Spring 2020

COLUMBIA THREADNEEDLE INVESTMENTS

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INVESTOR NEWSLETTER

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Cover story:

Keep your eyes on the prize during times of market volatility

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How the SECURE Act could affect your retirement plans

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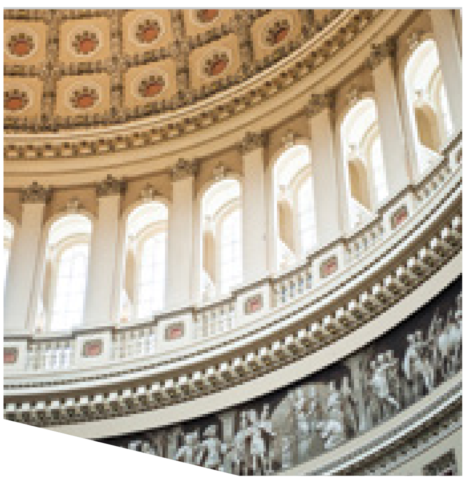

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ALSO INSIDE

KEEP YOUR EYES ON THE PRIZE DURING TIMES OF MARKET VOLATILITY

Given the recent bout of extended market volatility brought on by the rapid spread of the COVID-19 virus, it is now more important than ever for investors to focus on their long-term financial goals. With the 24/7 news cycle bombarding everyone with virus updates, and the number of infections multiplying at an alarming rate, it is becoming increasingly hard not to panic. But keeping a clear, rational frame of mind is paramount to battling the spread of the virus, and for many, it is also critical to safeguarding their hard-won investments and securing their retirement assets.

You can always visit our website blog for timely updates on the virus-related volatility. Also, here is a list of frequently asked questions to help keep you focused on your long-term financial goals.

Q: When managing my investments during times of market volatility, what should I consider?

Some investors instinctively want to pull out of the market or sell underperforming investments as soon as they see volatility on the horizon. But taking yourself out of the game could mean losing out on potential opportunities, putting your savings at risk.

Be patient. Stay focused on your long-term financial goals, like maintaining your standard of living and retiring comfortably. Work with your financial advisor to assess if your portfolio is diversified and your investments are rebalanced regularly based on current market conditions and your short- and long-term financial goals.

Whatever you do, don't try to time the market. Even experts can't predict which asset class is going to lead or lag at any given time. Instead of guessing which investments are going to soar in times of volatility, talk to your financial advisor about your portfolio to find out if there are opportunities to incorporate products whose performance is unrelated to your existing holdings. Diversifying your portfolio can help you weather the ups and downs of the market with confidence and stay the course long term. And a diversified portfolio can help limit drawdown in a volatile equity market. You may lose less when you have a diversified portfolio as opposed to one with a more concentrated equity exposure. The chart below represents six periods of increased volatility and the losses incurred for three distinct portfolio compositions. In each instance, the diversified portfolio fared much better than portfolios composed of domestic or global equities alone.

Q: How is market volatility measured?

Market volatility is defined as share price fluctuation. It is an inevitable component of the stock market, since prices always go up and down. Higher volatility is associated with securities that change price dramatically over the short term vs. those whose price changes occur at a steadier rate over time.

Beta is a measure of a stock or mutual fund's volatility relative to the market. The market has an assigned beta of 1.0. Individual stocks and mutual funds are assigned beta scores based on how much they deviate from the market. A stock or fund that swings more than the market has a beta above 1.0, while one that moves less than the market would score less than 1.0. Stocks with high beta scores are perceived to be riskier but also offer potentially higher returns; low beta scores carry less risk and generally lower returns.

The CBOE Volatility Index measures overall market expectations of near-term volatility. Created by the Chicago Board Options Exchange, the volatility index or VIX, as it is familiarly known, represents the market's forward-looking assessment of market volatility.

