

Products Covered:

- Columbia Real Estate Equity Fund

We believe the next move for the group will be led by REITs that are positioned best to benefit in the new environment — companies with the lowest relative-weighted average cost of capital and those with the unique relationships to find distressed opportunities before they come to market.

Investment Risks

Risks include stock market fluctuations, potential decline in property values due to local or regional conditions, liquidity and volatility due to the fund's concentration in a single sector.

REIT market rebound continued in fourth quarter

In the fourth quarter, real estate investment trusts (REITs) continued to rally, as they positioned themselves for discounted acquisition opportunities and a rebound in fundamentals by accessing significant amounts of relatively low-cost capital and by streamlining their portfolios through the continued sales of noncore assets. In this environment, the Financial Times Stock Exchange (FTSE) National Association of Real Estate Investment Trusts (NAREIT) Equity REITs Index rose 9.39% for the fourth quarter and 27.99% for the year. Some of 2009's positive returns are the result of an oversold REIT market in 2008. However, we believe that improved access to capital was even more important. Now, investors may be looking for the next catalyst to drive the group higher.

The Columbia Real Estate Equity Fund outperformed the NAREIT Equity REITs Index for the fourth quarter.

Stock selection aided performance, property-type allocation detracted¹

Stock selection drove the fund's strong performance. The top three contributors to relative returns were Alexandria Real Estate, Equity Lifestyle Properties and Biomed Realty Trust. All three companies improved their balance sheets and continued to benefit from their respective niche focuses. Alexandria and Biomed both serve real estate needs within the life sciences industry, and Equity Lifestyle caters to the price-conscious user of both seasonal and year-round manufactured housing communities. Most property-type weights relative to the benchmark detracted from relative performance, but stock selection more than offset these disappointments.

Changing market environment

Throughout the year, REITs demonstrated an ability to access both the public and private credit markets via unsecured and exchangeable notes issuances and through bank and life insurance company secured debt, respectively. However, the commercial mortgage-backed securities (CMBS) new-issuance market essentially remained closed for the past 24 months. At its peak in 2007, CMBS represented approximately 25% of commercial real estate lending. Given its size, market participants believe that the eventual reopening, composition and pricing of this market are essential factors in determining what effect the debt maturities of the next few years will have on commercial real estate prices. So far, the government's attempts to jump-start commercial real estate lending in the securitized markets by including CMBS in the Term Asset-Backed Securities Loan Facility (TALF) has been slow to transpire, and it is not at all clear what shape this market will take upon its return or whether it will have the depth to make a significant impact. With that said, the interest rate cost of CMBS loans in the secondary market has declined dramatically, to the point where new issuance may be cost effective for companies that lack an investment-grade rating and access to cheaper, unsecured debt markets. We believe that the more highly levered owners of real estate will not be pressured to sell assets until the latter half of 2010 or early 2011, but it is likely that REIT shares

Performance data quoted represents past performance, and current performance may be lower or higher. Past performance is no guarantee of future results.

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| NOT FDIC INSURED | May Lose Value |
| NOT BANK ISSUED | No Bank Guarantee |

**Top Holdings (% of net assets)
as of December 31, 2009**

| | |
|-----------------------------------|-------|
| Simon Property Group | 10.85 |
| Ventas | 5.85 |
| Digital Realty Trust | 5.49 |
| Vornado Realty Trust | 5.30 |
| Alexandria Real Estate Equities | 4.95 |
| Federal Realty Investment Trust | 4.79 |
| Corporate Office Properties Trust | 4.62 |
| Biomed Realty | 4.59 |
| Entertainment Properties Trust | 4.44 |
| Boston Properties | 4.32 |

Portfolio holdings are subject to change periodically and may not be representative of current holdings and characteristics. Current and future holdings are subject to risk, including, but not limited to, market and credit risk.

will begin to discount acquisition opportunities in advance of the actual transactions.

Looking ahead

Following more than two years in which overwhelming investor uncertainties led to unprecedented REIT stock price volatility, we expect that 2010 will begin to bring some clarity to three major investor questions. First, now that the credit markets have opened to better-capitalized REITs, will there be enough capacity to address the wave of maturing commercial real estate debt over the next few years? Second, to what extent will this wave of debt maturities create distressed opportunities for REITs to invest at outsized returns? Third, what will the U.S. economic recovery look like, and, more important, will it be sustainable? Many economists and investors believe that the economy bottomed midway through 2009 and that economic growth returned in the third quarter, with an unprecedented level of government stimulus feeding at least some of this growth. However, it is unclear whether the aggregate of these stimulus programs will result in sustainable job growth. Because job growth is the key driver of commercial real estate demand, which lags economic results, we do not believe that real estate fundamentals will improve until the U.S. economy finds a more solid footing, which could happen in the second half of 2010 or, more likely, in 2011. We believe that REIT share prices will discount this well in advance.

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Please read and consider the investment objectives, risks, charges and expenses for any fund carefully before investing. For a prospectus, which contains this and other important information about the fund, contact your Columbia Management representative or financial advisor or go to www.columbiamanagement.com.

The **Financial Times Stock Exchange (FTSE) National Association of Real Estate Investment Trusts (NAREIT) Equity Real Estate Investment Trusts (REITs) Index** is an index that reflects performance of all publicly-traded equity REITs.

Unlike mutual funds, indices are not investments, do not incur fees or expenses and are not professionally managed. It is not possible to invest directly in an index.

¹Determinations of contributors and detractors are based on performance relative to the fund's benchmark.

Since economic and market conditions change frequently, there can be no assurance that the trends described here will continue or that the forecasts will come to pass. The views and opinions expressed are those of the portfolio managers and analysts of the affiliated advisors of Columbia Management Group, are subject to change without notice at any time, may not come to pass and may differ from views expressed by other Columbia Management associates or other divisions of Bank of America. These materials are provided for informational purposes only and should not be used or construed as a recommendation of any security or sector.

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