

Columbia Threadneedle US Contrarian Core SMA Strategy

The Contrarian Core Strategy maintains a balanced portfolio, with a focus on resilient companies that can weather economic uncertainty.

Performance

The Columbia Threadneedle US Contrarian Core SMA Composite returned 5.42% pure gross of fees and 4.64% net of fees for the quarter ending June 30, 2024. The strategy's benchmark Russell 1000 Index returned 3.57% for the same period.

Market overview

The major large-cap U.S. equity indices climbed to a series of record highs in the second quarter, but leadership became increasingly narrow amid rising uncertainty about the outlook for the economy and interest rates. While economic growth remained positive overall, signs of strain in specific areas – particularly mid- to lower-end consumers – dampened the outlook for the second half of the year. In addition, statements from U.S. Federal Reserve officials appeared to indicate that meaningful rate cuts were unlikely to occur until 2025.

These developments contributed to modest losses in market segments with greater vulnerability to slowing growth and higher rates. Both mid- and small-cap stocks lost ground based on returns of -3.35% and -3.28%, respectively, for the Russell Midcap Index and Russell 2000 Index. The quarter was also characterized by weakness in the value style, as gauged by the -2.17% return of the Russell 1000 Value Index. Still, broad-based large-cap measures such as the Russell 1000 Index – which rose 3.57% – finished in positive territory thanks to continued strength in growth stocks. The Russell 1000 Growth Index surged 8.33%, far outpacing the broader market. Performance in this area was driven by a very narrow group of mega-cap technology companies that have become an increasingly large

Average annual total returns (%) for period ending 06/30/2024

	Inception	3-mon.	1-year	3-year	5-year	Since inception
Columbia Threadneedle US Contrarian Core SMA Composite (pure gross)	12/31/2015	5.42	28.25	10.52	16.48	14.44
Columbia Threadneedle US Contrarian Core SMA Composite (net)		4.64	24.53	7.28	13.07	11.09
Russell 1000 Index		3.57	23.88	8.74	14.61	14.02

Source: Columbia Threadneedle Investments

Past performance does not guarantee 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.

percentage of the total U.S. market. The top six stocks in the Russell 1000 Index had a weighting of nearly 30% as of June 30, meaning that gains in this segment were sufficient to offset the weaker returns elsewhere.

Quarterly portfolio recap

- The strategy outperformed its benchmark, the Russell 1000 Index, during the second quarter.
- The outperformance relative to the Russell 1000 was mainly attributable to stock selection. Sector allocation was also positive over the period.
- By sector, stock selection in information technology made the largest relative contribution to returns, followed by selection in industrials.
- Stock selection detracted most within consumer staples, followed by financials.
- The strategy's overweight to communication services was the largest relative contributor in terms of sector allocation, followed by the underweight to real estate and the underweight to materials.
- The small underweight to utilities and slight overweights to energy and materials were modest detractors.

Relative contributors included:

- **NVIDIA Corporation (NVDA)** – Following the release of first-quarter earnings in May featuring record revenue growth of 262% year over year, NVIDIA continued its upward march. On June 10, shares of the company began trading on a split-adjusted basis following a 10-for-1 forward stock split, making stock ownership more accessible to employees and investors alike. Just one week later, the company officially surpassed Microsoft in market cap to become the most valuable publicly traded company (although it would relinquish the title not long after). While other companies have also stood to benefit from the artificial intelligence (AI) trend this year, NVIDIA stands out as the unquestionable leader in the space and that is unlikely to be challenged for many years ahead. NVIDIA continues to see extremely strong levels of demand and the recent introduction of the Blackwell system looks to be an exciting next phase of growth for the stock.
- **Pinterest (PINS)** – Pinterest delivered first-quarter results at the end of April that were nicely ahead of both consensus expectations and company guidance, resulting in a 6% revenue beat and a 45% free cash flow beat. Its share price rose following the earnings release and continued to move higher throughout the quarter. The company's prospects should continue to improve as Pinterest is starting to take more and more of its advertisers' budgets, as its data-rich initiatives are starting to pay greater dividends. Pinterest is a visual search engine with very high commercial intent and exposure to e-commerce growth. E-commerce growth has been a significant driver of global digital ad spending, which is an approximately \$400 billion global market.

