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Advisory Brochure

(Part 2A of Form ADV)

for

Columbia Wanger Asset Management, LLC

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Chicago, IL 60606

www.columbiathreadneedle.com/us

May 5, 2021

This brochure provides information about the qualifications and business practices of Columbia Wanger Asset Management, LLC. If you have any questions about the contents of this brochure, please contact us at (312) 634-9200. 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 Wanger Asset Management, LLC is an-SEC registered investment adviser. This registration does not imply a certain level of skill or training. Additional information about Columbia Wanger Asset Management, LLC also is available on the SEC's website at www.adviserinfo.sec.gov. Columbia Threadneedle Investments is the global brand of the Columbia and Threadneedle group of companies.

Material Changes Summary

This Brochure dated May 5, 2021, has been updated to reflect important information related to changes in our business practices from our last Brochure dated March 30, 2021.

While there have been no material changes to report from the previous amendment, we note that Matthew Litfin, Director of Domestic research resigned from the Company effective April 14, 2021.

A copy of our current Brochure may be requested from shareholder services or by calling (312) 634-9200 at any time, without charge.

Additional information about Columbia Wanger Asset Management, LLC is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with Columbia Wanger Asset Management, LLC who are registered, or are required to be registered, as investment adviser representatives of Columbia Wanger Asset Management, LLC

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ADVISORY BUSINESS

Columbia Wanger Asset Management, LLC (operating as a limited partnership prior to May 1, 2010) (“Columbia Wanger”), an investment adviser registered with the U.S. Securities and Exchange Commission, serves as the investment adviser for the Columbia Acorn Funds, the Wanger Advisors Trust and other institutional accounts. Columbia Wanger and its predecessors have managed mutual funds, since 1992.

Columbia Wanger, a Delaware limited liability company based in Chicago, Illinois, is wholly owned by Columbia Management Investment Advisers, LLC (formerly known as RiverSource Investment, LLC) (“CMIA”), a Minnesota limited liability company. CMIA is a wholly owned subsidiary of Ameriprise Financial, Inc. (“Ameriprise Financial”). This disclosure document describes the investment advisory services offered by Columbia Wanger and in this disclosure document, “we,” “our,” “us” and similar words mean Columbia Wanger. We are providing this disclosure document to persons who receive or who may receive investment advisory services in order to ensure compliance with the Investment Advisers Act of 1940, as amended (the “Advisers Act”).

Our General Services

Columbia Wanger provides professional management of global equity assets using in-house resources to seek superior long-term results. We follow a fundamental, research-intensive investment style characterized by unconventional stock picking and multiyear time horizon. We seek to build wealth for our clients and communicate clearly, honestly and creatively with them. We attract and retain the best talent by creating a stimulating and financially rewarding environment. We develop the skills of our people to serve the needs of our clients, in the belief that the firm’s growth and profitability rest on our clients’ satisfaction.

Columbia Wanger Funds

Columbia Wanger is the investment adviser to the following open-end mutual funds (the “Funds”), that are series or portfolios of Columbia Acorn Trust and Wanger Advisors Trust, two registered investment companies sponsored by Columbia Wanger:

Columbia Acorn Trust

Columbia Acorn Fund
Columbia Acorn USA
Columbia Acorn International
Columbia Acorn International Select
Columbia Thermostat Fund
Columbia Acorn European Fund

Wanger Advisors Trust

Wanger USA
Wanger International
Wanger Select

Investment Policies and Objectives

We currently manage \$11.1 billion (as of December 31, 2020) in discretionary assets (reported as Regulatory Assets Under Management). Columbia Acorn Fund, Columbia Acorn USA, and Wanger USA (a variable annuity fund) are our domestic small-cap funds, which invest primarily in stocks of companies with market capitalizations of less than \$5 billion at the time of initial purchase. Columbia Acorn International Fund and Wanger International (a variable annuity fund) are our international small-cap funds, which primarily invest in stocks of companies with market capitalizations of less than \$5 billion at the time of initial purchase. We do not sell successful stocks solely because they have appreciated beyond an arbitrary capitalization limit. Our domestic mid-cap funds, Wanger Select invests in stocks of companies with market capitalizations under \$20 billion at the time of initial purchase. Our international mid-cap funds, Columbia Acorn International Select (a variable annuity

fund), invests in stocks of companies with market capitalizations of \$2 to 25 billion at the time of initial purchase. Columbia Acorn European Fund is our European small-cap fund, which invests primarily in stocks of companies with market capitalizations of less than \$5 billion at the time of initial purchase that are located in a European country. The investment objectives, strategies and risks of the particular funds are set forth in each Fund's prospectus.

Our style is not easily defined, but most closely resembles GARP -- growth at a reasonable price. Our mission is to buy growing, undervalued companies, grow with them, and sell them when their growth slows or we believe they are fully valued. We are particularly interested in underfollowed stocks and niche companies. We like companies that benefit from long-term trends that we identify. We use dividend discount, private market value, and cash flow models to value stocks. We especially like companies with hidden values beyond reported EPS, such as unusually high free cash flow (due to goodwill, tax loss carryforwards, or other factors), masked earnings power (often caused by a startup or underperforming division offsetting a great core business), or hidden assets. We usually avoid companies in highly competitive or unpredictable industries, such as airlines, commodity semiconductors, and many natural resource areas.

Our best brokers filter their analysts' work and target us with only ideas that fit our style. They recognize that we are not interested in all of their firm's ideas, but that we will take major positions in stocks that fit.

Columbia Wanger invests client assets in certain small to medium capitalization companies, both U.S. and foreign, that it believes have growth potential, financial strength and fundamental value. Although Columbia Wanger invests its managed assets primarily in equity securities, it may also invest in other types of securities. At a client's request, substantially all of the client's portfolio may be invested in:

- U.S. securities (a "domestic portfolio"),
- non-U.S. securities (an "international portfolio"), or
- a portfolio including both U.S. and non-U.S. securities (a "global portfolio").

Investments are generally long-term (at least three to five years); although an investment may be liquidated within a shorter period if Columbia Wanger deems it advisable. Columbia Wanger also considers any investment policies and restrictions to which a client is subject or which the client has established for Columbia Wanger. Columbia Wanger may invest certain discretionary client accounts in shares of one or more mutual funds advised by Columbia Wanger or its affiliates. Columbia Wanger generally will make such investments only to the extent specifically authorized by each client in its investment management agreement.

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 that we market to Wrap Fee Programs. Columbia Threadneedle Investments North America is the operating division within Columbia Management Investment Advisers that we market to institutional clients. Columbia Threadneedle Investments North America and Columbia Management Capital Advisers claim compliance with the Global Investment Performance Standards (GIPS®). In accordance with GIPS®, all fee-paying discretionary (as defined by GIPS®) accounts within Columbia Threadneedle Investments North America and Columbia Management Capital Advisers 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 Threadneedle Investments North America.

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 ("U.S. Advisory Affiliates") and non-U.S. affiliates ("Non-U.S. Advisory Affiliates").

For example, we engage certain of our U.S. Advisory Affiliates and Non-U.S. Advisory Affiliates that engage in investment advisory services (collectively, “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 of our clients and accounts we manage, including certain Funds 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. Under personnel-sharing and other arrangements, our personnel may act on behalf of one of our U.S. Advisory Affiliates for purposes of providing some of those services for that U.S. Advisory Affiliate to its clients, such as funds and/or separately managed accounts, and some of our U.S. Advisory Affiliates’ personnel may act on behalf of our clients, including Funds and separately managed accounts. Certain of our employees and officers are also officers of certain U.S. Advisory Affiliates, and employees and officers of our U.S. Advisory Affiliates are also officers of Columbia Management Investment Advisers.

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 certain of our Non-U.S. Advisory Affiliates (through subadvisory, delegation or other intercompany arrangements) operating jointly to provide a better client experience. These joint teams use expanded and shared capabilities, 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. The joint teams also have expanded capabilities to provide services in various local or regional markets.

To facilitate the collaborative approach noted above, we may enter into subadvisory agreements, delegation agreements, intercompany agreements and “participating affiliate” arrangements with certain of our Non-U.S. Advisory Affiliates, including Threadneedle International Ltd. (“TINTL”), Threadneedle Asset Management Ltd. (“TAML”), Threadneedle Management Luxembourg S.A. (“TMLSA”) 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. Each of TINTL, TAML, TMLSA 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 relationships, certain employees of our Non-U.S. Advisory Affiliates serve as “associated persons” of ours when providing certain of these services to our clients, including placing orders for execution, 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 employees of such Non-U.S. Advisory Affiliates(s) to our clients.

In addition, we may provide certain investment-related support services to Advisory Affiliates and their clients. These Advisory Affiliates may also provide certain similar services to us and our clients. 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.

In addition to relationships with our Non-U.S. Advisory Affiliates, we have entered into subadvisory agreements, personnel-sharing agreements, delegation agreements and/or other intercompany arrangements for portfolio management and certain investment-related services, with certain of our U.S. Advisory Affiliates, including Columbia Management Investment Advisers, LLC (“CMIA”) which is an SEC-registered investment adviser.

FEES AND COMPENSATION

Columbia Wanger receives monthly or quarterly management fees from its institutional clients, based on the amount of value of the accounts under its management. Fees, however, may be subject to negotiation and variation, to take into account circumstances that Columbia Wanger may deem appropriate. A lower fee or a flat fee may be charged depending on the size and/or entirety of Columbia Wanger's relationship with a particular client. Clients managed within the same investment strategy may be subject to varying fees. Lower fees for comparable services may be available from other sources. Clients may arrange to have their fees debited directly from their account held at the custodian for credit to Columbia Wanger, subject to applicable law and requirements. Columbia Wanger may enter into performance-based compensation arrangements with eligible clients, subject to compliance with applicable laws and regulations.

Policies relating to our fee practices and representative fee schedules for different types of clients are described below.

General Fee Policies

Separate Account Fees

The following fee schedules apply to new separate accounts. Actual fees and minimums may differ from the amounts shown in these schedules. In addition, there are in effect historical fee arrangements that may differ from those applicable to new clients.

Separate Account – CWAM U.S. Small Cap Equity

0.95% on first \$25 million
 0.90% on next \$25 million
 0.85% on next \$50 million
 Negotiable over \$100 million
 Minimum account size \$15 million

Separate Account – CWAM U.S. SMID Cap Equity

0.80% on first \$25 million
 0.75% on next \$25 million
 0.70% on next \$50 million
 Negotiable over \$100 million
 Minimum account size \$15 million

Separate Account – CWAM International Small Cap Equity

1.00% on first \$25 million
 0.95% on next \$25 million
 0.90% on next \$50 million
 Negotiable over \$100 million
 Minimum account size \$25 million

Separate Account – CWAM International SMID Cap Equity

0.95% on first \$25 million
 0.90% on next \$25 million
 0.85% on next \$50 million
 Negotiable over \$100 million
 Minimum account size \$25 million

In some cases (to meet a particular client need) and where authorized by the client, CWAM may invest all or a portion of a client's assets in one or more Funds managed by it or an affiliate. The management fees for such Funds are described in the Fund's prospectus or other offering document. Assets invested in a Fund managed by CWAM or an affiliate for which CWAM or an affiliate receives a fund-level advisory fee typically will bear no

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

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 to those funds that entitle us to be paid an investment management fee at an annual rate up to 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 based upon the performance of the Private Fund against the benchmark index. 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 or an affiliate are the sponsor have a policy to discount or waive (i) management fees and performance-based fees for investments made by us or our affiliate in those funds and for our current employees or employees of our affiliates and (ii) performance-based 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 provide substantial input, on the terms and desirability of side letter, their acceptance is ultimately at the discretion of the Private Fund. Any such modifications are at the discretion of the Private Fund and 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.

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.

Mutual Fund Fees

Fund advisory fees are set forth in each fund’s prospectus and statement of additional information. Fees for the Funds and other investment companies are negotiated on a case-by-case basis and are reviewed annually with the Boards of Directors/Trustees of the Funds (“Boards”). These fees may be higher or lower than the representative fee schedules shown above

Investment Company Fees

We serve in a sub-advisory capacity for registered U.S investment companies that are advised by third parties. Fees for such services are negotiated with the client and set forth in the fund’s registration statement or other similar offering document.

These fees are established prior to the initiation of Columbia Wanger’s services. In the case of clients that are investment companies registered under the Investment Company Act of 1940 (the “Act”), fees are subject to periodic review and approval by the funds’ Board of Trustees in accordance with the requirements of that Act.

Administrative Services Fees

In connection with administrative services provided by Columbia Wanger to certain registered investment company clients, Columbia Wanger receives administrative service fees from such clients. The amount of the fees is described in the registration statement filed by the registered investment company to which Columbia Wanger provides the administrative services. Columbia Wanger, as well as its affiliates, CMIA, Columbia Management

Investment Distributors, Inc. and Columbia Management Investment Services, Corp., may (i) pay certain financial services companies or broker dealers a specified percentage of the average net assets held in certain accounts or other compensation on a per account basis for accounting, account servicing and distribution services these entities provide for the products Columbia Wanger manages and (ii) pay or reimburse employee benefit plans for participant recordkeeping expenses.

Termination Policies

Typically, a client or Columbia Wanger may terminate advisory agreements on not more than 60 days' written notice, although this may vary depending on applicable law and client negotiation. If a client terminates the services of Columbia Wanger, Columbia Wanger will pro-rate fees paid in advance to the date of termination and will refund any unearned portion to a client.

Compensation for the Sale of Securities and Other Investment Products

CWAM employees who refer investment advisory business to us may be compensated through CWAM's incentive compensation plan. Representatives of our affiliates who refer investment advisory business may be compensated on the basis of a percentage of the management fees earned 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 mutual funds and private funds managed by affiliate. The compensation paid by our affiliate is based on a percentage of investment management fees in accordance with a commission schedule. Where employees of 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.

Our affiliates client service personnel receive incentive compensation attributable to solicitation activities based on a percentage of management fees collected in the first two years following the sale.

Some of our affiliates 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. Our affiliates do not charge commissions or mark ups to their clients.

Portfolio Manager Compensation

Portfolio manager 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.

Base salary is typically determined based on market data relevant to the employee's position, as well as other factors including internal equity. Base salaries are reviewed annually, and increases are typically given as promotional increases, internal equity adjustments, or market adjustments.

Under the Columbia Management annual incentive plan for investment professionals, awards are discretionary, and the amount of incentive awards for investment team members is variable based on (1) an evaluation of the investment performance of the investment team of which the investment professional is a member, reflecting the performance (and client experience) of the funds or accounts the investment professional manages and, if applicable, reflecting the individual's work as an investment research analyst, (2) the results of a peer and/or management review of the individual, taking into account attributes such as team participation, investment process followed, communications, and leadership, and (3) the amount of aggregate funding of the plan determined by senior management of Columbia Threadneedle Investments and Ameriprise Financial, which takes into account Columbia Threadneedle Investments revenues and profitability, as well as Ameriprise Financial profitability, historical plan funding levels and other factors. Columbia Threadneedle Investments revenues and profitability are largely determined by assets under management. In determining the allocation of incentive

compensation to investment teams, the amount of assets and related revenues managed by the team is also considered alongside investment performance. Individual awards are subject to a comprehensive risk adjustment review process to ensure proper reflection in remuneration of adherence to our controls and Code of Conduct.

Investment performance for a fund or other account is measured using a scorecard that compares account performance against benchmarks and peer groups. Account performance may also be compared to unaffiliated passively managed ETFs, taking into consideration the management fees of comparable passively managed ETFs, when available and as determined by the Investment Manager. Consideration is given to relative performance over the one-, three- and five-year periods, with the largest weighting on the three-year comparison. For individuals and teams that manage multiple strategies and accounts, relative asset size is a key determinant in calculating the aggregate score, with weighting typically proportionate to actual assets. For investment leaders who have group management responsibilities, another factor in their evaluation is an assessment of the group's overall investment performance. Exceptions to this general approach to bonuses exist for certain teams and individuals.

Equity incentive awards are designed to align participants' interests with those of the shareholders of Ameriprise Financial. Equity incentive awards vest over multiple years, so they help retain employees.

Deferred compensation awards are designed to align participants' interests with the investors in the Columbia Funds and other accounts they manage. The value of the deferral account is based on the performance of Columbia Funds. Employees have the option of selecting from various Columbia Funds for their deferral account, however portfolio managers must (other than by strict exception) allocate a minimum of 25% of their incentive awarded through the deferral program to the Columbia Fund(s) they manage. Deferrals vest over multiple years, so they help retain employees.

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. 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

Like other investment professionals with multiple clients, a Fund's portfolio manager(s) will face certain potential conflicts of interest in connection with managing both the Fund and other accounts at the same time. Columbia Wanger and the Funds have adopted compliance policies and procedures that attempt to address certain of the potential conflicts that portfolio managers face in this regard. Certain of these conflicts of interest are summarized below.

The management of accounts with different advisory fee rates and/or fee structures, including accounts that pay advisory fees based on account performance (performance fee accounts), if any, may raise potential conflicts of interest for a portfolio manager by creating an incentive to favor higher fee accounts. Potential conflicts of interest also may arise when a portfolio manager has personal investments in other accounts that may create an incentive

to favor those accounts. As a general matter and subject to the Global Code of Ethics and certain limited exceptions, Columbia Wanger's investment professionals do not have the opportunity to invest in client accounts, other than the pooled investment vehicles.

A portfolio manager who is responsible for managing multiple funds and/or accounts may devote unequal time and attention to the management of those funds and/or accounts. The effects of this potential conflict may be more pronounced where funds and/or accounts managed by a particular portfolio manager have different investment strategies.

A portfolio manager may be able to influence the selection of the broker/dealers that are used to execute securities transactions for the funds. A portfolio manager's influence as to the selection of broker/dealers could produce disproportionate costs and benefits among the funds and the other accounts the portfolio manager manages.

A potential conflict of interest may arise when a portfolio manager buys or sells the same securities for a fund and other accounts. On occasions when a portfolio manager considers the purchase or sale of a security to be in the best interests of a fund as well as other accounts, Columbia Wanger trading desk will, to the extent consistent with applicable laws and regulations, aggregate the securities to be sold or bought in order to seek best execution. All clients participating in the aggregated execution receive the same execution price and transaction costs are shared pro-rata. Aggregation of trades may create the potential for unfairness to a fund or another account if a portfolio manager favors one account over another in allocating the securities bought or sold.

Another potential conflict of interest may arise based on the different investment objectives and strategies of a fund and other accounts managed by its portfolio manager(s). Depending on another account's objectives and other factors, a portfolio manager may give advice to and make decisions for a fund that may differ from advice given, or the timing or nature of decisions made, with respect to another account. A portfolio manager's investment decisions are the product of many factors in addition to basic suitability for the particular account involved. Thus, a portfolio manager may buy or sell a particular security for certain accounts, and not for a fund, even though it could have been bought or sold for the fund at the same time. A portfolio manager also may buy a particular security for one or more accounts when one or more other accounts are selling the security (including short sales). There may be circumstances when a portfolio manager's purchases or sales of portfolio securities for one or more accounts may have an adverse effect on other accounts, including the Funds.

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. In addition, our client holdings may be limited in certain investments because Ameriprise Financial intends to become a financial holding company and accordingly may be subject to certain bank regulatory requirements which may in some cases apply to the investments for the Funds and accounts we and our Advisory Affiliates manage. Some of these limitations may require us to aggregate our clients' holdings with those of our affiliates' clients in the same security for purposes 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 for our client accounts if the purchase would put us over the regulatory limit when combined with our affiliates' client 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, including at a loss, 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 (inclusive of any holdings for our affiliates) for risk management purposes. 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.

A fund's portfolio manager(s) also may have other potential conflicts of interest in managing the fund, and the description above is not a complete description of every conflict that could exist in managing the fund and other accounts. Many of the potential conflicts of interest to which Columbia Wanger's portfolio managers are subject are essentially the same as or similar to the potential conflicts of interest related to the investment management activities of Columbia Wanger and its affiliates.

TYPES OF CLIENTS

We may 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 and other types of institutional 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";
- 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;
- various private, pooled investment vehicles organized as limited partnerships, limited liability corporations, foreign (non-U.S.) entities or other legal form ("Private Funds");

Conditions for Managing Accounts

In general, Columbia Wanger does not accept accounts, or groups or related accounts, which have initial asset values of less than \$25,000,000. Columbia Wanger may set a higher or lower minimum account size, depending on circumstances it believes relevant, such as historic relationships with officers, expectation of additions to the account in the future and other circumstances.

We generally require institutional clients to have a minimum account size of \$25,000,000 to receive discretionary investment advisory services. We may impose higher minimums for certain investment mandates from time to time. 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.

We reserve the right to decline any account in our sole discretion. We reserve the right to resign as investment adviser to any account, 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 basic 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. 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.

Methods of Analysis

The primary methods of analysis and the material risks involved for the standard investment strategies that we offer to our Private Funds are described in the offering materials relating to the product.

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 below.

Risk Loss

Investing in securities involves risk of loss that clients should be prepared to bear. Each Investment strategy is subject to certain specific risks, some of which are material, and other 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, and investors could lose money. In addition, there can be no assurance that a specific portfolio manager or other investment professional supporting a particular strategy will continue to support that strategy. While we endeavor to retain talented investment professionals, there can be no assurance that we will be successful in that regard.

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 in which a portfolio invests or to which it has exposure may perform poorly or below expectations, and therefore, the value of its securities may decline, which may negatively affect a portfolio's performance. Underperformance of an issuer 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, military confrontations, war, terrorism, disease/virus epidemics, or other events, conditions and factors.

Market risk refers to the possibility that the market values of securities or other investments may fall, sometimes rapidly or unpredictably, or fail to rise. Security values may fall or fail to rise because of a variety of factors affecting (or the market's perception of) individual companies (e.g., an unfavorable earnings report), industries or sectors, or the market as a whole, reducing the value of an investment. Accordingly, an investment could lose money over short or even long periods. The market values of securities also can be affected by changes or perceived changes in U.S. or foreign economies and financial markets, and the liquidity of these securities, among other factors, including terrorism, war, natural disasters and disease/virus epidemics. In general, equity securities tend to have greater price volatility than debt securities. In addition, common stock prices may be sensitive to rising interest rates, as the cost of capital rises and borrowing costs increase.

