

## Products Covered:

- Columbia Small Cap Growth Fund I

*We are mindful of the tremendous price appreciation many small-cap stocks have experienced, and we plan to remain true to our investment process: constructing a portfolio of self-funding growth companies that have competitive advantages and offer the best balance between risk and reward in terms of valuations.*

**Investment Risks**

Risks include stock market fluctuations due to business and economic developments. Investments in small-cap companies may be subject to greater volatility and price fluctuations because they may be thinly traded and less liquid.

**Signs of economic stabilization extended equity market rally**

Equity markets posted their third consecutive gain in the fourth quarter of 2009. Even though the markets took a pause in October, the trend toward higher prices resumed in November and December. For the year, the U.S. equity markets posted their biggest annual gain since 2003, and commodities rallied worldwide as the Federal Reserve and other central banks kept interest rates at extremely low levels and governments around the world enacted massive stimulus programs in an attempt to jump-start economic growth out of a deep recession. At quarter end, the S&P 500 Index had moved 65% off its March 9 low. Numerous data points, ranging from selected areas of housing, manufacturing and credit market spreads, pointed to a stabilizing global economy.

In this environment, large-cap stocks outperformed small-cap stocks. The Russell 1000 Index returned 6.07% versus 3.87% for the Russell 2000 Index. In terms of investment style, using the Russell 3000 Growth Index and the Russell 3000 Value Index as proxies, growth equities outperformed value equities for the quarter by almost 350 basis points — and an astounding 1,725 basis points for the year. Performance was driven by technology companies, which are more heavily represented in the growth index. Within the benchmark Russell 2000 Growth Index, all 10 economic sectors posted positive absolute returns, led by the consumer staples, energy and materials sectors, while the health care, financials, utilities and industrials sectors were areas that lagged the benchmark on a relative basis.

The Columbia Small Cap Growth I Fund outperformed its benchmark, the Russell 2000 Growth Index, for the fourth quarter of 2009. Stock selection within the consumer discretionary, industrials, health care and financials sectors aided relative performance, while an underweight in the strong-performing consumer staples sector and stock selection within telecommunication services detracted from the quarter's performance.

**Contributors and detractors<sup>1</sup>**

Within the consumer discretionary sector, entertainment technology company IMAX performed well, as the company took steps to repair a debt-laden balance sheet. It is competitively positioned to take advantage of the growing popularity of 3D and digital cinema among audience members. The shift to digital has helped the company expand its range of offerings, including this year's blockbuster film, *Avatar*, which has recently become the third-highest-grossing movie at the domestic box office. Premium bed manufacturer and marketer Tempur-Pedic International continued to benefit from successful marketing efforts, which, coupled with a stabilizing consumer environment, have led to improved volume trends — and a higher share price. In the industrials sector, a holding in Trina Solar, a China-based solar-power product manufacturer, contributed to performance on improved visibility in solar demand and continued strength in the company's developed European markets. The company has also benefited from favorable contract terms, which will help it maintain its manufacturing cost leadership position. Surface mining equipment manufacturer Bucyrus International made a positive contribution to relative performance, as the company made a strategic acquisition of a competitor during the quarter. Through the acquisition, Bucyrus is expected to gain access to mines where the company did not have previous product exposure and to benefit from an anticipated replacement cycle as older mining equipment is replaced with more efficient hydraulic shovels. Within health care, specialty pharmaceutical company Ipax Laboratories contributed to

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

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

Veeco Instruments	1.96
Schweitzer Mauduit International	1.90
Tempur-Pedic International	1.84
Dollar Thrifty Automotive Group	1.72
Vistaprint	1.38
Human Genome Sciences	1.35
GSI Commerce	1.31
Deckers Outdoor	1.27
Waddell & Reed Financial	1.27

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.

performance on the strength of the company's generic portfolio of pharmaceuticals, which is expected to benefit from health care reform being debated in Washington. In the financials sector, regional bank East West Bancorp performed well during the quarter after the company acquired the deposits and majority of assets of a failed competitor through an FDIC-assisted transaction. The acquisition significantly expanded the company's asset base and increased its presence among its core Chinese-American demographic customer base.

The portfolio's underweight in the consumer staples sector, the strongest-performing sector in the index, detracted from performance. Within the personal products industry, an underweight in Chattem, a manufacturer and marketer of a broad portfolio of branded over-the-counter health care products, detracted from relative performance, as the company was acquired at a premium during the quarter. Cogent Communications, a provider of premium Internet service and data communication to small and mid-sized businesses, hurt performance within the telecommunication services sector. During the quarter, Cogent announced earnings results that fell short of Wall Street expectations in terms of revenue and customer growth, causing the stock to underperform. The position in Cogent has since been liquidated from the portfolio.

**Looking ahead**

We continue to see signs that the economic environment is improving. Against that backdrop, we plan to invest in small companies that we think will benefit from a growing global economy. We expect companies with healthy balance sheets to increase capital spending as the economy stabilizes and visibility improves for their businesses. Additionally, merger and acquisition activity has increased, as the credit markets have healed and businesses look to increase market share with strategic alliances. We believe this environment will continue to benefit small-cap stocks. However, we are mindful of the tremendous price appreciation many small-cap stocks have experienced since hitting their lows in early March 2009, and we plan to remain true to our investment process: constructing a portfolio of self-funding growth companies that have competitive advantages and offer the best balance between risk and reward in terms of valuations.

**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](http://www.columbiamanagement.com).**

**The Russell 1000 Index** measures the performance of 1,000 of the largest U.S. companies, based on market capitalization.

**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 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 3000 Growth Index** measures the performance of those Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth values.

**The Russell 3000 Value Index** measures the performance of those Russell 3000 Index companies with lower price-to-book ratios and lower forecasted growth values.

**The Russell 2000 Growth Index** measures the performance of those Russell 2000 Index companies with higher price-to-book ratios and higher forecasted growth values.

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

<sup>1</sup>Determinations 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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