

We will continue to do what we have always done: analyze our portfolio companies on a stock-by-stock basis and research opportunities from the bottom up on a case-by-case basis.

Columbia Select Small Cap Value SMA Strategy

Performance

The Columbia Select Small Cap Value SMA Composite returned 10.51% pure gross of fees and 9.71% net of fees for the quarter ending December 31, 2023. The strategy's benchmark, the Russell 2000 Value Index returned 15.26% for the same period.

Underperformance was primarily driven by security selection within information technology, industrials and health care. A lack of exposure to the microcap segment of the market also detracted from results. Stronger stock selection within materials and an underweight to energy helped to offset some of the relative underperformance.

Market overview

U.S. equities rallied in the fourth quarter of 2023, driven in large part by an emerging belief that the long-awaited U.S. Federal Reserve pivot was finally at hand. The rally came after a market decline from July to October that stemmed from a higher-for-longer mantra from the Fed, as well as conflict between Israel and Hamas. Other headwinds included continued tension from the war in Ukraine and political dysfunction in Washington D.C. However, sentiment began to improve and market trajectory reversed when the Fed held rates steady at its November 1 meeting, triggering expectations that inflation may have cooled enough to forestall more rate hikes and potentially spur cutting next year. Along with news from the Fed, risk-on sentiment got an extra boost that same day, thanks to smaller-than-expected quarterly Treasury refunding, which dampened some government deficit concerns.

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

	Inception	3-mon.	1-year	3-year	5-year	10-year
Columbia Select Small Cap Value SMA Composite (pure gross)	12/31/2011	10.51	12.95	7.89	0.00	0.00
Columbia Select Small Cap Value SMA Composite (net)		9.71	9.63	4.71	0.00	0.00
Russell 2000 Value Index		15.26	14.65	7.94	10.00	6.76

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.

U.S. equities continued to do well from positive economic data that signaled resilience of the economic conditions and the conviction of a more likely Fed cut. The Core Consumer Price Index (CPI), a gauge of inflation, came in lower than anticipated at 3.2%. The U.S. unemployment rate continued to tick upwards at 3.9%, while continuing jobless claims came in at its highest monthly data point since October 2022. Nominal wage growth, a critical driver of inflation, continued its decline, which contributed to the cooling labor market story. A sharp decrease in the rate of consumer spending announced by the Commerce Department also helped drive the bad news is good news narrative, driven by slowing income growth, the resumption of student loan payments and evidence that personal savings accumulated during the pandemic are dwindling.

The quarterly rally in U.S. equities continued through December after the Fed's last meeting of the year, where they held rates steady and pointed toward potentially cutting rates 75 basis points (bps) in 2024. (A basis point is 1/100 of a percent). Fed Chair Powell and other Fed officials continued to caution that inflation remains too high and further tightening may be necessary, but markets rallied as investors focused instead on how the many cuts might be made in 2024. All the losses from the third quarter were regained by early December and the market continued to push further with the S&P 500 Index capping off an impressive return of over 26% for the year.

For the quarter, small-cap stocks, as measured by the Russell 2000 Index, outperformed large caps. Style results were mixed, with large-cap growth names outperforming large-cap value while small-cap value stocks outperformed small-cap growth. The Russell 2000 Value Index ended the quarter up 15.26%, with all sectors positive except for energy. Financials, consumer discretionary and health care led the index, while utilities, communication services and energy were the laggards. Financials, a sector that has struggled since the banking crisis in March, led the rally in fourth quarter, which was largely attributable to investor sentiment and the Fed leaving rates steady and pointing to cuts in 2024. Financials helped propel small caps to outperform other indices due to the sector being the largest weighting in the index. Energy was negative due to sharp declines in energy prices during the quarter.

Quarterly portfolio recap

For the quarter ending December 31, 2023, the Columbia Select Small Cap Value SMA returned 10.51% pure gross of fees and 9.71% net of fees, underperforming the 15.26% return of the benchmark Russell 2000 Value Index. Stronger stock selection within materials and underweights to energy and communication services added to relative results but were more than offset by security selection within information technology, industrials and health care. The strong market rally in the quarter also saw smaller microcap names outperform. This proved to be a headwind for the strategy, as due to our concentrated portfolio, we have limited exposure to those types of names.

Top-performing stocks for the quarter included the portfolio's bank names, including Axos Financial, Pacific Premier Bancorp and Popular. The banking industry was broadly higher during the quarter following improving sentiment after the space had seen a notable sell-off earlier in the year due to the regional banking crisis. Axos reported solid quarterly results and further rose on news they had purchased two loan portfolios from the FDIC at a meaningful discount. Pacific Premier Bancorp announced a restructuring of its bond portfolio, selling lower yielding securities and providing balance sheet flexibility. Popular, a major bank in Puerto Rico, announced strong quarterly results and a meaningful raise of their dividend.

Kontoor Brands, the company which owns the Lee and Wrangler denim clothing brands, was a notable outperformer within consumer discretionary. Shares rose as the company reported solid quarterly earnings, highlighted by increasing share gains and strong sales in both wholesale and direct to consumer.

In materials, our position in Minerals Technologies was a strong performer. Shares in the specialty minerals company rose on the back of an impressive quarterly report that saw strong revenues and a recovery in margins, despite a challenging macro environment. Also, the company announced a 100% increase in its dividend, as well as the initiation of a new share repurchase program.

