



**Advisory Brochure  
(Part 2A of Form ADV)  
for  
Columbia Management Investment Advisers, LLC**

225 Franklin Street  
Boston, MA 02110

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November 21, 2017

**This brochure provides information about the qualifications and business practices of Columbia Management Investment Advisers, LLC. If you have any questions about the contents of this brochure, please contact us at (800) 225-2365. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Columbia Management Investment Advisers, LLC is an SEC-registered investment adviser. This registration does not imply a certain level of skill or training. Additional information about Columbia Management Investment Advisers, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Columbia Threadneedle Investments is the global brand of the Columbia and Threadneedle group of companies.**

PURSUANT TO AN EXEMPTION FROM THE COMMODITY FUTURES TRADING COMMISSION IN CONNECTION WITH ACCOUNTS OF QUALIFIED ELIGIBLE PERSONS, THIS BROCHURE IS NOT REQUIRED TO BE, AND HAS NOT BEEN, FILED WITH THE COMMODITY FUTURES TRADING COMMISSION. THE COMMODITY FUTURES TRADING COMMISSION DOES NOT PASS UPON THE MERITS OF PARTICIPATING IN A TRADING PROGRAM OR UPON THE ADEQUACY OR ACCURACY OF A COMMODITY TRADING ADVISOR DISCLOSURE. CONSEQUENTLY, THE COMMODITY FUTURES TRADING COMMISSION HAS NOT REVIEWED OR APPROVED THIS TRADING PROGRAM OR BROCHURE.

## Material Changes Summary

The Columbia Management Investment Advisers, LLC Advisory Brochure (Part 2A of Form ADV) (the “Brochure”), dated November 21, 2017, has been updated to reflect important information related to changes in our business practices from our last Brochure dated September 28, 2017.

While there have been no material changes to report from the previous amendment, we note that on November 1, 2017, Columbia Management Investment Advisers, LLC completed the acquisition of Lionstone Partners, LLC, an SEC-registered investment adviser and exempt commodity pool operator that provides investment advisory services to private investment funds and a managed account that focus on real estate and real estate-related transactions under the offering brands Lionstone Investments and The Lionstone Group.

A copy of our current Brochure may be requested from your client relationship manager, your financial professional, or by calling (800) 225-2365. Upon request we will provide you with a new Brochure at any time, without charge.

Additional information about Columbia Management Investment Advisers, LLC is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with Columbia Management Investment Advisers, LLC who are registered, or are required to be registered, as investment adviser representatives of Columbia Management Investment Advisers, LLC.

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## **ADVISORY BUSINESS**

Columbia Management Investment Advisers, LLC (“Columbia Management Investment Advisers”) was incorporated in Minnesota in 1985 and is a subsidiary of Ameriprise Financial, Inc. (“Ameriprise Financial”), which owns 100% of the voting interests of the firm. This Brochure describes the investment advisory services offered by Columbia Management Investment Advisers and the words “we,” “our,” “us,” “the firm” and similar words mean Columbia Management Investment Advisers. We are providing this Brochure to persons who receive or who may receive investment advisory services from us in order to ensure compliance with the Investment Advisers Act of 1940, as amended (the “Advisers Act”).

### ***Our General Services***

We offer professional advisory services on a discretionary or non-discretionary basis and related services including trading, cash management and reporting. In addition to traditional advisory services, the services we provide may include asset-liability management, investment accounting, credit-analysis, and asset allocation services. Nearly all of the advisory services we provide involve continuous investment advice based on the stated investment objectives and policies of each client. Our firm does not specialize in any one particular type of advisory service. In certain cases, we hire other investment advisers to provide discretionary advisory services to our clients in a subadvised capacity. The subadvisers we hire may be affiliated or non-affiliated. Moreover, while we do not offer financial planning services, we do prepare market updates that are made available to our clients and to our affiliate that provides financial planning services, Ameriprise Financial Services, Inc. (“Ameriprise Financial Services”). We also provide information that is used by Ameriprise Financial Services in developing certain asset allocation and financial planning tools. The advisory services we offer are provided to non-affiliated clients and to our affiliates, including Ameriprise Financial and its subsidiaries.

The discretionary advisory services we offer are available directly to clients who have an investment management agreement with us. The investment management agreement incorporates investment restrictions and guidelines developed in consultation with each client as well as any additional services required by the client. These restrictions and guidelines customarily impose limitations on the types of securities that may be purchased and the percentage of account assets that may be invested in certain types of securities. Clients may also choose to restrict investment in specific securities or groups of securities for social, environmental or other reasons. As of December 31, 2016, the amount of client assets managed (reported as Regulatory Assets Under Management) on a discretionary basis was \$338.7 billion and the amount of client assets managed on a non-discretionary basis was \$11.5 billion.

Prospective clients or investors may also choose to obtain our services indirectly by purchasing a securities product that we or an affiliate advise or subadvise, such as a private fund (which, depending upon its strategy, may be referred to as a hedge fund), a collective fund, an exchange traded fund (“ETF”), a collateralized loan obligation (“CLO”) or open-end or closed-end investment company (each a “Fund”), rather than establishing a direct investment advisory relationship with us. This is common in the case of retail investors, who typically access our services indirectly by investing in the Funds we manage, but may also be an attractive investment option for institutional clients.

Clients or prospective clients who are eligible for multiple products or services should consider whether similar or comparable services are available at a lower overall cost through a different product or service type. Prospective clients may also wish to consider the different levels of liquidity and transparency of underlying holdings, as well as the different tax attributes that may be associated with certain products and services. Clients or investors should consider these product features and their own specific needs and circumstances in identifying the most suitable investment vehicle or investment services from the available alternatives.

### ***Wrap Fee Advisory Services***

We also provide discretionary investment advisory services in connection with advisory programs that are provided to clients for a specified fee not based directly upon transactions in a client’s account (“Wrap Fee Programs”). We may also provide non-discretionary investment advice in the context of model delivery programs, as described in the “Model Delivery Program Fees” section below. The Wrap Fee Programs we participate in may be sponsored by affiliated or non-affiliated entities and may involve strategies of other outside managers in addition to our own. In these arrangements, the Wrap Fee Program sponsor typically has primary responsibility for client communications and service. In “single contract” Wrap Fee Programs, we provide investment advisory services pursuant to agreements with the sponsor of the

Wrap Fee Program, and we would not have an investment advisory agreement with the Wrap Fee Program clients. In “dual contract” Wrap Fee Programs, the client has an investment advisory agreement directly with us in addition to having an agreement with the sponsor. We may also participate in “hybrid” arrangements that have one or more aspects of these types of Wrap Fee Programs. Wrap fee accounts and other client accounts following a strategy with the same name managed by the same portfolio management team may be managed differently. For example, a strategy designed for wrap fee accounts may be structured to hold fewer securities positions than would be held in another client account following a strategy with the same name managed by the same portfolio management team. Also, the Wrap Fee Program sponsor may impose investment restrictions or administrative requirements upon us in managing accounts that could cause those accounts to be managed differently from other client accounts in the same strategy managed by the same portfolio management team that were not subject to those restrictions or requirements. For example, if a Wrap Fee Program sponsor or client imposes investment restrictions on an account which prohibits investment in a security that is held in the selected strategy, the security will not be replaced with a comparable security and the client’s account will hold a larger cash position than other clients in that strategy. Finally, as described in the section entitled “Trade Aggregation, Allocation and Partial Fills on a Trading Desk”, there are differences in the trading procedures for accounts in a Wrap Fee Program compared to other accounts.

Where we provide investment management services in Wrap Fee Programs that include mutual funds or other products that are also advised by us, we will provide such services to the extent permitted by applicable law, including the Employee Retirement Act of 1974 (“ERISA”). As a result of applicable laws, including ERISA, we may be limited in the scope and timing of our advice, including potentially restricting our ability to provide advice that we would otherwise seek to implement. Furthermore, when we deliver our investment models on a non-discretionary basis to financial intermediaries for their consideration, we do not intend to act, and are not acting, as a fiduciary to those intermediaries or any clients of such intermediaries unless we have specifically agreed otherwise. We generally do not have sufficient information to be a fiduciary in such situations. Additional information regarding model delivery is included below under the section entitled “Model Delivery Program Fees”.

Wrap Fee Program clients, with assistance from the Wrap Fee Program sponsor or their financial adviser, may select us to provide investment advisory services for their account (or a portion thereof) for a particular strategy. In “single contract” and “hybrid” Wrap Fee Programs, we normally rely on information provided by the Wrap Fee Program sponsor or financial adviser about a Wrap Fee Program client’s individual needs and financial situation when accepting Wrap Fee Program clients into a strategy.

The Wrap Fee Program sponsor pays us a portion of the wrap fee it receives from its clients for our services. More information about the Wrap Fee Program fees we receive can be found in the “Fees and Compensation” section that follows and a list of the Wrap Fee Programs and program sponsors we have arrangements with can be found in Part 1A of our Form ADV.

#### Additional Information about Active Risk Portfolios®

We participate in Wrap Fee Programs sponsored by our affiliate, Ameriprise Financial Services, Inc., including the *Active Risk Portfolios®*-program, which includes the *Active Risk Allocation Portfolios* (“ARAP”) that implements a fixed allocation approach for the Columbia mutual funds held. For ARAP, this approach allocates 40% to the Columbia Adaptive Risk Allocation Fund, 10% to the Columbia Alternative Beta Fund and 50% to a variety of non-affiliated ETFs and mutual funds (“Non-Affiliated Funds”) selected by us. Within the 50% allocation to Non-Affiliated Funds, there are no limitations on our selection of the individual funds or the amounts invested in each individual fund.

*Active Risk Portfolio®*ARAP accounts are rebalanced no less frequently than quarterly to maintain these fixed percentages, which are monitored at the master model allocation level for each Portfolio rather than at the individual client account level. Additionally, when a market-driven event causes the allocation to either the Columbia Adaptive Risk Allocation Fund or the Columbia Alternative Beta Fund to vary by more than 3% from their respective fixed allocations within the master model maintained by us, the entire Portfolio will be rebalanced back to the fixed allocations described above. This market-driven event rebalancing will occur on a fixed, automatic basis. As a result of our fixed allocations with respect to the ARAP, accounts may have asset allocations that we would change were such fixed allocations not in place. To the extent clients make an investment of new cash or open an ARAP account, the assets will be invested in accordance with the then current asset allocation weightings reflected in the master model maintained by us, which may vary from the initial weightings noted above until the account is rebalanced. Absent instructions, partial withdrawals are

expected to be handled on a pro rata basis and clients will be notified in advance of any future planned changes to the fixed percentage allocations described above.

For more information about potential conflicts of interest in providing advisory services through Wrap Programs that include Columbia mutual funds please see CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING - *Products Sold or Managed by Us in Which We Have an Interest*.

### ***Offering Brands***

In marketing our services to prospective clients, we use Columbia Threadneedle Investments, the global brand of the Columbia and Threadneedle group of companies.

We may also use various other offering brands. Columbia Management Capital Advisers is the operating division within Columbia Management Investment Advisers we market to Wrap Fee Programs. Columbia Management Investments is the operating division within Columbia Management Investment Advisers that we market to institutional clients. Columbia Management Investments claims compliance with the Global Investment Performance Standards (GIPS®). In accordance with GIPS®, all fee-paying discretionary (as defined by GIPS®) accounts within Columbia Management Investments are included in one or more composites that consist of accounts with similar objectives, strategies and risk tolerances. GIPS® also sets forth requirements for calculating and presenting investment manager performance in a fair and consistent manner. We also market certain strategies and products under the Seligman brand, and from time to time we may market Seligman Investments as an offering brand within Columbia Management Investments.

### ***Services Provided to Non-U.S. Clients***

We may also act as an investment adviser and may conduct marketing activity with respect to clients and prospective clients domiciled in foreign jurisdictions in some instances without maintaining regulatory licenses or registrations in those jurisdictions to the extent permitted by applicable law. Clients and prospective clients in these jurisdictions should consider whether the regulatory framework of their own jurisdiction as it applies to them imposes restrictions on hiring an investment adviser that does not hold local regulatory licenses or registrations. Clients and prospective clients should also consider whether the regulatory framework we are subject to provides sufficient protections given that we may not be subject to the regulatory framework they are familiar with in their own jurisdiction.

### ***Global Asset Management***

As we seek to enhance our investment capabilities and the support services provided to our clients, we may utilize services from, and provide services to, some of our U.S. affiliates and non-U.S. affiliates (“Non-U.S. Affiliates”).

For example, we engage certain of our Non-U.S. Affiliates that engage in investment advisory services (“Advisory Affiliates”) to provide (jointly or in coordination with us) services relating to client relations, investment monitoring, account administration, investment research, trading and discretionary investment management (including portfolio management and risk management) to certain accounts we manage, including registered open-end investment companies (“Mutual Funds”), ETFs, other pooled vehicles and separately managed accounts. In some circumstances, an Advisory Affiliate may delegate responsibility for providing those services to another Advisory Affiliate. In addition, we provide certain similar services to our Advisory Affiliates for accounts they manage.

We believe that harnessing the collective expertise of our firm and our Advisory Affiliates will benefit our clients. In this regard, we have certain portfolio management, trading, distribution and client servicing teams at both our firm and our Advisory Affiliates (through subadvisory or other intercompany arrangements) operating jointly to provide a better client experience. These joint teams use expanded and shared capabilities we and our Advisory Affiliates provide, including the sharing of research and other information by investment personnel (e.g., portfolio managers, analysts and traders) relating to economic perspectives, market analysis and equity and fixed income securities analysis.

To facilitate the collaborative approach noted above, we have entered into subadvisory agreements, intercompany agreements and “participating affiliate” arrangements with certain of our Advisory Affiliates, including Threadneedle International Ltd. (“TINTL”), Threadneedle Asset Management Ltd. (“TAML”) and Threadneedle Investments Singapore (Pte.) Limited (“TIS”), each of which, like us, is a direct or indirect wholly-owned investment advisory subsidiary of Ameriprise Financial, Inc. Each of TINTL, TAML and TIS is registered with the appropriate respective regulators in their

home jurisdictions, and TINTL is also registered with the SEC as an investment adviser and with the United States Commodity Futures Trading Commission (“CFTC”) as a commodity trading advisor. Under the participating affiliate arrangements, certain employees of our Advisory Affiliates serve as “associated persons” of ours when providing certain of these services, including placing orders for our clients, and in this capacity are subject to our oversight and supervision. To the extent that we so engage one or more of our Advisory Affiliates in this manner, we remain responsible for and oversee the services provided by such Advisory Affiliates(s) to our clients.

In addition, we may provide certain investment-related support services to our Non-U.S. Affiliates, either directly or through our London branch office. These Non-U.S. Affiliates may also provide certain similar services to us. Such support services include, but are not limited to, traditional “middle office” and utility functions, such as trade processing, valuation, proxy voting administration and client reporting. We have also entered into intercompany agreements with certain Non-U.S. Affiliates to provide general corporate services and personnel support to our London branch office.

#### Potential Conflicts of Interest

Except in circumstances where an Advisory Affiliate is performing investment management, trading services, back or middle office services or legal or compliance support for our accounts or we are providing similar services or support for an Advisory Affiliate’s accounts, we do not share trade information with our Advisory Affiliates. Similarly, we do not coordinate or allocate trading activities with the accounts of an Advisory Affiliate unless such affiliate is providing trading services for our accounts or we are providing trading services for the Advisory Affiliate’s accounts. As a result, it is possible that we and our Advisory Affiliates may trade in the same instruments at the same time, in the same or opposite direction or in different sequence. Additionally, in circumstances where trading services are being provided on a coordinated basis for our accounts and the accounts of one or more Advisory Affiliates in accordance with applicable law, it is possible that the allocation opportunities available to our accounts may be decreased, especially for less actively traded securities, or orders may take longer to execute.

Further, because some of the investment research we share with our Advisory Affiliates is provided at the same time as the research is distributed internally, portfolio managers of our Advisory Affiliates may act on such research before our own portfolio managers. The sharing of this information may also lead us and our Advisory Affiliates to place orders in the same securities at the same time or sequentially.

We have adopted policies and compliance controls that seek to ensure that our clients are treated fairly and equitably with respect to trading and sharing of information amongst Advisory Affiliates. More information about how we identify, mitigate and manage conflicts of interest can be found throughout this Brochure, and in particular, under “Our Approach to Conflicts of Interest” and “Other Conflicts of Interest”.

### **FEES AND COMPENSATION**

Our investment management fees are generally based on an annual percentage of the value of assets under management, as determined by us in good faith or by a client’s custodian or other administrator. While we seek to reconcile valuations with client custodians and administrators, in situations where fees are calculated based on valuations established by these third parties, it is possible for fees to be higher or lower than the level we would have assessed had we been responsible for calculating the fees based on our internal valuations. Certain clients receiving investment accounting services may pay fees based on a calculation involving book values rather than market values. Policies relating to our fee practices and representative fee schedules for different types of clients are described below.

#### ***General Fee Policies***

##### Ability to Negotiate Fees

We may negotiate and charge different fees for different accounts. For example, we may offer discounted fee schedules to certain clients based on the totality of their (and/or their affiliates’) relationship with us and/or our affiliates. The number of accounts managed, the size or asset level of the account(s), the nature of services rendered, the country of domicile, and any special requirements of the account(s) managed are factors typically taken into consideration in making this determination. For clients with whom we have agreed to give the lowest fee rate charged to any other similarly situated client, all of these factors, including the totality of our relationship with a client and/or its affiliates may be taken into consideration in determining whether a client is similarly situated to another. We may also consider the impact such



arrangements could have on agreements that have previously been entered into with other clients. From time to time we may enter into fixed-fee arrangements with certain clients, such as a situation where we have decided to waive an account minimum.

When deciding whether to negotiate a particular fee, we may also consider our capacity to manage assets in a particular strategy. In addition, we may offer or make available to certain clients a specified asset level or capacity maximum that we will allow them to invest in a given strategy. The amount of capacity offered may impact fee negotiations. The negotiation of fees may result in similarly situated clients paying different fees for comparable advisory services. When we establish new representative fee schedules for a given client type or strategy, we generally do not renegotiate fees with existing clients.

#### **Billing Methodology**

Under our standard investment advisory contract, fees are billed quarterly in arrears, though we may negotiate other billing terms at a client's request, including advance billing arrangements. The pooled vehicles we manage or separate accounts of Wrap Fee Programs that we subadvise typically have different billing arrangements based on the methodology established by the product sponsor or administrator. We typically invoice clients, but in certain cases we may invoice the client's custodian when directed by the client to do so.

#### **Fee Policy for Discretionary Investments in Funds**

In some cases (to achieve greater portfolio diversification or to meet a particular client need) and where authorized by the client, we may invest all or a portion of a client's assets in one or more Funds. The management fees for such Funds are described in the Fund's prospectus or other offering document. Assets invested in a Fund managed by us or an affiliate for which we or an affiliate receive a fund-level advisory fee typically will bear no separate account level advisory fee. However, this would not impact any account level fees we might collect for providing asset allocation or fund selection services to a client account based on the client's guidelines.

In addition to the Funds, client assets may be invested in other managed products such as REITs, business development companies, ETFs, collateralized investment pools and limited partnerships.

Certain expenses such as management and brokerage fees and custodian expenses are incurred by Funds and other investment vehicles in which we may invest and are thus indirectly borne by the client in addition to any separate account advisory fee that we may charge.

#### ***Policies and Representative Fee Schedules for Institutional Clients***

Fees are generally calculated and payable quarterly in arrears based on a month-end average value of the assets under management. However, we may enter into customized billing arrangements with clients upon request. Additions or withdrawals made prior to a valuation date may or may not be factored in to the calculation of our fee, depending on the terms of a client's contract. We do not ask clients to pay fees in advance although some clients may choose to do so. Depending on the arrangement with each client, the value of assets under management that we use to calculate the fees payable may be determined by the custodian or by us in good faith. Given the potential for different parties to arrive at different valuations, the fee charged to a client may be higher or lower depending on which party's valuation is used to calculate the fee.

Under our standard investment advisory contract, either party may terminate the investment advisory contract upon 30 days' written notice to the other party. However, we may negotiate customized termination provisions with certain clients during the contracting process. Fees are pro-rated upon termination; however, performance fees, to the extent accrued but not yet paid, are generally not pro-rated, unless otherwise agreed with the client. To the extent we receive any prepaid fees for a period following a client's termination date, the fees will be refunded to the client on a pro-rata basis. Where fees are payable in arrears, they are not refundable.

Our affiliates who receive institutional advisory services from us, including our Advisory Affiliates, may pay fees based on a transfer pricing methodology that varies depending on the level of services provided by us or based on the allocated cost incurred in providing the services.

Additionally, our affiliates who provide institutional advisory services to us, including our Advisory Affiliates, may charge fees based on a transfer pricing methodology that varies depending on the level of services provided to us or based on the allocated cost incurred in receiving the services.

Fees are designed to cover investment advice, account servicing, and access to personnel who are knowledgeable about the management of the account. Except as otherwise provided by contract (for example, with respect to Wrap Fee Programs), our fees also include trading services provided to accounts including the selection of brokers or other financial intermediaries to execute client orders. However, clients pay for all transaction costs such as brokerage commissions and other account and service charges, including fees for custody service (we do not act as custodian, although our affiliates may). More information about brokerage fees and other transaction costs can be found in the “Brokerage Practices” section that follows.

#### Separate Account Institutional Client Fees

Representative fee schedules used for separate account strategies with institutional clients are provided below. In addition to the fee schedules listed below, there are historical fee schedules in effect that may differ from those applicable to new clients.

Separate Account Equity Strategies	Fee Schedules
Columbia Focused Large Cap Core Columbia Large Cap Growth Columbia Contrarian Large Cap Core Columbia Dividend Value Columbia Focused Large Cap Growth Columbia Dividend Opportunity Columbia Focused Large Cap Value	0.65% on the first \$25 million 0.50% on the next \$25 million 0.40% on the next \$50 million Negotiable over \$100 million
Columbia Global Large Cap Value Columbia Overseas Value Columbia Threadneedle EAFE Columbia Threadneedle Global Equity Income	0.70% on the first \$25 million 0.60% on the next \$25 million 0.50% on the next \$50 million Negotiable over \$100 million
Columbia Focused Global Columbia Threadneedle Global Focused Equity	0.75% on the first \$25 million 0.65% on the next \$25 million 0.50% on the next \$50 million Negotiable over \$100 million
Columbia Disciplined Large Core Columbia Disciplined Large Value Columbia Disciplined Large Growth Columbia Large Cap Enhanced Core	0.40% on the first \$25million 0.35% on the next \$50 million 0.30% on the next \$75 million Negotiable over \$150 million
Columbia Large Cap Index	0.10% on the first \$25 million 0.08% on the next \$50 million 0.06% on the next \$75 million Negotiable over \$150 million
Columbia Mid Cap Growth Columbia Mid Cap Value	0.80% on the first \$25 million 0.70% on the next \$25 million 0.65% on the next \$50 million Negotiable over \$100 million
Columbia Mid Cap Enhanced Core	0.45% on the first \$25 million 0.40% on the next \$50 million 0.35% on the next \$75 million Negotiable over \$150 million
Columbia Mid Cap Index	0.15% on the first \$25 million 0.13% on the next \$50 million 0.11% on the next \$75 million Negotiable over \$150 million

Columbia Small/Mid Cap Growth Columbia Small/Mid Cap Value	0.85% on the first \$25 million 0.65% on the next \$50 million 0.55% on the next \$75 million Negotiable over \$150 million
Columbia Disciplined Small Cap Equity	0.65% on the first \$25 million 0.55% on the next \$50 million 0.50% on the next \$75 million Negotiable over \$150 million
Columbia Small Cap Value I Columbia Small Cap Value II Columbia Small Cap Growth	0.90% on the first \$25 million 0.70% on the next \$50 million 0.60% on the next \$75 million Negotiable over \$150 million
Columbia Focused Smaller Cap Value	1.00% on the first \$25 million 0.75% on the next \$75 million Negotiable over \$100 million
Columbia Small Cap Enhanced Core	0.50% on the first \$25 million 0.45% on the next \$50 million 0.40% on the next \$75 million Negotiable over \$150 million
Columbia Small Cap Index	0.15% on the first \$25 million 0.13% on the next \$50 million 0.11% on the next \$75 million Negotiable over \$150 million
Columbia Emerging Markets Equity Columbia Emerging Markets Opportunity Columbia Pacific/Asia Columbia Japan Equity Columbia Threadneedle Global Emerging Markets	0.90% on the first \$25 million 0.70% on the next \$50 million 0.60% on the next \$75 million Negotiable over \$150 million
Columbia Global Technology Columbia Seligman Global Technology Columbia Seligman Technology Growth	1.00% on the first \$25 million 0.90% on the next \$25 million 0.80% on the next \$50 million Negotiable over \$100 million
Seligman Tech Spectrum	Base Fee: 1.5% Performance Fee: 20% using high watermark methodology
Columbia Global Energy and Natural Resources	0.65% on the first \$25 million 0.50% on the next \$50 million 0.40% on the next \$75 million Negotiable over \$150 million
Columbia Convertible Securities	0.85% on the first \$25 million 0.75% on the next \$25 million 0.65% on the next \$50 million Negotiable over \$100 million
Separate Account Fixed Income Strategies	Fee Schedules
Columbia Short Duration Columbia Ultra Short Term Columbia Short Term Municipal	0.20% on the first \$25 million 0.12% on the next \$50 million 0.10% on the next \$75 million Negotiable over \$150 million
Columbia Long Government/Credit Columbia Investment Grade Corporate Fixed Income Columbia Global Investment Grade Corporate Fixed Income Columbia Investment Grade Corporate Long Duration Fixed Income Columbia Corporate Limited Duration Fixed Income Columbia U.S. Government Mortgage	0.35% on the first \$25 million 0.30% on the next \$25 million 0.25% on the next \$50 million Negotiable over \$100 million

Columbia Intermediate Fixed Income Columbia Intermediate Municipal Columbia Core Fixed Income Columbia Core Plus Fixed Income Columbia Core Fixed Income - Government/Credit Columbia Liability Driven Investing	0.30% on the first \$25 million 0.20% on the next \$50 million 0.15% on the next \$75 million Negotiable over \$150 million
Columbia Inflation Protected Securities	0.25% on the first \$100 million Negotiable over \$100 million
Columbia Institutional High Yield Fixed Income Columbia High Quality High Yield Fixed Income Columbia Short Duration High Yield Columbia Emerging Markets Fixed Income Columbia Mortgage Opportunities Columbia Strategic Income Allocation	0.50% on the first \$50 million 0.40% on the next \$50 million Negotiable over \$100 million
Columbia Global Aggregate Fixed Income	0.40% on the first \$50 million 0.30% on the next \$50 million 0.25% over \$100 million
Columbia Currency Alpha Absolute Return (USD) Columbia Currency Alpha Plus Absolute Return (USD)	Fully Funded Over Cash: 0.20% on cash portfolio + 20% performance fee Fully Funded Portable Alpha Approach: Standard fee for underlying assets + 20% performance fee Partially Funded Over Cash: Flat fee of 0.08% on amount invested per 1% targeted volatility + 20% performance fee
Columbia Bank Loan Strategy	0.55% on the first \$100 million 0.525% on the next \$100 million Negotiable over \$200 million
Columbia High Yield Municipal	0.45% on the first \$25 million 0.35% on the next \$25 million 0.30% on the next \$50million Negotiable over \$100 million
Columbia Long Municipal Columbia Strategic Municipal Columbia U.S. Social Bond	0.40% on the first \$25 million 0.30% on the next \$25 million 0.25% on the next \$50 million Negotiable over \$100 million
Columbia U.S. Treasury Index	0.10% on the first \$25 million 0.08% on the next \$50 million 0.06% on the next \$75 million Negotiable over \$150 million
Separate Account Multi-Asset Strategies	Fee Schedules
Columbia Adaptive Risk Allocation	0.85% on the first \$100 million 0.80% on the next \$100 million 0.70% on the next \$100 million Negotiable over \$300 million
Columbia Alternative Beta	0.75% on the first \$100 million 0.68% on the next \$100 million 0.60% on the next \$100 million Negotiable over \$300 million

### Registered Fund Fees

Registered Fund (as defined below under “Types of Clients”) advisory fees are set forth in each Registered Fund’s prospectus and statement of additional information. On an annual basis, each Registered Fund’s Board of Directors/Trustees (the Board), including the independent Board members, considers renewal of the Registered Fund’s investment management services agreement, including the advisory fee paid by the Registered Fund to the investment manager. These fees are typically higher than the representative fee schedules shown above.

### Subadvised Mutual Funds and Other Pooled Vehicle Fees

We serve in a sub-advisory capacity for U.S. and offshore investment companies both registered and unregistered that are managed by third parties. Fees for such services are negotiated with the manager, and may be set forth in the fund's registration statement or other similar offering document.

### Collective Fund Fees

Our affiliate, Ameriprise Trust Company ("ATC"), maintains collective funds for which it receives trustee fees relating to certain trustee and investment management services it provides to those funds. We serve as investment adviser to ATC with respect to certain of these collective funds and accordingly receive a management fee from ATC for such services pursuant to an intercompany agreement between ATC and us. The trustee fee rates paid by investors in these collective funds may be equal to, exceed, or be lower than our institutional management fee schedules or fees paid by the Mutual Funds, depending on the type of strategy and product. ATC may separately negotiate "side letters" with certain investors without applying terms negotiated with such investors, including terms relating to fees, to all investors in the collective fund in accordance with applicable law.

### Private Fund Fees

As investment manager to private, pooled investment vehicles ("Private Funds"), and subject to the fee waivers and side letters discussed in more detail below, we have entered into investment management agreements with the Private Funds or investment managers or trustees to those funds that entitle us to be paid an investment management fee at an annual rate ranging from 0.50%-1.50% of the value of the Private Fund, typically payable on a monthly basis. In addition, depending on the Private Fund, we may receive a performance-based fee of up to 20% of the net realized and unrealized appreciation based on a high watermark/hurdle rate or benchmark index performance. Additional information regarding fees payable to us by Private Funds is described in the private placement memoranda for the Private Funds.

The Private Funds reserve the right to waive certain conditions and features of an investment in the Private Fund. For example, the Private Funds where we are the sponsor have a policy to discount or waive (i) management fees and incentive fees for investments made by us or our affiliate in those funds and for our current employees or employees of our affiliates and (ii) incentive fees for immediate family members of these employees to the extent qualified to invest in the Private Fund.

We and a Private Fund may separately negotiate "side letters" with certain investors without applying terms negotiated with such investors, including terms relating to fees, to all investors in the Private Fund. Although we may provide substantial input, the modifications are at the discretion of the Private Fund. To the extent we or an onshore Private Fund for which our affiliate serves as a managing member are a party, modifications are also subject to our discretion. Additionally, modifications may, among other things, be based on whether the investor is one of the first investors in the Private Fund, the size of the investor's investment in the Private Fund or affiliated investment entity, the reputation of the investor, an agreement by an investor to maintain such investment in the Private Fund for a significant period of time, or other commitment by an investor.

Existing investors in the Private Funds have negotiated such side letters. The terms and conditions of these side letters may include, for example, special rights to make future investments in the Private Fund, other investment vehicles or managed accounts, as appropriate; special rights for a reduction of the fixed fee and/or the incentive fee; special redemption or transfer rights relating to frequency, notice, a reduction or rebate in fees to be paid by the shareholder, eligible transferees and/or other terms; rights to receive reports or notifications from the Private Fund or us on a more frequent basis or that include information not provided to other shareholders (including, without limitation, more detailed information regarding portfolio positions); "most favored nation" rights which grant the shareholder the right to receive any more favorable terms granted to other shareholders or our similarly situated clients; and such other rights as may be negotiated by the Private Fund or us and such shareholders.

