Columbia Select Large Cap Value SMA Strategy

Corporate earnings that were generally stronger than expected, overall consumer spending that remained resilient and cooler-than-expected inflation prints all contributed to bullish sentiment.

Performance

The Columbia Threadneedle US Select Large Cap Value SMA Composite returned 5.75% pure gross of fees and 4.98% net of fees for the quarter ending June 30, 2025. The strategy's benchmark Russell 1000 Value Index returned 3.79% for the same period.

Market overview

U.S. equity markets moved meaningfully higher during the second quarter of 2025, with the S&P 500 Index gaining 10.94%. In a shift from the prior quarter, growth meaningfully outperformed value, as the Russell 1000 Growth Index soared 17.84% versus the 3.79% return of the Russell 1000 Value Index. Small caps underperformed large, with the Russell 2000 Index gaining 8.50%.

This proved to be an incredibly volatile quarter, beginning with President Trump's "Liberation Day" tariff announcement in early April. The plan consisted of a baseline 10% tariff on all imports, along with higher tariffs on China, auto imports, and EU goods. The announcement and resulting reciprocal countermeasures from the rest of the world sent markets plummeting, as inflationary and recessionary fears increased. The course reversed quickly, however, as agreements to de-escalate tariffs between the U.S. and other countries took place. The U.S. quickly paused higher reciprocal tariffs and provided exemptions for different industries while engaging in trade talks with key partners. The dovish trade policy off-ramps led to a meaningful rebound in equity markets.

Average annual total returns (%) for period ending June 30, 2025

	Inception	3-mon.	1-year	3-year	5-year	10-year
Columbia Threadneedle US Select Large Cap Value SMA Composite (pure gross)	12/31/2011	5.75	12.59	12.92	15.11	10.57
Columbia Threadneedle US Select Large Cap Value SMA Composite (net)		4.98	9.29	9.61	11.75	7.33
Russell 1000 Value Index		3.79	13.70	12.76	13.93	9.19

Source: Columbia Threadneedle Investments
Effective June 30, 2024, the composite name for this strategy changed from Columbia Select Large Cap Value SMA Composite to Columbia Threadneedle US Select Large Cap Value SMA Composite.

Past performance is not a guarantee of future results. 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.

While tariffs dominated the headlines early, there were numerous other tailwinds to equity markets during the quarter. Renewed enthusiasm around the artificial intelligence (AI) growth theme, driven by strong earnings from NVIDIA and continued commitment from the hyperscalers to their significant capital expenditure plans, helped drive technology and other AI-related names higher. Corporate earnings that were generally stronger than expected, overall consumer spending that remained resilient and cooler-than-expected inflation prints all contributed to bullish sentiment.

Within the Russell 1000 Value Index, information technology and industrials were the standouts, with both sectors posting double-digit gains on the back of AI optimism. Healthcare and energy were the notable laggards.

Quarterly portfolio recap

Within health care, our position in hospital operator Tenet Healthcare, which we established earlier this year, was a notable outperformer. The company reported impressive quarterly results, highlighted by material growth in margins in its hospital segment. We continue to like Tenet, as the company has meaningfully transformed its portfolio by selling off low-performing hospitals and using the proceeds to pay down debt and invest in its Ambulatory Surgical Center (ASC) business. On a relative basis, the portfolio's lack of exposure to managed care stalwart UnitedHealthcare (UHC) also meaningfully contributed. UHC shares declined substantially, as soaring medical costs resulted in the company withdrawing 2025 guidance and its CEO stepped down. News that the Department of Justice was investigating the company for alleged Medicare fraud also compounded UHC's issues.

In financials, our overweight positions in the money center banks, notably Citigroup, Bank of America and Wells Fargo, contributed meaningfully to absolute and relative results. The companies reported solid earnings results, with credit trends and net interest income remaining resilient. The large banks also benefited late in the period from news that the U.S. Federal Reserve proposed easing the enhanced supplementary leverage ratio, which requires the largest banks to maintain more capital on their balance sheets. The strategy was underweight financials overall.

Our positions in refiner Marathon Petroleum and energy services company TechnipFMC were standouts within the energy sector. Marathon performed well, as low inventories and several noteworthy shutdowns of global refining capacity benefited the stock. TechnipFMC, the leader in subsea capital equipment, continued to gain market share,.grow its backlog and generate impressive free cash flow.

Other top performers included our positions in semiconductor capital equipment company Applied Materials and airplane manufacturer Boeing. Applied Materials, a company that had underperformed during the AI-related selloff during the first quarter and that we added to on weakness, outperformed as AI names recovered. The company is favorably exposed to increasing chip demand due to AI growth and the need to reshore semiconductor manufacturing to the United States. Boeing, a name we bought into during controversy last year following its well-publicized safety issues, outperformed. Investors were increasingly appreciative of the progress the airplane manufacturer made in getting production back to normalized levels under its new management team. The company also announced it expects to be free-cash-flow positive in the back half of this year.

