THIRD QUARTER 2022
INVESTMENT COMMENTARY

COLUMBIA SELECT LARGE CAP GROWTH STRATEGY

With the S&P 500 Index entering technical bear market levels in June and again at the end of September, the broader market has stumbled into an environment that growth investors have been facing for much of 2022.

Performance

The Columbia Select Large Cap Growth strategy returned -3.76% pure gross of fees and -4.49% net of fees, underperforming its benchmark, the Russell 1000 Growth Index, which returned -3.60% during the third quarter.

Market overview

The U.S. equity market lost ground in the third quarter, continuing the downtrend that occurred in the first six months of the year. The quarter began on a positive note, with a rally that lasted through July and 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 indeed raised rates twice during the quarter to bring its benchmark fed funds rate to a range of 3.0%–3.25%, up three percentage points from 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.	1-year	3-year	5-year	10-year
Columbia Select Large Cap Growth SMA composite (pure gross)	12/31/2011	-3.76	-35.77	6.04	7.63	11.11
Columbia Select Large Cap Growth SMA composite (net)		-4.49	-37.74	2.91	4.46	7.84
Russell 1000 Growth Index		-3.60	-22.59	10.67	12.17	13.70

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 Select 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 losses for equities were broad-based, with nearly every sector losing ground. The growth style outperformed in the selloff, reversing a trend that was in place during the first half of the year, with returns of -3.60% and -5.62% for the Russell 1000 Growth Index and Russell 1000 Value Index, respectively. Small-cap stocks outperformed large caps, based on returns of -2.19% and -4.61% for the Russell 2000 Index and Russell 1000 Index, respectively.

Quarterly portfolio recap

In this environment, the strategy declined and modestly lagged the Russell 1000 Growth Index's -3.60% return. During the quarter, results were mixed, as the portfolio performed well in the industrials and health care sectors on a relative basis. Negative stock selection in the consumer discretionary sector accounted for the vast majority of the relative underperformance. The strategy also lagged in the information technology sector to a lesser degree.

In the industrials sector, our holdings in ride share leader UBER, CoStar Group and alternative energy storage provider Bloom Energy were notable contributors and accounted for the majority of the outperformance in the sector. Uber shares rallied after announcing a strong quarter, as the firm's ride share business continued to improve. Management's focus on capital discipline also paid off, as the company generated its first quarter of positive free cash flow. Despite improving fundamentals, we decided to exit the position after the move higher in order to reduce some cyclicality in the portfolio and lean more toward companies with stronger near-term profitability, as economic conditions could continue to weaken. We will place the name back on our bench warmers list and follow it closely.

CoStar Group, which provides real estate tools, data services and listing services such as apartments.com, reported a strong quarter beating revenue, margins and earnings expectations. The firm increased guidance and noted early signs of a rebound in its multi-family listing business.

While Bloom Energy did announce a solid quarter, beating revenue estimates, the passage of the Inflation Reduction Act, which will benefit many alternative energy-related stocks, sent the name considerably higher during the month.

In health care, holdings in biotechnology firms Sarepta Therapeutics and BioMarin Pharmaceuticals were relative outperformers. Sarepta shares rallied materially when the firm received positive feedback from the FDA and announced it would submit a biologics license application for accelerated approval for its SRP-9001 therapy for Duchenne muscular dystrophy.

BioMarin announced a strong quarter, beating earnings and revenue estimates. The company also noted that the launch of its Voxzogo therapy, used to help children with achondroplasia grow, continued to increase ahead of expectations.

In terms of detractors, the portfolio did not keep pace in the consumer discretionary sector during the quarter. Holdings in athletic apparel manufacturer Nike and pet supply ecommerce leader Chewy detracted from relative results. While Nike continued to navigate a challenging environment with solid sales growth in north America and Europe, shares came under pressure in September after the firm lowered 2023 guidance, which could move margins lower in the near term.

Coming off a strong June rally, shares of Chewy cooled and pulled back during the quarter. Chewy came in shy of revenue estimates for the quarter, but exceeded profitability and margin metrics, as the company increased prices and looked to improve logistics costs. Additionally, not owning Tesla, proved to be a headwind to relative returns during the quarter.

In August, we established a new position in Chipotle Mexican Grill. Chipotle Mexican Grill's company mission is centered on "cultivating a better world by serving responsibly sourced, classically cooked, real food with wholesome ingredients without artificial colors, flavors or preservatives." Chipotle has more than 3,000 restaurants in the United States, Canada, the United Kingdom, France and Germany, and is the only restaurant company of its size that owns and operates all its restaurants. Our positive opinion of the firm focuses on five key theses, which we believe will drive attractive share price appreciation, namely: 1) accelerating unit growth 2) pricing power that offsets cost inflation and provides margin gains as pressures moderate 3) sustained same-store sales growth driven by digital, loyalty and fresh products 4) proven defensiveness in a challenging macroeconomic environment and 5) an attractive relative valuation.

Inflation has been a significant challenge to margins for restaurants over the past few years. Technology, such as digital ordering with dedicated pickup lines, expanded delivery and an improved mobile app are helping with productivity. However, we would like to see continued gains in quarters to come, which would allow for greater upside to sales and earnings targets. While there is no doubt consumer spending has been reallocated due to inflationary pressures across the spending spectrum, we believe Chipotle has and will continue to benefit from a trade-down from more expensive dining options.

In the information technology sector, stock selection was mixed during the quarter. Our holdings in digital payment platforms PayPal and Block delivered solid returns after struggling over much of the last year. PayPal reported a solid quarter, in line with expectations, but also announced plans for cost reductions, an increase in buybacks and news that a notable activist investor had taken a meaningful stake in the firm. These actions were viewed favorably by investors and sent shares higher.