Some of these preferential terms may also be offered by us to separately managed account clients pursuing strategies similar to the Private Funds. For example, in some cases, we may negotiate fees for separately managed accounts that offer strategies similar to Private Funds using the Private Fund's published fee rate as the starting point for negotiations. We would typically do this in situations where the separate account offers one or more customized features that would justify a different fee rate.

### Wrap Fee Program Fees

The fees we receive from Wrap Fee Program sponsors generally range from 0.20% - 0.55% of the assets in the program to which our services relate. We offer a variety of investment strategies through one or more Wrap Fee Programs.

Additional information concerning specific Wrap Fee Programs is available from the Wrap Fee Program sponsors. The terms of the client's agreement, including the client's right to terminate our services, will vary from sponsor to sponsor. An updated list of Wrap Fee Programs in which we participate and the fee arrangement available through each program is available upon request by writing to us at the address set forth on the cover page of this Brochure or calling the phone number that appears on that page.

Typically, clients participating in Wrap Fee Programs pay a “wrap” fee or “bundled” fee, which generally covers investment advisory, custodial, client servicing, accounting and certain trade execution (i.e. brokerage) services. This fee is described in more detail in each program sponsor’s disclosure document. Clients may incur additional fees or charges in connection with their accounts or certain securities transactions. These may include any other execution or service charges, dealer mark-ups and mark-downs, odd-lot differentials, exchange fees, transfer taxes, electronic fund transfer fees, trust custodial fees and any charges mandated by law. In these programs, to the extent we execute wrap client trades other than through the sponsor or other designated broker-dealers having arrangements with the sponsor, separate transaction charges are typically paid by the client. Certain Wrap Fee Program sponsors may vary the services provided and can provide more detail on the specific services they offer.

Client fees are payable to the Wrap Fee Program sponsor, either in advance or arrears on a quarterly or monthly basis, and are typically based on an annual percentage of the value of assets in the account. A portion of the wrap fee paid by the client is then paid to us for the investment advisory services we provide to the client, although in situations where we are providing asset allocation services with respect to investments in underlying funds, we may or may not receive a portion of the wrap fee paid by the client. The portion of the fee allocated to us is based on the percentage fee rate that is typically described in a separate agreement between us and the Wrap Fee Program sponsor. In dual contract Wrap Fee Programs, the wrap fee paid to the sponsor does not include a fee for investment advisory services. In these arrangements, an investment advisory fee, generally ranging from 0.34% to 0.55% and paid either in advance or arrears on a quarterly or monthly basis, is payable directly to us by the client.

### Model Delivery Program Fees

We also participate in Wrap Fee Programs commonly referred to as “Model Delivery Programs” in which we provide non-discretionary investment services to the program sponsor and/or another investment adviser, commonly referred to as an “overlay manager”. The overlay manager exercises discretion over client accounts in the model delivery program. In these programs, our services are provided through periodically updated model portfolios given to the overlay manager and/or Wrap Fee Program sponsor who then exercises discretion in deciding whether and how to implement the model in a client account which may be made up of other model portfolios and/or securities products. In these arrangements, we do not typically have discretion to implement the changes imbedded within model portfolios; however, some overlay managers and Wrap Fee Program sponsors, pursuant to our contract with them, may be required to implement our services exactly as provided, while maintaining discretion with respect to brokerage. We do not have an adviser-client relationship with clients participating in these model delivery programs, nor do we have access to the identity of clients or the composition of a client’s account. For any Model Delivery Program, we cannot and do not provide any investment services that are intended to be individualized or suitable or fiduciary in nature for any specific account within the program.

As noted above, the overlay manager may or may not utilize the specific holdings or changes imbedded in our model portfolios as and when received from us in connection with the management of the overlay manager’s client accounts. Any changes in a model portfolio provided to the overlay manager may also reflect investment recommendations we have made to our other clients for whose accounts we do have investment discretion and we may be trading at the same time, or before or after the overlay manager acts on changes to a model portfolio we have provided. As a result, our clients or the overlay manager’s clients may be advantaged or disadvantaged in the market place due to execution, timing, price movements, large orders or thinly traded securities.

Our compensation pursuant to a Model Delivery Program may be lower than our representative institutional fee schedules, and the overall cost of a Model Delivery Program arrangement may be higher or lower than the end client would



otherwise experience by participating in another program or by paying our standard fees and negotiating fees with a broker or dealer on a per transaction basis (either directly pursuant to a directed brokerage arrangement or through us where we are authorized to select a broker or dealer).

Agreements with Model Delivery Program sponsors typically can be terminated at the written request of either the client or the program sponsor upon up to 90 days' notice. To the extent we receive any prepaid fees for a period following a termination date, the fees will generally be refunded.

#### 529 Plan Fees

We provide investment advisory services to 529 plans sponsored by state governments. Fees for such services are negotiated with the state government sponsoring the plan and, in certain cases, the plan administrators. More information about the management or administrative fees paid to us as the investment manager of a 529 plan can be found in each individual plan's program brochure.

#### ***Policies and Representative Fee Schedules for Securitized Asset Funds***

As the collateral manager to several special purpose vehicles often referred to as, CLOs, we receive a collateral management fee as set forth in the offering document for each vehicle we manage on a discretionary or non-discretionary basis, which is generally assessed based on the size of the portfolio being managed and which may vary by vehicle. We may also receive a subordinated and/or deferred fee that is contingent upon the vehicle's performance. Fees are pro-rated upon termination; however, performance fees, to the extent accrued but not yet paid, are not pro-rated or refunded. Fee rates are typically negotiated on a case-by-case basis; however, depending on the vehicle, senior collateral management fees are typically paid at an annual rate that ranges currently between 0.10% - 0.20% of the aggregate principal amount of the collateral assets; subordinated fees at an annual rate that ranges currently between 0.25% - 0.55% of the aggregate principal amount of the collateral assets; and performance fees, generally payable based upon the achievement of specified internal rates of return, at a percentage of the available excess residual cash flow. We may also negotiate fee discounts for investors in the lowest tranche of a CLO (often referred to as equity investors because they typically assume any first losses that are incurred by a CLO). Other or alternative fees may apply as well, such as a fee that may be charged in connection with the structuring, warehousing and co-management of a new CLO where we act in a subadvisory, non-discretionary capacity.

#### ***Policies and Representative Fee Schedules for Asset-Liability Management Clients***

Fees for asset-liability management services are negotiated on a case-by-case basis, but we will generally use our standard institutional fee schedules as a starting point. Ameriprise Financial and its affiliates receiving asset-liability management services may pay fees based on the allocated cost of providing the services. However, Ameriprise Certificate Company ("ACC"), our affiliated face-amount certificate company that receives asset-liability management services from us, pays a monthly fee equal on an annual basis to a percentage of net invested assets of ACC based on the following schedule:

- 0.35% on the first \$250 million of ACC net invested assets (valued on a GAAP basis)
- 0.30% on the next \$250 million of ACC net invested assets (valued on a GAAP basis)
- 0.25% on the next \$500 million of ACC net invested assets (valued on a GAAP basis)
- 0.20% on the amount over \$1 billion of ACC net invested assets (valued on a GAAP basis)

Loans originated by banks or investment banks are excluded from the computation of ACC's net invested assets. ACC pays us a fee of 0.35% for managing and servicing these loans. Our investment advisory agreement with ACC provides for termination by either party upon sixty days' written notice to the other.

#### ***Compensation for the Sale of Securities and Other Investment Products***

Our employees and our affiliates who refer investment advisory business to us may be compensated on the basis of a percentage of the management fees we earn on such referrals. Similar compensation is available to these employees when they are successful in selling securities products in their capacity as representatives of our affiliated broker-dealer. These securities products may include Funds and Private Funds managed by us or an affiliate, as well as collective funds maintained by ATC or others and many of which are subadvised by us. The compensation paid by Columbia Management Investment Advisers to its employees is based on a percentage of investment management fees in accordance with a commission schedule. Where employees of ours and our affiliates are selling Funds and collective

funds through our affiliated broker-dealer, compensation is paid to these individuals by that broker-dealer and the commission schedule may be different.

Client service and sales personnel may receive incentive compensation attributable to solicitation activities based on a percentage of management fees collected in the first two years following the sale.

As noted previously, some of our employees may be licensed representatives of our affiliated broker-dealer, and in that capacity may receive compensation from that entity for the offer and sale of securities and other investment products, including asset-based charges or service fees from the sale of Funds. We do not charge commissions or mark ups to our separate account clients.

Our employees who provide wholesale support for securities products distributed through our affiliated broker-dealer and through non-affiliated distribution partners may be compensated on the basis of a percentage of the gross fund flows into these products. These securities products may include Funds and Private Funds managed by us or an affiliate, as well as collective funds maintained by ATC and many of which are subadvised by us. The commissions paid to our wholesalers are based on a percentage of gross fund flows in accordance with an established commission schedule. These commissions are paid monthly. The commission schedule is the same for similar product types, but can vary by distribution partner. In addition to commissions, wholesalers are eligible for annual incentive awards.

### ***Portfolio Manager Compensation***

Direct compensation is typically comprised of a base salary, and an annual incentive award that is paid either in the form of a cash bonus if the size of the award is under a specified threshold, or, if the size of the award is over a specified threshold, the award is paid in a combination of a cash bonus, an equity incentive award, and deferred compensation. Equity incentive awards are made in the form of Ameriprise Financial restricted stock, or for more senior employees both Ameriprise Financial restricted stock and stock options. The investment return credited on deferred compensation is based on the performance of specified Columbia Funds, in most cases including the Columbia Funds the portfolio manager manages.

Annual incentive awards are variable and are based on (1) an evaluation of the employee's investment performance and (2) the results of a peer and/or management review of the employee, which takes into account skills and attributes such as team participation, investment process, communication, and professionalism. Scorecards are used to measure performance of Columbia Funds and other accounts managed by the employee versus benchmarks and peer groups. Performance versus benchmark and peer group is generally weighted for the rolling one, three, and five year periods. One year performance is weighted 10%, three year performance is weighted 60%, and five year performance is weighted 30%. Relative asset size is a key determinant for fund weighting on a scorecard. Typically, weighting would be proportional to actual assets. Consideration may also be given to performance in managing client assets in sectors and industries assigned to the employee as part of his/her investment team responsibilities, where applicable. For leaders who also have group management responsibilities, another factor in their evaluation is an assessment of the group's overall investment performance.

Exceptions to this general approach exist for certain teams and individuals. Funding for the annual incentive award pool is determined by management and depends on, among other factors, the levels of compensation generally in the investment management industry taking into account investment performance (based on market compensation data) and both Ameriprise Financial and Columbia Management Investment Advisers profitability for the year, which is largely determined by assets under management.

To the extent we use the services of employees of an Advisory Affiliate, we pay our affiliate fees based upon an agreement between our affiliate and us; the compensation paid to employees of our Advisory Affiliate is paid by the affiliate and not directly by us. Compensation practices of our Advisory Affiliates with respect to their employees may differ from ours.

For all employees the benefit programs generally are the same, and are competitive within the financial services industry. Employees participate in a wide variety of plans, including options in Medical, Dental, Vision, Health Care and Dependent Spending Accounts, Life Insurance, Long Term Disability Insurance, 401(k), and a cash balance pension plan.



## **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

### ***Performance-Based Fees***

Qualified clients may negotiate performance-based fees in compliance with Advisers Act requirements with respect to accounts managed by us. For example, we may receive a performance-based fee of up to 20.0% of the net realized and unrealized appreciation based on a high watermark/hurdle rate or benchmark index performance. The performance on which performance-based compensation is calculated will typically include unrealized appreciation and depreciation of investments that may not ultimately be realized.

We believe that performance-based fee arrangements align our interests with the interests of our clients who are subject to those fees. We recognize the structure of these arrangements can create an incentive to favor these accounts in allocating investment opportunities or to make investments that are more speculative than would be the case in the absence of performance-based compensation. We have adopted policies and related controls that seek to mitigate certain conflicts presented by our performance-based fee arrangements.

### ***Management of Multiple Accounts and Multiple Strategies***

Because we manage multiple accounts that have varied investment guidelines and restrictions, from time to time portfolio management teams may make differing investment decisions related to the same security. To mitigate these potential conflicts between accounts, we have adopted a number of policies. The principles governing these policies prohibit a portfolio management team from taking an inconsistent view of the same security for inappropriate purposes (e.g., to seek a profitable trade for one account at the detriment of another) and prohibit front-running and the use of information about one account's activities (e.g., an upcoming long sale) to benefit another account.

As stated in "Global Asset Management" above, certain of our accounts and the accounts of our Advisory Affiliates may be jointly managed by the same portfolio management team consisting of our employees and one or more employees of an Advisory Affiliate in accordance with client guidelines and applicable law. In these circumstances, lead portfolio managers on the same team but responsible for different client accounts may take an inconsistent view of the same security with respect to our client accounts and the accounts of our Advisory Affiliate.

## **TYPES OF CLIENTS**

We provide investment advisory services to the types of clients listed below.

- pension, profit sharing, employee savings funds and Taft-Hartley pension funds;
- foundations and endowments;
- corporate clients, including tax-exempt and not-for-profit organizations;
- state, municipal or other governmental entities;
- high-net-worth individuals, including trusts and estates;
- other investment advisers registered with the SEC or with regulators in other countries;
- Mutual Funds, including Columbia Funds, registered with the U.S. Securities and Exchange Commission branded as "Columbia," and "Columbia Seligman";
- closed-end investment companies registered with the U.S. Securities and Exchange Commission, (the "Closed-End Funds");
- ETFs that are registered with the U.S. Securities and Exchange Commission, ("such ETFs"), together with the Mutual Funds and the Closed-End Funds, (the "Registered Funds");
- Mutual Funds that are used as funding vehicles by separate accounts for variable annuity contracts and/or variable life insurance policies issued by our insurance company affiliates and third party, unaffiliated insurance companies;
- certain collective funds maintained and institutional separate accounts managed by our affiliate ATC;
- other collective funds and certain common trust funds;
- various private, pooled investment vehicles ("Private Funds") organized as limited partnerships, limited liability corporations, foreign (non-U.S.) entities or other legal form;

- corporate and other types of institutional clients seeking separately managed accounts that offer strategies similar to the Private Funds or CLOs;
- pooled investment vehicles registered or authorized offshore;
- structured investment products that invest in high yield bonds;
- various qualified tuition programs formed under Section 529 of the Internal Revenue Code (“529 Plans”);
- sponsors of Wrap Fee Programs and other investment advisers participating in such programs (and in the case of dual contract Wrap Fee Programs, clients of sponsors who may or may not be high-net worth individuals);
- various special purpose vehicle clients, such as CLOs, that issue securities collateralized by a pool of assets, including bank loans and high-yield bonds, to large institutional investors and/or high net worth individuals;
- Ameriprise Financial and its affiliates including a face-amount certificate company, Ameriprise Certificate Company, Ameriprise National Trust Bank, and Ameriprise Financial’s insurance company subsidiaries;
- corporate and other types of institutional clients seeking asset-liability management services; and
- Sovereign Wealth entities.

### ***Conditions for Managing Accounts***

#### **Institutional Separate Accounts**

We generally require institutional clients to have a minimum account size of \$10,000,000 to receive discretionary investment advisory services. We may impose higher minimums for certain investment mandates from time to time and we may impose lower minimums for certain specific products. We also reserve the right to waive account minimums in our sole discretion. Factors we take into consideration in making a determination whether to waive an account minimum may include the number of accounts managed for a client, the nature of services rendered, any special requirements of the account(s) managed and the totality of the relationship between us and our affiliates and the client and/or its affiliates. We may also consider a client’s specific needs and circumstances, and a client’s future ability to reach our minimum account size by making supplemental contributions. We may also offer to waive an account minimum based on our capacity to manage assets in a particular strategy. Our ability to waive account minimums may result in similarly situated clients being offered different minimums to establish a separately managed account.

#### **Wrap Fee Programs**

Smaller minimum account sizes generally apply to participants in Wrap Fee Programs. These minimums are described in more detail in each Wrap Fee Program sponsor’s disclosure document. The program sponsor may allow us to waive account minimums in connection with these programs. Where we are provided with this discretion, we are able to apply the same consideration factors described above with respect to separate account management in determining whether to waive an account minimum. In dual contract Wrap Fee Programs, we generally require clients to have a minimum account size of \$1,000,000, which may be waived subject to the aforementioned consideration factors.

We reserve the right to decline any account where we exercise discretion. We reserve the right to resign as investment adviser to any of these discretionary accounts, subject to the terms of the client contract.

### **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

While individual portfolio managers may emphasize one method of security analysis over another, the primary methods of analysis we employ are fundamental analysis (*i.e.*, the analysis and interpretation of company and industry data) and quantitative analysis (*i.e.*, the analysis and interpretation of numerical, measurable characteristics). We also use other methods of analysis such as technical analysis (charting) and cyclical analysis. The firm maintains an internal centralized research function for both equity and fixed income. Investment analysts who are responsible for centralized research provide their views on specific issuers and securities internally for general consumption by other analysts and portfolio managers, as well as to investment personnel of certain of our Advisory Affiliates (see “Global Asset Management”, above). Equity analysts that are tied to specific portfolio management teams or strategies generally do not provide their research internally in this manner but may share their investment views with our investment personnel (including personnel at our Advisory Affiliates) via email or other form of communication. In addition, certain of our research analysts have portfolio management responsibilities that may create potential conflicts of interest with respect to the allocation of investment research. The firm has adopted policies and related controls to manage these conflicts.

### ***Methods of Analysis***

The methods of analysis that we employ for registered investment company clients are described in the applicable fund prospectus. Methods of analysis that we employ for Private Funds and alternative investment clients are described in offering materials relating to the product. The methods of analysis we employ in connection with Wrap Fee Programs are typically described in investment strategy profiles made available by the program sponsor. In situations where a Wrap Fee Program strategy is modeled after one of our institutional mandates, we use the same methods of analysis.

The primary methods of analysis and the material risks involved for the standard investment strategies that we offer to our institutional clients are set forth in the chart below.

### ***A Word about Risk***

Investing in securities involves risk of loss that clients should be prepared to bear. Each investment strategy is subject to certain specific risks, some are which are material, and others less so. We utilize the investment strategies and methods of analysis to seek to achieve each portfolio's investment objective. The investment decisions we make may not produce the expected returns, may cause the portfolio to lose value or may cause the portfolio to underperform other portfolios with similar investment objectives. There is no assurance that a portfolio's objective will be achieved.

In the chart below, we have listed the material risks for each strategy. Other risks that are not material also apply. Please see the Risk Disclosure Appendix that follows for more detailed information about the material risks as they apply to the separate account strategies as listed in the chart below and other challenges and risks associated with the investment management industry including strategy-specific risks and regulatory uncertainty.

Material risks that apply to every strategy include issuer risk and market risk.

Issuer risk is the risk that an issuer of a security may perform poorly, and therefore, the value of its securities may decline. Poor performance may be caused by poor management decisions, competitive pressures, breakthroughs in technology, reliance on suppliers, labor problems or shortages, corporate restructurings, fraudulent disclosures, natural disasters or other events, conditions or factors.

Market risk refers to the possibility that the market values of securities or other investments that a portfolio holds will fall, sometimes rapidly or unpredictably, or fail to rise. An investment in the strategy could lose money over short or long periods. Although equity securities generally tend to have greater price volatility than debt securities, under certain market conditions, debt instruments may have comparable or greater price volatility.

Separate Account Equity Strategies	Primary Methods of Analysis	Material Risks
Columbia Focused Large Cap Core	<ul style="list-style-type: none"> <li>• Uses fundamental and quantitative research as well as the management team's perspectives for stock selection</li> <li>• Is constructed to be relatively sector neutral but will take industry and stock-specific positions versus benchmark (S&amp;P 500 Index)</li> </ul>	Active Management Risk Convertible Securities Risk Derivatives Risk Derivatives Risk/Options Risk Exchange-Traded Fund (ETF) Risk Focused Portfolio Risk Foreign Securities Risk Frequent Trading Risk Preferred Stock Risk Sector Risk Warrants Risk and Rights

Columbia Large Cap Growth	<ul style="list-style-type: none"> <li>• Focuses on companies with sustainable growth prospects, improving margins and high returns on capital with market capitalizations similar to the constituents of the Russell 1000 Growth Index</li> <li>• Uses fundamental and quantitative research as well as the management team's perspectives for stock selection</li> <li>• Bottom-up analysis drives stock selection</li> </ul>	Active Management Risk Convertible Securities Risk Depositary Receipts Risks Foreign Securities Risk Growth Securities Risk Sector Risk
Columbia Contrarian Large Cap Core	<ul style="list-style-type: none"> <li>• Contrarian philosophy based on belief that the best investment opportunities can be found where market displays pessimism</li> <li>• Uses fundamental and quantitative research as well as the management team's perspectives for stock selection</li> <li>• Bottom-up analysis drives stock selection</li> </ul>	Active Management Risk Depositary Receipts Risks Foreign Securities Risk Growth Securities Risk Value Securities Risk
Columbia Dividend Value	<ul style="list-style-type: none"> <li>• Focuses on free cash flow from operations and ability to sustain and grow dividends</li> <li>• Uses fundamental and quantitative research as well as the management team's perspectives for stock selection</li> </ul>	Active Management Risk Convertible Securities Risk Credit Risk Depositary Receipts Risks Foreign Securities Risk Growth Securities Risk High-Yield Investments Risk Interest Rate Risk Preferred Stock Risk Quantitative Model Risk Sector Risk Small- and Mid-Cap Company Securities Risk Value Securities Risk
Columbia Focused Large Cap Growth	<ul style="list-style-type: none"> <li>• Focuses on high quality, high growth companies with market capitalizations above \$3B</li> <li>• Concentrated portfolio of 25-35 companies with high returns on capital and low debt to equity ratios</li> <li>• Fundamental analysis with quantitative judgment drives portfolio construction and risk management</li> </ul>	Active Management Risk Depositary Receipts Risks Focused Portfolio Risk Foreign Securities Risk Growth Securities Risk Sector Risk
Columbia Dividend Opportunity	<ul style="list-style-type: none"> <li>• Focuses on companies that have historically paid consistent and increasing dividends to generate a high level of current income</li> <li>• Fundamental contrarian analysis-behavioral/sentiment insight</li> <li>• Focus on valuation and free cash flow yield</li> <li>• Seeks to identify industry and stock level chronic inefficiencies</li> </ul>	Active Management Risk Derivatives Risk Derivatives Risk/Forward Contracts Risk Derivatives Risk/Structured Investments Risk Foreign Securities Risk Preferred Stock Risk Small- and Mid-Cap Company Securities Risk Value Securities Risk

Columbia Focused Large Cap Value	<ul style="list-style-type: none"> <li>• Bottom-up, fundamental investment process</li> <li>• Screens companies, focusing on financial analysis, management, valuation assessment</li> </ul>	Active Management Risk Focused Portfolio Risk Sector Risk Value Securities Risk
Columbia Global Large Cap Value	<ul style="list-style-type: none"> <li>• Uses fundamental and systematic research as well as the management team's perspectives for stock selection</li> <li>• Focus on valuation and free cash flow yield</li> </ul>	Active Management Risk Convertible Securities Risk Depositary Receipts Risks Derivatives Risk Derivatives Risk/Forward Contracts Risk Foreign Securities Risk Geographic Focus Risk Liquidity Risk Preferred Stock Risk Sector Risk Value Securities Risk
Columbia Overseas Value	<ul style="list-style-type: none"> <li>• Uses fundamental and systematic research as well as the management team's perspectives for stock selection</li> <li>• Focus on valuation and free cash flow yield</li> </ul>	Active Management Risk Depositary Receipts Risks Derivatives Risk Derivatives Risk/Forward Contracts Risk Derivatives Risk/Futures Contracts Risk Emerging Markets Securities Risk Foreign Securities Risk Geographic Focus Risk Preferred Stock Risk Sector Risk Small- and Mid-Cap Company Securities Risk Value Securities Risk
Columbia Threadneedle EAFE	<ul style="list-style-type: none"> <li>• Focus on growing companies with high or rising returns</li> <li>• Industry and company research aims to identify sustainable competitive advantages.</li> <li>• "Best ideas" portfolio is constructed with a bottom-up approach</li> <li>• Selects stocks based on risk/reward and conviction.</li> <li>• Manages risk through diversification by stock.</li> </ul>	Active Management Risk Currency Risk Derivatives Risk Depositary Receipts Risk Foreign Securities Risk Geographic Focus Risk Sector Risk Growth Securities Risk Value Securities Risk
Columbia Threadneedle Global Equity Income	<ul style="list-style-type: none"> <li>• Seeks to invest in quality income stocks: companies with a dividend yield greater than 3%, earnings growth, and a robust balance sheet.</li> <li>• Fundamentals-based focus on income, growth, sustainability of business model and a dividend yield in excess of 3%.</li> <li>• Detailed analysis focuses on earnings drivers and cash flow generation: sustainability of business model and growth prospects, revenue growth, margin improvement, capex profile.</li> </ul>	Active Management Risk Depositary Receipts Risks Emerging Market Securities Risk Foreign Securities Risk Geographic Focus Risk Geographic Focus Risk/Europe Risk Sector Risk Small- and Mid-Cap Company Securities Risk Value Securities Risk

Columbia Focused Global	<ul style="list-style-type: none"> <li>• Focuses on high quality, high growth companies with market capitalizations above US\$3B</li> <li>• Concentrated portfolio of 45 - 55 companies with high returns on capital and low debt to equity ratios</li> <li>• Fundamental analysis with quantitative judgment drives portfolio construction and risk management</li> </ul>	Active Management Risk Depository Receipts Risks Derivatives Risk Derivatives Risk/Forward Contracts Risk Emerging Market Securities Risk Focused Portfolio Risk Foreign Securities Risk Frequent Trading Risk Geographic Focus Risk/Europe Risk Growth Securities Risk Liquidity Risk Sector Risk Small- and Mid-Cap Company Securities Risk
Columbia Threadneedle Global Focused Equity	<ul style="list-style-type: none"> <li>• Seeks quality growth companies with above average growth and returns</li> <li>• Macro and thematic views highlight areas of opportunity or risk,</li> <li>• Fundamental-based research focuses on competitive positioning and the ability to sustain competitive advantages</li> <li>• Portfolio is concentrated in high conviction ideas</li> </ul>	Active Management Risk Counterparty Risk Derivatives Risk Derivatives Risk/Structured Investments Risk Emerging Market Securities Risk Focused Portfolio Risk Foreign Securities Risk Geographic Focus Risk/Europe Risk Growth Securities Risk Sector Risk
Columbia Disciplined Large Core	<ul style="list-style-type: none"> <li>• Uses quantitative analysis to interpret key quality, valuation and catalyst measures such as company assets, historical returns, cash flow, profitability, and momentum measures of large cap domestic stocks</li> <li>• Focuses on stock-specific risk rather than systemic risk</li> <li>• Maintains characteristics similar to the benchmark for a specified tracking error level</li> </ul>	Active Management Risk Derivatives Risk Derivatives Risk/Futures Contracts Risk Quantitative Model Risk Sector Risk
Columbia Disciplined Large Value	<ul style="list-style-type: none"> <li>• Uses quantitative analysis to interpret key quality, valuation and catalyst measures such as company assets, historical returns, cash flow, profitability, and momentum measures of large cap domestic stocks</li> <li>• Focuses on stock-specific risk rather than systemic risk</li> <li>• Maintains characteristics similar to the benchmark for a specified tracking error level</li> </ul>	Active Management Risk Derivatives Risk Derivatives Risk/Futures Contracts Risk Quantitative Model Risk Sector Risk Value Securities Risk
Columbia Disciplined Large Growth	<ul style="list-style-type: none"> <li>• Uses quantitative analysis to interpret key quality, valuation and catalyst measures such as company assets, historical returns, cash flow, profitability, and momentum measures of large cap domestic stocks</li> <li>• Focuses on stock-specific risk rather than systemic risk</li> <li>• Maintains characteristics similar to the benchmark for a specified tracking error level</li> </ul>	Active Management Risk Derivatives Risk Derivatives Risk/Futures Contracts Risk Growth Securities Risk Quantitative Model Risk Sector Risk

Columbia Large Cap Index	<ul style="list-style-type: none"> <li>• Full replication of S&amp;P 500 Index</li> <li>• Uses technology to monitor and automate index rebalancing, dividends, cash flows, M&amp;A activity</li> </ul>	Correlation/Tracking Error Risk Derivatives Risk Derivatives Risk/Futures Contracts Risk Sector Risk
Columbia Large Cap Enhanced Core	<ul style="list-style-type: none"> <li>• Uses quantitative analysis to interpret key quality, valuation and catalyst measures such as company assets, historical returns, cash flow, profitability, and momentum measures of large cap domestic stocks</li> <li>• Focuses on stock-specific risk rather than systemic risk</li> <li>• Maintains characteristics similar to the benchmark for a specified tracking error level</li> </ul>	Active Management Risk Convertible Securities Derivatives Risk Derivatives Risk/Futures Contracts Risk Quantitative Model Risk Sector Risk
Columbia Mid Cap Growth	<ul style="list-style-type: none"> <li>• Focuses on companies with sustainable growth prospects, improving margins and high returns on capital with market capitalizations similar to the constituents of the Russell Mid Cap Growth Index</li> <li>• Uses quantitative and fundamental research as well as the management team's perspectives for stock selection</li> <li>• Bottom-up analysis drives stock selection</li> </ul>	Active Management Risk Convertible Securities Risk Depositary Receipts Risks Foreign Securities Risk Frequent Trading Risk Growth Securities Risk Mid-Cap Company Securities Risk Preferred Stock Risk Sector Risk Special Situations Risk
Columbia Mid Cap Value	<ul style="list-style-type: none"> <li>• Focuses on companies trading at attractive valuations with current margins below normalized levels</li> <li>• Uses quantitative and fundamental research as well as the management team's perspectives for stock selection</li> <li>• Bottom-up analysis drives stock selection</li> </ul>	Active Management Risk Foreign Securities Risk Real Estate-Related Investment Risk Sector Risk Small- and Mid-Cap Company Securities Risk Value Securities Risk
Columbia Mid Cap Enhanced Core	<ul style="list-style-type: none"> <li>• Uses quantitative analysis to interpret key quality, valuation and catalyst measures such as company assets, historical returns, cash flow, profitability, and momentum measures of mid cap domestic stocks</li> <li>• Focuses on stock-specific risk rather than systemic risk</li> <li>• Maintains characteristics similar to the benchmark for a specified tracking error level</li> </ul>	Active Management Risk Derivatives Risk Growth Securities Risk Mid-Cap Company Securities Risk Quantitative Model Risk Value Securities Risk
Columbia Mid Cap Index	<ul style="list-style-type: none"> <li>• Full replication of S&amp;P Mid Cap 400 Index</li> <li>• Uses technology to monitor and automate index rebalancing, dividends, cash flows, M&amp;A activity</li> </ul>	Correlation/Tracking Error Risk Derivatives Risk Derivatives Risk/Futures Contracts Risk Mid-Cap Company Securities Risk Real Estate-Related Investment Risk Sector Risk

