

Columbia Contrarian Core SMA Strategy

The Contrarian Core Strategy continues to focus on the resilience and health of the U.S. economy.

Performance

The Columbia Threadneedle US Contrarian Core SMA Composite returned 3.60% pure gross of fees and 2.84% net of fees for the quarter ending September 30, 2024. The strategy's benchmark Russell 1000 Index returned 6.08% for the same period.

Market overview

U.S. equities performed very well in the third quarter, helping most major broad-based indices finish September at or near all-time highs. The large-cap Russell 1000 Index gained 6.08%, raising its year-to-date return to 21.18%.

Stocks were well-supported by the backdrop of economic growth and an improving interest rate outlook, which raised hopes that the U.S. economy was on track for a soft landing despite a long stretch of restrictive monetary conditions. The U.S. Federal Reserve joined its global peers in loosening policy by enacting a half-point rate cut in September. Since the markets were undecided as to whether the Fed would cut by a quarter or half point, the move represented a positive surprise. Equities were also propelled by China's late-in-the-quarter announcement that it would provide substantial fiscal and monetary stimulus to support its economy and markets. Together, these developments more than offset the impact of market weakness in July and the first week of August.

Notably, leadership broadened considerably compared to the first half of the year. Although mega-cap U.S. technology stocks continued

Average annual total returns (%) for period ending 09/30/2024

	Inception	3-mon.	1-year	3-year	5-year	Since inception
Columbia Threadneedle US Contrarian Core SMA Composite (pure gross)	12/31/2015	3.60	36.78	12.18	16.84	14.46
Columbia Threadneedle US Contrarian Core SMA Composite (net)		2.84	32.83	8.89	13.42	11.11
Russell 1000 Index		6.08	35.68	10.83	15.64	14.37

Source: Columbia Threadneedle Investments

Effective June 30, 2024, the composite name for this strategy changed from Columbia Contrarian Core SMA Composite to Columbia Threadneedle US Contrarian Core SMA Composite.

Past performance does not guarantee 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.

to perform well, the quarter was characterized by outperformance for the value style versus growth style, and for small-to-mid-sized companies relative to large caps. The Russell 1000 Value Index gained 9.43% and exceeded the 3.19% return of the Russell 1000 Growth Index, while the Russell MidCap Index and the small-cap Russell 2000 Index rose 9.21% and 9.27%, respectively.

Quarterly portfolio recap

- The strategy underperformed its benchmark, the Russell 1000 Index, during the third quarter.
- Underperformance relative to the Russell 1000 was mainly attributable to stock selection. Sector allocation also produced negative effects.
- By sector, stock selection in materials made the largest relative contribution to returns, followed by selection in consumer staples and real estate.
- Stock selection detracted most within health care, industrials and financials.
- The portfolio's slight overweight to materials was a modest contributor in terms of sector allocation.
- An underweight to real estate and overweights to communication services and information technology were modest detractors.

Relative contributors included:

- **Newmont Corporation (NEM)** – Newmont posted a strong return in the third quarter as the company's stock price continued to march higher alongside the rising cost of gold. The company reported second-quarter results late in July, posting strong earnings and a revenue beat that exceeded Wall Street's expectations. Newmont also announced that it generated \$594 million in free cash flow on the back of strong profitability metrics (helped, of course, by higher gold prices). This influx of cash enabled management to buy back shares earlier than expected, which was another positive for investors. Newmont has executed well with production, cost synergies and divestitures all on track, and investors have continued to take notice. Of course, higher gold prices continue to be a significant positive for the company as well.
- **eBay Inc. (EBAY)** – eBay was another top performer throughout the quarter. The stock really started to get hot after the company reported an earnings-per-share and revenue beat, along with better-than-expected guidance when it announced second-quarter earnings. In September, the company's stock rose to fresh highs and its best level since January 2022. Macroeconomic headwinds have been disruptive to several of eBay's e-commerce peers. However, while facing those same headwinds, eBay's market positioning helped insulate the company from the same adverse effects. The company boasts a plethora of goods on its site but has focused on segments that set it apart from its other e-commerce competitors (for example, its automotive collectibles offerings), which have resonated well with customers.

- **BlackRock, Inc. (BLK)** – BlackRock delivered a strong return in the third quarter, as the company continued to experience a nice level of fund flows. Shares got off to a strong start in July following the company’s second-quarter earnings report. Both earnings and revenue exceeded the Wall Street’s expectations, as market gains continued to lift the company’s assets under management, and its organic base fees grew. Private markets, retail active fixed-income, and ETFs continued to be bright spots for BlackRock, spurring the company’s year-over-year growth. The stock surged even higher in September after it was announced that BlackRock, its Global Infrastructure Partners unit, Microsoft and MGX would be coming together to create a global artificial intelligence (AI) partnership to invest in data centers and energy projects to address increasing demand. Shares moved higher following the news, and the company ended the quarter on an even stronger footing.

