

U.S. equity markets were broadly higher in the third quarter of 2024.

## Columbia Select Mid Cap Value SMA Strategy

### Performance

The Columbia Threadneedle US Select Mid Cap Value SMA Composite returned 9.09% pure gross of fees and 8.30% net of fees for the quarter ending September 30, 2024. The strategy's benchmark Russell Midcap Value Index returned 10.08% for the same period.

### Market overview

U.S. equity markets were broadly higher in the third quarter of 2024, with the S&P 500 Index climbing 5.89%. In a reversal from prior trends on the year, returns broadened out as the equal-weighted S&P 500 Index returned more than 9%, reflecting a rotation out of the top mega-cap technology names and into more value and small-cap securities. The Russell 1000 Value Index ended the quarter up 9.43%, topping the 3.19% return of the Russell 1000 Growth Index. The Russell 2000 Index also generated meaningful performance, gaining 9.27% during the quarter. The Russell Midcap Value Index gained 10.08%.

A cooler-than-expected consumer price index (CPI) report in July was the initial spark that drove the rotation out of the larger and more artificial intelligence (AI)-centric growth names. With growing confidence that inflation was trending back toward its 2% target and that interest rate cuts were on the horizon, investors rotated into smaller, more cyclical and more rate-sensitive names. Investors also digested news around the U.S. presidential election, with President Biden dropping out of the race in favor of Vice President Kamala Harris.

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

	Inception	3-mon.	1-year	3-year	Since inception
Columbia Threadneedle US Select Mid Cap Value SMA Composite (pure gross)	12/31/2018	9.09	32.25	10.34	15.21
Columbia Threadneedle US Select Mid Cap Value SMA Composite (net)		8.30	28.42	7.09	11.83
Russell Midcap Value Index		10.08	29.01	7.39	12.35

Source: Columbia Threadneedle Investments

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

Recessionary fears took hold mid-summer as July nonfarm payrolls came in well below expectations and the unemployment rate ticked higher. This sparked a brief but sharp sell-off in the market, with volatility exacerbated by the unwinding of the yen carry trade. Markets rebounded quickly though, as U.S. Federal Reserve Chair Jerome Powell's speech at Jackson Hole confirmed his focus on stabilizing the labor market, all but guaranteeing future rate cuts. The easing cycle finally kicked off in September, with the Fed surprising many with a 50-basis points (bps) cut. (A basis point is 1/100 of one percent). More-promising economic data continued solid corporate earnings results and a largely resilient consumer also helped to bolster soft-landing expectations.

Within the Russell Midcap Value Index, the more rate-sensitive sectors, namely utilities and real estate, were top performers for the quarter. Financials (particularly regional banks), industrials and consumer discretionary were also standouts. Energy was the lone sector in the red, as oil prices declined during the period. Information technology was a relative laggard as well, posting modestly positive gains.

### **Quarterly portfolio recap**

For the quarter ending September 30, 2024, Institutional Class shares of Columbia Select Mid Cap Value strategy returned 9.52%, underperforming the 10.08% return of the Russell Midcap Value Index. Stronger stock selection within consumer discretionary, information technology and utilities was more than offset by selection within consumer staples, energy, communication services and financials.

Within consumer discretionary, the strategy's positions in D.R. Horton and Hasbro were standouts. Shares in homebuilder D.R. Horton rose after a solid earnings report that revealed higher gross margins and an increase in the company's share buyback authorization. The company also benefitted from expectations for lower interest rates and the impact that may have on the new home market. Toymaker Hasbro was a standout in the quarter, as the company continued to execute on its turnaround under a new CEO. The company reported quarterly results that beat consensus expectations and raised its forward guidance, as its digital gaming efforts continued to pay dividends.

In technology, the strategy's position in Corning was a notable contributor to absolute and relative results. While the company's primary business is in manufacturing specialty glass for phones, computers and TVs, there has been a surge in demand for their fiber optics products resulting from the build-out of generative AI data centers.

The portfolio's utilities holdings, particularly in Entergy and Ameren, were strong performers during the quarter. Utilities outperformed, as declining interest rates and recessionary fears led to increased interest in the sector. Entergy, which operates primarily in the southeast United States, also reached two key settlements in Louisiana, removing regulatory overhang, and is poised to benefit from industrial development in the Gulf Coast. Ameren continues to be a high-quality operator serving electric and gas customers in Missouri and Illinois, with high earnings visibility.

