

COLUMBIA SMALL CAP VALUE II STRATEGY

The current market continues to be unpredictable, with high levels of uncertainty and heightened risk.

Performance

- The Columbia Small Cap Value II strategy returned -4.27% pure gross of fees and -5.00% net of fees for the third quarter. The Russell 2000 Value Index returned -4.61% for the period.
- Security selection within industrials, materials and communication services added to relative results, as did an underweight to real estate. Selection within financials, consumer discretionary and health care, along with an underweight to health care, offset these relative returns.

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 may have been too high.

Until that point, markets had seemed to be reversing the steady sell-off 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. Hopes that the pace of rate hikes might slow also helped push stocks higher. That hope evaporated though, when Jerome 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 basis point hike in September. (A basis point is 1/100 of a percent.)

Average annual total returns (%) for period ending September 30, 2022

	Inception	3-mon.	1-year	3-year	5-year	Since inception
Columbia Small Cap Value II SMA composite (pure gross)	06/30/2016	-4.27	-14.94	8.57	4.20	7.76
Columbia Small Cap Value II SMA composite (net)		-5.00	-17.49	5.37	1.12	4.59
Russell 2000 Value Index		-4.61	-17.69	4.72	2.87	—

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 Small Cap Value II 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 U.K. government bonds in an effort to restore order to markets roiled by the British government's attempt to fight inflation with widespread tax cuts. Geopolitical tensions remained elevated as the war in Ukraine continued, with Russia annexing Ukrainian regions and issuing nuclear warnings.

Downward revisions in earnings estimates accelerated during the quarter, adding to pessimism about growth prospects throughout the U.S. economy. For the quarter, the S&P 500 Index fell 4.88%. Growth outperformed value, with the Russell 1000 Growth Index returning -3.60% versus the -5.62% return of the Russell 1000 Value Index. The Russell 2000 Value Index returned -4.61%, with energy and health care the only two sectors finishing in positive territory. Communication services, real estate, consumer staples and utilities declined the most.

Quarterly portfolio recap

Stock selection was strongest within industrials and materials, with selection in communication services and real estate also adding to relative results. Underweights to real estate and communication services proved beneficial. Selection within financials, consumer discretionary, health care and energy, as well as an underweight to health care, offset these relative results.

- Top individual contributors to performance included our position in commercial services company ICF International within industrials. Shares in the company, which provides technology-based consulting solutions and services primarily to government clients, rose on the back of a solid quarterly earnings report that saw a raise in their forward guidance. Prior acquisitions have been quickly accretive, and the company continues to execute well.
 - Also within industrials, our holding in Bloom Energy was a strong performer. Shares in the company, which manufactures power generators, rose after a strong quarterly earnings report that saw revenues rise. Also fueling positive sentiment was the potential positive direct and indirect impacts that the passage of the Inflation Reduction Act might have on their business lines.
 - In materials, our position in Allegheny Technologies (ATI) continued to deliver strong results. Shares in the company, which provides specialty metals primarily for the aerospace industry, rose after the company reported a stellar quarterly report with earnings well above consensus expectations and a meaningful raise of their forward guidance. The company has benefited from recovery in aerospace as well as higher margins.
 - Detractors from performance included our position in property and casualty insurance underwriter Argo Group International. Shares declined after the company reported disappointing quarterly earnings. The company has been reinventing itself under new management over the past few years, but this year has seen some adverse developments from past businesses that have weighed on the name.
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- Our position in semiconductor company Magnachip Semiconductor also detracted from relative performance. Shares were challenged during the quarter, as supply chain issues have weighed on margins. A potential acquisition of the company by a Chinese private equity firm was also blocked by the U.S. government over security concerns earlier in the year.
- Within consumer staples, our position in specialty food distributor Chefs' Warehouse detracted. Shares declined despite the company reporting a very strong earnings report that saw reported earnings well above consensus and a raise of forward guidance. Shares gave back some gains after a strong second quarter amid a continued uncertain macro environment.

Outlook

The current market continues to be unpredictable, with high levels of uncertainty and heightened risk. Inflation, supply chain issues, a hawkish Fed and the continuing war in Ukraine have all contributed to volatility and unease, exacerbated by concerns about the health of the U.S. consumer. Of course, the COVID-19 pandemic has not gone away and continues to be something to monitor.

In light of this uncertain environment, we have been taking a cautious approach and continue to let our time-tested philosophy of searching for value companies exhibiting upward inflection drive our positioning. The most important thing we can do as investors is to continue to use all the available resources we have to analyze, on a stock-by-stock basis, all names within the portfolio. To that end, we have been working closely with our central research analysts, as well as directly with management of our portfolio companies.

At the end of the quarter, the portfolio is overweight industrials, materials and consumer staples while being underweight real estate, consumer discretionary, health care and financials.

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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.

Individual portfolio performance and holdings may differ from information shown due to decisions made by the program sponsor, the size and timing of cash flows and client-specific investment guidelines and objectives.

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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 1000 Value Index** is a stock market index that represents stocks from the Russell 3000 Index with lower price-to-book ratios and lower expected growth rates.

The **Russell 1000 Growth Index** is a market-capitalization-weighted index of those firms in the Russell 1000 with higher price-to-book ratios and higher forecasted growth values.

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 Small Cap Value II 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 (%)	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.)
2021	35.93	32.01	28.27	25.58	25.00	0.50	52	54.89	2,677.50
2020	10.94	7.67	4.63	26.95	26.12	0.70	41	31.83	1,639.88
2019	20.36	16.85	22.39	15.85	15.68	0.69	59	76.36	1,390.52
2018	-17.47	-19.96	-12.86	N.A.	N.A.	0.40	48	54.08	1,206.32
2017	11.21	7.94	7.84	N.A.	N.A.	0.58	26	63.89	1,320.06
2016 *	20.68	18.93	24.19	N.A.	N.A.	N.A.	12	34.39	1,005.08

* For the period 06/30/2016 through 12/31/2016.

Annualized Trailing Performance as of December 31, 2021

Period	Pure Gross-of-fees Return (%) (Supplemental)	Net-of-fees Return (%)	Index Return (%)
1 Year	35.93	32.01	28.27
5 Years	10.75	7.49	9.07
Inception	13.54	10.21	12.56

Inception Date: June 30, 2016

Columbia Small Cap Value II SMA Composite

GIPS Report

Columbia Management Capital Advisers

Columbia Small Cap Value II 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. The strategy aims to provide long-term capital appreciation and invests in a diversified list of small cap companies that we believe are undervalued based on quantitative, sector-specific valuation criteria and where our fundamental analysis leads us to conclude that the valuation discount to their peers and the general small cap market is likely to disappear. Since inception, Separately Managed (WRAP) accounts represent 100% of the composite assets. The benchmark is the Russell 2000® Value Index. The composite was created July 1, 2016.
 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.
 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.
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