Columbia Integrated US Large Cap Growth SMA Strategy

Our multifactor approach focusing collectively on quality, valuation and catalysts should put us in good stead in selecting stocks.

Performance

The Columbia Threadneedle US Integrated Large Cap Growth SMA Composite returned -10.74% gross of fees and -11.43% net of fees for the quarter ending March 31, 2025. The strategy's benchmark Russell 1000 Growth Index returned -9.97% for the same period.

Market overview

Equity markets started the new year by moving higher with expanded breadth. The primary driver of the market move was investors' perception that the incoming administration would favor deregulation, lower corporate taxes and be friendlier to growth. The S&P 500 Index hit multiple all-time highs during the first half of the quarter.

The second half of the quarter saw a marked shift in risk sentiment. Trade tensions with Canada and Mexico, along with the risk of a broader tariff regime with the potential to substantially impact both growth and inflation, triggered an anti-momentum selloff. The S&P 500 Index suffered a drop of more than 10% from its peak before recovering modestly.

Average annual total returns (%) for period ending March 31, 2025

	Inception	3-mon.	1-year	3-year	Since inception
Columbia Threadneedle US Integrated Large Cap Growth SMA Composite (gross)	12/31/2021	-10.74	6.31	10.57	7.52
Columbia Threadneedle US Integrated Large Cap Growth SMA Composite (net)		-11.43	3.17	7.32	4.35
Russell 1000 Growth Index		-9.97	7.76	10.10	6.15

Source: Columbia Threadneedle Investments

Effective June 30, 2024, the composite name for this strategy changed from Columbia Integrated US Large Cap Growth SMA Composite to Columbia Threadneedle US Integrated Large Cap Growth 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.

Data prior to December 16, 2021, represents results achieved while the investment management team was affiliated with a different firm. The investment management team and investment process utilized have remained substantially the same following the integration of the team within Columbia Threadneedle Investments Global Asset Management; therefore the results from the prior firm are linked to the results at Columbia Threadneedle Investments Global Asset Management.

For the full quarter, the S&P 500 Index dropped 4.27%, while the Nasdaq Composite Index sank by more than 10%. The “Magnificent Seven” (Alphabet, Amazon, Apple, Meta Platforms, Microsoft, NVIDIA, Tesla), which had dominated market indices during the past few years, collectively fell more than 20% from their December 2024 peaks. But small-cap securities, which generally lagged large caps over the same period, were not spared either. The Russell 2000 index fell 9.48% during the quarter. With increasingly hawkish commentary coming from the U.S. Federal Reserve, investors turned to value securities over growth securities. There was a wide dispersion between the Russell 1000 Growth Index, which dropped 10.00%, and the Russell 1000 Value index, which was among the rare U.S. market indices that ended in the black for the quarter, rising 2.14%. In contrast with the U.S., international markets showed remarkable resilience, with both developed (MSCI EAFE Index) and emerging markets (MSCI Emerging Markets Index) rallying 6.86% and 2.93%, respectively.

Sector performance showed significant dispersion during the quarter, with a more than a 23% difference in return between the best- and worst-performing sectors. Despite overall market weakness, only 4 of the 11 equity market sectors had negative returns. Defensive sectors, such as health care, consumer staples and utilities, posted strong positive returns. The financials and real estate sectors that are positively exposed to interest rates staying higher for longer also did well. Energy was the best-performing sector, as energy companies were sought out for their ability to act as an inflation hedge. Conversely, communication services, information technology and consumer discretionary lost substantial ground, ranging from -6% to -14% returns. Many stocks in these sectors had previously benefited from enthusiasm about artificial intelligence (AI), but investors chose to take profits amid growing concerns about AI capital expenditure requirements and the timeline for realizing benefits. This marked a strong reversal in the winners and losers from the previous quarter.

Corporate earnings reports largely beat estimates in proportions consistent with historic trends, but there were more reports with potential slowdowns in the guidance offered by management. As a result, we saw negative earnings revisions throughout the quarter, with consensus earnings-per-share (EPS) estimates for the S&P 500 Index declining. The resilience of the economy post-pandemic was primarily driven by a strong consumer. However, during the first quarter, consumer sentiment declined every month and fell to its lowest level in more than two years. Consumer expectations for inflation during the next year also jumped significantly. The labor market continued to be robust, however, with non-farm payrolls showing no significant signs of a slowdown. Before the new tariff regime created another layer of uncertainty, the Fed was still on track to cut interest rates twice this year.

Quarterly portfolio recap

U.S. large-cap equities, as measured by the Russell 1000 Index, finished the first quarter down 4.49%. Value stocks outperformed growth stocks, as represented by the 2.14% quarterly return of the Russell 1000 Value Index and the -10.00% return of the Russell 1000 Growth Index. The Columbia Threadneedle US Integrated Large Cap Growth strategy underperformed the Russell 1000 Growth Index during the three-month period ended March 31, 2025.