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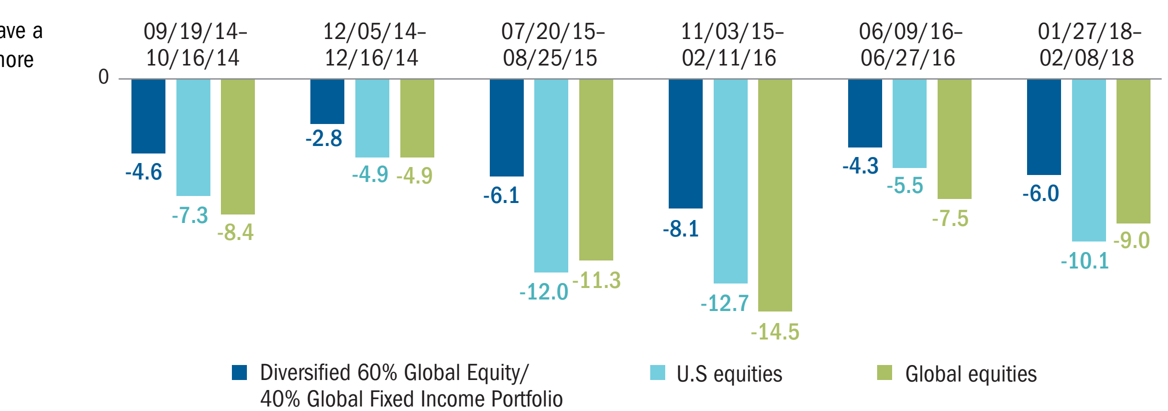
A DIVERSIFIED PORTFOLIO CAN LIMIT DRAWDOWN IN A VOLATILE EQUITY MARKET

Cumulative returns for recent equity drawdowns (%)

You may lose less when you have a diversified portfolio versus a more concentrated equity exposure.



Past performance is not a guarantee of future results. It is not possible to invest directly in an index.

Diversification and/or asset allocation does not assure a profit or protect against loss.

Source: Columbia Management Investment Advisers, LLC. Periods of drawdown were calculated by using the largest peak to trough losses on equities, measured by the S&P 500 Index, since 01/01/14 and comparing the average performance over each of those periods. Past performance does not guarantee future results. U.S. equities are represented by the S&P 500 Index, which tracks the stocks of 500 large-cap U.S. companies. Global equities are represented by the MSCI All Country World Index, which is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets. The 60% equity/40% bond diversified portfolio is represented by the MSCI ACWI and the Bloomberg Barclays Global Aggregate Bond Index, which is a measure of global investment-grade debt from 24 local currency markets and includes Treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

It is important to remember that volatility is often a direct result of emotional reactions. Responding emotionally often comes at a high price, and financial decisions made in the heat of the moment may take years to recover from. The most prudent course of action is to contact your financial advisor, someone who is trained to take the emotion out of investing.

Q: What are some of the causes of volatility in financial markets?

Volatility in the financial markets can come from a number of sources. Events or financial circumstances around the globe that have even the potential to cause swings in investor sentiment — in either direction — can cause volatility in the financial markets. Causes of market volatility include:

Geopolitical events like terrorism, major elections, natural disasters and global health crises: Uncertainty may lead to market volatility as countries deal with the effect of these events on national budgets, migrant housing, security, jobs, international relations and more.

Unexpected changes in central bank policy around the globe: Financial markets are highly susceptible to changes in central bank policy. When central banks reduce monetary policy, it is referred to as tapering monetary policy, and when markets react with volatility, it is referred to as a taper tantrum.

Q: How can market volatility create opportunities?

We believe market volatility can create significant opportunities and, in fact, these periods may be some of the very best times to consider opportunities to invest. Although higher volatility means higher risk, it also provides active managers with opportunities to pursue higher returns.

