

COLUMBIA CONTRARIAN CORE STRATEGY

Our Contrarian Core team continues to see opportunities in the market, focusing on stalwarts — companies with the potential to grow earnings in an extremely difficult economic environment.

Performance

The Columbia Contrarian Core strategy returned -5.38% pure gross of fees and -6.10% net of fees for the quarter ending September 30, 2022. The Russell 1000 Index and the S&P 500 Index returned -4.61% and -4.88%, respectively, for the same period.

Market overview

U.S. equities bounced around in the third quarter, rebounding in July before declining in August and September. This tracked investor reaction to actions of the U.S. Federal Reserve amid continuing inflation and growth concerns. Following the Fed's second consecutive 0.75% interest rate hike at its July Federal Open Market Committee (FOMC) Meeting, Fed Chairman Jerome Powell's commented on the possibility of a less aggressive rate hike stance given signs of slowing economic growth. Against this backdrop, along with a fair start to earnings season, several major U.S. stock indices delivered their strongest monthly returns in July since late 2020.

As stocks continued to rally in early August, conflicting economic data refocused investors on the Fed's next move. While second-quarter real gross domestic product estimates released in late July showed a second straight quarterly contraction, July's labor market data showed little sign of cooling. Total nonfarm payroll employment rose in July, beating estimates and dropping unemployment to a pre-pandemic level. At the FOMC's Jackson Hole Economic Symposium later in August, Jerome Powell affirmed that the Fed would maintain tight policy until inflation is under far better control, even at the cost of higher recession risk. As investor hopes for a Fed pivot to looser policy faded, U.S. stocks' third-quarter rally ultimately faded. At the September FOMC meeting, the Fed raised interest rates another 0.75% to a range of 3.00%–3.25% and reaffirmed the likelihood that more rate hikes

Average annual total returns (%) for period ending September 30, 2022

	Inception	3-mon.	1-year	3-year	5-year	Since inception
Columbia Contrarian Core SMA composite (pure gross)	12/31/2015	-5.38	-17.10	8.54	8.59	10.10
Columbia Contrarian Core SMA composite (net)		-6.10	-19.59	5.34	5.40	6.87
Russell 1000 Index		-4.61	-17.22	7.95	9.00	—
S&P 500 Index		-4.88	-15.47	8.16	9.24	—

Past performance does not guarantee future results. Periods over one year are annualized. Returns reflect the reinvestment of dividends, income, and capital gains and are calculated and stated in US dollars. Performance is based on the **Columbia Contrarian Core SMA composite**. 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 pooled vehicle 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 performance and fees applicable to their account.

were likely to follow. U.S. stocks limped into the quarter's close, as the Russell 1000 Index and other major indices lost ground for a third consecutive quarter for the first time since 2008/2009. Growth outperformed value during the quarter, reversing the trend seen in the previous two quarters.

Quarterly portfolio recap

The strategy's relative underperformance for the quarter was due to both stock selection and sector allocation as compared to the benchmark, the Russell 1000 Index.

Stock selection within the financials and consumer discretionary sectors made the greatest positive contributions to relative returns.

Stock selection detracted more in other sectors, most notably within information technology and industrials.

In terms of sector allocation, the strategy's underweight to real estate helped most, followed by the overweight to consumer staples.

The strategy's underweight to consumer discretionary was the largest detractor in terms of sector positioning, followed by the overweight to communication services.

Notable individual contributors and detractors included:

- Uber Technologies posted strong quarterly results in August reflecting a relief rally with stronger rideshare trends, better profitability, its first ever quarter of positive free cash flow, and strong profitability guidance from company management. The second quarter wasn't completely clean with one of the negatives being a miss on bookings for Uber Eats. The key, however, is that Uber is starting to deliver high incremental margins for its core ride-hailing business, while growing the segment's bookings estimates. It is also vastly improving its business quality by shifting the model toward including subscriptions, while the threat of new entrants is minimal given massive regulatory and capital barriers and a decade of product development.
- Walmart is leveraging its scale and digital expertise to take share. With e-commerce losses stabilizing and greater ability to flex its supply chain muscle, it is reasonable to expect upside to the company's bottom-line earnings per share. The management team is effectively transforming Walmart into a fully integrated omni-channel retailer that is well positioned to compete both in the United States and abroad. Walmart stores have now had 13 consecutive quarters of positive traffic. This suggests that it is one of the few retailers experiencing online support which is not cannibalizing its store business. Walmart is a good example of what the investment team thinks of as stalwarts — companies with the potential to thrive in this extremely difficult earnings environment relative to their peers.
- Amazon had a tough 2021 due to a huge increase in costs to meet exploding demand and also based on comparisons to its exceptionally good 2020 results when it was among the biggest beneficiaries of the work-from-home environment, both in its

core business and in its cloud business, AWS. We have been expecting a strong bounce-back this year but, during the volatile first half of the year, Amazon reported uninspiring results with softer margins. We believed the thesis for acceleration of revenues was still intact for the second half of this year though. The company's relentless focus on the customer experience, long-term horizon, innovative culture, massive customer base and e-commerce tailwinds support durable share gains in the core U.S. retail and marketplace businesses should drive revenue growth longer than many investors expect.

