Columbia Contrarian Core SMA Strategy

Our Contrarian Core team continued to outperform the benchmark as a result of positive allocation, overall and across several sectors.

Performance

The Columbia Contrarian Core SMA Composite returned 12.86% pure gross of fees and 12.05% net of fees for the quarter ending December 31, 2023. The strategy's benchmark Russell 1000 Index returned 11.96% for the same period.

Market overview

U.S. stocks continued to decline in October, as fresh data muted any near-term expectations for a dovish pivot from the U.S. Federal Reserve. With inflation data in focus, the Consumer Price Index increased 0.4% on the month and 3.7% on the year in September. Strong third-quarter gross domestic product and consumer spending data reinforced expectations that the Fed would likely leave rates higher for longer. Despite resilient growth and company earnings, stock prices were overpowered by rising yields and pessimism around earnings guidance.

Equities broke a multi-month losing streak in November. Despite ongoing concerns around the federal deficit, the U.S. Treasury Department announced that it would issue less long-term debt in the coming months than previously expected. Additionally, the Fed kept rates steady at the October 31-November 1 Federal Open Market Committee meeting, which investors viewed positively in tandem with a less hawkish tone. The news out of both camps relieved pressure on yields, particularly at the longer end of the curve, which also helped springboard stocks. The rally was further supported by an October jobs report and inflation data that both showed signs of

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

	Inception	3-mon.	1-year	3-year	5-year	Since inception
Columbia Contrarian Core SMA Composite (pure gross)	12/31/2015	12.86	32.16	10.29	17.02	13.17
Columbia Contrarian Core SMA Composite (net)		12.05	28.33	7.05	13.60	9.86
Russell 1000 Index		11.96	26.53	8.97	15.52	13.07

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.

softening, reinforcing hopes that the Fed could soon be done raising rates. The rally extended into December, as hopes for a soft landing were further propelled by fresh data and Fed signals. The Fed voted unanimously in December to hold rates steady and forecasted three rate cuts in 2024. The news amplified the stock market's momentum, as strong performance continued to broaden outside the "Magnificent 7" stocks (the seven largest stocks in the S&P 500 Index), which had driven equity performance for much of the year.

The Russell 1000 Index returned 11.96% in the fourth quarter. Growth outperformed value, as the Russell 1000 Growth Index returned 14.16% and the Russell 1000 Value Index returned 9.50%. Ten of the eleven sectors in the Russell 1000 Index posted positive returns for the quarter, led by real estate, information technology and financials. The energy sector delivered a negative absolute return for the quarter.

Quarterly portfolio recap

- The strategy outperformed its benchmark, the Russell 1000 Index, during the fourth quarter.
- The outperformance, relative to the Russell 1000, was attributable to positive stock selection. Sector allocation was a relative detractor overall for the quarter.
- Stock selection in industrials made the largest relative contribution to returns, followed by health care and communication services.
- Stock selection only detracted within two of 11 sectors — utilities and consumer staples.
- The portfolio's largest longstanding underweight to real estate was the largest detractor in terms of sector allocation, followed by the small overweight to health care and the underweight to consumer discretionary.
- Underweights to consumer staples and utilities were modest contributors.

Notable individual contributors and detractors:

- **Uber Technologies (UBER)** – Uber posted strong results, highlighted by healthy competitive dynamics, continued strength in new products and acceleration driven by return to office, business travel and Uber for business. In its last earning release in November, Uber reported accelerated growth in both its mobility and delivery units and company management guided next quarter ahead on bookings/profitability. Uber is gaining share vs. LYFT as mobility is growing north of 20%, year over year. Acceleration in the company's delivery business has also been a growth driver. Uber has strong business momentum and the stock has a unique combination of growth and profitability. The core thesis remains intact as Uber should benefit from re-opening with strong customer growth and a ramping subscription and ads business.

- **Pinterest Class A (PINS)** – Pinterest's third-quarter 2023 earnings call helped demonstrate key proof points of the company's strategy. The strategy is built on achieving greater signal attribution by creating a tool set that gravitates Pinterest to the larger/better part of the digital advertising ecosystem, namely the performance-based segment. This ultimately makes the company more valuable to marketers and should drive more money to the platform, as Pinterest rises in the consideration set when budgets get set in the future. Revenue acceleration should be driven by more advertisers adopting the Pinterest platform, as well as current advertisers spending more. Pinterest is a visual search engine with very high commercial intent and exposure to e-commerce growth. E-commerce growth has been a significant driver of global digital ad spending and is now an approximately $400 billion market.
- **Chevron (CVX)** – Chevron's stock declined along with oil prices, as energy was the Russell 1000 Index's worst-performing sector in the fourth quarter and the only sector to post negative return. Chevron announced that it would acquire Hess, which helps address a key bear case around the company's long-dated resource depth and cash flow growth. However, the deal is dilutive to near-term earnings per share; it improves long-term dividend growth visibility. At normalized commodity prices, Chevron can expect to have a free cash flow (FCF) profile well above its historical levels. In addition, the company has strong capital discipline and FCF improvement from the Permian Basin, where it has top-tier economics relative to its major oil peers. Management has a track record of being disciplined and shareholder friendly and has grown the dividend for 34 consecutive years.
- **Walmart (WMT)** – Walmart announced disappointing financial results in the middle of the quarter. Despite its third-quarter earnings being hurt by expenses, some of which were one-time charges, the company's long-term margin outlook is robust, given new profit drivers such as advertising and leverage on recent automation investment. Walmart is leveraging its scale and digital expertise to take share across category. Stronger fundamentals in an uncertain macro environment are driving potential upside to near-term earnings. Management is effectively transforming the company into a fully integrated omni-channel retailer that is well positioned to compete against Amazon both in the U.S. and abroad.
- **EOG Resources (EOG)** – At a time when fluctuating energy prices are challenging the entire sector, EOG's specific risks include a lack of new natural gas takeaway capacity in the Permian basin, which could weigh on its Permian exploration and production (E&P) earnings potential. While few E&Ps have had the same degree of success in exploration, exploration spending makes EOG more capital-intensive than its peers. Nonetheless, the company's ability to add low-cost inventory through organic exploration differentiates EOG in an environment where investors are concerned that E&Ps are running out of Tier 1 inventory. EOG's multi-basin footprint gives the company flexibility to allocate capital to the highest return, lowest cost basins. EOG is well positioned to mitigate oil service cost inflation through differentiated technology and innovation, as well as vertical integration.