Detractors from performance included the strategy's position in dollar store operator Dollar Tree within consumer staples. The company reported a challenging quarter with a meaningful lowering of its forward guidance. The company has been impacted as lower-income consumers have reduced spending on discretionary items, while middle- and high-income consumers have not traded down. Competitive pressures from Walmart and Target have also weighed on results, and the company's Family Dollar franchise continues to struggle. The company is exploring strategic alternatives regarding Family Dollar, and we will continue to monitor the name closely.

Within energy, the strategy's positions in exploration and production (E&P) company Devon Energy and refiner Marathon Petroleum both detracted on an absolute and relative basis. Both companies were broadly impacted by the decline in energy prices during the quarter. Devon reported solid quarterly results and has continued to return meaningful cash to shareholders, though the company did guide capital expenditures to the high end of their expected range. Marathon also reported a strong quarter and continued to be a cash return story, though the uncertain macro-economic environment weighed on the name.

Other detractors from results included the strategy's position in specialty chemicals company Chemours within materials. The company reported quarterly results that were below consensus expectations, as demand for many of its materials are more cyclical and have been impacted by macroeconomic weakness. We continue to have conviction in the stock and see potential upside in the company's liquid cooling business, as generative AI data center construction should fuel demand.

## Outlook

The market environment continues to be challenging, and it has been hard to have high conviction in the direction of the economy. Given the start of the Fed's easing cycle, a largely resilient U.S. consumer and solid corporate earnings, we are cautiously optimistic that there will not be a hard landing for the U.S. economy. However, geopolitical risks, the pending U.S. election and inflation all continue to be things we need to closely monitor. Encouragingly, small- and mid-cap stocks rebounded during the quarter and outperformed their large-cap counterparts. Valuations continue to be compelling, giving us hope that this trend will continue.

No matter the environment, we will continue to do what we have always done: analyze our portfolio companies on a stock-by-stock basis and research opportunities from the bottom up, case by case. This uncertain environment can create meaningful opportunities for long-term investors. To that end, we have been working closely with our central research analysts, as well as directly with management of our portfolio companies. We look past the current noise and seek to identify companies that will improve their individual trajectory over the next three-to-five-or-more years.

We continue to adhere to our process of looking for value companies with identifiable catalysts to change investor perception and accelerate earnings growth. As of quarter end, the portfolio was overweight financials and utilities while being underweight real estate, consumer staples and health care.

**Investment products are not insured by the FDIC, NCUA or any federal agency, are not deposits or obligations of, or guaranteed by any financial institution, and involve investment risks including possible loss of principal and fluctuation in value.**

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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**Market** risk may affect a single issuer, sector of the economy, industry or the market as a whole. Investments in midcap companies involve risks and volatility greater than investments in larger, more established companies. **Value** securities may be unprofitable if the market fails to recognize their intrinsic worth or the portfolio manager misgauged that worth. Investments in a **limited** number of companies subject the portfolio to greater risk of loss. The portfolio may invest significantly in issuers within a particular **sector**, which may be negatively affected by market, economic or other conditions, making the portfolio 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 Midcap Value Index** measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values. The stocks are also members of the Russell 1000 Value 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 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 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 2000 Index** measures the overall performance of the small-cap to mid-cap company shares.

# Columbia Threadneedle US Select Mid Cap Value 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	10.76	7.50	12.71	19.81	19.31	N.A.	≤ 5	0.1	N.A.
2022	-8.57	-11.30	-12.03	25.29	24.44	N.A.	≤ 5	0.2	N.A.
2021	33.38	29.52	28.34	23.05	21.95	N.A.	≤ 5	0.2	N.A.
2020	7.51	4.33	4.96	N.A.	N.A.	N.A.	≤ 5	0.1	N.A.
2019	32.89	29.04	27.06	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	10.76	7.50	12.71
Inception	14.05	10.70	11.16

Inception Date: 12/31/2018

# Columbia Threadneedle US Select Mid Cap Value 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 seeks to deliver capital appreciation and income by investing in mid cap equity securities that we believe are undervalued. Since inception, Separately Managed (WRAP) accounts represent 100% of the composite assets. The benchmark is the Russell Midcap® Value 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 is the Russell MidCap Value Index that measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values. The stocks are also members of the Russell 1000 Value index. 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 Mid Cap Value 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 Mid Cap Value 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.