

While the information technology sector was the worst-performing sector in the benchmark as a result of the sell-off in AI-related names, it was an area of relative strength in the strategy.

Columbia Select Small Cap Value SMA Strategy

Performance

The Columbia Threadneedle US Select Small Cap Value SMA Composite returned -8.66% pure gross of fees and -9.36% net of fees for the quarter ending March 31, 2025. The strategy's benchmark Russell 2000 Value Index returned -7.74% for the same period.

Market overview

Equity markets finished mostly lower during the first quarter of 2025. The S&P 500 Index ended the period down 4.27%, the index's worst quarter since mid-2022. Small caps and growth stocks also declined meaningfully, with the Russell 2000 Index dropping 9.48% and the Russell 1000 Growth Index falling 9.97%. Large-cap value, however, proved resilient as the Russell 1000 Value Index gained 2.14%. The Russell 2000 Value Index dropped 7.74% during the quarter.

Markets began the year on a positive note, with optimism about the economy, the potential for artificial intelligence (AI) to drive increasing productivity, and the potential for deregulation under the new administration driving stock prices higher. However, volatility emerged in January on news of China's DeepSeek AI model. DeepSeek's performance and alleged cheap cost to develop sparked a sell-off in AI-related growth stocks and raised concerns about stock valuations and AI-driven capital expenditures. Despite this, the S&P 500 Index reached new highs in January and mid-February — although the equal weighted S&P 500 index outperformed as the “Magnificent Seven” stocks (Alphabet, Amazon, Apple, Meta Platforms, Microsoft, NVIDIA and Tesla) pulled back.

Average annual total returns (%) for period ending March 31, 2025

	Inception	3-mon.	1-year	3-year	5-year	10-year
Columbia Threadneedle US Select Small Cap Value SMA Composite (pure gross)	12/31/2011	-8.66	-1.13	1.71	17.40	0.00
Columbia Threadneedle US Select Small Cap Value SMA Composite (net)		-9.36	-4.07	-1.30	13.97	0.00
Russell 2000 Value Index		-7.74	-3.12	0.05	15.31	6.07

Source: Columbia Threadneedle Investments

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

But as the quarter progressed, bearish sentiment won out. Higher-than-expected inflation indicators, softer economic data and continued uncertainty about the new administration's trade and regulatory policies had equity markets retreating. Tariffs dominated the headlines in March, with the possibility of sweeping tariffs being imposed on historically friendly trading partners such as Canada and Mexico, in addition to European and Asian-focused tariffs yet to be addressed. Uncertainty about the potential impacts of these tariffs sent both stock markets and consumer confidence lower, while inflation expectations increased and fears of a potential recession grew. Chatter around potential "stagflation" rose as well.

The Russell 2000 Value Index ended the quarter down 7.74%. IT was the worst-performing sector, followed by health care and energy. In light of increasing probabilities of a recession, utilities was the only sector to finish in positive territory, while consumer staples also relatively outperformed.

Quarterly portfolio recap

While IT was the worst-performing sector in the benchmark as a result of the sell-off in AI-related names, it was an area of relative strength in the strategy. Our holding in Viavi Solutions, which provides network equipment and testing as well as optical technologies, rose by double digits during the quarter, following a strong earnings report that beat expectations and a rise in forward guidance. Increasing spending by large telecommunication companies was a tailwind for Viavi's networking testing business. In addition, the strategy's lack of exposure to some more speculative AI stocks in the benchmark proved helpful during the quarter.

Within health care, our position in hospital operator Tenet Healthcare was a relative outperformer. The stock ended up in positive territory during a volatile quarter. Tenet remained exposed to favorable demand trends, including an aging U.S. population; continued to grow its ambulatory surgery center (ASC) business; and worked to de-leverage its balance sheet.

Other top contributors to relative performance included our holdings in Nomad Foods, a leading provider of frozen foods, and insurance company Hanover Insurance Group. Nomad reported a healthy earnings beat and a nice increase in its dividend. The company continued to grow revenue, gain market share and monitor costs. Like many consumer staples stocks, Nomad also benefited from growing fear of a recession. Property and casualty insurance company Hanover Insurance Group posted a substantial earnings beat and raised its forward guidance, due to lower catastrophe losses and improved net interest income.

Stock selection within industrials and consumer discretionary was the primary detractor from relative performance. Within industrials, our position in Fluence, a leading energy storage firm, was a notable detractor. Shares in the company declined sharply following its earnings report, which saw revenue and earnings guidance significantly lowered and margins pressured. Guidance was impacted by a postponement in the signing of several contracts, until later this year. Elsewhere in industrials, our position in Primoris Services detracted from relative returns. Primoris is a construction and engineering company focused on contract services for the utility and energy industries, including pipelines for natural gas and water. Following strong performance in 2024 (up about 130%), Primoris gave back some gains during the period. Despite reporting another strong quarter of operating results, Primoris shares declined as recessionary fears increased. We continue to believe the company is favorably exposed to growing demand for renewables and power overall.