Columbia Small/Mid Cap Growth	<ul style="list-style-type: none"> <li>• Focuses on companies with sustainable growth prospects, improving margins and high returns on capital with market capitalizations similar to the constituents of the Russell 2500 Growth Index</li> <li>• Uses quantitative and fundamental research as well as the management team's perspectives for stock selection</li> <li>• Bottom-up analysis drives stock selection</li> </ul>	Active Management Risk Derivatives Risk Emerging Market Securities Risk Foreign Currency Risk Growth Securities Risk Small- and Mid-Cap Company Securities Risk
Columbia Small/Mid Cap Value	<ul style="list-style-type: none"> <li>• Focuses on companies trading at attractive valuations that exhibit positive upward inflection points</li> <li>• Uses a propriety quantitative model and management team's rigorous fundamental research as bottom-up analysis drives stock selection</li> <li>• Leverages centralized fundamental research for sector expertise</li> </ul>	Active Management Risk Depository Receipts Risks Foreign Securities Risk Real Estate-Related Investment Risk Sector Risk Small- and Mid-Cap Company Securities Risk Value Securities Risk
Columbia Disciplined Small Cap Equity	<ul style="list-style-type: none"> <li>• Uses quantitative analysis to interpret key quality, valuation and catalyst measures such as company assets, historical returns, cash flow, profitability, and momentum measures of small cap domestic stocks</li> <li>• Focuses on stock-specific risk rather than systemic risk</li> <li>• Maintain characteristics similar to the benchmark for a specified tracking error level</li> </ul>	Active Management Risk Derivatives Risk Quantitative Model Risk Small Company Securities Risk
Columbia Small Cap Value I	<ul style="list-style-type: none"> <li>• Focuses on companies trading at attractive valuations with strong balance sheets and cash flows</li> <li>• Uses a quantitative model and management team's rigorous fundamental research as bottom-up analysis drives stock selection</li> <li>• Leverages centralized fundamental research for sector expertise</li> </ul>	Active Management Risk Foreign Securities Risk Real Estate-Related Investment Risk Sector Risk Small Company Securities Risk Value Securities Risk
Columbia Small Cap Value II	<ul style="list-style-type: none"> <li>• Focuses on companies trading at attractive valuations that exhibit positive upward inflection points</li> <li>• Uses a propriety quantitative model and management team's rigorous fundamental research as bottom-up analysis drives stock selection</li> <li>• Leverages centralized fundamental research for sector expertise</li> </ul>	Active Management Risk Depository Receipts Risks Foreign Securities Risk Quantitative Model Risk Real Estate-Related Investment Risk Sector Risk Small Company Securities Risk Value Securities Risk



Columbia Small Cap Growth	<ul style="list-style-type: none"> <li>• Focuses on companies with sustainable growth prospects, improving margins and high returns on capital with market capitalizations similar to the constituents of the Russell Small Cap Growth Index</li> <li>• Uses quantitative and fundamental research as well as the management team's perspectives for stock selection</li> <li>• Bottom-up analysis drives stock selection</li> </ul>	Active Management Risk Convertible Securities Risk Depositary Receipts Risks Foreign Securities Risk Frequent Trading Risk Growth Securities Risk Preferred Stock Risk Sector Risk Small Company Securities Risk Special Situations Risk
Columbia Focused Smaller Cap Value	<ul style="list-style-type: none"> <li>• Bottom-up, fundamental investment process</li> <li>• Screens companies, focusing on financial analysis, management, valuation assessment</li> </ul>	Active Management Risk Focused Portfolio Risk Foreign Securities Risk Real Estate-Related Investment Risk Sector Risk Small Company Securities Risk Value Securities Risk
Columbia Small Cap Enhanced Core	<ul style="list-style-type: none"> <li>• Uses quantitative analysis to interpret key quality, valuation and catalyst measures such as company assets, historical returns, cash flow, profitability, and momentum measures of small cap domestic stocks</li> <li>• Focuses on stock-specific risk rather than systemic risk</li> <li>• Maintains characteristics similar to the benchmark for a specified tracking error level</li> </ul>	Derivatives Risk Growth Securities Risk Quantitative Model Risk Small Company Securities Risk Value Securities Risk
Columbia Small Cap Index	<ul style="list-style-type: none"> <li>• Full replication of S&amp;P Small Cap 600 Index</li> <li>• Uses technology to monitor and automate index rebalancing, dividends, cash flows, M&amp;A activity</li> </ul>	Correlation/Tracking Error Risk Derivatives Risk Derivatives Risk/Futures Contracts Risk Sector Risk Small Company Securities Risk
Columbia Emerging Markets Equity	<ul style="list-style-type: none"> <li>• Considers both bottom up and top-down views; individual security selection plays a significant role in determining overall asset allocation</li> <li>• Focuses on "stewards of capital," which are companies that know how to grow their business profitably and in a sustainable fashion</li> <li>• Fundamental screening tools supplemented by proprietary quantitative model</li> </ul>	Active Management Risk Convertible Securities Risk Depositary Receipts Risks Emerging Market Securities Risk Foreign Securities Risk Geographic Focus Risk Growth Securities Risk Preferred Stock Risk Sector Risk Small- and Mid-Cap Company Securities Risk Special Situations Risk Value Securities Risk
Columbia Emerging Markets Opportunity	<ul style="list-style-type: none"> <li>• Considers both bottom-up and top-down views; individual security selection plays a significant role in determining overall asset allocation</li> <li>• Focuses on "stewards of capital," which are companies that know how to grow their business profitably and in a sustainable fashion</li> <li>• Fundamental screening tools supplemented by proprietary quantitative model</li> </ul>	Active Management Risk Convertible Securities Risk Depositary Receipts Risks Emerging Market Securities Risk Foreign Securities Risk Geographic Focus Risk Growth Securities Risk Market Risk Preferred Stock Risk Sector Risk Small- and Mid-Cap Company Securities Risk Special Situations Risk Value Securities Risk

Columbia Pacific/Asia	<ul style="list-style-type: none"> <li>• Considers both top down and bottom up views; individual security selection plays a significant role in determining overall asset allocation</li> <li>• Incorporates the strengths of fundamental and quantitative analysis</li> <li>• Regional expertise identifies high-potential investment themes that enhance bottom-up stock selection</li> </ul>	Active Management Risk Convertible Securities Risk Depository Receipts Risks Derivatives Risk Derivatives Risk/Forward Contracts Risk Derivatives Risk/Futures Contracts Risk Emerging Market Securities Risk Foreign Securities Risk Geographic Focus Risk Geographic Focus/Asia Pacific Region Risk Growth Securities Risk Preferred Stock Risk Sector Risk Small- and Mid-Cap Company Securities Risk Special Situations Risk Value Securities Risk
Columbia Japan Equity	<ul style="list-style-type: none"> <li>• Employs a combination of bottom-up stock selection and macro analysis, informed by proprietary quantitative research</li> <li>• Focuses on undervalued companies with strong cash flow generation, good business fundamentals, shareholder-friendly management and sustainable growth prospects</li> <li>• Country expertise identifies high-potential investment themes that enhance bottom-up stock selection</li> </ul>	Active Management Risk Derivatives Risk Derivatives Risk/Forward Foreign Currency Contracts Risk Derivatives Risk/Futures Contracts Risk Foreign Securities Risk Geographic Focus Risk Geographic Focus/Asia Pacific Region Risk Growth Securities Risk Preferred Stock Risk Sector Risk Small- and Mid-Cap Company Securities Risk Special Situations Risk Value Securities Risk
Columbia Threadneedle Global Emerging Markets	<ul style="list-style-type: none"> <li>• Considers a combination of top-down views and bottom-up analysis of company fundamentals; seeks to invest in quality stocks with clear performance drivers where the return on invested capital is above the cost of capital across a full market cycle</li> <li>• Focuses research on countries/sectors with attractive trends, implementing themes and ideas from the global macro perspective</li> <li>• Seeks well managed companies that earn superior and sustainable return on capital where the market price does not fully reflect the intrinsic value of the stock</li> </ul>	Active Management Risk Convertible Securities Risk Depository Receipts Risks Emerging Market Securities Risk Foreign Securities Risk Geographic Focus Risk Growth Securities Risk Preferred Stock Risk Sector Risk Securities Risk Small- and Mid-Cap Company Securities Risk Special Situations Risk Value Securities Risk

Columbia Global Technology	<ul style="list-style-type: none"> <li>• Invests in the technology sector and other companies whose business models may benefit from technological innovations</li> <li>• Integrates fundamental equity selection, in-depth and consistent valuation metrics, quantitative screening and risk management</li> <li>• Focuses on technology product cycles, industry changes and corresponding value chains, to identify best potential growth opportunities trading at reasonable valuations</li> </ul>	Active Management Risk Convertible Securities Risk Depositary Receipts Risks Foreign Securities Risk Frequent Trading Risk Growth Securities Risk Non-Diversification Risk Sector Risk Small Company Securities Risk
Columbia Seligman Global Technology	<ul style="list-style-type: none"> <li>• Focuses on companies with improving fundamentals not already reflected in valuation, and companies with a sustainable advantage; generally avoids stocks with extremely high valuations</li> <li>• Idea generation comes from intensive primary research including meetings with technology company managements, customers, suppliers, and partners; customized valuation screens that look at revenue, free cash flow; valuation also utilized</li> <li>• Proprietary, bottom-up models are constructed based on in-depth financial analysis, channel checks, meetings with company management and on-site evaluation whenever possible</li> </ul>	Active Management Risk Convertible Securities Risk Emerging Market Securities Risk Foreign Securities Risk Growth Securities Risk Non-Diversification Risk Sector Risk Small- and Mid-Cap Company Securities Risk
Columbia Seligman Technology Growth	<ul style="list-style-type: none"> <li>• Focuses on companies with improving fundamentals not already reflected in valuation, and companies with a sustainable advantage; generally avoids stocks with extremely high valuations</li> <li>• Idea generation comes from intensive primary research including meetings with technology company managements, customers, suppliers, and partners; customized valuation screens that look at revenue, free cash flow; valuation also utilized</li> <li>• Proprietary, bottom-up models are constructed based on in-depth financial analysis, channel checks, meetings with company management and on-site evaluation whenever possible</li> </ul>	Active Management Risk Foreign Securities Risk Growth Securities Risk Liquidity Risk Non-Diversification Risk Sector Risk Small- and Mid-Cap Company Securities Risk

Seligman Tech Spectrum	<ul style="list-style-type: none"> <li>• Rigorous bottom-up fundamental analysis with independent research overlay</li> <li>• Focuses on finding strong growth companies with reasonable valuations</li> <li>• Will take large position sizes in names in which there is a high degree of proprietary insight</li> </ul>	Active Management Risk Concentration Risk Derivatives Risk Foreign Securities Risk Sector Risk Short Positions Risk Small- and Mid-Cap Company Securities Risk
Columbia Global Energy and Natural Resources	<ul style="list-style-type: none"> <li>• Fundamental analysis combines a top-down framework with bottom-up security selection to identify companies with above-average growth potential, competitive market positioning, solid management teams, and quality resource bases</li> <li>• Disciplined process to gauge risk identifies holdings as defensive and yield oriented, or commodity-sensitive and growth orientated</li> <li>• Invests in energy and natural resources to seek to benefit from energy overweighting during strong cycles, while retaining the ability to diversify into natural resources in down cycles</li> </ul>	Active Management Risk Convertible Securities Risk Depositary Receipts Risks Derivatives Risk Derivatives Risk/Options Risk Foreign Securities Risk Frequent Trading Risk Geographic Focus Risk/Europe Risk Growth Securities Risk Non-Diversification Risk Preferred Stock Risk Quantitative Model Risk Sector Risk Small- and Mid-Cap Company Securities Risk Value Securities Risk
Columbia Convertible Securities	<ul style="list-style-type: none"> <li>• Total return through income and price appreciation by actively managing a portfolio of convertible securities</li> <li>• Flexible approach focusing on bottom up security selection identifies convertibles that may outperform in a variety of market environments</li> <li>• ‘Balance’ at the portfolio level allows the fund to own and benefit from convertible securities that are equity-sensitive and/or credit-sensitive</li> </ul>	Active Management Risk Convertible Securities Risk Credit Risk Foreign Securities Risk High-Yield Investments Risk Interest Rate Risk Liquidity Risk Preferred Stock Risk Prepayment and Extension Risk Rule 144A and Other Exempted Securities Risk Short Positions Risk
Separate Account Fixed Income Strategies	Primary Methods of Analysis	Material Risks
Columbia Ultra Short Term	<ul style="list-style-type: none"> <li>• Macro assessment results in targeted sector weightings, duration, curve, and quality positioning</li> <li>• Intensive, fundamental credit and quantitative research guides issue selection</li> <li>• Diversification and disciplined approach intends to minimize credit and structure risk</li> </ul>	Active Management Risk Counterparty Risk Credit Risk Foreign Securities Risk Impairment of Collateral Risk Interest Rate Risk Liquidity Risk Mortgage- and Other Asset-Backed Securities Risk Prepayment and Extension Risk Redemption Risk Reinvestment Risk Rule 144A and Other Exempted Securities Risk U.S. Government Obligations Risk

Columbia Short Duration	<ul style="list-style-type: none"> <li>• Macro assessment results in targeted sector weightings, duration, curve, and quality positioning</li> <li>• Intensive, fundamental credit and quantitative research guides issue selection</li> <li>• Diversification and disciplined approach intends to minimize credit and structure risk</li> </ul>	Active Management Risk Counterparty Risk Credit Risk Derivatives Risk Derivatives Risk/ Futures Contracts Risk Foreign Securities Risk Forward Commitments on Mortgage-backed Securities (including Dollar Rolls) Risk Interest Rate Risk Liquidity Risk Mortgage- and Other Asset-Backed Securities Risk Prepayment and Extension Risk Redemption Risk Reinvestment Risk Rule 144A and Other Exempted Securities Risk U.S. Government Obligations Risk
Columbia Short Term Municipal	<ul style="list-style-type: none"> <li>• Relative-value based investment approach</li> <li>• Top-down approach formulates macro-outlook and interest rate position and identifies undervalued sectors</li> <li>• Bottom-up security selection supported by intensive, fundamental credit research</li> <li>• Diversification across issuer, sector and geography</li> </ul>	Active Management Risk Credit Risk Interest Rate Risk Liquidity Risk Investment Strategy Risk Municipal Securities Risk Prepayment and Extension Risk Reinvestment Risk
Columbia Intermediate Municipal	<ul style="list-style-type: none"> <li>• Relative-value based investment approach</li> <li>• Top-down approach formulates macro-outlook and interest rate position and identifies undervalued sectors</li> <li>• Bottom-up security selection supported by intensive, fundamental credit research</li> <li>• Diversification across issuer, sector and geography</li> </ul>	Active Management Risk Credit Risk High-Yield Investments Risk Interest Rate Risk Liquidity Risk Municipal Securities Risk Prepayment and Extension Risk Reinvestment Risk
Columbia Liability Driven Investing	<ul style="list-style-type: none"> <li>• Bottom-up approach to identify opportunities where expected reward is greater than expected risk</li> <li>• Fundamental and quantitative analysis used for sector/industry allocation</li> <li>• Intensive, proprietary research guides credit and issue selection</li> </ul>	Active Management Risk Counterparty Risk Credit Risk Derivatives Risk Impairment of Collateral Risk Interest Rate Risk Liquidity Risk High-Yield Investments Risk Prepayment and Extension Risk Sovereign Debt Risk

Columbia Inflation Protected Securities	<ul style="list-style-type: none"> <li>• Systematic, disciplined process combining top down macro-economic view with bottom-up security selection</li> <li>• Focuses on the inflation-linked securities market incorporating both US and non-US inflation-linked bonds and their nominal comparators</li> <li>• Quantitative risk controls and qualitative risk assessments to minimize portfolio relative volatility</li> </ul>	Active Management Risk Counterparty Risk Credit Risk Derivatives Risk Derivatives Risk/Forward Contracts Risk Derivatives Risk/Futures Contracts Risk Derivatives Risk/Swaps Risk Foreign Securities Risk Forward Commitments on Mortgage-backed Securities (including Dollar Rolls) Risk Frequent Trading Risk Inflation-Protected Securities Risk Interest Rate Risk Leverage Risk Liquidity Risk Mortgage- and Other Asset-Backed Securities Risk Non-Diversification Risk Prepayment and Extension Risk Reinvestment Risk Sovereign Debt Risk U.S. Government Obligations Risk
Columbia Investment Grade Corporate Fixed Income Columbia Global Investment Grade Corporate Fixed Income Columbia Investment Grade Corporate Long Duration Fixed Income Columbia Corporate Limited Duration Fixed Income	<ul style="list-style-type: none"> <li>• Independent, proprietary, fundamental credit research drives the investment process</li> <li>• Quantitative analysis supplements traditional credit research</li> <li>• Active portfolio management to exploit inefficiencies and varying market conditions</li> </ul>	Active Management Risk Credit Risk Emerging Market Securities Risk Foreign Securities Risk High-Yield Investments Risk Interest Rate Risk Liquidity Risk Prepayment and Extension Risk Reinvestment Risk Rule 144A and Other Exempted Securities Risk
Columbia U.S. Government Mortgage Columbia Mortgage Opportunities	<ul style="list-style-type: none"> <li>• Independent, proprietary, fundamental research drives the investment process</li> <li>• Quantitative analysis supplements traditional research</li> <li>• Active portfolio management to exploit inefficiencies and varying market conditions</li> </ul>	Active Management Risk Counterparty Risk Credit Risk Derivatives Risk Derivatives Risk/Futures Contracts Risk Derivatives Risk/Options Risk Derivatives Risk/Swaps Risk Derivatives Risk/Swaptions Risk Forward Commitments on Mortgage-backed Securities (including Dollar Rolls) Risk Frequent Trading Risk High-Yield Investments Risk Interest Rate Risk Leverage Risk Liquidity Risk Money Market Fund Investment Risk Mortgage- and Other Asset-Backed Securities Risk Non-Diversification Risk Prepayment and Extension Risk Reinvestment Risk Repurchase Agreements Risk Rule 144A and Other Exempted Securities Risk Short Positions Risk Sovereign Debt Risk Stripped Mortgage-Backed Securities Risk U.S. Government Obligations Risk

Columbia Long Government/Credit	<ul style="list-style-type: none"> <li>Quantitative and fundamental analysis used to formulate interest rate outlook and strategy</li> <li>Quantitative and fundamental analysis used for sector allocation</li> <li>Fundamental security analysis</li> </ul>	Active Management Risk Credit Risk Derivatives Risk Dollar Rolls Risk Foreign Securities Risk Frequent Trading Risk Interest Rate Risk Investment Strategy Risk Liquidity Risk High-Yield Investments Risk Mortgage- and Other Asset-Backed Securities Risk U.S. Government Obligations Risk
Columbia Intermediate Fixed Income Columbia Core Fixed Income Columbia Core Plus Fixed Income Columbia Core Fixed Income - Government/Credit	<ul style="list-style-type: none"> <li>Bottom-up approach to identify opportunities where expected reward is greater than expected risk</li> <li>Fundamental and quantitative analysis used for sector/industry allocation</li> <li>Intensive, proprietary research guides credit and issue selection</li> </ul>	Active Management Risk Counterparty Risk Credit Risk Derivatives Risk Derivatives Risk/Futures Contracts Risk Derivatives Risk/Swaps Risk Emerging Markets Securities Risk Foreign Securities Risk Forward Commitments on Mortgage-backed Securities (including Dollar Rolls) Risk Frequent Trading Risk High-Yield Investments Risk Interest Rate Risk Liquidity Risk Mortgage- and Other Asset-Backed Securities Risk Preferred Stock Risk Prepayment and Extension Risk Reinvestment Risk Rule 144A and Other Exempted Securities Risk Sovereign Debt Risk U.S. Government Obligations Risk
Columbia Institutional High Yield Fixed Income Columbia High Quality High Yield Fixed Income	<ul style="list-style-type: none"> <li>Fundamental analysis used to formulate market outlook and strategy</li> <li>Top down tactical review guides industry weightings and quality positioning</li> <li>Intensive, fundamental credit research guides credit selection</li> </ul>	Active Management Risk Counterparty Risk Credit Risk Foreign Securities Risk Highly Leveraged Transactions Risk High-Yield Investments Risk Impairment of Collateral Risk Interest Rate Risk Liquidity Risk Prepayment and Extension Risk Reinvestment Risk Rule 144A and Other Exempted Securities Risk Sector Risk
Columbia Short Duration High Yield	<ul style="list-style-type: none"> <li>Fundamental analysis used to formulate market outlook and strategy</li> <li>Intensive, fundamental credit research guides credit selection</li> <li>Strict investment discipline within our stated opportunity is employed to help manage the changing profile of the short duration high yield universe</li> </ul>	Active Management Risk Counterparty Risk Credit Risk Foreign Securities Risk Highly Leveraged Transactions Risk High-Yield Investments Risk Impairment of Collateral Risk Interest Rate Risk Liquidity Risk Prepayment and Extension Risk Reinvestment Risk Rule 144A and Other Exempted Securities Risk Sector Risk

Columbia Global Aggregate Fixed Income	<ul style="list-style-type: none"> <li>Quantitative and fundamental analysis used in country and currency allocation/selection</li> <li>Quantitative and fundamental analysis used to formulate global interest rate outlook and strategy</li> <li>Quantitative and fundamental analysis used for sector allocation</li> <li>Fundamental security analysis</li> </ul>	Active Management Risk Counterparty Risk Credit Risk Derivatives Risk Derivatives Risk/Forward Contracts Derivatives Risk/Forward Foreign Currency Contracts Risk Derivatives Risk/Futures Contracts Risk Emerging Market Securities Risk Foreign Currency Risk Foreign Securities Risk Geographic Focus Risk High-Yield Investments Risk Interest Rate Risk Leverage Risk Liquidity Risk Mortgage- and Other Asset-Backed Securities Risk Non-Diversification Risk Prepayment and Extension Risk Quantitative Model Risk Reinvestment Risk Sector Risk Short Positions Risk Sovereign Debt Risk
Columbia Emerging Markets Fixed Income	<ul style="list-style-type: none"> <li>Top-down fundamental research based approach in analyzing both domestic and US Dollar emerging markets</li> <li>Fundamental research of economic fundamentals for both country and currency selection</li> <li>In depth research of emerging markets fiscal, monetary policy, debt level and current account balances</li> </ul>	Active Management Risk Credit Risk Derivatives Risk Derivatives Risk/Forward Contracts Risk Derivatives Risk/Futures Contracts Risk Derivatives Risk/Swaps Risk Emerging Market Securities Risk Foreign Currency Risk Foreign Securities Risk Frontier Market Risk Geographic Focus Risk High-Yield Investments Risk Interest Rate Risk Liquidity Risk Non-Diversification Risk Prepayment and Extension Risk Reinvestment Risk Rule 144A and Other Exempted Securities Risk Sector Risk Sovereign Debt Risk
Columbia Currency Alpha Absolute Return (USD) Columbia Currency Alpha Plus Absolute Return (USD)	<ul style="list-style-type: none"> <li>Quantitative currency selection process</li> <li>Systematic long-short currency trading strategy</li> <li>Underlying bond securities selected using fundamental and quantitative analysis with goal of matching the return on cash</li> </ul>	Active Management Risk Counterparty Risk Credit Risk Derivatives Risk Derivatives Risk/Forward Contracts Risk Foreign Currency Risk Foreign Currency-Related Tax Risk Geographic Focus Risk Interest Rate Risk Leverage Risk Liquidity Risk Money Market Fund Investment Risk Prepayment and Extension Risk Quantitative Model Risk Reinvestment Risk Short Positions Risk U.S. Government Obligations Risk



Columbia Bank Loan Strategy	<ul style="list-style-type: none"> <li>• Bottom-up, in-house fundamental credit research guides credit selection</li> <li>• Fundamental industry analysis</li> <li>• Focus on downside risk management</li> </ul>	Active Management Risk Confidential Information Access Risk Counterparty Risk Credit Risk –Bank Loans Foreign Securities Risk Highly Leveraged Transactions Risk High-Yield Investments Risk Impairment of Collateral Risk Interest Rate Risk Liquidity Risk Loan Interests Risk Money Market Fund Investment Risk Prepayment and Extension Risk Reinvestment Risk
Columbia Strategic Income Allocation	<ul style="list-style-type: none"> <li>• Bottom-up, fundamental, proprietary research drives credit selection</li> <li>• Tactical sector allocation employs scorecard approach assessing technical, fundamental and valuation factors</li> <li>• Diversified allocation to a broad set of fixed income risks incorporates viewpoints of investment professionals across the organization</li> </ul>	Active Management Risk Convertible Securities Risk Credit Risk Derivatives Risk Derivatives Risk/Forward Contracts Risk Derivatives Risk/Futures Contracts Risk Derivatives Risk/Options Risk Derivatives Risk/Swaps Risk Emerging Market Securities Risk Foreign Securities Risk Forward Commitments on Mortgage-backed Securities (including Dollar Rolls) Risk High-Yield Investments Risk Impairment of Collateral Risk Inflation-Protected Securities Risk Interest Rate Risk Liquidity Risk Loan Interests Risks Mortgage- and Other Asset-Backed Securities Risk Preferred Stock Risk Prepayment and Extension Risk Reinvestment Risk Rule 144A and Other Exempted Securities Risk Sovereign Debt Risk Stripped Mortgage-Backed Securities Risk U.S. Government Obligations Risk
Columbia High Yield Municipal	<ul style="list-style-type: none"> <li>• Relative-value based investment approach focuses on higher yielding, lower quality securities</li> <li>• Focuses on credit selection utilizing strength of bottom-up credit research with no use of leverage and no active interest rate hedging or speculation</li> <li>• Parameters around liquidity and concentration limits help deliver much of the market upside while protecting on the downside</li> <li>• Diversification across issuer, sector, geography and credit quality</li> </ul>	Active Management Risk Credit Risk High-Yield Investments Risk Interest Rate Risk Liquidity Risk Money Market Fund Investment Risk Municipal Securities Risk Prepayment and Extension Risk Reinvestment Risk

Columbia Long Municipal	<ul style="list-style-type: none"> <li>• Relative-value based investment approach</li> <li>• Top-down approach formulates macro-outlook and interest rate position and identifies undervalued sectors</li> <li>• Bottom-up security selection supported by intensive, fundamental credit research</li> <li>• Diversification across issuer, sector, geography and credit quality</li> </ul>	Active Management Risk Credit Risk Derivatives Risk Derivatives Risk/Futures Contracts Risk Derivatives Risk/Inverse Floaters Risk Exchange-Traded Fund (ETF) Risk High-Yield Investments Risk Interest Rate Risk Liquidity Risk Municipal Securities Risk Prepayment and Extension Risk Reinvestment Risk
Columbia Strategic Municipal	<ul style="list-style-type: none"> <li>• Relative-value based investment approach</li> <li>• Top-down approach formulates macro-outlook and interest rate position and identifies undervalued sectors</li> <li>• Bottom-up security selection supported by intensive, fundamental credit research</li> <li>• Diversification across issuer, sector, geography and credit quality while maintaining the flexibility to more nimbly manage its maturity and credit exposures</li> </ul>	Active Management Risk Credit Risk Derivatives Risk Derivatives Risk/Futures Contracts Risk Derivatives Risk/Inverse Floaters Risk Exchange-Traded Fund (ETF) Risk High-Yield Investments Risk Interest Rate Risk Liquidity Risk Money Market Fund Investment Risk Municipal Securities Risk Prepayment and Extension Risk Reinvestment Risk
Columbia U.S. Social Bond	<ul style="list-style-type: none"> <li>• Seeks to achieve a competitive tax-efficient yield by finding good investments first and then investing in those that make the most social impact; the strategy believes that doing well and doing good are not mutually exclusive</li> <li>• Relative-value based investment approach</li> <li>• Top-down approach formulates macro-outlook and interest rate position and identifies undervalued sectors</li> <li>• Bottom-up security selection supported by intensive, fundamental credit research</li> </ul>	Active Management Risk Credit Risk High-Yield Investments Risk Interest Rate Risk Liquidity Risk Municipal Securities Risk Non-Diversification Risk Prepayment and Extension Risk Reinvestment Risk Rule 144A and Other Exempted Securities Risk Social Impact Securities Risk
Columbia US Treasury Index	<ul style="list-style-type: none"> <li>• Tracks the total return of the Citigroup Bond US Treasury Index</li> <li>• Attempts to match the duration characteristics of the Index by employing an optimization-based investment process</li> <li>• Divides the Treasury universe into various sub-sectors based on technical supply and demand dynamics</li> </ul>	Correlation/Tracking Error Risk Credit Risk Interest Rate Risk U.S. Government Obligations Risk

Separate Account Multi-Asset Strategies	Primary Methods of Analysis	Material Risks
Columbia Adaptive Risk Allocation	<ul style="list-style-type: none"> <li>Global, multi-asset strategy utilizes a dynamic benchmarking approach to establish market states</li> <li>Employs risk-balanced benchmark when appropriate, and more conservative/aggressive policy portfolios as warranted by market conditions</li> <li>Distinct policy portfolios promote decisive asset allocation mapped to market states</li> </ul>	Active Management Risk Allocation Risk Commodity-Related Investment Risk Convertible Securities Risk Credit Risk Derivatives Risk Derivatives Risk/Futures Contracts Risk Derivatives Risk/Options Risk Derivatives Risk/Swaps Risk Emerging Market Securities Risk Foreign Securities Risk Frequent Trading Risk High-Yield Investments Risk Inflation Risk Inflation-Protected Securities Risk Interest Rate Risk Leverage Risk Liquidity Risk Money Market Fund Investment Risk Mortgage- and Other Asset-Backed Securities Risk Non-Diversification Risk Preferred Stock Risk Prepayment and Extension Risk Quantitative Model Risk Real Estate-Related Investment Risk Reinvestment Risk Repurchase Agreements Risk Reverse Repurchase Agreements Risk Short Positions Risk Small- and Mid-Cap Company Securities Risk Sovereign Debt Risk U.S. Government Obligations Risk
Columbia Alternative Beta	<ul style="list-style-type: none"> <li>A multi-strategy alternative beta portfolio that manages exposures to the systematic risk premia that are embedded in capital markets</li> <li>Employs qualitative and quantitative research to establish a portfolio of systematically-constructed indices</li> <li>Seeks to capture returns from structure (style, liquidity, momentum, carry, curve, volatility, etc.) and asset classes (equity, fixed income, commodities, currency, credit)</li> </ul>	Active Management Risk Allocation Risk Commodity-Related Investment Risk Derivatives Risk Derivatives Risk/Futures Contracts Risk Derivatives Risk/Options Risk Derivatives Risk/Swaps Risk Frequent Trading Risk Interest Rate Risk Leverage Risk Liquidity Risk Non-Diversification Risk Quantitative Model Risk Reinvestment Risk Repurchase Agreements Risk Reverse Repurchase Agreements Risk Short Positions Risk

### ***Investment Strategies***

We employ various investment strategies through our investment mandates and based on the objectives and strategies of the clients involved. Client portfolios with similar investment mandates, strategies and guidelines are generally managed similarly. Long term (securities held for at least one year), short term (securities sold within one year), trading (securities sold within thirty days) and option strategies, including option writing, may all be used, if permitted by the applicable client investment guidelines. We may also borrow securities in connection with short sales, borrow money to invest in additional portfolio securities or engage in transactions in futures contracts for some clients. We may also provide asset allocation services to certain clients, on either a discretionary or non-discretionary basis, with periodic rebalancing.

In employing investment strategies, we may use certain strategies in an attempt to “hedge” or “neutralize” various risks associated with positions in a client’s portfolio. The instruments used to engage in these hedging strategies include various derivative instruments, such as options, warrants, interest rate swaps, interest rate caps and other derivative

securities. Our attempts to partially or fully hedge a portfolio may not be successful and may cause the portfolio to incur a loss. In addition, some clients, including affiliates who hire us, may attempt to hedge or neutralize various risks in their portfolios independently and with no input from us.

Columbia Management Investment Advisers became a signatory to the United Nations-supported Principles for Responsible Investment (“PRI”) in October 2014. The PRI initiative is based on six principles that address the integration of environmental, social and governance (“ESG”) factors into investment decision-making and stewardship practices. As a PRI signatory, Columbia Management Investment Advisers has committed to considering ESG factors, where appropriate and consistent with our fiduciary duty, that identify material associated risks and opportunities that may bear on the long-term value creation and sustainability of a company. While we follow the PRI principles, becoming a PRI signatory does not require the application of specific ESG restrictions in our investment process, and we may take actions inconsistent with the PRI if in our judgment it is in the best interests of our clients to do so.

