

Investors probably need to be prepared for higher-for-longer interest rates versus the ultra-low rates they became accustomed to over the past decade.

Columbia Select Large Cap Growth SMA Strategy

Performance

The Columbia Select Large Cap Growth SMA Composite returned 16.95% pure gross of fees and 16.12% net of fees for the quarter ending December 31, 2023. The strategy's benchmark Russell 1000 Growth Index returned 14.16% for the same period.

Market overview

U.S. equities posted a gain of 11.96% in the fourth quarter, as measured by the Russell 1000 Index, bringing their return for the full year to a robust 26.53%. 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 Chairman Jerome Powell appeared to indicate that the central bank was not only finished raising rates, but that it may in fact begin to cut rates as soon as the first half of 2024. Gross domestic product growth remained in positive territory, despite the aggressive interest rate increases over the past two years, fueling optimism about the potential for an economic soft landing. Stocks surged on these favorable developments, propelling many major U.S. indices to near or above all-time highs by year end.

Average annual total returns (%) for period ending December 31, 2023

	Inception	3-mon.	1-year	3-year	5-year	10-year
Columbia Select Large Cap Growth SMA Composite (pure gross)	12/31/2011	16.95	40.26	2.08	16.76	11.74
Columbia Select Large Cap Growth SMA Composite (net)		16.12	36.22	-0.94	13.34	8.46
Russell 1000 Growth Index		14.16	42.68	8.86	19.50	14.86

Source: Columbia Management Capital Advisers.

Past performance is not a guarantee of 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.

In a departure from the trend that was in place through the first nine months of 2023, mid- and small-cap stocks led the way higher in the quarter. The Russell Mid Cap Index and Russell 2000 Index returned 12.82% and 14.03%, respectively, outpacing their large-cap peers. At the style level, growth continued to outperform value (with returns of 14.16% and 9.50%, respectively, for the Russell 1000 Growth Index and Russell 1000 Value Index) driven by persistent strength in mega-cap technology stocks.

Quarterly portfolio recap

In this environment, Columbia Select Large Cap Growth Fund generated a strong return, outperforming the Russell 1000 Growth Index's 14.16% return. The fourth quarter also capped a strong year for the portfolio as 2023 gains neared 40%. This significant rebound made up considerable ground lost during the challenging 2022 period that saw global equity indices sell off on persistent levels of high inflation and aggressive monetary policy, which sent interest rates sharply higher.

Generally speaking, relative performance was positive across the board, led by notable strength in the fund's information technology positions. The portfolio also fared well in the consumer discretionary, consumer staples and industrials sectors on a relative basis. Select names in the communication services and health care sectors detracted from relative results.

In the information technology sector, the fund's holdings in the software industry performed well and drove the outperformance in the sector. Positions in CrowdStrike, ServiceNow and Palo Alto Networks all delivered strong returns and were relative outperformers. Cyber security leader CrowdStrike delivered a strong quarter against a more challenging environment, beating revenue and earnings estimates. The firm's results were driven by strong execution in its cloud security, identity protection and log management business lines. CrowdStrike also raised full-year revenue and earnings guidance, helping to send shares higher.

Palo Alto shares also moved higher as the firm announced a solid quarter, beating revenue, earnings and cash flow expectations despite noting that some clients were shifting to shorter deals, as the cost of capital has increased.

ServiceNow continued to execute well even against a capital expenditure spending backdrop. The firm announced a strong quarter with subscription revenue growth accelerating from the previous quarter. The firm's results were driven by strong sales to the Federal government and management noted a strong start to signing deals for its artificial intelligence (AI) offerings.

In the consumer discretionary sector, the fund's holdings in restaurant chain operator Chipotle Mexican Grill and athletic apparel manufacturer Lululemon were relative outperformers. Additionally, not owning Tesla proved beneficial, as the firm noted macro uncertainty and higher interest rates could weigh on future results. Chipotle shares trended higher as the firm announced a solid quarter, beating same store sales and earnings estimates. Management also noted that store traffic was accelerating throughout the quarter, which has the potential to carry positive momentum into year end. The fund's holding in Lululemon was also a strong performer, as the firm continues to take market share, with revenue growth of 19% year over year with the firm continuing to execute well on its international sales opportunities.

These positives outweighed lesser results from the fund's holdings in automotive supplier Aptiv, which declined and lagged during the period. Aptiv shares pulled back modestly after announcing an in-line quarter, as the firm navigated the slowdown in electric vehicles and the United Auto Workers strike.

Also during the quarter, the fund's established a new position in auto parts retailer O'Reilly Automotive. O'Reilly Automotive is the best-in-class auto retailer for aftermarket parts in the United States, servicing both retail do-it-yourself and do-it-for-me professional customers. With more than 6,000 locations, it has consistently grown its store count, parts inventory and customer base over the past 30 years. There are approximately 285 million vehicles in operation in the United States, and the average age of cars and light trucks hit a new record of 12.5 years, according to the latest analysis from S&P Global Mobility. As we've known for decades, with an aging population in the United States, more is spent on health care products and services. Similarly, as the vehicle fleet ages, we spend more on auto repairs to keep cars on the road. We believe that O'Reilly is well positioned to take advantage of this enduring theme.

