

Multi-Advisor International Equity

Commentary

Products Covered:

- Columbia Multi-Advisor International Equity Fund

It is likely that equity markets are in a sweet spot, with undemanding valuations, stimulative monetary and interest rate policies globally and continuing signs that the economy is on its way to a recovery.

Market environment

International equities in developed markets once again were resurgent during the third quarter. Stocks were boosted by a variety of data that suggested a global economic recovery was underway and gaining momentum, aided by an unprecedented amount of global government stimulus. Developed international equity markets, as represented by the MSCI EAFE Index, rose 19.47% in dollar terms — a very strong return in its own right but particularly so considering that its largest country-level constituent (Japan) gained a relatively modest 7%. U.S. dollar weakness (the dollar slipped lower by 4.3% during the quarter) created a substantial positive currency translation effect for U.S.-based international equity investors; the MSCI EAFE Index's quarterly return measured in local currency terms was 14.82%. Emerging market equities also demonstrated widespread strength. The MSCI Emerging Markets Index soared 21.04% during the quarter. The BRIC countries (encompassing Brazil, Russia, India and China) gained 18.13% as a group and shrugged off a substantial sell-off in the Chinese equity market in August. Year to date, the MSCI Emerging Markets Index and BRIC group produced stunning gains of 65% and 75%, respectively — far in excess of the performance produced in both developed international and U.S. markets.

At a country level, performance strength was widespread. All 23 of the MSCI EAFE Index's country-level constituents were well into positive territory, with only Japan producing a gain of less than 10%. The six largest country positions, representing 77% of the index on average, produced gains ranging from 33% (Australia) to 7% (Japan). From an economic sector standpoint (using the EAFE Index as a reference), the performance picture was similarly upbeat. All 10 Global Industry Classification Standard (GICS) sectors in the index rose substantially, paced by the still-resurgent financials sector. There also was a plethora of strength elsewhere in a variety of sectors, with relatively little differentiation in returns.

Performance contributors and detractors for the portion managed by Marsico Capital Management¹

Contributors	GICS Industry Group	Average Portfolio Weight (%)
CEMEX S.A.B. de C.V. (ADS)	Materials	2.89
Anheuser-Busch InBev	Food Beverage & Tobacco	3.39
Daimler AG	Automobiles & Components	2.36
Credit Suisse Group AG	Diversified Financials	3.48
Gafisa S/A	Consumer Durables & Apparel	1.17

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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Investment Risks

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

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

Multi-Advisor International Equity

Top Holdings (% of net assets)	
Banco Bilbao Vizcaya Argentina	2.18
Transocean Ltd	2.10
Vestas Wind Systems	2.09
Vodafone Group	1.99
BP PLC	1.92
Credit Suisse Group	1.92
Banco Santander SA	1.73
DaimlerChrysler AG	1.69
HSBC Holdings PLC	1.61
Telefonica SA	1.52

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.

Detractors	GICS Industry Group	Average Portfolio Weight (%)
GAM Holding AG	Diversified Financials	1.16
Mizuho Financial Group Inc.	Banks	2.98
Daiwa Securities Group Inc.	Diversified Financials	2.02
BMW AG	Automobiles & Components	0.09
BG Group PLC	Energy	0.13

In terms of international investment style, the quarter was decisively a value-led market. The MSCI EAFE Value Index and MSCI EAFE Growth Index had quarterly returns of 22.13% and 16.78%, respectively. The value index's higher weighting in financial-services-related holdings was the primary underlying reason for its substantial outperformance during the quarter.

The portion of Columbia Multi-Advisor International Equity Fund managed by Marsico Capital Management underperformed its primary benchmark, the MSCI EAFE Index, for the third calendar quarter of 2009. The benchmark index had a total return of 19.47% for the period.

Market concern now is turning to when and how the economic stimulus will be withdrawn and what are the longer-term impacts of significant government borrowing. Currently, however, it is likely that equity markets are in a sweet spot, with undemanding valuations, stimulative monetary and interest rate policies globally and continuing signs that the economy is on its way to a recovery. Historically the best returns in the stock market are earned in the two to three years following economic crisis, and so far the current recovery seems to be following that road map.

