

# COLUMBIA ACTIVE RISK ALLOCATION PORTFOLIOS - MODERATE

Grow assets and smooth the ride through volatile markets

## Enhances diversification with a global approach

Provides multiple sources of return, including traditional and alternative investments, seeking to grow assets and mitigate portfolio volatility

## Manages risk to deliver more balance through a market cycle

Aims to improve investor outcomes and smooth the ride through volatile markets by diversifying risk

## Adapts to market conditions for more consistent returns

Uses tactical and strategic repositioning to dynamically adjust exposures as market conditions change

### Management Team

The Columbia Threadneedle Global Asset Allocation Team consists of a group of 30 asset allocation professionals from a variety of diverse backgrounds. The Global Asset Allocation Team collaborates daily to evaluate economic conditions, opportunities and risks across global capital markets. With a comprehensive global viewpoint, these experienced investment professionals seek to incorporate the key elements of **diversification, insight** and **flexibility** in an effort to create efficient and resilient asset allocation portfolios that can potentially deliver more consistent performance over time. An ongoing emphasis is placed on seeking to minimize downside risk while simultaneously delivering strong risk-adjusted returns for investors.

### Strategy Details

Composite Inception 02/28/18

### Average Underlying Expenses\*

Portfolio 0.52

\*Average underlying expenses are a weighted average of the net expense ratio of each fund or ETF held in the model portfolio as of the date shown. Because the portfolios reallocate in response to changing market conditions, these expenses may change frequently. Based on month-end data, actual underlying expenses for the 12 months ending 03/31/22 ranged from 0.51% to 0.54%. Actual expenses will vary based on the underlying investments used, the percentage of the portfolio allocated to each investment, and the net expense ratio of each investment, including any waivers or reimbursements in place. Investors should contact their financial advisor or program sponsor for additional fees applicable to their account.

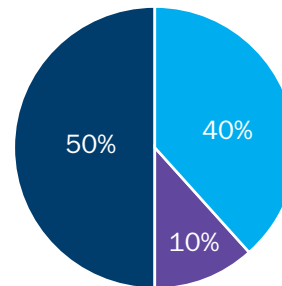
### Average Annual Total Returns (%)

	YTD (cum.)	1-year	3-year	Composite Inception
Columbia Active Risk Allocation Portfolios Moderate composite (pure gross)	-5.17	1.60	6.00	4.82
Columbia Active Risk Allocation Portfolios Moderate composite (net)	-5.89	-1.40	2.87	1.73
50% MSCI ACWI/ 50% Bloomberg US Agg Index	-5.61	1.55	7.96	6.56

### Multiple sources of return for improved diversification

#### EXCHANGE TRADED FUNDS (ETFs)

- Commodities
- Emerging market equity
- Emerging market fixed income
- High-yield fixed income
- Intermediate corporate fixed income
- International developed market equity
- Mortgage-backed securities (MBS)
- Real estate investment trusts (REITs)
- Treasury inflation-protected securities (TIPS)
- U.S. equity
- U.S. Treasuries



#### COLUMBIA ADAPTIVE RISK ALLOCATION FUND

- Corporate fixed income
- Global equity
- Global sovereign bonds
- Inflation-hedging assets (commodities, REITs, inflation-linked bonds)

#### COLUMBIA MULTI STRATEGY ALTERNATIVES FUND

- Equity
- Fixed income
- Interest rates
- Commodities
- Currency markets

Actual allocations may vary from the targets shown at any given point in time.

### For Presentation to Morgan Stanley Wealth Management Clients.

This presentation is to report on the investment strategies as reported by Columbia Management Capital Advisers and is for illustrative purposes only. The information contained herein is obtained from multiple sources and believed to be reliable. Information has not been verified by Morgan Stanley Wealth Management and may differ from documents created by Morgan Stanley Wealth Management. You can obtain a copy of the Morgan Stanley Wealth Management Profile from your Financial Advisor. For additional information on other programs, please speak to your Financial Advisor.

**Past performance does not guarantee future results, and investing involves risk including the risk of loss of principal. There is no guarantee the objective will be achieved or that any return expectations will be met.**

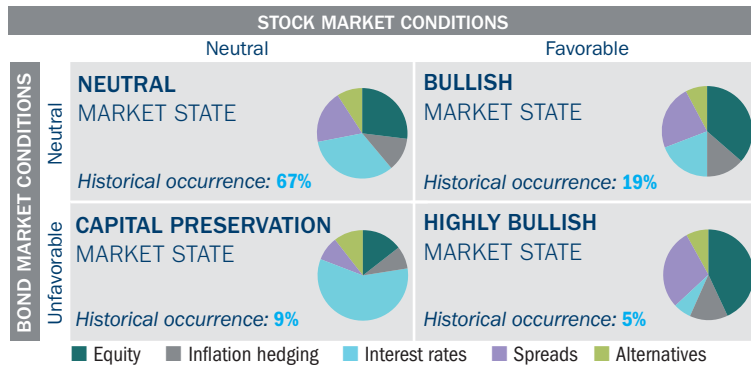
Returns reflect the reinvestment of dividends, income, and capital gains and are calculated and stated in U.S. dollars. Periods over one year are annualized.

