

COLUMBIA LARGE CAP GROWTH STRATEGY

The U.S. equity market lost ground in the third quarter, continuing the downtrend from the first six months of the year. The quarter began on a positive note, with a rally that lasted through the first half of August.

Performance

- The Columbia Large Cap Growth strategy returned -4.60% pure gross of fees and -5.33% net of fees, underperforming its benchmark, the Russell 1000 Growth Index, which returned -3.60% for the quarter ending September 30, 2022.
- In sector terms, selection within information technology weighed most heavily on the strategy's return relative to the benchmark, while positive contributions to performance were led by selection within health care.

Market overview

The U.S. equity market lost ground in the third quarter, continuing the downtrend from the first six months of the year. The quarter began on a positive note, with a rally that lasted through the first half of August. During this time, investors appeared to grow increasingly optimistic that the U.S. Federal Reserve would pivot toward a more accommodative policy. However, subsequent comments from Chairman Jerome Powell — together with a stronger-than-expected inflation report in early September — made it clear that the central bank would continue to raise interest rates aggressively. The Fed raised rates by three-quarters of a point twice during the quarter to bring its benchmark fed funds rate to a range of 3.0% to 3.25%, up from 0% to 0.25% at the beginning of 2022. A broad assortment of external factors further contributed to the weakness in sentiment, including the emergence of an energy crisis in Europe, continued COVID-19 lockdowns in China, and the ongoing conflict in Ukraine. Unusual volatility in the global currency and fixed-income markets was an additional source of disruption in the latter half of September. Together, these developments raised concerns about the potential for a slowdown in global growth and a concurrent decline in corporate earnings.

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

	Inception	3-mon.	Year to date	1-year	3-year	Since Inception
Columbia Large Cap Growth SMA composite (pure gross)	03/31/2020	-4.60	-32.04	-25.70	—	12.78
Columbia Large Cap Growth SMA composite (net)		-5.33	-33.63	-27.96	—	9.47
Russell 1000 Growth Index		-3.60	-30.66	-22.59	—	—

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 Large Cap Growth 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.

The Russell 1000 Growth Index returned -3.60% for the quarter. Within the index, only the consumer discretionary and energy sectors finished the quarter in positive territory, while communication services and real estate were the biggest laggards, posting losses.

Quarterly portfolio recap

In sector terms, selection within communication services, information technology and consumer discretionary weighed most heavily on the strategy's return relative to the benchmark. Positive contributions to performance were led by positioning in health care and industrials.

Within communication services, ZoomInfo Technologies was a leading detractor despite reporting positive quarterly results driven by continued strong revenue growth. The stock was punished along with other growth-oriented issues against the backdrop of aggressive Fed rate hikes and rising Treasury yields. Shares of Google parent Alphabet also struggled in the higher rate environment. In addition, sentiment with respect to the larger advertising space was negatively affected by messaging from Facebook parent Meta around increased competition and a downward revision in earnings guidance by Snap.

Within information technology, a number of semiconductor holdings posted weak returns, including Qualcomm, Applied Materials, Broadcom, Nvidia and Micron Technology. The group is highly cyclical, and signs of softening demand in certain consumer end markets, such as cell phones and PCs, along with rising inventory levels, weighed on performance. We exited Qualcomm and Micron in the quarter. Cloud-based payments platform Bill.com was another laggard despite a good first-quarter report, as the market was expecting even better results. While there are market concerns that the company's growth may be slowing, we believe the enterprise payment ecosystem is benefiting from very strong tailwinds and have maintained the position. Shares of digital payments company Block (formerly Square) also declined notably following a poorly received investor day. While Block has strong growth prospects, we believe margins will be pressured by the company's investments, and we exited the position.

Within consumer discretionary, Target was a leading laggard on disappointing quarterly results and a weaker outlook, as consumer preferences shifted from pandemic-driven categories toward less discretionary items. While Target has an excess of inventory in the wrong segments and needs to pursue mark downs, we expect only a short-term disruption to margins. Higher transportation costs have presented another temporary challenge to profitability.

On the positive side, within health care, Eli Lilly was a leading contributor, as the pharmaceutical company's diabetes drug Tirzepatide has shown positive indications as a weight loss drug. An overweight to UnitedHealth Group also proved beneficial, as managed care companies are viewed by the market as relatively defensive. In addition, Vertex and BioMarin outperformed, as both are viewed as relatively defensive holdings within the biotechnology segment given their solid free cash flow based on existing drugs.

Within industrials, sentiment with respect to aerospace and defense company Raytheon benefited, as international air travel resumed, and the outlook for defense spending globally strengthened in the wake of Russia's invasion of Ukraine.

Outlook

We have a cautious view of the macro backdrop given signs of economic weakening as reflected in declining purchasing manager indices along with some softening in consumer spending and confidence. High inflation and the Fed's aggressive tightening posture are clearly negatives for market sentiment. These factors are balanced to some degree by strong U.S. consumer fundamentals including continued high savings for certain income segments, recent home price appreciation and a tight labor market.

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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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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.

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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 the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth values.

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

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Columbia Large Cap Growth 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.)
2021	29.12	25.37	27.60	N.A.	N.A.	N.A.	≤ 5	0.21	2,677.50
2020 *	53.94	50.67	61.22	N.A.	N.A.	N.A.	≤ 5	0.17	1,639.88

* For the period 03/31/2020 through 12/31/2020.

Annualized Trailing Performance as of December 31, 2021

Period	Pure Gross-of-fees Return (%) (Supplemental)	Net-of-fees Return (%)	Index Return (%)
1 Year	29.12	25.37	27.60
Inception	48.07	43.83	51.01

Inception Date: March 31, 2020

Columbia Large Cap Growth SMA Composite

GIPS Report

Columbia Management Capital Advisers

Columbia Large Cap Growth 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 achieve long-term capital appreciation by investing primarily in stocks of companies with a market capitalization, at the time of purchase, similar to those in the Russell 1000 Growth Index. Portfolios managed in this composite are Separately Managed (WRAP) accounts. The benchmark is the Russell 1000® Growth Index. The composite was created April 1, 2020.
 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 3.00% 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 Growth Index that 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.
 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.
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