Relative detractors included:

- **Lam Research Corporation (LRCX)** – Lam Research was a challenged position within the strategy over the quarter. The company faced volatility in July on the back of a rotation out of large-cap technology stocks in favor of small-caps and large-cap value-oriented names, along with some general investor fear about the return-on-investment potential from the AI spend. Lam reported earnings at the beginning of August and, although the company surpassed both earnings and sales estimates, shares sold off following the announcement. Escalating tensions between the United States and China have been another factor weighing on the stock, as U.S. restrictions on high-tech exports to China, particularly advanced AI chips, have particularly pressured chip providers.
- **Pinterest, Inc. Class A (PINS)** – Pinterest was among the top contributors last quarter, but the company would give back much of the impressive run-up it experienced in the second quarter following a July earnings report with an outlook that largely disappointed investors. Despite some positives from the report, with ad clicks doubling for the third straight quarter and user growth up 12% from a year ago (now at 520 million monthly users worldwide), what investors focused on most was a warning from management that revenue in the current quarter would likely come in lower than analysts’ estimates. The lowered guidance sent shares tumbling, and the stock experienced its worst intraday decline since April of last year. While it seems fair to see shares down given where expectations have been for the company, the stock is now trading at a much lower percentage to its forward free cash flow yield, which could see a significant pickup over the next few years, driven by scaling revenues that flow through at higher incremental margins.
- **Biogen Inc. (BIIB)** – Biogen notched a new six-month high earlier in the quarter but drifted closer to a new six-month low as it closed out the third quarter. Toward the end of July, it was reported that the European Medicines Agency waged a negative opinion on Biogen’s and its partner Eisai’s Alzheimer’s disease drug (Leqembi), recommending against the approval of being able to market Leqembi as a treatment for early Alzheimer’s disease. The news sent shares tumbling and was one of the main catalysts behind the stock’s weaker performance in the quarter. Earnings would be reported not long after and, despite the company issuing a strong beat and guidance raise, the positive news wouldn’t be enough to help steer the stock in a better direction. Shares received another hit toward the end of the quarter after it was announced that the city of Baltimore would be suing the company over a drug pricing scheme, alleging that Biogen attempted to block the competition of multiple sclerosis drugs and forced patients to overpay for their medication. The merit of the suit is still being determined, but the news of it certainly cemented a tough quarter for the stock.

Outlook

As we entered the fourth quarter, the focus continues to be on the resilience and health of the U.S. economy. The biggest macro risk to the markets is still the lagged impact of interest rate increases and, by extension, the potential for an economic downturn. On a positive note, the Fed has officially embarked on its easing cycle with another rate cut likely to come later this year. The Columbia Contrarian Core portfolio is fairly balanced with regard to various economic scenarios, and our Contrarian Core team sees opportunities in the market, focusing on companies that can continue to grow earnings in a potentially tough economic environment.

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Market risk may affect a single issuer, sector of the economy, industry or the market as a whole. **International** investing involves certain risks and volatility due to potential political, economic or currency instabilities and different financial and accounting standards. **Growth** securities, at times may not perform as well as value securities or the stock market in general and may be out of favor with investors. **Value** securities may be unprofitable if the market fails to recognize their worth or the portfolio manager misgauged that worth. 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 1000 Index** tracks the performance of 1000 of the largest U.S. companies, based on market capitalization.

The **Russell 1000 Growth Index** measures the performance of those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values.

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 **Russell 2000 Index** measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index.

The **Russell MidCap Index** measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 25% of the total market capitalization of the Russell 1000 Index.

Columbia Threadneedle US Contrarian Core SMA Composite

GIPS Report

Columbia Threadneedle Investments Global Asset Management

Reporting Currency: USD

Statement of Performance Results

Calendar Year	Pure Gross-of-fees Return (%)	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 (mil.)
2023	32.16	28.33	26.53	26.29	17.13	17.42	17.29	0.43	33	20.2	N.A.
2022	-18.55	-21.00	-19.13	-18.11	20.89	21.33	20.87	0.26	36	15.7	N.A.
2021	24.62	21.00	26.45	28.71	17.85	17.71	17.17	0.17	42	23.1	N.A.
2020	22.60	19.03	20.96	18.40	19.37	19.10	18.53	0.18	41	19.8	N.A.
2019	33.41	29.58	31.43	31.49	12.53	12.05	11.93	0.34	33	15.3	N.A.
2018	-8.24	-10.98	-4.78	-4.38	11.07	10.95	10.80	0.48	58	19.6	N.A.
2017	22.06	18.51	21.69	21.83	N.A.	N.A.	N.A.	0.12	65	35.8	N.A.
2016	9.49	6.27	12.05	11.96	N.A.	N.A.	N.A.	0.17	50	18.7	N.A.

Annualized Trailing Performance as of December 31, 2023

Period	Gross-of-fees Return (%)	Net-of-fees Return (%)	Index Return (%)
1 Year	32.16	28.33	26.53
5 Years	17.02	13.60	15.52
Inception	13.17	9.86	13.07

Inception Date: December 31, 2015

Columbia Threadneedle US Contrarian Core SMA

Composite

GIPS Report

Columbia Threadneedle Investments Global Asset Management

Reporting Currency: USD

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. The strategy aims to provide relatively high total return through long-term capital appreciation and current income by investing primarily in common stocks found in the Russell 1000® Index with market capitalizations of greater than \$2 billion. The investment team screens for stocks using a proprietary method that seeks to identify value or growth stocks that have fallen out of favor ("contrarian") in the bottom third of their 52 week range. Since inception, Separately Managed (WRAP) accounts represent 100% of the composite assets. The primary benchmark is the Russell 1000 Index, and the secondary benchmark is the S&P 500 Index. The composite was created January 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 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 Index, tracks the performance of 1000 of the largest U.S. companies, based on market capitalization. The secondary benchmark, the S&P 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 Contrarian Core SMA Composite

GIPS Report

Columbia Threadneedle Investments Global Asset Management

Reporting Currency: USD

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 Contrarian Core 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.