

**Products Covered:**

- Columbia Mid Cap Growth Fund

*Because we continue to see signs that the economic environment is improving, we are biased toward investing in mid-cap companies that have the potential to benefit from a growing global economy.*

**Investment Risks**

Equity securities are subject to stock market fluctuations that occur in response to economic and business 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.

**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 Midcap Growth Index, all 10 economic sectors posted positive returns, led by telecommunications, technology and health care, while materials, utilities and consumer staples lagged the benchmark's overall return.

For the fourth quarter, the Columbia Mid Cap Growth Fund performed in line with the Russell Midcap Growth Index, which returned 6.69%. Relative performance was helped by stock selection within the materials, industrials and telecommunications sectors, while stock selection within health care and technology detracted from relative performance.

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

Although materials was an underperformer for the index, stock selection bolstered returns from materials stocks for the fund. Cliffs Natural Resources, the largest producer of iron ore pellets in North America, announced two strategic acquisitions during the quarter, beat earnings expectations and forecasted higher sales across the board in 2010, driving its share price higher. Also within the materials sector, Potash Corp. of Saskatchewan, one of the world's largest producers and marketers of agricultural fertilizer products, posted positive returns for the fund as some progress was made in the Chinese potash negotiations, which have dominated the fertilizer market's attention in recent months. In addition, positive news on negotiations with Brazil and anticipation regarding tight supplies of crop nutrients leading into next year's planting season helped boost the company's stock price. Surface mining equipment manufacturer Bucyrus International contributed 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 to which the company did not previously have exposure and to benefit from the anticipated replacement cycle as

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

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

Analog Devices	2.09
Nordstrom	1.63
Laboratory Corp of America	1.56
Priceline	1.46
Waddell & Reed Financial	1.44
Life Technologies	1.39
Precision Castparts	1.34
Avon	1.28
H.J. Heinz	1.26
Cognizant Technology Solutions	1.26

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.

older mining equipment is replaced with more efficient hydraulic shovels. In the telecommunication services sector, shares of wireless tower companies SBA Communications, Crown Castle International and American Tower made a positive contribution to relative performance, as investors were attracted to their stable revenue streams as well as the positive near- and long-term fundamentals of rising cell site demand, which is being driven by wireless data growth.

These attractive relative results were partially offset by disappointing relative returns in health care. Illumina, which provides genetic research tools and services, continued to struggle from the timing of the dispersion of economic stimulus funds as well as expectations for a slower recovery in genomewide association studies. Icon, which provides clinical research and development services to the pharmaceutical and biotech industries, hurt relative performance after the company announced it had received a warning letter from the FDA regarding clinical study management services provided to a client during two studies it had conducted in prior years. However, we do not believe that the receipt of this letter is indicative of systemic quality issues at the company. Within the semiconductor industry, an underweight in graphics chip manufacturer NVidia hurt performance, as positive seasonal PC demand and video gaming trends boosted the company's stock price during the fourth quarter.

**Looking ahead**

Because we continue to see signs that the economic environment is improving, we are biased toward investing in mid-cap companies that have the potential to benefit from a growing global economy. Against this economic backdrop, we would expect to see increased spending from corporations with healthy balance sheets. Many of these companies postponed capital investments, awaiting the return of a greater sense of normalcy and future visibility. Additionally, the healing that has taken place in the credit markets has recently spurred an increase in merger and acquisition activity among businesses looking to increase market share with strategic alliances. We believe that mid-caps stand to benefit from this environment. That said, we are mindful of the tremendous price appreciation that many mid-cap stocks have experienced since hitting their lows in early March 2009, and we remain true to our investment process: seeking to construct a portfolio of self-funding growth companies that have competitive advantages and offer attractive risk/reward profiles in terms of valuation.

**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 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 Midcap Growth Index** measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. The stocks are also members of the Russell 1000 Growth Index.

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.

<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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