The coronavirus disease 2019 (“**COVID-19**”) public health crisis has become a pandemic that has resulted in, and may continue to result in, significant global economic and societal disruption and market volatility due to disruptions in market access, resource availability, facilities operations, imposition of tariffs, export controls and supply chain disruption, among others. Such disruptions may be caused, or exacerbated by, quarantines and travel restrictions, workforce displacement and loss in human and other resources. The uncertainty surrounding the magnitude, duration, reach, costs and effects of the global pandemic, as well as actions that have been or could be taken by governmental authorities or other third parties, present unknowns that are yet to unfold. The impacts, as well as the uncertainty over impacts to come, of COVID-19 – and any other infectious illness outbreaks, epidemics and pandemics that may arise in the future – could negatively affect global economies and markets in ways that cannot necessarily be foreseen. In addition, the impact of infectious illness outbreaks and epidemics in emerging market countries may be greater due to generally less established healthcare systems, governments and financial markets. Public health crises caused by the COVID-19 outbreak may exacerbate other pre-existing political, social and economic risks in certain countries or globally. The disruptions caused by COVID-19 could prevent a client portfolio from executing advantageous investment decisions in a timely manner and negatively impact the portfolio’s ability to achieve its investment objective. Any such event(s) could have a significant adverse impact on the value and risk profile of a client portfolio.

Separate Account Strategy or Fund Name	Primary Methods of Analysis	Material Risks
Columbia Acorn	<ul style="list-style-type: none"> •Focuses on small and mid-sized companies with market capitalizations under \$5 billion at the time of investment. •Uses quantitative and fundamental research as well as the management team’s perspectives for stock selection 	Active Management Risk Small- and Mid-Cap Company Securities Risk Foreign Securities Risk Emerging Market Securities Risk Liquidity and Trading Volume Risk Foreign Currency Risk Sector Risk Growth Securities Risk
Columbia Acorn International	<ul style="list-style-type: none"> •Focuses on small and mid-sized companies with market capitalizations under \$10 billion at the time of investment. •The Fund invests at least 75% of its net assets in foreign companies in developed markets and emerging markets •Uses quantitative and fundamental research as well as the management team’s perspectives for stock selection 	Active Management Risk Small-and Mid-Cap Company Securities Risk Sector Risk Foreign Securities Risk Emerging Market Securities Risk Liquidity and Trading Volume Risk Foreign Currency Risk Growth Securities Risk Geographic Focus Risk
Columbia Acorn International Select	<ul style="list-style-type: none"> •The Fund invests at least 65% of its net assets in foreign companies in developed markets and up to 35% of its total assets in emerging markets •Invests a majority of its net assets in the common stock of small- and mid-sized companies with market capitalizations under \$25 billion at the time of investment •Uses quantitative and fundamental research as well as the management team’s perspectives 	Active Management Risk Select Portfolio Risk Sector Risk Liquidity and Trading Volume Risk Foreign Securities Risk Emerging Market Securities Risk Small- and Mid-Cap Securities Risk Foreign Currency Risk

Separate Account Strategy or Fund Name	Primary Methods of Analysis	Material Risks
	for stock selection	Growth Securities Risk Geographic Focus Risk Large Cap Company Securities Risk
Columbia Acorn USA	<ul style="list-style-type: none"> •Focuses on small and mid-sized companies with market capitalizations under \$5 billion at the time of investment. •Uses quantitative and fundamental research as well as the management team's perspectives for stock selection 	Active Management Risk Small- and Mid-Cap Company Securities Risk Growth Securities Risk Sector Risk
Columbia Thermostat	<ul style="list-style-type: none"> •Invests in other mutual funds and allocates at least 95% of its net assets among a selected group of stock and bond mutual funds according to the current level of Standard & Poor's (S&P) 500® Index •Uses quantitative and fundamental research as well as the management team's perspectives for stock selection 	Allocation Risk Fund-of-Funds Risk Interest Rate Risk Credit Risk Preferred Stock Risk High-Yield Investment Risk Value Securities Risk Growth Securities Risk Sector Risk Foreign Securities Risk Emerging Market Securities Risk Derivatives Risk U.S. Government Obligations Risk Convertible Securities Risk Forward Commitments on Mortgage-Backed Securities Risk Mortgage and Other Asset-Backed Securities Risk Stripped Securities Risk Prepayment and Extension Risk Reinvestment Risk Liquidity and Trading Volume Risk Depositary Receipts Risk Derivatives Risk – Futures Contracts Risk Geographic Focus Risk Real Estate Related Investment Risk Qualitative Model Risk Rule 144A and Other Exempted Securities Risk Derivatives Risk – Swaps Risk Counterparty Risk Liquidity Risk Derivatives Risk – Forward Contracts Risk Derivatives Risk – Options

Separate Account Strategy or Fund Name	Primary Methods of Analysis	Material Risks
		Risk Derivatives Risk – Swaptions Risk Focused Portfolio Risk Frequent Trading Risk Leverage Risk Sovereign Debt Risk Passive Investment Risk Index Methodology Risk Correlation/Tracking Error Risk New Fund Risk
Columbia Acorn European	<ul style="list-style-type: none"> •Fund invests a majority of its net assets in the common stock of small-and mid-sized companies with the market capitalizations under \$5 billion at the time of investment. •The Fund invests at least 80% of its net assets in companies located in European companies. •Uses quantitative and fundamental research as well as the management team’s perspectives for stock selection 	Active Management Risk Liquidity and Trading Volume Risk Foreign Securities Risk Geographic Focus Risk Emerging Market Securities Risk Small- and Mid-Cap Securities Risk Foreign Currency Risk Sector Risk Growth Securities Risk
Wanger USA	<ul style="list-style-type: none"> •Focuses on small and mid-sized companies with market capitalizations under \$5 billion at the time of investment. •Uses quantitative and fundamental research as well as the management team’s perspectives for stock selection 	Active Management Risk Small- and Mid-Cap Company Securities Risk Growth Securities Risk Sector Risk
Wanger Select	<ul style="list-style-type: none"> •Invests a majority of its net assets in the common stock of small- and mid-sized companies with market capitalizations under \$20 billion at the time of investment •Uses quantitative and fundamental research as well as the management team’s perspectives 	Active Management Risk Small- and Mid-Cap Securities Risk Select Portfolio Risk- Sector Risk Foreign Securities Risk Emerging Market Securities Risk Liquidity and Trading Volume Risk Foreign Currency Risk Growth Securities Risk Real Estate Related Investment Risk
Wanger International	<ul style="list-style-type: none"> •Focuses on small and mid-sized companies with market capitalizations under \$5 billion at the time of investment. •The Fund invests at least 65% of its total assets in foreign companies in developed markets and emerging markets •Uses quantitative and fundamental research as well as the management team’s perspectives 	Active Management Risk Small- and Mid-Cap Company Securities Risk Emerging Market Securities Risk Liquidity and Trading Volume Risk Sector Risk

Separate Account Strategy or Fund Name	Primary Methods of Analysis	Material Risks
	for stock selection	Foreign Currency Risk Geographic Focus Risk

DISCIPLINARY INFORMATION

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.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Columbia Wanger is not a registered broker-dealer however some of our directors and principal executive officers (“Directors and Officers”) hold one or more securities licenses with the Financial Industry Regulatory Authority (FINRA) though our affiliated broker-dealer, Columbia Management Investment Distributors. Neither Columbia Wanger nor any of its Directors and Officers are registered or have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading adviser or an associated person of the foregoing entities. More information about our Directors and Officers can be found in the Part 1A of our Form ADV.

Columbia Wanger, the adviser to the Columbia Acorn Trust and Wanger Advisors Trust, has determined that it is not required to register as a Commodity Pool Operator under the amendments to Rule 4.5 adopted but the Commodity Futures Trading Commission. We currently anticipate that each of the funds in the Columbia Acorn Trust and Wanger Advisors Trust will continue to be eligible for the Rule 4.5 exemption.

The following are the educational and business backgrounds of the Directors and principal executive officers of Columbia Wanger:

Michael G. Clarke, Vice President, Head of North American Operations and Co-Head of Global Operations. Mr. Clarke joined one of the Columbia Threadneedle Investments legacy firms in 1999 and has held various management roles in operations and product development. Mr. Clarke became Head of Accounting & Administration Services in 2014 and added Head of North American Operations to his responsibilities in 2017. Mr. Clarke has been in his current role since 2019 and also serves as Senior Vice President and Chief Financial Officer of the Columbia Funds. Previously, Mr. Clarke was with Deloitte & Touche LLP for six years and left the firm as an audit manager. Mr. Clarke received a B.A. in Economics from Bates College and an M.S. Accounting and Business Administration from Northeastern University.

Colin Moore, President and Chairman of the Board of Columbia Wanger and also serves as Director, Executive Vice President and Global Chief Investment Officer of Ameriprise Financial. He also serves as the Head of Equities of Ameriprise Financial. Prior to joining the Ameriprise Financial 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.

Christopher O. Petersen, is Vice President, Assistant Secretary and Director of Columbia Wanger. Mr. Petersen joined the predecessor organization of Ameriprise Financial in 2004, and has held various management roles in the General Counsel's Organization of Ameriprise Financial since that time. Mr. Petersen currently serves as Vice President, Lead Chief Counsel (since 2015) and Head of Columbia Threadneedle Investment North America Legal (since 2017). Prior to 2004, Mr. Petersen was with Strong Financial, Inc. (2003-2004), and US Bancorp (1999-2003). Mr. Petersen received his Bachelor of Arts degree in International Relations from the University of Minnesota in 1993 and his J.D from the University of Minnesota in 1997.

Joseph C. LaPalm, is the Chief Compliance Officer of Columbia Wanger and also serves as a Vice President of Ameriprise Financial. Before joining Columbia Wanger in 2005, Mr. LaPalm was a compliance officer with William Blair & Company, beginning in 2000. Mr. LaPalm received his B.S. degree in Economics and Political Science from Florida State University in 1993.

Daniel Cole, is the Vice President of Columbia Wanger and also serves as the Senior Portfolio Manager of Columbia Management. Mr. Cole began his investment career in 1993 and earned a B.S. from Guilford College and M.B.A in finance from Virginia Polytechnic Institute and State University. Mr. Cole is also a Certified Financial Analyst

Stephen Kusmierczak, is Vice President of Columbia Wanger and Head of Columbia Wanger International Equities. Mr. Kusmierczak received his B.A. from Bowdoin College in 1989 and his M.P.A. from Princeton University, Woodrow Wilson School of Public and International Affairs in 1998. Mr. Kusmierczak is also a Certified Financial Analyst.

Multiple Roles Played by Certain Directors and Officers

Some of our Directors and Officers and employees are also directors, officers or employees of our ultimate parent company or one or more affiliates, including certain Advisory Affiliates that directly or indirectly benefit from our client relationships or advisory activities. In these circumstances, 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's or Officer's time. We believe these potential conflicts are mitigated because our employees and those of our affiliates 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 support 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 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 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.”

As described below, 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.

Our policies and procedures require these Management Persons and employees put our clients’ interests first, but they may have an incentive to make recommendations, or take actions, that benefit the affiliated entity or put the affiliated entity’s interests ahead of our own.

Broker-Dealers

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. Our sales personnel are registered representatives of Columbia Management Investment Distributors and may present investment opportunities in the Funds and Private Funds managed by us 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 (the “Variable Series Trust funds”) and the Wanger Advisors Trust funds. Columbia Management Investment Distributors is also a member of the Municipal Securities Rulemaking Board and serves as the program manager for 529 Plans.

We are also affiliated with Ameriprise Financial Services, an SEC-registered broker-dealer and investment adviser that is a wholly owned subsidiary of Ameriprise Financial. Ameriprise Financial Services and other third-party broker dealers distribute the shares of the Mutual Funds we or an affiliate manage and may also offer and sell shares of any registered Closed-End Funds that we or an affiliate develop or currently manage.

Investment Companies and Other Pooled Investment Vehicles

We are affiliated with investment companies managed by us or our Advisory Affiliates, including the Funds, certain Private Funds and sub-advised funds. Ameriprise Financial provides administrative and accounting services for the Funds. To the extent employees of Ameriprise Financial or Advisory Affiliates gain access to proprietary investment information conflicts 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

Columbia Wanger, a Delaware limited liability company based in Chicago, Illinois, is wholly owned by Columbia Management Investment Advisers, LLC (formerly known as RiverSource Investment, LLC), a Minnesota limited liability company. CMIA is a wholly owned subsidiary of Ameriprise Financial, Inc.

Our ultimate parent company, Ameriprise Financial, indirectly owns certain of our advisory affiliates, including CCCA, an SEC-registered investment adviser that serves as collateral manager to CLOs; Threadneedle International Limited (“TINTL”), a Financial Conduct Authority (“FCA”) and SEC SEC-registered adviser; Threadneedle Asset Management Limited (“TAML”), an FCA-registered adviser; TMLSA, an investment management company regulated by the Commission de Surveillance du Secteur Financier in Grand Duchy of Luxembourg; and Threadneedle Investments Singapore (Pte) Ltd. (“TIS”), an adviser regulated by the Monetary Authority of Singapore. 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.

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, in its capacity as a registered investment, 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 Mutual Funds or other products managed by us. Ameriprise Financial Services, an affiliate that is not involved in our asset management business, may provide pension consulting services from time to time.

Banking or Thrift Institutions

We are also affiliated with Ameriprise Bank, FSB (“AFSB”) a federal savings bank. AFSB is the successor to Ameriprise National Trust Bank following its conversion to a national bank. See “Regulatory Risk-Banking” in the “Risk Disclosure Appendix” for additional information regarding the regulatory risk stemming from affiliation with a bank.

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.

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 arise from time to time 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.

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 counsel 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, Code of Ethics oversight, valuation, trading 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 non-public 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, non-public information which, if disclosed, might affect an investor’s decision to buy, sell or hold a security. The Code addresses the “Global Policy-Inside Information” which prohibits the misuse of material non-public information by us and our associated persons. Those who possess material non-public 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 legal and compliance personnel who assist in administering the Inside Information 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 possesses material non-public 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 non-public information is obtained, these procedures also allow for the creation of an “information wall” to contain information within a small group in lieu of implementing a firm-wide prohibition on trading.

Our Code of Ethics Committee is responsible for enforcing compliance with the Code. Persons who violate the Code or the Global Policy – Inside Information 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 Mutual Fund managed by us. This creates a potential conflict we mitigate for 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 then it will be done in accordance with applicable legal requirements.

Our employees are investors in the Mutual Funds 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.

BROKERAGE PRACTICES

Choosing a Broker

Subject to any client direction to utilize a particular broker or dealer, or a broker or dealer meeting specified criteria, for execution of transactions in that client's account, Columbia Wanger's overriding objective in effecting portfolio transactions is to seek to obtain the best combination of net price and execution. The best net price, giving effect to brokerage commission, if any, and other transaction costs, is normally an important factor in this decision, but a number of other judgmental factors may also enter into the decision. These factors include:

- negotiated commission rates currently available and other current transaction costs;
- the nature and liquidity of the security being traded; the size of the transaction, the desired time of the trade, the marketplace at the time of execution;
- evaluation of competing markets, including exchanges, over-the-counter markets, electronic communications networks or other alternative trading facilities;
- the activity existing and expected in the market for a particular security;
- confidentiality;
- the execution, clearance and settlement capabilities of the broker or dealer selected and others which are considered;
- the financial stability of the broker or dealer selected and such other brokers or dealers or any operational problems that the broker or dealer may have;
- the broker's or dealer's responsiveness to Columbia Wanger; and
- actual or apparent operational problems of any broker or dealer.

In light of these factors, Columbia Wanger's clients may pay a brokerage commission in excess of that which another broker might have charged for effecting the same transaction.

Columbia Wanger's Trade Market Oversight Committee ("TMOC") assists in evaluating executing brokers and dealers. The TMOC also assists in reviewing reports generated by various vendors approved by TMOC, which analyzes trading costs and provides analysis on best execution.

Client Directed Brokerage Arrangements

As noted above, clients may direct Columbia Wanger (subject to certain conditions that Columbia Wanger may impose from time to time) to effect portfolio transactions through particular brokers or dealers, or brokers or dealers meeting stated criteria. Such a direction to utilize a particular broker or dealer may be conditioned by the client on the broker or dealer being competitive as to price and execution of each transaction, or may be subject to varying degrees of "restriction", i.e., an instruction to utilize the broker or dealer whether or not competitive, or at specified levels of commissions or commission discounts which are less favorable than might otherwise be attained by Columbia Wanger. Columbia Wanger is not obligated to negotiate lowest commission rates from such brokers or dealers on behalf of such clients. 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.

Clients sometimes wish to restrict brokerage to a particular broker or dealer in recognition of custodial or other services provided to the client by the broker dealer. A client who chooses to designate use of a particular broker dealer on a “restricted” basis, including a client who designates use of a broker or dealer as custodian of the client’s assets, should consider whether such a designation may result in certain costs or disadvantages to the client, either because the client may pay higher commissions on some transactions than might otherwise be attainable by Columbia Wanger, or may receive less favorable execution of some transactions, or both.

A client who “restricts” brokerage may also be subject to the disadvantages discussed below regarding aggregation of orders. In determining whether to instruct Columbia Wanger to utilize a particular broker or dealer on a “restricted” basis in recognition of such services, the client may wish to compare the possible costs or disadvantages of such an arrangement with the value of the custodian or other services provided. While Columbia Wanger will attempt to obtain “best execution” for such trades, in circumstances where the client directs brokerage, best execution may be affected by the factors described above.

Monitoring Commissions

Evaluations of the reasonableness of brokerage commission, based on the foregoing factors, are made on an on-going basis by Columbia Wanger’s trading staff while effecting portfolio transactions. Columbia Wanger may to the extent permitted by applicable law, make trades with or through a registered broker-dealer affiliated with it. Such trades will only be affected consistent with Columbia Wanger’s obligation to seek best execution for its clients.

It is Columbia Wanger’s practice, when feasible, to aggregate for execution as a single transaction orders for the purchase or sale of a particular security, with the same terms and conditions, for the accounts of several clients in order to seek a lower commission or more advantageous net price. All clients participating in the aggregated execution receive the same execution price and transaction costs are shared pro-rata, whenever possible.

However, in the case of a client who has restricted Columbia Wanger to a particular broker or dealer with respect to transactions for that client’s account, and has specified particular commission rates for such transactions, such client’s accounts generally will be unable to participate in aggregated orders and, where such client’s account does not participate in an aggregated order executed with the client’s designated broker, the client’s specification of a particular commission will preclude that client from receiving the benefit, if any, of a lower commission resulting from the aggregation, and the accounts of other clients participating in the aggregated offer may receive a correspondingly greater benefit.

Additionally, clients that have restricted brokerage to particular brokers will ordinarily have their orders executed after accounts of those clients that do not have such restrictions. It is Columbia Wanger’s policy to execute the aggregated orders before directed orders for the same stock.

Where a client restricts Columbia Wanger to a particular broker or dealer with respect to transactions for that client’s account, the client may be disadvantaged in obtaining allocations of new issues of securities which Columbia Wanger purchases or recommends for purchase in other client accounts. It is Columbia Wanger’s policy that such “restricted” accounts not participate in allocations of new issues of equity or convertible securities obtained through brokers and dealers other than that designated by the client. See the description below with respect to Initial Public Offerings.

Allocation of Aggregated Trades

Generally, the portfolio manager or analyst duly delegated by the portfolio manager, allocates the order prior to placing the trade order, according to client objectives and portfolio holdings, except for initial public offerings which, depending on the offering size, are either allocated to suitable accounts in proportion to commission dollars paid in the previous quarter or rotated between suitable accounts. See also the description below with respect to Initial Public Offerings. When the order is placed, the allocation of the execution will normally be on a pro-rata basis, relative to the size of the total outstanding order. Specifically, each account’s allocation will be determined by applying its percentage of the total outstanding order to the actual execution received. All clients participating receive the same execution price, which price may be an averaged execution price. Where possible,

allocations will be in round lots and in size. However, cash balances, account liquidations, minimum position size, small lot orders, and the need to raise cash for a particular account may result in exceptions to the normal allocation procedure.

FX Trading

Depending on the directions from the client, foreign currency (FX) transactions are affected either through our selection of brokers for trading execution or through the client's custodian. Where Columbia Wanger has been given authority to place FX trades, the client's portfolio will be set on Columbia Wanger's 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 Columbia Wanger selects at its discretion. All income will also be repatriated to the operating currency of the account pursuant to standing instructions from Columbia Wanger to the client's custodian bank. Columbia Wanger enters into FX transactions for currency management purposes and typically does not seek to make currency bets on client accounts. However, where expressly permitted by the investment guidelines, Columbia Wanger does periodically execute forward transactions to hedge specific currency risk. Where the market dictates Columbia Wanger to use a client's custodian to repatriate foreign currency Columbia Wanger does evaluate the repatriation services.

Initial Public Offerings

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 market prices for IPO shares 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.

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 the security begins to be publicly traded.

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.

Client Commission Arrangements, Policies and Procedures

Congress adopted Section 28(e) of the Securities Exchange Act of 1934 which, along with related SEC guidance and 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 services including research and execution of transactions. The research provided can be either broker-dealer proprietary research (created and provided by a broker-dealer, including tangible research products as well as access to analysts and traders) or third party research (created by a third party but provided by a 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 arrangements. We have adopted policies and procedures designed to ensure that the use of client commissions falls within the safe harbor and other applicable regulatory requirements, while permitting client accounts to benefit from our investment professionals’ use of other firms’ research and related investment decision-making tools.

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.