- **Apple Inc. (AAPL)** – Despite the stock falling after announcing earnings in late May, Apple regained ground toward the end of the quarter, fueled by the company’s long-awaited AI announcement at its annual Worldwide Developers Conference (WDC). At the conference, the company showcased some of its new AI features powered by Apple Intelligence that would be coming to Apple products and also announced a partnership with ChatGPT. Investors greatly welcomed the announcement of Apple’s AI strategy and the stock surged, passing Microsoft as the world’s most valuable company (although this hallmark wouldn’t last). Beta testing of these new features will be coming later this summer, but the initial promise and excitement looks to be a potential catalyst for an upgrade cycle, as the company looks to persuade users who have had the same smartphone for years to consider an upgrade.

Relative Detractors included:

- **Block, Inc. (SQ)** – It is hard to pinpoint why the stock moved lower in the last two months of the quarter, but the most likely reason seems to be simply that investor sentiment on the stock remains generally quite negative for the near term. Investors seem to be taking recent comments from Jack Dorsey (CEO of Square, who also heads Square’s parent company, Block) to mean that a lot still needs to be fixed, rather than the perspective that Mr. Dorsey is being honest and straightforward that things weren’t working and that Square now has a clear plan and a lot of urgency behind its initiatives. The reinvigoration of Square appears very real, with a bold vision to become a generational technology company. The organization is aligned on making Square and Cash App a vertically integrated commerce platform for both sellers and consumers. For Square, this means achieving a growth rate similar to its early days with much better technology while, for Cash App, success is defined as becoming the leading primary bank for those making less than \$150,000 per year, along with significant success combining the two ecosystems. The experimentation and innovation culture is back with buy-in across the organization, with a key focus on engineering discipline and exceptional products. This discipline had been lost and is now coming back and should create much better product experiences that are customer-problem focused and enable the company to regain its prior pace of market share gains.
- **Sysco Corporation (SYY)** – Sysco, one of the world’s largest food distributors, reported earnings at the end of April that disappointed investors. While sales and gross profit increased year-over-year, quarterly revenue of \$19.38 billion missed analysts’ consensus estimates. Additionally, management reported that year-over-year traffic to restaurants came in lower, which negatively impacted bottom-line results. All together, this news sent shares lower. The company hosted an investor day a month later toward the end of May, and while analyst sentiment seemed relatively positive following the event, it still couldn’t save the stock from continuing its negative trajectory.

- **Coty Inc. (COTY)** – Coty is a beauty company specializing in fragrance, skincare and makeup. For many years, Coty has underperformed peers due to a dilapidated brand portfolio, slow innovation, poor execution, high leverage, and more recently, concerns about fragrance category durability. However, under the leadership of CEO Sue Nabi, the company is undergoing a turnaround by accelerating prestige fragrances and stabilizing consumer beauty products through innovation and improved execution. Fragrances have been extremely strong, and that is Coty's main product line. However, there is a concern that the market will turn over despite Coty's management trying to explain that this is a generational shift in usage globally. In addition, Ulta has been losing market share to Sephora, so the entire U.S. beauty market is in a bit of a limbo, adding to uncertainty. Finally, U.S. data from analysts throughout the quarter largely looks only at mass makeup data. Where e.l.f. Beauty is growing massively, Coty is holding share, and everyone else is suffering. This data completely ignores the prestige market where Coty is larger and growing faster. None of these factors are actually impacting Coty, but the stock has been getting dragged down by overall sentiment.

Outlook

As we entered the third quarter, investors' concerns about lingering inflation and the Fed's path on interest rates had been calmed somewhat. Still, interest-rate expectations continue to be a large factor for investors. The biggest macroeconomic risk to the markets remains the lagged impact of interest rate increases and, by extension, the potential for an economic downturn. The Columbia Contrarian Core Strategy's 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.

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

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The **Russell 1000 Index** tracks the performance of 1,000 of the largest U.S. companies, based on market capitalization.

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 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** 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 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.

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

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

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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, 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. 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.