

**Products Covered:**

- Columbia Emerging Markets Fund

*The fund continues to focus on countries with solid long-term growth characteristics such as good demographics and low debt levels.*

**Investment Risks**

Funds that concentrate their investments in a geographic region may expose an investor to greater volatility: for example, currency fluctuations, differences in security regulations, accounting standards, foreign taxation regulations and political risks. These risks may be enhanced in emerging markets. Investments in equity securities are subject to sudden and unpredictable drops in value and periods of lackluster performance.

**Review of the Quarter**

The MSCI Emerging Markets Index continued its torrid run, finishing the fourth quarter up 8.55%. Calendar year 2009 now represents the best year in the history of the index, posting a return of 78.51%. The index was driven higher, as the developed world began to emerge from recession and the emerging world continued on a trajectory of sustained growth.

The MSCI Emerging Market Index again outperformed developed market peers during the quarter. Returns were consistent across the universe with all sectors and regions posting positive returns. With the world showing signs of returning to growth, it is no surprise that the resource-rich countries of Latin America were among the strongest-performing countries, highlighted by strong returns in Brazil (+12.07%), Chile (+17.06%) and Mexico (+13.67%).

On a sector basis, with economic conditions continuing to improve, it is no surprise that the more cyclical sectors continued to outperform. Interestingly though, consumer staples, a traditionally defensive sector, had the best performance of the group at 15.62%. Likewise, health care, again perceived to be a defensive group, posted a stellar return of 13.54%, strongly outperforming the index. We view both of these groups as high quality ways to gain exposure to our long-held secular theme of an emerging middle class, which should not be viewed as mere defensive sectors.

Another highlight on a sector basis is the continued strong performance of the materials sector, up 13.69% for the quarter, driven by the continued industrialization of countries and the continued supply disruptions many of the key commodities face. In terms of underperformers, telecommunication services only increased by 1.69%, as many of the companies are facing increased competition and increased regulation in their home markets. Financials also underperformed, albeit up 6.59%, as investors are beginning to look forward to the removal of the massive monetary stimulus we have seen worldwide.

**Performance<sup>1</sup>**

Columbia Emerging Markets Fund performed well during the quarter with a return slightly less than its benchmark. Stock selection was the key driver of returns. Strong performance from Yanzhou Coal, Straits Asia Resources and Tambang Batubara, all Asian coal mining companies, led to strong stock selection within the energy group. A position in Turk Hava Yolari, a Turkish airline, contributed to strong stock selection in industrials. Positions in Indocement and Vale led to strong performance from the materials group. Stock selection in the consumer discretionary space was poor, as positions in Melco (since exited) and Wynn Macau, both Asian gaming companies, failed to keep pace. On a country basis, the fund benefited from overweight positions in Brazil and Turkey, while an underweight position in Israel detracted from performance.

**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	
Petro Brasileiros	4.63
Samsung Electronics	3.71
Companhia Vale Do Rio Doce	3.61
Itau Unibanco	2.16
Hon Hai Precision	2.03
China Life Insurance	1.81
China Construction Bank	1.81
Oil Co Lukoil	1.73
OJSC OC Rosneft	1.63
Industrial & Commercial Bank of China	1.39

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 long-term focus continues to be on companies that can benefit from the emergence of a strong middle class in developing nations and from the continued industrialization of these economies. We believe these are secular trends that will continue to play out. The fund continues to focus on countries with solid long-term growth characteristics such as good demographics and low debt levels. We continue to see a return of growth in many emerging market economies and continued stabilization in the developed world. Global monetary policy remains very lax, which provides a benign backdrop for emerging market equities. We expect to see a number of countries begin to tighten policy in the coming 12 months but only as growth in their economies becomes more stable and sustainable. Valuations have returned to more normal levels but we still find many compelling growth opportunities throughout the universe. We continue to focus on quality companies that will be able to gain market share and hence grow their earnings power throughout the cycle.

**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 **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.

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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