

Products Covered:

- Columbia Dividend Income Fund

We believe that higher-quality companies should continue to outperform in the coming months as investors pay more attention to company business prospects and valuation.

Investment Risks

Dividend payments are not guaranteed. The amount of a dividend payment, if any, can vary over time.

Higher-quality companies fueled fourth quarter rally

The stock market continued to move higher in the fourth quarter, supported by tremendous liquidity. However, the characteristics of the rally began to shift during the quarter as investors focused more on company business prospects. As a result, higher-quality companies outperformed lower-priced and lower-quality companies for the quarter. The Columbia Dividend Income Fund benefited from this shift and outperformed its benchmark, the Russell 1000 Index.

Positive contributions from a range of sectors¹

The fund's financials holdings made a positive contribution to relative performance during the quarter as lower-quality stocks that had done well in the third quarter underperformed higher-quality stocks, such as American Express and T. Rowe Price.

The fund's industrials also made a positive contribution to relative performance during the quarter. Deere enjoyed double-digit returns as investors looked ahead for global agricultural strength. Norfolk Southern returned over 20% as the company announced solid third-quarter results, helped by lower costs and improved pricing. Railroad stocks got a boost when Warren Buffet announced his acquisition of Burlington Northern Santa Fe.

The information technology sector performed well in the fourth quarter, and the fund's inherent underweight in the sector was a drag on the performance. However, Microsoft was a bright spot in the sector. The company had a strong return for the quarter as investors looked ahead to a potential strong product replacement cycle with the recent release of the Windows 7 operating system.

Portfolio activity targets companies with turnaround potential

During the quarter, we initiated a position in Foot Locker, one of the world's leading retailers of athletic footwear and apparel. Foot Locker operates approximately 3,600 athletic retail stores in 21 countries in North America, Europe and Australia under the brand names Foot Locker, Footaction, Lady Foot Locker, Kids Foot Locker and Champs Sports. Although the company is profitable and generates robust free cash flow from operations, its same store sales have been negative for years. However, the company recently brought on former JCPenney executive Ken Hicks as its new CEO. We believe that he will pursue a more aggressive strategy to improve financial performance at the company. In addition, we believe that the stock offered a very attractive dividend yield.

During the quarter, we swapped our position in Bank of New York for Northern Trust, a company that generates the majority of its revenues from two primary business units: Corporate and Institutional Services and Personal Financial Services. The Corporate and Institutional Services unit provides asset servicing, asset management and related services to corporations, pensions, endowments and mutual funds. The Personal Financial Services unit serves high-net-worth families and individuals through a national branch network of more than 80 offices in 18 states. Northern Trust has a strong franchise and has been a consistent performer over the

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**

AT&T	3.40
Merck	3.04
Verizon Communications	2.92
International Business Machines	2.82
Exxon Mobil	2.68
Microsoft	2.56
JPMorgan	2.38
Philip Morris	2.23
Royal Dutch Shell	2.20
Bristol-Myers Squibb	2.12

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.

years. We consider it to be a higher quality bank than Bank of New York and the stock was trading at an attractive valuation on a historical basis.

Looking ahead

Even with their outperformance in the fourth quarter, higher-quality companies still significantly underperformed lower-quality companies over the past few quarters, and their valuations remain relatively attractive. We believe that higher-quality companies should continue to outperform in the coming months as investors pay more attention to company business prospects and valuation. With this in mind, we continue to favor companies with solid balance sheets that generate strong and sustainable free cash flow from operations. We believe that the fund is well positioned to benefit from this investment theme.

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 **Russell 1000 Index** is an unmanaged index that tracks the performance of 1,000 of the largest U.S. companies based on market capitalization.

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.

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

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