While we believe that integrating ESG factors enables portfolio managers to make better informed investment decisions, each portfolio management team within Columbia Management Investment Advisers makes its own investment decisions and certain teams may put more or less emphasis on ESG factors in any given investment decision. ESG restrictions (i.e., exclusions of tobacco or gaming companies, etc.) are not systematically applied in client portfolios unless we are specifically directed to do so by a client. We also endeavor to vote all client proxies in the best interests of clients and to take into account ESG factors. Please refer to “Voting Client Securities” herein for more information about Columbia Management Investment Adviser’s proxy voting practices.

### **DISCIPLINARY INFORMATION**

A description of certain regulatory, governmental agency and litigation matters is provided below. Where required, we also provide disclosure regarding such matters in Part 1A of our ADV.

**Litigation Matters.** In September 2006, the Office of the Attorney General of the State of New York (“NYAG”) commenced a civil action in New York State Supreme Court against J. & W. Seligman & Co. Incorporated (“Seligman”), Seligman Advisors, Inc. (now known as Columbia Management Investment Distributors, Inc. (“Columbia Management Investment Distributors”), Seligman Data Corp. and Brian T. Zino (collectively, the “Seligman Parties”), alleging, in substance, that the Seligman Parties permitted various persons to engage in frequent trading and, as a result, the prospectus disclosure used by the registered investment companies then managed by Seligman is and has been misleading. The NYAG included other related claims and also claimed that the fees charged by Seligman to the Seligman Funds were excessive.

On March 13, 2009, without admitting or denying any violations of law or wrongdoing, the Seligman Parties entered into a stipulation of settlement with the NYAG and settled the claims made by the NYAG. Under the terms of the settlement, Seligman paid \$11.3 million to four Seligman Funds. This settlement resolved all outstanding matters between the Seligman Parties and the NYAG. In addition to the foregoing matter, the New York staff of the SEC indicated in September 2005 that it was considering recommending to the Commissioners of the SEC the instituting of a formal action against Seligman and Seligman Advisors, Inc. relating to frequent trading in the Seligman Funds. Seligman responded to the staff in October 2005 that it believed that any action would be both inappropriate and unnecessary, especially in light of the fact that Seligman had previously resolved the underlying issue with the Independent Directors of the Seligman Funds and made recompense to the affected Seligman Funds. There have been no further developments with the SEC on this matter.

**Other Matters.** Ameriprise Financial, Inc. and certain of its affiliates, including us, have been involved in other legal, arbitration and/or regulatory matters concerning their respective business activities. These matters include routine litigation, class actions, and regulatory or governmental agency examinations and investigations. As a matter of policy, we do not typically provide copies of letters or responses stemming from regulatory or governmental examinations or investigations, or publish information relating to ongoing exams, investigations or litigation. However, upon request of a prospective or current client, we may communicate the results of completed exams, investigations or litigation or the status of ongoing matters.

To the best of our knowledge, neither we nor Ameriprise Financial, nor any of our affiliates, is currently the subject of any pending legal, arbitration, regulatory or other governmental matters that are likely to have a material adverse effect on Ameriprise Financial's financial condition or our ability to meet our contractual commitments to clients. Ameriprise Financial is required to make 10Q, 10-K and, as necessary, 8-K filings with the Securities and Exchange Commission on legal and regulatory matters that relate to Ameriprise Financial and its affiliates. Copies of these filings may be obtained by accessing the SEC website at [www.sec.gov](http://www.sec.gov).

## **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Columbia Management Investment Advisers is not a registered broker-dealer; however some of the Members of our Board of Governors, hereinafter referred to as “Directors” and our principal executive officers (together, “Directors and Executive Officers”) hold one or more securities licenses with the Financial Industry Regulatory Authority (“FINRA”) through our affiliated broker-dealer, Columbia Management Investment Distributors. Columbia Management Investment Advisers is also registered with the Commodity Futures Trading Commission (“CFTC”) as a commodity pool operator (“CPO”), a commodity trading advisor (“CTA”) and a swap firm. This registration is administered through the National Futures Association (“NFA”). Certain of its Directors and Executive Officers are registered with the NFA as Principals and/or Associated Persons of Columbia Management Investment Advisers, if necessary or appropriate to perform their responsibilities. More information about our Directors and Executive Officers can be found in Part 1A of our Form ADV.

### ***Directors and Executive Officers***

The following is the education and business background of our Directors and Executive Officers who may also be officers or directors of Ameriprise Financial or its other subsidiaries. Many of our Directors and Executive Officers had leadership roles at one of the Columbia Threadneedle Investments legacy firms prior to joining the Ameriprise organization.

Lee A. Faria (born in 1965) Vice President and Chief Compliance Officer. Prior to becoming Chief Compliance Officer in 2013, Ms. Faria served as the Conflicts Officer for one of the Columbia Threadneedle Investments legacy firms, overseeing a group of employees responsible for compliance with the Code of Ethics /personal trading, political contributions, outside activities, and compliance administration with certain fiduciary-related policies. Previously, she was a Senior Vice President and Compliance Executive. She has over twenty years of legal and compliance experience with a substantial investment adviser regulation background. Ms. Faria received her B.A. from Wellesley College and J.D. from Suffolk University Law School, and is a member of the Massachusetts Bar Association.

Paul B. Goucher (born in 1968) Vice President, Chief Legal Officer and Assistant Secretary. Mr. Goucher joined the Ameriprise organization in 2008 when Ameriprise Financial acquired J. & W. Seligman & Co. Incorporated. While at Seligman from 1997 to 2008, Mr. Goucher held various legal roles supporting numerous Seligman entities, ending his tenure there as a Director and its General Counsel and Corporate Secretary. Since joining the Ameriprise organization he has held numerous legal leadership roles supporting the asset management businesses and is also currently Senior Vice President, Assistant General Counsel and Global Head of Asset Management Legal, Ameriprise Financial, Inc. and Senior Vice President, Chief Legal Officer and Assistant Secretary of the Columbia Funds. He earned a B.S. degree from Providence College and a J.D. degree from Albany Law School.

Stephen J. Harasimowicz (born in 1959) Senior Vice President and Global Head of Trading. In addition to his role as the Global Head of Trading, Mr. Harasimowicz is also a member of the Investment Oversight, Valuation and Trading Committees and Chairman of the Complex Securities Committee. He joined one of the Columbia Threadneedle Investments legacy firms in 1994 as the Head of Fixed Income Trading. Previously, Mr. Harasimowicz was a director of fixed-income proprietary trading at CDC Capital in New York. Before that, he was employed in the institutional trading departments at Chase Manhattan Bank, Kidder Peabody and E.F. Hutton. He has been a member of the investment community since 1982. Mr. Harasimowicz received a B.A. in economics from Middlebury College and an M.B.A. from the New York University Stern School of Business.

Anthony P. “Tony” Haugen (born in 1964) Director, Vice President and Chief Financial Officer. Mr. Haugen joined the Ameriprise organization in 2004 as VP-Lead Financial Officer Retirement Services and has held numerous finance leadership positions supporting the asset management, insurance, financial planning and wealth management businesses within Ameriprise. In 2008, he became Vice President and Lead Financial Officer - Asset Management. Prior to joining Ameriprise, he held leadership roles in finance and operations at United Healthcare and ReliaStar (later ING North

America) for approximately 17 years. He assumed his current role in 2016. He earned a B.S. in Accounting from Bemidji State University and holds an active Certified Management Accountant (CMA) designation from the Institute of Management Accountants.

Amy K. Johnson (born in 1965) Managing Director and Global Head of Operations. Ms. Johnson joined the Ameriprise organization in 2001 as Director – Product Development and Research. In 2004 she assumed the role of Vice President – Operations and Compliance focused on asset management products, and became Vice President – Asset Management and Trust Company Services from November 2006 to May 2009. She was our Chief Administrative Officer from May 2009 to May 2010 and became our Chief Operating Officer in 2010. She assumed her current role in 2016. She earned B.S. and M.A. degrees in Accounting at the University of Iowa and is also a Certified Public Accountant.

Jeffrey L. Knight (born in 1965) Managing Director, Global Head of Solutions and Co-Head of Global Asset Allocation. Prior to joining the Ameriprise organization in 2013 as the Head of Global Asset Allocation, Mr. Knight was employed by Putnam Investments where he most recently managed several mutual funds and institutional strategies as Head of Global Asset Allocation. He began at Putnam in 1993 as Senior Quantitative Analyst in the Global Asset Allocation Group and was instrumental in the development of quantitative models and methodologies. He has a B.A. from Colgate University and an MBA from the Tuck School of Business at Dartmouth College. He is a CFA charterholder and has been in the investment industry since 1987.

Joseph D. Kringdon (born in 1959) Director, Managing Director and Head of Intermediary Distribution. Mr. Kringdon leads the U.S. intermediary business across all channels, including our Defined Contribution Investment Only (“DCIO”) and 529 businesses. Prior to joining the Ameriprise organization in 2014, Mr. Kringdon was Executive Vice President and Head of U.S. Retail Sales and Marketing at Pioneer Investments from 2008 to 2014. Prior to that, Mr. Kringdon was a Managing Director at Putnam with oversight for all channels of retail sales on the Eastern seaboard and also held various distribution roles at Smith Barney and Merrill Lynch. He has been in the investment community for over 30 years. He received a B.A. from the College of the Holy Cross and holds one or more securities licenses.

William J. Landes, Ph. D. (born in 1953) Senior Vice President, Deputy Global Head of Solutions and Global Head of Alternatives. Prior to joining the Ameriprise organization in 2014, Mr. Landes was Chief Investment Officer of the multi-asset business for Gottex Fund Management from 2008 to 2014. Before that he was Chief Executive Officer at 2100 Capital Group from 2004 to 2008. Mr. Landes started his investment career at Putnam Investments as chief investment officer of global asset allocation, global currency, and quantitative equity. He was also the firm’s global head of investment research and has been in the investment community since 1985. Mr. Landes received a B.S. in economics from the University of Findlay and a Ph.D. in finance from University of Cincinnati.

Colin J. Lundgren (born in 1964) Managing Director and Global Head of Fixed Income. Mr. Lundgren joined the Ameriprise Financial organization in 1986 and became manager of the Investment Statistical Group in 1989. Since then, he has held positions of responsibility for the development and operation of enhanced equity index products, fixed income quantitative analysis, mortgage sector analysis and portfolio management, most recently as Sector Leader, Institutional Fixed Income and Asset Allocation. He became our Head of Fixed Income in 2010, Deputy Global Head of Fixed Income in early 2017 and Global Head of Fixed Income in September 2017. He earned a B.A. in Political Science from Lake Forest College and earned the Chartered Financial Analyst designation in 1995. He is a member of the Twin Cities Society of Security Analysts.

Melda Mergen (born in 1974) Managing Director and Deputy Global Head of Equities. Prior to assuming this role in 2017 she was Managing Director and Head of Equities from 2014 and a Portfolio Manager and the Head of Investment Oversight from 2007 to 2014. She joined one of the Columbia Threadneedle Investments legacy firms in 1999 as quantitative research analyst. Ms. Mergen earned a B.A. in economics from Bogazici University and an M.B.A. from the University of Massachusetts at Amherst. She is a member of the Boston Security Analysts Society and the CFA Institute. In addition, she holds the Chartered Financial Analyst and Chartered Alternative Investment Analyst designations.

Colin Moore (born in 1958) Director, Executive Vice President and Global Chief Investment Officer. He also serves as the Head of Equities. Prior to joining the Ameriprise organization in 2010, he was the Chief Investment Officer and Head of Fundamental and Quantitative Equity Investments and Fixed Income and Liquidity Strategies of one of the Columbia

Threadneedle Investments legacy firms from 2002 to 2010. Mr. Moore attended the London Business School where he completed their Investment Management Program. He has been a member of the investment community since 1983.

Jeffrey F. Peters (born in 1965) Director, Managing Director and Head of Global Institutional Distribution. Prior to joining the Ameriprise organization in 2010, he was employed by one of the Columbia Threadneedle Investments legacy firms from 2007 to 2010, most recently as a Managing Director and Head of Global Institutional Distribution. Prior to that, he was employed by Putnam Investments from 1999 to 2007 where he held numerous positions including Senior Managing Director and Head of International Business. He also served as Putnam Investments' Chief Operating Officer of International Business and Managing Director of Corporate Development. Mr. Peters has been a member of the investment community since 1987. He earned a B.A. degree in Economics from Princeton University and an M.B.A. degree from Harvard Graduate School of Business and holds one or more securities licenses.

William F. "Ted" Truscott (born in 1960) President and Chairman of the Board. Mr. Truscott is also Chief Executive Officer – Global Asset Management of Ameriprise Financial and Chairman of the Board and Chief Executive Officer of Columbia Management Investment Distributors. Mr. Truscott is also a Director of the Columbia Funds (since 2001) and was our Chief Investment Officer from 2002 to 2010. Mr. Truscott joined the Ameriprise organization in 2001. Prior to that, Mr. Truscott had served as Chief Investment Officer with Zurich Scudder Investments, Americas, from October 2000 through August 2001 and Managing Director of Zurich Scudder Investments from January 1996 through October 2000. He received a B.A. degree in East Asian Studies from Middlebury College and an M.B.A. degree from New York University and holds one or more securities licenses.

### ***Multiple Roles Played by Certain Directors and Executive Officers***

Some of our Directors and Executive Officers and employees are also directors, officers or employees of our parent company or one or more affiliates that may directly or indirectly benefit from our client relationships or advisory activities. In these circumstances, the potential for a conflict of interest exists between the obligations to our clients and the incentive to make recommendations, or take actions, that benefit one or more of our other affiliates as well as conflicts among the affiliated entities with respect to the allocation of resources and the Director or Executive Officer's time. We believe these potential conflicts are mitigated because our employees are subject to a Code of Ethics and various policies that require these employees to act in the best interests of our clients and to put the needs of our clients first at all times.

### ***Business Activities and Affiliations***

As part of the Ameriprise Financial organization, we receive general corporate services, including administrative and client account support, equipment and facilities from Ameriprise Financial and certain of its wholly-owned subsidiaries, some of which are domiciled in foreign jurisdictions. For example, certain back-office and administrative and client account support services are provided by a wholly-owned subsidiary of Ameriprise Financial based in India. Threadneedle, an organization more fully described below, assists us in meeting various international regulatory requirements and collaborates with us in providing certain asset management services. Our eligible employees also receive certain employee benefits from Ameriprise Financial. To the extent employees of Ameriprise Financial are provided access to proprietary investment information conflicts may exist. To mitigate such conflicts these employees are subject to a Code of Ethics and various policies that limit the use of such information. Please see "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading."

While our principal business is investment advisory services, we also provide client services and financial product development and support. We may also provide our clients with investment accounting and other administrative services through a sub-delegation arrangement with our parent company, Ameriprise Financial.

As described below and in "Global Asset Management" above, many of our affiliates engage in activities that are material to our advisory business or to our clients. We may utilize, suggest or recommend the services of these affiliated entities. This practice may give our personnel an incentive to make recommendations, or take actions, that benefit the affiliated entity or put the affiliated entity's interests ahead of our clients' needs.

Our employees are subject to a Code of Ethics and various policies that require our employees to act in the best interests of our clients and to put the needs of our clients first at all times.

### Broker-Dealers and Municipal Securities Dealer

Columbia Management Investment Distributors, an SEC-registered broker-dealer, serves as the principal underwriter and distributor of the Funds and serves as a placement agent or distributor of Private Funds managed by us. Columbia Management Investment Distributors also provides certain marketing, distribution and sales support services for certain collective funds, which are maintained by ATC and many of which are subadvised by us, and for private funds managed by an affiliate. Many of our sales personnel are registered representatives of Columbia Management Investment Distributors, and may present investment opportunities in the Funds, Private Funds and collective funds managed by us and private funds managed by an affiliate to our current and prospective clients, and receive compensation to do so. Columbia Management Investment Distributors also serves as the distributor of the investment companies offered and sold to insurance companies as part of the Columbia Funds Variable Insurance Trust, the Columbia Funds Variable Insurance Trust I and the Columbia Funds Variable Series Trust II (collectively, the “Variable Series Trust funds”) and the Wanger Advisors Trust funds. Columbia Management Investment Distributors is also registered as a municipal securities dealer with the Municipal Securities Rulemaking Board and provides program management services to the 529 Plan for which we serve as the overall program manager.

RiverSource Distributors, Inc., an SEC-registered broker-dealer (“RiverSource Distributors”), distributes variable annuity and variable life insurance products issued by RiverSource Life Insurance Company (“RiverSource Life”) and RiverSource Life Insurance Co. of New York (“RiverSource Life of NY”) through Ameriprise Financial Services.

We pay from our own resources or arrange for the payment of financial support to Columbia Management Investment Distributors and RiverSource Distributors to help promote and support the distribution of the Variable Series Trust funds and other Funds.

We are also affiliated with Ameriprise Financial Services, an SEC-registered broker-dealer and investment adviser that is a subsidiary of Ameriprise Financial. Ameriprise Financial Services and other third-party broker-dealers distribute the shares of the Mutual Funds we manage and may also offer and sell shares of any registered Closed-End Funds that we develop or currently manage. As one of the largest distributors of funds managed by us, Ameriprise Financial Services is one of several of Columbia Management Investment Distributors’ “Focus Firms”. From time to time, employee financial advisors and/or independent contractor franchisees and/or associate financial advisors of Ameriprise Financial Services may refer prospective clients to us through a solicitation arrangement. More information about this arrangement can be found in “Referral Arrangements/Sales Compensation”. Additionally, Ameriprise Financial Services may also serve as an underwriter or member of a selling group for securities offerings, including those issued by affiliates. We may purchase securities from underwriting syndicates in which Ameriprise Financial Services participates as a syndicate manager or member, subject to certain regulatory requirements.

As noted previously, we participate in Wrap Fee Programs sponsored by Ameriprise Financial Services. In connection with these programs, another broker-dealer affiliate of ours, American Enterprise Investment Services Inc. (“AEIS”), may provide custody and safekeeping services for Wrap Fee Program client assets and will ordinarily act as the custodian for all assets held in those Wrap Fee Program accounts. Please see the Custody section that follows for more information. AEIS also serves as Ameriprise Financial Services’ clearing agent in providing execution and clearing capabilities for program transactions that are executed by Ameriprise Financial Services. Ameriprise Financial Services and AEIS have an agreement pursuant to which Ameriprise Financial Services introduces customer accounts to AEIS on a fully disclosed basis and AEIS provides execution, record keeping, and all other clearing functions for accounts. Aside from these Wrap Fee Program activities, we do not execute securities transactions through our broker-dealer affiliates. We provide all Wrap Fee Program sponsors with comparable services and access to information about the strategies we manage for them.

### Investment Companies and Other Pooled Investment Vehicles

We are affiliated with investment companies and other pooled vehicles managed by us or our affiliates, including the Funds, ACC, certain Private Funds and offshore funds. Ameriprise Financial provides certain support services for the Funds and ACC. To the extent employees of Ameriprise Financial are provided access to proprietary investment information conflicts may exist. To mitigate such conflicts these employees are subject to a Code of Ethics and various policies that limit the use of such information. Please see “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.”



### Investment Advisers

We own 100% of Columbia Wanger Asset Management, LLC (“Wanger”), an SEC-registered investment adviser that manages certain registered Mutual Funds under the offering brands Columbia Acorn Funds and Wanger Advisors Trust as well as institutional separate accounts. Wanger also serves as the subadviser to certain of the Variable Series Trust funds, a series of variable funds that are distributed by Columbia Management Investment Distributors. Ameriprise Financial provides certain support services to Wanger in connection with its services to these funds and accounts.

We also own 100% of Lionstone Partners, LLC (“Lionstone”), an SEC-registered investment adviser and exempt commodity pool operator that provides investment advisory services to private investment funds and a managed account that focus on real estate and real estate-related transactions under the offering brands Lionstone Investments and The Lionstone Group. Lionstone is affiliated with other Lionstone investment advisers registered with the SEC under the Advisers Act pursuant to Lionstone’s registration in accordance with SEC guidance. These advisers are listed in Section 7.A. of Schedule D of Lionstone’s Form ADV Part 1A. These affiliated investment advisers operate as a single advisory business together with Lionstone and serve as managers or general partners of private investment funds and other pooled vehicles.

Our parent company, Ameriprise Financial, also indirectly owns certain of our Advisory Affiliates, including Threadneedle International Limited (“TINTL”) a Financial Conduct Authority (“FCA”) and SEC-registered adviser; Threadneedle Asset Management Limited (“TAML”), an FCA-registered adviser; Threadneedle Investments Singapore (Pte) Ltd. (“TIS”), an adviser regulated by the Monetary Authority of Singapore, and Threadneedle Asset Management Malaysia SDN. BHD., a Malaysian-based investment adviser. We are also affiliated with Columbia Threadneedle Investments (ME) Limited which is registered to advise on financial products and arrange deals in investments in the Dubai International Financial Centre. In addition to the arrangements described previously under “Global Asset Management”, we also have agreements with TINTL under which TINTL provides discretionary advisory services to some of our clients in a sub-advisory capacity, including certain Mutual Funds and Private Funds advised by us. We have written solicitation arrangements with TINTL, TIS and Threadneedle Portfolio Services Hong Kong Ltd. (including their respective branches) that provide for payment of compensation to employees for the referral of clients. TINTL, TAML, TIS and Threadneedle Asset Management Malaysia SDN. BHD. make up Threadneedle Asset Management, which is a separate firm for GIPS® compliance purposes. In addition, we may enter into similar or other arrangements with our other Advisory Affiliates.

TIS holds a capital markets services license for fund management under the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), as well as a securities dealing license under the SFA. Pursuant to an arrangement that has been approved by the Monetary Authority of Singapore, we are permitted to provide fund management (discretionary investment management) services to accredited, expert and institutional clients in Singapore in accordance with the terms of the approval, and TIS is permitted to market such services on our behalf. Pursuant to its securities dealing license, TIS is also permitted to provide trading services to accounts for which it is not providing discretionary investment management services, including our accounts.

We are also affiliated with Ameriprise Financial Services, an SEC-registered investment adviser and broker-dealer that provides retail investment advisory services and engages in the broker-dealer activities described above.

### Financial Planning Firm

Our affiliate, Ameriprise Financial Services, a dually registered investment adviser and broker-dealer as previously described, also offers financial planning services through its Ameriprise Financial Planning Service in the form of a personal financial plan that includes analysis and written recommendations that may include specific investment recommendations and other product solutions available from Ameriprise Financial Services and its affiliates. Products recommended may include Registered Funds or other products managed by us, and asset allocation and financial planning tools used may be developed based on the input or recommendations of our portfolio management personnel. Ameriprise Financial Services may also provide pension consulting services from time to time.

### Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Advisor

We trade commodity interests for certain client accounts which requires us to be registered with the CFTC as a CPO, a CTA and a swap firm. Additionally, our Advisory Affiliate TINTL is also registered as a CTA and Ameriprise Financial

Services is registered with the CFTC as a CTA and has obtained membership with the NFA in connection with such registration.

### Banking or Thrift Institutions

Ameriprise Trust Company, a Minnesota-chartered trust company, serves as trustee and offers investment management and related services to collective funds and institutional separate accounts. We provide investment advice to certain of these funds and accounts in a subadvised capacity. ATC serves as the named custodian for these clients and ACC although certain custodial functions are delegated to a sub-custodian engaged by ATC.

We are also affiliated with and provide asset-liability and investment management to Ameriprise National Trust Bank, a non-depository national trust bank subsidiary of Ameriprise Financial that offers trust products and services to clients of Ameriprise Financial Services.

### Insurance Companies

Through Ameriprise Financial, we are affiliated with RiverSource Life, a licensed insurance company in 49 states, as well as the District of Columbia and American Samoa and with RiverSource Life of NY, licensed to do business as an insurance company in New York. The products of our insurance company affiliates include fixed, variable life, and disability insurance and fixed and variable annuities. Additionally, the Variable Series Trust funds we manage are investment options offered within those variable annuity and variable life insurance products.

### Private Funds

We sponsor and serve as investment adviser to several Private Funds organized as limited partnerships, limited liability corporations or non-U.S. entities. We are the parent to various entities that serve as the general partner or managing member of these private investment vehicles.

### Subadvisory Relationships

In certain cases, we hire other investment advisers to provide discretionary advisory services to our advisory clients in a subadvised capacity. The subadvisers we hire may be affiliated or non-affiliated. We have an active subadvisory oversight program in place that includes initial due diligence and ongoing supervision of investment management that is applicable to all affiliated and non-affiliated funds. We do not receive direct or indirect compensation from unaffiliated subadvisers in connection with the subadvisory services they provide to us; rather we pay them for the services they provide. We also serve in a subadvisory capacity for U.S. and offshore investment companies, both registered and unregistered, and U.S. and non-U.S. clients, in each case that are advised by affiliates or third parties.

### Affiliated Indexes

We and our affiliates may develop, own and operate stock market and other indexes (each, an “Affiliated Index”) based on investment and trading strategies developed by us or our affiliates (“Affiliated Index Strategies”). Some of the exchange-traded funds (“ETFs”) for which we act as investment adviser (the “Affiliated Index ETFs”) seek to track the performance of the Affiliated Indexes. We may, from time to time, manage other funds or accounts that invest in these Affiliated Index ETFs. In the future, we may manage client accounts that track the same Affiliated Indexes used by the Affiliated Index ETFs or which are based on the same, or substantially similar, Affiliated Index Strategies that are used in the operation of the Affiliated Indexes and the Affiliated Index ETFs.

The operation of the Affiliated Indexes, the Affiliated Index ETFs and other accounts we manage in this manner may give rise to potential conflicts of interest. For example, any accounts managed by us that seek to track the same Affiliated Indexes may engage in purchases and sales of securities at different times. These differences may result in the certain accounts having more favorable performance relative to that of the Affiliated Index or other accounts that seek to track the Affiliated Index. Other potential conflicts include, among others, the potential for unauthorized access to Affiliated Index information, allowing Affiliated Index changes that benefit us or other accounts managed by us and not the clients in the accounts seeking to track the Affiliated Index.

We have adopted policies and procedures as well as other controls that are designed to mitigate potential conflicts that may arise in connection with our operation of the Affiliated Indexes, the Affiliated Index ETFs and other accounts.

To the extent it is intended that an account (other than the Affiliated Index ETFs) managed by Columbia Management Investment Advisers track an Affiliated Index, the account’s performance and/or holdings may not match those of the

Affiliated Index, and may vary substantially from those of such index for any period of time for reasons including, but not limited to, the account's investment guidelines, restrictions, liquidity requirements or cash inflows. We and our affiliates are not obligated to license our Affiliated Indexes to clients or other third-parties.

## **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### ***Our Approach to Conflicts of Interest***

Ameriprise Financial and its subsidiaries, which includes us, constitute a large diversified financial services organization. As a result of this and other aspects of our business, conflicts of interest may arise among our different clients and among us, our affiliates and our clients. Conflicts of interest that may arise in the course of providing investment advisory services are described throughout this brochure, as are some of our policies and procedures designed to address specific conflicts of interest, such as our Code of Ethics and trading procedures.

We have a compliance program in place that is intended to identify, mitigate and, in some instances, prevent actual and potential conflicts of interest, as well as to ensure compliance with legal and regulatory requirements and ensure compliance with client investment guidelines and restrictions. Our compliance program includes written policies and procedures that we believe are reasonably designed to prevent violations of applicable law and regulations. We have appointed a senior member of the compliance group as the Conflicts Officer to serve as both a resource to employees as well as to help ensure the compliance program appropriately addresses conflicts.

Our various business units typically take front-line responsibility for ongoing implementation and supervision of our policies and procedures, with monitoring provided by our compliance department. We also maintain various committees, which provide oversight and review of compliance across functional boundaries including several operating committees, whose membership is comprised of personnel from the impacted business area(s). These committees receive input from our compliance and legal departments and help ensure compliance with some of these policies and procedures. Some of the key committees (or subcommittees) supporting our compliance program efforts include those committees (or subcommittees) responsible for investment oversight, proxy voting, subadviser oversight, Code of Ethics oversight, valuation, trading, including complex securities and best execution, portfolio holdings disclosure and new products.

### ***Code of Ethics/Personal Trading Rules and Procedures***

We and certain of our affiliates have adopted the Global Asset Management Personal Account Dealing and Code of Ethics ("Code") that sets forth standards of business conduct and principles to mitigate conflicts of interest for all our "Covered Persons" as they perform their respective roles and responsibilities and when they engage in personal securities transactions. Covered Persons are persons who have access to our nonpublic client information, such as information about purchases or sales of portfolio securities for clients' accounts, and may include employees of our affiliates and/or vendors. All Covered Persons are required to conduct most personal trades through designated broker-dealers unless an exception has been granted or in the case of Covered Persons at a non-U.S. affiliate, at a broker-dealer otherwise approved by such affiliate. Further, all Covered Persons must complete annual certifications regarding their personal securities accounts and holdings and attest that they have read and understand the Code. In addition they must also comply with quarterly reporting requirements.

The specific provisions under the Code seek to ensure that clients' interests are placed ahead of the interests of Covered Persons. Under the Code, Covered Persons must pre-clear investments in most types of securities, are restricted with respect to the timing of certain transactions and are prohibited from making certain transactions. The Code also contains short swing profit prohibitions applicable to all Covered Persons and trading black-out periods which apply to applicable portfolio managers and traders. These prohibitions are subject to limited exceptions.

The Code contains specific provisions relating to Fund shares, including a prohibition on direct or indirect market timing and, for Covered Persons, a 30-day holding period for Covered Funds subject to limited exceptions. Covered Funds are those funds for which we or an affiliate serves as an investment adviser or subadviser or for which an affiliate serves as principal underwriter.

We will provide a copy of the Code to any client or prospective client upon request. Clients may obtain a copy by writing to us at the address set forth on the cover of this Brochure or calling the phone number that appears on that page.

### ***Material Non-Public Information***

We and our employees may, from time to time, come into possession of material, nonpublic information which, if disclosed, might affect an investor's decision to buy, sell or hold a security including, as appropriate, shares of pooled vehicles. The Code of Ethics incorporates our "Material Non-Public Information Policy" which prohibits the misuse of material nonpublic information by us, our employees and those of our affiliates who may provide certain services to our accounts. Those who possess material nonpublic information must not (a) use that information to obtain profits, mitigate losses or otherwise secure benefits for us, our clients, any of our affiliates or their clients, themselves or others, (b) engage in transactions or make recommendations while in possession of material nonpublic information, or (c) disclose that information to others (except to Legal and Compliance personnel who assist in administering the Material Non-Public Information Policy or persons authorized by Legal and Compliance). In addition, we have adopted procedures designed to restrict trading in an issuer's securities in situations where we or one of our employees, or an employee of one of our affiliates, possesses material nonpublic information regarding the issuer's securities. These prohibitions and restrictions on trading or sharing information may result in our not purchasing or selling securities for a client account or not fully communicating material investment ideas despite our view that a purchase, sale or communication would benefit client accounts. Losses could be incurred if we cannot close out a position. In certain situations where material nonpublic information is obtained, these procedures also allow for the creation of an "information wall" to contain information within a small group and avoid a firm-wide prohibition on trading. However, our Legal and Compliance department may determine that an information wall is not appropriate under the circumstances and restrict trading across the entire firm, including its affiliates (as applicable).

Our Code of Ethics Committee is responsible for enforcing compliance with the Code of Ethics. Persons who violate the Code of Ethics or the Material Non-Public Information Policy are subject to sanctions, which vary depending on the nature of the violation and local law and regulations, but may include termination of employment.

### ***Products Sold or Managed by Us in Which We Have an Interest***

Our employees who are also registered representatives of our affiliated broker-dealer, Columbia Management Investment Distributors, may offer qualified clients the opportunity to invest in a Registered Fund or Private Fund managed by us or a collective fund maintained by our affiliate, ATC, and subadvised by us or a private fund managed by an affiliate. This creates a potential conflict we mitigate by not exercising our discretion to place client assets in those funds unless it is suitable, allowed by a specific provision in the client's agreement with us and is done in accordance with applicable legal requirements.