Equity research budgets and reserves are established and approved by senior leaders from Portfolio Management, Research, and Trading. Broker dealer proprietary research is evaluated through a periodic broker research evaluation process completed by equity portfolio managers and research analysts. This includes evaluating the quantity and quality of research interactions with brokers in addition to written research. The evaluation process is reviewed on a regular basis to help provide for fair and accurate assessment of services provided. In addition, third party research services may be identified by investment professional (e.g., portfolio managers or analysts) to assist their investment decision-making and benefit their client accounts. Third party research services are also reviewed and approved by the senior leaders detailed above as part of the overall research budget paid with client commissions.

New brokers providing proprietary research and third party commission research services require formal approval from Compliance and the Trading Committee. Compliance evaluates whether the research and its use fall within the safe harbor of Section 28(e). The Trading Committee is tasked with responsibility for evaluating requests to add new brokers or third-party research providers 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 and related payments are re-evaluated by investment professionals on an ongoing basis and annually approved by the Trading Committee.

Generally, our traders execute unbundled client commission arrangement trades (where we pay an explicit amount for trade execution and an explicit amount for research) through a broker-dealer that may retain the entire

commission as part of the research services it provides or subsequently make payment to one or more research providers at our direction, retaining a portion of the commission for execution. This compensation method is utilized to pay for broker proprietary research as well as third party research, and allows us to more selectively obtain research from one broker-dealer while seeking the execution services of another, preferred execution broker-dealer. Such client commission arrangements do not obligate us to generate a specified level of commissions with the executing broker-dealers.

As described in the preceding paragraph, we have established relationships with specific broker-dealers to acquire 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 research commission rates are competitive; (5) consideration of whether each broker-dealer is well-versed in regulatory compliance issues involving client commission arrangements 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 Commission Practices Team (“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 client commission arrangement.

These specific broker-dealers that facilitate our payments for research as described in the paragraphs above, 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, carry 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.

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

- 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 creates 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 Team which is independent from both traders and portfolio managers.

- Research acquired with client commissions may be shared across multiple accounts. Certain research and the benefits of investment ideas from that research are shared with our Advisory Affiliates. One client's commissions may not be generated in the same proportion as its usage of a shared service. Client commission services are not used exclusively in connection with the accounts that pay the commissions to the broker-dealer providing the services. Also, analysts and portfolio managers in our Equity and Fixed Income Departments across Columbia Management Investment Advisers and certain Advisory 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.
- 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. Where an Advisory Affiliate does not accept research in exchange for client generated commissions or in the event we are not permitted to utilize soft dollars on behalf of a client of ours or an Advisory Affiliate ("Non-research Accounts") and this Advisory Affiliate is providing trading services to us, or vice versa, soft dollar credits are withheld with respect to that client's transactions. Where aggregated (or block) trade orders include Non-research Accounts, the Non-research Accounts will not, to the extent permissible under applicable regulations and interpretive guidance, pay a *pro-rata* portion of research payments associated with that aggregated order. However, all clients within the aggregated order will pay the same average security price and execution costs. Alternatively, all such aggregated orders will be "execution only" and will not generate any commissions that may be used to purchase research for all clients trading within such block, or we may remove the Non-research Account from block orders placed for our other institutional clients with any broker/dealer with whom we have a soft dollar arrangement. If the Non-research Account is removed, this account will likely receive a different execution price than that received by the block trade.

Pricing Policy

Certain responsibilities and procedures related to pricing client securities have been delegated to Columbia Wanger's ultimate parent, Ameriprise Financial.

Columbia Wanger may provide guidance according to procedures approved by the Columbia Acorn Trust and Wanger Advisors Trust.

For the Columbia Acorn Trust funds and the Wanger Advisors Trust funds, Ameriprise Financial acts as Columbia Wanger's pricing agent. Ameriprise Financial has primary responsibility to furnish prices for securities

held by such funds, subject to comparison by Columbia Wanger. Ice Data Services serves as an independent pricing vendor and provides to Ameriprise Financial fair values for certain foreign securities. Columbia Wanger also may utilize additional sources to compare pricing information. Columbia Wanger generally has no responsibility with respect to pricing securities held by the separate accounts or those clients for whom Columbia Wanger acts as sub-adviser. Such clients' respective custodians have primary responsibility for pricing of securities held by such clients.

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. 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 to the client's account, 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.

Use of Affiliated Brokers and 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 (including accounts of affiliates) 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 from time to time purchase securities from a broker to which we have recently sold the same securities. We do so when we believe it 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.

Valuation Committees

Valuation Committees may be established in order to determine valuations for securities for which reliable market quotations are unavailable, or when Columbia Wanger believes that available market quotations are unreliable. In such instances, a Valuation Committee determines a fair value for the security.

Columbia Wanger may determine to establish additional Valuation Committees to determine whether to fair value a security held by a sub-advised or a separate account. The recommendations are only information for each client's own valuation committees to use in making their own valuation determination. Such additional Valuation Committees' membership will be drawn solely from Columbia Wanger personnel.

In certain instances, a security to be valued may be held by more than one client. A valuation of a security generally will be uniform across all client portfolios, unless there are reasons to maintain different valuations,

such as differing valuation determinations by separate Valuation Committees of clients including registered investment company clients. Columbia Wanger personnel may inform one Valuation Committee of a valuation made by another Valuation Committee. However, the final valuation determination will be made by each Valuation Committee independently.

REVIEW OF ACCOUNTS

Reviewers and Reviews of Accounts

Each account managed by Columbia Wanger is assigned to a specific portfolio manager. The portfolio manager is responsible for becoming familiar with the client's investment objectives, policies and investment restrictions. The portfolio manager is then responsible for monitoring the client's accounts. The portfolio manager may be assisted by other managers or analysts, depending on the size, complexity and investment strategy of the account. In addition, CMIA may provide input for inspection by the portfolio managers when completing their reviews. Except for Columbia Wanger's president, who has overall responsibility for all accounts, no portfolio manager is responsible for reviewing more than ten accounts.

At least monthly, the compliance department (i) reviews the account through an examination of a detailed holdings report, (ii) analyzes the account for compliance with client investment objectives, investment policies and restrictions, and (iii) considers the industry and, where applicable, the country weighting and position sizes. At least quarterly, the portfolio manager expands the monthly review to include a review of the account's investment performance and, if applicable, compares the performance against established benchmarks and other accounts with similar investment objectives and restrictions. Columbia Wanger, or each account's respective custodian, sends monthly account statements to all clients.

Nature and Frequency of Regular Reports to Clients

Columbia Wanger provides its clients with regular reports as requested by the client and/or as agreed upon in the investment advisory agreement between the client and Columbia Wanger. Generally, Columbia Wanger or the client's custodian bank will provide the client with reports that summarize their account activities. If Columbia Wanger provides a summary, the report may also provide a summary cover sheet listing the performance data for each security, the quantity of each security owned, the market value of the securities, and the percentage holding of the portfolio. Columbia Wanger may provide more frequent reports or reports containing additional information to the extent reasonably requested by the client.

Investment Companies

Columbia Wanger responds to clients that are registered investment companies at regularly scheduled meetings of the trustees/directors of those entities. The trustees/directors typically meet at least quarterly. Columbia Wanger reports information in the form and scope requested by the trustees/directors or their counsel.

CLIENT REFERRALS AND OTHER COMPENSATION

Compensation for Client Referrals

Columbia Wanger may from time to time compensate, either directly or indirectly, persons, including employees of Ameriprise Financial/or its affiliates, for referring or soliciting clients for Columbia Wanger or for investment in an investment company or other entity to which Columbia Wanger provides management or investment services. In some cases these persons may be compensated on the amount of assets invested. If Columbia Wanger pays fees to persons for referring or soliciting clients to its firm, it will not then charge those clients any additional fees to compensate for its payments to persons unless fully disclosed to the client as required by law. Columbia Wanger charges clients only those fees in accordance with the investment management agreement between the client and Columbia Wanger. Any payment of compensation for referrals shall comply with all applicable federal and state laws.

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. 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.

Other Compensation

We receive fees from third-party sponsors of certain managed account or asset allocation programs for services rendered. To the extent that the program sponsor is not considered our client, we would technically be receiving cash from a non-client (the program sponsor) in connection with giving advice indirectly to managed account or asset allocation program clients.

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 address 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

Columbia Wanger does not have custody as defined in Rule 206(4)-2 of the Investment Advisers Act of 1940 of client funds or securities.

INVESTMENT DISCRETION

Investment and Brokerage Discretion

Clients may retain Columbia Wanger on either a discretionary or non-discretionary basis.

Investment Discretion

With investment discretion, Columbia Wanger will normally have authority to supervise and direct the investments of and for the client's account without prior consultation with the client and will normally determine which securities are bought and sold for the account, the total amount of such purchases and sales, the brokers or dealers through which transactions will be executed, and the commission rates paid to effect the transactions. Columbia Wanger's authority may be subject to conditions imposed by the client, e.g., where the client restricts or prohibits transactions on certain types of securities or directs that transactions be effected through specific brokers or dealers.

Non-Investment Discretion

When a client does not grant investment discretion, Columbia Wanger recommends to the client which securities to buy or sell and the amounts to buy or sell. Upon approval of recommended transactions, the client may request that Columbia Wanger direct the execution of purchase or sale orders to implement the recommendations. Columbia Wanger may then have the authority to determine the brokers or dealers through which the transactions will be executed and the commission rates paid to effect the transactions. As described above with respect to discretionary accounts, the client may direct that transactions be effected through specific brokers or dealers.

Notwithstanding the above, for all accounts which Columbia Wanger currently manages, it has investment discretion.

VOTING CLIENT SECURITIES

Proxy Voting

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 long-term economic interest of clients (which is generally defined for this purpose as the interest of enhancing or protecting the economic value of client accounts);
- 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 principles, which outline key corporate governance issues and describe the broad principles we consider and our general approach to voting client proxies. The proxy voting principles address matters relating to shareholder rights, boards of directors, corporate governance, compensation, capital management, environmental, social and governance practices, and certain other matters. We regularly review and may amend the proxy voting principles 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 certain of our investment adviser affiliates that have adopted the same voting principles. 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 may 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 to 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.

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. With respect to ERISA accounts, we generally vote proxies for all votes with a discernable economic benefit, unless the client expressly retains proxy voting authority or we determine that the cost of voting to the plan would outweigh any economic benefit. Because of the volume and complexity of the proxy voting process, including inherent inefficiencies in the process that are outside our reasonable control (e.g., delays or incomplete information from intermediaries such as custodians and proxy agents), not all proxies we would otherwise vote 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 reasonable control.

From time to time, Columbia Wanger and its affiliates may face regulatory or compliance limits on the types or amounts of voting securities that it may purchase or hold for client accounts, including ownership limits which may restrict the total percentage of an issuer's voting securities that Columbia Wanger can hold for clients. As a result, in limited circumstances in order to comply with such limits and/or internal policies designed to comply with such limits, Columbia Wanger may delegate proxy voting in certain issuers to a qualified third party to vote in the shareholders' best interest.

The operation of Columbia Wanger's proxy voting policy and procedures is overseen by a Proxy Policy Committee ("Proxy Committee"), the membership of which includes senior investment personnel and senior non-investment personnel of Columbia Wanger. The Proxy Committee has the responsibility to review, at least annually, Columbia Wanger's proxy voting policies and proxy voting principles. The Proxy Committee may adopt different proxy voting guidelines for different clients, based on the specific goals (investment or other) of such accounts.

Columbia Wanger has engaged its affiliate Columbia Management Investment Advisers, LLC ("Columbia Management") to administer the proxy voting policy and implement the proxy voting principles for Columbia Wanger. Columbia Wanger and Columbia Management rely on the services of a designated third party service provider for proxy voting administration. At least annually, we review the capacity and competency of the proxy voting research providers and voting agents to adequately analyze proxy voting issues. As part of this review, we will consider (i) the adequacy and quality of staffing and personnel to ensure that recommendations are based on current and accurate information and (ii) the policies and procedures designed to address material conflicts of interest as well as the conflicts of interest identified by the third-party service providers.

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 material conflicts of interest. One way that we seek to address potential material conflicts of interest is through employing predetermined voting stances. 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 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 predetermined voting stances or the recommendations of an independent third party. Portfolio managers and Proxy Committee members with a personal conflict of interest that may be material regarding any particular proxy vote must recuse themselves from any discussion or decision with respect to that proxy. In the event that a portfolio manager of a client account has a conflict of interest, then the Proxy Committee shall be responsible for determining how to vote on such proposal. When proxies presenting a material conflict of interest are voted in accordance with the recommendations of an independent third party, the third party typically populates the associated ballots.

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 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 Wanger Asset Management 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 or with respect to any natural person 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.

Risk Disclosure Appendix

Active Management Risk.

Due to its active management, there is a risk a fund could underperform its benchmark index and/or other portfolios with a similar investment objectives and/or strategy.

Allocation Risk.

For any Fund that uses an asset allocation strategy in pursuit of its investment objective, there is a risk that the Fund's allocation among asset classes, investments, managers, strategies and/or investment styles will cause the Fund's shares to lose value or cause the Fund to underperform other funds with similar investment objectives and/or strategies, or that the investments themselves will not produce the returns expected.

Alternative Strategies Investment Risk

An investment in alternative investment strategies (Alternative Strategies), whether through direct investment or through a Portfolio Fund or other underlying fund, involves risks, which may be significant. Alternative Strategies may include strategies, instruments or other assets, such as derivatives, that seek investment returns uncorrelated with the broad equity and fixed income/debt markets, as well as those providing exposure to other markets (such as commodity markets), including but not limited to absolute (positive) return strategies. Alternative Strategies may fail to achieve their desired performance, market or other exposure, or their returns (or lack thereof) may be more correlated with the broad equity and/or fixed income/debt markets than was anticipated, and a Fund may lose money.

To the extent that a Portfolio Fund or other underlying fund is charged a performance (or incentive) fee (which would indirectly be borne by a Fund's shareholders), such fees may create incentives for the Portfolio Fund's or other underlying fund's manager to make investments that are riskier or more speculative than in the absence of these fees. Because these fees are often based on both realized and unrealized appreciation, the fee may be greater than if it were based only on realized gains. In addition, a Portfolio Fund's or other underlying fund's manager may receive compensation for relative performance of the Portfolio Fund or other underlying fund even if the Portfolio Fund's or other underlying fund's overall returns are negative.

Asset-Backed Securities Risk.

The value of a Fund's asset-backed securities may be affected by, among other things, changes in interest rates, factors concerning the interests in and structure of the issuer or the originator of the receivables, 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. Asset-backed securities represent interests in, or are backed by, pools of receivables such as credit card, auto, student and home equity loans. They may also be backed by securities backed by these types of loans and others, such as mortgage loans. Asset-backed securities can have a fixed or an adjustable rate. Most asset-backed securities are subject to liquidity risk, (the risk that it may not be possible for the Fund to liquidate the instrument at an advantageous time or price), and prepayment risk (the risk that the Fund will have to reinvest the money received in securities that have lower yields). In addition, the impact of prepayments on the value of asset-backed securities may be difficult to predict and may result in greater volatility. Rising or high interest rates tend to extend the duration of asset-backed securities, resulting in valuations that are volatile and sensitive to changes in interest rates.

Authorized Participant Concentration Risk

Only an Authorized Participant may engage in creation or redemption transactions directly with Portfolio Funds that are ETFs. An "Authorized Participant" is a participant of the Continuous Net Settlement System of the NSCC or the DTC that has executed a Participant Agreement with the Distributor, and accepted by the Transfer Agent. Authorized Participants may purchase creation units of ETF shares, and sell individual ETF shares on the NYSE Arca, Inc. (the Exchange). ETF Portfolio Funds have a limited number of institutions that may act as Authorized Participants, none of which are or will be obligated to engage in creation or redemption transactions. To the extent that these institutions exit the business or are unable or unwilling to proceed with creation and/or redemption orders with respect to the ETF Portfolio Fund and no other Authorized Participant is able or willing to step

forward to create or redeem creation units, ETF Portfolio Fund shares may trade at a discount to NAV and possibly face trading halts and/or delisting from the Exchange. This risk is heightened in times of market stress, including at both the ETF Portfolio Fund share level and at the ETF Portfolio Fund holdings level.

Changing Distribution Levels Risk.

Each Fund will normally receive income which may include interest, dividends and/or capital gains, depending upon its investments. The distribution amounts paid by the Fund will vary and generally depend on the amount of income the Fund earns (less expenses) its portfolio holdings, and capital gains or losses it recognizes. A decline in the Fund's income or net capital gains arising from its investments may reduce its distribution level.

Concentration Risk.

To the extent that a Fund concentrates its investment in particular issuers, countries, geographic regions, industries or sectors, the Fund may be subject to greater risks of adverse developments in such areas of focus than a fund that invests in a wider variety of issuers, countries, geographic regions, industries, sectors or investments.

Confidential Information Access Risk.

In many instances, issuers of floating rate loans offer to furnish material, non-public information (Confidential Information) to prospective purchasers or holders of the issuer's floating rate loans to help potential investors assess the value of the loan. The Investment Manager and its affiliates, including the investment adviser to the Portfolio Funds, may avoid the receipt of Confidential Information about the issuers of floating rate loans being considered for acquisition by a Fund or Portfolio Fund, or held by a Fund or Portfolio Fund. A decision not to receive Confidential Information from these issuers may disadvantage a Fund or Portfolio Fund as compared to other floating rate loan investors, and may adversely affect the price the Fund or the Portfolio Fund pays for the loans it purchases, or the price at which the Fund sells the loans. Further, in situations when holders of floating rate loans are asked, for example, to grant consents, waivers or amendments, the ability to assess the desirability thereof, may be compromised. For these and other reasons, it is possible that the decision not to receive Confidential Information could adversely affect a Fund's or a Portfolio Fund's performance.

Convertible Securities Risk.

Convertible securities are subject to the usual risks associated with debt instruments, such as interest rate risk (the risk of losses attributable to changes in interest rates) and credit risk (the risk that the issuer of a debt instrument will default or otherwise become unable, or be perceived to be unable or unwilling, to honor a financial obligation, such as making payments to a Fund when due). Convertible securities also react to changes in the value of the common stock into which they convert, and are thus subject to market risk (the risk that the market values of securities or other investments that a Fund holds will fall, sometimes rapidly or unpredictably, or fail to rise). Because the value of a convertible security can be influenced by both interest rates and the common stock's market movements, a convertible security generally is not as sensitive to interest rates as a similar debt instrument, and generally will not vary in value in response to other factors to the same extent as the underlying common stock. In the event of a liquidation of the issuing company, holders of convertible securities would typically be paid before the company's common stockholders but after holders of any senior debt obligations of the company. A Fund may be forced to convert a convertible security before it otherwise would choose to do so, which may decrease a Fund's return.

Correlation/Tracking Error Risk.

The value of a Portfolio Fund that seeks returns that correlate with a market index (the Index) will generally decline when the performance of the Index declines. A number of factors may affect the Portfolio Fund's ability to achieve a high degree of correlation with the Index, and there is no guarantee that the Portfolio Fund will achieve a high degree of correlation. Failure to achieve a high degree of correlation may prevent the Portfolio Fund from achieving its investment objective. The factors that may adversely affect the Portfolio Fund's correlation with the Index include the size of the Portfolio Fund's portfolio, fees, expenses, transaction costs, income items, valuation methodology, accounting standards, the effectiveness of sampling techniques (if applicable), changes in the Index and disruptions or illiquidity in the markets for the securities or other instruments in which the Portfolio Fund invests. Portfolio Funds that typically use a "full replication" approach in seeking to track the performance of the Index, which means they invest all, or substantially all, of their assets in

the components of the Index in approximately the same proportion as their weighting in the Index. At times, these “full replication” Portfolio Funds may not have investment exposure to all components of the Index, or their weighting of investment exposure to such components may be different from that of the Index. Portfolio Funds that typically use a “representative sampling” approach in seeking to track the performance of the Index, which is an indexing strategy that involves investing in only some of the components of the Index that collectively are believed to have an investment profile similar to that of the Index, may not track the Index with the same degree of accuracy as would an investment vehicle replicating the entire Index. In addition, both full replication and representative sampling Portfolio Funds may invest in securities or other instruments not included in the Index. The Portfolio Fund 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 Fund’s correlation with the Index. The Portfolio Fund may also be subject to large movements of assets into and out of the Portfolio Fund, potentially resulting in the Portfolio Fund being over- or under-exposed to certain components of the Index and may be impacted by Index reconstitutions and Index rebalancing events. Additionally, the Portfolio Fund’s foreign investments may trade on markets that may not be open on the same day or at the same time as the Portfolio Fund, which may cause a difference between the changes in the daily performance of the Portfolio Fund and changes in the level of the Index. Furthermore, the Portfolio Fund may need to execute currency trades that due to regulatory, legal and operational constraints will occur at a later date than the trading of the related security. Currency holdings may be valued at a different time and at different rates than that used by the Index. Holding cash balances may detract from the Portfolio Fund’s ability to track the Index. In addition, the Portfolio Fund’s NAV may deviate from the Index if the Portfolio Fund fair values a portfolio security at a price other than the price used by the Index for that security. The Portfolio Fund also bears management and other expenses and transaction costs in trading securities or other instruments, which the Index does not bear. Accordingly, the Portfolio Fund’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 Fund and the Index and may hinder the Portfolio Fund’s ability to meet its investment objective. It is not possible to invest directly in an index.

Several factors may affect the Portfolio Fund’s ability to achieve a high degree of correlation with its current Index. Among these factors are: (1) the Portfolio Fund’s fees and expenses, including brokerage (which may be increased by high portfolio turnover) and the costs associated with the use of derivatives or other assets or instruments; (2) the Portfolio Fund holding less than all of the components of the Index or the Portfolio Fund holding investments not included in the Index; (3) the “representative sampling” strategy, where applicable, may not work as intended so as to sufficiently track the performance of the Index; (4) an imperfect correlation between the performance of instruments held by the Portfolio Fund, such as, among others, futures contracts, and the performance of the components of the Index; (5) bid-ask spreads (the effect of which may be increased by portfolio turnover); (6) holding instruments traded in a market that has become illiquid or disrupted; (7) the Portfolio Fund’s share prices being rounded to the nearest cent; (8) changes to the Index that are not disseminated in advance; (9) the need to conform the Portfolio Fund’s portfolio holdings to comply with investment restrictions or policies or regulatory or tax law requirements; (10) limit up or limit down trading halts on options or futures contracts which may prevent the Portfolio Fund from purchasing or selling options or futures contracts; (11) early and unanticipated closings of the markets on which the holdings of the Portfolio Fund trade, resulting in the inability of the Portfolio Fund to execute intended portfolio transactions; and (12) fluctuations in currency exchange rates. Also, Portfolio Fund rebalancings to the Index, disparities between estimated and actual purchases and redemptions of the Portfolio Fund may cause the Portfolio Fund to be over- or underexposed to the Index. This may result in greater tracking and correlation error.

