

Columbia Dividend Income SMA Strategy

We consistently implement an investment process that focuses on identifying companies that can be winners over the long term rather than chasing the current market preference.

Performance

The Columbia Threadneedle US Dividend Income SMA Composite returned -0.44% pure gross of fees and -1.18% net of fees for the quarter ending June 30, 2024. The strategy's benchmark Russell 1000 Index returned 3.57% for the same period.

Positioning with respect to the information technology sector weighed most heavily on the strategy's performance versus the benchmark, followed by communication services and health care. Positive contributions were led by selection within financials and an underweight to real estate.

Market overview

The major large-cap U.S. equity indexes 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 there were unlikely to be meaningful rate cuts until 2025.

Average annual total returns (%) for period ending June 30, 2024

	Inception	3-mon.	1-year	3-year	5-year	10-year
Columbia Threadneedle US Dividend Income SMA Composite (pure gross)	12/31/2011	-0.44	14.90	7.87	11.79	11.17
Columbia Threadneedle US Dividend Income SMA Composite (net)		-1.18	11.54	4.70	8.51	7.91
Russell 1000 Index		3.57	23.88	8.74	14.61	12.51
Russell 1000 Value Index		-2.17	13.06	5.52	9.01	8.23

Source: Columbia Threadneedle Investments

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

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 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

Selection within financials led positive contributions, driven by a bias toward higher-quality banks. In addition, a lack of exposure to non-dividend payer Berkshire Hathaway proved additive as shares of the insurance-heavy conglomerate lagged in the quarter.

In addition, an underweight to real estate investment trusts (REITs) contributed positively. REIT valuations are interest-rate sensitive. The pushing out of expectations for Fed rate cuts and the rise in Treasury yields over the quarter weighed on the sector broadly.

Other leading individual contributors to performance included Walmart, as the low-cost retailer has seen its results benefit from increased demand from more affluent consumers impacted by inflation. In addition, Walmart has seen strong growth in e-commerce sales while continuing to expand its profitable digital advertising offering.

On the downside, the majority of the strategy's underperformance was driven by a lack of exposure to a handful of non-dividend paying mega-cap stocks viewed as leading beneficiaries of initiatives around artificial intelligence (AI). Within information technology, the strategy did not hold chipmaker NVIDIA, which has seen its results propelled by AI spending, or Apple, which is viewed as positioned to benefit from adding AI features to its consumer devices. Within communication services, not holding Alphabet detracted notably, as the company's Google search engine continues to add AI-enabled capabilities. Elsewhere within communication services, an overweight to Comcast detracted, as concerns about growth in the broader broadband segment and increasing competition from fixed wireless providers continued to weigh on shares of the broadband provider.

Selection within health care detracted, driven by overweights to more defensive biotechnology and pharmaceutical stocks Johnson & Johnson, Merck and AbbVie. An additional detractor was the lack of exposure to Eli Lilly, which has seen its shares boosted by the approval and uptake of GLP-1 drugs for treating obesity.

Within consumer discretionary, Home Depot was a leading laggard, as results for the building materials and home improvement retailer have suffered from a housing market stalled by higher interest rates. Finally, within industrials, weak freight volumes have negatively impacted railroad operator Union Pacific, while shares of aerospace precision motion and control technology company Parker Hannifin experienced profit-taking after a period of strength.

Outlook

We continue to consistently implement an investment process that focuses on identifying companies that can be winners over the long term rather than chasing the current market preference.

We look for companies with sustainable free cash flow, defensible profit margins, capital discipline and strong balance sheets, in the belief that such companies carry the potential to increase dividends throughout the economic cycle and through up and down markets. The recent shift in market expectations toward a more extended period of higher interest rates has shown signs of favoring the higher quality companies we tend to hold, at the expense of companies viewed as vulnerable to higher capital costs. However, we believe the strategy's consistent focus on quality factors should benefit relative performance over full market cycles.

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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. **Dividend** payments are not guaranteed and the amount, if any, can vary over time. Generally, **large-cap** companies are more mature and have limited growth potential compared to smaller companies. In addition, large companies may not be able to adapt as easily to changing market conditions, potentially resulting in lower overall performance compared to the broader securities markets during different market cycle. **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 intrinsic worth or the portfolio manager misgauged that worth.

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The **Russell 1000 Index**, an unmanaged index, measures performance of 1000 largest companies within the Russell 3000 Index.

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

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 MidCap Index** is an unmanaged index measuring the performance of the 800 smallest companies in the Russell 1000 Index.

The **Russell 2000 Index** is an unmanaged index that 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. Indices shown are unmanaged and do not reflect the impact of fees. It is not possible to invest directly in an index.

Columbia Threadneedle US Dividend Income 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 (%)	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.)
2023	10.79	7.54	26.53	14.85	17.42	0.41	224	109.2	N.A.
2022	-4.48	-7.32	-19.13	18.35	21.33	0.23	87	74.2	N.A.
2021	27.14	23.45	26.45	15.74	17.71	0.26	89	98.7	N.A.
2020	8.79	5.59	20.96	16.36	19.10	0.26	52	52.9	N.A.
2019	28.74	25.00	31.43	10.64	12.05	0.99	31	30.4	N.A.
2018	-4.24	-7.09	-4.78	9.53	10.95	0.15	24	9.8	N.A.
2017	21.07	17.55	21.69	9.16	9.97	0.07	21	10.4	N.A.
2016	13.31	9.99	12.05	9.68	10.69	N.A.	7	2.9	N.A.
2015	0.93	-2.05	0.92	10.14	10.48	N.A.	13	16.4	N.A.
2014	13.66	10.34	13.24	8.28	9.12	N.A.	≤ 5	4.8	N.A.

Annualized Trailing Performance as of December 31, 2023

Period	Gross-of-fees Return (%)	Net-of-fees Return (%)	Index Return (%)
1 Year	10.79	7.54	26.53
5 Years	13.51	10.18	15.52
10 Years	11.00	7.74	11.80
Inception	12.53	9.23	13.83

Inception Date: 12/31/2011

Columbia Threadneedle US Dividend Income 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, 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 seeks to achieve long-term capital appreciation and current income by investing in a concentrated portfolio of dividend-paying large capitalization equity securities. 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 Russell 1000 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 primary benchmark is the Russell 1000 Index that tracks the performance of 1000 of the largest U.S. companies, based on market capitalization. The secondary benchmark is 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. Index returns reflect the reinvestment of dividends and other earnings and are not covered by the report of the independent verifiers.

Columbia Threadneedle US Dividend Income 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. As of 9/21/2023, the Russell 1000 Value Index was added as the secondary benchmark.

12. Prior to 6/30/2024, the composite was referred to as the Columbia Dividend Income SMA Composite.

13. 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.