Columbia Select Large Cap Equity SMA Strategy

While seeking to construct a portfolio that can be resilient to a range of economic outcomes, we continue to focus on stock selection as the driver of returns.

Performance

The Columbia Select Large Cap Equity SMA Composite returned 11.84% pure gross of fees and 11.03% net of fees for the quarter ending December 31, 2023. The strategy's benchmark, S&P 500 Index returned 11.69% for the same period.

In sector terms, selection within health care, consumer discretionary and industrials led positive contributions to relative performance, while selection within communication services, consumer staples and information technology weighed most heavily on performance.

Market overview

U.S. equities, as measured by the S&P 500 Index, posted a gain of 11.69% in the fourth quarter, bringing the return for the full year to a robust 26.29%. The market initially slid in October, with stocks remaining mired in a sell-off caused by concerns that the U.S. Federal Reserve was set to maintain a higher-for-longer interest rate policy. However, a drop in oil prices and a series of better-than-expected inflation reports led to a pronounced improvement in investor sentiment in November. The resulting rally gained additional steam in December, when comments from Fed Chair Jerome Powell appeared to indicate that the central bank was not only finished raising rates, but also that it may in fact begin to cut rates as soon as the first half of 2024. Additionally, gross domestic product (GDP) growth remained in positive territory despite the aggressive interest rate increases already implemented, fueling optimism about the potential for an economic soft landing. Stocks surged on these favorable developments, propelling many major U.S. indexes near or above all-time highs by year end.

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

	Inception	3-mon.	1-year	3-year	Since inception
Columbia Select Large Cap Equity SMA Composite (pure gross)	12/31/2018	11.84	28.92	10.79	16.27
Columbia Select Large Cap Equity SMA Composite (net)		11.03	25.18	7.54	12.87
S&P 500 Index		11.69	26.29	10.00	15.69

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.

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Quarterly portfolio recap

In sector terms, selection within health care, consumer discretionary and industrials led positive contributions to relative performance, while selection within communication services, consumer staples and information technology weighed most heavily on performance.

Within health care, notable contributors included Dexcom, manufacturer of a continuous glucose monitoring system used in the treatment of diabetes, led contributions. Dexcom and other diabetes-related companies had come under selling pressure as positive data around glucagon-like peptide-1 (GLP-1) treatments such as Ozempic suggested that fewer people with obesity will eventually need treatment for diabetes. However, a strong third-quarter earnings report for Dexcom helped allay the near-term fears over GLP-1 while new reimbursement rules have expanded the addressable market for the company’s products. Additionally, the company announced a share buyback plan in the quarter. Shares of robotic surgery tools provider Intuitive Surgical also performed well. The company serves a broad range of surgical markets, including some tied to obesity, such as bariatric surgery. Sentiment around the stock had come under pressure as positive data around GLP-1 treatments that promote weight loss gained traction with investors. We viewed the sell-off in the stock as extreme, and the shares rebounded in the quarter as Intuitive Surgical reported solid growth. The company has room to expand both globally and with respect to additional procedures, and results should benefit from a new product expected to hit the market in 2024.

Within consumer discretionary, shares of Amazon performed well as the company’s e-commerce margins came in well ahead of expectations, driven by previous investments in regionalization and an easing of cost headwinds. In addition, management struck a positive tone on trends in the cloud business, in part due to opportunities related to generative artificial intelligence (AI). Hotel chain operator Hilton also had a strong quarter on a continued post-pandemic recovery with strength in international markets and group bookings. In addition, management raised guidance with respect to the pipeline of new rooms. High-end athletic wear company Lululemon posted an earnings beat driven by broad strength across channels, geographies and products. We continue to like the company, given its strong brand momentum and the opportunity for expansion into more general apparel categories. Lululemon is also benefiting from sustained margin tailwinds with inventory levels cleaned out, pricing leverage and supply chain efficiencies.

Within industrials, Cintas continued to show strong business momentum with results that again beat estimates, while providing positive guidance. The supplier of uniforms and cleaning supplies to businesses has navigated rising costs and wage inflation well and is in the middle of significant process and technology improvements that we believe will propel margins higher in coming years.