Counterparty Risk.

The risk exists that a counterparty to a financial instrument held by a Fund or by a special purpose or structured vehicle in which the Fund invests may become insolvent or otherwise fail to perform its obligations, including making payments to the Fund due to financial difficulties. A Fund may obtain no or limited recovery in a bankruptcy or other re-organizational proceedings, and any recovery may be significantly delayed. Transactions that a Fund enters into may involve counterparties in the financial services sector and, as a result, events affecting the financial services sector may cause the Fund’s share value to fluctuate.

In the event of a counterparty's (or its affiliate's) insolvency, the Fund's ability to exercise remedies, such as the termination of transactions, netting of obligations and realization on collateral, could be stayed or eliminated under new special resolution regimes adopted in the United States, the European Union (EU) and various other jurisdictions. Such regimes generally provide government authorities with broad authority to intervene when a financial institution is experiencing financial difficulty. In particular, the regulatory authorities could reduce, eliminate or convert to equity the liabilities to the Fund of a counterparty subject to such proceedings in the EU (sometimes referred to as a "bail in").

Credit Risk.

Credit risk is the risk that the value of loans or other 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 Fund when due. Various factors could affect the actual or perceived willingness or ability of the borrower or the issuer to make timely interest or principal payments, including changes in the financial condition of the borrower or the issuer or in general economic conditions. Debt instruments backed by an issuer's taxing authority may be subject to legal limits on the issuer's power to increase taxes or otherwise to raise revenue, or may be dependent on legislative appropriation or government aid. Certain debt instruments are backed only by revenues derived from a particular project or source, rather than by an issuer's taxing authority, and thus may have a greater risk of default. Credit rating agencies assign credit ratings to certain loans and debt instruments to indicate their credit risk. Unless otherwise provided in the Fund's principal investment strategies, investment grade debt instruments are those rated at or above BBB- by S&P Global Ratings, or equivalently rated by Moody's Investors Service, Inc. or Fitch Ratings, Inc., or-, if unrated, determined to be of comparable quality by the investment manager or subadviser managing the debt instrument for the Fund. Conversely, below investment grade (commonly called "high-yield" or "junk") debt instruments are those rated below BBB- (or its equivalent) by such agencies or, if unrated, determined to be of comparable quality. A rating downgrade by such agencies can negatively impact the value of such instruments. Lower quality or unrated loans or instruments held by the Fund may present increased credit risk as compared to higher-rated loans or instruments. Non-investment grade loans or debt instruments may be subject to greater price fluctuations and are more likely to experience a default than investment grade loans or debt instruments and therefore may expose the Fund to increased credit risk. If the Fund purchases unrated loans or instruments, or if the ratings of such loans or instruments held by the Fund are lowered after purchase, the Fund will depend on analysis of credit risk more heavily than usual. If the issuer of a loan declares bankruptcy or is declared bankrupt, there may be a delay before the Fund can act on the collateral securing the loan, which may adversely affect the Fund. 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. Such actions may include invalidating the loan, the lien on the collateral, the priority status of the loan, or ordering the refund of interest previously paid by the borrower. Any such actions by a court could adversely affect the Fund's performance. A default or expected default of a loan could also make it difficult for the Fund to sell the loan at a price approximating the value previously placed on it. In order to enforce its rights in the event of a default, bankruptcy or similar situation, the Fund may be required to retain legal or similar counsel. This may increase the Fund's operating expenses and adversely affect its NAV. 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.

Cybersecurity Breaches Systems Failure and Other Business Disruptions Risk

The Funds and their service providers, including the Investment Manager and its affiliates (Ameriprise Financial, which is the Investment Manager's parent company, the Distributor and the Transfer Agent (together with the Investment Manager, referred to herein as "we," "us" and "our")), the Custodian and other service providers, as well as all their underlying service providers (collectively, the "Service Providers"), are heavily dependent on their respective employees, agents and other personnel ("Personnel") and proprietary and third-party technology and infrastructure and related business, operational and information systems, networks, computers, devices, programs, applications, data and functions (collectively, "Systems") to perform necessary business activities.

The Systems and Personnel that the Funds and the Service Providers rely upon may be vulnerable to significant disruptions and failures, including those relating to or arising from cybersecurity breaches (including intentional acts, e.g., cyber-attacks, hacking, phishing scams, and unauthorized payment requests, and unintentional events or

activity), Systems malfunctions, user error, conduct (or misconduct) of or arising from Personnel, Systems remote access (particularly important given the increased use of technologies such as the internet to conduct business), or other events or circumstances — whether foreseeable, unforeseeable, or beyond our control, such as acts of war, terrorism, natural disaster, widespread disease, pandemic or other public health crises. These types of events may result in, among other things, quarantines and travel restrictions, workforce displacement and loss or reduction in Personnel and other resources. In the above circumstances, the Funds and the Service Providers' operations may be significantly impacted, or even temporarily halted. **The Fund's securities market counterparties may face the same or similar systems failure, cybersecurity breaches and other business disruptions risks.**

Systems and Personnel disruptions and failures, particularly cybersecurity breaches, may result in (i) proprietary or confidential information or data being lost, withheld for ransom, misused, destroyed, stolen, released, corrupted or rendered unavailable, including personal investor information (and that of beneficial owners of investors), (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 Fund or investor assets or sensitive information. Any such events could negatively impact Service Provider Systems and may have significant adverse impacts on the Funds and their shareholders.

Systems and Personnel disruptions and failures and cybersecurity breaches may cause delays or mistakes in materials provided to shareholders and may also interfere with, or negatively impact, the processing of Fund investor transactions, pricing of Fund investments, calculating Fund NAVs, and trading within a Fund's portfolio, while causing or subjecting the Funds to potential financial losses as well as additional compliance, legal, and operational costs. Such events could negatively impact the Fund, its shareholders and the business, financial condition and performance or results of operations of the Service Providers.

The trend toward broad consumer and general public notification of Systems failures and cybersecurity breaches could exacerbate the harm to a Fund, its shareholders and Service Provider 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, System break-ins or inappropriate access will not compromise or breach the technology or other security measures protecting our Systems.

We continue to encounter and seek to address threats of business disruption associated with Systems failure. For example, in 2015 the then-available Columbia ETFs were for a period unable to price their portfolios due to a technology issue impacting the ETFs' third-party administrator. In another case, in 2014, Ameriprise Financial and other financial institutions experienced distributed denial-of-service attacks intended to disrupt clients' online access. Ameriprise Financial was able to detect and respond to this incident without evident loss of client assets or information, Ameriprise Financial has since worked to enhance its security capabilities and will continue to assess its ability to monitor and respond to such threats. In addition to the foregoing, the experiences of Ameriprise Financial and its affiliates with Systems failures, cybersecurity breaches and technology threats have included, as examples, phishing scams, introductions of malware, attempts at electronic break-ins, and unauthorized payment requests. Systems failures and cybersecurity breaches may be difficult to detect, may go undetected for long periods or may never be detected. The impact of such events may be compounded over time. Although we and the Funds evaluate the materiality of Systems failures and cybersecurity breaches detected, we and the Funds may conclude that some such events are not material and may choose not to address them. Such conclusions 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 and Personnel disruptions and 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 negative impacts, including

financial losses, or otherwise be unable to achieve their objectives. The Funds and their shareholders could be negatively impacted as a result. In addition, the Funds cannot control the Continuity and Recovery Plans of the Service Providers. As a result, there can be no assurance that the Funds will not suffer financial losses relating to Systems or Personnel disruptions or failures or cybersecurity breaches affecting them or us in the future.

Systems and Personnel disruptions and failures and cybersecurity breaches may necessitate significant investment to repair or replace impacted Systems. In addition, the Funds may incur substantial costs for risk management in connection with failures or interruptions of Systems, Personnel, Continuity and Recovery Plans and cybersecurity defense measures in order to attempt to prevent any such events or incidents in the future, which, if they should occur, may be prolonged, negatively impacting business operations.

Any insurance or other risk-shifting tools available to us in order to manage or mitigate the risks associated with Systems and Personnel disruptions and failures and cybersecurity breaches are generally 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 the Funds 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 Service Providers or may prove inadequate if available (e.g., because of limits on the liability of the Service Providers) to protect the Funds against all losses.

Stock and other market exchanges, financial intermediaries, and issuers of, and counterparties to, the Funds' investments and, in the case of ETFs, market makers and authorized participants, also may be adversely impacted by Systems and Personnel disruptions and failures and cybersecurity breaches, in their own businesses, subjecting them to the risks described here, as well as other additional or enhanced risks particular to their businesses, which could result in losses to the Funds and their shareholders. Issuers of securities or other instruments in which the Funds invest may also experience Systems and Personnel disruptions and failures and cybersecurity breaches, which could result in material adverse consequences for such issuers, which may cause the Funds' investment in such issuers to lose money.

Columbia Management and its affiliates have systematically implemented strategies to address the operating environment spurred by the COVID-19 pandemic. To promote the safety and security of our employees and to assure the continuity of our business operations, we have implemented a work from home protocol for virtually all of our employee population, restricted business travel, and provided resources for complying with the guidance from the World Health Organization, the U.S. Centers for Disease Control and governments. Our operations teams seek to operate without significant disruptions in service. Our pandemic strategy takes into consideration that a pandemic could be widespread and may occur in multiple waves, affecting different communities at different times with varying levels of severity. We cannot, however, predict the impact that natural or man-made disasters, including the COVID-19 pandemic, may have on the ability of our employees and third-party service providers to continue ordinary business operations and technology functions over near- or longer-term periods.

Depository Receipts Risk.

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 and/or Global Depositary Receipts. 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 and disease/virus epidemics, occurring in the country and fluctuations in such country's currency, as well as market risk tied to the underlying foreign company. In addition, holders of depository receipts may have limited voting rights, may not have the same rights afforded to stockholders of a typical company in the event of a corporate action, such as an acquisition, merger or rights offering, and may experience difficulty in receiving company stockholder communications. There is no guarantee that a financial institution will continue to sponsor a depository receipt, or that the depository receipts

will continue to trade on an exchange, either of which could adversely affect the liquidity, availability and pricing of the depositary receipt. Changes in foreign currency exchange rates will affect the value of depositary receipts and, therefore, may affect the value of your investment in the Fund. A potential conflict of interest exists to the extent that the Fund invests in ADRs for which the Fund's custodian serves as depositary bank.

Derivatives Risk.

Derivatives may involve significant risks. Derivatives are financial contracts, traded on an exchange or in the over-the-counter (OTC) markets, with a value related to, or derived from, the value of an underlying asset(s) (such as a security, commodity or currency) or other reference point, such as an index, rate or other economic indicator (each an underlying reference). Derivatives that the Fund enters into may be standardized as to their terms or, alternately, privately negotiated between the Fund and a counterparty. Derivatives that constitute securities under federal laws may be privately placed or otherwise exempt from SEC registration, including certain Rule 144A eligible securities. Derivatives could result in Fund 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 Fund's derivatives strategy may not be successful and could result in substantial, potentially unlimited, losses to the Fund regardless of the Fund'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 for a Fund. Derivatives may be, or over the term of the contract may become, more volatile than other types of investments and the use of derivatives may increase the volatility of a Fund's net asset value. Derivatives can increase a Fund's risk exposure to underlying references, including the risk of an adverse credit event associated with the underlying reference (credit risk), the risk of an adverse movement in the value, price or rate of the underlying reference (market risk), the risk of an adverse movement in the value of underlying currencies (foreign currency risk) and the risk of an adverse movement in underlying interest rates (interest rate risk).

Derivatives may expose a Fund to additional risks, including the risk of loss due to a derivative position that is imperfectly correlated with the underlying reference it is intended to hedge or replicate (correlation risk), the risk that a counterparty will fail to perform as agreed (counterparty risk), the risk that a hedging strategy may fail to mitigate losses, and may offset gains (hedging risk), the risk that losses may be greater than the amount invested (leverage risk), the risk that the Fund may be unable to sell an investment at an advantageous time or price (liquidity risk), the risk that the investment may be difficult to value (pricing risk), and the risk that price or value of the investment fluctuates significantly over short periods of time (volatility risk). 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 amount of trading activity in the market for particular types of derivatives, or may otherwise adversely affect the value or performance of derivatives. Finally, a common provision in over-the-counter derivative contracts (including some contracts for cleared swaps) permits the counterparty to terminate any such contract between it and the Fund, if the value of the Fund's total net assets declines below a specified level over a given time period. Factors that may contribute to such a decline (which usually must be substantial) include significant shareholder redemptions and/or a marked decrease in the market value of the Fund's investments. Any such termination of the Fund's derivative contracts may adversely affect the Fund (for example, by increasing losses and/or costs, and/or preventing the Fund from fully implementing its investment strategies).

Derivatives Risk – Forward Contracts Risk.

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. If the particular underlying reference is delivered by the seller to the buyer, then the forward contract can be described as a "deliverable forward". But, instead of requiring delivery of the underlying reference at settlement, a forward contract may be a "non-deliverable forward," meaning that the terms of the contract require the seller to make a payment to the buyer (if the market value of the underlying reference is greater than the agreed upon price) or the buyer to make a payment to the seller (if that market value is less than the agreed upon price). Forward contracts

are negotiated on an individual basis and the type of forward contracts traded by the Fund are not standardized or traded on exchanges. The market for forward contracts is substantially unregulated (there is no limit on daily price movements and speculative position limits are not applicable). The principals who deal in certain forward markets are not required to continue to make markets in the underlying references in which they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in forward contract markets have refused to quote prices for certain underlying references or have quoted prices with an unusually widespread between the price at which they were prepared to buy and that at which they were prepared to sell. At or prior to maturity of a forward contract, a Fund may enter into an offsetting contract and may incur a loss to the extent there has been adverse movement in forward contract prices. The liquidity of the markets for forward contracts depends on participants entering into offsetting transactions rather than making or taking delivery. To the extent participants make or take delivery, liquidity in the market for forwards could be reduced. A relatively small price movement in a forward contract may result in substantial losses to a Fund, exceeding the amount of any margin paid by the Fund in respect of the contract. The use of forwards may increase the volatility of a Fund's net asset value. Forward contracts can increase a Fund'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 Fund to correlation risk, counterparty risk, hedging risk, leverage risk, liquidity risk, pricing risk and volatility risk.

A **forward foreign currency contract** is a derivative (forward contract) in which the underlying reference is a country's or region's currency. A Fund may agree to buy or sell a country's or region's currency at a specific price on a specific date in the future. A forward foreign currency contract may be a deliverable or a nondeliverable forward, depending upon the specific terms of the contract. These instruments may fall in value (sometimes dramatically) due to foreign market downswings or foreign currency value fluctuations, subjecting a Fund to foreign currency risk (the risk that Fund performance may be negatively impacted by foreign currency strength or weakness relative to the U.S. dollar, particularly if the Fund exposes a significant percentage of its assets to currencies other than the U.S. dollar). The effectiveness of any currency hedging strategy by a Fund may be reduced by the Fund's inability to precisely match forward contract amounts and the value of securities involved. Forward foreign currency contracts used for hedging may also limit any potential gain that might result from an increase or decrease in the value of the currency. A Fund may use these instruments to gain leveraged exposure to currencies, which increases the Fund's risk exposure and the possibility of losses. Unanticipated changes in the currency markets could result in reduced performance for a Fund. When a Fund converts its foreign currencies into U.S. dollars, it may incur currency conversion costs due to the spread between the prices at which it may buy and sell various currencies in the market.

A **forward interest rate agreement** is a derivative whereby the buyer locks in an interest rate at a future settlement date. If the interest rate on the settlement date exceeds the lock rate, the buyer pays the seller the difference between the two rates (based on the notional value of the agreement). If the lock rate exceeds the interest rate on the settlement date, the seller pays the buyer the difference between the two rates (based on the notional value of the agreement). A Fund may act as a buyer or a seller.

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). Instead of requiring delivery of the underlying reference at settlement, a futures contracts may require the seller to make a payment to the buyer (if the market value of the underlying reference is greater than the agreed upon price) or the buyer to make a payment to the seller (if that market value is less than the agreed upon price). Regardless of the type of settlement (i.e., by delivery or by cash payment), the seller benefits if the market price at settlement is less than the agreed upon price, while the buyer benefits if the market price is more than the agreed upon price. Futures contract markets may be, or over the term of the contract may become, highly volatile, and futures contracts may be or become illiquid. Futures exchanges may limit fluctuations in futures contract prices by imposing a maximum permissible daily price movement. A Fund 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, a Fund 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 of the underlying reference. Although, disruptions in the market for delivery of the underlying reference, may adversely impact liquidity (i.e., reduce liquidity) in the related futures market. Positions in futures contracts may be closed out only on the exchange on which they were entered into or through a linked exchange, and no secondary market exists for such contracts. In order to secure future payment obligations, the Fund will be required to deposit cash or securities (referred to as “initial margin”) when it enters into a futures contract. The amount of initial margin required is relatively small compared to the level of market exposure obtained through the futures contract. Futures positions are marked to market each day and gains or losses on the contract (known as “variation margin”) must be paid to or by a Fund. Because of the low initial margin deposits normally required in futures trading relative to the level of market exposure obtained through a contract, it is possible that the Fund 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 to a Fund, exceeding the amount of the margin deposited. For certain types of futures contracts (including any short position in a contract), losses are potentially unlimited. The use of futures may increase the volatility of a Fund’s NAV. Futures contracts executed on foreign exchanges (if any) may not provide the same protection as U.S. exchanges. Futures contracts can increase a Fund’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 Fund to correlation risk, counterparty risk, hedging risk, leverage risk, liquidity risk, pricing risk and volatility risk.

A **bond (or debt instrument) future** is a derivative that is an agreement for the contract holder to buy or sell (or make a payment based upon changes in the value of) a bond or other debt instrument, a basket of bonds or other debt instrument, or the bonds or other debt instruments in an index on a specified date at a predetermined price. The buyer (long position) of a bond future is obliged to buy the underlying reference at the agreed price on expiry of the future. If cash settled, a bond future requires the buyer (seller) to make payments to the seller (buyer) for any depreciation (appreciation) in the value of the underlying reference over the term of the contract.

A **commodity-linked future** is a derivative that is an agreement to buy or sell one or more commodities (such as crude oil, gasoline and natural gas), basket of commodities or indices of commodity futures at a specific date in the future at a specific price. If cash settled, a commodity-linked future requires the buyer (seller) to make payments to the seller (buyer) for any depreciation (appreciation) in the value of the underlying reference over the term of the contract.

A **currency future**, also an FX future or foreign exchange future, is a derivative that is an agreement to exchange one currency for another at a specified date in the future at a price (exchange rate) that is fixed on the purchase date. If cash settled, a currency future requires the buyer (seller) to make payments to the seller (buyer) for any depreciation (appreciation) in the value of the underlying reference over the term of the contract.

An **equity future** is a derivative that requires the contract holder to buy or sell a specified amount of an individual equity, a basket of equities or the securities in an equity index on a specified date at a price agreed to by the parties when they enter into the contract. If cash settled, an equity future requires the buyer (seller) to make payments to the seller (buyer) for any depreciation (appreciation) in the value of the underlying reference over the term of the contract.

An **interest rate future** is a derivative that is an agreement whereby the buyer and seller agree to the future delivery of an interest-bearing instrument on a specific date at a pre-determined price. Examples include Treasury-bill futures, Treasury-bond futures and Eurodollar futures. Some interest rate futures may be an agreement that requires the buyer (seller) to make payments to the seller (buyer) in the future if a particular underlying reference interest rate decreases (increases) over the term of the contract.

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. As short-term interest rates go down, the holders of the inverse floaters receive more income and, as short-term interest rates go up, the holders of the inverse floaters

receive less income. Variable rate securities provide for a specified periodic adjustment in the coupon rate, while floating rate securities have a coupon rate that changes whenever there is a change in a designated benchmark index or the issuer's credit rating. While inverse floaters tend to provide more income than similar term and credit quality fixed-rate bonds, they may also exhibit greater volatility in price movement, which could result in significant losses for a Fund. 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 for a Fund. There is a risk that the current interest rate on variable and floating rate instruments may not accurately reflect current market interest rates or adequately compensate the holder for the current creditworthiness of the issuer. Some inverse floaters are structured with liquidity features and may include market-dependent liquidity features that may expose a Fund to greater liquidity risk. Inverse floaters can increase a Fund'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 Fund 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 right to buy (in the case of a call option) or sell (in the case of a put option) an underlying reference from or to a counterparty at a specified price (the strike price) on or before an expiration date. A Fund may purchase or write put and call options on an underlying reference it is otherwise permitted to invest in or to which it is otherwise permitted to have economic exposure. Writing an option is also referred to as selling that option. By investing in options, a Fund 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. Or, if the option is cash settled, then the Fund is exposed to the risk that it may be required to make payments to the other party to the contract based upon changes in the value of the underlying reference over the term of the contract. If a Fund sells a put option that settles by delivery of the underlying, the Fund may be required to buy the underlying reference at a strike price that is above market price, resulting in a loss. If the put option sold by the Fund is cash settled, then that loss would be in the form of a payment that corresponds to the amount by which the strike price under the contract exceeds the market price of the underlying reference. If a Fund sells a call option that settles by delivery of the underlying, the Fund may be required to sell the underlying reference at a strike price that is below market price, resulting in a loss. If the call option sold by the Fund is cash settled, then that loss would be in the form of a payment that corresponds to the amount by which the market price of the underlying reference exceeds the strike price under the contract. If a Fund sells a call option that is not covered (meaning that the Fund does not own the underlying reference), the Fund's losses are potentially unlimited. Options may involve economic leverage, which could result in greater volatility in price movement. Options may be traded on an exchange or in the over-the-counter market. At or prior to maturity of an options contract, a Fund 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 a Fund's risk exposure to underlying references such as credit risk, market risk, foreign currency risk and interest rate risk, while also exposing the Fund 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 typically provide interest income, thereby offering a potential yield advantage over investing directly in an underlying reference. Structured investments may lack a liquid secondary market and their prices or value can be volatile which could result in significant losses for a Fund. In some cases, depending on its terms, a structured investment may provide that principal and/or interest payments may be adjusted below zero resulting in a potential loss of principal and/or interest payments. Additionally, the particular terms of a structured investment may create economic leverage by requiring payment by the issuer of an amount that is a multiple of the price change of the underlying reference. Economic leverage will increase the volatility of structured investment prices and could result in increased losses for a Fund. A Fund's use of structured instruments may not work as intended. If structured investments are used to reduce the duration of a Fund's portfolio, this may limit the Fund's return when having a longer duration would be beneficial (for instance, when interest rates decline). Structured investments can increase a Fund'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 Fund to correlation risk, counterparty risk, hedging risk, leverage risk, liquidity risk, pricing risk and volatility risk.