However, consistency is very important when choosing active strategies. A consistently applied investment philosophy to identify and exploit the mispriced stocks that often result from periods of market volatility can produce repeatable investment outcomes over time. Investing with active managers with dependable styles can help you build portfolios that seek reliable investment performance regardless of market turbulence.

While a volatile market can be unsettling and seemingly detrimental to portfolio valuations, there are always things you can do to mitigate the affects of market volatility and potentially even turn it to your advantage. The short list of dos and don'ts includes:

DO

- Be patient
- Focus on long-term goals
- Consider a diversified portfolio
- Understand your risk tolerance
- Consult your financial advisor periodically to make sure you are on track

DON'T

- Panic
- Attempt to time the market
- Be distracted or lose focus of your long-term financial goals

Investing involves risk including the risk of loss of principal.

How the SECURE Act could affect your retirement plans

First half 2020 birthday example*:
Turn 70 in spring 2020 and 70½ in December 2020

New rule — SECURE Act	Former rule
Under the SECURE Act, this person must take their first RMD by April 1, 2023 — the April 1 following their 72nd birthday in 2022. They receive two extra years because of the bill.	Under the former rule, this person would have had to take their first RMD by April 1, 2021 — the April 1 of the year following their 70½ birthday in 2020.

Second half 2020 birthday example*:
Turn 70 in fall 2020 and 70½ in spring 2021

New rule — SECURE Act	Former rule
Under the SECURE Act, this person must take their first RMD by April 1, 2023 — the April 1 following their 72nd birthday in 2022. They receive one extra year because of the bill.	Under the former rule, this person would have had to take their first RMD by April 1, 2022 — the April 1 of the year following their 70½ birthday.

*The Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) suspended the need to take an RMD in 2020.

The **Setting Every Community Up for Retirement Enhancement Act** — the SECURE Act — was signed into law Dec. 20, 2019. Many provisions took effect January 1, 2020. The SECURE Act retirement planning changes that are most relevant in the near term include:

- A later age for required minimum distributions (RMDs): age 72 from 70½ previously
- A change to the IRA stretch strategy for non-spouse beneficiaries who inherit retirement accounts
- Elimination of the 70½ age limit for workers who contribute to a traditional IRA

Required minimum distributions

The SECURE Act increases the RMD age from 70½ to 72 and applies to anyone who turns 70½ in 2020 or later.

If you don't need income from your retirement plan or IRA accounts, the SECURE Act enables you to defer taxes from those accounts. If you want to work longer, the later RMD age provides more time for retirement-income planning.

Additional details

- Due to the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act), signed into law on March 27, 2020, RMDs have been suspended for 2020.
- If you will turn 70½ in 2020 or later: Under the SECURE Act, you must take your first RMD by April 1 after the year you reach age 72.

IRA stretch strategy in estate plans

Prior to the SECURE Act, beneficiaries who inherited retirement accounts (such as a traditional or Roth IRA) could take the RMDs over their lifetime. The SECURE Act changes that financial strategy for most non-spouse beneficiaries who inherit their retirement account on or after January 1, 2020. As a result:

- Most non-spouse beneficiaries must take the account proceeds (and pay the corresponding taxes) within 10 years of inheriting the account. This can be done with any number of distributions.
- Spouse beneficiaries, non-spouse beneficiaries who are no more than 10 years younger than the IRA owner and non-spouse beneficiaries who are disabled or chronically ill will continue to be able to stretch their IRAs over their lifetime.
- If a minor child inherits the IRA, the 10-year period begins when the beneficiary reaches the age of majority (the age at which a minor child legally becomes an adult, generally between 18 – 21 years old).
- A beneficiary who inherits an individual retirement account before the end of 2019 can still draw down the account over their lifetime. However, if a beneficiary inherits an IRA before the end of 2019 and dies January 1, 2020, or later, that beneficiary's beneficiary will be subject to the 10-year rule. For example:
  - — Allen's son, Joe, inherits Allen's IRA on Nov. 12, 2015. Joe takes RMDs over Joe's life expectancy.
  - — On Feb. 12, 2020, Joe dies. Joe's spouse, Fran, inherits the remainder of the IRA Joe inherited from Allen. Fran must take out the remainder of the IRA within 10 years.