On the downside, within communication services, shares of Comcast sold off on weak earnings and renewed concerns around broadband trends and increased competitive intensity within the fixed wireless market. In addition, Comcast has become more aggressive on pricing at the expense of volume. We believe the stock has overshot on the downside given the minimal financial impact to the company from these concerns.

Within consumer staples, shares of Procter and Gamble lagged despite robust fundamental trends across most regions, as the company communicated deteriorating results in China, where the anticipated post-pandemic rebound has disappointed. Additionally, the

Fed's pivot to a more relaxed policy stance led to dramatic outperformance by lower quality companies within the consumer staples sector. Walmart shares sold off as the low-cost retailer reported higher-than-expected expenses and lower-than-expected sales, while management indicated that it has become more cautious on the consumer. We continue to view Walmart as able to weather a range of macro conditions and as well positioned to expand margins given opportunities to increase automation and drive sales in new areas such as advertising services.

Within information technology, enterprise networking firm Cisco Systems was the biggest detractor. The shares sold off significantly after the company reported a significant miss on sales and earnings, with weakness driven by slowing orders. In addition, Cisco experienced a faster-than-expected reduction in its order backlog. We view the slowdown in orders as transitory after multiple quarters of very strong backlog growth with customers pausing new orders to install equipment they have already received.

Finally, Ameren saw its shares fall sharply after the state of Illinois approved regulated returns for the utility that were lower than expected and rejected the company's plan for grid capital expenditures. While Ameren will be able to refile both its return-on-equity request and grid spending plan, investors viewed these actions as reflecting a more negative broader regulatory environment in Illinois. We believe the sell-off in the stock is overdone, even after adjusting for the less positive pricing.

While seeking to construct a portfolio that can be resilient to a range of economic outcomes, we continue to focus on stock selection as the driver of returns. In so doing, we seek a combination of certain characteristics that we believe has the potential to outperform throughout a market cycle. We emphasize companies with strong free cash flow generation, improving revenue and earnings trends, high or rising returns on invested capital and sound or improving balance sheets.

Outlook

The market rallied into the end of the year on optimism that the Fed had managed to thread the needle and achieve a soft landing, and that rate cuts would be pulled forward to early 2024. However, we do not expect the upcoming year to be without its challenges. Depending on monthly inflation readouts and Fed commentary, market expectations for the number of rate cuts could shift and lead to volatility in both bond yields and stock prices. More broadly, Fed policy pivots are often associated with increased financial market volatility. In addition, there is uncertainty around the health of the consumer, which will have implications for consumer spending and the labor market. Finally, 2024 is an election year, which raises uncertainty related to the election outcome and around future policies. We are monitoring all of these themes very closely while seeking to position the portfolio to weather a range of outcomes, even as we continue to focus on stock selection as the main driver of portfolio returns.

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

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

Columbia Select Large Cap Equity 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 (%)	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.)
2022	-18.67	-21.12	-18.11	20.28	N.A.	N.A.	≤ 5	0.2	2,101.82
2021	29.70	25.94	28.71	17.23	N.A.	N.A.	≤ 5	0.2	2,677.50
2020	21.18	17.64	18.40	N.A.	N.A.	N.A.	≤ 5	0.1	1,639.88
2019	28.97	25.23	31.49	N.A.	N.A.	N.A.	≤ 5	0.1	1,390.52

Annualized Trailing Performance as of December 31, 2022

Period	Gross-of-fees Return (%)	Net-of-fees Return (%)	Index Return (%)
1 Year	-18.67	-21.12	-18.11
Inception	13.31	9.99	13.18

Inception Date: 12/31/2018

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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 long-term capital growth through an actively managed portfolio of primarily large capitalization U.S. growth and value stocks; however, portfolios are likely to include an allocation to non-U.S. securities. Portfolios managed in this composite are Separately Managed (WRAP) accounts. The benchmark is the Standard & Poor's 500 Index. The composite was created January 1, 2019.

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 benchmark, the Standard & Poor's 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.