Columbia Disciplined Value SMA Strategy

Tariffs can also cause disruption to AI adoption; we believe this secular theme will remain important. Given AI technology's substantial potential benefits in improving productivity, we feel AI will likely continue to transform businesses in the months ahead, although possibly at a slower pace.

Performance

The Columbia Threadneedle US Disciplined Value SMA Composite returned 0.48% pure gross of fees and -0.27% net of fees for the quarter ending March 31, 2025. The strategy's benchmark Russell 1000 Value Index returned 2.14% for the same period.

Market overview

The U.S. equity market lost ground and underperformed its global developed-market peers during the first quarter. The new administration's implementation of tariffs on trading partners, including Europe, Canada and China, led to concerns over the potential for lower economic growth and higher inflation. In addition, speculation around the scope of future tariff increases added to uncertainty for investors. A pronounced decline in enthusiasm about the potential for artificial intelligence (AI) to drive technology spending was another source of negative sentiment. The emergence of the low-cost DeepSeek AI model in January raised the possibility that corporations could scale back their spending on AI-related infrastructure. This news proved to be a sizable headwind for the mega-cap information technology stocks that had led the market higher in 2024, as well as for the information technology sector and growth style more broadly.

While returns were poor at the headline level, based on the -4.49% return for the Russell 1000 Index, value stocks held up reasonably well, as investors rotated toward areas of the market with defensive characteristics, above-average yields and lower valuations.

Average annual total returns (%) for period ending 03/31/2025

	Inception	3-mon.	1-year	3-year	5-year	Since inception
Columbia Threadneedle US Disciplined Value SMA Composite (pure gross)	03/31/2016	0.48	3.96	8.71	18.04	11.14
Columbia Threadneedle US Disciplined Value SMA Composite (net)		-0.27	0.89	5.51	14.59	7.88
Russell 1000 Value Index		2.14	7.18	6.64	16.15	10.01

Source: Columbia Threadneedle Investments
Effective June 30, 2024, the composite name for this strategy changed from Columbia Disciplined Value SMA Composite to Columbia Threadneedle US Disciplined Value SMA Composite.

Past performance does not guarantee future results. 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.

The Russell 1000 Value Index recorded a gain of 2.14% despite the challenging headlines and strongly outperformed the -9.97% return for the tech-heavy Russell 1000 Growth Index. Mid-cap stocks, which were less affected by the sell-off in the information technology sector, outpaced large caps with a return of -3.40%, as measured by the Russell Mid-Cap Index. Small caps lagged by a wide margin. The Russell 2000 Index returned -9.48% in the quarter, reflecting smaller companies' higher sensitivity to economic growth trends.

Model performance

We divide the metrics for our stock selection model into three broad categories — quality, value and catalyst. We then rank the securities within a sector/industry from 1 (most attractive) to 5 (least attractive) based upon the metrics within these categories. During the first quarter of 2025, the value and quality themes contributed positively to relative results, but the catalyst theme detracted significantly. Within the value theme, seven of its eight factors scored positively during the quarter, led by the best-performing factor overall, dividend yield. The trailing earnings-to-price and the free-cash-flow-to-enterprise value factors also performed well, with book-to-price the only value factor to score negatively during the quarter. The quality theme of our stock selection model had more mixed performance, with four of its six factors contributing positively and two detracting. The return on equity and earnings quality factors performed especially well, followed by the gross profit margin and return-on-invested-capital factors. The cash-flow-return-on-assets and change-in-free-cash-flow-margin factors weighed on results within the quality theme. The catalyst theme of our stock selection model was weak, with all four of its factors dampening relative results during the quarter. Within the catalyst theme, the negative cash flow surprise and earnings revisions factors were the largest detractors.

Among risk factors, volatility and beta were the largest detractors from relative results for the quarter, while financial leverage and size were the second- and third-greatest positive contributors among all of the factors.

Of the portfolio's 20 industry-specific models, nine provided positive stock selection guidance during the first quarter. Information technology-semiconductors, consumer discretionary-retail & apparel and industrials-services contributed most positively to relative results. Industrials-transportation, industrials-capital goods and financials-insurance detracted most during the quarter.