We provide asset allocation services to certain clients and doing so may present conflicts of interest. For example, we act as investment adviser to model portfolios, funds of funds and Wrap Fee Programs that invest in Registered Funds that are also advised by us. Also, when deciding which underlying Registered Funds to recommend or invest in, we have an incentive to allocate more assets to underlying Registered Funds that are more profitable for us or otherwise benefit us (e.g., our contractual expense reimbursement for an underlying Registered Fund may become inapplicable because of our allocation decision). In these situations, how we exercise our influence over the choices of funds included in model portfolios, funds of funds, or Wrap Fee Program strategies may be influenced by whether we believe an underlying Registered Fund may benefit from additional assets or be harmed by redemptions. With respect to these funds of funds and Wrap Fee Programs, the portfolio managers of the investing funds may have access to non-public portfolio holdings information of the underlying Registered Funds. In addition, in our capacity as investment adviser to the underlying Registered Funds that may be used in certain advisory programs, we monitor the performance of the underlying Registered Funds. In this role, we may, from time to time, recommend to the board of directors of an underlying Registered Fund a change in portfolio management or fund strategy or the closure or merger of a fund. Moreover, where a third party is involved in the implementation or sponsorship of an asset allocation program, we may provide input to the third party in connection with overall program structure that results in certain direct or indirect benefits to us and/or our affiliates. All of these factors may also influence our decisions, and the identification of the universe of available funds in connection with the development and ongoing maintenance of these programs.

There are also performance risks associated with the periodic rebalancing and updating of asset allocation portfolios, and these risks present certain conflicts of interest for us in situations where we manage the underlying Registered Funds used in an asset allocation program. For example, rebalancing a portfolio in an asset allocation program can cause the underlying funds in which the portfolio invests to incur taxes or transactional expenses to raise cash for money flowing out of the funds or to buy securities with money flowing into the funds and may cause the funds to sell securities at less favorable prices than would be the case if the fund's manager were not forced to raise cash in the portfolio. These price differences could be significant during periods of market stress, where disorderly market conditions may make it difficult or impossible to sell investments at certain prices or at all. Moreover, large outflows of money from the funds may increase the expenses attributable to the assets remaining in the funds. These factors can adversely affect the performance of the relevant funds and the asset allocation portfolios themselves.

In addition, when a particular fund needs to buy or sell securities due to periodic rebalancing or updating of an asset allocation portfolio, it may hold a large cash position. A large cash position (generated by selling securities or large inflows) could detract from the achievement of the fund's investment objective in a period of rising market prices; conversely, a large cash position would reduce the fund's magnitude of loss in the event of falling market prices and provide the fund with liquidity to make additional investments or to meet redemptions. For additional information regarding the risks of investing in a particular fund, see that fund's prospectus.

In recommending or implementing specific investment decisions through different accounts, programs and investment vehicles, including asset allocation services, the timing of the implementation of our advice may differ among the various accounts or investment vehicles. Differences among the accounts, programs and investment vehicles that impact this timing include, among others, whether the account is managed on a non-discretionary basis and whether a third party is involved in the implementation of the advice. Differences in timing may result in one client receiving better or worse investment performance than a client receiving similar advice through a different account, program or investment vehicle. The timing and sequencing of trades executed for discretionary accounts in these programs, as well as underlying funds, is influenced by many factors such as the size of an asset allocation shift, the related cash flows in and out of the underlying funds, market conditions and the potentially differing views of those managing underlying Registered Funds. Our investment professionals that manage accounts in these programs may also manage accounts for a variety of clients, including other institutional clients. In these situations, we seek to provide a process that is designed to prevent an unfair advantage in the timing and sequencing of trades for all client accounts over time, though in any given trading sequence, one client account or group of client accounts may receive more or less favorable timing of trade execution.

We or an affiliate may invest assets in a Registered Fund for the purpose of providing seed money at the time of launch. When sufficient client assets are invested in such Registered Fund, the seed money may be withdrawn, though we would seek to do so without impairing our ability to effectively manage the Registered Fund or causing harm to existing Registered Fund shareholders. In addition, our employees are investors in the Funds and other pooled investment vehicles for which we or a related person acts as investment adviser. In some cases, these investments are substantial. These investment vehicles are treated as clients. As a result, the underlying securities transactions in these vehicles are not subject to the personal trading restrictions described above, nor are they treated as "Proprietary Accounts" for purposes of the trading procedures described in the section below titled "Best Execution."

From time to time, we or an affiliate may also invest seed money in an account (*e.g.*, a private fund or separately managed account) for the purpose of creating or maintaining a track record that will later be used to market an investment style. The level of assets invested in such "incubator accounts" may be substantial. Since the goal of an incubator account is to create or maintain a marketable track record, we or an affiliate may increase asset levels in an incubator account to meet market expectations regarding assets under management. When seed money is no longer deemed necessary, we may withdraw our assets from the incubator account, though we would seek to do so without impairing our ability to effectively manage pursuant to the investment style or causing harm to clients or existing shareholders in a pooled vehicle. We do not bring to market all investment styles for which incubator accounts are established. We maintain a revolving credit arrangement with our parent company that allows us to obtain loans from Ameriprise Financial to support the funding of our incubator accounts. The outstanding balance on this line of credit may be substantial at times, and our parent company has the ability to terminate this agreement on 60 days' notice. Termination of this agreement may trigger a need to raise cash by liquidating certain securities positions relating to our seed investments that may also be held in our client accounts.

Any seed investments we make as described above are typically hedged by us or our affiliates using a variety of techniques (*e.g.*, committing our own capital to purchase index futures) in an effort to reduce the market risk of such seed investments. This hedging typically will continue for so long as the seed money remains invested, which-often includes time periods in which third party assets are invested in the relevant strategy. However, such seed investments are not hedged on an individual security basis or individual position level within an incubator account but rather an account is typically hedged using indices, futures or similar derivatives that seek to hedge risk at the portfolio or the overall corporate portfolio level.

From time to time, we may engage in principal transactions involving a non-mutual fund, non-ERISA client account and an account owned by us or an affiliate. In this type of transaction, we or an affiliate buy securities from, or sell securities to, an advisory client. Principal transactions are conducted only in accordance with SEC disclosure and consent requirements.

## **BROKERAGE PRACTICES**

### ***Trading***

We operate several separate trading desks in different geographic locations in the United States. These US trading desks support different portfolio management teams managing a variety of accounts and products. Nevertheless, the US equity desks are functionally and operationally integrated so as to operate as one virtual desk. The US fixed income desks, however, function and operate separately but can provide support to each other to assure the continuation of services if necessary. By operating the fixed income trading desks in this manner, our clients may forego certain opportunities including the aggregation of trades across accounts that trade on different trading desks, which could result in one trading desk competing with another in the market for similar trades. In addition, it is possible that the separate fixed income trading desks may be on opposite sides of a trade at the same time. While these US trading desks operate in several locations, the desks do have linkages in oversight and reporting lines and are generally conducted under similar policies and procedures. In addition, certain fixed income portfolio managers currently have the authority to execute trades themselves in limited circumstances.

As stated above in “Global Asset Management,” our Advisory Affiliates may provide certain advisory and trading-related services to certain of our accounts. We may also provide similar services to certain accounts of our Advisory Affiliates. We believe that local trading in certain markets will benefit our clients. However, such services may result in potential conflicts of interest to our accounts, as described in “Trade Aggregation, Allocation and Partial Fills on a Trading Desk” below.

### **Best Execution**

As a fiduciary, we have an obligation to seek to obtain the best execution of client transactions under the circumstances of the particular transaction. We seek to satisfy this best execution obligation by creating the conditions under which best execution is most likely to occur, *i.e.*, by following procedures calculated to achieve it. We believe that the trading process itself can be used to maximize the value of a client’s portfolio. This approach requires that we adopt standardized procedures and practices that allow sufficient flexibility to allow different types of trades to be handled differently, while generally ensuring consistency among similar types of trades. Our trading procedures are also designed to address the conflicts of interest that arise as a result of managing multiple types of accounts, including conflicts that may be personal to our traders and portfolio managers, client accounts, client accounts that pay us higher fees (*i.e.*, performance fees), clients of our Advisory Affiliates to whom we may provide services, and accounts owned more than 25% by us or one of our affiliates (“Proprietary Accounts”). The term “Proprietary Accounts” does not include (i) incubator accounts, (ii) pooled investment vehicles available for outside investment, or (iii) accounts of an affiliate when such accounts are for the primary purpose of managing liabilities or other obligations to underlying clients or investors (*e.g.* face-amount certificate holders or insurance policy holders). Thus, these accounts and investment vehicles are not subject to certain restrictions imposed on Proprietary Accounts by our trading policies and procedures, some of which are described below.

We monitor compliance with our trading procedures on both a transactional and forensic basis and have formalized committee oversight of trading-related matters such as compliance, the use of client commissions to obtain research and brokerage services and overall best execution. For more detail regarding our use of client commission arrangements, please see the section below titled “Client Commission Practices, Policies and Procedures.”

## FX Trading

Depending on the directions from the client, foreign currency (FX) transactions are effected either through our selection of brokers for trading execution or through the client's custodian. Where we have been given authority to place FX trades, the client's portfolio will be set up on our trading system with a single operating currency (which may not be the same as the reporting currency of the account). Client account trades (i.e., purchases or sales of portfolio securities) that occur in currencies other than the operating currency will be converted to the operating currency by processing an FX transaction with brokers we select at our discretion. All income will also be repatriated to the operating currency of the account pursuant to standing instructions from us to the client's custodian bank. Except where expressly permitted by the investment guidelines, we do not seek to make currency bets on client accounts, but only enter into FX transactions for currency management purposes. Where the client has directed us to use the client's custodian to effect all FX transactions, we do not evaluate the FX services provided to the client.

## Trade Aggregation, Allocation and Partial Fills on a Trading Desk

Generally, trading orders are processed and executed in the order received. Certain portfolio management decisions may affect more than one account, including both client accounts and accounts owned or controlled by us or one of our affiliates. Situations arise in which a portfolio management team decides to take an investment action with respect to all of the accounts the team manages. Different portfolio management teams or portfolio managers within the same investment team may own similar securities and independently decide to take similar investment actions. Either of these may result in multiple trading orders relating to the same security but for different accounts occurring at about the same time.

In these cases, we may combine or aggregate purchase or sale orders for more than one account when we believe such aggregation is consistent with our duty to seek best execution. This includes aggregating orders involving client accounts, accounts of our Advisory Affiliates for whom we may provide services and Proprietary Accounts. The decision to aggregate is made in situations where it does not intentionally favor any account over another and it does not systematically advantage or disadvantage any account. Each participating account will receive the average unit price and will share pro-rata in the transaction costs. If there is an open order and a subsequent similar order for the same security for a different account is received by the same equity or fixed income trading desks, such subsequent order may be aggregated with any remainder of the original order consistent with the considerations set forth above. Aggregation of orders may result in longer time periods to fill an order with respect to a particular client account. This is more pronounced when smaller orders for accounts are combined with larger orders of other accounts.

Where an equity analyst dedicated to a portfolio management team (i.e. a non-centralized equity research analyst) has portfolio management responsibilities, they are encouraged to communicate their intent to place an order to all portfolio managers on their team or team(s) before or shortly after communicating the order to the equity trading desk. Generally, subsequent orders in that same security are processed and executed in the order received by the equity trading desk.

As stated in "Global Asset Management" above, in certain circumstances an Advisory Affiliate may perform advisory and related services for our accounts (including placing of orders) or we may provide similar services for an Advisory Affiliate's accounts. In these circumstances, orders for our client accounts and those of one or more of our Advisory Affiliates may be aggregated and allocated in accordance with our best execution obligations and as consistent with applicable law and client guidelines. In circumstances where orders are placed for our accounts and those of our Advisory Affiliates on a coordinated basis, it is possible that such aggregation will result in larger orders and decreased allocation opportunities available to our accounts, especially for less actively traded securities. It is also possible that orders may take longer to execute. We and our Advisory Affiliates have implemented policies and compliance controls to ensure that the aggregation and allocation of orders for our respective accounts with coordinated trading are executed in a fair and equitable manner consistent with applicable law.

Except as described above or in order to assure the continuation of services if necessary, orders on our trading desk are not shared with the trading desks of our Advisory Affiliates. As a result, it is possible that we and our Advisory Affiliates may trade in the same instrument at the same time, in the same or opposite direction or in different sequence.

Aggregating client orders may enable us to reduce transaction costs or market impact on a per-unit and per-dollar basis, though aggregation may have the opposite effect in certain circumstances. When orders are not aggregated clients may pay prices for transactions that are more or less than the client would have paid had the order been aggregated. A

determination may be made not to aggregate orders for a number of reasons. These reasons may include: the account's governing documents do not permit aggregation; a client has directed that trades be executed through a specific broker-dealer or applicable law or regulation prohibits a client's account from executing trades through a specific broker-dealer; aggregation is not possible because similar trades are being executed on a separate trading desk (including an Advisory Affiliate's trading desk); aggregation is impractical because of specific trade directions received from the portfolio manager, e.g., a limit order; the order involves a different trading strategy, e.g., it is part of large basket, program or index trade; or if we otherwise determine that aggregation is not consistent with seeking best execution. For example, as a result of the structure of Wrap Fee Programs, transactions for wrap fee arrangements sponsored by third parties are typically not executed by us, but are executed by the wrap program sponsor, and thus are not aggregated with orders we do execute.

#### Wrap Fee Program Trades

Wrap Fee Program orders are typically separate from orders for other client accounts that are buying and selling the same securities. In this respect, orders for wrap fee accounts placed with the applicable designated broker-dealer for a Wrap Fee Program are not aggregated with any other orders for the same securities other than for that Wrap Fee Program. In seeking to reduce occurrences when Wrap Fee Program and Model Delivery Program sponsors could be competing against one another in the market, the Wrap Fee Program Trading Desk typically sequences the communication of trade/model orders to the sponsors by employing a rotational approach. Orders are only communicated to the next Wrap Fee Program or Model Delivery Program in the rotation after the prior Wrap Fee Program sponsor in the rotation has confirmed back that the trade was executed. When a Model Delivery Program sponsor comes up in the rotation the sequence is advanced to the next sponsor without waiting for model trade execution because some Model Delivery Program sponsors do not execute right away and have discretion to execute the following day. Timing delays or other operational factors associated with the implementation of trades may result in wrap fee clients receiving materially different prices relative to other wrap fee clients or our other client accounts.

In the case of Wrap Fee Programs that are structured as bundled or wrap fee arrangements, we may have discretion to select broker-dealers other than the program sponsors when necessary to fulfill our duty to seek best execution of transactions for our clients' accounts. However, brokerage commissions and other charges for transactions not effected through the sponsor or its broker-dealer affiliate are typically charged to the client, whereas the wrap fee covers the cost of brokerage commissions and other transaction fees on transactions effected through the Wrap Fee Program sponsors. For this reason, most transactions for such clients will be effected through the Wrap Fee Program sponsors.

We are not in a position to negotiate commission rates with the program sponsors on behalf of wrap clients. A client who participates in the wrap fee arrangement should consider that, depending on the level of the wrap fee charged by the Wrap Fee Program sponsor, the amount of portfolio activity in the client's account, the value of the custodial and other services that are provided under the arrangement, and other factors, the wrap fee may exceed the aggregate cost of such services if they were to be provided separately.

Certain investment teams for Columbia Seligman-branded strategies may review each of their respective accounts separately and non-concurrent with other accounts managed by the team. As a result, transactions for such clients may not be executed in an aggregated order, and therefore a client may receive different prices which may be more or less than the price a client would have received had accounts been reviewed collectively and orders aggregated. This may create performance dispersions within accounts with the same or similar investment mandate. We believe that over time such an approach does not unfairly disadvantage any client versus another.

When it has been determined that multiple orders will not be aggregated, we have adopted procedures that seek to ensure fair treatment of client accounts. These procedures contemplate treatment of client account orders (including the orders of accounts of our Advisory Affiliates for which we are providing trading services) with trading limitations and Proprietary Accounts.

From time to time an aggregated order involving multiple accounts does not receive sufficient securities to fill all of the accounts. If an aggregated order cannot be filled in one day (a "partial fill"), the executed portion of the order is automatically allocated to the participating accounts pro-rata on the basis of order size, subject to certain exceptions. Partial fills that include client accounts, the accounts of our Advisory Affiliates for which we are providing trading services and Proprietary Accounts will be allocated in accordance with our policies and procedures, taking into account the order size, amount of the fill and the types of client accounts.



Although certain of our fixed income portfolio management teams, which operate in various geographic locations, may share research information, the teams and portfolio managers on those teams may make separate investment decisions regarding similar securities and execute transactions from separate trading desks. As a result, fixed income accounts being managed by different teams or portfolio managers on the same team may purchase and sell the same instrument in the secondary market on the same day. Executing similar transactions on separate trading desks may give rise to the potential for a particular account or group of accounts to receive a different allocation (either larger or smaller) or price than might otherwise be obtained if we were to operate one trading desk and aggregate trades across the portfolio management teams. Notwithstanding the fact that we operate separate trading desks for fixed income portfolio management teams, we believe we are able to operate within this structure in a manner that is consistent with our duty to seek best execution.

As described in “Global Asset Management,” above, our investment personnel and that of our Advisory Affiliates may share research and other information relating to economic perspectives, market analysis and equity and fixed income securities analysis. It is possible that the portfolio managers of our Advisory Affiliates may act on such research before our own portfolio managers which could result in decreased investment opportunities for our accounts, particularly with respect to thinly traded securities. The sharing of this information may also lead us and our Advisory Affiliates to place orders for our respective accounts in the same securities at the same time or sequentially.

We have adopted policies and compliance controls that seek to ensure that our clients are treated fairly with respect to the sharing of information amongst Advisory Affiliates.

#### Allocations of Investments in Initial Public Offerings (“IPO”)

Depending upon the investment objectives, strategies and restrictions applicable to an account, portfolio management teams may invest client assets in securities offered in an initial public offering (“IPO”). The availability of IPO shares is generally limited; this is particularly the case with “hot issues” where the demand for participation in such transactions far exceeds the supply of shares that are available. This scenario typically results in higher values when the offering first begins to be publicly traded. The allocation of IPO shares to interested investors, such as to us for allocation to our clients, is made by the underwriter of the transaction. These allocations are based on many factors, including the investors’ past business with the underwriter. In certain circumstances and as consistent with applicable law and our best execution obligations, we may determine to allocate IPO shares to our clients’ accounts and accounts of our Advisory Affiliates on an aggregated basis. Our ability to receive IPO allocations for our clients and those of our Advisory Affiliates for which we provide trading services may be partially based on the trading activity of all accounts managed by us and the accounts of our Advisory Affiliates for which we provide trading services including the trading activity of many accounts that will not be eligible to receive allocations of IPO shares.

Assuming that an account is eligible to invest in IPOs pursuant to its investment objectives, strategies and restrictions, the decision as to whether the account will participate in a particular transaction is determined through the exercise of investment discretion by the portfolio management team responsible for managing the account. Unless there is an appropriate exception, for example where an account does not have sufficient cash to participate in the investment, if one account receives an allocation of IPO shares, all other accounts with the same investment objective and strategies that are managed by the same portfolio management team will ordinarily participate in the investment on a pro-rata basis based on relative account size.

To the extent our assets or the assets of an affiliate are invested in a separately managed account or private pooled vehicle, such as a Private Fund, the eligibility to participate in IPOs, and any pro-rata allocation of IPO shares, is based only on the amount of eligible third party assets. These additional eligibility and allocation considerations do not apply to situations where we or an affiliate invest in a Registered Fund. The Registered Funds may participate in IPOs as described above. “Incubator accounts,” (to the extent not Registered Funds), in which our assets or assets of an affiliate are invested for the purpose of creating a track record, are permitted to invest in IPOs, to the extent permitted by applicable regulation and our internal policies.

Certain investment objectives and strategies tend to be more consistent with investments in IPOs. For example, because most IPO issuers are small-sized companies (based on their market capitalization) such investments are typically more consistent with the investment objectives of accounts focusing on these capitalization ranges. Similarly, investment

objectives and strategies pursuing a growth investment strategy or a focus on technology companies tend to be more consistent with investments in IPOs. Moreover, accounts that have short-term trading strategies, such as actively managed Private Funds, may also find investments in IPOs to be relatively more attractive than accounts that have “buy and hold” investment strategies, which is the case with many Registered Funds. This is especially true with hot issues where a portfolio management team managing accounts with short-term investment strategies may be interested in “flipping” such an IPO by selling it soon after it begins to be publicly traded. Certain teams are responsible for managing Registered Funds, institutional accounts and Private Funds. The Private Funds managed by these teams may utilize short-term investment strategies, while the other accounts managed by the teams typically do not and such other accounts also tend to have a mid to large capitalization focus. For this reason, one or more of the Private Funds managed by these teams will tend to participate in more IPOs, including “flipped” IPOs, than the Registered Funds and other accounts managed by these teams. In certain market conditions, accounts that invest significantly in IPOs can have materially different performance than accounts that do not. The impact of IPOs on account performance generally decreases as the amount of assets in an account increases.

In the case of a limited supply, there can be no assurance of equal treatment among all clients with respect to a particular IPO. Certain clients have investment guidelines and/or regulatory restrictions that prevent us from purchasing IPOs for their account. Additionally, wrap fee accounts will not participate in IPOs. Clients for whom we have not or cannot ascertain their eligibility to participate in IPOs under the rules of FINRA will not participate in any IPOs that are restricted by such rules.

We have adopted policies and procedures relating to the allocation of IPO investment opportunities. All IPO allocations are monitored to ensure compliance with our allocation policies. These policies and procedures include a “tiering” structure whereby accounts placed in the first tier receive a pro-rata allocation of up to 100% of their indication of interest before accounts in the second tier receive a pro-rata allocation of any remaining shares. Subject to limited exceptions, our procedures define the first tier to include accounts without a market capitalization focus and accounts whose market capitalization focus or sector/industry/geographical focus match the nature of the securities offered (e.g., small-cap account and a small-cap IPO). Our procedures also limit the indication of interest for all accounts to 2% of an account’s market value, though specialty accounts may submit an indication of interest up to 4% of the account’s market value if the offering is within that specialty. These procedures may result in accounts in the second tier receiving a lower allocation or no allocation, even if the accounts are of a relatively large size.

#### Allocation of Fixed Income Trades

For allocation of fixed income securities, a fixed income portfolio manager will generally allocate to all participating accounts with similar strategies and guidelines on a pro-rata basis, or to “true up” the holdings of accounts with similar investment mandates. To the extent that similarly managed accounts with target weightings have different holdings of a security, trades will be allocated to minimize the difference from the target weighting in the security over time. The portfolio manager may also consider other factors, including the investment objectives and policies and size of the account, the liquidity and size of the issue, the amount of securities actually purchased or sold, the duration of the account, and the existence of similar securities already in the account. Although an investment may be suitable for multiple accounts, under certain circumstances priority may be given to certain accounts with state specific tax-exempt or other mandates.

#### Trade Priority for Certain Equity Trades

Certain of our policies related to conflicts between client accounts (including accounts of our Advisory Affiliates for which we may provide trading services) address the priority of a trade order. For example, a sale of a long security has priority over the short sale of the same security. There are no specific trade priorities with respect to an option trade and a trade in the underlying security or with respect to a security that is convertible into a common stock and a trade in that common stock. Rather, best execution will be sought for each trade, which could result in the related securities being traded at the same or different times with the same or different brokers.

#### Error Correction

On occasion, a mistake may occur in the execution of a trade. As a fiduciary, we owe clients duties of loyalty and trust, and as such must treat errors caused by us in a fair and equitable manner. Errors may occur for a number of reasons, including human input error, systems error, communications error or incorrect application or understanding of a guideline or restriction. Examples of errors include, but are not limited to the following: buying securities not authorized for a client’s account; buying or selling incorrect types of securities or instruments; buying or selling incorrect amounts of

securities; buying or selling in violation of one of our policies; failure to follow specific client directives or portfolio manager instructions to buy, sell or hold securities; and incorrect allocation of trades to or between various accounts. In correcting trade errors caused by us, we do not: make the client account absorb the financial loss due to the trade error; use client commission arrangements or directed trades to fix the error; or attempt to fix the error using another client account. However, if there is another order on the trading desk for the same security (that was purchased in error for another client) or for one that meets similar criteria as that security, we may allocate the security to that client(s). Errors are generally corrected in the client account; however, to facilitate the error correction, we may, in limited instances, process the correcting transactions in an error account owned by us when it is not feasible to correct the error in the client's account (e.g., if the error would result in a security settling in a client account and the holding of such security by the client would be unlawful). To the extent correction of an error processed in a client account results in a gain, we allow the client to keep the benefit, unless the gain offsets a loss in connection with a single transaction or occurrence or a series of related transactions, in which case any such gains and losses are netted. Such netting may result in lowering the amount, if any, we must reimburse the client account. Wrap Fee Program clients should be aware that the program sponsor may require that errors in client accounts be corrected in accordance with the sponsor's error correction policies and procedures. Those policies and procedures may be different from sponsor to sponsor and they may be materially different from our policies and procedures described above. For example, some sponsors may require that gains resulting from an error be given to charity or they may require that gains and losses caused by us are netted over a period of time in a separate "error account" maintained by the sponsor. Wrap Fee Program clients should contact their program sponsor if they wish to obtain more information about the error correction policies and procedures that apply to their account.

### ***Selection of Broker-Dealers***

We select broker-dealers to execute client transactions based on a number of factors. As a general matter, broker-dealers are subjected to an initial approval process. This approval process involves the review of financial and related quantitative information concerning a broker-dealer and then the consideration of such qualitative factors as are relevant to the determination that the broker-dealer can provide best execution. Such factors may include, but are not limited to: volume of securities traded of the type to be traded; instruments regularly offered by the firm; research capabilities of the firm; general reputation of the firm; trading desk opinion of the firm; and regulatory history of the firm. Under certain circumstances, it may be necessary for a trader to execute a transaction with a broker-dealer that has not been subject to an initial approval process. This could happen, for example, where a broker-dealer is the only one with inventory of a needed security and there is not sufficient time for the standard approval process. This exception process may only be used to grant a broker-dealer approval for the specific transaction being contemplated and only after following established procedures. In addition, for certain transactions, we may purchase securities directly from or sell securities directly to the issuer. The issuers for these transactions are not subject to the trading counterparty review and approval process.

With respect to a specific order, we or our Advisory Affiliate seek to choose the broker-dealer most capable of providing the brokerage services necessary in seeking to obtain the best available price and most favorable execution. In order to determine the reasonableness of a broker-dealer's compensation, we will consider the particular characteristics of a security to be traded including relevant market factors. We or our Advisory Affiliate will assess the intent of the portfolio manager and the level of urgency attached to the transaction. We or our Advisory Affiliate will also consider other factors such as: ability to minimize trading costs; level of trading expertise; infrastructure; ability to provide information or services; financial condition; confidentiality provided by broker-dealer; competitiveness of commission rates; evaluations of execution quality; promptness of execution; past history; ability to prospect for and find liquidity; difficulty of trade and security's trading characteristics; size of order; liquidity of market; block trading capabilities; quality of settlements; specialized expertise; overall responsiveness; and willingness to commit capital. All of these considerations (and others as relevant) guide a trader in selecting the appropriate venue (e.g., an Electronic Communications Network ("ECN") or Alternative Trading System ("ATS"), a traditional broker, a crossing network, etc.) in which to place an order and the proper tactics with which to trade.

As discussed in more detail below, in selecting a broker-dealer to execute equity trades we may also consider research or brokerage services provided by the broker-dealer, consistent with the requirements of Section 28(e) of the Securities Exchange Act of 1934 and related interpretative guidance. Such research is considered by the Fixed Income Department when determining which broker-dealers to include on the approved broker-dealer list, though it is not considered when executing specific fixed income trades. In no case do we execute a trade with a broker-dealer if we determine that doing so would not be consistent with the obligation to seek best execution unless directed to do so by a client. More

information on our receipt of brokerage and research services from broker-dealers is contained in the section “Client Commission Practices, Policies and Procedures” below.

As stated in “Global Asset Management” above, where an Advisory Affiliate is providing trading services for our accounts or we are providing trading services for an Advisory Affiliate’s Accounts, we or our Advisory Affiliate executing the trade order will select a broker-dealer that has been approved by us and each of the Advisory Affiliates for which accounts are being aggregated. This selection of broker-dealers may be a smaller subset than the selection of broker-dealers otherwise available were our accounts not being aggregated with the accounts of our Advisory Affiliates. Such broker-dealer selection will be consistent with our obligation to seek best execution.

#### Directed Brokerage

We do not routinely recommend, request or require that a client direct us to execute transactions through a specified broker-dealer. However, as described below we will typically execute transactions for wrap fee program clients through the wrap fee program sponsors. We also permit our clients to direct us, in writing, to execute a percentage of their equity trades through a particular broker-dealer or a network of broker-dealer(s). In these circumstances the client typically has an arrangement with such broker-dealer(s) that results in the client receiving some benefit from the broker-dealer(s) in exchange for the directed brokerage. Clients should keep in mind the potential risks associated with directed brokerage including the following:

- the direction may result in higher commissions, greater spreads or less favorable net prices than would be the case if we selected the broker-dealers and/or the transaction may not be made on a best execution basis;
- the direction may result in trades for the client’s account not being aggregated with similar trades for other accounts and thus not eligible for the benefits that accrue to such aggregation of orders;
- as a result of not being aggregated, client transactions will generally be executed after accounts whose trades are aggregated and may receive less favorable prices;
- there is a possibility of increased credit and/or settlement risk if the broker-dealers the client has selected are not otherwise on our approved list; and
- because of the direction the client’s account may not generate returns equal to those of other accounts that do not direct brokerage.

A client may also request, subject to our obligation to seek best execution that we participate in a commission recapture program the client has established with a particular broker-dealer or a network of broker-dealers by allocating a certain percentage of trades to such broker-dealers. As described above, the client typically has an arrangement with such broker-dealer(s) that results in the client receiving some benefit from the broker-dealer(s) in exchange for participation in the program. In these circumstances our ability to accommodate such requests will be limited to, among other things, whether the broker-dealers are on our approved list of counterparties, and the volume and frequency of trade orders for the client’s account.

Our equity trading procedures also permit the use of “step-outs” in aggregated equity transactions to accommodate certain wrap fee account and other client directed brokerage. A step-out generally involves a trader’s direction that the executing broker-dealer allocate (or “step out”) all or part of an equity trade to another broker-dealer for clearance and settlement. The step-out broker confirms the portion of the equity trade it clears and settles while the step-in broker confirms the portion it clears and settles. Step-outs may assist us in seeking best execution by allowing us to aggregate equity trades with one broker-dealer involving client accounts that have directed us to execute through different broker-dealers.

Under a step-out arrangement, clients may be charged lower or no transaction fees by the step-out broker-dealer because clients have already paid for brokerage under a separate fee arrangement. If step-outs are used, accounts with special trading instructions due to client directions or guidelines will be traded with other accounts. If step-outs cannot be used, accounts with special trading instructions will be traded after the other accounts and may not be aggregated for execution purposes with orders for the same securities for other accounts managed by us. Under these circumstances, directed accounts may receive different execution times and different prices than trades for other accounts that are executed at other broker-dealers on an aggregated basis.

Under no circumstances do we consider the marketing efforts of broker-dealers on our behalf or on behalf of the funds for which we serve as investment adviser in selecting broker-dealers to execute trades. Such marketing efforts include the sales of Mutual Funds we advise, the inclusion of our products on a broker-dealer's wrap program platform (other than to the extent such program requires us to trade with such broker-dealer), and referrals of clients or prospective clients. However, many broker-dealers that effect securities transactions for our clients will have a relationship with us or our affiliates to distribute shares of such funds or other investment products managed by us or will act as sponsor of a Wrap Fee Program for which we act as investment adviser.

