

Products Covered:

- Columbia Marsico Focused Equities Fund

Using the S&P 500 Index as a point of reference, equities demonstrated considerable strength during the quarter.

Investment Risks

The fund is subject to stock market fluctuations. By maintaining a relatively concentrated portfolio of 20–30 stocks, the fund may be subject to greater risk than a fund that is more fully diversified. The fund can invest up to 25% of its assets in foreign securities.

International investing involves special risks, including foreign taxation, currency risks, risks associated with possible differences in financial standards, and other monetary and political risks.

Market Environment

After a seven-month rally in U.S. equities was snapped with modest declines in October, stocks resumed their upward trajectory in November and December, aided by a backdrop of improving economic data and an increasingly sanguine outlook for corporate profits. Large-cap benchmarks, such as the S&P 500 Index and the Russell 1000 Index, rose 6.04% and 6.07%, respectively, during the fourth quarter. As of quarter end, the S&P 500 Index had soared 65% off its March 9 low. Although the pace of the U.S. economic recovery was far from brisk, and the durability of the turnaround remained an open question, particularly when viewed in the context of the Federal Reserve Bank potentially moving away from its ultra-accommodative monetary policy, the overall tone of the data suggested that the economy was progressing, with stabilization and improvement in a variety of areas. In that regard:

- The labor markets showed some nascent signs of stabilization. Initial claims for unemployment declined during the quarter.
- Housing prices rose and existing home sales activity generally increased, aided by record-high levels of affordability, low mortgage interest rates and a tax credit for first-time home buyers (which temporarily expired in December).
- Vehicle production was up during the quarter and auto sales showed modest incremental improvement. Based on the initial December vehicle sales data, the seasonally adjusted annual sales rate (SAAR) was projected to be approximately 11.4 million, about 25% higher than the February 2009 SAAR low of 9.1 million. The fact that U.S. consumers appeared more willing to engage in major purchases suggested that higher levels of consumer net worth were starting to exert a positive effect and, in conjunction with better employment data, could be a harbinger of higher future levels of discretionary spending.
- Credit markets extended their healing process, with credit and liquidity spreads narrowing further. At quarter end, mortgage rates, Baa-rated corporate bonds and high-yield debt were all trading at yields substantially lower compared to a year ago. LIBOR remained at exceptionally low levels as well. Nonetheless, the consumer-related credit markets remained constricted to some extent, exemplified by the ongoing difficulty in obtaining credit that was being experienced by small businesses.
- A rebound in global manufacturing activity continued to unfold and seemed to signify a recovery in terms of both inventory replenishment and trade. U.S. manufacturing expanded for the fifth consecutive month in December. Manufacturing orders surged 1.1% in November (the most recent available data point). The Purchasing Managers' Index (PMI) rose in December to its highest level since April 2006. Historically, there has been a relatively high correlation between

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

Columbia Management Group, LLC ("Columbia Management") is the investment management division of Bank of America Corporation. Columbia Management entities furnish investment management services and products for institutional and individual investors. Columbia Funds are distributed by Columbia Management Distributors, Inc., member FINRA and SIPC. Columbia Management Distributors, Inc. is part of Columbia Management and an affiliate of Bank of America Corporation.

Columbia Management Advisors, LLC ("CMA") has retained Marsico Capital Management, LLC ("MCM") to serve as investment subadviser to the Columbia Marsico Focused Equities Fund. As the investment subadviser, MCM makes the investment decisions and manages all or a portion of the strategy. MCM is an investment adviser registered with the Securities and Exchange Commission. MCM is not affiliated with Bank of America.

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

the PMI and payroll employment.

- The Index of Leading Economic Indicators rose again during the quarter, potentially signifying the U.S. economic recovery was both well underway and sustainable, and increased by a significant amount for the year as a whole.

Elsewhere in the world, there were abundant signs that a synchronized and robust economic recovery was occurring. Australia's central bank raised interest rates for the third straight month, underscoring that the country's economic recovery was well underway. There were very strong GDP reports from China and India, among other developing economies, during the fourth quarter. Chinese manufacturing expanded at the fastest pace in five years and its economy expanded in December at a faster rate than at any time since the global economic downturn began. The Chinese government said it would maintain stimulus policies in 2010. South Korea and Taiwan also reported strong economic growth.

Additionally, U.S. corporate profits rose 29% over the past three quarters (annualized) and consensus estimates for future profits continued to edge higher.

Meanwhile, commodity prices gained considerable ground during the quarter, bolstered by improving global growth recovery prospects in general, and emerging markets in particular. The Reuters/Jefferies CRB Index, a basket of commodities comprised of 19 energy, metal and agricultural prices, rose about 9%. Crude oil finished the quarter trading at about \$79 barrel, based on the February 2010 Brent futures contract. Oil prices trended higher during the quarter in concert with a brighter outlook for global economic activity.