Quarterly portfolio recap

As usual, the portfolio maintained a relatively neutral stance on sector allocation, though sector allocation did detract, albeit modestly, from relative performance during the quarter. Stock selection detracted most from the portfolio's performance relative to the Russell Index. Stock selection was weakest in the industrials, utilities and materials sectors. Partially offsetting these detractors was effective stock selection in communication services, consumer staples and financials, which contributed positively.

Top detractors from relative performance:

- Viatris, a pharmaceuticals company, experienced a notable double-digit share price decline during the quarter, partly due to earnings that missed consensus expectations and partly because the company provided lower-than-expected full-year guidance for 2025. The portfolio's overweight in Viatris was based on positive value and quality theme scores, but the models delivered negative guidance.

- Salesforce, a cloud-based software company that provides customer relationship management solutions, was a top positive contributor in the prior quarter but saw a double-digit share price decline in the first quarter of 2025. Its poor performance was largely because of revenue results that missed consensus expectations and the slower-than-anticipated adoption of its AI-powered Agentforce platform. The portfolio’s overweight in Salesforce was driven by its attractive value, quality and catalyst theme scores, but the models provided negative stock selection guidance.

Top contributors to relative performance:

- AT&T, a provider of telecommunications and technology services, posted a double-digit share price gain during the quarter, driven by robust earnings and a positive long-term outlook, particularly as the company focuses on its core businesses, including wireless and fiber optic services, after shedding its pay-TV business. The portfolio’s overweight in AT&T was based on its attractive catalyst and value theme scores, and the models delivered positive stock selection guidance.
- Altria Group, a tobacco company, posted a double-digit share price gain during the quarter, led by expectations of its adjusted earnings per share to grow significantly and on its ongoing expansion of its smokeless business. The portfolio’s overweight in Altria Group was established based on its positive scores across all three themes — led by value and quality, and the models provided positive guidance.

During the first quarter, certain enhancements were made to our quantitative stock selection models to improve their relevance in uncertain markets. Most notably, the short interest factor was improved through a comprehensive update to both its level and change components. By transitioning from exchange-reported data to daily security lending data provided by FIS Global, we have gained access to more frequent updates that better capture dividend-related trading activity while reducing data volatility. These changes, along with our refined methodology, have, in our view, strengthened the factor’s longevity, boosted its performance potential and lowered its risk exposure.

Outlook

Following two years of equity market returns that have been substantially above historical averages, the 2025 began by adding three more all-time highs in the S&P 500 Index to the 57 recorded in 2024. Prudent investors questioned if valuations were frothy or if the rally was sustainable. Among the reasons for optimism were a potentially friendly regulatory environment and the secular tailwind of AI adoption across industries. However, at the end of the first calendar quarter, the most significant forward driver of financial markets appeared to be U.S. policy on tariffs.

At the end of March 2025, it appeared that broad-based and sizeable tariff imposition was more likely to be a serious policy proposal rather than a negotiating tactic to extract concessions from global trading partners. Tariffs are inflationary and can cause substantial disruptions to demand patterns and supply chains. They can negatively affect consumer spending and weaken the labor market, the resilience of both having been, for many decades, the wind behind the sails of the U.S. economy. Tariffs also create significant uncertainty as to the earnings prospects of companies across the spectrum of the economy.

When inflation reared its head after the COVID-19 pandemic, the U.S. Federal Reserve walked a tightrope between bringing prices down and pushing the economy into a recession. After three years, we can say the Fed successfully avoided a hard economic landing. However, as it now navigates the last mile of the inflation reduction journey, the introduction of tariffs has the potential to take the Fed's efforts back several steps, in our view. This, we believe, increases the risk of stagflation, wherein economic growth is limited and inflation remains high.

While tariffs can also cause disruption to AI adoption, we believe this secular theme will remain important. Given AI technology's substantial potential benefits in improving productivity, we feel AI will likely continue to transform businesses in the months ahead, although possibly at a slower pace. The largest companies have invested hundreds of billions of dollars in capital expenditures to compete for new revenue opportunities. As the returns from these investments become clearer, we believe markets will likely reward those companies with the best strategies and execution.