On occasion, a broker-dealer we utilize for execution services may introduce us to potential clients or investors in the Private Funds we manage. Particularly in the case of the Private Funds we manage, these introductions may take place during capital market introduction events sponsored by the broker-dealer. While participation in these events would benefit us if we are able to attract new business, we do not give consideration to these introductions in selecting broker-dealers to execute transactions for our advisory clients. However, the Private Funds we manage (or their general partner, our wholly-owned subsidiary) may take into account a broker-dealer's capital markets introduction services when selecting and retaining a broker-dealer as the funds' designated prime broker.

### ***Client Commission Practices, Policies and Procedures***

Congress adopted Section 28(e) of the Securities Exchange Act of 1934 which, along with related SEC interpretations, provides a "safe harbor" for investment advisers to obtain research used in investment decision-making and brokerage services with client commissions. As a result, broker-dealers typically provide a bundle of services including research and execution of transactions. The research provided can be either proprietary (created and provided by the broker-dealer, including tangible research products as well as access to analysts and traders) or third party (created by a third party but provided by the broker-dealer). We use broker-dealers who provide both types of research products and services, as well as brokerage products and services, in exchange for commissions generated by transactions in the client accounts, also known as "soft dollars" or client commission practices.

We have adopted policies and procedures designed to ensure that the use of client commissions falls within the safe harbor while permitting client accounts to benefit from our investment professionals' use of other firms' research and related investment decision-making tools. In the event a client does not allow us to utilize soft dollars on its behalf, soft dollar credits are withheld with respect to that client transaction or the client account will be removed from block orders placed for our other institutional clients with any broker/dealer with whom we have a soft dollar arrangement. If the client account is removed, this account will likely receive a different execution price than the block trade received.

The receipt of research and brokerage products and services in exchange for client commissions allows us, at no cost to us, to supplement our own research and analysis activities, by receiving the views and information of individuals and research staffs of other securities firms, and by gaining access to specialized expertise on individual companies, industries, areas of the economy, market factors and specialized tools to facilitate trading strategies, which we would otherwise have to pay for or produce ourselves. This may create an incentive for us to choose broker-dealers that provide quality research.

Research and brokerage products and services acquired with client commissions may include independent consultations with industry experts or company employees, reports on the economy, industries, sectors and individual companies or issuers; statistical information; accounting and tax law interpretations; political analyses; reports on legal developments affecting portfolio securities; information on technical market actions; credit analyses; risk measurement; analyses of corporate responsibility issues; financial and market database services; and trading software that provides algorithmic or automated trading capabilities.

Some broker-dealers with whom our Fixed Income Department executes trades provide the Fixed Income Department with proprietary research products and services, though the Fixed Income Department does not put in place any client commission arrangements with such broker-dealers. However, such research may be considered by the Fixed Income Department when determining which broker-dealers to include on the approved broker-dealer list. It is our policy not to execute a fixed income trade with a broker-dealer at a lower bid/ higher offer than that provided by another broker-dealer in consideration of the value of research products and services received by the Fixed Income Department.

We may also receive proprietary research products and services from derivatives counterparties with which we have not established a client commission arrangement, similar to the approach taken with fixed income brokers. In these situations, we may take the research into account in determining whether to add the derivatives counterparty to our approved list, but we do not consider the value of the research products and services provided on a trade-by-trade basis.

The use of client commissions for research and brokerage services inherently involves conflicts of interest, which include:

- Using client commissions for research may affect our ability to seek best execution. Sometimes we may compensate a broker-dealer for research or brokerage products or services by causing client accounts to pay a commission in excess of what another broker-dealer might charge. It is not always possible to place a dollar value on special execution services. Likewise, research provided by executing broker-dealers may or may not have a specific dollar value attached to it by the party creating the research. Accordingly, some client accounts may pay commissions to broker-dealers that are higher than those obtainable from other broker-dealers for effecting similar transactions if we determine in good faith that such amounts are reasonable in relation to the value of the research and brokerage products and services provided by those broker-dealers. We conduct surveys periodically to assess the value of research services to our investment professionals. We also conduct periodic reviews of equity execution quality, which include regular reviews from a third party evaluator in order to gauge the effectiveness of our current procedures in seeking best execution for client accounts.
- The use of client commissions to obtain research may create an incentive to effect an unnecessary amount of trades in order to generate commissions (“churning”). Our equity trading group, which manages to informal, non-binding commission targets, is generally separate from our research and portfolio management groups. This helps to reduce incentives for a portfolio manager to churn a particular account to generate commissions. In addition, our client commission arrangements are administered by the Commission Practices Team, (“the Team”) which is independent from both traders and research users and can reduce commission targets on its own initiative when circumstances warrant.
- Research acquired with client commissions may be shared across multiple accounts. Certain research is shared with our Advisory Affiliates. One client’s commissions may not be generated in the same proportion as its usage of a shared service. Not all client commission services are necessarily used exclusively in connection with the accounts that pay the commissions to the broker-dealer providing the services. Efforts are made to allocate the costs of group-wide research in proportion to each account’s assets under management to the extent feasible. Also, analysts and portfolio managers in our Equity and Fixed Income Departments across Columbia Management Investment Advisers and certain affiliates may share investment ideas and strategies of their respective firms, some of which may be informed by research paid for with commissions generated only by equity accounts. We believe that, in the aggregate and over time, the research and brokerage products and services we receive benefit clients and assist us in fulfilling our overall duty to our clients.
- Some of our clients ask us to abide by commission recapture arrangements they have negotiated or otherwise seek to limit our discretion with respect to their commissions, and we may, in our discretion, honor such requests. Because services acquired with client commissions may be used across various client accounts, commissions generated by transactions for clients who have not imposed any such limits may be used to acquire research or brokerage products and services that also benefit clients with these limitations.
- Client commissions can be used to obtain products or services that are used for both investment decision-making and non-investment decision making purposes (so called “mixed-use” items). For example, broker-dealers may provide performance evaluation services which may be used for both investment decision-making and marketing purposes. If the product or service is a “mixed-use” item, we use client commissions to obtain the investment decision-making portion and pay cash, or “hard dollars,” for the non-investment decision-making portion. Determining how much of the mixed-use items must be paid for with hard dollars represents a conflict of interest because we have a financial incentive to allocate a greater proportion of the cost of mixed-use items to client commissions. Although the allocation between client commissions and hard dollars is not always capable of precise calculation, we make a good faith effort to allocate these items reasonably. If an employee is using a product/service for both research and non-research purposes, the entire cost of the product or service allocable to that employee is paid for in hard dollars.

- As stated in “Global Asset Management” above, our investment personnel may share certain information, including research acquired with client commissions, with our Advisory Affiliates. Accordingly, the client accounts of those Advisory Affiliates may benefit from such research without contributing to the commissions with which such research was acquired. However, our Advisory Affiliates also share certain information, including third-party research, with us even though our clients may not have contributed to commissions that have led to the production of such information to our Advisory Affiliates.

We evaluate proprietary research through a periodic broker-dealer evaluation survey (“Broker Vote”) completed by equity portfolio managers and analysts. Based on the results of the Broker Vote and an amount of commissions determined to be reasonable by the managing equity traders, the Team sets internal, non-binding targets for the amount of proprietary research we expect to receive in a given time period, with top-ranked brokers targeted for a greater proportion of available commissions. Results of the Broker Vote, including certain details regarding the votes a broker-dealer received and the broker-dealer’s ranking, are provided to the broker-dealers. The Broker Vote process is reviewed periodically to help provide for fair and accurate evaluations.

Generally, the commission targets established through the Broker Vote and the direction of commissions by portfolio managers to specific broker-dealers are fulfilled by executing trades directly with the research-producing broker-dealer. However, our traders may choose to execute trades through a separate broker-dealer, who subsequently makes payment to the research-producing broker-dealer at our direction, retaining a portion of the commissions for execution. We determine the amount of the payments through the Broker Vote. This alternate compensation method, sometimes referred to as a “broker aggregation arrangement”, is essentially a hybrid between the traditional methods of compensating broker-dealers for both proprietary and third party research and brokerage services. It allows us to more selectively obtain research from one broker-dealer while seeking the execution services of another, preferred execution broker-dealer. Like proprietary research arrangements, such arrangements do not obligate us to generate a specified level of commissions with the executing broker-dealers.

Third party research services may be identified by investment professionals (e.g., portfolio managers or analysts) to assist their investment decision-making and benefit their client accounts. New third party client commission research services require formal approval. Compliance evaluates whether the research and its use falls within the safe harbor of Section 28(e) and undertakes to understand the cost and value of the research. The Trading Committee is tasked with responsibility for evaluating new material requests with respect to potential value and determining whether the research and its intended use falls within the safe harbor of Section 28(e). Once approved and used, research services are re-evaluated by investment professionals on an ongoing basis.

We have established relationships with specific broker-dealers to acquire third party research with client commissions. Guidelines used to evaluate such broker-dealers include: (1) approval by a managing trader to confirm that the broker-dealer has good trading capabilities, including the ability to provide best execution and back office support; (2) consideration of the credit-worthiness of the broker-dealer; (3) consideration of whether the total number of eligible broker-dealer relationships provides adequate trading alternatives, but remains administratively manageable; (4) consideration of whether each negotiated ratio is competitive; (5) consideration of whether each broker-dealer is well-versed in regulatory compliance issues involving client commission practices and provides quality customer service, including accurate reconciliation, knowledgeable resources and timely responses to requests; and (6) consideration of whether the broker-dealer has an effective working relationship with traders and other investment personnel. The Team reviews these criteria on a periodic basis. We may, from time to time, step out all or a portion of a trade to a broker-dealer in connection with a third party client commission arrangement.

Broker-dealers that provide research via third party or broker aggregation arrangements frequently maintain accounts on our behalf to hold the portion of commission dollars intended to facilitate future payment for research and brokerage products and services. Those accounts may, at any given time, have significant balances. In any given calendar year, an account’s balance may “carryover” to be used for research provided by the broker-dealer in subsequent years. Thus, a portion of a particular client’s commissions may accumulate and not specifically be used for research or brokerage products or services until after a client’s relationship with us terminates and new clients may benefit from current or past clients’ commissions in this manner. Further, in the event of a bankruptcy or liquidation of a broker-dealer with whom we have such arrangements, we may not be able to access or recover balances in our accounts with the broker-dealer.

## ***Use of Affiliated Brokers and Buy and Sell Transactions Involving Related Accounts***

### **Use of Affiliated Brokers**

We do not effect securities transactions through affiliated brokers for our institutional and alternative investment or asset-liability management clients. However, we may execute securities transactions through affiliated brokers in connection with Wrap Fee Programs sponsored by Ameriprise Financial Services that are structured as bundled or wrap fee arrangements. In these situations, consistent with our obligation to seek best execution, we generally direct transactions to Ameriprise Financial Services for execution on an agency basis through its clearing broker, AEIS, both because of its execution capabilities and because the wrap fees paid by clients participating in the program cover transaction charges only when transactions are directed to Ameriprise Financial Services for execution through AEIS on an agency basis. It is possible that we would send an order on behalf of a client to one of our affiliated broker-dealers authorized to execute transactions for such clients and at the same time the affiliate would execute the opposite order for one of its brokerage customers.

### **Buy and Sell Transactions Involving Related Accounts**

We may from time to time effect a cross transaction of one or more securities from one advisory client account to another client account of ours or an affiliate when we conclude that such transaction is consistent with such clients' investment objectives and policies, applicable law and the fiduciary duty we owe to our clients (including the obligation to seek best execution). We have implemented policies and procedures governing these transactions which require that the securities be crossed at the independent current market price (as defined in the procedures) and that no brokerage commission, fee or other remuneration, except for customary administrative or transfer fees, be received by us or any other party in connection with the transaction. We will comply with any disclosure and consent requirements that may be required for cross transactions under applicable law for the relevant accounts, such as ERISA.

We may also conduct cross transactions between certain alternative investment clients such as special purpose or other pooled vehicles in which we or an affiliate may have an interest. In such case, we may provide disclosure and obtain consent from the relevant clients for these transactions.

We may purchase securities from a broker to which we have recently sold the same securities when we believe that doing so is consistent with our fiduciary duties, particularly where the dealer is one of a limited number of brokers who hold or deal in those securities or the security is not otherwise readily available for purchase in the market.

### ***Other Conflicts of Interest***

We face many conflicts of interest in connection with our investment management business. Our policies and procedures are designed to address these conflicts, either through disclosure, mitigation or prevention.

### **Securities Issued by Ameriprise Financial or Our Clients**

Our parent company, Ameriprise Financial, issues various securities from time to time, including common stock. It is our policy that no securities issued by Ameriprise Financial will be purchased for client accounts where we exercise investment discretion, unless the client account is passively managed in an effort to match the returns of an index in which an Ameriprise Financial security is included or unless an exception is approved by senior management in accordance with our policies and procedures. Therefore, a client account that is actively managed to an index will not hold any Ameriprise Financial securities even if such securities are included in the index. Accordingly, an account's performance versus such an index will likely differ.

We and our affiliates may invest the assets of the accounts we respectively manage in the publicly traded securities of other clients or prospective clients. We may also invest the assets of our client accounts in securities issued by companies that are customers of our affiliates. In such circumstances, we and our affiliates do not and will not receive any compensation from the issuer specifically for investing client assets in such issuer's securities and our policy places significant limitations on the ability of any such customer to learn of our buying and selling activity.

### **Other Affiliated Relationships**

We may also invest the assets of our client accounts in securities issued by companies that have material relationships with us or an affiliate. For example, an issuer may be a distribution partner or commercial banking customer of our affiliate. In such circumstances the potential for a conflict of interest exists between our obligation to seek the most



suitable investments for our clients and the perception that we have an incentive to assist in developing the business relationship or the success of our affiliate. In addition, we or our affiliates may have business arrangements with a third party that may influence our decision to retain that third party to assist in providing services to our clients. In these situations, we consider our obligations to our clients, and we seek to take action that is in the best interest of our clients. We may also have a sponsorship role in the establishment of a special purpose or pooled vehicle client, which may be significant in some cases and may require us to engage third parties in connection with the product development phase.

#### Other Client-Related Potential Conflicts

We provide advisory services to pension plans of state and local governments. The management of public monies that fund pension plans raises the potential for conflicts of interest to the extent we or our employees make political contributions to elected officials responsible directly or indirectly for those pension plans or otherwise capable of influencing the selection of us as the plan's investment adviser. We have policies and procedures in place designed to prevent this conflict from arising by limiting such contributions.

Investors in Private Funds managed by us include natural persons (or their personal trusts) that may be directors, executives or employees of (i) public companies in which such investment companies may invest ("Company Executives"), (ii) broker-dealers that provide research or brokerage services to such investment companies ("BD Executives"); or (iii) investment advisers of third-party investment funds ("Adviser Executives", and together with Company Executives and BD Executives, "Executives"). In addition, our investment personnel and senior management who support the Private Funds and have oversight responsibilities regarding conflicts of interest may invest in the Private Funds we manage. Permitting Executives and our other personnel to invest in these Private Funds may create the potential for conflicts of interest. We have adopted policies and procedures designed to mitigate such conflicts.

#### Management of Multiple Accounts

Actual or potential conflicts of interest may arise from the fact that we and our portfolio managers have day-to-day management responsibilities with respect to a specific client account in addition to other client accounts ("Other Accounts"). We and our affiliates may give advice and take action with respect to the funds or accounts we manage, or for our own accounts, and this advice or action may differ from that taken by us on behalf of the Other Accounts. We and our affiliates are not obligated to recommend, buy or sell, or to refrain from recommending, buying or selling any security that we or our respective Covered Persons may buy or sell for our own accounts or any Other Accounts. We have policies and procedures intended to mitigate or manage the conflicts of interest described below. Certain of these policies and procedures are described in prior sections of this Advisory Brochure. There is no guarantee that any such policies or procedures will detect each and every situation in which a conflict of interest arises.

We also manage long/short strategies (long/short funds). Side-by-side management of such a fund and Other Accounts can create conflicts of interest as a result of differing investment strategies employed for the long/short fund, proprietary capital investments in such fund or performance-based fees paid by such fund, all of which are applicable to the long/short funds. We have policies and procedures that seek to mitigate conflicts relating to trading practices of a long/short fund. We believe that our policies and procedures should seek to mitigate actual conflicts of interest. Such policies and procedures include, but are not limited to, those relating to: (i) personal trading; (ii) aggregation and allocation; (iii) short sales; and (iv) cross trading. In addition, we may not be able to participate in underwritten equity secondary and follow-on offerings if another of our accounts has recently sold short equities of the same issuer.

We may receive higher compensation with respect to Other Accounts (including accounts which are Private Funds or have performance or higher fees paid to us, or in which one or more portfolio managers have direct or indirect personal interest in the receipt of such fees) than that received with respect to a specific client account. This may create a potential conflict of interest for us or our portfolio managers by providing an incentive to favor these Other Accounts when, for example, placing securities transactions. In addition, we could be viewed as having a conflict of interest to the extent that we or an affiliate has a proprietary investment in one or more Other Accounts, the portfolio managers have personal investments, directly or indirectly, in one or more Other Accounts or the Other Accounts are investment options in our or an affiliate's employee benefit plans.

Potential conflicts of interest may arise with both the aggregation and allocation of securities transactions and allocation of limited investment opportunities. Allocations of aggregated trades, particularly trade orders that were only partially completed due to limited availability and allocation of investment opportunities generally, could raise a potential conflict

of interest, as we may have an incentive to allocate securities that are expected to increase in value to favored accounts. IPOs, in particular, are frequently of very limited availability. We may be perceived as causing accounts we manage to participate in an offering to increase our overall allocation of securities in that offering. A potential conflict of interest also may be perceived to arise if transactions in one account closely follow related transactions in a different account, such as when a purchase increases the value of securities previously purchased by another account or when a sale in one account lowers the sale price received in a sale by a second account. Because we manage accounts that engage in short sales of securities of the type in which many clients may invest, we could be seen as harming the performance of certain client accounts (i.e., those not engaging in short sale transactions) for the benefit of the accounts engaging in short sales if the short sales cause the market value of the securities to fall. Conversely, we could be seen as benefiting those accounts that may engage in short sales through the sale of securities held by other clients to the extent that such sales reduce the cost to cover the short positions.

We and our affiliates may trade in the same securities. Certain securities may be subject to ownership limitations due to regulatory limits imposed by various jurisdictions for certain industries or by issuers through mechanisms such as poison pills. Some of these limitations may require us to aggregate our clients' holdings with those of our affiliates' clients in the same security for purchases of determining compliance with those thresholds. In these instances, we (and therefore our clients) may be limited or prevented from acquiring securities of an issuer that we may otherwise prefer to purchase. For example, many countries limit the amount of outstanding shares that an organization, including any of its affiliates also holding shares, may hold in a bank holding company with a locally-domiciled bank. In this circumstance, we may be limited or prevented from purchasing additional shares of that issuer if the purchase would put us over the regulatory limit when combined with our affiliates' holdings even if our holdings alone would not be in excess of limit. We have policies and procedures in place to monitor and interpret these ownership limits. However, it is possible that we and our affiliates may inadvertently breach these limits, and we (and therefore our clients) may be required to sell securities of an issuer that we may otherwise prefer to continue to hold in order to be in compliance with such limits. In addition, it is possible that aggregate ownership limitations could cause performance dispersion among accounts with similar investment objectives and strategies and portfolio management teams. For example, if further purchases in an issuer are restricted due to ownership limits, a portfolio manager would not be able to invest a new account in securities of that issuer that may be held by funds and accounts managed with similar investment objectives and strategies.

We may also choose to limit purchases in an issuer to a certain threshold for risk management purposes. If the holdings of our affiliates are included in that limitation, it is possible that we may be limited in our ability to purchase securities we would otherwise prefer to purchase in order to maintain such limits.

We have procedures in place designed to monitor the potential conflicts arising from such limitations.

Because portfolio managers manage multiple client accounts, portfolio managers may not devote equal time and attention to the portfolio management of each client account.

## **REVIEW OF ACCOUNTS**

The complete account guidelines are reviewed by the client's portfolio manager and/or a representative from the Compliance Department at least once every thirty-six months.

Each of our portfolio managers and other investment personnel are responsible for managing assigned accounts in accordance with their investment objectives and guidelines. There is no specific limit on the number of accounts that may be assigned to each professional. In addition to the periodic review, factors that may cause the portfolio manager to initiate a portfolio review include, but are not limited to: changes in the investment strategy; changes in the client's objectives, guidelines or restrictions; significant price movements of portfolio securities or of the portfolio as a whole; changes in the prospects of a particular portfolio security; the need to invest incoming cash; and the need to raise cash from the portfolio.

Also, our Investment Risk Management Department monitors the risk profile of Registered Funds, Private Funds and representative institutional accounts (typically, the largest institutional account in a given strategy). This process includes

regular reviews of the portfolios' risk profile versus their appropriate benchmark, and the contributors to the risk at the security, sector, factor, geography and currency level. In addition, a wide variety of other risk measures, including volatility, tracking error, active share, Value at Risk (VaR), among others are monitored. The Investment Risk Management Department also regularly monitors liquidity risk in Mutual Funds and our collective trust funds.

In addition, we employ a series of pre- and post-trade controls and monitoring techniques through automated and manual procedures to ensure that portfolios are managed in accordance with client-specific guidelines or restrictions as well as applicable regulatory requirements and internal policies. To the extent that investment guidelines are not capable of being monitored in an automated manner, the Compliance Department will seek quarterly certification of compliance from the relevant portfolio manager/team.

### ***Client Communications and Reporting***

Generally reports are provided to institutional clients at the end of each calendar quarter showing performance, the value and holdings of the account and summarizing changes impacting the account during the quarter. These clients may request and receive this information and additional transaction details on a monthly basis. Reports on Registered Funds are provided to the Boards of Directors/Trustees, or their agent, at regularly scheduled meetings of the boards and on a more frequent basis, as necessary. We may also provide a monthly or quarterly report that includes portfolio manager or product commentary on sources of return within the portfolio and recent market conditions. In addition, client relationship managers and/or investment personnel generally will offer to meet with clients or their representatives on an annual basis to review goals, objectives, holdings and portfolio performance unless the client requests more frequent meetings.

In the case of the Registered Funds, the portfolio managers will typically report to the Board of each Registered Fund on an annual basis. This report typically covers performance, investment process and an analysis of results.

On a monthly or quarterly basis, we, a trustee or an administrator typically provide our alternative investment clients including Private Funds with a periodic client statement that shows their account balances and net profit or loss for the month, or that summarizes the assets under management, certain cash flows and certain other items required by the underlying agreement or indenture. We may also provide a monthly or quarterly report that includes portfolio manager commentary on sources of return within the portfolio and recent market conditions.

In the case of the Ameriprise Trust Company collective funds and accounts for which we act as subadviser, we report on a periodic basis to ATC's investment committee. This report typically covers performance, commentary on recent market conditions and an analysis of results.

In the case of Ameriprise Financial, its insurance company affiliates and other asset-liability management clients, we report on a periodic basis to the board or investment committees of the relevant entity. Boards, the investment committees and other representatives of the entity meet periodically to review and evaluate the preceding period's portfolio activity and to contemplate the next period's investment strategy.

With respect to Wrap Fee Program clients, the program sponsor has primary responsibility for client contact and reporting. We will typically supply the sponsor with certain information necessary for the sponsor to provide regular reports directly to its clients in accordance with the requirements of the specific program.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

### ***Referral Arrangements/Sales Compensation***

We have entered into and may enter into written solicitation agreements with affiliated and non-affiliated third parties. Pursuant to these arrangements, we pay compensation for clients referred to us for separate account management. We structure these arrangements in accordance with the applicable requirements of the Advisers Act including those that limit the types of third parties that may be used as solicitors. These requirements impose an obligation on non-affiliated solicitors to provide a separate disclosure document to potential clients describing, among other things, the nature of the solicitation arrangement and the terms of our compensation arrangement with the solicitor. Additionally, we may take input from solicitors during fee negotiations with clients in foreign jurisdictions regarding local market factors. The terms of our written solicitation agreements may obligate us to pay compensation until termination of the client relationship. From time to time, we may also enter into written solicitation agreements with employees or independent contractors of

our affiliates which allow these individuals to refer potential investment advisory clients to us. Generally, client fees are not increased as a result of any referral fees. In the event of an increase, the specifics of the fee differential will be disclosed to the client in accordance with the applicable requirements of the Advisers Act. We require solicitors to forward copies of any client correspondence that is sent to the solicitor but intended for us. We also require solicitors to communicate to us any written client complaint or material client issue that is received or identified by the solicitor. To the extent a solicitor fails to forward client correspondence, complaints or other issues to us, we may not be able to appropriately address them.

Certain employees of the Ameriprise Financial organization are paid bonuses, which, unless prohibited by local law, may be based, in part, upon retaining and increasing assets under management. While activities that result in higher compensation may influence behavior, it is our policy to treat all clients fairly and equitably in accordance with our fiduciary duty.

From time to time, employees of Columbia Management Investment Advisers may give or receive gifts and entertainment to or from persons associated with a client, prospective client, supplier, third party or consultant. Our policy, which is designed to address the potential conflicts of interest relating to gifts, entertainment and other benefits, outlines limits that are applicable and the procedures that our employees must follow in order to give or receive gifts and benefits to or from clients, prospective clients or suppliers.

Unaffiliated third parties may also receive fees from us or from our affiliates in connection with the sale or servicing of securities products sponsored by us, including Funds and Private Funds.

### ***Consultant Relationships***

From time to time, we may pay a fee to a consultant for certain marketing support services, including newsletters or other reports on general industry developments, or for participation in a conference or educational seminar. Our clients or prospective clients, or their respective representatives (e.g., officials representing pension funds), may also be clients of these consultants and may choose to participate in these conferences or seminars. Additionally, we may purchase analytical tools from divisions of a consultant that help us monitor services we provide to clients. Any relationship between us and our clients will be separate and distinct from any relationship these clients might have with their consultants. While we may be introduced to clients pursuant to these arrangements, these arrangements are not subject to the disclosure and consent requirements associated with the type of cash solicitation arrangements described above.

We may from time to time provide financial support and guidance for third party research studies (including follow up publications and other communications) relating to the types of products we manage. Our role in supporting these studies and publications may not be disclosed to research participants at the time they are asked to participate in the studies.

### ***Other Compensation***

We receive fees from third-party sponsors of certain managed account or asset allocation programs for services rendered.

Our equity investment teams rely on one or more designated traders to support the trading function associated with the accounts they manage. A portion of the bonus pool for our equity trading personnel is based on the performance of the investment management teams and accounts they support. Our trading procedures dealing with aggregation and allocation of orders are designed to mitigate conflicts of interest this compensation system may present (e.g., a trader's incentive to favor an account a trader supports over an account a trader does not support in order to increase the bonus pool).

## **CUSTODY**

We do not maintain physical custody of client funds or securities; however, under Rule 206(4)-2 of the Advisers Act, (the "Custody Rule") there may be circumstances where we are "deemed" to have custody. For example, AEIS, one of our broker-dealer affiliates, acts as custodian of assets for clients to whom we may provide investment advice or other investment advisory services. Because AEIS provides custody for certain of our clients in connection with the advisory services we provide these clients, we are required under the Custody Rule to obtain from AEIS a written internal control report (the "ICR"), such as an SSAE16 report, at least annually from an independent public accountant registered with and

regularly inspected by the Public Company Accounting Oversight Board. The ICR that we receive from AEIS is intended to show that AEIS has established appropriate custodial controls with respect to client assets that are under custody. We have also determined that AEIS is operationally independent from us and thus under the Custody Rule we are not required to undergo an annual surprise examination by an independent public accountant with respect to those client assets for which AEIS has custody. In addition, with respect to the collective funds maintained by ATC and for which we act as subadviser and the Private Funds that we manage and sponsor (regardless of whether we are deemed to have custody of the funds' assets under the Custody Rule), we intend to continue to engage an independent public accountant to conduct an annual audit of those funds and provide the results of those audits to investors. Further, we receive an ICR from ATC. Finally, we may receive fees directly from a client's custodian upon our instruction to the custodian when authorized by the client as described elsewhere in the "Billing Methodology." section of this Brochure.

The foregoing describes situations where we may be deemed under the Advisers Act to have custody of client assets even when we do not have actual, physical custody of client assets. Although we do not maintain custody of client assets, we may on occasion inadvertently receive client funds or securities. If we inadvertently receive funds or securities attributable to a client or former client from a third party, we will return the funds or securities as required under the Custody Rule.

We provide monthly or quarterly statements to our clients (depending on the client's preference) and, in those cases where we are deemed to have custody because of certain invoicing arrangements, we have a reasonable belief that the client custodians also send their clients statements, at least quarterly, identifying the amount of funds and securities in their accounts at the end of the period and setting forth all transactions in the account during that period. We encourage our clients to compare the account statements that their custodian sends them with those that we provide.

### **INVESTMENT DISCRETION**

The accounts over which we exercise investment discretion are generally subject to investment restrictions and guidelines developed in consultation with clients. We will exercise such discretionary authority with a client or wrap program sponsor only after executing an agreement that gives us such discretion. These restrictions and guidelines customarily impose limitations on the types of securities that may be purchased and also generally limit the percentage of account assets that may be invested in certain types of securities. Additional policies may be set by a client's board or investment committee. We generally are authorized to make the following determinations, consistent with each client's investment goals and policies, without client consultation or consent before a transaction is effected:

- Which securities or other investments to buy or sell;
- The total amount of securities or other investments to buy or sell;
- The broker or dealer through whom securities or other investments are bought or sold;
- The commission rates at which securities or other investment transactions for client accounts are effected; and
- The price at which securities or other investments are to be bought or sold, which may include dealer spreads or mark-ups and transactions costs.

However, from time to time, we may accept accounts for which we have discretionary authority to purchase securities for the account, but not to select broker-dealers for transactions. These are commonly known as "client directed brokerage relationships." We may also accept non-discretionary arrangements, such as providing a series of securities recommendations by periodically updating a model portfolio or where clients retain investment discretion with respect to transactions in the account. In these situations, our lack of investment discretion may cause the client to lose possible advantages that our discretionary clients may derive from our ability to act for those discretionary clients in a more timely fashion, such as the aggregation of orders for several clients as a single transaction.

We may act as investment manager to other clients (including pooled investment vehicles such as Mutual Funds, ETFs or Private Funds) now or in the future and each account's investment restrictions and guidelines may differ. All investment decisions for an account are made in accordance with the investment restrictions and guidelines of that account.

Investment decisions for each account are made with a view to achieving the account's investment objectives and after consideration of such factors as the account's current holdings, the current investment views of the particular portfolio manager, availability of cash for investment, and the size of the account's positions generally. In addition, we may apply certain proprietary risk management guidelines or other restrictions to the universe of accounts we manage in situations where we believe such actions will enhance our overall advisory services. Further, we may seek to include or maintain

some of the accounts we manage in certain categories or “style boxes” published and monitored by third party rating and ranking organizations, which might cause us to manage the account in a way that meets the criteria for those categories or style boxes. These internal restrictions and style box categories are subject to change and may impose supplemental limitations and guidelines on the management of an account in addition to the guidelines provided to us by the applicable client.

### **VOTING CLIENT SECURITIES**

As a fiduciary, we owe our clients the duties of care and loyalty with respect to the services undertaken on the behalf of clients. Our proxy voting policies and procedures are reasonably designed to satisfy our fiduciary obligation with respect to proxy voting. In voting proxies on behalf of our advisory clients, we apply the following general principles in an effort to satisfy this fiduciary obligation:

- Seek to ensure that proxies are voted in the best economic interest of clients;
- address material conflicts of interest that may arise; and
- comply with disclosure and other requirements in connection with our proxy voting responsibilities.