Within consumer discretionary, our positions in Kontoor Brands and Six Flags Entertainment detracted. Kontoor, which designs and distributes apparel, including the Wrangler and Lee denim brands, announced its acquisition of outerwear apparel brand Helly Hansen during the quarter. However, lower growth in its Lee brand and uncertainty around potential tariffs weighed on the stock. Theme park operator Six Flags Entertainment declined as revenue per guest came in lower than expectations. However, signs of strong attendance momentum and pending synergies still to be realized from the merger of Six Flags and Cedar Fair provided reasons for optimism.

Outlook

This year so far has been a whirlwind of headlines and volatility. As such, we have not made significant changes to our positioning. We are not top-down investors, so we have not tried to reposition the portfolio due to short-term news around tariffs or regulatory uncertainties. Looking ahead, we continue to maintain conviction in our long-standing investment approach and are confident with the positioning of the strategy. Yet there remains a tremendous amount of uncertainty in the markets. Regulatory uncertainties and sudden proclamations around tariffs have introduced significant uneasiness into equity markets, as businesses pause investment while they weigh the potential impacts of proposed policies that change by the day. This uncertainty in outlook could lead to company guidance that proves irrelevant. In addition, recessionary fears and possibly higher inflationary risk continue to warrant close attention.

No matter the environment, 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, case by case. This uncertain environment can create meaningful opportunities for long-term investors. To that end, we have been working closely with our central research analysts, as well as directly with the management of our portfolio companies. We look past the current noise and seek to identify companies that will improve their individual trajectories over the next three to five or more years.

We continue to adhere to our process of looking for value companies with identifiable catalysts to change investor perception and accelerate earnings growth. At quarter-end, the portfolio was overweight IT, materials, consumer discretionary and industrials, and underweight real estate, communication services and utilities.

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Advisory services provided by Columbia Management Investment Advisers, LLC ("CMIA"). 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.

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

The **Russell 1000 Value Index** is an unmanaged index that consists of those stocks in the Russell 1000® Index with less-than-average growth orientation.

The **Russell 1000 Index** is an unmanaged price-only index of the 1,000 largest capitalized companies that are domiciled in the U.S. and whose common stocks are traded.

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 the performance of the 2,000 smallest of the 3,000 largest U.S. companies, based on market capitalization.

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.

Columbia Threadneedle US Select Small 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 (%)	Index Return (%)	Composite 3-Yr St Dev (%)	Index 3-Yr St Dev (%)	Internal Dispersion (%)	Number of Portfolios	Total Composite Assets (mil.)	Total Firm Assets (bil.)
2024	14.80	11.43	8.05	21.99	23.44	N.A.	≤ 5	2.05	554.24
2023	12.95	9.63	14.65	20.93	21.75	N.A.	≤ 5	1.87	N.A.
2022	-15.37	-17.91	-14.48	27.71	27.27	N.A.	≤ 5	1.93	N.A.
2021	31.38	27.58	28.27	N.A.	N.A.	N.A.	≤ 5	2.10	N.A.
2020	9.06	5.83	4.63	N.A.	N.A.	N.A.	≤ 5	2.80	N.A.
10/31/2019 - 12/31/2019	5.23	4.72	5.92	N.A.	N.A.	N.A.	8	4.22	N.A.
12/31/2018 - 06/30/2019	13.85	12.19	13.47	15.31	17.08	N.A.	N.A.	N.A.	N.A.
2018	-11.21	-13.87	-12.86	14.47	15.76	0.32	14	3.64	N.A.
2017	13.11	9.80	7.84	14.14	13.97	0.50	12	4.83	N.A.
2016	14.42	11.06	31.74	15.53	15.50	0.55	30	7.62	N.A.
2015	-3.18	-6.05	-7.47	14.37	13.46	0.39	22	6.16	N.A.

Annualized Trailing Performance as of December 31, 2024

Period	Pure Gross-of-fees Return (%) (Supplemental)	Net-of-fees Return (%)	Index Return (%)
1 Year	14.80	11.43	8.05
5 Years	9.47	6.25	7.29

Inception Date: December 31, 2011

Columbia Threadneedle US Select Small Cap Value SMA Composite

GIPS Report

Columbia Threadneedle Investments Global Asset Management

Columbia Threadneedle US Select Small Cap Value SMA Composite

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 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 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 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 and are not covered by the report of the independent verifiers.

Columbia Threadneedle US Select Small Cap Value SMA Composite

GIPS Report

Columbia Threadneedle Investments Global Asset Management

Columbia Threadneedle US Select Small Cap Value SMA Composite

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 Small 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.