

Columbia Overseas Value SMA Strategy

Stable economic growth globally, declining rates of inflation and falling interest rates provided a supportive backdrop to equity markets during the quarter.

Performance

The Columbia Overseas Value SMA Composite returned 7.52% pure gross of fees and 6.73% net of fees for the quarter ending December 31, 2023. The strategy's benchmark MSCI EAFE Value Index Net returned 8.22% for the same period.

Market overview

A huge fourth quarter capped off a tremendous year for global equity markets in 2023. Developed markets outside the U.S. dollars were up 5% in the fourth quarter when measured in local currencies and 10.4% in U.S. dollars per the MSCI EAFE Index as a significant weakening of the dollar contributed positively to returns. For the year, returns were 16.2% in local currency terms and 18.2% when measured in U.S. dollars.

Stable economic growth globally, declining rates of inflation and falling interest rates provided a supportive backdrop to equity markets during the quarter. Credit spreads narrowed and the CBOE Volatility Index fell to levels not seen since pre-COVID. Commodity prices were mixed, though energy prices were notably weak, with the West Texas Intermediary (WTI) price down more than 18%. Bitcoin US Dollar Spot was up 57.0% during the quarter, bringing the return for the year to a whopping 157.0%.

Per the MSCI EAFE, all countries except energy-heavy Norway had positive returns during the quarter. Norway returned -1.2% in local currency. Singapore and Switzerland also lagged, up 0.9% and 1.3%, respectively. Even Israel, despite enduring a surprise military

Average annual total returns (%) for period ending 12/31/2023

	Inception	3-mon.	1-year	3-year	Since inception
Columbia Overseas Value SMA Composite (pure gross)	09/30/2019	7.52	16.43	7.11	7.64
Columbia Overseas Value SMA Composite (net)		6.73	13.02	3.95	4.47
MSCI EAFE Value Index Net		8.22	18.95	7.59	6.51

Source: Columbia Management Capital Advisers.

Past performance does not guarantee future results. Composite returns reflect the reinvestment of income and capital gains, and periods over one year are annualized. Pure gross of fees performance does not include trading costs, management fees, or other expenses that would be incurred by a participant portfolio, but does reflect the expenses of any underlying fund and ETF investments. Net of fees performance reflects deduction of the maximum annual wrap fee of 3%. Investors should contact their financial advisor or program sponsor for fees applicable to their account. Please see the GIPS report for more information.

attack by Hamas, managed to rise almost 4%. The Netherlands had the best return during the quarter, up 14.8%, followed by Sweden and Portugal, up 12.6% and 10.2%, respectively. The best performing sectors were information technology, materials, and real estate, up 15.5%, 10.9% and 10.2%, respectively, in local currency terms. Energy was the worst performer, down 4.0%, followed by health care and consumer staples, two traditionally defensive sectors that were also modestly negative.

Quarterly portfolio recap

The strategy's underperformance was driven by negative sector allocation and country selection, compounded by negative country allocation and security selection.

Individual contributors and detractors included:

- Irish sales, distribution, marketing and business services provider DCC pleased investors with an evolving strategy in energy markets.
- Australian gold miner Northern Star Resources rose in tandem with an increase in gold prices driven by increasing geopolitical tensions.
- Dutch multi-line insurance company ASR Nederland surged, as the company settled a long-standing mis-selling case, removing a major overhang for the company, and provided optimism for a resolution of its Dutch peer NN (not owned).
- U.S. oil and natural gas producer and distributor Diversified Energy fell in line with oil prices (WTI crude oil, for example, finished the quarter down from its 2023 high in late September). In addition, investors worried about uncertainties related to the company's responsibility for remediation of aging oil and gas wells.
- German mechanical and plant engineering firm Dürr slumped, as the company cut its 2024 forecast on expectations of weak business in wood processing, which overshadowed positive margin development in its other business areas.
- Dutch supermarket chain operator Koninklijke Ahold Delhaize (U.S. chains include Stop & Shop, Food Lion and Hannaford) continued its decline from late summer highs, as investors worried about increasing costs and competition in Europe. (U.S. operations remain strong.)

In relative terms, results distinctly reflect the strategy's high-conviction positioning, which can be described as a lopsided barbell — heavy emphasis on capital preservation and defensive exposures, counter-balanced by moderate exposure to early cycle inflation beneficiaries (plus energy, where our longstanding overweight has been based on a belief that supply shortages have become structural and are not fully reflected in current commodity prices). As such, we opted to not try timing the counter-cyclical rallies that occurred throughout the period, given that we do not attempt to make short-term timing moves.

Outlook

Looking forward, we believe the market strength during fourth quarter 2023 could persist into first quarter 2024 as the market benefits from a perceived end to Federal Reserve rate hikes, as well as a favorable liquidity backdrop driven primarily by movement of bank deposits out of the Federal Reserve's Reverse Repo facility. We view the drawdown of this facility as a partial contributor to the fourth quarter's strong equity and fixed-income markets. However, at current rates of depletion, this liquidity source should be exhausted sometime around the end of the first quarter, potentially setting up a more hostile investing environment from that time. Despite expectations of interest rate cuts in 2024, we would still be exiting one of the largest and sharpest interest rate increases in history, the implications of which have likely not fully manifested in the global economy and equity markets.

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The **MSCI EAFE Index** is an equity index which captures large and mid cap representation across 21 developed markets countries around the world, excluding the US and Canada.