We have adopted proxy voting guidelines covering certain types of proposals. These guidelines indicate whether we vote for, against, or abstain from a particular proposal, or whether the matter should be considered on a case-by-case basis. The proxy voting guidelines address matters relating to boards of directors, corporate governance, compensation, capitalization, acquisitions and other restructuring transactions, takeover defenses, and certain other business matters. We regularly review and may amend the guidelines based on, among other things, industry trends and proposal frequency.

When vested with proxy voting authority and in the absence of specific client guidelines, we will generally vote in the same manner as proxies being voted by our affiliates on behalf of their own clients who have adopted the same voting guidelines. However, recognizing that we and our affiliates each have an independent fiduciary obligation with respect to the voting of proxies, the proxy voting policies fully preserve our ability, and the ability of each affiliate, to vote in a manner contrary to other affiliates as well as voting differently on behalf of a specific client. In the event a client believes that its interests require a different vote, we will vote as the client clearly instructs, provided we receive such instructions in time to act accordingly.

In certain limited circumstances when we are not vested with discretionary authority to vote a client’s proxies (i.e., when the client retains voting discretion), at the client’s request we will administer proxy voting on behalf of the client in accordance with the client’s voting guidelines. In such circumstances the client may contact us with questions about a particular proxy solicitation by writing to us at the address set forth on the first page of this brochure or calling the phone number that appears on that page. A client may also vote its own proxies, or the client’s agent may vote proxies on behalf of the client.

In exercising our proxy voting responsibilities, we may consider the recommendations of third party research providers and may rely upon the recommendations of these research providers in situations where it is possible to establish voting criteria that are consistent with the intent of our voting guidelines. Securities held only within a passive index account managed by Columbia Management Investment Advisers’ Quantitative Strategies Group, securities held only in equity exchange traded funds managed by Columbia Management Investment Advisers’ Strategic Beta Group or securities held only in separately managed accounts managed by Columbia Management Investment Advisers’ Structured Equity Group, and not in any other account within Columbia Management Investment Advisers, will be voted in accordance with the recommendations of the third party research provider selected by Columbia Management Investment Advisers or as specified by the client. A complete copy of our discretionary proxy voting guidelines is available upon request by writing to us at the address set forth on the first page of this brochure or calling the phone number that appears on that page.

Where we are vested with proxy voting authority, it is our policy to endeavor to vote all proxies on behalf of the client, unless we determine in accordance with our policies to refrain from voting. Because of the volume and complexity of the proxy voting process, including inherent inefficiencies in the process that are outside our control (e.g., delays or incomplete information from intermediaries such as custodians, proxy agents or parties involved in Wrap Fee Programs), not all proxies may be voted. While we will make reasonable efforts to vote foreign securities on behalf of clients, voting

proxies of companies not domiciled in the United States may involve greater effort and cost due to the variety of regulatory schemes and corporate practices.

Certain non-U.S. countries require securities to be blocked prior to a vote, which means that the securities to be voted may not be traded within a specified number of days before the shareholder meeting. We typically will not vote securities in non-U.S. countries that require securities to be blocked as the need for liquidity of the securities in the funds will typically outweigh the benefit of voting. Some of our clients may participate in securities lending programs. In these situations, where we are responsible for voting a client's proxies, we will work with the client to determine whether there will be situations where securities loaned out under these lending arrangements will be recalled for the purpose of exercising voting rights. In certain circumstances securities on loan may not be recalled due to clients' preferences or due to circumstances beyond our control.

The administration of our proxy voting process is handled by a central point of administration at our firm (the "Proxy Team") servicing us and our affiliates. Among other duties, the Proxy Team coordinates with our third party proxy voting and research providers. Our investment personnel may also make recommendations about voting on a proposal, which may include a recommendation to vote in a manner contrary to our guidelines, subject to established controls. In addition, while we and each of our affiliates ultimately decides how each proxy will be voted, a Proxy Voting Committee reviews policies and procedures and helps ensure quality and objectivity in connection with our proxy voting procedures.

In voting proxies on behalf of clients, we seek to carry out our responsibilities without undue influence from individuals or groups who may have an economic interest in the outcome of a proxy vote, and we have implemented practices reasonably designed to identify potential significant conflicts of interest. One way that we seek to address potential material conflicts of interest is through employing predetermined voting guidelines. Alternatively, if we determine that a material conflict of interest exists, we will invoke one or more of the following conflict management practices: (i) causing the proxies to be voted in accordance with the recommendations of an independent third party (which may be our proxy voting administrator or research provider); (ii) causing the proxies to be delegated to an independent third party (which may be our proxy voting administrator or research provider); and (iii) in unusual cases, with the client's consent and upon ample notice, forwarding the proxies to our clients so that they may vote the proxies directly. For example, with respect to Ameriprise Financial, Inc. proxies, we vote in accordance with the recommendation of an independent third party when we are vested with proxy voting authority. Similarly, with respect to public companies with which we have a substantive relationship, we will vote such proxies following our pre-determined voting guidelines or the recommendations of an independent third party. Further, members of the Proxy Voting Committee are prohibited from voting on any proposal for which he or she has a conflict of interest by reason of a direct relationship with the issuer or other party affected by a given proposal. Persons making recommendations to the Proxy Voting Committee or its members are required to disclose to the committee any relationship with a party making a proposal or other matter known to the person that would create a potential conflict of interest.

We maintain proxy voting records and related records designed to meet our obligations under applicable law. Where permitted by and in accordance with applicable law, we may rely on third parties to make and retain, on our behalf, a copy of the relevant records. Clients may obtain a complete copy of our proxy voting policies and other information regarding how their proxies were voted upon request by writing to us at the address set forth on the first page of this brochure or calling the phone number that appears on that page.

### **FINANCIAL INFORMATION**

We do not require or solicit prepayments from clients nor do we have physical custody of client funds or securities. We do, however, have discretionary authority over client funds and securities. We currently do not know of any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to our clients.

## **NOTICE OF PRIVACY POLICIES AND PRACTICES**

At Columbia Management Investment Advisers maintaining our clients' trust and confidence is a high priority. That is why we want you to understand how we protect your privacy when we collect and use personal information, and the measures that we take to safeguard that information.

***Information We Collect.*** In order for us to provide services to you, you provide us with nonpublic personal information about you ("Client Information"). Client Information we collect about you comes primarily from the forms that are completed during the client intake process and from the transactions that you make with us and others. We also may receive Client Information about you from other unaffiliated companies who provide services to you.

***Disclosure of Client Information.*** Client Information about you or any former client is only disclosed as authorized by you or as permitted by law. For example, we may provide copies of your client statements to a third party if you request or authorize such release, or we may be required to provide Client Information pursuant to a subpoena or other legal mandate. Client Information about you or any former client is also disclosed to entities, whether or not affiliated with us, that help us to administer, maintain, and service your accounts. Also, unless we are contractually prohibited, Client Information about you may also be provided to our other financial services affiliates, including other asset management affiliates, in order to assist us, or them, in providing or offering products and services to you. However, we will not share Client Information for marketing purposes with affiliates or non-affiliates with respect to any natural person or wrap clients even if they may be considered institutional clients. Our institutional policy is, of course, subject to any contractual prohibitions on our ability to share Client Information for marketing purposes and any other client-imposed restrictions on this practice.

***Protecting Client Information.*** We provide access to Client Information only to those employees and agents (which can include affiliates and non-affiliates) who need the information to perform services for you or functions on your behalf, as well as those affiliates who may be involved in providing or offering services to you, as described above. Be assured that we maintain physical, electronic, and procedural security measures that comply with federal regulations to safeguard Client Information.

If you have any questions about how we protect and safeguard nonpublic personal information, please call your Client Relationship Manager.

*Please direct any questions or requests for additional information regarding Columbia Management Investment Advisers, LLC to the address or telephone number listed on the cover of this brochure.*



## RISK DISCLOSURE APPENDIX

*Investing in securities involves risk of loss that clients should be prepared to bear. Below you will find a detailed description of the material risks that apply to the investment strategies listed in the chart in “Methods of Analysis, Investment Strategies and Risk of Loss”. Some of these risks relate to very strategy-specific risks, such as foreign currency risk, and others are broader and impact all strategies generally, such as market or issuer risk.*

**Active Management Risk.** Due to its active management, the portfolio could underperform other portfolios with a similar investment objectives and/or strategies.

**Allocation Risk.** The portfolio uses an asset allocation strategy in pursuit of its investment objective. There is a risk that the portfolio’s allocation among asset classes or investments will cause the portfolio to lose value or cause it to underperform other portfolios with a similar investment objective and/or strategy, or that the investments themselves will not produce the returns expected.

**Commodity-Related Investment Risk.** The value of commodities investments will generally be affected by overall market movements and factors specific to a particular industry or commodity, which may include demand for the commodity, weather, embargoes, tariffs, and economic health, political, international, regulatory and other developments. Exposure to commodities and commodities markets may subject the value of the portfolio’s investments to greater volatility than other types of investments. Commodities investments may also subject the portfolio to counterparty risk and liquidity risk. The portfolio may make commodity-related investments through one or more wholly owned subsidiaries organized outside the U.S. that are generally not subject to U.S. laws (including securities laws) and their protections.

**Confidential Information Access Risk.** Portfolio managers may avoid the receipt of material, non-public information (Confidential Information) about the issuers of floating rate loans (including from the issuer itself) being considered for acquisition by the portfolio, or held in the portfolio. A decision not to receive Confidential Information may disadvantage the portfolio and could adversely affect the portfolio’s performance.

**Convertible Securities Risk.** Convertible securities are subject to the usual risks associated with debt instruments, such as interest rate risk and credit risk. Convertible securities also react to changes in the value of the common stock into which they convert, and are thus subject to market risk. As a result, the portfolio may also be forced to convert a convertible security at an inopportune time which may decrease the portfolio’s return.

**Correlation/Tracking Error Risk.** The portfolio’s value will generally decline when the performance of its benchmark index (the “Index”) declines. A number of factors may affect the portfolio’s ability to achieve a high degree of correlation with the Index, and there is no guarantee that the portfolio will achieve a high degree of correlation. Failure to achieve a high degree of correlation may prevent the portfolio from achieving its investment objective. The factors that may adversely affect the portfolio’s correlation with the Index include the size of the portfolio, fees, expenses, transaction costs, income items, valuation methodology, accounting standards, the effectiveness of sampling techniques, changes in the Index and disruptions or illiquidity in the markets for the securities in which the portfolio invests. While the portfolio typically attempts to track the performance of the Index by investing all, or substantially all, of its assets in the types of securities that make up the Index in approximately the same proportion as their weighting in the Index, at times, the portfolio may not have investment exposure to all securities in the Index, or its weighting of investment exposure to securities may be different from that of the Index. In addition, the portfolio may invest in securities not included in the Index. The portfolio may take or refrain from taking investment positions for various reasons, such as tax efficiency purposes, or to comply with regulatory restrictions, which may negatively affect the portfolio’s correlation with the Index. The portfolio may also be subject to large movements of assets into and out of the portfolio, potentially resulting in the portfolio being over- or under-exposed to certain securities comprising the Index and may be impacted by Index reconstitutions and Index rebalancing events. The portfolio also bears management and other expenses and transaction costs in trading securities, which the Index does not bear. Accordingly, the portfolio’s performance will likely fail to match the performance of the Index, after taking expenses into account. Any of these factors could decrease correlation between the performance of the portfolio and the Index and may hinder the portfolio’s ability to meet its investment objective. It is not possible to invest directly in an index.

**Counterparty Risk.** Counterparty risk is the risk that a counterparty to a financial instrument held by the portfolio or by a special purpose or structured vehicle invested in by the portfolio may become insolvent or otherwise fail to perform its obligations. As a result, the portfolio may obtain no or limited recovery of its investment and any recovery may be significantly delayed.

**Credit Risk.** Credit risk is the risk that the value of a security or instrument in the portfolio may or will decline if the issuer fails to pay interest or repay principal when due. The value of fixed-income securities may decline if the issuer of the security defaults or otherwise becomes unable or unwilling, or is perceived to be unable or unwilling, to honor its financial obligations, such as making payments when due. Rating agencies assign credit ratings to certain fixed-income securities to indicate their credit risk. Unrated securities held by the portfolio may present increased credit risk as compared to higher-rated securities. If a portfolio purchases unrated securities, or if the ratings of securities held in a portfolio are lowered after purchase, the portfolio would depend on analysis of credit risk more heavily than usual.

**Credit Risk – Bank Loans.** Credit risk is the risk that the value of loans or other fixed-income debt instruments may decline if the borrower or the issuer thereof defaults or otherwise becomes unable or unwilling, or is perceived to be unable or unwilling, to honor its financial obligations, such as making payments to the portfolio when due. Rating agencies assign credit ratings to certain loans and fixed-income securities to indicate their credit risk. Lower quality or unrated loans or instruments held by the portfolio may present increased credit risk as compared to higher-rated loans or securities. Non-investment grade loans or fixed-income instruments (commonly called “high-yield” or “junk”) may be subject to greater price fluctuations and are more likely to experience a default than investment grade loans or fixed-income instruments and therefore may expose the

portfolio to increased credit risk. If the portfolio purchases unrated loans or securities, or if the ratings of loans or such investments held by the portfolio are lowered after purchase, the portfolio will depend on analysis of credit risk more heavily than usual.

**Depository Receipts Risks.** Depository receipts are receipts issued by a bank or trust company reflecting ownership of underlying securities issued by foreign companies. Some foreign securities are traded in the form of American Depositary Receipts (ADRs). Depository receipts involve risks similar to the risks associated with investments in foreign securities, including those associated with investing in the particular country of an issuer, which may be related to the particular political, regulatory, economic, social and other conditions or events, including, for example, military confrontations, war and terrorism, occurring in the country and fluctuations in its currency, as well as market risk tied to the underlying foreign company. In addition, ADR holders may have limited voting rights, may not have the same rights afforded typical company stockholders in the event of a corporate action such as an acquisition, merger or rights offering and may experience difficulty in receiving company stockholder communications.

**Derivatives Risk.** Derivatives may involve significant risks. Derivatives are financial instruments with a value in relation to, or derived from, the value of an underlying asset(s) or other reference, such as an index, rate or other economic indicator (each an underlying reference). Derivatives may include those that are privately placed or otherwise exempt from SEC registration, including that certain Rule 144A eligible securities may be derivatives. Derivatives could result in portfolio losses if the underlying reference does not perform as anticipated. Use of derivatives is a highly specialized activity that can involve investment techniques, risks, and tax planning different from those associated with more traditional investment instruments. A derivatives strategy may not be successful and use of certain derivatives could result in substantial, potentially unlimited, losses regardless of the portfolio's actual investment. A relatively small movement in the price, rate or other economic indicator associated with the underlying reference may result in substantial loss. Derivatives may be more volatile than other types of investments. The value of derivatives may be influenced by a variety of factors, including national and international political and economic developments. Potential changes to the regulation of the derivatives markets may make derivatives more costly, may limit the market for derivatives, or may otherwise adversely affect the value or performance of derivatives. Derivatives can increase the portfolio's risk exposure to underlying references and their attendant risks, such as credit risk, market risk, foreign currency risk and interest rate risk, while exposing it to correlation risk, counterparty risk, hedging risk, leverage risk, liquidity risk, pricing risk and volatility risk.

**Derivatives Risk/Forward Contracts.** A forward contract is an over-the-counter derivative transaction between two parties to buy or sell a specified amount of an underlying reference at a specified price (or rate) on a specified date in the future. Forward contracts are negotiated on an individual basis and are not standardized or traded on exchanges. The market for forward contracts is substantially unregulated and can experience lengthy periods of illiquidity, unusually high trading volume and other negative impacts, such as political intervention, which may result in volatility or disruptions in such markets. A relatively small price movement in a forward contract may result in substantial losses to the portfolio, exceeding the amount of the margin paid. Forward contracts can increase the portfolio's risk exposure to underlying references and their attendant risks, such as credit risk, market risk, foreign currency risk and interest rate risk, while also exposing the portfolio to correlation risk, counterparty risk, hedging risk, leverage risk, liquidity risk, pricing risk and volatility risk.

**Derivatives Risk/Futures Contracts Risk.** A futures contract is an exchange-traded derivative transaction between two parties in which a buyer (holding the "long" position) agrees to pay a fixed price (or rate) at a specified future date for delivery of an underlying reference from a seller (holding the "short" position). The seller hopes that the market price on the delivery date is less than the agreed upon price, while the buyer hopes for the contrary. Certain futures contract markets are highly volatile, and futures contracts may be illiquid. Futures exchanges may limit fluctuations in futures contract prices by imposing a maximum permissible daily price movement. The portfolio may be disadvantaged if it is prohibited from executing a trade outside the daily permissible price movement. At or prior to maturity of a futures contract, the portfolio may enter into an offsetting contract and may incur a loss to the extent there has been adverse movement in futures contract prices. The liquidity of the futures markets depends on participants entering into offsetting transactions rather than making or taking delivery. To the extent participants make or take delivery, liquidity in the futures market could be reduced. Because of the low margin deposits normally required in futures trading, it is possible that the portfolio may employ a high degree of leverage in the portfolio. As a result, a relatively small price movement in a futures contract may result in substantial losses, exceeding the amount of the margin paid. For certain types of futures contracts, losses are potentially unlimited. Futures markets are highly volatile and the use of futures may increase the volatility of the portfolio. Futures contracts executed (if any) on foreign exchanges may not provide the same protection as U.S. exchanges. Futures contracts can increase the portfolio's risk exposure to underlying references and their attendant risks, such as credit risk, market risk, foreign currency risk and interest rate risk, while also exposing it to correlation risk, counterparty risk, hedging risk, leverage risk, liquidity risk, pricing risk and volatility risk.

**Derivatives Risk/Inverse Floaters Risk.** Inverse variable or floating rate obligations, sometimes referred to as inverse floaters, are a type of over-the-counter derivative debt instrument with a variable or floating coupon rate that moves in the opposite direction of an underlying reference, typically short-term interest rates. While inverse floaters tend to provide more income than similar term and credit quality fixed-rate bonds, they also exhibit greater volatility in price movement, which could result in significant losses for the portfolio. An inverse floater may have the effect of investment leverage to the extent that its coupon rate varies by a magnitude that exceeds the magnitude of the change in the index or reference rate of interest, which could result in increased losses. Inverse floaters can increase the portfolio's risk exposure to underlying references and their attendant risks, such as credit risk, market risk, foreign currency risk and interest rate risk, while also exposing it to correlation risk, counterparty risk, hedging risk, leverage risk, liquidity risk, pricing risk and volatility risk.

**Derivatives Risk/Options Risk.** Options are derivatives that give the purchaser the option to buy (call) or sell (put) an underlying reference from or to a counterparty at a specified price (the strike price) on or before an expiration date. By investing in options, the portfolio is exposed to the risk that it may be required to buy or sell the underlying reference at a disadvantageous price on or before the expiration date. Options may involve economic leverage, which could result in greater volatility in price movement. The portfolio's losses could be significant, and are potentially unlimited for certain types of options. Options may be traded on a securities exchange or in the over-the-counter market. At or prior to maturity of an options contract, the portfolio may enter into an offsetting contract and may incur a loss to the extent there has been adverse movement in options prices. Options can increase the portfolio's risk exposure to underlying references and their attendant risks such as credit risk, market risk, foreign currency

risk and interest rate risk, while also exposing it to correlation risk, counterparty risk, hedging risk, leverage risk, liquidity risk, pricing risk and volatility risk.

**Derivatives Risk/Structured Investments Risk.** Structured investments are over-the-counter derivatives that provide principal and/or interest payments based on the value of an underlying reference(s). Structured investments may lack a liquid secondary market and their prices or value can be volatile which could result in significant losses for the portfolio. Structured investments may create economic leverage which may increase the volatility of the value of the investment. Structured investments can increase the portfolio's risk exposure to underlying references and their attendant risks, such as credit risk, market risk, foreign currency risk and interest rate risk, while also exposing it to correlation risk, counterparty risk, hedging risk, leverage risk, liquidity risk, pricing risk and volatility risk.

**Derivatives Risk/Swaps Risk.** In a typical swap transaction two parties agree to exchange the return earned on a specified underlying reference for a fixed return or the return from another underlying reference during a specified period of time. Swaps may be difficult to value and may be illiquid. Swaps could result in portfolio losses if the underlying asset or reference does not perform as anticipated. Swaps create significant investment leverage such that a relatively small price movement in a swap may result in immediate and substantial losses. The portfolio may only close out a swap with its particular counterparty, and may only transfer a position with the consent of that counterparty. Certain swaps, such as short swap transactions and total return swaps, have the potential for unlimited losses, regardless of the size of the initial investment. Swaps can increase the portfolio's risk exposure to underlying references and their attendant risks, such as credit risk, market risk, foreign currency risk and interest rate risk, while also exposing it to correlation risk, counterparty risk, hedging risk, inflation risk, leverage risk, liquidity risk, pricing risk and volatility risk.

**Derivatives Risk/Swaptions Risk.** A swaption is an options contract on a swap agreement. These transactions give a party the right (but not the obligation) to enter into new swap agreements or to shorten, extend, cancel or otherwise modify an existing swap agreement at some designated future time on specified terms, in return for payment of the purchase price (the "premium") of the option. A portfolio may write (sell) and purchase put and call swaptions to the same extent it may make use of standard options on securities or other instruments. The writer of the contract receives the premium and bears the risk of unfavorable changes in the market value on the underlying swap agreement. Swaptions can be bundled and sold as a package. These are commonly called interest rate caps, floors and collars.

**Emerging Market Securities Risk.** Securities issued by foreign governments or companies in emerging market countries are more likely to have greater exposure to the risks of investing in foreign securities that are described in Foreign Securities Risk. In addition, emerging market countries are more likely to experience instability resulting, for example, from rapid changes or developments in social, political, economic or other conditions. Their economies are usually less mature and their securities markets are typically less developed with more limited trading activity (i.e., lower trading volumes and less liquidity) than more developed countries. Emerging market securities tend to be more volatile than securities in more developed markets. Many emerging market countries are heavily dependent on international trade and have fewer trading partners, which makes them more sensitive to world commodity prices and economic downturns in other countries, and some have a higher risk of currency devaluations.

**Exchange-Traded Portfolio (ETF) Risk.** ETFs are subject to, among other risks, tracking risk, and passive, and in some cases, active investment risk. In addition, investors bear both a portfolio's expenses and similar expenses incurred through ownership of the ETF.

**Focused Portfolio Risk.** Because the portfolio may invest in a limited number of companies, it may be subject to greater risk of loss if any of those securities decline in price.

**Foreign Currency Risk.** The performance of the portfolio may be materially affected positively or negatively by foreign currency strength or weakness relative to the U.S. dollar, particularly if the portfolio invests a significant percentage of its assets in foreign securities or other assets denominated in currencies other than the U.S. dollar.

**Foreign Securities Risk.** Investments in or exposure to foreign securities involve certain risks not associated with investments in or exposure to securities of U.S. companies. Foreign securities subject the portfolio to the risks associated with investing in the particular country of an issuer, including the political, regulatory, economic, social, diplomatic and other conditions or events (including, for example, military confrontations, war and terrorism), occurring in the country or region, as well as risks associated with less developed custody and settlement practices. Foreign securities may be more volatile and less liquid than securities of U.S. companies, and are subject to the risks associated with potential imposition of economic and other sanctions against a particular foreign country, its nationals or industries or businesses within the country. In addition, foreign governments may impose withholding or other taxes on income, capital gains or proceeds from the disposition of foreign securities, which could reduce the portfolio's return on such securities.

**Forward Commitments on Mortgage-Backed Securities (including Dollar Rolls) Risk.** When purchasing mortgage-backed securities in the "to be announced" (TBA) market (MBS TBAs), the seller agrees to deliver mortgage-backed securities for an agreed upon price on an agreed upon date, but may make no guarantee as to the specific securities to be delivered. In lieu of taking delivery of mortgage-backed securities, the portfolio could enter into dollar rolls, which are transactions in which it sells securities to a counterparty and simultaneously agrees to purchase those or similar securities in the future at a predetermined price. Dollar rolls involve the risk that the market value of the securities the portfolio is obligated to repurchase may decline below the repurchase price, or that the counterparty may default on its obligations. These transactions may also increase the portfolio's turnover rate. If the portfolio reinvests the proceeds of the security sold, it will also be subject to the risk that the investments purchased with such proceeds will decline in value (a form of leverage risk). MBS TBAs and dollar rolls are subject to the risk that the counterparty to the instrument may not perform or be unable to perform in accordance with the terms of the instrument.

**Frequent Trading Risk.** The portfolio managers may actively and frequently trade investments in the portfolio to carry out its investment strategies. Frequent trading of investments increases the possibility that the portfolio, as relevant, will realize taxable capital gains (including short-term capital gains, which are generally taxable at higher rates than long-term capital gains for U.S. federal income tax purposes), which could reduce the

portfolio's after-tax return. Frequent trading can also mean higher brokerage and other transaction costs, which could reduce the portfolio's return. The trading costs and tax effects associated with portfolio turnover may adversely affect its performance.

**Frontier Market Risk.** Frontier market countries generally have smaller economies and even less developed capital markets than traditional emerging market countries (which themselves have increased investment risk relative to more developed market countries) and, as a result, the portfolio's exposure to risks associated with investing in emerging market countries are magnified when it invests in frontier market countries. Increased risks include: the potential for extreme price volatility and illiquidity in frontier market countries; government ownership or control of the private sector and of certain companies; trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist and similar measures imposed or negotiated by the countries with which frontier market countries trade; and the relatively new and unsettled securities laws in many frontier market countries.

**Geographic Focus Risk.** The portfolio may be particularly susceptible to economic, political, regulatory or other events or conditions affecting issuers and countries within the specific geographic regions in which the portfolio invests. The portfolio may be more volatile than a more geographically diversified portfolio.

**Geographic Focus Risk/Asia Pacific Region Risk.** Many of the countries in the Asia Pacific region are considered underdeveloped or developing, including from a political, economic and/or social perspective, and may have relatively unstable governments and economies based on limited business, industries and/or natural resources or commodities. Events in any one country within the region may impact other countries in the region or the region as a whole. As a result, events in the region will generally have a greater effect on the portfolio than if it were more geographically diversified. This could result in increased volatility in the value of the investments and losses within the portfolio. Also, securities of some companies in the region can be less liquid than U.S. or other foreign securities, potentially making it difficult to sell such securities at a desirable time and price.

**Geographic Focus Risk/Europe Risk.** The portfolio may be particularly susceptible to economic, political, regulatory or other events or conditions affecting issuers and countries in Europe. Currency devaluations could occur in countries that have not yet experienced currency devaluation to date, or could continue to occur in countries that have already experienced such devaluations. In addition, the private and public sectors' debt problems of a single EU country can pose significant economic risks to the EU as a whole. As a result, it may be more volatile than a more geographically diversified portfolio. If securities of issuers in Europe fall out of favor, it may cause the portfolio to underperform other investments that do not focus their investments in this region of the world.

**Growth Securities Risk.** Growth securities typically trade at a higher multiple of earnings than other types of equity securities. Accordingly, the market values of growth securities may never reach their expected market value and may decline in price. In addition, 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 for varying periods of time.

**Highly Leveraged Transactions Risk.** The loans or other debt instruments in which the portfolio invests may include highly leveraged transactions whereby the borrower assumes large amounts of debt in order to have the financial resources to attempt to achieve its business objectives. Loans or other debt instruments that are part of highly leveraged transactions involve a greater risk (including default and bankruptcy) than other investments.

**High-Yield Investments Risk.** Securities and other debt instruments held by the portfolio that are rated below investment grade (commonly called "high-yield" or "junk" bonds) and unrated debt instruments of comparable quality expose the portfolio to a greater risk of loss of principal and income than a strategy that invests solely or primarily in investment grade debt instruments. In addition, these investments have greater price fluctuations, are less liquid and are more likely to experience a default than higher-rated debt instruments. High-yield debt instruments are considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal.

**Impairment of Collateral Risk.** The value of collateral, if any, securing a loan can decline, and may be insufficient to meet the borrower's obligations or difficult or costly to liquidate. In addition, the portfolio's access to collateral may be limited by bankruptcy or other insolvency laws. Further, certain floating rate and other loans may not be fully collateralized and may decline in value.

**Inflation-Protected Securities Risk.** Inflation-protected debt securities tend to react to changes in real interest rates (i.e., nominal interest rates minus the expected impact of inflation). In general, the price of such securities falls when real interest rates rise, and rises when real interest rates fall. Interest payments on these securities will vary and may be more volatile than interest paid on ordinary bonds. In periods of deflation, the portfolio may have no income at all from such investments.

**Inflation Risk.** Inflation risk is the uncertainty over the future real value (after inflation) of an investment. Inflation rates may change frequently and drastically as a result of various factors, including unexpected shifts in the domestic or global economy, and investments may not keep pace with inflation, which may result in losses to investors.

**Interest Rate Risk.** Interest rate risk is the risk of losses attributable to changes in interest rates. In general, if prevailing interest rates rise, the values of debt instruments tend to fall, and if interest rates fall, the values of debt instruments tend to rise. Changes in the value of a debt instrument usually will not affect the amount of income the portfolio receives from it but will generally affect the value of the portfolio. Interest rate declines also may increase prepayments of debt obligations, which, in turn, would increase prepayment risk. Similarly, a period of rising interest rates may negatively impact the portfolio's performance. Actions by governments and central banking authorities can result in increases in interest rates. Such actions may negatively affect the value of debt instruments held by the portfolio, resulting in a negative impact on the portfolio's performance.

**Leverage Risk.** Leverage occurs when the portfolio increases its assets available for investment using borrowings, forward contracts or other derivatives, or similar instruments or techniques. The portfolio and certain counterparties may agree to allow for the cash settlement of forward foreign currency contracts, which permits the portfolio to designate liquid assets in an amount equal to the portfolio's daily marked-to-market (net) obligation, if any, rather than the gross notional value of the relevant contracts. Because the portfolio will segregate only the net obligation

attributable to such forward foreign currency contracts, it may utilize such contracts to a greater extent than if it was required to segregate assets equal to the gross notional value of such contracts. Leverage presents the opportunity for increased net income and capital gains, but may also exaggerate the portfolio's volatility and risk of loss. Leverage can also create an interest expense that may lower the portfolio's overall returns. There is no guarantee that a leveraging strategy will be successful.

**Liquidity Risk.** Liquidity risk is the risk associated with any event, circumstance, or characteristic of an investment or market that negatively impacts the portfolio's ability to sell, or realize the proceeds from the sale of, an investment at a desirable time or price. Liquidity risk may arise because of, for example, a lack of marketability of the investment, which means that when seeking to sell its investments, the portfolio could find that selling is more difficult than anticipated, especially during times of high market volatility. Market participants attempting to sell the same or a similar instrument at the same time as the portfolio could exacerbate the portfolio's exposure to liquidity risk. The portfolio may have to accept a lower selling price for the holding, sell other, liquid or more liquid, investments that it might otherwise prefer to hold (thereby increasing the proportion of its investments in less liquid or illiquid securities), or forego another more appealing investment opportunity. Certain investments that were liquid when purchased by the portfolio may later become illiquid, particularly in times of overall economic distress. Changing regulatory, market or other conditions or environments (for example, the interest rate or credit environments) may also adversely affect the liquidity and the price of the portfolio's investments. Judgment plays a larger role in valuing illiquid or less liquid investments as compared to valuing liquid or more liquid investments. Price volatility may be higher for illiquid or less liquid investments as a result of, for example, the relatively less frequent pricing of such securities (as compared to liquid or more liquid investments). Generally, the less liquid the market at the time the portfolio sells a portfolio investment, the greater the risk of loss or decline of value to the portfolio. Overall market liquidity and other factors can lead to an increase in portfolio redemptions, which may negatively impact portfolio performance, including, for example, if the portfolio is forced to sell investments in a down market.