The influence of government policy and other macro-factors and themes on individual stock performance is undeniable. However, accurately foreseeing the complexion of that influence in a consistent way can be a challenge amid a landscape of high uncertainty. At a time like this, focus and increased emphasis on company fundamentals and earnings potential can add value. At the company level, we believe those management teams that can navigate the current environment, execute on their own company strategies and post solid earnings and cash flows are likely to be rewarded. Companies with nimble operations that have options to pivot to alternative suppliers or markets when disruptions occur would, in our view, prove more resilient. Characteristics of profitability, margins and cash flow generation will continue to be important for companies to fund their own growth, with operational flexibility and supply chain adaptability becoming increasingly critical differentiators. Amid such an environment, we believe our multifactor approach, focusing collectively on quality, value and catalyst themes, should put us in good stead in selecting stocks. Our strategy is based on individual quantitative stock selection. Consequently, we do not rely on macroeconomic scenarios or market outlooks to make security selections. We do not try to predict when equities, as an asset class, may perform well or when they may perform poorly. Instead, we keep the portfolio substantially invested at all times. Our portfolio managers maintain confidence in the long-term efficacy of our investment approach.

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.

Holdings and characteristics are based on a representative account and are subject to change at any time. Individual account performance, holdings, and characteristics may differ from information shown. References to specific securities are included as an illustration of the investment management strategy and are not recommendations. Holdings may represent only a small percentage of the portfolio. 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.

The views expressed are as of the date given, may change as market or other conditions change and may differ from views expressed by other Columbia Management Investment Advisers, LLC (CMIA) associates or affiliates. Actual investments or investment decisions made by CMIA and its affiliates, whether for its own account or on behalf of clients, may not necessarily reflect the views expressed. This information is not intended to provide investment advice and does not take into consideration individual investor circumstances. Investment decisions should always be made based on an investor's specific financial needs, objectives, goals, time horizon and risk tolerance. Asset classes described may not be appropriate for all investors. Past performance does not guarantee future results, and no forecast should be considered a guarantee either. Since economic and market conditions change frequently, there can be no assurance that the trends described here will continue or that any forecasts are accurate.

Advisory services provided by Columbia Management Investment Advisers, LLC (“CMIA”). For purposes of GIPS compliance, the Firm is defined as Columbia Threadneedle Investments Global Asset Management (“Columbia Threadneedle Investments GAM”), which includes accounts managed by the investment manager and certain of its affiliates.

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

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These managed account programs are only available through investment professionals. Not all strategies may be available on all platforms, and fees and terms may vary. Managed account programs may not be appropriate for all investors.

Market risk may affect a single issuer, sector of the economy, industry or the market as a whole. **Value** securities may be unprofitable if the market fails to recognize their intrinsic 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 1,000 of the largest U.S. companies, based on market capitalization.

The **Russell 1000 Growth Index** is an unmanaged index that 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 **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe. The Russell Midcap Index is a subset of the Russell 1000® Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap Index represents approximately 31% of the total market capitalization of the Russell 1000 companies.

The **Russell 2000 Index** is an unmanaged index that tracks the performance of the 2,000 smallest of the 3,000 largest U.S. companies, based on market capitalization.

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

Columbia Threadneedle US Disciplined Value SMA Composite

GIPS Report

Columbia Threadneedle Investments Global Asset Management

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 (bil.)
2024	16.86	13.44	14.37	16.27	16.66	N.A.	≤ 5	0.10	554.24
2023	16.49	13.09	11.46	16.01	16.51	N.A.	≤ 5	0.14	N.A.
2022	-6.10	-8.90	-7.54	20.10	21.25	N.A.	≤ 5	0.46	N.A.
2021	30.19	26.42	25.16	18.39	19.06	N.A.	≤ 5	0.49	N.A.
2020	3.42	0.36	2.80	18.96	19.62	0.48	38	20.19	N.A.
2019	20.73	17.21	26.54	12.48	11.85	0.24	48	21.80	N.A.
2018	-8.04	-10.78	-8.27	N.A.	N.A.	0.16	42	17.91	N.A.
2017	18.60	15.14	13.66	N.A.	N.A.	0.12	33	15.40	N.A.
2016 *	13.64	11.14	15.45	N.A.	N.A.	N.A.	15	6.24	N.A.

