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