Sector allocation contributed to relative performance, while stock selection detracted from relative performance. From a sector perspective, the strategy's overweight positions in financials and industrials were the largest contributors to relative performance, while underweight positions in consumer staples and real estate were the largest detractors. Stock selection was strongest in consumer discretionary and health care, while stock selection detracted the most in financials and information technology. Top individual contributors to performance during the quarter included Rollins and Vertex Pharmaceuticals, while top detractors included Deckers Outdoor and Block.

Outlook

We entered 2025 after two years of substantially above-average equity market returns. The new year added three more all-time highs for the S&P 500 Index to the 57 all-time highs the index posted in 2024. Prudent investors questioned whether valuations were frothy and if the rally had legs. Among reasons for optimism were a potentially friendly regulatory environment and the secular tailwind of AI adoption across industries. However, as of the end of the first quarter, the most significant forward driver of financial markets was likely to be U.S. tariff policy.

At this point, it appears that broad-based and sizable tariff imposition is 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 have thus far been the wind in the sails of the economy. Tariffs add enormous additional uncertainty to the earnings prospects of companies across the entire spectrum of the economy.

When inflation reared its head after the pandemic, the Fed had to walk 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 landing. However, as it navigates the last mile of the inflation reduction journey, the introduction of tariffs has the potential to take the Fed back several steps. This increases the risk of stagflation, where economic growth is limited and inflation remains high.

While tariffs can also cause disruptions to AI adoption, we believe AI will remain an important investment theme. Given the technology's substantial benefits in improving productivity, it will continue to transform businesses, although potentially 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 those investments become clearer, markets will reward those with the best strategy and execution.

The influence of government policy and other macroeconomic factors and themes on individual stock performance is undeniable. However, predicting the effects consistently can be a challenge at a moment 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, firms that can navigate this environment, execute on their strategies and post solid earnings and cashflows are likely to be rewarded. Companies with nimble operations that have options to pivot to alternative suppliers or markets when disruptions occur will 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. In such an environment, our multifactor approach, which focuses collectively on quality, valuation and catalysts, should put us in good stead in selecting stocks.

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.

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Columbia Management Investment Advisers, LLC is an investment adviser registered with the U.S. Securities and Exchange Commission. 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.

Market risk may affect a single issuer, sector of the economy, industry or the market as a whole. Generally, **large-cap** companies are more mature and have limited growth potential compared to smaller companies. In addition, large companies may not be able to adapt as easily to changing market conditions, potentially resulting in lower overall performance compared to the broader securities markets during different market cycle. **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. 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 **Standard & Poor's 500 Index** (S&P 500 Index) is an unmanaged list of common stocks which includes 500 large companies.
The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.
The **National Association of Securities Dealers Automated Quotation (NASDAQ) Index** measures the performance of all NASDAQ domestic and international based common type stocks listed on the NASDAQ Stock Market calculated under a market capitalization weighted methodology index.
The MSCI EAFE Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada.
The **MSCI Emerging Markets** Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.

Columbia Threadneedle US Integrated Large Cap Growth 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	33.25	29.40	33.36	18.91	20.33	N.A.	≤ 5	9.74	554.24
2023	41.93	37.85	42.68	N.A.	N.A.	N.A.	≤ 5	7.64	N.A.
2022	-25.03	-27.31	-29.14	N.A.	N.A.	N.A.	≤ 5	5.32	N.A.

Annualized Trailing Performance as of December 31, 2024

Period	Pure Gross-of-fees Return (%) (Supplemental)	Net-of-fees Return (%)	Index Return (%)
1 Year	33.25	29.40	33.36
Inception	12.34	9.04	10.47

Inception Date: December 31, 2021

Columbia Threadneedle US Integrated Large Cap Growth SMA Composite

GIPS Report

Columbia Threadneedle Investments Global Asset Management

Columbia Threadneedle US Integrated Large Cap Growth 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 invests in large-cap equity securities and strives to maintain a moderate amount of tracking error to the benchmark (3-5%). The strategy is designed to outperform the benchmark over full market cycles while maintaining moderate risk controls. Since inception, Separately Managed (WRAP) accounts represent 100% of the composite assets. The benchmark is the Russell 1000® Growth Index. The composite was created January 1, 2022.

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, 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. Index returns reflect the reinvestment of dividends and other earnings and are not covered by the report of the independent verifiers.

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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.

11. Portfolio Manager, J.P. Gurnee, left the firm on April 28, 2023. Effective 11/9/2023, Ernesto Ramos and David Rosenblatt are no longer Portfolio Managers for the strategy.

12. Prior to 6/30/2024, the composite was referred to as the Columbia Integrated US Large Cap Growth SMA Composite.

13. 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.