A **commodity-linked structured note** is a derivative (structured investment) that has principal and/or interest payments based on the market price of one or more particular commodities (such as crude oil, gasoline and natural gas), a basket of commodities, indices of commodity futures or other economic variable. If payment of interest on a commodity-linked structured note is linked to the value of a particular commodity, basket of commodities, commodity index or other economic variable, a Fund might receive lower interest payments (or not receive any of the interest due) on its investments if there is a decline in the value of the underlying reference. Further, to the extent that the amount of principal to be repaid upon maturity is linked to the value of a particular commodity, commodity index or other economic variable, a Fund might not receive a portion (or any) of the principal at maturity of the investment or upon earlier exchange. At any time, the risk of loss associated with a particular structured note in a Fund's portfolio may be significantly higher than the value of the note. A liquid secondary market may not exist for the commodity-linked structured notes held in a Fund's portfolio, which may make it difficult for the notes to be sold at a price acceptable to the Investment Manager or a Portfolio Fund's investment adviser to accurately value them.

An **equity-linked note (ELN)** is a derivative (structured investment) that has principal and/or interest payments based on the value of a single equity security, a basket of equity securities or an index of equity securities, and generally has risks similar to these underlying equity securities. ELNs may be leveraged or unleveraged. An ELN typically provides interest income, thereby offering a yield advantage over investing directly in an underlying equity. The Fund may purchase ELNs that trade on a securities exchange or those that trade on the over-the-counter markets, as well as in privately negotiated transactions with the issuer of the ELN. Investments in ELNs are also subject to liquidity risk, which may make ELNs difficult to sell and value. The liquidity of unlisted ELNs is normally determined by the willingness of the issuer to make a market in the ELN. While the Fund will seek to purchase ELNs only from issuers that it believes to be willing and able to, repurchase the ELN at a reasonable price, there can be no assurance that the Fund will be able to sell at such a price. Furthermore, such inability. This to sell may impair the Fund's ability to enter into other transactions at a time when doing so might be advantageous. The Fund's investments in ELNs have the potential to lead to significant losses, including the amount the Fund invested in the ELN, because ELNs are subject to the market and volatility risks associated with their underlying equity. In addition, because ELNs often take the form of unsecured notes of the issuer, the Fund would be subject to the risk that the issuer may default on its obligations under the ELN, thereby subjecting the Fund to the further risk of being too concentrated in the securities (including ELNs) of that issuer. However, the Fund typically considers ELNs alongside other securities of the issuer in its assessment of issuer concentration risk. In addition, ELNs may exhibit price behavior that does not correlate with the underlying securities. ELNs may also be subject to leverage risk (the risk that losses may be greater than the amount invested). The Fund may or may not hold an ELN until its maturity. ELNs also include participation notes.

Derivatives Risk — Swaps Risk.

Derivatives may involve significant risks. In a typical swap transaction, two parties agree to exchange an amount equal to the return, based upon an agreed-upon notional value, 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, or over the term of the contract may become, difficult to value and may be illiquid. Swaps could result in Fund 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 to a Fund. A Fund may only close out a swap with its particular counterparty and may only transfer a position with the consent of that counterparty. Additionally, every swap is subject to bankruptcy and insolvency laws, which could delay or limit the Fund's recovery if the counterparty to a particular swap defaults on its obligation to make payments under the swap, or the Fund terminates that swap, in either case as a result of the counterparty's bankruptcy or insolvency. In any bankruptcy or insolvency situation, the Fund may lose the benefit of any payments previously made by the Fund to the counterparty or collect only a portion of what it is otherwise entitled to, with any such collection involving significant costs or delays. 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 a Fund'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 a Fund to correlation risk, counterparty risk, hedging risk, inflation risk, leverage risk, liquidity risk, pricing risk and volatility risk.

A **commodity-linked swap** is a derivative (swap) that is an agreement where the underlying reference is the market price of one or more particular commodities (such as crude oil, gasoline and natural gas), basket of commodities or indices of commodity futures.

Contracts for differences are swap arrangements in which the parties agree that their return (or loss) will be based on the relative performance of two different groups or baskets of securities or other instruments. Often, one or both baskets will be an established securities index. A Fund's return will be based on changes in value of theoretical long futures positions in the securities comprising one basket (with an aggregate face value equal to the notional amount of the contract for differences) and theoretical short futures positions in the securities comprising the other basket. A Fund also may use actual long and short futures positions and achieve similar market exposure by netting the payment obligations of the two contracts. If the short basket outperforms the long basket, a Fund will realize a loss — even in circumstances when the securities in both the long and short baskets appreciate in value.

A **credit default swap** (including a swap on a credit default index, sometimes referred to as a credit default swap index) is a derivative and special type of swap where one party pays, in effect, an insurance premium through a stream of payments to another party in exchange for the right to receive a specified return upon the occurrence of a particular credit event by one or more third parties, such as bankruptcy, default or a similar event. A credit default swap may be embedded within a structured note or other derivative instrument. Credit default swaps enable an investor to buy or sell protection against such a credit event (such as an issuer's bankruptcy, restructuring or failure to make timely payments of interest or principal). Credit default swap indices are indices that reflect the performance of a basket of credit default swaps and are subject to the same risks as credit default swaps. If such a default were to occur, any contractual remedies that a Fund may have may be subject to bankruptcy and insolvency laws, which could delay or limit the Fund's recovery. Thus, if the counterparty under a credit default swap defaults on its obligation to make payments thereunder, as a result of its bankruptcy or otherwise, a Fund may lose such payments altogether, or collect only a portion thereof, which collection could involve costs or delays. A Fund's return from investment in a credit default swap index may not match the return of the referenced index. Further, investment in a credit default swap index could result in losses if the referenced index does not perform as expected. Unexpected changes in the composition of the index may also affect performance of the credit default swap index. If a referenced index has a dramatic intraday move that causes a material decline in a Fund's net assets, the terms of the Fund's credit default swap index may permit the counterparty to immediately close out the transaction. In that event, a Fund may be unable to enter into another credit default swap index or otherwise achieve desired exposure, even if the referenced index reverses all or a portion of its intraday move.

An **inflation rate swap** is a derivative typically used to transfer inflation risk from one party to another through an exchange of cash flows. In an inflation rate swap, one party pays a fixed rate on a notional principal amount, while the other party pays a floating rate linked to an inflation index, such as the Consumer Price Index (CPI).

An **interest rate swap** is a derivative in which two parties agree to exchange interest rate cash flows, based on a specified notional amount from a fixed rate to a floating rate (or vice versa) or from one floating rate to another. Interest rate swaps can be based on various measures of interest rates, including LIBOR, swap rates, treasury rates and foreign interest rates.

Total return swaps are derivative swap transactions in which one party agrees to pay the other party an amount equal to the total return of a defined underlying reference during a specified period of time. In return, the other party would make periodic payments based on a fixed or variable interest rate or on the total return of a different underlying reference.

Dollar Rolls Risk.

Dollar rolls are transactions in which a fund or a portfolio fund 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 a fund or a portfolio fund is obligated to repurchase may decline below the repurchase price, or that the counterparty may default on its obligations. These transactions may also increase a fund's portfolio turnover rate. If a fund or a portfolio fund reinvests the proceeds of the security sold, the fund or the portfolio fund will also be subject to the risk that the investments purchased with such proceeds will decline in value (a form of leverage risk).

Early Close/Late Close/Trading Halt Risk.

An exchange or market may close early, close late or issue trading halts on specific securities, or the ability to buy or sell certain securities may be restricted, which may result in a Portfolio Fund that in an ETF being unable to buy or sell these securities. In these circumstances, the ETF Portfolio Fund may be unable to rebalance its portfolio, may be unable to accurately price its investments, may incur substantial trading losses and/or may be prevented from sufficiently tracking the performance of the Index.

Emerging Market Risk.

Securities issued by foreign governments or companies in emerging market countries, such as China, Russia and certain countries in Eastern Europe, the Middle East, Asia, Latin America or Africa, 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. Some emerging market countries have a higher risk of currency devaluations, and some of these countries may experience periods of high inflation or rapid changes in inflation rates and may have hostile relations with other countries.

Operational and Settlement Risks of Securities in Emerging Markets. In addition to having less developed securities markets, banks in emerging markets that are eligible foreign sub-custodians may be recently organized, lack extensive operating experience or lack effective government oversight or regulation. In addition, there may be legal restrictions or limitations on the ability of a Fund to recover assets held in custody by a foreign sub-custodian in the event of the bankruptcy of the sub-custodian. Because settlement systems may be less organized than in developed markets and because delivery versus payment settlement may not be possible or reliable, there may be a greater risk that settlement may be delayed and that cash or securities of a Fund may be lost because of failures of or defects in the system, including fraud or corruption. Settlement systems in emerging markets also have a higher risk of failed trades.

Risks Related to Currencies and Corporate Actions in Emerging Markets. Risks related to currencies and corporate actions are also greater in emerging market countries than in developed countries. For example, some emerging market countries may have fixed or managed currencies that are not free-floating against the U.S. dollar. Further, certain currencies may not be traded internationally, or countries may have varying exchange rates. Some emerging market countries have a higher risk of currency devaluations, and some of these countries may experience sustained periods of high inflation or rapid changes in inflation rates which can have negative effects on a country's economy and securities markets. Corporate action procedures in emerging market countries may be less reliable and have limited or no involvement by the depositories and central banks. Lack of standard practices and payment systems can lead to significant delays in payment.

Risks Related to Corporate and Securities Laws in Emerging Markets. Securities laws in emerging markets may be relatively new and unsettled and, consequently, there is a risk of rapid and unpredictable change in laws regarding foreign investment, securities regulation, title to securities and shareholder rights. Accordingly, foreign investors may be adversely affected by new or amended laws and regulations. In addition, the systems of corporate governance to which issuers in certain emerging markets are subject may be less advanced than the

systems to which issuers located in more developed countries are subject, and therefore, shareholders of such issuers may not receive many of the protections available to shareholders of issuers located in more developed countries. These risks may be heightened in China and Russia.

China Stock Connect Risk. The risks noted here are in addition to the risks described under Emerging Market Securities Risk. A Fund or a Portfolio Fund may, directly or indirectly (through, for example, participation notes or other types of equity-linked notes), purchase shares in mainland China-based companies that trade on Chinese stock exchanges such as the Shanghai Stock Exchange and the Shenzhen Stock Exchange (China A-Shares) through the Shanghai and Shenzhen-Hong Kong Stock Connect (Stock Connect), or that may be available in the future through additional stock connect programs, a mutual market access program designed to, among other things, enable foreign investment in the People's Republic of China (PRC) via brokers in Hong Kong. There are significant risks inherent in investing in China A-Shares through Stock Connect. The underdeveloped state of PRC's investment and banking systems subjects the settlement, clearing, and registration of China A-Shares transactions to heightened risks. Stock Connect can only operate when both PRC and Hong Kong markets are open for trading and when banking services are available in both markets on the corresponding settlement days. As such, if either or both markets are closed on a U.S. trading day, a Fund or a Portfolio Fund may not be able to dispose of its China A-Shares in a timely manner, which could adversely affect a Fund's or a Portfolio Fund's performance. Because Stock Connect is relatively new, its effects on the market for trading China A-Shares are uncertain. In addition, the trading, settlement and information technology systems required to operate Stock Connect are relatively new and continuing to evolve. In the event that the relevant systems do not function properly, trading through Stock Connect could be disrupted.

PRC regulations require that, in order to sell its China A-Shares, a Fund must pre-deliver the China A-Shares to a broker. If the China A-Shares are not in the broker's possession before the market opens on the day of sale, the sell order will be rejected. This requirement could also limit a Fund's ability to dispose of its China A-Shares purchased through Stock Connect in a timely manner. Additionally, Stock Connect is subject to daily quota limitations on purchases of China A-Shares. Once the daily quota is reached, orders to purchase additional China A-Shares through Stock Connect will be rejected. A Fund's investment in China A-Shares may only be traded through Stock Connect and is not otherwise transferable. Stock Connect utilizes an omnibus clearing structure, and the Fund's shares will be registered in its custodian's name on the Central Clearing and Settlement System. This may limit the ability of the Investment Manager to effectively manage a Fund, and may expose the Fund to the credit risk of its custodian or to greater risk of expropriation. Investment in China A-Shares through Stock Connect may be available only through a single broker that is an affiliate of the Fund's custodian, which may affect the quality of execution provided by such broker. Stock Connect restrictions could also limit the ability of a Fund to sell its China A-Shares in a timely manner, or to sell them at all. Further, different fees, costs and taxes are imposed on foreign investors acquiring China A-Shares acquired through Stock Connect, and these fees, costs and taxes may be higher than comparable fees, costs and taxes imposed on owners of other securities providing similar investment exposure.

Event-Driven Trading Risk.

A Fund may seek to profit from the occurrence of specific corporate or other events. A delay in the timing of these events, or the failure of these events to occur at all, may have a significant negative effect on a Fund's performance.

Event-driven investing requires the Investment Manager to make predictions about (i) the likelihood that an event will occur and (ii) the impact such event will have on the value of a company's securities. If the event fails to occur or it does not have the effect foreseen, losses can result. For example, the adoption of new business strategies, a meaningful change in management or the sale of a division or other significant assets by a company may not be valued as highly by the market as the Investment Manager had anticipated, resulting in losses. In addition, a company may announce a plan of restructuring which promises to enhance value and fail to implement it, resulting in losses to investors.

Exchange-Traded Fund (ETF) Risk.

Investments in ETFs have unique characteristics, including, but not limited to, the expense structure and additional expenses associated with investing in ETFs. An ETF's share price may not track its specified market index (if any) and may trade below its NAV. Certain ETFs use a "passive" investment strategy and do not take defensive positions in volatile or declining markets. Other ETFs in which a Fund may invest are actively managed ETFs (*i.e.*, they do not track a particular benchmark), which indirectly subjects the Fund to active management risk. An active secondary market in an ETF's shares may not develop or be maintained and may be halted or interrupted due to actions by its listing exchange, unusual market conditions or other reasons. There can be no assurance an ETF's shares will continue to be listed on an active exchange. In addition, shareholders bear both their proportionate share of a Fund's expenses and, indirectly, the ETF's expenses incurred through ownership of the ETF. Due to the expenses and costs of an underlying ETF being shared by its investors, redemptions by other investors in the ETF could result in decreased economies of scale and increased operating expenses for such ETF. These transactions might also result in higher brokerage, tax or other costs for the ETF. This risk may be particularly important when one investor owns a substantial portion of the ETF.

The Funds generally expect to purchase shares of ETFs through broker-dealers in transactions on a securities exchange, and in such cases the Funds will pay customary brokerage commissions for each purchase and sale. Shares of an ETF may also be acquired by depositing a specified portfolio of the ETF's underlying securities, as well as a cash payment generally equal to accumulated dividends of the securities (net of expenses) up to the time of deposit, with the ETF's custodian, in exchange for which the ETF will issue a quantity of new shares sometimes referred to as a "creation unit." Similarly, shares of an ETF purchased on an exchange may be accumulated until they represent a creation unit, and the creation unit may be redeemed in kind for a portfolio of the underlying securities (based on the ETF's NAV) together with a cash payment generally equal to accumulated dividends as of the date of redemption. A Fund may redeem creation units for the underlying securities (and any applicable cash), and may assemble a portfolio of the underlying securities (and any required cash) to purchase creation units. Each Fund's ability to redeem creation units may be limited by the 1940 Act, which provides that ETFs, the shares of which are purchased in reliance on Section 12(d)(1)(F) of the 1940 Act, will not be obligated to redeem such shares in an amount exceeding one percent of their total outstanding securities during any period of less than 30 days.

Foreign Currency Risk.

The performance of a Fund may be materially affected positively or negatively by foreign currency strength or weakness relative to the U.S. dollar, particularly if the Fund invests a significant percentage of its assets in foreign securities or other assets denominated in currencies other than the U.S. dollar. Currency rates in foreign countries may fluctuate significantly over short or long periods of time for a number of reasons, including changes in interest rates, imposition of currency controls and economic or political developments in the U.S. or abroad. The Fund may also incur currency conversion costs when converting foreign currencies into U.S. dollars and vice versa. Restrictions on currency trading may be imposed by foreign countries, which may adversely affect the value of your investment in the Fund. Even though the currencies of some countries may be pegged to the U.S. dollar, the conversion rate may be controlled by government regulation or intervention at levels significantly different than what would normally prevail in a free market. Significant revaluations of the U.S. dollar exchange rate of these currencies could cause substantial reductions in the Fund's NAV.

Foreign Security Risk

Investments in or exposure to foreign securities involve certain risks not associated with investments in or exposure to securities of U.S. companies. For example, foreign markets can be extremely volatile. The performance of a Fund may be negatively impacted by fluctuations in a foreign currency's strength or weakness relative to the U.S. dollar. Foreign securities may also be less liquid, making them more difficult to trade, than securities of U.S. companies so that a Fund may, at times, be unable to sell foreign securities at desirable times or prices. Brokerage commissions, custodial costs and other fees are also generally higher for foreign securities. A Fund may have limited or no legal recourse in the event of default with respect to certain foreign securities, including those issued by foreign governments. In addition, foreign governments may impose withholding or other taxes on a Fund's income, capital gains or proceeds from the disposition of foreign securities, which could reduce the Fund's return on such securities. In some cases such withholding or other taxes could potentially be

confiscatory. Other risks include: possible delays in the settlement of transactions or in the payment of income; generally less publicly available information about foreign companies; the impact of economic, political, social, diplomatic or other conditions or events (including, for example, military confrontations, war, terrorism, and disease/virus outbreaks and epidemics); possible seizure, expropriation or nationalization of a company or its assets or the assets of a particular investor or category of investors; possible imposition of currency exchange controls; accounting, auditing and financial reporting standards that may be less comprehensive and stringent than those applicable to domestic companies; the imposition of economic and other sanctions against a particular foreign country, its nationals or industries or businesses within the country; and the generally less stringent standard of care to which local agents may be held in the local markets. In addition, it may be difficult to obtain reliable information about the securities and business operations of certain foreign issuers. Governments or trade groups may compel local agents to hold securities in designated depositories that are not subject to independent evaluation. The less developed a country's securities market is, the greater the level of risks. The risks posed by sanctions against a particular foreign country, its nationals or industries or businesses within the country may be heightened to the extent a Fund invests significantly in the affected country or region or in issuers from the affected country that depend on global markets. Additionally, investments in certain countries may subject the Fund to a number of tax rules, the application of which may be uncertain. Countries may amend or revise their existing tax laws, regulations and/or procedures in the future, possibly with retroactive effect. Changes in or uncertainties regarding the laws, regulations or procedures of a country could reduce the after-tax profits of the Fund, directly or indirectly, including by reducing the after-tax profits of companies located in such countries in which the Fund invests, or result in unexpected tax liabilities for the Fund. The performance of the Fund may also be negatively affected by fluctuations in a foreign currency's strength or weakness relative to the U.S. dollar, particularly to the extent the Fund invests a significant percentage of its assets in foreign securities or other assets denominated in currencies other than the U.S. dollar. Currency rates in foreign countries may fluctuate significantly over short or long periods of time for a number of reasons, including changes in interest rates, imposition of currency exchange controls and economic or political developments in the U.S. or abroad. The Fund may also incur currency conversion costs when converting foreign currencies into U.S. dollars and vice versa.

Operational and Settlement Risks of Foreign Securities. A Fund's foreign securities are generally held outside the United States in the primary market for the securities in the custody of certain eligible foreign banks and trust companies ("foreign sub-custodians"), as permitted under the Investment Company Act of 1940 (the 1940 Act). Settlement practices for foreign securities may differ from those in the United States. Some countries have limited governmental oversight and regulation of industry practices, stock exchanges, depositories, registrars, brokers and listed companies, which increases the risk of corruption and fraud and the possibility of losses to a Fund. In particular, under certain circumstances, foreign securities may settle on a delayed delivery basis, meaning that a Fund may be required to make payment for securities before the Fund has actually received delivery of the securities or deliver securities prior to the receipt of payment. Typically, in these cases, a Fund will receive evidence of ownership in accordance with the generally accepted settlement practices in the local market entitling the Fund to delivery or payment at a future date, but there is a risk that the security will not be delivered to the Fund or that payment will not be received, although the Fund and its foreign sub-custodians take reasonable precautions to mitigate this risk. Losses can also result from lost, stolen or counterfeit securities; defaults by brokers and banks; failures or defects of the settlement system; or poor and improper record keeping by registrars and issuers.