After Block's rally, we decided to exit the position, as we grew more concerned about the firm's ability to deliver growth in the near term. Block has exposure to a potential small-business slowdown on the seller side in addition to consumers being affected by market and crypto declines, which could weigh on the cash app business.

These positives were more than offset from lesser results in the software industry, as our holdings in ServiceNow and Adobe both declined, detracting during the quarter. ServiceNow sold off despite reporting a solid quarter and reiterated its long-term guidance, but currency translation from its overseas sales proved to be a headwind to results.

Adobe announced a mixed quarter, beating earnings estimates, but guidance missed street revenue expectations for the next quarter. Overall, Adobe's core business continues to be resilient, but all the focus for the quarter was on an announcement that the firm would acquire Figma, its largest acquisition to date, for $20 billion. While the deal makes sense from a strategic standpoint, as Figma offers an easy-to-use consumer-friendly web native design and whiteboarding solution, investors took pause at the size of the deal and the valuation, which will take time to become accretive. We will continue to monitor the name and see how management intends to integrate the new business line in the future.

Also, during the quarter, we exited our holding in Enphase Energy, which we established in May 2021. Over this time the name has been a considerable absolute and relative outperformer compared to the Russell 1000 Growth Index. While current demand trends for rooftop solar installations remain quite robust and the firm's management has shown near flawless execution during a very challenging period of component supply constraints and logistics challenges, our primary concern for the stock has more to do with future demand trends over the next year.

Residential rooftop solar installations help provide homeowners with energy independence and can provide an attractive return on investment over time compared to rising utility bills. However, they are also large capital expenditures for homeowners that can easily cost $20,000 or more upfront and the costs of installation are subject to the same inflationary pressures as the broader economy. In addition to the higher systems and installations costs compared to last year, most residential rooftop solar projects are financed over a 10- to 20-year period, and the cost of financing these projects has nearly doubled over the past 12 to 18 months. We believe these significant project and financing cost increases during a period of rapidly declining consumer confidence may begin to slow demand from the very strong levels we see today.

Outlook

With the S&P 500 Index entering technical bear market levels in June and again at the end of September, the broader market has stumbled into an environment that growth investors have been facing for much of 2022. The past nine months have been an extraordinarily difficult period for growth investing, as persistent high levels of inflation have moved the Fed into an aggressive tightening of monetary policy. We have been running a conviction-weighted, high-growth portfolio for over 19 years, and we believe patience is key. While pullbacks are never enjoyable, we believe these periods of indiscriminate selling present very compelling investment opportunities that investors can capitalize on.

Historically, calling market bottoms is a highly imperfect exercise. While this selloff may not be over, we believe that for growth investing, we are closer to the end than the beginning. A lot of damage has been done over the past year, but overall, growth company underlying fundamentals and long-term growth stories remain intact.

Ultimately, we believe that if the Fed wants to slow down the economy and cool demand, it will get its way. The old mantra of "don't fight the Fed" remains the most probable outcome. The question remains how far and how fast the Fed will need to go, and how much pain will be inflicted along the way. In light of global economic concerns, why are we still optimistic about growth investing and our portfolio? As the nominal economic growth rate slows, we believe the scarcity of growth premium will begin to kick in, as growth companies tend to have the most unique products and services with the ability to grow even in challenging economic environments.

While the headlines this year have certainly been challenging, we remain positive on high-quality, high-growth stocks for long-term investors. We believe patience is key. While pullbacks are never enjoyable, historically, these periods of indiscriminate selling can present very compelling investment opportunities. If the Fed really wants to stimulate economic growth and tame inflation, it will probably get its way, which, in the long run, will weigh on the more cyclical aspects of the economy that need a stronger economic backdrop. While this transition occurs, secular growth companies will be able to continue to compound revenue and earnings at a much higher rate versus legacy peers and the broader market.

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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 Index** tracks the performance of 1,000 of the largest U.S. companies, based on market capitalization.

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

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 Select 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	10.20	6.96	27.60	21.12	18.17	0.48	938	534.55	2,677.50
2020	48.08	43.83	38.49	22.46	19.64	2.07	905	502.95	1,639.88
2019	37.76	33.78	36.39	17.39	13.07	1.34	1,045	420.46	1,390.52
2018	-3.85	-6.70	-1.51	16.84	12.13	0.53	1,124	345.75	1,206.32
2017	35.71	31.79	30.21	15.29	10.54	0.77	1,117	418.78	1,320.06
2016	-8.28	-11.01	7.08	16.41	11.15	0.65	1,217	421.54	1,005.08
2015	7.71	4.54	5.67	14.43	10.70	0.54	2,424	1,316.36	3,227.52
2014	8.47	5.28	13.05	15.68	9.59	0.39	2,186	1,207.96	3,521.72
2013	44.43	40.28	33.48	N.A.	N.A.	0.46	2,221	1,296.15	3,608.46
2012	14.75	11.39	15.26	N.A.	N.A.	0.46	1,726	773.39	2,718.41

Annualized Trailing Performance as of December 31, 2021

Period	Pure Gross-of-fees Return (%) (Supplemental)	Net-of-fees Return (%)	Index Return (%)
1 Year	10.20	6.96	27.60
5 Years	24.02	20.40	25.32
Inception	17.95	14.50	19.79

Inception Date: December 31, 2011

Columbia Select Large Cap Growth SMA Composite

GIPS Report

Columbia Management Capital Advisers

Columbia Select 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 provide competitive, long-term capital appreciation by investing in larger companies whose growth prospects, in the opinion of the management team, appear to exceed that of the overall market. The strategy uses a concentrated portfolio (generally 25 to 35 holdings) diversified across growth industry sectors and uses cross-correlation analysis on holdings to help manage portfolio volatility. 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, 2012.

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 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.