

**Products Covered:**

- Columbia Acorn Fund

*While we are happy with the results of the fourth quarter and the calendar year, we realize that additional gains are required to return the fund to its previous high.*

**Investment Risks**

Risks include stock market fluctuations due 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. The fund may invest in foreign securities, which may be subject to greater volatility than domestic investments.

**Market rally matured in the fourth quarter**

In the fourth quarter, a market rally that began at the end of the first quarter showed signs of maturing, as investors began to turn their attention from riskier names to more stable companies with long-term potential. In this environment, Columbia Acorn Fund outperformed its primary benchmark, the Russell 2500 Index, and also the S&P 500 Index, which returned 5.08% and 6.04%, respectively, for the same period. Russell 2500 performance was driven by the telecom and utilities sectors while consumer staples and financials underperformed.

**Energy, telecom and retailers were strong contributors to performance<sup>1</sup>**

Energy stocks were important contributors to fund performance for the fourth quarter and also for the calendar year. Offshore oil service providers FMC Technologies, Fugro and Atwood Oceanics rose on strong volume and revenue gains. Higher production from oil and gas producers drove solid returns from Southwestern Energy and Pacific Rubiales Energy while XTO Energy rose as it announced it was being sold.

Telecom stocks were also strong performers for the quarter. Communications tower company Crown Castle International provided the fund’s largest dollar gains for the fourth quarter and also for the year. We had added to the fund’s position in Crown Castle during the credit crunch in late 2008, correctly believing in the company’s business model and its ability to service a fairly large debt load. Service provider tw telecom was another strong performer for the quarter and also for the calendar year, as its business model proved to be fairly resistant to the recession.

After a tough 2008, retailers cashed in big gains in 2009. Earnings rose for J. Crew and Urban Outfitters, the result of strong product lines, market share gains and expense controls. Chico’s FAS rebounded, as new management executed a turnaround plan. Solid management execution also drove up the share price of handbag designer and marketer Coach.

**International holdings benefited returns<sup>1</sup>**

Overall, the fund’s foreign stocks rose strongly during the fourth quarter. The fund benefited from its relatively large weights in foreign energy and materials stocks where Fugro and Pacific Rubiales Energy, mentioned above, were top contributors. At year end, international stocks accounted for 11.1% of the fund’s assets.

**A few disappointments<sup>1</sup>**

Given the fund’s strong overall results, disappointments were few. In the financials sector, Associated Banc-Corp, MB Financial and Valley National Bancorp lost ground for the calendar year. During the fourth quarter, Illumina, a maker of medical devices, was the largest dollar loser, as revenues declined.

**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**

Crown Castle International	1.74
Coach	1.47
Informatica Corp	1.23
FMC Technologies	1.22
Donaldson	1.21
Amphenol	1.19
Ametek	1.17
Bally Technologies	1.13
tw telecom	1.10
Fugro NV	1.09

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.

**Looking ahead**

We spent much of the past 15 months dealing with a volatile stock market and a weak economy. Understanding that smaller caps and more risky stocks have historically tended to recover the most off a deep market bottom, we prudently pursued them and many of those investments were successful. Now, we are pursuing companies with the potential for good earnings growth. While we are happy with the results of the fourth quarter and the calendar year, we realize that we have still not returned to the fund's 2008 high.

**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 2500 Index** is an unmanaged index that tracks the performance of the 2,500 smallest companies in the Russell 3000 Index.

The **Standard & Poor's (S&P) 500 Index** is an unmanaged index that tracks the performance of 500 widely held, large-capitalization U.S. stocks.

Unlike mutual funds, indices are not managed and do not incur fees or expenses. 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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