Performance contributors and detractors for the portion managed by Columbia Management Advisors¹

The portion of Columbia Multi-Advisor International Equity Fund managed by Columbia Management Advisors delivered a strong absolute return, but underperformed the primary benchmark, the MSCI EAFE Index, during the third quarter. The benchmark index posted a return of 19.47% for the quarter with all 10 sectors in positive territory for the period.

The strategy's overweight in the financials sector, which was the strongest area for the benchmark, and underweight in the information technology sector, a relative laggard, were beneficial this quarter. This overweight to financials overshadowed the negative effects from stock selection in the sector, as the portfolio's holdings in the insurance and real estate investment trusts industries did not keep pace with the benchmark. The strategy's positions in the industrials sector did well relative to the benchmark and outperformed in the airlines and machinery industries. Turkish airline Turk Hava Yollari and Demag Cranes, a German provider of industrial cranes, both posted strong returns. In information technology, stock selection aided relative performance in the communications equipment and information technology services industries.

The portfolio outperformed on a relative basis versus the benchmark in the countries of Spain, the Netherlands and Switzerland. Holdings in Spanish banks Banco Santander and Banco Bilbao Vizcaya Argentaria, Netherlands-based ING Groep and

Swiss chemical manufacturer Clariant all delivered strong results and drove the outperformance.

The portfolio struggled in the consumer discretionary, materials and energy sectors during the quarter. In consumer discretionary, positions in Japanese automakers Daihatsu and Toyota Motor along with motorcycle manufacturer Yamaha all held back relative performance from the period. Greece's lottery game operator OPAP struggled last quarter, posting a negative return also in consumer discretionary. The containers and packaging and metals and mining industries proved challenging last quarter, as the portfolio's holdings did not keep pace with the benchmark. In energy, positions in Aker Solutions and Technip underperformed relative to the benchmark, as both posted negative returns.

On a country level, the strategy's most notable areas of weakness occurred in Japan and the United Kingdom, both with negative stock selection, which accounted for the bulk of the underperformance for the quarter. The portfolio's modest underweight to Japan was beneficial but could not overcome the negative stock selection from holdings such as Toyo Seiken Kaisha, a manufacturer of food and beverage containers. In the United Kingdom, a number of names in the insurance industry, as well as specific holdings in the industrials sector, including BAE Systems, a defense system provider, and engineering and consulting firm WS Atkins, underperformed relative to the benchmark.

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 **Morgan Stanley Capital International Europe, Australasia, Far East (MSCI EAFE) Index** is a capitalization-weighted index that tracks the total return of common stocks in 21 developed-market countries within Europe, Australasia and the Far East.

The **Morgan Stanley Capital International Emerging Markets Index (MSCI EMI)** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. As of June 2006, the MSCI Emerging Markets Index consisted of the following 25 emerging market country indices: Argentina, Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Israel, Jordan, Korea, Malaysia, Mexico, Morocco, Pakistan, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand and Turkey.

The **Morgan Stanley Capital International Europe, Australasia, Far East (MSCI EAFE) Value Index** is a subset of the MSCI EAFE Index, and constituents of the index include securities from Europe, Australasia and the Far East. The index generally represents approximately 50% of the free float-adjusted market capitalization of the underlying MSCI EAFE Index, and consists of those securities classified by Morgan Stanley Capital International, Inc. (MSCI) as most representing the value style, such as higher book-value-to-price ratios, higher forward earnings-to-price ratios, higher dividend yields and lower forecasted growth rates than securities representing the growth style.

The **Morgan Stanley Capital International Europe, Australasia, Far East (MSCI EAFE) Growth Index** is a subset of the MSCI EAFE Index, and constituents of the index include securities from Europe, Australasia and the Far East. The index generally represents approximately 50% of the free float-adjusted market capitalization of the MSCI EAFE Index, and consists of those securities classified by Morgan Stanley Capital International, Inc. (MSCI) as most representing the growth style, such as higher forecasted growth rates, lower book-value-to-price ratios, lower forward earnings-to-price ratios and lower dividend yields than securities representing the value style.

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.

Effective July 8, 2009, Causeway Capital Management LLC (Causeway) no longer serves as a sub-advisor to Columbia Multi-Advisor International Equity Fund. On the effective date, Columbia Management Advisors, LLC (the Advisor) assumes day-to-day management responsibility for the portion of the fund's assets previously sub-advised by Causeway.

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