

Columbia Large Cap Growth SMA Strategy

We focus on stocks of companies with unique drivers or growth potential for consistent outperformance.

Performance

The Columbia Threadneedle US Large Cap Growth SMA Composite returned 2.63% pure gross of fees and 1.87% net of fees for the quarter ending September 30, 2024. The strategy's benchmark Russell 1000 Growth Index returned 3.19% for the same period.

Market overview

U.S. equities posted positive returns in the third quarter, leaving most major broad-based indices at or near all-time highs at the end of September. Stocks were generally well-supported in the quarter by the backdrop of continued 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 announcement, late in the quarter, that it would provide substantial fiscal and monetary stimulus to support its economy and markets.

Sentiment softened in the quarter around many of the growth-oriented, mega-cap technology companies perceived as artificial intelligence (AI) beneficiaries, on concerns that valuations for these stocks had become overextended. As a result, the quarter saw

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

	Inception	3-mon.	1-year	3-year	Since inception
Columbia Threadneedle US Large Cap Growth SMA Composite (pure gross)	03/31/2020	2.63	45.20	11.86	23.07
Columbia Threadneedle US Large Cap Growth SMA Composite (net)		1.87	41.03	8.58	19.48
Russell 1000 Growth Index		3.19	42.19	12.02	23.56

Source: Columbia Threadneedle Investments

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

outperformance for the value style versus the growth style, with the Russell 1000 Value Index returning 9.49% vs. 3.19% for the Russell 1000 Growth Index.

Quarterly portfolio recap

In sector terms, selection within health care led positive contributions to performance relative to the benchmark, while selection within consumer discretionary weighed most heavily on relative performance.

Within health care, positive contributions were highlighted by Cooper Companies, a medical device company focused on the ophthalmological and surgical markets. The company reported strong earnings in the quarter based largely on impressive growth in its contact lens segment driven by market share gains and expansion into newer business lines. Importantly, the company's profitability improved significantly in the quarter and forward-looking commentary from management was bullish. Shares of life sciences company Thermo Fisher Scientific were boosted by a second-quarter earnings report that reflected stronger-than-expected growth in China and in end markets such as bioprocessing, both areas of investor concern. In addition, the CEO provided a positive outlook on the long-term growth potential of the company's addressable markets.

Within communication services, sports and entertainment company TKO Holdings outperformed as a positive earnings report reflected strong revenues from sponsorships and live events as well as better-than-anticipated cost synergies. Sentiment around the stock was further supported by expectations that negotiations for renewal rights to TKO's UFC mixed martial arts property would result in higher broadcast and sponsorship revenues. Facebook curator Meta posted strong earnings and above-expectations revenue growth, lifting the stock as investors grew more confident on the near-term outlook for digital advertising spending. Sentiment around the stock was also likely supported by expectations that Meta will be a long-term AI winner.

While selection in information technology was negative overall, software company ServiceNow was among the leading contributors. The company provides a cloud-based platform to help companies manage digital workflows. ServiceNow's second-quarter earnings put to rest investor concerns around the elongated sales cycles that have weighed on the broader software industry. Sales and profitability exceeded expectations and management guided for continued demand strength, highlighting a modest tailwind from generative AI.

On the downside, within consumer discretionary, shares of Amazon came under pressure along with many of the other AI-driven stocks that led performance over the first half of the year. The company also posted retail business results that were a little softer than expected, including decelerating, although still positive growth. AI continues to provide a tailwind to Amazon's AWS cloud business. Draft Kings also came under selling pressure after the company lowered guidance due to the state of Illinois raising taxes on sportsbooks. Draft Kings continues to experience strong growth in both users and profitability, and we see a significant runway ahead for the business. Finally, an underweight to Tesla weighed on performance as the stock outperformed in the quarter on the announcement that the company is introducing fully autonomous cars in China and the excitement around the upcoming Robotaxi Day. The level of product detail Tesla is prepared to present at that event will be closely watched by the market.

An underweight to financials detracted as the sector was among the leading performers for the quarter.

Within information technology, holdings of semiconductor stocks Qualcomm, Applied Materials and Nvidia drove much of the underperformance. These stocks had been heavily bought earlier in the year and it appears that investors rotated out of the group as part of broadening their positioning away from recent winners in anticipation of a soft landing for the economy. Design software company Adobe also sold off after providing what we viewed as conservative guidance. The company continues to experience solid customer growth and is seeing strong momentum with its generative AI offering.

