COLUMBIA THREADNEEDLE INVESTMENTS

COLUMBIA SELECT LARGE CAP VALUE STRATEGY

Although the notion that central banks seem to have taken control of financial markets is somewhat troubling, we believe the next bull market for stocks will be driven by value, following a reset that is not artificially propagated by the Fed.

Strategy performance

- The Columbia Select Large Cap Value strategy returned -3.89% pure gross of fees and -4.62% net of fees, outperforming its benchmark, the Russell 1000 Value Index, which returned -5.62% for the quarter ending September 30, 2022.
- Security selection, particularly high-conviction holdings within the utilities, energy and health care sectors, was the primary source of outperformance for the quarter. An overweight to energy and underweights to real estate and communication services also helped relative results.

Market overview

U.S. equities declined during the third quarter, falling after a brief rally stalled midway through the period when investors abandoned hopes for a slowdown in rate hikes. Slowing global growth compounded rate worries, as did an increasing realization that earnings estimates have been implausibly optimistic.

Until that point, markets seemed to be reversing the steady selloff from last year's record highs. Better-than-feared results and guidance helped sentiment, particularly from bellwethers like Alphabet and Microsoft, as well as retailers like Walmart and Target. But most of the upside was sparked by investor interpretation of Federal Reserve Chair Powell's remarks after the Federal Open Market Committee announced an anticipated 75-basis point (bps) rate hike at the end of July. (A basis point is 1/100 of one percent.) What many seemingly heard were hints that rate hikes will slow in concert with softening economic growth. That takeaway evaporated a month later when Powell spoke at Jackson Hole and prioritized fighting inflation no matter how much pain the economy might suffer. His inflation-fighting resolve was confirmed by an additional 75-bps hike in September, along with a dot-plot showing no expectations for rate cuts until 2024.

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 Value SMA composite (pure gross)	12/31/2011	-3.89	-6.73	8.52	6.98	11.62
Columbia Select Large Cap Value SMA composite (net)		-4.62	-9.51	5.32	3.83	8.35
Russell 1000 Value Index		-5.62	-11.36	4.36	5.29	9.17
S&P 500 Index		-4.88	-15.47	8.16	9.24	11.70

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 Value 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.

Other central banks negatively influenced sentiment in U.S. capital markets as well during the quarter through interventions that sharply increased volatility across bond and currency markets and stoked investor concern about the fragility of global growth. Perhaps most significant, near quarter end, the Bank of England started temporary purchases of long-dated UK government bonds in an effort to restore order to markets roiled by the British government's attempt to fight inflation with widespread tax cuts.

Downward revisions in earnings cuts accelerated during the quarter, adding to pessimism about growth prospects throughout the U.S. economy. Negative returns were broad-based except for consumer discretionary and energy stocks, as measured by the S&P 500 Index. Notable laggards included the health care, utilities and consumer staples sectors within the index, areas that typically are regarded as defensive. Growth stocks modestly outperformed value stocks but continued to lag meaningfully year to date.

Although the market, as represented by the S&P 500 Index, bottomed with a year-to-date low on the last day of the third quarter, absolute losses and levels of volatility during the third quarter were not extreme, either historically or compared with recent results. For example, volatility in U.S. equity markets, as measured by the CBOE Market Volatility Index (VIX), increased by about 10% but stayed well within historical norms and far below all-time highs. And the 4.88% decline for the S&P 500 was in line with this year's first-quarter 4.6% loss, significantly better than the second quarter's 16% drop and nowhere close to the all-time worst drawdown of 25% in the third quarter of 1974. But strung together, the first three quarters of 2022 are the third worst on record for the index — the -23.87% return is surpassed only by the first nine months of 1974 (-32.7%) and 2001 (-28.2%).

Quarterly portfolio recap

Security selection, particularly high-conviction holdings within the utilities, energy and health care sectors, was the primary source of outperformance for the quarter. An overweight to energy and underweights to real estate and communication services also helped relative results. Please note that sector-level exposures are a byproduct of the portfolio's longstanding bottom-up investment process.