* For the period 03/31/2016 through 12/31/2016.

Annualized Trailing Performance as of December 31, 2024

Period	Pure Gross-of-fees Return (%) (Supplemental)	Net-of-fees Return (%)	Index Return (%)
1 Year	16.86	13.44	14.37
5 Years	11.47	8.20	8.68
Inception	11.42	8.15	10.04

Inception Date: March 31, 2016

Columbia Threadneedle US Disciplined Value SMA Composite

GIPS Report

Columbia Threadneedle Investments Global Asset Management

Columbia Threadneedle US Disciplined Value SMA Composite

1. Columbia Threadneedle Investments Global Asset Management claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Columbia Threadneedle Investments Global Asset Management has been independently verified for the periods of January 1, 1993 to December 31, 2023. 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. The Firm is defined as Columbia Threadneedle Investments Global Asset Management (formerly known as Columbia Threadneedle Investments North America prior to June 30, 2024). The Firm provides a broad range of investment management and related services to individual, institutional, and corporate clients around the world. Columbia Threadneedle Investments is the global brand name of the Columbia and Threadneedle group of companies. The Firm was redefined on June 30, 2024, to include the GIPS firms of Columbia Management Capital Advisers, Columbia Threadneedle Investments EMEA APAC, and Columbia Threadneedle (EM) Investments Limited. The Columbia Management Capital Advisers firm offered investment management and related services to clients participating in various types of wrap programs. The Columbia Threadneedle Investments EMEA APAC firm consisted of all portfolios managed by various Threadneedle group companies. The Columbia Threadneedle (EM) Investments Limited firm was a subsidiary of Columbia Threadneedle Investments International Limited, which defined a portion of its business specializing in Global Emerging Markets equities. As of November 1, 2020, the Firm was redefined to include Columbia Cent CLO Advisers, LLC. As of January 1, 2017, the Firm was redefined to include Columbia Wanger Asset Management, LLC, a wholly-owned subsidiary of Columbia Management Investment Advisers, LLC. Beginning March 30, 2015, the Columbia and Threadneedle group of companies, which includes multiple separate and distinct GIPS-compliant firms, began using the global offering brand Columbia Threadneedle Investments. The Firm includes accounts managed by various Columbia Threadneedle Investments entities, including Columbia Management Investment Advisers, LLC, Threadneedle Asset Management Limited, Threadneedle Investments Singapore (Pte.) Limited, Threadneedle Management Luxembourg S.A., and other affiliated entities.

3. The strategy aims to exceed the return of the specified large cap value benchmark through active security selection of large capitalization value stocks, while minimizing risks from sector, beta, and investment style exposures. Stock selection is driven by our proprietary industry-specific models which utilize both quantitative and fundamental research to identify key performance drivers within each industry. The strategy will generally maintain a tracking error target of 2-4%. In addition, the portfolios will generally have fewer holdings than the benchmark. Since inception, Separately Managed (WRAP) accounts represent 100% of the composite assets. The benchmark is the Russell 1000 Value® Index. The composite was created April 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 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 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. Returns are calculated net 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 benchmark is 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. Index returns reflect the reinvestment of dividends and other earnings and are not covered by the report of the independent verifiers.

Columbia Threadneedle US Disciplined Value SMA Composite

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Columbia Threadneedle US Disciplined Value 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.

11. Prior to 6/30/2024, the composite was referred to as the Columbia Disciplined Value SMA Composite.

12. This composite was included in the Columbia Management Capital Advisers GIPS firm prior to joining the Columbia Threadneedle Investments Global Asset Management GIPS firm on 6/30/2024. As the composite was not part of Columbia Threadneedle Investments Global Asset Management prior to 6/30/2024, firm assets are shown as “N/A” in the performance table.