Finally, within industrials, conglomerate Honeywell International sold off after a disappointing quarter in which margins missed expectations. Investors are concerned that the company's push to increase revenue growth is coming at the expense of margins, even as its more cyclical businesses are recovering more slowly than hoped for. We view the pressure on margins as a near-term challenge due to Honeywell's business mix, rather than calling into question the company's long-term earnings power.

Outlook

Recent economic data has been encouraging and has increased investor expectations for a soft landing. Still, we anticipate ongoing volatility in the fourth quarter, with the Middle East conflict, the U.S. elections, uncertainty around the path of Fed rate cuts, and signs of distress for lower-end consumers among the possible drivers. Mega-cap, technology-related stocks continue to display some of the strongest growth due to the AI tailwind, but we have begun to see a broadening out of equity market performance leadership. Against this backdrop, we believe it is prudent to maintain a balanced exposure in the portfolio with respect to both the risks and potential rewards.

More broadly, we continue to focus on selecting stocks of companies with idiosyncratic drivers or secular growth tailwinds with the potential to outperform in a wide range of economic environments. In so doing, we seek a combination of certain characteristics that we believe has the potential to outperform throughout a market cycle. Specifically, we emphasize high-quality established and emerging growth companies that share four characteristics: large and expanding market opportunities, sustainable and durable competitive advantages, improving free-cash-flow generation and accelerating returns on invested capital.

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Holdings and characteristics are based on a representative account and are subject to change at any time. Individual account performance, holdings, and characteristics may differ from information shown. References to specific securities are included as an illustration of the investment management strategy and are not recommendations. Holdings may represent only a small percentage of the portfolio. It should not be assumed that any particular security was or will prove to be profitable or that decisions in the future will be profitable or provide similar results to the securities discussed.

The views expressed are as of the date given, may change as market or other conditions change and may differ from views expressed by other Columbia Management Investment Advisers, LLC (CMIA) associates or affiliates. Actual investments or investment decisions made by CMIA and its affiliates, whether for its own account or on behalf of clients, may not necessarily reflect the views expressed. This information is not intended to provide investment advice and does not take into consideration individual investor circumstances. Investment decisions should always be made based on an investor's specific financial needs, objectives, goals, time horizon and risk tolerance. Asset classes described may not be appropriate for all investors. Past performance does not guarantee future results, and no forecast should be considered a guarantee either. Since economic and market conditions change frequently, there can be no assurance that the trends described here will continue or that any forecasts are accurate.

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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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.

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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 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.

Columbia Threadneedle US Large Cap Growth SMA Composite

GIPS Report

Columbia Threadneedle Investments Global Asset Management

Reporting Currency: USD

Statement of Performance Results

Calendar Year	Pure fees	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	46.44	42.24	42.68	20.45	N.A.	N.A.	N.A.	≤ 5	0.1	N.A.
2022	-30.42	-32.55	-29.14	N.A.	N.A.	N.A.	N.A.	≤ 5	0.1	N.A.
2021	29.12	25.37	27.60	N.A.	N.A.	N.A.	N.A.	≤ 5	0.2	N.A.
2020 *	53.94	50.67	61.22	N.A.	N.A.	N.A.	N.A.	≤ 5	0.2	N.A.

Annualized Trailing Performance as of December 31, 2023

Period	Gross-of-fees Return (%)	Net-of-fees Return (%)	Index Return (%)
1 Year	46.44	42.24	42.68
Inception	20.71	17.18	21.57

Inception Date: 03/31/2020

Columbia Threadneedle US Large Cap Growth 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 aims to achieve long-term capital appreciation by investing primarily in stocks of companies with a market capitalization, at the time of purchase, similar to those in the Russell 1000 Growth Index. Portfolios managed in this composite are Separately Managed (WRAP) accounts. The benchmark is the Russell 1000® Growth Index. The composite was created April 1, 2020.

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 benchmark is the Russell 1000 Growth Index that measures the performance of those Russell 1000 Index companies with higher price-to-book ratios and higher 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 Large Cap Growth 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 Large Cap Growth 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.