Outlook

As we entered 2024, investors' concerns (including lingering inflation, surging Treasury yields and the Fed's path on interest rates) had been calmed somewhat. The biggest macro risk to the markets is still the lagged impact of interest rate increases and, by extension, the potential for an economic downturn. Columbia Contrarian Core portfolio is fairly balanced with regard to various economic scenarios, and our Contrarian Core team sees opportunities in the market, focusing on companies that can continue to grow earnings in a potentially tough economic environment.

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Columbia Threadneedle Investments (Columbia Threadneedle) is the global brand name of the Columbia and Threadneedle group of companies.

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Market risk may affect a single issuer, sector of the economy, industry or the market as a whole. **International** investing involves certain risks and volatility due to potential political, economic or currency instabilities and different financial and accounting standards. **Growth** securities, at times may not perform as well as value securities or the stock market in general and may be out of favor with investors. **Value** securities may be unprofitable if the market fails to recognize their worth or the portfolio manager misgauged that worth. The strategy may invest significantly in issuers within a particular sector, which may be negatively affected by market, economic or other conditions, making the strategy more vulnerable to unfavorable developments in the sector.

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

The **Russell 1000 Index** tracks the performance of 1000 of the largest U.S. companies, based on market capitalization.

The **Russell 1000 Growth Index** measures the performance of those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 1000 Value Index** measures the performance of those Russell 1000 Index companies with lower price-to-book ratios and lower forecasted growth values.

The **Standard & Poor’s 500 Index** (S&P500 Index) is an unmanaged list of common stocks which includes 500 large companies.

The **Consumer Price Index** (CPI) program produces monthly data on changes in the prices paid by urban consumers for a representative basket of goods and services (Source: U.S. Department of Labor).

Columbia Contrarian Core SMA Composite

GIPS Report

Columbia Management Capital Advisers

Reporting Currency: USD

Statement of Performance Results

Calendar Year	Pure Gross-of-fees Return (%)	Net-of-fees Return (%)	Primary Index Return (%)	Secondary Index Return (%)	Composite 3-Yr St Dev (%)	Primary Index 3-Yr St Dev (%)	Secondary Index 3-Yr St Dev (%)	Internal Dispersion (%)	Number of Portfolios	Total Composite Assets (mil.)	Total Firm Assets (mil.)
2022	-18.55	-21.00	-19.13	-18.11	20.89	21.33	20.87	0.26	36	15.7	2,101.82
2021	24.62	21.00	26.45	28.71	17.85	17.71	17.17	0.17	42	23.1	2,677.50
2020	22.60	19.03	20.96	18.40	19.37	19.10	18.53	0.18	41	19.8	1,639.88
2019	33.41	29.58	31.43	31.49	12.53	12.05	11.93	0.34	33	15.3	1,390.52
2018	-8.24	-10.98	-4.78	-4.38	11.07	10.95	10.80	0.48	58	19.6	1,206.32
2017	22.06	18.51	21.69	21.83	N.A.	N.A.	N.A.	0.12	65	35.8	1,320.06
2016	9.49	6.27	12.05	11.96	N.A.	N.A.	N.A.	0.17	50	18.7	1,005.08

Annualized Trailing Performance as of December 31, 2022

Period	Gross-of-fees Return (%)	Net-of-fees Return (%)	Index Return (%)
1 Year	-18.55	-21.00	-19.13
5 Years	8.79	5.59	9.13
Inception	10.69	7.44	11.26

Inception Date: December 31, 2015

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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 relatively high total return through long-term capital appreciation and current income by investing primarily in common stocks found in the Russell 1000® Index with market capitalizations of greater than $2 billion. The investment team screens for stocks using a proprietary method that seeks to identify value or growth stocks that have fallen out of favor (“contrarian”) in the bottom third of their 52 week range. Since inception, Separately Managed (WRAP) accounts represent 100% of the composite assets. The primary benchmark is the Russell 1000 Index, and the secondary benchmark is the S&P 500 Index. The composite was created January 1, 2016.

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 primary benchmark, the Russell 1000 Index, tracks the performance of 1000 of the largest U.S. companies, based on market capitalization. The secondary benchmark, the S&P 500 Index, tracks the performance of 500 widely held, large-capitalization U.S. stocks. It is a market value weighted index (stock price multiplied by the number of shares outstanding), with each stock’s weight in the Index proportionate to its market value. Index returns reflect the reinvestment of dividends and other earnings.

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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.

11. The 2021 total composite assets were overstated by $208 million. The error was discovered and corrected as of February 2023.