Pure gross of fees performance does not include platform, or program sponsor, trading costs, administrative management fees, or other expenses that would be incurred by a participant portfolio but does reflect the deduction of investment expenses for the underlying mutual fund and ETF investments. Net of fees performance also reflects deduction of the maximum annual wrap fee of 3%.

The portfolio holdings information provided by Columbia Management Investment Advisers, LLC and/or its agents or affiliates is proprietary and confidential. References to specific securities are included as an illustration of the investment management strategy and are not recommendations. It should not be assumed that any particular security was or will prove to be profitable or that decisions in the future will be profitable or provide similar results to the securities discussed.

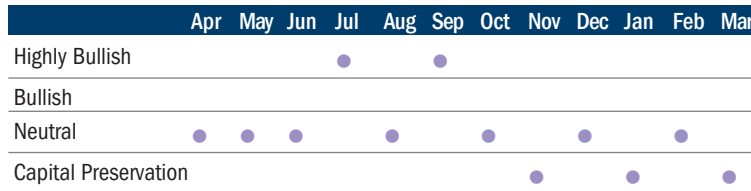
This Model Portfolio is available through Morgan Stanley Smith Barney LLC's Select UMA Investment Advisory program ("Select UMA"). The Important Information and Disclosures found at the following link are an integral part of this document and should be read carefully <https://www.morganstanley.com/wealth-disclosures/disclosures#24>. For more information on Select UMA, please click here: [http://www.morganstanley.com/wealth-investmentsolutions/pdfs/adv/uma\\_adv.pdf](http://www.morganstanley.com/wealth-investmentsolutions/pdfs/adv/uma_adv.pdf). If you are receiving this document in hard copy, the Important Information and Disclosures should be attached. If they are not, please request them from your Morgan Stanley Smith Barney LLC Financial Advisor.

Market States and Sample Risk Allocations<sup>1</sup>



Source: Columbia Management Investment Advisers, LLC. Historical occurrence percentages based on market data from 01/01/70-12/31/21. Actual portfolios may vary from the policy portfolio risk allocations shown.

Historical Market States (Last 12 Months)<sup>1</sup>



Holdings (% of assets)<sup>2</sup>

Columbia Adaptive Risk Allocation Fund	40.5
iShares 7-10 Year Treasury Bond	30.0
Columbia Multi Strategy Alternatives Fund	10.2
SPDR S&P 500 ETF Trust	5.2
iShares MSCI EAFE Index Fund	4.6
JPMorgan US Govt Capital Shares	2.2
Vanguard FTSE Emerging Markets	2.0
iPath Bloomberg Commodity	1.1
iShares iBoxx Investment Grade Bond ETF	1.0
iShares iBoxx High Yield	1.0
iShares Barclays TIPS Bond	0.8
WisdomTree Japan Hedged Equity Fund	0.5
Vanguard MBS ETF	0.5
iShares JP Morgan USD Emerging Markets ETF	0.5

Risk: 3 Years<sup>▲</sup>

Sharpe ratio	0.78
Standard deviation	6.66
Benchmark standard deviation	8.94
Max Drawdown (%)	-5.88
Benchmark max drawdown (%)	-9.96