Within utilities, detractors from performance included our positions in PG&E and AES. Utilities in general were relative underperformers, as more defensive stocks were out of favor, given the sharp market rally. PG&E also continued to deal with uncertainty around the durability of California's wildfire fund. Our position in AES continued to detract from relative performance, although we believe this name is fundamentally mispriced. The stock has underperformed due to its position as a renewable power provider, in light of political headlines and an administration that is seen as anti-renewables. However, we believe this is not rooted in the company's fundamentals. AES' renewables business mainly provides renewable energy to mega-cap tech companies, including Amazon, Microsoft, Alphabet and Meta. These companies are committed to using renewables and are not dependent on subsidies. In addition, the massive power demand from AI datacenters means they need all the power they can get. Renewables remain a key part of the solution to power demands, given their faster speed to bring online. We continue to have conviction in the stock and have been adding to it on weakness.

Other underperformers included our position in biopharmaceutical company Bristol Myers Squibb in health care. Bristol Myers reported a solid quarter, but potential regulation on most-favored-nation drug pricing weighed on the stock. Implementation and enforcement mechanisms remain unclear at this point.

Outlook

Looking ahead, we continue to maintain conviction in our long-standing investment approach and are confident with the positioning of the portfolio. Historically, our strategy is one of low turnover, although this has been episodic at times. The extreme market volatility we have seen over the past 12 months has given us the opportunity to meaningfully upgrade the portfolio with a handful of new, high-conviction ideas.

During the second quarter, we added one new name to the portfolio: Constellation Brands. Constellation is a leading alcoholic beverage company known for its beer brands Modelo, Corona and Pacifico. Historically, the company has been one of the most durable and higher-growth names in the staples category, growing beer volumes despite the category as a whole facing demographic headwinds. More recently, however, the stock has seen low investor expectations due to noise around tariffs on Mexico as well as concerns around immigration policy in the U.S. The company meaningfully reset its forward guidance lower, and now the stock trades at a significant discount to the category and the company's history. We see the tariff concern as manageable — the beer itself is exempt, only the aluminum cans may be subject to tariffs — and we see the current weakness as cyclical and not structural, with very beatable forward guidance.

We had one complete sale early in the quarter, exiting our position in Cisco Systems, which had been established in 2020. This sale was primarily a function of our analysis of relative risk and return. The stock has performed well, but we believe there may be more downside to the stock than the market is pricing in, as Cisco has broad exposure to overall spending, and many of its customers' product purchases can be deferred. Macro uncertainty may drive downside to demand, so we decided to exit the position and add to other names, including Applied Materials, that had underperformed during the first quarter and which, in our opinion, had a more favorable risk/return profile.

It's unclear how long uncertainty around tariffs will persist, which could potentially tip the U.S. economy into a recession should it remain for a prolonged period (although that is not our expectation). As opposed to speculating on outcomes, we anchor analysis in the most durable fundamental trends. We see numerous trends we think will benefit value as a style and our portfolio in particular over the next number of years. While the actual return on investment from capital expenditures by the Magnificent Seven companies (Alphabet, Amazon, Apple, Meta Platforms, Microsoft, NVIDIA, Tesla) may not be known for some time, the money they're spending in the near-term (1–2 years) is benefiting many of our companies, including Corning and Applied Materials. The power these datacenters require should be a tailwind for our positions in AES and Williams.

The need for onshoring or reshoring in the U.S. is another impactful theme we see benefiting our portfolio. The importance of bringing semiconductor manufacturing back to the U.S. and reducing supply chain risk is vitally important, and this should benefit many of our holdings across information technology and industrials. Applied Materials should benefit from new fabrication facilities being built in Arizona; Corning is expected to benefit from the U.S. bringing the solar supply chain to the U.S. through tariffs, and Caterpillar, Freeport-McMoRan, CSX and even our utilities should benefit from rebuilding the U.S. manufacturing base. In addition, expectations for deregulation in energy (natural gas) and financials should benefit these traditional value sectors.

At quarter end, the portfolio continued to be overweight information technology, energy and utilities. Our information technology exposure is more value-oriented, with meaningful exposure to the need for more AI infrastructure. We are underweight consumer staples, consumer discretionary and financials, although we remain overweight the money center banks, which we believe are higher-quality businesses and should benefit from any further deregulation and better use of technology. Position sizing is reflective of our medium-to-longer-term conviction from bottom-up stock picking. In addition, at quarter end we added a dedicated Senior Portfolio Analyst, Eric Luther, to the strategy. Eric has worked closely with Lead Portfolio Manager Rick Taft and Senior Portfolio Manager Jeff Wimmer for the past few years, and we are excited to have him on board as a dedicated resource to help aid in our stock and market research efforts.

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.

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Columbia Management Investment Advisers, LLC is an investment adviser registered with the U.S. Securities and Exchange Commission. For purposes of GIPS compliance, the Firm is defined as Columbia Threadneedle Investments Global Asset Management (“Columbia Threadneedle Investments GAM”), which includes accounts managed by the investment manager and certain of its affiliates.