In the industrials sector, the fund's holding in heating and cooling leader Trane Technologies was a relative outperformer. Trane shares moved higher after a clean beat on the top and bottom lines with better margins, as the firm continued to execute well in the commercial HVAC market.

Compared to the broader growth index, 2023 proved to be a challenging year for the health care sector. After struggling much of the year, the fund's holdings in insulin pump provider Insulet and continuous glucose monitoring device leader DexCom both rallied significantly to lead the way in the sector. Concerns about emerging GLP1 obesity therapies' potential to impact future growth weighed heavily on investor sentiment regarding diabetes device providers in 2023. November hopefully provided a turning point, as DexCom announced strong results in October and Insulet, with sales growth of 37%, increased its forward guidance, sending shares materially higher.

In terms of detractors, the fund's biotechnology names Sarepta Therapeutics, Exact Sciences and BioMarin Pharmaceuticals held back relative returns during the quarter. Sarepta Therapeutics was a notable detractor, as shares sold off sharply late in the month after the firm announced mixed results of its phase three trial for Duchenne muscular dystrophy therapy. While the trial did show positive improvements for this rare genetic condition, they did not meet the primary endpoint. The therapy did meet statistically significant improvements in key secondary endpoints, time to rise and a 10-minute walk test across all age groups. Even with the mixed results, the firm plans to submit for full approval, as this terrible condition has a desperate population in search of treatment options. Given the uncertainty around this approval, we decided to exit out of our position in Sarepta and redeploy in other interesting opportunities.

One of the new names that came into the portfolio was Veeva Systems, a leading provider of industry cloud solutions for the global life sciences industry. For years, the company was focused on the life science customer relationship manager (CRM) marketplace, but after achieving dominant share over the past decade, the company is expanding its focus to include the clinical trial software market. The company's integrated offering for clinical trial development and its future growth driver is the Vault platform.

Vault is the core asset within the company's research and development segment. It is estimated that Vault's total addressable market is approximately \$8-\$10 billion and, with such a significant white space opportunity, its subscription growth rate is expected to remain solidly above 20% for many years. It is anticipated that Vault will continue to add new products and features and that the industry will likely standardize to the platform over time. Additionally, the commercial CRM business segment is generating approximately \$1 billion in annual revenue and its subscription growth rate is estimated to be in the high-single digits for the next few years. On a blended basis, we believe total revenues will continue to grow for the next few years and, given the recent underperformance relative to software and clinical research organizations (CROs), we view this as an attractive opportunity.

In the communication services sector, the fund's holding in online dating leader Match Group accounted for the bulk of the relative underperformance. Match shares slid after management forecasted lower-than-hoped next-quarter guidance and a cautious full-year outlook. Management continues to focus on accelerating growth in its key Tinder business, which appears to be making progress that should continue to play out in 2024.

Also during the quarter, the fund added a new holding in Alphabet. Alphabet is a collection of businesses, the largest being Google, which consists of two segments: Google Services and Google Cloud. Google Services core products include ads, Android, Chrome, hardware, Gmail, Google Maps, Google Play, Search and YouTube. Google Services generates revenues primarily by delivering performance and brand advertising that appears in Google Search results, YouTube or on Google Network's partner properties. Google Cloud offerings include Google Cloud Platform and Google Workspace. Google Cloud Platform provides leading technology in data analytics, cybersecurity, AI, machine learning and infrastructure.

Despite some mistakes in AI presentations and delays in product rollouts earlier this year, it is important to not lose sight of Alphabet's long-established position as a leader and innovator in AI and machine learning investments. Alphabet launched an AI investment fund nearly a decade ago. It launched the first transformer model, which has now become common industry practice. Alphabet was the first to successfully launch an internally designed, non-graphics processing unit or GPU, AI-application specific accelerator, and the tensor processing unit (TPU) in 2017. Upcoming AI releases from Alphabet include Gemini multimodal foundational large language model (LLM), Vertex AI for enterprise AI solutions and Duet AI for conversational assistants. We believe it is important to view these announcements more like the next iteration in a long AI race instead of the final pieces of the AI puzzle.

Near-term, we believe Alphabet's advertising business is coming through its own rolling recession from 2022, which saw services and advertising revenue slow significantly. In the most recent quarter, the company reported a reacceleration in Search and YouTube advertising revenues. We believe the recovery in advertising spending in 2023 will remain focused on high-return on investment, highly measurably digital platforms like Google Search and YouTube. Direct response and ecommerce advertising spend have been the first to recover, which benefits Alphabet, and we believe this will likely account for a large percentage of overall advertising spending growth into 2024. Given strong competitive moats in attractive, growing industries paired with re-accelerating industry spending trends, the fund initiated a position in Alphabet.