Traditional IRAs

The SECURE Act eliminates the 70½ age limit for contributions to a traditional IRA.

- There is no change for Roth IRAs, which do not have an age limit.
- As always, you must have earned income to contribute to a traditional or Roth IRA. The SECURE Act does not change that requirement.
- Special rules apply to ensure individuals who make contributions after age 70½ cannot also receive a qualified charitable distribution (QCD) exclusion for those amounts.

Columbia Threadneedle Investments and its affiliates do not offer tax or legal advice. Consumers should consult with their tax advisor or attorney regarding their specific situation.

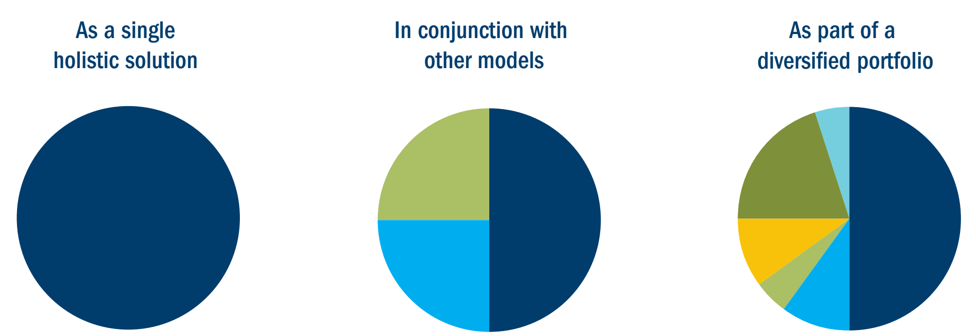
What is a model portfolio?

Diversified investment portfolios to help meet financial goals

A **model portfolio** is a pre-determined, strategically constructed group of investments blended to achieve a specific or targeted objective. These portfolios often combine a variety of investment managers and strategies across an array of asset classes.

Since these products can provide both greater scale and efficiency, many advisors are turning to model portfolios created by third-party investment managers to help their clients meet their financial goals.

MODEL PORTFOLIOS ARE FLEXIBLE AND CAN BE IMPLEMENTED IN A CUSTOMIZED FASHION



Are they right for me?

There are several benefits to consider with your financial advisor when determining if model portfolios are the right choice for you.

How do you want your advisor to spend their time?

Model portfolios can give advisors more time to have meaningful discussions with their clients and plan for the future. More and more, the value that an advisor provides is found not only in picking investments, but also in their ability to provide a financial plan tailored to their client's goals.

How do you prefer your portfolio to be managed?

Model portfolios managed by investment managers are often designed to achieve a particular objective. Some are even managed to meet a specific investment goal, such as generating income or managing volatility. For clients seeking investment portfolios that are managed to address their unique needs, model portfolios may be an attractive option.

Are you interested in enhanced investment expertise?

Your financial advisor's investment expertise is critical to selecting appropriate securities for your portfolio. Choosing an investment manager to manage a portion of your assets through a model portfolio can provide access to their professional investment expertise — robust risk mitigation processes, rigorous security research and portfolio analysis, and sophisticated investment strategies that would otherwise be unavailable or unaffordable to retail investors.

How can I approach using model portfolios to pursue my goals?

Ask about ways models can be implemented.

Models can be components of a customized plan, filling a unique need for things like income or inflation targeting, or they can be a holistic solution. Your financial advisor can help determine a suitable implementation model and flexibly adapt it based on your specific goals.

Leverage the diverse universe of model portfolios.

Models now account for more than $1 trillion in assets under management, and there are more than 10,000 model choices — exceeding the number of individual mutual funds currently offered. By virtue of their number, models now address a wide variety of outcomes to help investors reach their goals.