Top individual performers for the third quarter included California electric utility PG&E, which continued to execute and become a better company while delivering strong earnings growth. Another milestone came on the last day of the quarter, when the stock was added to the S&P 500. Independent power producer AES also performed well, boosted by expectations that the recently passed Inflation Reduction Act will turbocharge the economics of the company's renewable energy strategies.

Energy was another standout sector for our clients in the quarter, led by Marathon Petroleum, which is in the midst of buying back effectively 60% of outstanding shares, thanks in part to the sale of Speedway gas stations, but also due to widening refining spreads, refinery efficiencies and production issues in other countries. Subsea equipment and services provider TechnipFMC also had a strong quarter of performance amid big contract wins, as offshore production is entering its sweet spot in the cycle, and capital investments are starting to pay off.

Top performers for the quarter also included home-improvement retailer Lowe's, whose stock performed well in the quarter despite troubles in housing and consumer durables in general. A lot of that credit goes to a management story that continues to play out as they close the gap versus Home Depot by improving their attractiveness to professional contractors, strengthening capabilities and, perhaps most important, making supply chains more efficient.

Managed care providers Cigna and Humana round out noteworthy contributors for the quarter, thanks in part to continuing positive sentiment driven by solid results and expectations for sustained long-term demand.

What is interesting about several holdings that lagged is that they are among the most defensive names in the portfolio. Telecom provider Verizon, for example, declined significantly in the quarter, a result that is near-impossible to believe given the general stability of the business. Fears over consumer demand (and balance sheets) and wasteful spending by competitors will ultimately be run over by fundamentals in our opinion, as 5G gets turned on in such a way that consumers recognize the utility of it and superiority of the network. Another traditionally defensive name, Barrick Gold, also was down significantly, reflecting a decline in the price of gold and an increase in the cost of production due primarily to high energy prices. A stronger dollar and positive real yields also contributed to investor disdain for the stock. Finally, we'd highlight Baxter, a hospital supply company that typically should be viewed as a defensive position but wasn't primarily due to a significant reduction in earnings expectations. Much of the headwinds facing the company stem from supply chain issues, fewer people in hospitals and lower near-term accretion from a recent acquisition.

Market outlook and investment plan

The notion of whether we are in a recession or not misses the boat. What is most important to investors is that while we have experienced the second-worst year of the time-tested 60/40 (bonds/stocks) portfolio going back 100 years, we have yet to see the typical indications that the bottom is nearly in, namely a bottoming of the Purchasing Manager Index and housing where we are still much closer to the highs of the last two years than the bottom.

Over time, equity market moves are well-correlated with earnings growth. Bloomberg still shows expected earnings growth for the S&P 500 to exceed 9% in 2022 and 8.5% in 2023, levels that to us look ridiculous, especially if you take into consideration that earnings growth over time has compounded in the 6% to 7% range. And those projections look especially ludicrous factoring in headwinds that include higher rates, fewer buybacks, bloated inventories, awful currency translation for companies with overseas operations and consumer spending that appears robust but still reflects weak demand due to inflation. Three consecutive quarters without real gross domestic product (GDP) growth, contractionary fiscal policy (despite a deficit of more than 3% of GDP, even with full employment), and seven months of M2 shrinkage have made the Fed's desire to "break something" to gain control over inflation a very narrow path to travel. (M2 is a measure of money supply that includes cash, checking deposits and non-cash assets that can easily be converted into cash.)

If you take a step back, raising rates into a no-growth economy during a bear market and the conditions described above is not something that you'd think any central banker would want to undertake. The best analysis we've seen goes something like: "We intervened so much we caused an inflation crisis. Then we tightened so much we're causing a global economic crisis. Now we must intervene to prevent a financial crisis."

Despite the carnage across asset markets this year, the Institute of Supply Management (ISM) leads margins and markets typically bottom when the ISM and employment bottom. It seems like we are not there yet. Plus, liquidity and the value of collateral for borrowing is shrinking, while the cost of capital is rising. And it may help to keep in mind the dirty secret of bear markets: the true end comes when retail customers leave the market and vow never to own stocks again. So far this time around, we've yet to read that headline.