Share Blocking. Share blocking refers to a practice in certain foreign markets under which an issuer's securities are blocked from trading at the custodian or sub-custodian level for a specified number of days before and, in certain instances, after a shareholder meeting where a vote of shareholders takes place. The blocking period can last up to several weeks. Share blocking may prevent a Fund from buying or selling securities during this period, because during the time shares are blocked, trades in such securities will not settle. It may be difficult or impossible to lift blocking restrictions, with the particular requirements varying widely by country. As a consequence of these restrictions, the Investment Manager, on behalf of a Fund, may abstain from voting proxies in markets that require share blocking.

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, a Fund or a Portfolio Fund could enter into dollar rolls, which are transactions in which the Fund or the Portfolio Funds 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 a Fund or a Portfolio Fund is obligated to repurchase may decline below the repurchase price, or that the counterparty may default on its obligations. These transactions may also increase a Fund’s or a Portfolio Fund’s portfolio turnover rate. If a Fund or a Portfolio Fund reinvests the proceeds of the security sold, the Fund or the Portfolio Fund 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 transaction may not perform or be unable to perform in accordance with the terms of the instrument.

Frontier Market Risk.

Frontier market countries generally have smaller economies and even less developed capital markets than typical emerging market countries (which themselves have increased investment risk relative to more developed market countries) and, as a result, a Fund’s exposure to risks associated with investing in emerging market countries are magnified when a Fund invests in frontier market countries. The increased risks include: the potential for extreme price volatility and illiquidity in frontier market countries; government ownership or control of parts of the private sector and of certain companies; trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist 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. In addition, frontier market countries are more likely to experience instability resulting, for example, from rapid changes or developments in social, political and economic conditions. Many frontier market countries are heavily dependent on international trade, which makes them more sensitive to world commodity prices and economic downturns and other conditions in other countries. Some frontier market countries have a higher risk of currency devaluations, and some of these countries may experience periods of high inflation or rapid changes in inflation rates and may have hostile relations with other countries. Securities issued by foreign governments or companies in frontier market countries are even more likely than emerging markets securities to have greater exposure to the risks of investing in foreign securities that are described in *Foreign Securities Risk*.

Fund-of-Funds Risk.

Determinations regarding asset classes or Portfolio Funds and a Fund’s allocations thereto may not successfully achieve a Fund’s investment objective, in whole or in part. The selected Portfolio Funds’ performance may be lower than the performance of the asset class they were selected to represent or may be lower than the performance of alternative Portfolio Funds that could have been selected to represent the asset class. A Fund also is exposed to the same risks as the Portfolio Funds in direct proportion to the allocation of its assets among the Portfolio Funds. By investing in a combination of Portfolio Funds, a Fund has exposure to the risks of many areas of the market. The ability of a Fund to realize its investment objective will depend, in large part, on the extent to which the Portfolio Funds realize their investment objectives. There is no guarantee that the Portfolio Funds will achieve their respective investment objectives. The performance of Portfolio Funds could be adversely affected if other entities that invest in the same Portfolio Funds make relatively large investments or redemptions in such Portfolio Funds. A Fund, and its shareholders, indirectly bear a portion of the expenses of any funds in which the Fund invests. Because the expenses and costs of each Portfolio Fund are shared by its investors, redemptions by other investors in a Portfolio Fund could result in decreased economies of scale and increased operating expenses for such fund. These transactions might also result in higher brokerage, tax or other costs for a Portfolio Fund. This risk may be particularly important when one investor owns a substantial portion of a Portfolio Fund. For certain funds-of-funds, the Investment Manager typically selects Portfolio Funds from among the funds for which it, or an affiliate, acts as the investment manager (affiliated funds) and will select an unaffiliated Portfolio Fund only if the desired investment exposure is not available through an affiliated fund. The Investment Manager has a conflict of interest in selecting affiliated Portfolio Funds over unaffiliated Portfolio Funds because it receives management fees from affiliated funds, and it has a conflict of interest in selecting among affiliated underlying funds, because the fees paid to it by certain affiliated Portfolio Fund are higher than the fees paid by other affiliated Portfolio Funds. Because of the Investment Manager’s confidence in

its own strategies, investment philosophy and capacities, it will, in selecting funds, at times prefer Columbia Acorn Funds over alternative investments. There can be no assurance, however, that an Acorn Fund selected for inclusion in Columbia Thermostat Fund will, in fact, outperform similar funds managed by the Investment Manager's affiliates. Also, to the extent that a Fund is constrained/restricted from investing (or investing further) in a particular Portfolio Fund for one or more reasons (e.g. Portfolio Fund capacity constraints or regulatory restrictions) or if a Fund chooses to sell its investment in a Portfolio Fund because of poor investment performance or for other reasons, the Fund may have to invest in another Portfolio Fund(s), including less desirable funds — from a strategy or investment performance standpoint — which could have a negative impact on Fund performance. In addition, Fund performance could be negatively impacted if the Investment Manager is unable to identify an appropriate alternate Portfolio Fund(s) in a timely manner or at all.

Fund Shares Liquidity Risk

Although the shares of Portfolio Funds that are ETFs are listed on the NYSE Arca, Inc. (the Exchange), there can be no assurance that an active, liquid or otherwise orderly trading market for shares will be established or maintained by market makers or Authorized Participants, particularly in times of stressed market conditions. (See *Authorized Participant Concentration Risk* above). In this regard, there is no obligation for market makers to make a market in the ETF Portfolio Fund's shares or for Authorized Participants to submit purchase or redemption orders for creation units. Accordingly, if such parties determine not to perform their respective roles, this could, in turn, lead to variances between the market price of the ETF Portfolio Fund's shares and the underlying value of those shares. Trading in ETF Portfolio Fund shares on the Exchange also may be disrupted or even halted due to market conditions or for reasons that, in the view of the Exchange, make trading in ETF Portfolio Fund shares inadvisable. In addition, trading in ETF Portfolio Fund shares on the Exchange may be subject to trading halts caused by extraordinary market volatility pursuant to the Exchange "circuit breaker" rules. There also can be no assurance that the requirements of the Exchange necessary to maintain the listing of the ETF Portfolio Fund's shares will continue to be met or will remain unchanged.

Geographic Focus Risk.

Fund 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 Fund invests. 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. As a result, a Fund's NAV may be more volatile than the NAV of a more geographically diversified fund.

Global Economic Risk.

Global economies and financial markets are increasingly interconnected, which increases the possibility that conditions in one country or region might adversely impact issuers in a different country or region or across the globe. The severity or duration of adverse economic conditions may also be affected by policy changes made by governments or quasi-governmental organizations. The imposition of sanctions by the United States or another government on a country could cause disruptions to the country's financial system and economy, which could negatively impact the value of securities.

EuroZone. A number of countries in the EU have experienced, and may continue to experience, severe economic and financial difficulties. Additional EU member countries may also fall subject to such difficulties. These events could negatively affect the value and liquidity of a Fund's investments in euro-denominated securities and derivatives contracts, securities of issuers located in the EU or with significant exposure to EU issuers or countries. If the euro is dissolved entirely, the legal and contractual consequences for holders of euro denominated obligations and derivative contracts would be determined by laws in effect at such time. Such investments may continue to be held, or purchased, to the extent consistent with the Fund's investment objective and permitted under applicable law. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of your investment in the Fund.

Certain countries in the EU have had to accept assistance from supra-governmental agencies such as the International Monetary Fund, the European Stability Mechanism (the ESM) or other supra-governmental

agencies. The European Central Bank has also been intervening to purchase Eurozone debt in an attempt to stabilize markets and reduce borrowing costs.

There can be no assurance that these agencies will continue to intervene or provide further assistance and markets may react adversely to any expected reduction in the financial support provided by these agencies. Responses to the financial problems by European governments, central banks and others including austerity measures and reforms, may not work, may result in social unrest and may limit future growth and economic recovery or have other unintended consequences. In addition, one or more countries may abandon the euro and/or withdraw from the EU. The impact of these actions, especially if they occur in a disorderly fashion, could be significant and far-reaching.

Brexit. At a referendum in June 2016, the United Kingdom (the UK) voted to leave the European Union (EU). In connection with the British exit from the EU (commonly known as “Brexit”). Subsequently, the UK invoked article 50 of the Treaty of Lisbon to begin the negotiation of the terms of the withdrawal from the EU. On January 31, 2020, the UK formally exited the EU on the terms of the deal agreed to at a political level between the UK and the EU and entered into an implementation period until December 31, 2020, during which negotiations on the future relationship between the UK and the EU will take place. However, there remains a significant degree of uncertainty as to the outcome of these negotiations, in particular relating to the final terms of the agreement to be negotiated with the EU or whether a final agreement will ultimately be reached by the end of the implementation period. During this period and beyond, the impact of any partial or complete dissolution of the EU on the UK and European economies and the broader global economy could be significant, resulting in negative impacts on currency and financial markets generally, such as increased volatility and illiquidity, and potentially lower economic growth in markets in the UK, Europe and globally, which may adversely affect the value of your investment in the Fund.

The UK has one of the largest economies in Europe, and member countries of the EU are substantial trading partners of the UK. The UK financial service sector continues to face uncertainty over the final relationship with the EU and globally as a result of Brexit. For example, certain financial services operations may have to move outside of the UK after the end of the implementation period (e.g., currency trading, international settlement operations). Additionally, depending upon the final terms of Brexit, certain financial services businesses may be forced to move staff and comply with two separate sets of rules or lose business to firms in continental Europe. Furthermore, the final terms of Brexit may create the potential for decreased trade, the possibility of capital outflows from the UK, devaluation of the pound sterling, higher corporate bond spreads, and the risk that all of these factors could negatively impact business and consumer spending as well as foreign direct investment. As a result of Brexit, the British economy and its currency may be negatively impacted by changes to the UK’s economic and political relations with the EU and other countries. Any further exits from the EU by other memberstates, or the possibility of such exits, would likely cause additional market disruption globally and introduce new legal and regulatory uncertainties.

The impact of the referendum in the near- and long-term is still unknown and could have additional adverse effects on economies, financial markets, currencies and asset valuations around the world. Any attempt by the Fund to hedge against or otherwise protect its portfolio or to profit from such circumstances may fail and, accordingly, an investment in the Fund could lose money over short or long periods.

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.

High Yield Securities Risk

Securities and other debt instruments held by a Fund that are rated below investment grade (commonly called “high yield” or “junk” bonds) and unrated debt instruments of comparable quality tend to be more sensitive to credit risk than higher-rated debt instruments and may experience greater price fluctuations in response to perceived changes in the ability of the issuing entity or obligor to pay interest and principal when due than to changes in interest rates. These investments are generally 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. These debt instruments typically pay a premium — a higher interest rate or yield — because of the increased risk of loss, including default. High yield debt instruments may require a greater degree of judgment to establish a price, may be difficult to sell at the time and price a Fund desires, may carry high transaction costs, and also are generally less liquid than higher-rated debt instruments. The ratings provided by third party rating agencies are based on analyses by these ratings agencies of the credit quality of the debt instruments and may not take into account every risk related to whether interest or principal will be timely repaid. In adverse economic and other circumstances, issuers of lower-rated debt instruments are more likely to have difficulty making principal and interest payments than issuers of higher-rated debt instruments.

Highly Leveraged Transactions Risk

The loans or other securities in which a Fund invests may consist of transactions involving refinancings, recapitalizations, mergers and acquisitions and other financings for general corporate purposes. A Fund’s investments also may include senior obligations of a borrower issued in connection with a restructuring pursuant to Chapter 11 of the U.S. Bankruptcy Code (commonly known as “debtor-in-possession” financings), provided that such senior obligations are determined by the Investment Manager or the investment adviser to a Portfolio Fund to be a suitable investment for the Fund. In such highly leveraged transactions, the borrower assumes large amounts of debt in order to have the financial resources to attempt to achieve its business objectives. Such business objectives may include but are not limited to: management’s taking over control of a company (leveraged buy-out); reorganizing the assets and liabilities of a company (leveraged recapitalization); or acquiring another company. Loans or securities that are part of highly leveraged transactions involve a greater risk (including default and bankruptcy) than other investments.

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, a Fund’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 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 a Fund’s investments may not keep pace with inflation, which may result in losses to Fund investors.

Inflation-Protected Securities Risk

Inflation-protected debt securities tend to react to changes in real interest rates. Real interest rates can be described as nominal interest rates minus the expected impact of inflation. In general, the price of an inflation-protected debt security falls when real interest rates rise and rises when real interest rates fall. Interest payments on inflation-protected debt securities will vary as the principal and/or interest is adjusted for inflation and may be more volatile than interest paid on ordinary bonds. In periods of deflation, a Fund may have no income at all from such investments. Income earned by a shareholder depends on the amount of principal invested, and that principal will not grow with inflation unless the shareholder reinvests the portion of Fund distributions that comes from inflation adjustments. A Fund’s investment in certain inflation-protected debt securities may generate taxable

income in excess of the interest they pay to the Fund, which may cause the Fund to sell investments to obtain cash to make income distributions to shareholders, including at times when it may not be advantageous to do so.

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 loans and other debt instruments tend to fall, and if interest rates fall, the values of loans and other debt instruments tend to rise. Changes in the value of a debt instrument usually will not affect the amount of income the Fund receives from it but will generally affect the value of your investment in the Fund. Changes in interest rates may also affect the liquidity of the Fund's investments in debt instruments. In general, the longer the maturity or duration of a debt instrument, the greater its sensitivity to changes in interest rates. 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 Fund'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 Fund, resulting in a negative impact on the Fund's performance and NAV. Debt instruments with floating coupon rates are typically less sensitive to interest rate changes, but these debt instruments may decline in value if their coupon rates do not rise as much as, or keep pace with, yields on such types of debt instruments. Because rates on certain floating rate loans and other debt instruments reset only periodically, changes in prevailing interest rates (and particularly sudden and significant changes) can be expected to cause fluctuations in the Fund's NAV. Any interest rate increases could cause the value of the Fund's investments in debt instruments to decrease. Rising interest rates may prompt redemptions from the Fund, which may force the Fund to sell investments at a time when it is not advantageous to do so, which could result in losses.

Investing in Other Funds Risk

A Fund's investment in other funds (affiliated and/or unaffiliated funds, including exchange-traded funds (ETFs)) subjects the Fund to the investment performance (positive or negative) and risks of the Portfolio Funds or other underlying funds in direct proportion to the Fund's investment therein. In addition, investments in ETFs have unique characteristics, including, but not limited to, the expense structure and additional expenses associated with investing in ETFs. The performance of the Portfolio Funds or other underlying funds could be adversely affected if other investors in the same Portfolio Funds or other underlying funds make relatively large investments or redemptions in such Portfolio Funds or other underlying funds. A Fund, and its shareholders, indirectly bear a portion of the expenses of any funds in which the Fund invests. Because the expenses and costs of a fund are shared by its investors, redemptions by other investors in the Portfolio Funds or other underlying funds could result in decreased economies of scale and increased operating expenses for such fund. These transactions might also result in higher brokerage, tax or other costs for the Portfolio Funds or other underlying funds. This risk may be particularly important when one investor owns a substantial portion of the Portfolio Funds or other underlying funds. The Investment Manager may have potential conflicts of interest in selecting affiliated Portfolio Funds or other underlying funds for investment by a Fund because the fees paid to it or its affiliates, including the investment adviser to the Portfolio Funds, by some Portfolio Funds or other underlying funds are higher than the fees paid by other Portfolio Funds or other underlying funds, as well as a potential conflict in selecting affiliated funds over unaffiliated funds. Also, to the extent that a Fund is constrained/restricted from investing (or investing further) in a particular Portfolio Fund or other underlying fund for one or more reasons (e.g., Portfolio Fund or other underlying fund capacity constraints or regulatory restrictions) or if a Fund chooses to sell its investment in a Portfolio Fund or other underlying fund because of poor investment performance or for other reasons, the Fund may have to invest in other Portfolio Funds or other underlying funds, including less desirable funds — from a strategy or investment performance standpoint — which could have a negative impact on Fund performance. In addition, Fund performance could be negatively impacted if an appropriate alternate Portfolio Fund or other underlying fund does not present itself in a timely manner or at all.

IPO Risk.

IPOs are subject to many of the same risks as investing in companies with smaller market capitalizations. To the extent a Fund determines to invest in IPOs, it may not be able to invest to the extent desired, because, for example, only a small portion (if any) of the securities being offered in an IPO are available to a Fund. The investment performance of a Fund during periods when it is unable to invest significantly or at all in IPOs may be

lower than during periods when the Fund is able to do so. In addition, as a Fund increases in size, the impact of IPOs on the Fund's performance will generally decrease. IPOs sold within 12 months of purchase may result in increased short-term capital gains, which will be taxable to a Fund's shareholders as ordinary income.

Issuer Risk.

An issuer in which a Fund invests or to which it has exposure may perform poorly or below expectations, and the value of its loans or securities may therefore decline, which would negatively affect the Fund's performance. Underperformance of an issuer 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, military confrontations, war, terrorism, disease/virus outbreaks and epidemics or other events, conditions and factors which may impair the value of an investment in the Fund.

Large Fund Investor Risk

A Fund may from time to time sell a substantial amount of its shares to relatively few investors or a single investor, including other funds advised by the Investment Manager or the investment adviser to a Portfolio Fund, or third parties. Sales to and redemptions from large investors may be very substantial relative to the size of a Fund and carry potentially adverse effects. While it is not possible to predict the overall effect of such sales and redemptions, such transactions may adversely affect a Fund's performance to the extent that the Fund is required to invest cash received in connection with a sale or to sell a substantial amount of its portfolio securities to facilitate a redemption, in either case, at a time when a Fund would otherwise prefer not to invest or sell, such as in an up market or down market, respectively. Such transactions may also increase a Fund's transaction costs, which would also detract from Fund performance, while also having potentially negative tax consequences to investors. A Fund, because of a large redemption, may be forced to sell its liquid or more liquid positions, resulting in the Fund holding a higher percentage of less liquid or illiquid securities (securities that may be unable to sell at a favorite time or price). Because the expenses and costs of a Fund are shared by its investors, large redemptions in the Fund could result in decreased economies of scale and increased operating expenses for non-redeeming Fund shareholders. In addition, in the event of a Fund proxy proposal, a large investor(s) could dictate with its/their vote the results of the proposal, which may have a less favorable impact on minority-stake shareholders. If a Fund or Portfolio Fund is forced to sell portfolio securities that have appreciated in value, such sales may accelerate the realization of taxable income.

Large Cap Stock Risk.

Investments in larger, more established companies (larger companies) may involve certain risks associated with their larger size. For instance, larger companies may be less able to respond quickly to new competitive challenges, such as changes in consumer tastes or innovation from smaller competitors. Also, large-cap companies are sometimes unable to achieve as high growth rates as successful, smaller companies, especially during extended periods of economic expansion.

Leverage Risk

Leverage occurs when a Fund increases its assets available for investment using borrowings, short sales, derivatives, or similar instruments or techniques. Use of leverage can produce volatility and may exaggerate changes in the NAV of Fund shares and in the return on the Fund's portfolio, which may increase the risk that the Fund will lose more than it has invested. The use of leverage may cause the Fund to liquidate portfolio positions when it may not be advantageous to do so to satisfy its obligations or to meet any required asset segregation or position coverage requirements. Futures contracts, options on futures contracts, forward contracts and other derivatives can allow the Fund to obtain large investment exposures in return for meeting relatively small margin requirements. As a result, investments in those transactions may be highly leveraged. If a Fund uses leverage, through the purchase of particular instruments such as derivatives, a Fund may experience capital losses that exceed its net assets. Because short sales involve borrowing securities and then selling them, a Fund's short sales effectively leverage the Fund's assets. A Fund's assets that are used as collateral to secure the Fund's obligations to return the securities sold short may decrease in value while the short positions are outstanding, which may force the Fund to use its other assets to increase the collateral. Leverage can create an interest expense that may

lower a Fund's overall returns. Leverage presents the opportunity for increased net income and capital gains, but may also exaggerate a Fund's volatility and risk of loss. There can be no guarantee that a leveraging strategy will be successful.

Limitations of Intraday Indicative Value (IIV) Risk

The NYSE Arca, Inc. (the Exchange) intends to disseminate the approximate per share value of the published basket of portfolio securities of Portfolio Funds that are ETFs every 15 seconds (the "intraday indicative value" or "IIV"). The IIV should not be viewed as a "real-time" update of the NAV of an ETF Portfolio Fund because (i) the IIV may not be calculated in the same manner as the NAV, which is computed once a day, generally at the end of the business day, (ii) the calculation of NAV may be subject to fair valuation at different prices than those used in the calculations of the IIV, (iii) unlike the calculation of NAV, the IIV does not take into account ETF Portfolio Fund expenses, and (iv) the IIV is based on the published basket of portfolio securities and not on the ETF Portfolio Fund's actual holdings. The IIV calculations are based on local market prices and may not reflect events that occur subsequent to the local market's close, which could affect premiums and discounts between the IIV and the market price of the ETF Portfolio Fund's shares. For example, if the ETF Portfolio Fund fair values portfolio securities, the ETF Portfolio Fund's NAV may deviate from the approximate per share value of the ETF Portfolio Fund's published basket of portfolio securities (i.e., the IIV), which could result in the market prices for ETF Portfolio Fund shares deviating from NAV. The ETF Portfolio Fund, the Investment Manager and their affiliates are not involved in, or responsible for, any aspect of the calculation or dissemination of the Fund's IIV, and the ETF Portfolio Fund, the Investment Manager and their affiliates do not make any warranty as to the accuracy of these calculations.