- Raytheon Technologies was the top relative performer among equities in the second quarter, but the top detractor in the third. Supply chain issues persist and there has been continued downward estimate pressure on the company's stock. Execution remained very solid with margin progress in its aerospace segment continuing. Despite the near-term weakness (particularly in its defense segment), Raytheon has long-term demand drivers resulting from the conflict in Ukraine. While investor conviction has taken a step back in the near term, demand remains pent-up in its aerospace segment and is materially accelerating in the defense arena.
- Adobe, a provider of software solutions for creative and marketing professionals, saw its shares tumble during the quarter along with many other higher growth technology names. The decline came even as Adobe reported record revenue and strong profitability for the third quarter of its fiscal year in the middle of September. The company also announced intentions to acquire Figma, which it sees as another engine of long-term growth.
- Tesla was added to the strategy's equity holdings in the first quarter of this year at an attractive entry point following a sharp selloff. It was a relative detractor during the third quarter because its portfolio weight remains about 1% less than its weight in the S&P 500. The team remains constructive on Tesla, seeing it as likely to increase its competitive advantage with electric vehicles and also recognizing that it is not just an automobile manufacturer, it is a highly innovative technology company. Following the strategy's disciplined equity investment process, we are patiently awaiting the right time to get more active in the position.

Outlook

Concerns for financial markets are still being led by inflation and the pace and timing of interest rate hikes by the Fed. We would not be surprised to see the bear market hang around for a while. Bear markets are tough. The market's focus remains on the reopening of economic activity, supply chain improvement and a return to normal life post-COVID.

Geopolitical concerns, particularly the Russian invasion of Ukraine and lingering concerns about growth in China, have increased anxiety among investors globally. Our Contrarian Core team continues to see opportunities in the market, focusing on stalwarts — companies with the potential to grow earnings in an extremely difficult economic environment. The team is cautiously optimistic that prospects are good for the continued reopening of the economy with pent-up demand for spending on services, including restaurants and travel, while balancing that view against the possibility of worsening earnings.

Investment products are not insured by the FDIC, NCUA or any federal agency, are not deposits or obligations of, or guaranteed by any financial institution, and involve investment risks including possible loss of principal and fluctuation in value.

Advisory services provided by Columbia Management Capital Advisers, an operating division of Columbia Management Investment Advisers, LLC ("CMIA") that offers investment management and related services to clients participating in various types of wrap programs.

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

Holdings are based on the model portfolio and are subject to change at any time. Individual participant portfolio holdings may differ from those shown. The portfolio holdings information provided by CMIA and/or its agents or affiliates is proprietary and confidential. In receiving holdings data, program sponsors and program participants agree that the data is not being obtained in order to effect securities transactions based upon such information or to provide such information to another party other than as part of the managed account program. Complete holdings information is available in client statements.

This commentary was prepared by the investment team for the strategy. The team's views are based on market conditions as of the quarter end identified in this commentary and are subject to change without notice at any time based upon market and other factors. This information may contain certain statements that may be deemed forward-looking. Please note that any such statements are not guarantees of any future performance, and actual results or developments may differ materially from those discussed. There is no guarantee that investment objectives will be achieved or that any particular investment will be profitable.

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.

This material is provided to program sponsors and their third-party intermediaries. To the extent any such recipient chooses to further disseminate this material to program participants, CMIA and its affiliates assume no responsibility for compliance with any laws and rules associated with such further dissemination. Furthermore, receipt of this material by a program participant does not establish a relationship between any such program participant and CMIA or any of its affiliates.

Source: London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). © LSE Group 2022. FTSE Russell is a trading name of certain of the LSE Group companies. FTSE Russell® is a trademark of the relevant LSE Group companies and is/are used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication.

The S&P Dow Jones Index is a product of S&P Dow Jones Indices LLC ("S&P DJI") and/or its affiliates and has been licensed for use by CMIA, LLC or its Affiliates. Copyright © 2022 by S&P Dow Jones Indices LLC, a subsidiary of McGraw Hill Financial, Inc. All rights reserved. Redistribution or reproduction in whole or in part are prohibited without written permission of S&P Dow Jones Indices LLC. S&P Dow Jones Indices LLC, its affiliates, and their third party licensors shall have any liability for any errors, omissions, or interruptions of any index or the data included therein. Any blended benchmarks included in this report that include one or more S&P DJI indices [and other third party index or indices] have been calculated by CMIA, LLC or its affiliates.

The **Russell 1000 Index** is an unmanaged index that tracks the performance of 1,000 of the largest U.S. companies based on market capitalization.

The **S&P 500 Index** tracks the performance of 500 widely held, large-capitalization U.S. stocks.

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

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 (%) (Supplemental)	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.)
2021	24.62	21.00	26.45	28.71	17.85	17.71	17.17	0.17	42	231.37	2,677.50
2020	22.60	19.03	20.96	18.40	19.37	19.10	18.53	0.18	41	19.85	1,639.88
2019	33.41	29.58	31.43	31.49	12.53	12.05	11.93	0.34	33	15.34	1,390.52
2018	-8.24	-10.98	-4.78	-4.38	11.07	10.95	10.80	0.48	58	19.61	1,206.32
2017	22.06	18.51	21.69	21.83	N.A.	N.A.	N.A.	0.12	65	35.82	1,320.06
2016	9.49	6.27	12.05	11.96	N.A.	N.A.	N.A.	0.17	50	18.74	1,005.08

Annualized Trailing Performance as of December 31, 2021

Period	Pure Gross-of-fees Return (%) (Supplemental)	Net-of-fees Return (%)	Primary Index Return (%)	Secondary Index Return (%)
1 Year	24.62	21.00	26.45	28.71
5 Years	17.95	14.51	18.43	18.47
Inception	16.50	13.09	17.34	17.36

Inception Date: December 31, 2015

Columbia Contrarian Core SMA Composite

GIPS Report

Columbia Management Capital Advisers

Columbia Contrarian Core SMA Composite

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, 2020. 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, list of pooled fund descriptions for limited distribution pooled funds, and the list of broad distribution pooled funds 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.
-

Columbia Contrarian Core SMA Composite

GIPS Report

Columbia Management Capital Advisers

Columbia Contrarian Core SMA Composite

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.