**Loan Interests Risk.** Loan interests may not be considered "securities," and purchasers therefore may not be entitled to rely on the anti-fraud protections of the federal securities laws. Loan interests generally are subject to restrictions on transfer, and a portfolio may be unable to sell its loan interests at a time when it may otherwise be desirable to do so or may be able to sell them only at prices that are less than what it regards as their fair market value. Accordingly, loan interests may at times be illiquid. Loan interests may be difficult to value and typically have extended settlement periods (generally greater than 7 days). In seeking to meet liquidity demands, a portfolio could be forced to sell investments at unfavorable prices, or borrow money or effect short settlements when possible, in an effort to generate sufficient cash. Those actions in this regard may not be successful. Interests in loans made to finance highly leveraged companies or transactions, such as corporate acquisitions, may be especially vulnerable to adverse changes in economic or market conditions. Interests in secured loans have the benefit of collateral and, typically, of restrictive covenants limiting the ability of the borrower to further encumber its assets. There is a risk that the value of any collateral securing a loan in which the portfolio has an interest may decline and that the collateral may not be sufficient to cover the amount owed on the loan. In the event the borrower defaults, the portfolio's access to the collateral may be limited or delayed by bankruptcy or other insolvency laws. Further, there is a risk that a court could take action with respect to a loan that is adverse to the holders of the loan to enforce its rights in the event of a default, bankruptcy or similar situation, may need to retain legal or similar counsel. Loans that have a lower priority for repayment in an issuer's capital structure may involve a higher degree of overall risk than more senior loans of the same borrower. In the event of a default, second lien secured loans will generally be paid only if the value of the collateral exceeds the amount of the borrower's obligations to the first lien secured lenders, and the remaining collateral may not be sufficient to cover the full amount owed on the loan in which the portfolio has an interest. The portfolio may acquire a participation interest in a loan that is held by another party. When the portfolio's loan interest is a participation, it may have less control over the exercise of remedies than the party selling the participation interest, and it normally would not have any direct rights against the borrower.

**Mid-Cap Company Securities Risk.** Investments in mid-capitalization companies (mid-cap companies) often involve greater risks than investments in larger, more established companies (larger companies) because mid-cap companies tend to have less predictable earnings and may lack the management experience, financial resources, product diversification and competitive strengths of larger companies, and may be less liquid than the securities of larger companies.

**Money Market Fund Investment Risk.** An investment in a money market fund is not a bank deposit and is not insured or guaranteed by any bank, the FDIC or any other government agency. Although certain types of money market funds seek to preserve the value of investments at \$1.00 per share, it is not guaranteed and it is possible for the portfolio to lose money by investing in these and other types of money market funds. In addition to the fees and expenses that the portfolio directly bears, the portfolio indirectly bears the fees and expenses of any money market funds in which it invests, including affiliated money market funds. The portfolio will also be exposed to the investment risks of the money market fund. To the extent the portfolio invests in instruments such as derivatives, the portfolio may hold investments, which may be significant, in money market fund shares to cover its obligations resulting from its investments in derivatives. Money market funds and the securities they invest in are subject to comprehensive regulations. The enactment of new legislation or regulations, as well as changes in interpretation and enforcement of current laws, may affect the manner of operation, performance and/or yield of money market funds. In the event that a money market fund's liquidity declines below a certain level, the money market fund's board may impose a liquidity fee on redemptions of up to 2% or suspend redemptions for a period of time (i.e., impose a redemption gate). These measures may result in an investment loss or prohibit the portfolio from redeeming shares.

**Mortgage- and Other Asset-Backed Securities Risk.** The value of the portfolio's mortgage-backed and other asset-backed securities may be affected by, among other things, changes or perceived changes in: interest rates, factors concerning the interests in and structure of the issuer or the originator of the mortgages or other assets, the creditworthiness of the entities that provide any supporting letters of credit, surety bonds or other credit enhancements, or the market's assessment of the quality of underlying assets. Payment of principal and interest on some mortgage-backed securities (but not the market value of the securities themselves) may be guaranteed by the full faith and credit of a particular U.S. Government agency, authority, enterprise of instrumentality, and some, but not all, are insured or guaranteed by the U.S. Government. Mortgage and other asset-backed securities issued by non-governmental issuers (such as commercial banks, savings and loan institutions, private mortgage insurance companies, mortgage bankers and other secondary market issuers) may entail greater risk than obligations guaranteed by the U.S. Government. Mortgage and other asset-backed securities are subject to prepayment risk, which is the possibility that the underlying mortgage or other asset may be refinanced or prepaid prior to maturity during periods of declining or low interest rates, causing the portfolio to have to reinvest the money received

in securities that have lower yields. Rising or high interest rates tend to extend the duration of mortgage and other asset-backed securities, making their prices more volatile and more sensitive to changes in interest rates.

**Municipal Securities Risk** Municipal securities are debt obligations generally issued to obtain portfolios for various public purposes, including general financing for state and local governments, or financing for a specific project or public facility, and include obligations of the governments of the U.S. territories, commonwealths and possessions such as Guam, Puerto Rico and the U.S. the Virgin Islands, to the extent such obligations are exempt from state and federal income taxes. Municipal securities may be fully or partially backed by the taxing authority of the local government, by the credit of a private issuer, by the current or anticipated revenues from a specific project or specific assets or by domestic or foreign entities providing credit support, such as letters of credit, guarantees or insurance, and are generally classified into general obligation bonds and special revenue obligations. General obligation bonds are backed by an issuer's taxing authority and may be vulnerable to limits on a government's power or ability to raise revenue or increase taxes. They may also depend for payment on legislative appropriation and/or funding or other support from other governmental bodies. Revenue obligations are payable from revenues generated by a particular project or other revenue source, and are typically subject to greater risk of default than general obligation bonds because investors can look only to the revenue generated by the project or other revenue source backing the project, rather than to the general taxing authority of the state or local government issuer of the obligations. Because many municipal securities are issued to finance projects in sectors such as education, health care, transportation and utilities, conditions in those sectors can affect the overall municipal market.

Certain of the municipalities or territories in which the portfolio may invest have recently experienced significant financial difficulties. A credit rating downgrade relating to, default by, or insolvency or bankruptcy of, one or several municipal security issuers of a state, territory, commonwealth or possession in which the portfolio invests could affect the market values and marketability of many or all municipal obligations of such state, territory, commonwealth or possession. The value of the portfolio will be negatively impacted to the extent it invests in such securities.

**Non-Diversification Risk.** A non-diversified portfolio will generally invest a greater percentage of its assets in the securities of fewer companies than if it were a diversified portfolio. This increases the risk that a change in the value of any one investment held in the portfolio could affect the overall value of the portfolio more than it would affect that of a diversified portfolio holding a greater number of investments. Accordingly, a non-diversified portfolio's value will likely be more volatile than the value of a more diversified one.

**Preferred Stock Risk.** Preferred stock is a type of stock that generally pays dividends at a specified rate and that has preference over common stock in the payment of dividends and the liquidation of assets. Preferred stock does not ordinarily carry voting rights. The price of a preferred stock is generally determined by earnings, type of products or services, projected growth rates, experience of management, liquidity, and general market conditions of the markets on which the stock trades. The most significant risks associated with investments in preferred stock include issuer risk, market risk and interest rate risk (i.e., the risk of losses attributable to changes in interest rates).

**Prepayment and Extension Risk.** Prepayment and extension risk is the risk that a loan, bond or other security or investment might, in the case of prepayment risk, be called or otherwise converted, prepaid or redeemed before maturity and, in the case of extension risk, that the investment might not be called as expected. In the case of prepayment risk, if the investment is converted, prepaid or redeemed before maturity, the portfolio manager may not be able to invest the proceeds in other investments providing as high a level of income, resulting in a reduced yield to the portfolio. In the case of mortgage- or asset-backed securities, as interest rates decrease or spreads narrow, the likelihood of prepayment increases. Conversely, extension risk is the risk that an unexpected rise in interest rates will extend the life of a mortgage- or asset-backed security beyond the prepayment time. If the portfolio's investments are locked in at a lower interest rate for a longer period of time, the portfolio manager may be unable to capitalize on securities with higher interest rates or wider spreads.

**Quantitative Model Risk.** Investments selected using quantitative methods may perform differently from the market as a whole. There can be no assurance that these methodologies will enable the portfolio to achieve its objective.

**Real Estate-Related Investment Risk.** Investments in real estate investment trusts (REITs) and in securities of other companies (wherever organized) principally engaged in the real estate industry subject the portfolio, among other things, risks similar to those of direct investments in real estate and the real estate industry in general. These include risks related to general and local economic conditions, possible lack of availability of financing and changes in interest rates or property values. REITs are entities that either own properties or make construction or mortgage loans, and also may include operating or finance companies. The value of interests in a REIT may be affected by, among other factors, changes in the value of the underlying properties owned by the REIT, changes in the prospect for earnings and/or cash flow growth of the REIT itself, defaults by borrowers or tenants, market saturation, decreases in market rates for rents, and other economic, political, or regulatory matters affecting the real estate industry, including REITs. REITs and similar non-U.S. entities depend upon specialized management skills, may have limited financial resources, may have less trading volume in their securities, and may be subject to more abrupt or erratic price movements than the overall securities markets. REITs are also subject to the risk of failing to qualify for favorable tax treatment under the Internal Revenue Code of 1986, as amended. Some REITs (especially mortgage REITs) are affected by risks similar to those associated with investments in debt securities including changes in interest rates and the quality of credit extended.

**Redemption Risk.** The portfolio may need to sell securities to meet redemption requests. The portfolio could experience a loss when selling securities to meet redemption requests if there is (i) significant redemption activity, including, for example, when a single investor or few large investors make a significant redemption, (ii) a disruption in the normal operation of the markets in which the portfolio securities are bought and sold or (iii) the inability of the portfolio to sell securities because such securities are illiquid. In such events, the forced sale of securities at unfavorable prices in an effort to generate sufficient cash to pay redeeming investors may create substantial losses.

**Reinvestment Risk.** Reinvestment risk is the risk that the portfolio will not be able to reinvest income or principal at the same return it is currently earning.

**Repurchase Agreements Risk.** Repurchase agreements are agreements in which the seller of a security agrees to repurchase that security from the portfolio at a mutually agreed upon price and time. Repurchase agreements carry the risk that the counterparty may not fulfill its obligations under the agreement. This could cause the value of the portfolio to decline.

**Reverse Repurchase Agreements Risk.** Reverse repurchase agreements are agreements in which an investor sells a security to a counterparty, such as a bank or broker-dealer, in return for cash and agrees to repurchase that security at a mutually agreed upon price and time. Reverse repurchase agreements carry the risk that the market value of the security sold may decline below the price at which the portfolio must repurchase the security. Reverse repurchase agreements also may be viewed as a form of borrowing, and borrowed assets used for investment creates leverage risk.

**Rule 144A and Other Exempted Securities Risk.** The portfolio may invest in privately placed and other securities or instruments exempt from SEC registration (collectively “private placements”). In the U.S. market, private placements are typically sold only to qualified institutional buyers, or qualified purchasers, as applicable. An insufficient number of buyers interested in purchasing private placements at a particular time could affect adversely the marketability of such investments and the portfolio might be unable to dispose of them promptly or at reasonable prices, subjecting the portfolio to liquidity risk. The portfolio may invest in private placements determined to be liquid as well as those determined to be illiquid. Even if determined to be liquid, the portfolio’s holdings of private placements may increase the level of portfolio illiquidity if eligible buyers are unable or unwilling to purchase them at a particular time. Issuers of Rule 144A eligible securities are required to furnish information to potential investors upon request. However, the required disclosure is much less extensive than that required of public companies and is not publicly available since the offering is not filed with the SEC. Further, issuers of Rule 144A eligible securities can require recipients of the information (such as the portfolio) to agree contractually to keep the information confidential, which could also adversely affect the portfolio’s ability to dispose of the security.

**Sector Risk.** At times, the portfolio may have a significant portion of its assets invested in securities of companies conducting business in a related group of industries within an economic sector. Companies in the same economic sector may be similarly affected by economic, regulatory, political or market events or conditions, which may make the portfolio more vulnerable to unfavorable developments in that economic sector than portfolios that invest more broadly. Generally, the more a portfolio diversifies its investments, the more it spreads risk and potentially reduces the risks of loss and volatility.

**The Consumer Discretionary Sector.** A portfolio may be more susceptible to the particular risks that may affect companies in the consumer discretionary sector than if it were invested in a wider variety of companies in unrelated sectors. Companies in the consumer discretionary sector are subject to certain risks, including fluctuations in the performance of the overall domestic and international economy, interest rate changes, increased competition and consumer confidence. Performance of such companies may be affected by factors including reduced disposable household income, reduced consumer spending, changing demographics and consumer tastes.

**The Energy Sector.** A portfolio may be more susceptible to the particular risks that may affect companies in the energy sector than if it were invested in a wider variety of companies in unrelated sectors. Companies in the energy sector are subject to certain risks, including legislative or regulatory changes, adverse market conditions and increased competition. Performance of such companies may be affected by factors including, among others, fluctuations in energy prices and supply and demand of energy fuels, energy conservation, the success of exploration projects, local and international politics, and events occurring in nature. For instance, natural events (such as earthquakes, hurricanes or fires in prime natural resources areas) and political events (such as government instability or military confrontations) can affect the value of companies involved in business activities in the energy sector. Other risks may include liabilities for environmental damage and general civil liabilities, depletion of resources, and mandated expenditures for safety and pollution control. The energy sector may also be affected by economic cycles, rising interest rates, high inflation, technical progress, labor relations, legislative or regulatory changes, local and international politics, and adverse market conditions.

**The Financials Sector.** A portfolio may be more susceptible to the particular risks that may affect companies in the financial services sector than if it were invested in a wider variety of companies in unrelated sectors. Companies in the financial services sector are subject to certain risks, including the risk of regulatory change, decreased liquidity in credit markets and unstable interest rates. Such companies may have concentrated portfolios, such as a high level of loans to real estate developers, which makes them vulnerable to economic conditions that affect that industry. Performance of such companies may be affected by competitive pressures and exposure to investments or agreements that, under certain circumstances, may lead to losses (e.g., subprime loans). Companies in the financial services sector are subject to extensive governmental regulation that may limit the amount and types of loans and other financial commitments they can make, and interest rates and fees that they may charge. In addition, profitability of such companies is largely dependent upon the availability and the cost of capital.

**The Health Care Sector.** A portfolio may be more susceptible to the particular risks that may affect companies in the health care sector than if it were invested in a wider variety of companies in unrelated sectors. Companies in the health care sector are subject to certain risks, including restrictions on government reimbursement for medical expenses, government approval of medical products and services, competitive pricing pressures, and the rising cost of medical products and services (especially for companies dependent upon a relatively limited number of products or services). Performance of such companies may be affected by factors including, government regulation, obtaining and protecting patents (or the failure to do so), product liability and other similar litigation as well as product obsolescence.

**The Industrials Sector.** A portfolio may be more susceptible to the particular risks that may affect companies in the industrials sector than if it were invested in a wider variety of companies in unrelated sectors. Companies in the industrials sector are subject to certain risks, including changes in supply and demand for their specific product or service and for industrial sector products in general, including decline in demand for such products due to rapid technological developments and frequent new product introduction. Performance of such companies may be affected by factors including government regulation, world events and economic conditions and risks for environmental damage and product liability claims.

**The Materials Sector.** A portfolio may be more susceptible to the particular risks that may affect companies in the materials sector than if it were invested in a wider variety of companies in unrelated sectors. Companies in the materials sector are subject to certain risks, including that many

materials companies are significantly affected by the level and volatility of commodity prices, exchange rates, import controls, increased competition, environmental policies, consumer demand, and events occurring in nature. For instance, natural events (such as earthquakes, hurricanes or fires in prime natural resource areas) and political events (such as government instability or military confrontations) can affect the value of companies involved in business activities in the materials sector. Performance of such companies may be affected by factors including, among others, that at times worldwide production of industrial materials has exceeded demand as a result of over-building or economic downturns, leading to poor investment returns or losses. Other risks may include liabilities for environmental damage and general civil liabilities, depletion of resources, and mandated expenditures for safety and pollution control. The materials sector may also be affected by economic cycles, rising interest rates, high inflation, technical progress, labor relations, legislative or regulatory changes, local and international politics, and adverse market conditions. In addition, prices of, and thus the portfolio's investments in, precious metals are considered speculative and are affected by a variety of worldwide and economic, financial and political factors. Prices of precious metals may fluctuate sharply.

**The Information Technology Sector.** A portfolio may be more susceptible to the particular risks that may affect companies in the information technology sector, as well as other technology-related sectors (collectively, the technology sectors) than if it were invested in a wider variety of companies in unrelated sectors. Companies in the technology sectors are subject to certain risks, including the risk that new services, equipment or technologies will not be accepted by consumers and businesses or will become rapidly obsolete. Performance of such companies may be affected by factors including obtaining and protecting patents (or the failure to do so) and significant competitive pressures, including aggressive pricing of their products or services, new market entrants, competition for market share and short product cycles due to an accelerated rate of technological developments. Such competitive pressures may lead to limited earnings and/or falling profit margins. As a result, the value of their securities may fall or fail to rise. In addition, many technology sector companies have limited operating histories and prices of these companies' securities historically have been more volatile than other securities, especially over the short term.

**Short Positions Risk.** The portfolio may establish short positions which introduce more risk to the portfolio than long positions (where the portfolio owns the instrument or other asset) because the maximum sustainable loss on an instrument or other asset purchased (held long) is limited to the amount paid for the instrument or other asset plus the transaction costs, whereas there is no maximum price of the shorted instrument or other asset when purchased in the open market. Therefore, in theory, short positions have unlimited risk. The portfolio's use of short positions in effect "leverages" the portfolio. Leverage potentially exposes the portfolio to greater risks of loss due to unanticipated market movements, which may magnify losses and increase the volatility of returns. To the extent the portfolio takes a short position in a derivative instrument or other asset, this involves the risk of a potentially unlimited increase in the value of the underlying instrument or other asset.

**Small- and Mid-Cap Company Securities Risk.** Investments in small- and mid-capitalization companies (small- and mid-cap companies) often involve greater risks than investments in larger, more established companies (larger companies) because small- and mid-cap companies tend to have less predictable earnings and may lack the management experience, financial resources, product diversification and competitive strengths of larger companies. Securities of small- and mid-cap companies may be less liquid and more volatile than the securities of larger companies.

**Small Company Securities Risk.** Investments in small-capitalization companies (small-cap companies) often involve greater risks than investments in larger, more established companies (larger companies) because small-cap companies tend to have less predictable earnings and may lack the management experience, financial resources, product diversification and competitive strengths of larger companies, and securities of small-cap companies may be less liquid and more volatile than the securities of larger companies.

**Sovereign Debt Risk.** A sovereign debtor's willingness or ability to repay principal and pay interest in a timely manner may be affected by a variety of factors, including its cash flow situation, the extent of its reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the sovereign debtor's policy toward international lenders, and the political constraints to which a sovereign debtor may be subject. Sovereign debt risk is increased for emerging market issuers.

**Special Situations Risk.** Securities of companies that are involved in an initial public offering or a major corporate event, such as a business consolidation or restructuring, may be exposed to heightened risk because of the high degree of uncertainty that can be associated with such events. Securities issued in initial public offerings often are issued by companies that are in the early stages of development, have a history of little or no revenues and may operate at a loss following the offering. It is possible that there will be no active trading market for the securities after the offering, and that the market price of the securities may be subject to significant and unpredictable fluctuations. Certain "special situation" investments are investments in securities or other instruments that are determined to be illiquid or lacking a readily ascertainable fair value. Certain special situation investments prevent ownership interests therein from being withdrawn until the special situation investment, or a portion thereof, is realized or deemed realized, which may negatively impact portfolio performance. Investing in special situations may have a magnified effect on the performance of portfolios with small amounts of assets.

**Stripped Mortgage-Backed Securities Risk.** Stripped mortgage-backed securities are a type of mortgage-backed security that receive differing proportions of the interest and principal payments from the underlying assets. Generally, there are two classes of stripped mortgage-backed securities: Interest Only (IO) and Principal Only (PO). IOs entitle the holder to receive distributions consisting of all or a portion of the interest on the underlying pool of mortgage loans or mortgage-backed securities. POs entitle the holder to receive distributions consisting of all or a portion of the principal of the underlying pool of mortgage loans or mortgage-backed securities. The cash flows and yields on IOs and POs are extremely sensitive to the rate of principal payments (including prepayments) on the underlying mortgage loans or mortgage-backed securities. A rapid rate of principal payments may adversely affect the yield to maturity of IOs. A slow rate of principal payments may adversely affect the yield to maturity of POs. If prepayments of principal are greater than anticipated, an investor in IOs may incur substantial losses. If prepayments of principal are slower than anticipated, the yield on a PO will be affected more severely than would be the case with a traditional mortgage-backed security.

**U.S. Government Obligations Risk.** While U.S. Treasury obligations are backed by the "full faith and credit" of the U.S. Government, such securities are nonetheless subject to credit risk (i.e., the risk that the U.S. Government may be, or be perceived to be, unable or unwilling to honor its



financial obligations, such as making payments). Securities issued or guaranteed by federal agencies or authorities and U.S. Government-sponsored instrumentalities or enterprises may or may not be backed by the full faith and credit of the U.S. Government.

**Value Securities Risk.** Value securities are securities of companies that may have experienced, for example, adverse business, industry or other developments or may be subject to special risks that have caused the securities to be out of favor and, in turn, potentially undervalued. The market value of a portfolio security may not meet the portfolio manager's perceived value assessment of that security, or may decline in price, even though the portfolio manager(s) believes the securities are already undervalued. There is also a risk that it may take longer than expected for the value of these investments to rise to the portfolio manager's perceived value. In addition, value securities, at times, may not perform as well as growth securities or the stock market in general, and may be out of favor with investors for varying periods of time.

**Warrants Risk and Rights.** Warrants are securities giving the holder the right, but not the obligation, to buy the stock of an issuer at a given price (generally higher than the value of the stock at the time of issuance) during a specified period or perpetually. Warrants are subject to the risks associated with the security underlying the warrant, including market risk. Warrants may expire unexercised and are subject to liquidity risk which may result in portfolio losses. Holders of warrants can exercise the rights and purchase the stock, sell the rights or let them expire. Their value, and their risk of investment loss, is a function of that of the underlying security.

### Additional Risks

The following risk descriptions are designed to help clients anticipate some of the challenges and risks associated with the asset management industry today. Clients should speak with their consultants or other financial advisors for more information regarding these and other risks associated with making an investment. When we provide advisory services to a client, we are serving as an investment manager only with respect to those assets we manage and not with respect to the client's other assets or with an eye towards the client's overall financial situation.

#### Counterparty Arrangements

We enter into many counterparty arrangements in connection with our asset management business. These arrangements support our trading, custody and investment activities, and some of the counterparties we use have relationships with our affiliates as well. Reliable counterparty arrangements and the ability to assess counterparty risks have become a critical part of our day-to-day operations and we endeavor to manage these risks in accordance with our fiduciary duty to clients. While we seek to manage these risks, exposure to counterparty failures, including bankruptcies and defaults, is sometimes unavoidable and can result in sudden and unanticipated shocks to our operations or investments resulting from the inability to carry out transactions or satisfy liquidity demands.

**Cybersecurity Breaches and Technology and Related Systems Failure Risk.** We, our affiliates, and the service providers we utilize to help us provide the services we offer (referred to in this discussion of risk as "we", "us" and "our") are heavily dependent on proprietary and third-party technology and infrastructure and related operational and information systems, networks, computers, devices, programs, applications, data and functions ("Systems") to perform necessary business activities. These Systems may be vulnerable to many issues, some of which may be outside our control, including significant damage and disruption arising from Systems failures or cybersecurity breaches. Systems failures include malfunctions, user error, conduct (or misconduct) of or arising from employees and agents, and failures arising from cybersecurity breaches, natural disasters, or other actions or events (whether foreseeable or unforeseeable). Cybersecurity breaches include intentional (e.g., cyber-attacks, hacking, phishing, unauthorized payment requests) and unintentional events or activity (e.g., user errors). Systems failures and cybersecurity breaches may result in (i) proprietary or confidential information or data being lost, misused, destroyed, stolen, released, corrupted or rendered unavailable, including personal client information (and that of beneficial owners), (ii) unauthorized access to Systems and loss of operational capacity, including from, for example, denial-of-service attacks (i.e., efforts to make network services unavailable to intended users), and (iii) the misappropriation of client assets or sensitive information. Any such events could negatively impact our Systems and may have significant adverse impacts on our clients.

Systems failures and cybersecurity breaches may cause delays or mistakes in materials provided to clients and may also interfere with or negatively impact the processing of securities transactions, pricing of investments, and trading within our clients' portfolios, while causing or subjecting us to reputational damage, violations of law, legal claims, regulatory fines, penalties, financial losses and reimbursement expenses or other compensation and remediation costs, as well as additional compliance, legal, and operational costs. Such events could negatively impact our clients and affect our business, financial condition and performance or results of operations.

The trend toward broad consumer and general public notification of Systems failures and cybersecurity breaches could exacerbate the harm to our clients and our business, financial condition and performance or results of operations. Even if we successfully protect our Systems from failures or cybersecurity breaches, we may incur significant expenses in connection with our responses to any such events, as well as the need for adoption, implementation and maintenance of appropriate security measures. We could also suffer harm to our business and reputation if attempted or actual cybersecurity breaches are publicized. We cannot be certain that evolving threats from cyber-criminals and other cyber-threat actors, exploitation of new vulnerabilities in our Systems, or other developments, or data thefts, Systems break-ins or inappropriate access will not compromise or breach the technology or other security measures protecting our Systems.

To date, we have not experienced any material Systems failures or cybersecurity breaches, however, we routinely encounter and address such threats. Although we evaluate the materiality of Systems failures and cybersecurity breaches that are detected, we may conclude that some such events are not material and may choose not to address them. Such judgments may not prove to be correct.

Although we have established business continuity/disaster recovery plans and systems (Continuity and Recovery Plans) designed to prevent or mitigate the effects of Systems failures and cybersecurity breaches, there are inherent limitations in Continuity and Recovery Plans. These limitations include the possibility that certain risks have not been identified or that Continuity and Recovery Plans might not – despite testing and

monitoring – operate as designed, be sufficient to stop or mitigate losses or otherwise be unable to achieve their objectives. We and our clients could be negatively impacted as a result. In addition, Columbia Management cannot control the Continuity and Recovery Plans of third party service providers. As a result, there can be no assurance that we or our clients will not suffer losses relating to Systems failures or cybersecurity breaches affecting us in the future, particularly third-party service providers, as we cannot control any Continuity and Recovery Plans or cybersecurity defenses implemented by such parties.

Systems failures and cybersecurity breaches may necessitate significant investment to repair or replace impacted Systems. In addition, we may incur substantial costs for Systems failure risk management and cybersecurity risk management in order to attempt to prevent any such events or incidents in the future.

Insurance and other traditional risk-shifting tools may be held by or available to us in order to manage or mitigate the risks associated with Systems failures and cybersecurity breaches, but they are subject to terms and limitations such as deductibles, coinsurance, limits and policy exclusions, as well as risk of counterparty denial of coverage, default or insolvency. While Ameriprise Financial and its affiliates maintain cyber liability insurance that provides both third-party liability and first-party liability coverages, this insurance does not cover our clients and, with regard to covered entities, may not be sufficient to protect us against all losses. In addition, contractual remedies may not be available with respect to third party service providers or may prove inadequate if available (e.g., because of limits on the liability of such service providers) to protect against all losses.

Stock or other market exchanges, and issuers of securities or other instruments in which we invest, and the counterparties with whom we transact may also be adversely impacted by Systems failures and cybersecurity breaches in their own businesses, subjecting them to the risks described herein, as well as other additional or enhanced risks particular to their businesses, which could result in losses to us and our shareholders.

### **Implementation Risk**

Disorderly market conditions or periods of market stress may make it difficult or impossible for us to pursue an investment strategy or objective. During these periods, it may be difficult or impossible to buy or sell investments at certain prices or at all. Moreover, volatility or events associated with markets, sectors or issuers may make it difficult to implement certain policies and procedures designed to ensure equal treatment among client accounts. For example, while our trading procedures are designed to ensure equal treatment among all clients, volatility on any given day may cause clients to receive materially different prices on the same securities. This may create performance dispersions among accounts with the same or similar investment mandate.

### **Investing Defensively**

When authorized by the client, Columbia Management Investment Advisers may from time to time seek to take temporary defensive investment positions that may be inconsistent with the principal investment strategy of a client account in attempting to respond to adverse market, economic, political, and social or other conditions. These temporary defensive investment positions may include, but are not limited to; (i) investing some or all of the client account assets in money market instruments or shares of affiliated or unaffiliated money market funds, (ii) holding some or all of the client account assets in cash or cash equivalents, or (iii) investing in derivatives, such as futures (e.g., index futures) or options on futures, for various purposes, including among others, investing in particular derivatives to achieve indirect investment exposures to a sector, country or region where the Columbia Management Investment Advisers believes such defensive positioning is appropriate. While a client account is so positioned defensively, derivatives could comprise a substantial portion of the account's investments.

See above for more information on the risks of investing in derivatives. A client account may not achieve its investment objective while it is investing defensively. During these times, the portfolio managers may make frequent portfolio holding changes, which could result in increased trading expenses and taxes, and decreased investment performance.

Where a client does not authorize the temporary defensive strategies described above, the client account will not achieve any potential benefits that other clients may achieve who have granted Columbia Management Investment Advisers the flexibility to employ temporary defensive strategies for their account. Further, where a client is not able to or does not authorize the use of certain derivative instruments, the temporary defensive strategies may be implemented less effectively and at greater cost to the client than if derivative instruments were employed in the account.

### **No Guarantee of Performance**

All investments involve risk (the amount of which may vary significantly), and investment performance can never be predicted or guaranteed, even when employing very conservative strategies such as those employed by money market mutual funds or other accounts that seek preservation of capital. The market value of client assets will fluctuate due to market conditions and other factors, such as liquidity and volatility. The assumptions associated with certain investment strategies that are derived and tested over longer periods (e.g., quantitative strategies) may not be meaningful, and such strategies may demonstrate relative weakness, during periods of unprecedented market conditions, since, by definition, those conditions may not be reflected in any historical data or research conducted to create the strategies.

### **Resource Constraints**

Unfavorable market conditions and budget constraints may impact our ability to retain or attract talented employees or allocate resources as we otherwise would during periods of economic stability. Moreover, the inherent conflict of interest associated with certain arrangements (e.g., the receipt of research in exchange for client commissions) is heightened when our business is under pressure to reduce overhead expenses in response to market conditions that impact our revenues. While we may make resource allocations designed to streamline or bring more efficiency to our operations during periods of economic stress, we will not compromise our fiduciary standards or compliance with our policies and procedures that are reasonably designed to prevent violations.

### **Segregated Account Advantages**

Investors in pooled vehicles may wish to consider the different levels of liquidity and transparency provided to segregated account owners pursuing the same investment strategy as a pooled vehicle. Greater visibility and access to underlying holdings could allow a segregated account holder to

implement strategies (e.g., hedging techniques) that could prove disadvantageous to pooled vehicles or their investors. It is our current policy to seek representations from segregated account clients indicating that they are establishing and will be maintaining their accounts solely for the purpose of investing and not with a view to effecting securities transactions based upon such information or providing such information to another party.

**Strategy-Specific Risks**

Clients should also consider risks associated with the investment mandate you have engaged us to implement. Each client should consider those risks in its decision to engage us and in connection with the client's overall investment program. A consultant or financial advisor engaged to evaluate a client's overall investment program can assist clients with an evaluation of risks associated with investment strategies.