LIBOR Replacement Risk

The London Inter-Bank Offered Rate (LIBOR), which is used extensively in the U.S. and globally as a benchmark or reference rate for various commercial and financial contracts, among other "inter-bank offered" reference rates, is expected to be discontinued. The elimination of LIBOR may adversely affect the interest rates on, and value of, certain Fund investments for which the value is tied to LIBOR. Such investments may include bank loans, derivatives, floating rate loans, and other assets or liabilities tied to LIBOR. On July 27, 2017, the U.K. Financial Conduct Authority announced that it intends to stop compelling or inducing banks to submit LIBOR rates after 2021. However, it remains unclear if LIBOR will continue to exist in its current, or a modified, form. Actions by regulators have resulted in the establishment of alternative reference rates to LIBOR in most major currencies. The U.S. Federal Reserve, based on the recommendations of the New York Federal Reserve's Alternative Reference Rate Committee (comprised of major derivative market participants and their regulators), has begun publishing a Secured Overnight Financing Rate (SOFR), that is intended to replace U.S. dollar LIBOR. Proposals for alternative reference rates for other currencies have also been announced or have already begun publication. Markets are slowly developing in response to these new reference rates. Questions around liquidity impacted by these rates, and how to appropriately adjust these rates at the time of transition, remain a concern for the Fund. The effect of any changes to, or discontinuation of, LIBOR on the Fund will vary depending, among other things, on (1) existing fallback or termination provisions in individual contracts and (2) whether, how, and when industry participants develop and adopt new reference rates and fallbacks for both legacy and new products and instruments. The expected discontinuation of LIBOR could have a significant impact on the financial markets in general and may also present heightened risk to market participants, including public companies, investment advisers, other investment companies, and broker-dealers. The risks associated with this discontinuation and transition will be exacerbated if the work necessary to effect an orderly transition to an alternative reference rate is not completed in a timely manner. For example, current information technology systems may be able to accommodate new instruments and rates with features that differ from LIBOR. Accordingly, it is difficult to predict the full impact of the transition away from LIBOR on the Fund until new reference rates and fallbacks for both legacy and new products, instruments and contracts are commercially accepted and market practices become settled.

Liquidity Risk.

Liquidity risk is the risk associated with any event, circumstance, or characteristic of an investment or market that negatively impacts a Fund'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. Decreases in the number of financial institutions, including banks and broker-dealers willing to make markets (match up sellers and buyers) in a Fund's investments or decreases in their capacity or willingness to trade such investments may increase the Fund's exposure to this risk. The debt market has experienced considerable growth, and financial institutions making markets in instruments purchased and sold by a Fund (e.g., bond dealers) have been subject to increased regulation. The impact of that growth and regulation on the ability and willingness of financial institutions to engage in trading or "making a market" in such instruments remains unsettled. As a result, a Fund, when seeking to sell its portfolio investments, 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 a Fund could exacerbate the Fund's exposure to liquidity risk. A Fund may have to accept a lower selling price for the holding, sell other investments that it might otherwise prefer to hold, or forego another more appealing investment opportunity. Certain investments that were liquid when purchased by a Fund 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 a Fund's investments. Certain types of investments, such as structured notes and non-investment grade debt instruments, as an example, may be especially subject to liquidity risk. Floating rate loans also generally are subject to legal or contractual restrictions on resale and may trade infrequently on the secondary market. The value of the loan to a Fund may be impaired in the event that the Fund needs to liquidate such loans. The inability to purchase or sell floating rate loans and other debt instruments at a fair price may have a negative impact on a Fund's performance. Securities or other assets in which a Fund invests may be traded in the over-the-counter market rather than on an exchange and therefore may be more difficult to purchase or sell at a fair price. 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 a Fund sells a portfolio investment, the greater the risk of loss or decline of value to the Fund. Overall market liquidity and other factors can lead to an increase in Fund redemptions, which may negatively impact Fund performance and NAV, including, for example, if a Fund is forced to sell investments in a down market.

Governments and their regulatory agencies and self-regulatory organizations may take actions that affect the regulation of the instruments in which a Fund invests, or the issuers of such instruments, in ways that are unforeseeable. Legislation or regulation may also change the way in which a Fund or the Investment Manager, or a Portfolio Fund or its investment adviser, are regulated or supervised. Such legislation or regulation could affect or preclude a Fund's ability to achieve its investment objective.

Governments and their regulatory agencies and self-regulatory organizations may also acquire distressed assets from financial institutions and acquire ownership interests in those institutions. The implications of government ownership and disposition of these assets are unclear, and such a program may have positive or negative effects on the liquidity, valuation and performance of a Fund's portfolio holdings. Furthermore, volatile financial markets can expose a Fund to greater market and liquidity risk and potential difficulty in valuing portfolio instruments held by the Fund.

While the Investment Manager and the Portfolio Funds' investment adviser can endeavor to take various preventative measures to address liquidity risk, including conducting periodic portfolio risk analysis/management and stress-testing, such measures may not be successful and may not have fully accounted for the specific circumstances that ultimately impact a Fund or Portfolio Fund and its holdings.

Listed Private Equity Fund Investment Risks

Private equity funds include financial institutions or vehicles whose principal business is to invest in and lend capital to privately held companies. A Fund or Portfolio Fund is subject to the underlying risks that affect private equity funds in which it invests, which may include increased liquidity risk (the risk that it may not be possible for the Fund to liquidate the instrument at an advantageous time or price), pricing risk (the risk that the investment may be difficult to value), sector risk (the risk that a significant portion of Fund assets invested in one or more economic sectors may make the Fund more vulnerable to unfavorable developments in that sector than funds that invest more broadly) and credit risk (the risk that the issuer of a debt instrument will default or otherwise become unable, or be perceived to be unable or unwilling, to honor a financial obligation, such as making payments to the Fund when due). Limited or incomplete information about the companies in which private equity funds invest, and relatively concentrated investment portfolios of private equity funds, may expose the Fund or Portfolio Fund to greater volatility and risk of loss. A Fund or Portfolio Fund investment in private equity funds subjects Fund shareholders indirectly to the fees and expenses incurred by private equity funds.

Macro Strategy Risk.

The profitability of any macro program depends primarily on the ability of its manager to predict derivative contract price movements to implement investment ideas regarding macroeconomic trends. Price movements for commodity interests are influenced by, among other things: changes in interest rates; governmental, agricultural, trade, fiscal, monetary and exchange control programs and policies; weather and climate conditions; natural disasters, such as hurricanes; changing supply and demand relationships; changes in balances of payments and trade; U.S. and international rates of inflation and deflation; currency devaluations and revaluations; U.S. and international political and economic events; and changes in philosophies and emotions of market participants. The manager's trading methods may not take all of these factors into account.

The global macro programs to which a Fund's investments are exposed typically use derivative financial instruments that are actively traded using a variety of strategies and investment techniques that involve significant risks. The derivative financial instruments traded include commodities, currencies, futures, options and forward contracts and other derivative instruments that have inherent leverage and price volatility that result in greater risk than instruments used by typical mutual funds, and the systematic programs used to trade them may rely on proprietary investment strategies that are not fully disclosed, which may in turn result in risks that are not anticipated.

Market Price Relative to NAV Risk

Shares of Portfolio Funds that are ETFs may trade at prices that vary from the Fund's NAV. Shares of ETF Portfolio Funds are listed for trading on NYSE Arca, Inc. (the Exchange) and are bought and sold in the secondary market at market prices that may differ, in some cases significantly, from their NAV. The NAV of an ETF Portfolio Fund will generally fluctuate with changes in the market value of the ETF Portfolio Fund's holdings. The market prices of shares, however, will generally fluctuate in response to changes in NAV, as well as the relative supply of, and demand for, ETF Portfolio Fund shares on the Exchange. The Investment Manager and its affiliates cannot predict whether ETF Portfolio Fund shares will trade below, at or above their NAV. Price differences may result because of, among other factors, supply and demand forces in the secondary trading market for ETF Portfolio Fund shares. It is expected that these forces generally will be closely related to, but not identical to, the same forces influencing the prices of the ETF Portfolio Fund's holdings. In this connection, if a shareholder purchases ETF Portfolio Fund shares at a time when the market price is at a premium to the NAV or sells shares at a time when the market price is at a discount to the NAV, the shareholder may sustain losses. Different investment strategies or techniques, including those intended to be defensive in nature, including, as examples, stop loss orders to sell an ETF Portfolio Fund's shares in the secondary market during negative market events or conditions, such as a "flash crash" or other market disruptions may not work as intended and may produce significant losses to investors. Investors should consult their financial intermediary prior to using any such investment strategies or techniques, or before investing in an ETF.

Market Risk

The Fund may incur losses due to declines in the value of one or more securities in which it invests. These declines may be due to factors affecting a particular issuer, or the result of, among other things, political, regulatory, market, economic or social developments affecting the relevant market(s) more generally. In addition, turbulence in financial markets and reduced liquidity in equity, credit and/or fixed income markets may negatively affect many issuers, which could adversely affect the Fund, including causing difficulty in assigning prices to hard-to-value assets in thinly traded and closed markets, significant redemptions and operational challenges. Global economies and financial markets are increasingly interconnected, and conditions and events in one country, region or financial market may adversely impact issuers in a different country, region or financial market. These risks may be magnified if certain events or developments adversely interrupt the global supply chain; in these and other circumstances, such risks might affect companies worldwide. As a result, local, regional or global events such as terrorism, war, natural disasters, disease/virus outbreaks and epidemics or other public health issues, recessions, depressions or other events — or the potential for such events — could have a significant negative impact on global economic and market conditions. In addition, as the share of assets invested in passive index-based strategies increases, price correlations among the securities included in an index may increase and the market value of securities, including those included in one or more market indices, may become less correlated with their underlying values. Because index-based strategies generally buy or sell securities based solely on their inclusion in an index, securities prices may rise or fall based on whether money is flowing into or out of these strategies rather than based on an analysis of the securities' underlying values. This valuation disparity could lead to increased price volatility for individual securities, and the market as a whole, which may result in Fund losses.

The coronavirus disease 2019 (COVID-19) public health crisis has become a pandemic that has resulted in, and may continue to result in, significant global economic and societal disruption and market volatility due to disruptions in market access, resource availability, facilities operations, imposition of tariffs, export controls and supply chain disruption, among others. Such disruptions may be caused, or exacerbated by, quarantines and travel restrictions, workforce displacement and loss in human and other resources. The uncertainty surrounding the magnitude, duration, reach, costs and effects of the global pandemic, as well as actions that have been or could be taken by governmental authorities or other third parties, present unknowns that are yet to unfold. The impacts, as well as the uncertainty over impacts to come, of COVID-19 — and any other infectious illness outbreaks, epidemics and pandemics that may arise in the future — could negatively affect global economies and markets in ways that cannot necessarily be foreseen. In addition, the impact of infectious illness outbreaks and epidemics in emerging market countries may be greater due to generally less established healthcare systems, governments and financial markets. Public health crises caused by the COVID-19 outbreak may exacerbate other pre-existing political, social and economic risks in certain countries or globally. The disruptions caused by COVID-19 could prevent the Fund from executing advantageous investment decisions in a timely manner and negatively impact the Fund's ability to achieve its investment objective. Any such event(s) could have a significant adverse impact on the value and risk profile of the Fund.

Master Limited Partnership Risk.

Investments in securities (units) of master limited partnerships involve risks that differ from an investment in common stock. Holders of these units have more limited rights to vote on matters affecting the partnership. These units may be subject to cash flow and dilution risks. There are also certain tax risks associated with such an investment. In particular, a Fund's investment in master limited partnerships can be limited by the Fund's intention to qualify as a regulated investment company for U.S. federal income tax purposes, and can limit the Fund's ability to so qualify. In addition, conflicts of interest may exist between common unit holders, subordinated unit holders and the general partner of a master limited partnership, including a conflict arising as a result of incentive distribution payments. In addition, there are risks related to the general partner's right to require unit holders to sell their common units at an undesirable time or price.

Mid-Cap Company Securities Risk.

Securities of mid-capitalization companies (mid-cap companies) can, in certain circumstances, have more risk than securities of larger capitalization companies (larger companies). For example, mid-cap companies may be more vulnerable to market downturns and adverse business or economic events than larger companies because they may have more limited financial resources and business operations. Mid-cap companies are also more likely than larger companies to have more limited product lines and operating histories and to depend on smaller and generally less experienced management teams. Securities of mid-cap companies may trade less frequently and in smaller volumes and may fluctuate more sharply in value than securities of larger companies. When a Fund takes significant positions in mid-cap companies with limited trading volumes, the liquidation of those positions, particularly in a distressed market, could be difficult and result in Fund investment losses that would affect the value of your investment in the Fund. In addition, some mid-cap companies may not be widely followed by the investment community, which can lower the demand for their stocks.

Money Market Fund Investment Risk.

Certain money market funds in which the Funds may invest, including certain money market mutual funds managed by Columbia Management, must calculate their NAV to the nearest 0.01%, which produces fluctuations in the shares' value in response to small changes in market values. Because the share price of these money market funds will fluctuate, when a Fund sells its shares they may be worth more or less than what the Fund originally paid for them. A Fund could also lose money if the money market fund holds defaulted securities or as a result of adverse market conditions. These money market funds may impose a fee ("liquidity fee") upon the redemption of their shares or may temporarily suspend the ability to redeem shares if the money market fund's liquidity falls below required minimums because of market conditions or other factors.

These measures may result in an investment loss or prohibit the Fund from redeeming shares when the Investment Manager would otherwise redeem shares. If a liquidity fee is imposed or redemptions are suspended, an investing Fund may have to sell other investments at less than opportune times to raise cash to meet shareholder redemptions or for other purposes. The Investment Manager, as a result of imposition of liquidity fees or suspension of redemptions, or the potential risk of such actions, may determine to not invest the Funds' assets in a money market fund when it otherwise would, and may potentially be forced to invest in more expensive, lower-performing investments.

Imposition of a liquidity fee or temporary suspension of redemption is at the discretion of a money market fund's board of directors or trustees; however, they must impose a liquidity fee or suspend redemptions if they determine it would be in the best interest of the money market fund. Such a determination may conflict with the interest of the Funds. In the case of affiliated money market funds managed or sponsored by Columbia Management, the Investment Manager may also face a conflict of interest between recommending imposition of a liquidity fee or suspension of redemptions and continuing to maintain unrestricted liquidity for the investing Funds. In such circumstances, federal regulations require the board and Columbia Management, and the Investment Manager to act in the best interest of the money market funds rather than the Funds, which could adversely affect the Funds.

Funds may also invest in money market funds that invest at least 99.5% of their assets in U.S. government securities ("government money market funds"). Government money market funds may seek to maintain a stable price of \$1.00 per share and are generally not permitted to impose liquidity fees or temporarily suspend redemptions. However, government money market funds typically offer materially lower yields than other money market funds with fluctuating share prices.

A Fund could lose money invested in a government money market fund. An investment in a money market fund, including a government money market fund, is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. A money market fund's sponsor has no legal obligation to provide financial support to the money market fund, and you should not expect that the sponsor or any person will provide financial support to a money market fund at any time.

In addition to the fees and expenses that the Fund directly bears, the Fund indirectly bears the fees and expenses of any money market funds in which it invests, including affiliated money market funds. To the extent these fees and expenses, along with the fees and expenses of any other funds in which the Fund may invest, are expected to equal or exceed 0.01% of the Fund's average daily net assets, they will be reflected in the Annual Fund Operating Expenses set forth in the table under "Fees and Expenses of the Fund." By investing in a money market fund, a Fund will be exposed to the investment risks of the money market fund in direct proportion to such investment. The money market fund may not achieve its investment objective. The Fund, through its investment in the money market fund, may not achieve its investment objective. To the extent the Fund invests in instruments such as derivatives, the Fund may hold investments, which may be significant, in money market fund shares to cover its obligations resulting from the Fund's investments in derivatives. Money market funds 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.

Mortgage- and Other Asset- Backed Securities.

The value of any mortgage-backed and other asset-backed securities, including collateralized debt obligations and collateralized loan obligations, if any, held by a Fund or a Portfolio Fund 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. Mortgage-backed securities represent interests in, or are backed by, pools of mortgages from which payments of interest and principal (net of fees paid to the issuer or guarantor of the securities) are distributed to the holders of the mortgage-backed securities. Other types of asset-backed securities typically represent interests in, or are backed by, pools of receivables such as credit, automobile, student and home equity loans. Mortgage- and other asset-backed securities can have a fixed or an adjustable rate. Mortgage- and other asset-backed securities are subject to liquidity risk (the risk that it may not be possible for the Fund to liquidate the instrument at an advantageous time or price) and prepayment risk (the risk that the underlying mortgage or other asset may be refinanced or prepaid prior to maturity during periods of declining or low interest rates, causing a Fund or a Portfolio Fund to have to reinvest the money received in securities that have lower yields). In addition, the impact of prepayments on the value of mortgage- and other asset-backed securities may be difficult to predict and may result in greater volatility. A decline or flattening of housing values may cause delinquencies in mortgages (especially sub-prime or non-prime mortgages) underlying mortgage-backed securities and thereby adversely affect the ability of the mortgage-backed securities issuer to make principal and/or interest payments to mortgage-backed securities holders, including the Fund. Rising or high interest rates tend to extend the duration of mortgage- and other asset-backed securities, making them more volatile and more sensitive to changes in interest rates. Payment of principal and interest on some mortgage-backed securities (but not the market value of the securities themselves) may be guaranteed (i) by the full faith and credit of the U.S. Government (in the case of securities guaranteed by the Government National Mortgage Association) or (ii) by its agencies, authorities, enterprises or instrumentalities (in the case of securities guaranteed by the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Corporation (FHLMC)), which are not insured or guaranteed by the U.S. Government (although FNMA and FHLMC may be able to access capital from the U.S. Treasury to meet their obligations under such securities). Mortgage-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 be supported by various credit enhancements, such as pool insurance, guarantees issued by governmental entities, letters of credit from a bank or senior/subordinated structures, and may entail greater risk than obligations guaranteed by the U.S. Government, whether or not such obligations are guaranteed by the private issuer.

Municipal Securities Risk.

Municipal securities are debt obligations generally issued to obtain funds 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. Virgin Islands to the extent such obligations are exempt from state and federal U.S. income taxes. The value of municipal securities can be significantly affected by actual or expected political and legislative changes at the federal or state level. 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. The amount of publicly available information for municipal issuers is generally less than for corporate issuers.

Issuers in a state, territory, commonwealth or possession in which a Fund or a Portfolio Fund invests have experienced significant financial difficulties for various reasons, including as the result of events that cannot be reasonably anticipated or controlled such as social conflict or unrest, labor disruption and natural disasters. Such financial difficulties may lead to a credit rating downgrade of such issuers which, in turn, could affect the market values and marketability of many or all municipal obligations of issuers in such state, territory, commonwealth or possession. Securities issued by Puerto Rico and its agencies and instrumentalities have been subject to multiple credit downgrades as a result of Puerto Rico's ongoing fiscal challenges and uncertainty about its ability to make full repayment on these obligations. These challenges and uncertainties have been exacerbated by hurricane Maria and the resulting natural disaster in Puerto Rico. Additionally, recent statements by government officials regarding management of the recovery burden may increase price volatility and the risk that Puerto Rican municipal securities held by the Fund will lose value. Even prior to the recent natural disaster, certain issuers of Puerto Rican municipal securities had failed to make payments on obligations when due, and additional missed payments or defaults are likely to occur in the future. In May 2017, Puerto Rico filed in U.S. federal court to commence a debt restructuring process similar to that of a traditional municipal bankruptcy under a new federal law for insolvent U.S. territories, called Promesa. However, Puerto Rico's case will be the first ever heard under Promesa for which there is no existing body of court precedent. Accordingly, Puerto Rico's debt restructuring process could take significantly longer than recent municipal bankruptcy proceedings adjudicated pursuant to Chapter 9 of the U.S. Bankruptcy Code. It is not clear whether a debt restructuring process will ultimately be approved or, if so, the extent to which it will apply to Puerto Rico municipal securities sold by an issuer other than the Commonwealth. A debt restructuring could reduce the principal amount due, the interest rate, the maturity and other terms of Puerto Rico municipal securities, which could adversely affect the value of Puerto Rico municipal securities. The value of a Fund's shares will be negatively impacted to the extent it invests in such securities. A Fund's annual and semiannual reports show the Fund's investment exposures at a point in time. The risk of investing in a Fund is directly correlated to the Fund's investment exposures.

A Fund's or a Portfolio Fund's investments in municipal securities may include securities of issuers in the health care sector, which subjects the Fund's or the Portfolio Fund's investments to the risks associated

with that sector, including the risk of regulatory action or policy changes by numerous governmental agencies and bodies, including federal, state, and local governmental agencies, as well as requirements imposed by private entities, such as insurance companies. A major source of revenue for the health care industry is payments from the Medicare and Medicaid programs. As a result, the industry is sensitive to legislative changes and reductions in governmental spending for such programs. Numerous other factors may affect the industry, such as general and local economic conditions, demand for services, expenses (including, among others, malpractice insurance premiums) and competition among health care providers. Additional factors also may adversely affect health care facility operations, such as adoption of legislation proposing a national health insurance program, other state or local health care reform measures, medical and technological advances that alter the need for or cost of health services or the way in which such services are delivered, changes in medical coverage that alter the traditional fee-for-service revenue stream, and efforts by employers, insurers, and governmental agencies to reduce the costs of health insurance and health care services.

A Fund's or Portfolio Fund's investments in municipal securities may include transportation-related municipal bonds which may be used to finance projects including construction, maintenance and operations of non-toll and toll-backed roads, bridges, tunnels, railways, airports, seaports and other transportation systems. Transportation-related municipal bonds may be fully or partially backed by taxes, fees, tolls, or other sources of revenue. Investment in transportation-related municipal bonds may subject the Fund or Portfolio Fund to the certain risks, including, but not limited to, the risk of insufficient or declining revenues from the sources backing the bonds, contractor non-performance or underperformance and unexpectedly higher construction, fuel or other costs.

Opportunistic Investing Risk.

Undervalued securities involve the risk that they may never reach their expected full market value, either because the market fails to recognize the security's intrinsic worth or the expected value was misgauged. Undervalued securities also may decline in price even though the Investment Manager believes they are already undervalued. Turnaround companies may never improve their fundamentals, may take much longer than expected to improve, or may improve much less than expected. Development stage companies could fail to develop and deplete their assets, resulting in large percentage losses.

Preferred Stock Risk.

Preferred stock is a type of stock that may pay dividends at a different rate than common stock of the same issuer, if at all, 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 (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 converted, prepaid or redeemed before maturity, the Investment Manager or the investment adviser to a Portfolio Fund may not be able to invest the proceeds in other investments providing as high a level of income, resulting in a reduced yield to a Fund. In the case of mortgage- or other 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 a Fund's investments are

locked in at a lower interest rate for a longer period of time, the Investment Manager or a Portfolio Fund's investment adviser may be unable to capitalize on securities with higher interest rates or wider spreads.