Detractors from performance included our energy names — in particular Patterson-UTI Energy and PBF Energy. The sector as a whole was impacted by a sharp decline in oil and gas prices during the quarter. Patterson-UTI, which is a leading land driller and provider of pressure pumping services, was impacted by lower land drilling activity, but going forward the company expects to capture meaningful operational synergies from recent acquisitions. These synergies should translate to better gross margins and free cash flow. Refining company PBF Energy finished down during the quarter despite a strong quarterly earnings report and a significant raise of their dividend, as they raised their capital expenditure guidance.

Within technology, our position in Extreme Networks was a notable detractor. The networking company, which manufactures network infrastructure equipment and software, was impacted by a challenging macro environment, particularly in EMEA, as well as high channel inventories. These challenges resulted in the company materially reducing its revenue guidance.

Our position in Visteon, an automotive electronics supplier, posted solid results but was impacted by investor worries over demand for electric vehicles. The UAW strike and general macroeconomic weakness in Europe also weighed on sentiment.

Outlook

We continue to take a cautious and balanced approach within the portfolio. There continues to be uncertainty in the markets, as investors debate a soft/hard/no landing scenario for the U.S. economy. Inflation has come down, though the Fed has reiterated that further tightening may be needed if it remains too high. Meanwhile, geopolitical risks remain as the conflict in Gaza and war in Ukraine continue.

We will continue to do what we have always done: analyze our portfolio companies on a stock-by-stock basis and research opportunities from the bottom up on a case-by-case basis. To that end, we have been working closely with our central research analysts, as well as directly with management of our portfolio companies.

We continue to adhere to our process of looking for value companies with identifiable catalysts to change investor perception and accelerate earnings growth. We continue to be overweight materials, information technology, industrials and consumer discretionary while being underweight real estate, energy and communication services.

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Market risk may affect a single issuer, sector of the economy, industry or the market as a whole. Investments in **small-cap** companies involve risks and volatility greater than investments in larger, more established companies. **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.

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

The **Russell 2000 Value Index** tracks the performance of those Russell 2000 Index companies with lower price-to-book ratios and lower forecasted growth values.

The **S&P 500 Index** tracks the performance of 500 widely held, large-capitalization U.S. stocks.

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 **Consumer Price Index** (CPI) is an inflation indicator that measures the change in the total cost of a fixed basket of products and services, including housing, electricity, food, and transportation. The CPI is published monthly by the Commerce Department and is also commonly referred to as the cost-of-living index. Unless otherwise noted, CPI data in this report is one month trailing

Columbia Select Small Cap Value 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	-15.37	-17.91	-14.48	27.71	27.27	N.A.	≤ 5	1.9	2,101.82
2021	31.38	27.58	28.27	N.A.	N.A.	N.A.	≤ 5	2.1	2,677.50
2020	9.06	5.83	4.63	N.A.	N.A.	N.A.	≤ 5	2.8	1,639.88
2018	-11.21	-13.87	-12.86	14.47	15.76	0.32	14	3.6	1,206.32
2017	13.11	9.80	7.84	14.14	13.97	0.50	12	4.8	1,320.06
2016	14.42	11.06	31.74	15.53	15.50	0.55	30	7.6	1,005.08
2015	-3.18	-6.05	-7.47	14.37	13.46	0.39	22	6.2	3,227.52
2014	4.42	1.34	4.22	13.16	12.79	0.42	9	3.1	3,521.72
2013	46.48	42.28	34.52	N.A.	N.A.	0.63	28	7.7	3,608.46
12/31/2018									
-	13.85	12.19	13.47	N.A.	N.A.	N.A.	1	0.3	1,342.03
06/30/2019									

Annualized Trailing Performance as of December 31, 2022

Period	Gross-of-fees Return (%)	Net-of-fees Return (%)	Index Return (%)
1 Year	-15.37	-17.91	-14.48
5 Years	0.00	0.00	4.13
10 Years	0.00	0.00	8.48
Inception	0.00	0.00	9.31

Inception Date: 12/31/2011

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GIPS Report

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1. Columbia Management Capital Advisers claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Columbia Management Capital Advisers has been independently verified for the periods January 1, 2012 through December 31, 2022. The verification report is available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.
2. Columbia Management Investment Advisers, LLC, an SEC-registered investment adviser, offers investment products and services to institutional and retail markets. For the purposes of claiming compliance with GIPS, Columbia Management Investment Advisers, LLC has defined the Firm as Columbia Management Capital Advisers, an operating division of Columbia Management Investment Advisers, LLC that offers investment management and related services to clients participating in various types of wrap programs. Beginning March 30, 2015, the Columbia and Threadneedle group of companies, which includes multiple separate and distinct firms, began using the global offering brand Columbia Threadneedle Investments.
3. This strategy consists of securities with average market capitalization generally within the range of constituents of the Russell 2000® Index. Accounts in the strategy tend to have a concentration of around 45 holdings. Since inception, Separately Managed (WRAP) accounts represent 100% of the composite assets. The benchmark is the Russell 2000 Value 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 2000 Value Index that tracks the performance of those Russell 2000 Index companies with lower price-to-book ratios and lower forecasted growth values. Index returns reflect the reinvestment of dividends and other earnings.

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10. Past performance is no guarantee of future results and there is the possibility of loss of value. There can be no assurance that an investment objective will be met or that return expectations will be achieved. Care should be used when comparing these results to those published by other investment advisers, other investment vehicles and unmanaged indices due to possible differences in calculation methods. Registration with the SEC as an investment advisor does not imply a certain level of skill or training.

11. On May 1, 2018, Portfolio Managers, Rich Rosen and Rick Taft, came off of this product. Kari Montanus, remains as the Portfolio Manager, and the investment process remains unchanged.