

AN INTRODUCTION TO OPPORTUNITIES IN TECHNOLOGY

What are technology sector mutual funds?

This category of specialized mutual funds invests in technology companies and other stocks that may benefit from technology improvements, advancements or developments. Many of the most recognizable technology names are based in the United States, but technology is a global phenomenon with many leading companies around the globe.

“Technology” includes many of the things you rely on in your daily life such as your mobile device and the car you drive. While the tech sector has been growing dramatically over the past decade, many areas of tech may have the potential to prove resilient even in an uncertain and slowing global economy. It’s important for you and your financial advisor to leverage insights from investment management companies that do in-depth analysis of what’s happening right now in this ever-changing segment.

Looking for growth? Investing in tech stocks can be a great way to find it.

The tech sector has been one of the biggest drivers of the U.S. economy for more than two decades. Unlike 20 years ago, when many technology firms were more hardware-centric and cyclical in nature, today’s technology leaders have adapted forms of technology, such as cloud computing, that have enabled a shift to less capital-intensive business models, which allows for increased cash generation and strong balance sheets.

Innovation and disruption allow investors to identify long-tail secular trends and pivot when leadership changes. Technology tends to be less static than other sectors, as new entrants can displace legacy players when innovation advances. Finding companies that disrupt and firms with strong business models to prevent disruption is key.

Reasons to consider:

- 1** Technology companies have been a dominant driver of the economy.
- 2** These companies spur innovation.
- 3** Tech growth has affected many sectors, and it’s expected to continue.

Attributes

- Technology intensity continues to increase across the global economy, as technological innovation continues to disrupt legacy business models across every major sector and industry.
- The technology sector includes the software, hardware and semiconductor industries. It’s characterized by the innovative and competitive companies within it.
- Tech is the biggest segment of the market and impacts all the other sectors, helping to improve productivity and profitability.
- The tech sector is characterized by intense competition, which fuels constant innovation and helps keep tech companies nimble and responsive.
- Tech can be volatile, and in this ever-changing environment, companies come and go as they lose their competitive edge. Often, for companies trying to avoid disruption, the most appropriate option may be to strengthen their business models by adopting new technology.



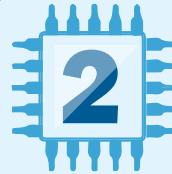
To learn more about how this asset class could complement your portfolio, speak with your financial advisor. For additional investor education materials, please visit investor.columbiathreadneedleus.com.

Why include technology in your investment portfolio?



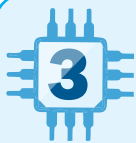
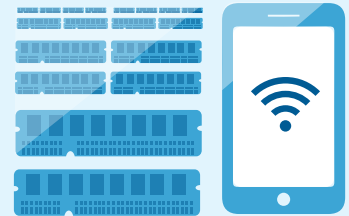
Digital transformation

The shift to digital business models is occurring across every sector, impacting all matters of life from filling prescriptions or ordering a cup of coffee to downloading must have ride-hailing apps. Areas such as ecommerce and digital payments accelerated as the world adjusted to the global pandemic and will continue to do so in the future.



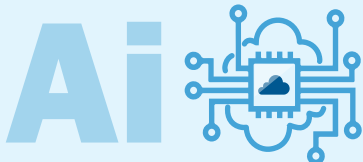
The growth of cloud computing

As content streaming, ecommerce and advanced computing grow, the large cloud data centers built to house them must keep adding capacity and maintaining good security. These data centers require a significant amount of processing power and storage.



Rise of artificial intelligence and machine learning

Artificial intelligence (AI), machine learning and cloud computing will change the way society lives and works. The world is increasingly becoming connected through data and complex sensors that will require large investments in software and processing power. AI's next leap may come from recent emergence of powerful generative AI models, such as chatbots, leveraging natural language processing, that will become the AI of human work. These models can support a wide range of applications from writing computer code, changing the way we search the internet to even planning your next vacation or painting a picture.



Future of mobility

The global passenger transportation market is one of the largest industrial verticals. As the world continues to shift toward green environmental policies, greater emphasis will be placed on battery innovations and the technological components, including increased demand for semiconductors, that will allow for the rapid manufacturing and adoption of electric vehicles (EVs) in the coming decade.



Deglobalization

Since the 1970s, the developed world outsourced key areas of manufacturing to lower cost regions, which helped lower prices of many goods and services. In the wake of the global pandemic, there has been a desire to reconfigure supply chains. As economic activity is reshored to the U.S. and Europe, or moved to other higher cost regions, firms will need to increasingly invest in automation across software and hardware to gain scale and efficiency to keep prices affordable.



To learn more about how this asset class might complement your portfolio, speak with your financial advisor. For additional investor education materials, please visit investor.columbiathreadneedleus.com.

Bottom line

As we go about our daily lives, we're surrounded and immersed in technology. Its reach into the media, communications, retail and financial services industries has grown profoundly, and in the future, we'll see a more significant effect in transportation, manufacturing, agriculture, energy and life sciences, too. Technology not only affects our everyday tasks but our choices when we invest. Talk to your financial advisor about ways to participate in this exciting investing opportunity.



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The products of technology companies may be subject to severe competition and rapid obsolescence, and technology stocks may be subject to greater price fluctuations.

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

Columbia Management Investment Distributors, Inc.

290 Congress Street, Boston, MA 02110-2804

columbiathreadneedleus.com

800.426.3750

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