Qualified Financial Contracts Risk

Qualified financial contracts include agreements relating to swaps, currency forwards and other derivatives as well as repurchase agreements and securities lending agreements. Beginning in 2019, regulations adopted by prudential regulators will require that certain qualified financial contracts entered into with certain counterparties that are part of a U.S. or foreign banking organization designated as a global-systemically important banking organization to include contractual provisions that delay or restrict the rights of counterparties, such as the Funds, to exercise certain close-out, cross-default and similar rights under certain conditions. Qualified financial contracts are subject to a stay for a specified time period during which counterparties, such as the Funds, will be prevented from closing out a qualified financial contract if the counterparty is subject to resolution proceedings and prohibit the Funds from exercising default rights due to a receivership or similar proceeding of an affiliate of the counterparty. Implementation of these requirements may increase credit and other risks to the Funds.

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 a Fund to, 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. The failure of a REIT to continue to qualify as a REIT for tax purposes can materially and adversely affect its value. 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.

A Fund may need to sell portfolio securities to meet redemption requests. A Fund could experience a loss when selling portfolio securities to meet redemption requests if there is (i) significant redemption activity by shareholders, including, for example, when a single investor or few large investors make a significant redemption of Fund shares, (ii) a disruption in the normal operation of the markets in which a Fund buys and sells portfolio securities or (iii) the inability of a Fund to sell portfolio securities because such securities are illiquid. In such events, a Fund could be forced to sell portfolio securities at unfavorable prices in an effort to generate sufficient cash to pay redeeming shareholders. A Fund may suspend redemptions or the payment of redemption proceeds when permitted by applicable regulations.

Regulatory Risk — Alternative Investments.

Legal, tax, and regulatory developments may adversely affect a Portfolio Fund that is an ETF and its investments. The regulatory environment for an ETF Portfolio Fund and certain of its investments is evolving, and changes in the regulation of investment funds, their managers, and their trading activities and capital markets, or a regulator's disagreement with the ETF Portfolio Fund's or others' interpretation of the application of certain regulations, may adversely affect the ability of the ETF Portfolio Fund to pursue its investment strategy, its ability to obtain

leverage and financing, and the value of investments held by the ETF Portfolio Fund. There has been an increase in governmental, as well as self-regulatory, scrutiny of the investment industry in general and the alternative investment industry in particular. It is impossible to predict what, if any, changes in regulations may occur, but any regulation that restricts the ability of an ETF Portfolio Fund or any underlying funds or other investments to trade in securities or other instruments or the ability of the ETF Portfolio Fund or underlying funds to employ, or brokers and other counterparties to extend, credit in their trading (as well as other regulatory changes that result) could have a material adverse impact on the ETF Portfolio Fund's performance.

Shareholders should understand that the business of an ETF Portfolio Fund is dynamic and is expected to change over time. Therefore, an ETF Portfolio Fund and its underlying investments may be subject to new or additional regulatory constraints in the future. Such regulations may have a significant impact on shareholders or the operations of the ETF Portfolio Fund, including, without limitation, restricting the types of investments the ETF Portfolio Fund may make, preventing the ETF Portfolio Fund from exercising its voting rights with regard to certain financial instruments, requiring the ETF Portfolio Fund to disclose the identity of its investors or otherwise. To the extent the ETF Portfolio Fund or its underlying investments are subject to such regulation, such regulations may have a detrimental effect on one or more shareholders. Prospective investors are encouraged to consult their own advisors regarding an investment in an ETF.

Reinvestment Risk.

Reinvestment risk arises when a Fund is unable to reinvest income or principal at the same or at least the same return it is currently earning.

Repurchase Agreements Risk.

Repurchase agreements are agreements in which the seller of a security to a Fund agrees to repurchase that security from the Fund 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 a Fund's income and the value of your investment in the Fund to decline.

Reverse Repurchase Agreements Risk.

Reverse repurchase agreements are agreements in which a Fund 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 by a Fund may decline below the price at which the Fund 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 (the risk that losses may be greater than the amount invested). Leverage can create an interest expense that may lower a Fund's overall returns. Leverage presents the opportunity for increased net income and capital gains, but may also exaggerate a Fund's volatility and risk of loss. There can be no guarantee that this strategy will be successful.

Rule 144A and Other Exempted Securities Risk.

A Fund may invest in privately placed "Rule 144A" and other securities or instruments exempt from SEC registration (collectively, "private placements") that are determined to be liquid in accordance with procedures adopted by the Board. 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 adversely affect the marketability of such investments and a Fund might be unable to dispose of them promptly or at reasonable prices, subjecting the Fund to liquidity risk (the risk that it may not be possible for the Fund to liquidate the instrument at an advantageous time or price). A Fund's holdings of private placements may increase the level of Fund illiquidity if eligible buyers are unable or unwilling to purchase them at a particular time. A Fund may also have to bear the expense of registering the securities for resale and the risk of substantial delays in effecting the registration. Additionally, the purchase price and subsequent valuation of private placements typically reflect a discount, which may be significant, from the market price of comparable securities for which a more liquid market exists. 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 information is not filed with the SEC. Further, issuers of Rule 144A eligible securities can require recipients of the offering

information (such as a Fund) to agree contractually to keep the information confidential, which could also adversely affect a Fund's ability to dispose of the security.

Secondary Market Trading Risk

Investors buying or selling shares a Portfolio Fund that is an ETF will pay brokerage commissions or other charges imposed by brokers as determined by that broker. Brokerage commissions are often a fixed amount and may be a significant proportional cost for investors seeking to buy or sell relatively small amounts of shares. In addition, secondary market investors will also incur the cost of the difference between the price that an investor is willing to pay for ETF Portfolio Fund shares (the bid price) and the price at which an investor is willing to sell ETF Portfolio Fund shares (the ask price). This difference in bid and ask prices is often referred to as the "spread" or "bid/ask spread." The bid/ask spread varies over time for ETF Portfolio Fund shares based on trading volume and market liquidity, and is generally lower if the ETF Portfolio Fund's shares have more trading volume and market liquidity and higher if the ETF Portfolio Fund's shares have little trading volume and market liquidity. Further, increased market volatility may cause increased bid/ask spreads.

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, making the portfolio more vulnerable to unfavorable developments in that economic sector than portfolios that invest more broadly. The more a portfolio diversifies its investments, the more it spreads risk and potentially reduces the risks of loss and volatility.

Sector Risk — Consumer Discretionary/Staples Sector Investments. To the extent a Fund concentrates its investments in companies in the consumer discretionary and staples sectors, it may be more susceptible to the particular risks that may affect companies in that sector than if it were invested in a wider variety of companies in unrelated sectors. Companies in the consumer discretionary and staples sectors are subject to certain risks, including fluctuations in the performance of the overall domestic and international economy, interest rate changes, currency exchange rates, 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. Companies in these sectors may be subject to competitive forces (including competition brought by an influx of foreign brands), which may also have an adverse impact on their profitability. These sectors may be strongly affected by fads, marketing campaigns, changes in demographics and consumer preferences, and other economic or social factors affecting consumer demand. Governmental regulation, including price controls and regulations on packaging, labeling, competition, and certification, may affect the profitability of certain companies invested in by the Fund. Companies operating in these sectors may also be adversely affected by government and private litigation.

Sector Risk — Energy Sector Investments. To the extent a Fund concentrates its investments in companies in the energy sector, it may be more susceptible to the particular risks that may affect companies in that 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.

Sector Risk — Financial Services Sector Investments. To the extent a Fund concentrates its investments in companies in the financial services sector, it may be more susceptible to the particular risks that may affect

companies in that 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.

Sector Risk — Health Care Sector Investments. To the extent a Fund concentrates its investments in companies in the health care sector, it may be more susceptible to the particular risks that may affect companies in that 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.

Sector Risk — Industrials Sector Investments. To the extent a Fund concentrates its investments in companies in the industrials sector, it may be more susceptible to the particular risks that may affect companies in that 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.

Sector Risk — Materials Investments. To the extent a Fund concentrates its investments in companies in the materials sector, it 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 a Fund'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.

Sector Risk — Technology and Technology-Related Sector Investment Risk. To the extent a Fund concentrates its investments in companies in technology and technology related sectors, it may be more susceptible to the particular risks that may affect companies in those sectors, 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.

Sector Risk — Utilities Sector Investments. To the extent a Fund concentrates its investments in companies in the energy sector, it may be more susceptible to the particular risks that may affect companies in that sector than if it were invested in a wider variety of companies in unrelated sectors. Companies in the utilities sector are subject to certain risks, including risks associated with government regulation, interest rate changes, financing difficulties, supply and demand for services or products, intense competition, natural resource conservation and commodity price fluctuations.

Short Positions Risk

A Fund that establishes short positions introduces more risk to the Fund than a fund that only takes long positions (where the Fund 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. A Fund's use of short positions in effect "leverages" the Fund. Leverage potentially exposes a Fund to greater risks of loss due to unanticipated market movements, which may magnify losses and increase the volatility of returns. To the extent a Fund 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

Securities of small- and mid-capitalization (small- and mid-cap) companies can, in certain circumstances, have a higher potential for gains than securities of larger, more established larger companies but may also have more risk. For example, small- and mid-cap companies may be more vulnerable to market downturns and adverse business or economic events than larger companies because they may have more limited financial resources and business operations. Small- and mid-cap companies are also more likely than larger companies to have more limited product lines and operating histories and to depend on smaller and generally less experienced management teams. Securities of small- and mid-cap companies may trade less frequently and in smaller volumes and may be less liquid and fluctuate more sharply in value than securities of larger companies. When a Fund takes significant positions in small- and mid-cap companies with limited trading volumes, the liquidation of those positions, particularly in a distressed market, could be prolonged and result in Fund investment losses that would affect the value of your investment in the Fund. In addition, some small- and mid-cap companies may not be widely followed by the investment community, which can lower the demand for their stocks.

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.

With respect to sovereign debt of emerging market issuers, investors should be aware that certain emerging market countries are among the largest debtors to commercial banks and foreign governments. At times, certain emerging market countries have declared moratoria on the payment of principal and interest on external debt. Certain emerging market countries have experienced difficulty in servicing their sovereign debt on a timely basis

and that has led to defaults and the restructuring of certain indebtedness to the detriment of debtholders. 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. Initial public offerings are subject to many of the same risks as investing in companies with smaller market capitalizations. To the extent a Fund determines to invest in initial public offerings, it may not be able to invest to the extent desired, because, for example, only a small portion (if any) of the securities being offered in an initial public offering are available to the Fund. The investment performance of a Fund during periods when it is unable to invest significantly or at all in initial public offerings may be lower than during periods when a Fund is able to do so. Securities purchased in initial public offerings which are sold within 12 months after purchase may result in increased short-term capital gains, which will be taxable to a Fund's shareholders as ordinary income. Certain "special situation" investments are investments in securities or other instruments that may be classified as 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 Fund performance. Investing in special situations may have a magnified effect on the performance of funds with small amounts of assets.

Stripped Securities Risk.

Stripped securities are the separate income or principal components of debt securities. These securities are particularly sensitive to changes in interest rates, and therefore subject to greater fluctuations in price than typical interest-bearing debt securities. For example, stripped mortgage-backed securities have greater interest rate risk than mortgage-backed securities with like maturities, and stripped treasury securities have greater interest rate risk than traditional government securities with identical credit ratings.

Terrorism, War, Natural Disaster and Epidemic Risk

Terrorism, war, military confrontations and related geopolitical events (and their aftermath) have led, and in the future may lead, to increased short-term market volatility and may have adverse long-term effects on U.S. and world economies and markets generally. Likewise, natural and environmental disasters, such as, for example, earthquakes, fires, floods, hurricanes, tsunamis and weather-related phenomena generally, as well as widespread disease and virus epidemics, and pandemics, have been and can be highly disruptive to economies and markets, adversely affecting individual companies, sectors, industries, markets, currencies, interest and inflation rates, credit ratings, investor sentiment, and other factors affecting the value of the Funds' investments. Given the increasing interdependence among global economies and markets, conditions in one country, market, or region are increasingly likely to adversely affect markets, issuers, and/or foreign exchange rates in other countries, including the U.S. These disruptions could prevent the Funds from executing advantageous investment decisions in a timely manner and negatively impact the Funds' ability to achieve their investment objectives. Any such event(s) could have a significant adverse impact on the value and risk profile of the Funds.

U.S. Government and Related Obligations.

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 may 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. For example, securities issued by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association and the Federal Home Loan Banks are neither insured nor guaranteed by the U.S. Government. These securities may be supported by the ability to borrow from the U.S. Treasury or only by the credit of the issuing agency, authority, instrumentality or enterprise and, as a result, are subject to greater credit risk than securities issued or guaranteed by the U.S. Treasury.

Valuation Risk

The sales price the Fund or a Portfolio Fund (or an underlying fund or other investment vehicle) could receive for any particular investment may differ from the Fund's or Portfolio Fund's (or an underlying fund's or other investment vehicle's) valuation of the investment, particularly for securities that trade in thin or volatile markets or that are valued using a fair value methodology that produces an estimate of the fair value of the security/instrument, which may prove to be inaccurate.

Warrants and Rights Risk.

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 may be acquired separately or in connection with the acquisition of securities. Warrants do not carry with them the right to dividends or voting rights and they do not represent any rights in the assets of the issuer. Warrants are subject to the risks associated with the security underlying the warrant, including market risk. Warrants may expire unexercised and subject a Fund to liquidity risk (the risk that it may not be possible for the Fund to liquidate the instrument at an advantageous time or price), which may result in Fund losses, including as a result of the warrants having little or no value. Rights are available to existing shareholders of an issuer to enable them to maintain proportionate ownership in the issuer by being able to buy newly issued shares. Rights allow shareholders to buy the shares below the current market price. Rights are typically short-term instruments that are valued separately and trade in the secondary market during a subscription (or offering) period. Holders 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.

Zero-Coupon Bonds Risk.

Zero-coupon bonds are bonds that do not pay interest in cash on a current basis, but instead accrue interest over the life of the bond. As a result, these securities are issued at a discount and their values may fluctuate more than the values of similar securities that pay interest periodically. Although these securities pay no interest to holders prior to maturity, interest accrued on these securities is reported as income to a Fund and affects the amounts distributed to its shareholders, which may cause the Fund to sell investments to obtain cash to make income distributions to shareholders, including at times when it may not be advantageous to do so.

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 advisers 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.

Global Economic Risk. Global economies and financial markets are increasingly interconnected, which increases the possibility that conditions in one country or region might adversely impact issuers in a different country or region or across the globe. For instance, a significant slowdown in China's economy is adversely affecting worldwide commodity prices and the economies of many countries, especially those that depend heavily on commodity production and/or trade with China. The severity or duration of adverse economic conditions may also be affected by policy changes made by governments or quasi-governmental organizations. The imposition of sanctions by the United States or another government on a country could cause disruptions to the country's financial system and economy, which could negatively impact the value of securities.

At a referendum in June 2016, the citizens of the United Kingdom (the UK) voted to leave the European Union (EU), thereby initiating the British exit from the EU (commonly known as "Brexit"). In March 2017, the UK formally invoked Article 50 of the Treaty of Lisbon to begin the process under which the UK shall withdraw from the EU in due course. Upon invoking Article 50, the UK triggered a two-year period for negotiation of the terms of the withdrawal from the EU. However, there remains a significant degree of uncertainty about how negotiations relating to the UK's withdrawal from the EU and new trade agreements will be conducted, as well as the potential consequences and precise timeframe for Brexit. During the negotiating period and beyond, the impact of Brexit on the UK and European economies and the broader global economy could be significant, resulting in negative impacts on currency and financial markets generally, such as increased volatility and illiquidity, and potentially lower economic growth in markets in the UK, Europe and globally, which may adversely affect the value of a portfolio investment.

The UK has one of the largest economies in Europe, and member countries of the EU are substantial trading partners of the UK. The City of London's economy is dominated by financial services, some of which may have to move outside of the UK post-referendum (e.g., currency trading, international settlement). Under the terms of Brexit, banks may be forced to move staff and comply with two separate sets of rules or lose business to banks in Europe. Furthermore, Brexit creates the potential for decreased trade, the possibility of capital outflows from the UK, devaluation of the pound sterling, the cost of higher corporate bond spreads due to uncertainty, and the risk that all the above could damage business and consumer spending as well as foreign direct investment. As a result of Brexit, the British economy and its currency may be negatively impacted by changes to its economic and political relations with the EU and other countries. Any further exits from the EU, or the possibility of such exits, would likely cause additional market disruption globally and introduce new legal and regulatory uncertainties.

The impact of Brexit in the near- and long-term is still unknown and could have additional adverse effects on economies, financial markets, currencies and asset valuations around the world. Any attempt by a portfolio to hedge against or otherwise protect its portfolio or to profit from such circumstances may fail and, accordingly, an investment could lose money over short or long periods.

No Guarantee of Performance

All investments involve risk (the amount of which may vary significantly), 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.

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.

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 adviser engaged to evaluate a client's overall investment program can assist clients with an evaluation of risks associated with investment strategies.

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.

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.

Regulatory Risk — Banking. Ameriprise Financial, the ultimate parent company of Columbia Management Investment Advisers, may in the future be a financial holding company ("FHC") and therefore, along with its direct and indirect subsidiaries, subject to regulation and supervision by the Board of Governors of the Federal Reserve System (the "Federal Reserve") and to the provisions of, and regulations under, certain U.S. banking laws, such as the Homeowner's Loan Act, the Bank Holding Company Act (including the rules and regulations created thereunder, the "BHCA") and the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"). The BHCA and the Dodd-Frank Act (and other applicable banking laws, and their interpretation and administration by the appropriate regulatory agencies, including but not limited to the Federal Reserve) may restrict the transactions and relationships among Ameriprise Financial, its affiliates (including us) and our clients, and may restrict our investments, transactions and operations. For example, under the BHCA (including rules and regulations promulgated thereunder), positions held by Ameriprise Financial and its affiliates for client and proprietary accounts may need to be aggregated with positions held by clients of Columbia Management Investment Advisers and its affiliates. In this case, where the BHCA imposes a cap on the amount of a position that may be held, we may be required to limit and/or liquidate certain client positions.

Under the BHCA, if we or an affiliate were deemed to "control" a fund managed by Columbia Management Investment Advisers, investments by such fund would be subject to limitations under the BHCA that are

substantially similar to those applicable to Ameriprise Financial and its affiliates. Such limitations would place certain restrictions on the fund's investments in non-financial companies. These restrictions would include limits on the ability of the fund to be involved in the day-to-day management of the underlying non-financial company and the limitations on the period of time that the fund could retain its investment in such company. In addition, the fund, together with interests held by Ameriprise Financial and its affiliates, may be limited from owning or controlling, directly or indirectly, interests in third parties that exceed 5% of any class of voting securities or 25% of total equity of any security. These limitations may have a material adverse effect on the activities of the relevant fund.

The Dodd-Frank Act added Section 13 to the BHCA and its implementing regulations (together the "Volcker Rule") under which a "banking entity" (including Columbia Management Investment Advisers and its affiliates) is restricted from acquiring or retaining an equity, partnership or other ownership interest in, or sponsoring, a "covered fund" (which is defined to include certain pooled investment vehicles) unless the investment or activity is conducted in accordance with an exclusion or exemption. The Volcker Rule's asset management exemption permits a banking entity, such as Columbia Management Investment Advisers, to invest in or sponsor a covered fund, subject to satisfaction of certain requirements, which include, among other things, that a banking entity only hold a de minimis interest (no more than 3%) in the covered fund and that only directors and employees directly engaged in providing investment advisory or other qualifying services to the covered fund are permitted to invest. In addition, the Volcker Rule generally prohibits a banking entity from engaging in transactions that would cause it or its affiliates to have credit exposure to a covered fund managed or advised by its affiliates that would involve or result in a material conflict of interest between the banking entity and its clients, customers or counterparties or that would result, directly or indirectly, in a material exposure by the banking entity to high-risk assets or high-risk trading strategies. As a result, the Volcker Rule impacts the processes by which Columbia Management Investment Advisers and its affiliates seed, invest in and operate certain of its funds, including the Private Funds.

There can be no assurance that the bank regulatory requirements applicable to Ameriprise Financial and/or its affiliates will not change, or that any change will not have a material adverse effect on the investments and/or investment performance of our clients.

Regulatory Uncertainty

Recent market events are likely to result in significant regulatory reform, which could impact the way we operate our business or pursue client objectives. For example, from September 19 – October 3, 2008, due to market events, the US Securities and Exchange Commission took temporary emergency action to prohibit short selling in over 800 financial services companies. Similar action was taken by regulators in other countries. This short sale ban imposed temporary limitations on our ability to fully implement certain investment strategies. There is no guarantee that similar limitations or other regulatory constraints will not be imposed in the future.

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 fund 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.

Cyber Security Risk

With the increased use of technologies such as the Internet and the dependence on computer systems to perform necessary business functions, Columbia Management Investment Advisers and our service providers may be prone to operational and information security risks resulting from cyber-attacks. In general, cyber-attacks result from deliberate attacks but unintentional events may also have effects similar to those caused by cyber-attacks. Cyber-attacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial-

of-service attacks on websites, the unauthorized release of confidential information and other activities causing operational disruption.

A successful cyber-attack against Columbia Management Investment Advisers, or other types of security breakdowns may interfere with the processing of client transactions, cause the release of private client information or confidential portfolio information and impede trading, all negatively impacting clients and causing reputational damage to us. Additionally, we could be subjected to regulatory fines, penalties or financial losses, reimbursement or other compensation costs, and/or additional compliance costs now and in the future. While we and our service providers have established business continuity plans, and systems designed to prevent such cyber-attacks, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Similar types of cyber security risks are also present for issuers of securities or other instruments in which we invest, which could result in material adverse consequences for such issuers and may cause a portfolio's investment therein to lose value.