As we look forward, we don't have a crystal ball to predict what the fourth quarter will look like. Although the notion that central banks seem to have taken control of financial markets is somewhat troubling, we believe the next bull market for stocks will be driven by value, following a reset that is not artificially propagated by the Fed.

As was the case in the first and second quarters, significant portfolio activity focused on adds and trims in keeping with our continual assessment of risk/reward potential for each holding. Key variances relative to the portfolio's Russell 1000 Value benchmark did not meaningfully change: overweights to materials, information technology and utilities and underweights to real estate, communication services and consumer staples.

For the near term, we feel confident about our portfolio positioning, particularly about our overweight in utilities, a position that has served our clients well so far this year and can be expected to do so in the future. Looking back, the stability of the dividend and low valuations have enabled the stocks to outperform against a narrative of rising rates. Looking forward, the stability of earnings growth should look especially attractive as earnings expectations continue to get marked down.

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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 Value Index**, an unmanaged index, measures the performance of those stocks in the Russell 1000 Index with lower price-to-book ratios and lower forecasted growth values.

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

The **CBOE Volatility Index** (VIX) is a real-time index that represents the market's expectations for the relative strength of near-term price changes of the S&P 500 Index.

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 Value 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 (%)	Primary Index Return (%)	Secondary Index Return (%)	Composite 3-Yr St Dev (%)	Primary Index 3-Yr St Dev (%)	Secondary Index 3-Yr St Dev (%)	Internal Dispersion (%)	Number of Portfolios	Total Composite Assets (mil.)	Total Firm Assets (mil.)
2021	26.49	22.81	25.16	28.71	21.32	19.06	17.17	N.A.	287	313.55	2,677.50
2020	6.42	3.28	2.80	18.40	22.03	19.62	18.53	1.09	223	218.89	1,639.88
2019	26.77	23.08	26.54	31.49	14.18	11.85	11.93	0.62	237	210.31	1,390.52
2018	-11.34	-13.99	-8.27	-4.38	12.24	10.82	10.80	0.62	443	246.06	1,206.32
2017	21.76	18.22	13.66	21.83	11.91	10.20	9.92	0.90	412	255.97	1,320.06
2016	20.25	16.75	17.34	11.96	12.13	10.77	10.59	1.65	345	215.76	1,005.08
2015	-2.81	-5.69	-3.83	1.38	11.98	10.68	10.47	0.76	716	352.43	3,227.52
2014	13.65	10.32	13.45	13.69	10.60	9.20	8.97	1.11	666	390.80	3,521.72
2013	38.16	34.18	32.53	32.39	N.A.	N.A.	N.A.	1.78	750	424.41	3,608.46
2012	16.34	12.94	17.51	16.00	N.A.	N.A.	N.A.	1.19	751	309.38	2,718.41

Annualized Trailing Performance as of December 31, 2021

Period	Pure Gross-of-fees Return (%) (Supplemental)	Net-of-fees Return (%)	Primary Index Return (%)	Secondary Index Return (%)
1 Year	26.49	22.81	25.16	28.71
5 Years	13.00	9.68	11.16	18.47
Inception	14.68	11.32	12.97	16.55

Inception Date: December 31, 2011

Columbia Select Large Cap Value SMA Composite

GIPS Report

Columbia Management Capital Advisers

Columbia Select Large Cap Value 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. This strategy contains large-cap value accounts. The strategy seeks stocks with attractive value characteristics, combined with a potential for acceleration in earnings growth. Average market capitalization of the securities traded in the accounts in the strategy is generally within the range of constituents of the Russell 1000 Value® Index and the S&P 500® Index. Since inception, Separately Managed (WRAP) accounts represent 100% of the composite assets. The primary benchmark is the Russell 1000® Value Index and the secondary benchmark is the Standard & Poor's 500 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 3.00% 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 primary benchmark, 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 secondary 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.

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.