The **MSCI EAFE Value Index (NR)** captures large and mid cap securities exhibiting overall value style characteristics across developed markets countries around the world, excluding the US and Canada.

Indices shown are unmanaged and do not reflect the impact of fees. It is not possible to invest directly in an index.

Columbia Overseas Value SMA Composite

GIPS Report

Columbia Management Capital Advisers

Reporting Currency: USD

Statement of Performance Results

Calendar Year	Pure Gross-of-fees Return (%) (Supplemental)	Net-of-fees Return (%)	Index Return (%)	Composite 3-Yr St Dev (%)	Index 3-Yr St Dev (%)	Internal Dispersion (%)	Number of Portfolios	Total Composite Assets (mil.)	Total Firm Assets (mil.)
2022	-5.39	-8.20	-5.58	22.84	21.94	0.31	16	7.02	2,101.82
2021	11.55	8.27	10.89	N.A.	N.A.	0.18	11	12.95	2,677.50
2020	0.83	-2.17	-2.63	N.A.	N.A.	N.A.	7	5.07	1,639.88
2019 *	10.36	9.56	7.82	N.A.	N.A.	N.A.	≤ 5	0.11	1,390.52

* For the period 09/30/2019 through 12/31/2019.

Annualized Trailing Performance as of December 31, 2022

Period	Pure Gross-of-fees Return (%) (Supplemental)	Net-of-fees Return (%)	Index Return (%)
1 Year	-5.39	-8.20	-5.58
Inception	5.07	1.97	2.95

Inception Date: September 30, 2019

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GIPS Report

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1. Columbia Management Capital Advisers claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Columbia Management Capital Advisers has been independently verified for the periods January 1, 2012 through December 31, 2022. The verification report is available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.
2. Columbia Management Investment Advisers, LLC, an SEC-registered investment adviser, offers investment products and services to institutional and retail markets. For the purposes of claiming compliance with GIPS, Columbia Management Investment Advisers, LLC has defined the Firm as Columbia Management Capital Advisers, an operating division of Columbia Management Investment Advisers, LLC that offers investment management and related services to clients participating in various types of wrap programs. Beginning March 30, 2015, the Columbia and Threadneedle group of companies, which includes multiple separate and distinct firms, began using the global offering brand Columbia Threadneedle Investments.
3. The strategy aims to provide long-term capital appreciation through an actively managed portfolio primarily invested in foreign companies. Individual security exposure is comprised mainly of US exchange-traded ADRs. Exposure to foreign ordinary shares is gained via the Overseas SMA Completion Portfolio, which is a fee-waived 40 Act mutual fund designed explicitly for managed account clients. Since inception, Separately Managed (WRAP) accounts represent 100% of the composite assets. The composite's benchmark is the MSCI EAFE Value Net (USD) Index. The composite was created October 1, 2019.
4. Pure gross returns presented in the table above are gross of the wrap fee and do not reflect the deduction of any trading costs, fees, or expenses and are supplemental to the net returns. The wrap fee will normally include all charges for trading costs, portfolio management fee, custody, and other administrative fees. Composite net returns are calculated by subtracting 1/12th of the highest applicable wrap fee (3.00%) from the monthly pure gross return. Actual fees may vary depending on the individual sponsor's wrap fee. Composite returns reflect the reinvestment of dividends and other earnings.
5. Internal dispersion is calculated using the equal-weighted standard deviation of the annual pure gross returns of those portfolios that were included in the Composite for the entire year. If the composite contains five or fewer accounts for the full year, a measure of dispersion is not statistically representative and is therefore not shown.
6. The three-year annualized standard deviation measures the variability of the pure gross-of-fees composite and benchmark returns over the preceding 36-month period. It is not required to be presented when a full three years of performance is not yet available.
7. Portfolios are valued and composite returns are calculated and stated in U.S. dollars. Returns are calculated gross of non-reclaimable withholding taxes on dividends, interest, and capital gains. Policies for valuing investments, calculating performance, and preparing GIPS Reports, as well as the list of composite descriptions are available upon request.
8. The following fee schedule represents the maximum wrap fee that a sponsor may charge clients seeking investment management services in the designated strategy: 3.00%. The following statement demonstrates, with a hypothetical example, the compound effect fees have on investment return: a 3% annual wrap fee deducted monthly from an account with a 5-year annualized growth rate of 6% will produce a cumulative pure gross return of 33.8% and the cumulative net of fee result of 15.2%.
9. The benchmark is the MSCI EAFE VALUE Net (USD) Index. The Morgan Stanley Capital International Europe, Australasia, Far East (MSCI EAFE) Value Index is a subset of the MSCI EAFE Index, and constituents of the index include securities from Europe, Australasia and the Far East. The index generally represents approximately 50% of the free float-adjusted market capitalization of the underlying MSCI EAFE Index, and consists of those securities classified by Morgan Stanley Capital International, Inc. (MSCI) as most representing the value style, such as higher book value-to-price ratios, higher forward earnings-to-price ratios, higher dividend yields and lower forecasted growth rates than securities representing the growth style. The index is net of tax withholdings. Index returns reflect the reinvestment of dividends and other earnings.
10. Past performance is no guarantee of future results and there is the possibility of loss of value. There can be no assurance that an investment objective will be met or that return expectations will be achieved. Care should be used when comparing these results to those published by other investment advisers, other investment vehicles and unmanaged indices due to possible differences in calculation methods. Registration with the SEC as an investment advisor does not imply a certain level of skill or training.