**Investment risks — Market risk** may affect a single issuer, sector of the economy, industry or the market as a whole. The portfolios are subject to the investment performance (positive or negative), risks and expenses of **underlying funds** in which they invest. **Asset allocation** does not assure a profit or protect against loss. **ETFs** trade like stocks, are subject to investment risk and will fluctuate in market value. Investing in **derivatives** is a specialized activity that involves special risks that subject the portfolio to significant loss potential, including when used as **leverage**, and may result in greater fluctuation in portfolio value. The portfolio's use of **leverage** allows for investment exposure in excess of net assets, thereby magnifying volatility of returns and risk of loss. **Counterparty risk** is the risk that a counterparty to a transaction in a financial instrument held by investments inside the portfolio(s) may become insolvent or otherwise fail to perform its obligations. As a result, the underlying fund may obtain no or limited recovery of its investment, and any recovery may be significantly delayed. **Commodity** investments may be affected by the overall market and industry- and commodity-specific factors, and may be more volatile and less liquid than other investments. **Short positions** (where the underlying asset is not owned) can create unlimited risk. **International** investing involves certain risks and volatility due to potential political, economic or currency instabilities and different financial and accounting standards. Risks are enhanced for **emerging market** issuers. Fixed-income securities present **issuer default risk**. A rise in **interest rates** may result in a price decline of fixed-income instruments held by the portfolio, negatively impacting its performance and NAV. Falling rates may result in the portfolio investing in lower yielding debt instruments, lowering the portfolio's income and yield. These risks may be heightened for longer maturity and duration securities. Interest payments on **inflation-protected securities** may be more volatile than interest paid on ordinary bonds. Inflation-protected securities can provide investors with a hedge against inflation, as the securities have an inflation adjustment feature which helps preserve the purchasing power of the investment. Because of this inflation adjustment feature, inflation protected bonds typically have lower yields-to-maturity than conventional duration equivalent fixed rate bonds. In periods of deflation, inflation-protected securities may provide no income and will likely decline in price, which could result in losses.

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The firm's fees are available on request and may also be found in Part 2A of the Columbia Management Investment Advisers, LLC Form ADV. To receive a list of composite descriptions of Columbia Management Capital Advisers and/or a presentation that complies with the GIPS standards, contact the Columbia Threadneedle Investments sales desk at 800.426.3750 or salesinquiries@columbiathreadneedle.com.

This is an actively managed strategy which aims to mitigate volatility while delivering strong risk-adjusted total return through an adaptive, risk-allocated, investment approach. The strategy provides exposure to global fixed-income, global equity, and alternative asset classes by investing in mutual funds and ETFs, and targets a volatility of 7%-9% over a full market cycle. The strategy frequently employs derivatives for both hedging and non-hedging purposes. Leverage will typically range from 1.15x to 1.25x in the neutral state, excluding allocations directed to alternative investments. In its bullish or highly bullish market states, the strategy will typically be 1.25x to 1.35x leveraged; excluding allocations to alternatives. In its capital preservation state, the strategy is typically unleveraged; excluding allocations to alternatives. The benchmark is 50% Bloomberg U.S. Aggregate Index/50% MSCI ACWI Index.

<sup>▲</sup>The risk/return characteristics are based on gross of fees composite performance and are annualized as appropriate. **Standard deviation** is a statistical measure of the degree to which an individual value in a probability distribution tends to vary from the mean of the distribution. **Sharpe ratio** divides an investment's gross return (excluding fees and expenses) in excess of the 90-day Treasury bill by the investment's standard deviation to measure risk-adjusted performance. **Max Drawdown** is the largest loss during the period from peak (high) to trough (low).

<sup>1</sup>**Market state classification:** The management team employs quantitative and fundamental methods to identify four distinct market environments, described as neutral, capital preservation, bullish and highly bullish. The market states are generally characterized by a combination of bond and stock market conditions as follows: capital preservation (unfavorable bond market and neutral stock market conditions), neutral (neutral bond and stock market conditions), bullish (neutral bond market and favorable stock market conditions), and highly bullish (unfavorable bond market and favorable stock market conditions). A strategic risk allocation is created for each environment by analyzing multiple market indicators such as interest rates, inflation measures, yield curve, momentum, volatility and valuations. The different allocations will include exposure to equity securities, inflation-hedging assets and fixed-income securities, consisting of rate assets (generally, fixed-income securities issued by governments) and spread assets (other fixed-income securities). The neutral market state represents the environment that the management team expects to be in the most frequently and under normal circumstances. In this state they intend to balance risk between equities and three other risk sources: interest rates, inflation-hedging and spread assets. Within the other market states, the management team may increase or decrease the risk exposure to certain asset classes with the goal of generating attractive risk-adjusted returns and minimizing drawdown in that environment. Allocations of risk to asset classes may differ significantly across market environments.

<sup>2</sup>Holdings-based information is for the model portfolio as of a point in time and subject to change. Individual portfolio performance and holdings may differ from information shown due to decisions made by the program sponsor, the size and timing of cash flows and client-specific investment guidelines and objectives. Fees and terms may vary.

The **MSCI ACWI Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets. The **Bloomberg U.S. Aggregate Bond Index** is a market-value-weighted index that tracks the daily price, coupon, pay-downs and total return performance of fixed-rate, publicly-placed, dollar-denominated, and non-convertible investment-grade debt issues with at least \$250 million par amount outstanding and with at least one year to final maturity. It is not possible to invest directly in an index.

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