Outlook

We enter 2024 with a similar mindset that we had for much of 2023. While many investors will likely try to forecast wide sweeping predictions of soft landings or potential recessions, overall, we would lean toward the view that the overall U.S. economy may fare better than what is being forecasted. That said, we continue to believe that this upcoming year may resemble last year, characterized by smaller rolling recessions that weigh on certain areas of the economy, while other areas may have the ability to rebound after a challenging 2023.

Much of the strength across the U.S. equity market was driven by a resilient U.S. consumer that had the ability to tap excess savings and spend in pent up areas of demand, such as travel, leisure and services. It would not be a surprise to see some of those metrics slow down, especially for lower income consumers, as higher interest rates and commodity costs should work their way through the system. Conversely, areas such as manufacturing, which were generally in contraction last year, could see year-over-year positive trends.

Overall, we believe that global growth will slow, as the likelihood of additional fiscal stimulus appears low and the Federal Reserve appears poised to continue to manage inflation expectations. In the end, investors probably need to be prepared for higher-for-longer versus the ultra-low interest rates, which they became accustomed to over the past decade.

The Federal Reserve and the upcoming Presidential election will probably be critical swing factors to consumer confidence and corporate capital expenditure budgets, which, as we have seen in the past, have the ability to sway investor sentiment and create volatility. We believe that investors must keep a longer term perspective and generally bouts of headline-stoked volatility may create very attractive investment opportunities. In the past, when investors couldn't find any positives, the resiliency of the U.S. economy tended to get overlooked. Even now, while there are certainly headwinds to corporate profitability, we need to remind ourselves that employment levels remain high, corporate and consumer debt levels appear to be manageable and, in a consumer-led economy, these are significant positives.

While the economy slows, secular growth companies should be able to continue to compound revenue and earnings at a much higher rate versus legacy peers and the broader market. As the nominal economic growth rate slows, we believe the scarcity of growth premium will continue to be valuable, as growth companies tend to have the most unique products and services, along with the ability to grow even in challenging economic environments.

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 Capital Advisers, an operating division of Columbia Management Investment Advisers, LLC ("CMIA") that offers investment management and related services to clients participating in various types of wrap programs.

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

This material is provided to program sponsors and third-party intermediaries. To the extent any such recipient chooses to further disseminate this material to program participants, CMIA and its affiliates assume no responsibility for compliance with any laws and rules associated with such further dissemination. Furthermore, receipt of this material by a program participant does not establish a relationship between any such program participant and CMIA or any of its affiliates.

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. **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. **International** investing involves certain risks and volatility due to potential political, economic or currency instabilities and different financial and accounting standards. Investments in a **limited** number of companies or sectors subject the strategy to greater risk of loss. 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.

Source: London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). © LSE Group 2024. FTSE Russell is a trading name of certain of the LSE Group companies. FTSE Russell® is a trademark of the relevant LSE Group companies and is/are used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication.

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 2000 Index** measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index.

The **Russell Mid Cap Index** measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 25% of the total market capitalization of the Russell 1000 Index.

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 (%)	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	-31.18	-33.29	-29.14	24.63	N.A.	0.73	756	264.0	2,101.82
2021	10.20	6.96	27.60	21.12	N.A.	0.48	938	534.6	2,677.50
2020	48.08	43.83	38.49	22.46	N.A.	2.07	905	502.9	1,639.88
2019	37.76	33.78	36.39	17.39	N.A.	1.34	1045	420.5	1,390.52
2018	-3.85	-6.70	-1.51	16.84	N.A.	0.53	1124	345.7	1,206.32
2017	35.71	31.79	30.21	15.29	N.A.	0.77	1117	418.8	1,320.06
2016	-8.28	-11.01	7.08	16.41	N.A.	0.65	1217	421.5	1,005.08
2015	7.71	4.54	5.67	14.43	N.A.	0.54	2424	1,316.4	3,227.52
2014	8.47	5.28	13.05	15.68	N.A.	0.39	2186	1,208.0	3,521.72
2013	44.43	40.28	33.48	N.A.	N.A.	0.46	2221	1,296.2	3,608.46

Annualized Trailing Performance as of December 31, 2022

Period	Gross-of-fees Return (%)	Net-of-fees Return (%)	Index Return (%)
1 Year	-31.18	-33.29	-29.14
5 Years	8.27	5.08	10.96
10 Years	12.07	8.78	14.10
Inception	12.31	9.01	14.20

Inception Date: 12/31/2011

Columbia Select Large Cap Growth SMA Composite

GIPS Report

Columbia Management Capital Advisers

Reporting Currency: USD

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 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 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.

Columbia Select Large Cap Growth SMA Composite

GIPS Report

Columbia Management Capital Advisers

Reporting Currency: USD

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.