

Products Covered:

- Columbia Acorn International

The fund remained ahead of both its benchmark and the average fund in its peer group for the three- and five-year periods. We intend to continue to manage the fund with a focus on long-term performance.

Investment Risks

International investments involve greater potential risks, including less regulation, currency fluctuations, economic instability and political developments. Investments in small- and mid-cap companies may be subject to greater volatility and price fluctuations because they may be thinly traded and less liquid.

Investing in emerging markets may involve greater risks than investing in more developed countries. In addition, concentration of investments in a single region may result in greater volatility.

International equities continued to rebound

Much has been written in the financial press about the equity market's return from the precipice after a difficult start to 2009. We will not reproduce that discussion here, other than to note that the market rebound that continued through the fourth quarter generally played out in a fashion consistent with a sudden subsidence of risk aversion across the board. The riskiest equities, including illiquid micro-caps, highly indebted companies and emerging market stocks, continued to lead the charge upward. In contrast, lower-risk markets such as Japan, where valuations are cheap, balance sheets overcapitalized and growth expectations too anemic to provide cause for disappointment, barely moved. The Japanese market rose a mere 4% in U.S. dollar terms in 2009. Across most markets, share price performance was negatively correlated with size, as smaller-capitalized stocks outperformed large caps.

In this environment, Columbia Acorn International outperformed its benchmark, the S&P Global Ex-U.S. Between \$500 Million and \$5 Billion Index, which returned 3.46% for the fourth quarter. For the calendar year, the fund trailed its benchmark by more than four percentage points despite a spectacular return. We would note that, while the fund's strong annual return was both pleasing and rare, it followed a significant loss in 2008. We still have not returned to the fund's 2008 high.

Stock selection drove performance¹

Standout performers for the fourth quarter included Naspers. With a dominant pay-TV franchise in sub-Saharan Africa and a large stake in Tencent, a Hong Kong-listed Internet service provider and gaming company targeting the Chinese market, many investors have been unsure how to analyze the company. Shareholders can thank our analyst, Fritz Kaegi, for ferreting out this South African company, which more than doubled in 2009 and is now the fund's largest position. Hexagon, a Swedish manufacturer of measurement equipment, was also strong for the quarter. The company's business fundamentals remained robust throughout the recession. This was due, in part, to its focus on emerging markets, where growth has proven to be more stable.

On the downside, Japanese cash machine network operator, Seven Bank, which operates ATMs at convenience stores, also lost significant ground as deflation expectations and weak consumer spending reduced cash withdrawals. New consumer finance regulations also constrained high-margin lending on ATM cards.

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	
Naspers	1.81
Olam International	1.48
Eldorado Gold	1.27
Serco Group	1.25
Localiza Rent A Car	1.25
Hexagon	1.25
Kansai Paint	1.23
Imtech NV	1.13
Suzano Papel	1.13
Atwood Oceanics	1.08

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

Outlook

We manage Columbia Acorn International with the intention of holding investments for three to five years, which is relatively long among international small-cap managers. We believe that fund performance should be considered in this context. The fund remained ahead of both its benchmark and the average fund in its peer group for the three- and five-year periods. We intend to continue to manage the fund with a focus on long-term performance.

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 **S&P Global Ex-U.S. Between \$500 Million and \$5 Billion Index** is a subset of the broad market selected by the index sponsor representing the mid- and small-cap developed and emerging markets, excluding the United States.

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

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

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