

## Columbia Select Large Cap Equity SMA Strategy

While seeking to construct a portfolio that can be resilient to a range of economic outcomes, we continue to focus on stock selection as the driver of returns.

### Performance

The Columbia Threadneedle US Select Large Cap Equity SMA Composite returned 6.35% pure gross of fees and 5.57% net of fees for the quarter ending June 30, 2024. The strategy's benchmark S&P 500 Index returned 4.28% for the same period.

In sector terms, selection within health care, information technology and consumer staples led positive contributions to relative performance, while selection within real estate and consumer discretionary weighed most heavily on performance.

### 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.

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

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

	Inception	3-mon.	1-year	3-year	Since inception
Columbia Threadneedle US Select Large Cap Equity SMA Composite (pure gross)	12/31/2018	6.35	25.97	10.83	18.04
Columbia Threadneedle US Select Large Cap Equity SMA Composite (net)		5.57	22.31	7.57	14.59
S&P 500 Index		4.28	24.56	10.01	17.16

Source: Columbia Threadneedle Investments

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

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**

In sector terms, selection within health care, information technology and consumer staples led positive contributions to relative performance, while selection within real estate and consumer discretionary weighed most heavily on performance.

Within health care, positive contributions were led by Inmed, a commercial-stage biopharmaceutical company focused primarily on treatments for pulmonary disease. The stock meaningfully outperformed during the quarter following positive Phase III data for its Brensocatib drug in treating non-cystic fibrosis bronchiectasis (NCFB). Brensocatib could be a game changer for the company, given a multi-billion-dollar total addressable market and no other approved NCFB therapies on the market. Outperformance for Eli Lilly reflected strong sales of its new GLP-1 obesity drug, Zepbound (already marketed for diabetes treatment as Mounjaro), driven in part by a rapid increase in the percentage of patients deemed eligible for insurance reimbursement. The company raised revenue guidance for the year and provided positive commentary on the ramping up of its GLP-1 manufacturing facilities. During the quarter, trial data was published supporting additional GLP-1 health benefits, including treating sleep apnea.

Positive contributions within information technology were highlighted by Qualcomm, Palo Alto Networks and NVIDIA. Qualcomm has seen increased demand across its end markets, most notably communications, where it is a leading provider of chips used in mobile phones. In addition, Apple's incorporation of Artificial Intelligence (AI) features into its new phones is expected to drive a significant phone upgrade cycle among consumers. Enterprise security software company, Palo Alto Networks, outperformed as management provided reassurance with respect to demand trends even as software providers more focused on AI-related markets are experiencing delays in closing deals. In addition, the company's transition to a "platform" approach to deals under which it bundles its cybersecurity products into a larger offering is progressing according to expectations. NVIDIA reported another strong quarter, led by demand for the company's accelerated computing chips used in AI development, while also raising guidance. The company is already shipping its next generation of AI accelerator chips and sales growth continues to outpace expectations.

Within consumer staples, Walmart reported strong earnings driven by higher-than-expected sales and profitability. The low-cost retailer has seen its results benefit from increased demand from more affluent consumers impacted by inflation. In addition, Walmart has experienced strong growth in e-commerce sales while continuing to expand its highly profitable digital advertising offering.

On the downside, within real estate, exposure to Prologis was the leading detractor, as the warehouse-based real estate investment trust (REIT) was out of favor along with much of the broader REIT segment. REITs are commonly viewed as bond surrogates and have come under pressure from higher Treasury yields as expectations for Fed rate cuts have been pushed back, given a resilient economy and job market. Exposure to Equinix, a data center REIT, also detracted.

Within consumer discretionary, Nike, Expedia and Lululemon Athletica were the leading individual detractors. Sluggish consumer spending, most notably in China, has weighed on sales for Nike even as the sneaker and athletic wear company has been investing in a product innovation cycle. Travel site operator Expedia reported another disappointing quarter and lowered guidance. The company's efforts in recent years to upgrade the technology platform for its online vacation rental platform VRBO have yet to yield the hoped-for boost to bookings. We exited the stock in the quarter. Activewear company Lululemon Athletica cut its guidance as well, based on weaker-than-expected results in the U.S. and shifting consumer trends. We sold out of the stock in the quarter.

### **Outlook**

We continue to have a balanced view of the macroeconomic backdrop. There are some reasons for caution, including rising consumer credit usage and delinquencies, as well as inflation that remains above the Fed's target. In addition, spending on the part of both consumers (especially lower income) and enterprises has become more restrained.

Key variables include the extent to which inflation continues to weigh on consumers going forward, the timing and pace of Fed rate cuts, and uncertainty in the run-up to November's presidential election. Unemployment, while still low, has ticked up, and the pace of wage growth has eased, suggesting that the timetable for Fed rate cuts may not be overly elongated.

While seeking to construct a portfolio that can be resilient to a range of economic outcomes, we continue to focus on stock selection as the driver of returns. In so doing, we seek a combination of certain characteristics that we believe has the potential to outperform throughout a market cycle. We emphasize companies with strong free cash flow generation, improving revenue and earnings trends, high or rising returns on invested capital, and sound or improving balance sheets.

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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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Indices shown are unmanaged and do not reflect the impact of fees. It is not possible to invest directly in an index.

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

The **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe. The Russell Midcap Index is a subset of the Russell 1000® Index.

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 consists of those stocks in the Russell 1000 Index that have higher price-to-book ratios and higher forecasted growth values.

The **Russell 1000 Value Index** is an unmanaged index that consists of those stocks in the Russell 1000® Index with less-than-average growth orientation. The Russell 1000 Index is an unmanaged price-only index of the 1,000 largest capitalized companies that are domiciled in the U.S. and whose common stocks are traded.

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.

# Columbia Threadneedle US Select Large Cap Equity 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	28.92	25.18	26.29	16.98	N.A.	N.A.	≤ 5	0.1	N.A.
2022	-18.67	-21.12	-18.11	20.28	N.A.	N.A.	≤ 5	0.2	N.A.
2021	29.70	25.94	28.71	17.23	N.A.	N.A.	≤ 5	0.2	N.A.
2020	21.18	17.64	18.40	N.A.	N.A.	N.A.	≤ 5	0.1	N.A.
2019	28.97	25.23	31.49	N.A.	N.A.	N.A.	≤ 5	0.1	N.A.

### Annualized Trailing Performance as of December 31, 2023

Period	Gross-of-fees Return (%)	Net-of-fees Return (%)	Index Return (%)
1 Year	28.92	25.18	26.29
Inception	16.27	12.87	15.69

Inception Date: 12/31/2018

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## 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 provide long-term capital growth through an actively managed portfolio of primarily large capitalization U.S. growth and value stocks; however, portfolios are likely to include an allocation to non-U.S. securities. Portfolios managed in this composite are Separately Managed (WRAP) accounts. The benchmark is the Standard & Poor's 500 Index. The composite was created January 1, 2019.
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, the Standard & Poor's 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 Select Large Cap Equity 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 Select Large Cap Equity 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.