The data supporting economic growth was not unanimous. The recovery in housing markets remained tenuous in a number of respects, as evidenced by a sharp downturn in existing home sales in December that could perhaps be attributed to a temporary expiration of the government's first-time home buyer's tax credit. Data from the labor markets, while less bad overall, had yet to transition successfully to better, although, increasingly, forecasts for net employment gains in 2010 were becoming more common and temporary employment agencies were reporting better numbers. The sharp global equity market sell-off in the immediate aftermath of the Dubai World financial crisis was another reminder that markets remain highly headline-sensitive, with abundant scar tissue left over from the global financial crisis of 2008 and early 2009. Consumer sentiment, perhaps influenced by difficult labor markets, remained stuck at low levels.

During the quarter, Treasury securities tended to reflect brighter economic prospects and a renewed appetite for risk assets. After yields were driven down sharply in the immediate aftermath of Dubai World's late-November announcement that it wanted to defer certain debt payments, Treasury prices backed up considerably, as fears about another systemic financial crisis subsided quickly. The 10-year Treasury note ended the quarter, yielding 3.84% and the 30-year Treasury bond finished at 4.60% (up 53 and 56 basis points, respectively, from 09/30/09). Compared with year-end 2008 levels, the Treasury note and Treasury bond yields were 159 and 188 basis points higher, respectively, as of 12/31/09, suggesting a substantially higher level of willingness by investors to assume credit and market risk.

Product Performance

For the fourth quarter of 2009, Columbia Marsico Focused Equity Fund outperformed its primary benchmark, the S&P 500 Index, which posted a 6.04% return.

Top Holdings (% of net assets) As of December 31, 2009	
Google	6.70
Dow Chemical	5.41
Apple	4.86
Union Pacific	4.55
McDonald's	4.00
Transocean	3.93
Wells Fargo	3.90
General Dynamics	3.77
BHP Billiton	3.48
Abbott Laboratories	3.44

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.

Sector Performance

Using the S&P 500 Index as a point of reference, equities demonstrated considerable strength during the quarter. Nine of 10 GICS sectors in the index were well into positive territory, with gains of 5% or greater, led by information technology (a stalwart all year long) and the resurgent health care and consumer discretionary sectors. Meanwhile, however, the financials sector retreated by 3% as worries resurfaced regarding the strength of bank balance sheets, the impact of capital raises associated with repayment of the TARP funds and concerns over the potential fall-out associated with the Federal Reserve's intended curtailing of its mortgage-backed securities purchases.

At an industry level, performance was also generally solid, with a substantial majority of GICS industry groups producing a gain. Market leadership encompassed a variety of areas. Industry-level performance blemishes were confined to the financials sector. Three groups — diversified financials (-6%), banks (-3%), and insurance (-2%) — had losses.

In terms of equity market characteristics, other than micro-cap stocks, everything else (small/medium/large; growth/value/core) was up during the quarter with some notable differentiation in terms of market cap and style. The best places to be were large cap and growth. Based on Russell 1000 Index and Russell 2000 Index performance, large-cap equities topped their small-cap peers by about 2.2% in the quarter and inched ahead for the calendar year. Within the large-cap realm, the Russell 1000 Growth Index and Russell 1000 Value Index posted total quarterly returns of 7.94% and 4.22%, respectively. For 2009 as a whole, growth trounced value by 1,752 basis points, buoyed in large part by a powerful and remarkably consistent rally throughout the year in technology-related companies.

Performance Contributors¹

Portfolio Holding	GICS Industry Group	Average Portfolio Weight %
▪ Google	▪ Software and services	▪ 6.19
▪ Apple	▪ Technology hardware and equipment	▪ 5.12
▪ Visa	▪ Software and services	▪ 3.39
▪ American Express	▪ Diversified financials	▪ 2.73
▪ MasterCard	▪ Software and services	▪ 2.47

Performance Detractors¹

Portfolio Holding	GICS Industry Group	Average Portfolio Weight %
▪ Transocean	▪ Energy	▪ 4.96
▪ JPMorgan Chase	▪ Diversified financials	▪ 4.38
▪ Goldman Sachs	▪ Diversified financials	▪ 4.12
▪ Gilead Sciences	▪ Pharmaceuticals, biotechnology and life sciences	▪ 2.33
▪ Wynn Resorts	▪ Consumer Services	▪ 1.01

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 **Standard & Poor's (S&P) 500 Index** tracks the performance of 500 widely held, large-capitalization U.S. stocks.

The **Russell 1000 Index** is an unmanaged index that tracks the performance of 1,000 of the largest U.S. companies based on market capitalization.

Reuters/Jefferies CRB Index is designed to provide timely and accurate representation of a long-only, broadly diversified investment in commodities.

The **Russell 2000 Index** measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index.

The **Russell 1000 Growth Index** is an unmanaged index that measures the performance of those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 1000 Value Index** measures the performance of those Russell 1000 Index companies with lower price-to-book ratios and lower forecasted growth values.

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

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

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.

There is no assurance that any securities discussed herein will remain in an account's portfolio at the time you receive this report or that securities sold have not been repurchased. It should not be assumed that any securities transactions or holdings discussed were or will prove to be profitable, or that the investment recommendations or decisions made in the future will be profitable or will equal the investment performance of the securities discussed herein.