

Products Covered:

- Columbia Small Cap Value Fund II

Our strategy remains focused on researching companies whose valuation gap is likely to shrink in the near term. We seek stocks that are both inexpensive and showing improving operating performance metrics.

Investment Risks

Share prices of small-capitalization companies tend to be more volatile because small companies often have narrower markets, limited financial resources and stocks that are not as actively traded as large-company stocks.

Quarterly Overview¹

In the fourth quarter, the U.S. equity market continued to move higher, posting a third consecutive quarterly gain. Following a pullback in October, equity markets resumed in November and December with an upward march that had characterized much of 2009.

Small-cap stocks underperformed their large-cap counterparts, as evidenced by the Russell 3000 Index returning 5.90% versus 3.87% for the Russell 2000 Index. Growth outpaced value as the Russell 2000 Growth Index returned 4.14% versus the 3.63% return for the Russell 2000 Value Index. Columbia Small Cap Value II Fund finished essentially in line with the Russell 2000 Value Index for the quarter. For the year 2009, the fund finished ahead of the benchmark's 20.58% return.

Sector returns within the portfolio were mostly in the single digits. Consumer staples and health care experienced double-digit returns. However, information technology and telecommunications both posted negative returns. On an absolute and relative basis, consumer discretionary, financials and consumer staples benefited fund performance for the quarter. Information technology and materials were detractors.

In aggregate, portfolio positioning was not a factor in the quarter.

Stock selection was strongest in consumer discretionary, with auto components and household durables showing the strongest performance on both a relative and absolute basis. Performances by both ArvinMeritor and Tenneco contributed nicely to relative results, as did Tupperware. Specialty retailer Pier 1 Imports was a solid contributor, helped by improving sales reports.

In financials, strong selection in commercial banks boosted results. Shares of both East West Bancorp and IBERIABANK rose in the fourth quarter on separate acquisitions of troubled banks. This validated our strategy to own the financially stronger banking franchises that can acquire weakened competitors. Umpqua Holdings added positively to results, as did avoiding a spate of companies that underperformed.

In the consumer staples sector, good results came from singular holdings within each of the personal and food products industries. Nu Skin was the sole personal products standout last quarter with record revenue and earnings-per-share growth. Nu Skin's growth was based on anticipation of its widely promoted anti-aging formula to be released worldwide in early 2010. American Italian Pasta, a recent portfolio addition, also did well in the quarter.

On the downside, negative stock selection in both information technology and materials detracted from performance. Holdings in the electronic equipment industry pressured returns with a negative double-digit performance by Technitrol. Holdings in the communications equipment industry also hampered results, as Ciena suffered losses.

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.

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

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

Atmos Energy	1.18
New Jersey Resources	1.17
American Italian Pasta	1.17
LaSalle Hotel Properties	1.17
East West Bancorp	1.13
Pier 1 Imports	1.12
Mid-America Apartment Communities	1.12
Brandywine Realty Trust	1.10
Platinum Underwriter Holdings	1.09
Invacare	1.08

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.

Outlook

Our strategy remains focused on researching companies where we believe the valuation gap is likely to shrink in the near term. We accomplish this by focusing on what we call an upward inflection point, which essentially means we want stocks that are both inexpensive and showing improving operating performance metrics. Moving into 2010, the portfolio starts the year with an underweight in financials and utilities due to ongoing concerns about credit issues. Overweights are in the information technology, consumer staples and industrials sectors.

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 **Russell 3000 Index** measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market.

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 2000 Growth Index** is an unmanaged index that measures the performance of those Russell 2000 Index companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 2000 Value Index** tracks the performance of those Russell 2000 Index companies with lower price-to-book ratios and lower forecasted growth values.

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.

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.