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

Market risk may affect a single issuer, sector of the economy, industry or the market as a whole. **Value** securities may be unprofitable if the market fails to recognize their intrinsic worth or the portfolio manager misgauged that worth. Investments in a **limited** number of companies 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.

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 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 **S&P 500 Index** tracks the performance off 500 widely held, large-capitalization U.S. stocks.
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 2000 Index** is an unmanaged index that tracks he performance of the 2,000 smallest of the 3,000 largest U.S. companies, based on market capitalization.

Columbia Threadneedle US Select Large Cap Value SMA Composite

GIPS Report

Columbia Threadneedle Investments Global Asset Management

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 (bil.)
2024	12.79	9.49	14.37	25.02	16.44	16.66	17.15	0.88	271	306.75	554.24
2023	5.68	2.56	11.46	26.29	16.78	16.51	17.29	0.44	347	399.23	N.A.
2022	-0.95	-3.88	-7.54	-18.11	22.54	21.25	20.87	0.50	350	427.04	N.A.
2021	26.49	22.81	25.16	28.71	21.32	19.06	17.17	0.45	287	313.55	N.A.
2020	6.42	3.28	2.80	18.40	22.03	19.62	18.53	1.09	223	218.89	N.A.
2019	26.77	23.08	26.54	31.49	14.18	11.85	11.93	0.62	237	210.31	N.A.
2018	-11.34	-13.99	-8.27	-4.38	12.24	10.82	10.80	0.62	443	246.06	N.A.
2017	21.76	18.22	13.66	21.83	11.91	10.20	9.92	0.90	412	255.97	N.A.
2016	20.25	16.75	17.34	11.96	12.13	10.77	10.59	1.65	345	215.76	N.A.
2015	-2.81	-5.69	-3.83	1.38	11.98	10.68	10.47	0.76	716	352.43	N.A.

Annualized Trailing Performance as of December 31, 2024

Period	Pure Gross-of-fees Return (%) (Supplemental)	Net-of-fees Return (%)	Primary Index Return (%)	Secondary Index Return (%)
1 Year	12.79	9.49	14.37	25.02
5 Years	9.71	6.48	8.68	14.53
10 Years	9.78	6.55	8.49	13.10
Inception	12.54	9.24	11.23	14.75

Inception Date: December 31, 2011

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1. Columbia Threadneedle Investments Global Asset Management claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Columbia Threadneedle Investments Global Asset Management has been independently verified for the periods of January 1, 1993 to December 31, 2023. 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. The Firm is defined as Columbia Threadneedle Investments Global Asset Management (formerly known as Columbia Threadneedle Investments North America prior to June 30, 2024). The Firm provides a broad range of investment management and related services to individual, institutional, and corporate clients around the world. Columbia Threadneedle Investments is the global brand name of the Columbia and Threadneedle group of companies. The Firm was redefined on June 30, 2024, to include the GIPS firms of Columbia Management Capital Advisers, Columbia Threadneedle Investments EMEA APAC, and Columbia Threadneedle (EM) Investments Limited. The Columbia Management Capital Advisers firm offered investment management and related services to clients participating in various types of wrap programs. The Columbia Threadneedle Investments EMEA APAC firm consisted of all portfolios managed by various Threadneedle group companies. The Columbia Threadneedle (EM) Investments Limited firm was a subsidiary of Columbia Threadneedle Investments International Limited, which defined a portion of its business specializing in Global Emerging Markets equities. As of November 1, 2020, the Firm was redefined to include Columbia Cent CLO Advisers, LLC. As of January 1, 2017, the Firm was redefined to include Columbia Wanger Asset Management, LLC, a wholly-owned subsidiary of Columbia Management Investment Advisers, LLC. Beginning March 30, 2015, the Columbia and Threadneedle group of companies, which includes multiple separate and distinct GIPS-compliant firms, began using the global offering brand Columbia Threadneedle Investments. The Firm includes accounts managed by various Columbia Threadneedle Investments entities, including Columbia Management Investment Advisers, LLC, Threadneedle Asset Management Limited, Threadneedle Investments Singapore (Pte.) Limited, Threadneedle Management Luxembourg S.A., and other affiliated entities.

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 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 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. Returns are calculated net 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 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 and are not covered by the report of the independent verifiers.

Columbia Threadneedle US Select Large Cap Value SMA Composite

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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.

11. Prior to 6/30/2024, the composite was referred to as the Columbia Select Large Cap Value SMA Composite.

12. This composite was included in the Columbia Management Capital Advisers GIPS firm prior to joining the Columbia Threadneedle Investments Global Asset Management GIPS firm on 6/30/2024. As the composite was not part of Columbia Threadneedle Investments Global Asset Management prior to 6/30/2024, firm assets are shown as “N/A” in the performance table.

13. Portfolio Manager, Richard Rosen, retired on June 30, 2024.