There is no guarantee that any investment objective will be achieved or that return expectations will be met.

TOP 5 BARRON'S BEST FUND FAMILIES 2020

Columbia Threadneedle Ranked Top 5 by Barron's

America's premier financial magazine recognizes our competitive short- and long-term performance.

Columbia Threadneedle cracked the top five in the preeminent category of **Barron's Best Fund Families 2020 rankings**, thanks to strong one-year performance across our platform of active mutual funds and ETFs. Our No. 4 ranking is based on 2019 investment performance for the calendar year ending Dec. 31, 2019. Importantly, we also saw solid improvement in our five- and 10-year results.

To qualify, firms must offer at least three active mutual funds or actively run exchange-traded funds in Lipper's general U.S. stock category: one in world equity and one in mixed asset, such as a balanced or allocation fund. They also need to offer at least two taxable bond funds and one national tax-exempt bond fund. All funds must have a track record of at least one year. The ranking also includes actively managed ETFs and "smart-beta" ETFs.

Here are our full rankings across the one-, five- and 10-year results in Barron's Best Fund Families 2020.

- Columbia Threadneedle Investments was ranked 4 out of 55 fund families in the one-year ranking (weighted score of 66.48 out of 100)
- Columbia Threadneedle Investments was ranked 12 out of 52 fund families in the five-year ranking (weighted score of 65.51 out of 100)
- Columbia Threadneedle Investments was ranked 14 out of 45 fund families in the ten-year ranking (weighted score of 63.42 out of 100)

This distinction reflects the expansive reach and expertise of Columbia Threadneedle's team of investment professionals across all asset classes and markets, as well as our strong commitment to research intensity.

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Past performance is not a guarantee of future results.

Columbia Threadneedle Investments is a leading global asset manager that provides a broad range of investment strategies for individual and institutional clients. With over 450 investment professionals across 17 countries, we manage $494 billion* across asset classes. Our global investment team debates and challenges their best ideas to make better decisions, leading to better outcomes for you and your clients.

To find out more, call 800.426.3750
or visit columbiathreadneedle.com

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Barron's Fund Family rankings are based on total return for the 2019 calendar year ending 12/31/19. Columbia Threadneedle Investments ranked 4th among 55 qualifying fund families. Past performance is not a guarantee of future results. Barron's Fund Family Rankings are calculated without the impact of expenses such as 12b-1 fees, front-end loads, or sales charges, which would reduce returns. Source: Barron's, 2/14/2020. To be included in Barron's Fund Survey, a fund family must have at least three funds in Lipper's general equity category, one in world equity, one mixed-asset fund (such as a balanced or target-date fund), two taxable-bond funds and one national tax-exempt bond fund. Each fund's return is measured against all funds in its Lipper category, resulting in a percentile ranking of 100 being the highest and 1 the lowest. This result is then weighted by asset size, relative to the fund family's other assets in its general classification. If a family's biggest funds do well, that boosts its overall showing; poor performance in its biggest funds hurts a firm's ranking. Finally, the score is multiplied by the general classification weightings as determined by the entire Lipper universe of funds. The category weightings for the one-year results in 2019 were general equity, 35.4%; mixed asset, 21.1%; world equity, 17%; taxable bond, 21.8%; and tax-exempt bond, 4.6%. The category weightings for the five-year results were general equity, 36.9%; mixed asset, 19.7%; world equity, 17.2%; taxable bond, 21.7%; and tax-exempt bond, 4.6%. For the ten-year list, they were general equity, 37.6%; mixed asset, 20.1%; world equity, 17.5%; taxable bond, 20.0%; and tax-exempt bond, 4.7%.

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Past performance is not a guarantee of future results.

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* In U.S. dollars as of December 31, 2019. Source: Ameriprise Q4 Earnings Release. Contact us for more current data.

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