COLUMBIA THREADNEEDLE INVESTMENTS

DIVERSIFY WITH MULTI-ASSET MODEL PORTFOLIOS

Expertly constructed multi-asset model portfolios to help meet your unique investment goals

Model portfolios have seen huge growth in recent years as technology has made them easier to build, providing investors with the type of sophisticated and customizable products they demand.

They have also become an important asset for financial advisors, whose ever-expanding responsibilities have stripped them of the time they traditionally spent on portfolio management.

But if model portfolios provide solutions to those pressing demands, how do investors working with their financial advisors choose the most appropriate models for their needs? The answer lies in the way they're constructed and the priorities that underpin that process.

Our model portfolios strive to meet investors' unique goals. For high-net-worth individuals, a series of multi-asset, core models are set apart by their focus on three priorities: taxes, risk and cost.

COST-AWARE

Delivering carefully curated cost-effective exposures without charging a strategist fee

On cost-awareness, our use of a combination of passive ETFs and SMAs helps keep overall fees low. These portfolios are also open architecture, which means that they use best-in-class, third-party managers hand-picked by Columbia Threadneedle. The due diligence behind that selection process, as well as asset allocation and portfolio management, are all provided without any strategist or overlay fee. Today's high-net-worth clients demand sophisticated products to meet specific needs. By focusing on tax reduction, risk mitigation and low overall costs, our model portfolios can be customized to do just that — seeking to protect investments while helping to grow wealth.

TAX-AWARE

Investing to mitigate tax consequences by investing in ETFs and SMAs

Taxes are unavoidable, as everyone knows. But failure to incorporate a tax-aware investment strategy can make a big difference to a portfolio's total return. To help mitigate a client's overall tax burden, we offer a choice of tax-friendly vehicles: exchange-traded funds (ETFs) and separately managed accounts (SMAs).

ETFs are tax-efficient because their ability to transact on an in-kind basis rather than in cash creates fewer taxable events and lowers capital gains compared to mutual funds. SMAs are an important tool because they allow investors to harvest tax losses, using losses in one area of a portfolio during periods of market crisis or volatility and offsetting them against gains in another area of the portfolio.

Investing in muni SMAs can provide tax-exempt income and the opportunity for customization, which may be important for clients living in high-taxation states.

We add additional layers of tax efficiency to our models by analyzing the trading patterns of the asset managers we work with in order to understand the type of tax liabilities they are likely to generate. We also apply a high-conviction approach to all our portfolio construction trades — an approach that looks to maximize returns while controlling the overall number of taxable transactions.

"Managing turnover is a simple but powerful way of managing the tax experience for an investor.

The fewer times you trade, the fewer taxable events you create, so it's important that we're only trading when it's a high-conviction idea."

— Joshua Kutin, Head of Asset Allocation, North America

RISK-AWARE

Offering institutional quality processes designed to generate alpha and mitigate risk

A priority for high-net-worth clients is managing risk, which we do using a series of real-time and forward-looking indicators to assess the state of the market and tactical exposures.

Our proprietary market-state classification system, which examines macroeconomic data as well as valuations, volatility and momentum, can be used to adapt portfolios' asset allocation and diversification mix based on changing market conditions.

That helps tilt toward risk asset classes when risk is off. Importantly for higher-net-worth clients, it also aims to mitigate downside risk when risk is on. The result helps to smooth the ride for investors over the economic cycle and to mitigate drawdowns, which are costly in the short term and can frustrate long-term savings goals.

Portfolio building blocks are carefully selected using a manager research and selection investment process to pick the best third-party managers. David Weiss, Head of Sub-Advisory Management, says this level of risk-related due diligence even extends beyond the managers' selections to managers' equipment, systems and protocols.

"Our team looks at the tools they're using, how risk management is structured, and ultimately how risks are escalated within the firm once they've been identified. As part of building these multi-manager, multi-asset portfolios, it's critically important that each manager have the proper risk-management procedures in place."

— David Weiss, Head of Sub-Advisory Management

To find the right model portfolio to fit your financial situation, contact your financial advisor or visit columbiathreadneedleus.com/modelportfolios

Millions of people around the world rely on **Columbia Threadneedle Investments** to manage their money, including individual investors, financial advisors and institutional investors. Together, they entrust us with $547 billion.*

Our reach is expansive. We have built a global team of 2,000 people, including more than 450 investment professionals sharing global perspectives across all major asset classes and markets. Our analysts are dedicated to finding original, actionable insights that are shared and debated with portfolio managers. Our independent oversight team works with portfolio teams to ensure a consistent approach and avoidance of unintended risks.

Your success is our priority.

To find out more, call 800.426.3750
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* In U.S. dollars as of December 31, 2020. Source: Ameriprise Q4 Earnings Release. Contact us for more current data.

CT-MK/**115995 A (01/21)** RALS/3403823