



ColumbiaManagementSM

Columbia Convertible Securities Fund

Hello, my name is David King, Portfolio Manager of the Columbia Convertible Securities Fund. Today, I'd like to spend a few minutes discussing convertible securities, and how our fund is positioned to take advantage of current conditions.

Why convertible securities?

Convertible securities are income and growth instruments. They combine the characteristics of corporate bonds or preferred stocks with the option to convert into a common stock at a pre-determined price. This combination of fixed income and equity-like characteristics can provide an attractive risk/reward profile for investors.

Given the historic volatility of the stock market and the low interest rates prevalent today, convertible securities may offer investors an opportunity to improve the risk and return characteristics of their portfolios.

Convertible securities can increase the capital appreciation potential of a bond-heavy portfolio, providing a hedge against inflation in case the economy returns to stronger growth.

Equity-oriented portfolios can benefit from the higher current income and historically lower volatility of convertibles. It is also worth noting that convertibles have actually outperformed broad stock market averages over many time periods, due to the smaller size and higher growth potential of the companies which tend to issue convertible securities.

How is your fund positioned to take advantage of current market conditions?

We are currently more focused on equity-related opportunities in the convertible market. A strong recovery in credit markets began in late 2008, but this trend is largely behind us. However, stock prices remain generally reasonable despite strong corporate profits and a growing U.S. and world economy. We therefore have moderately more sensitivity to equity price movement in our portfolio than the convertible universe.

We are also less exposed to investment grade credit issues than our market. These securities appear relatively expensive, and the safety of their strong financial condition is less valuable as economic conditions continue to improve.

What distinguishes the Columbia Convertible Securities Fund from others in the space?

Columbia Convertible Securities Fund started in September 1987. The fund aims to deliver attractive total return, generating income and price appreciation by actively managing a portfolio of convertible securities.

We take a flexible, bottom-up approach to security selection, considering the risk and potential created by structure, credit worthiness, and the underlying common stock. We strive for a portfolio which is balanced in terms of current income and capital appreciation potential. However, individual holdings may range from credit and structurally driven

investments to balanced to equity-sensitive. With careful portfolio construction, individual holdings which may have potential on a single dimension can be blended into a portfolio attractive on many dimensions.

Thank you for taking the time to learn about the Columbia Convertible Securities Fund. For more information on this fund, I encourage you to visit our website: columbiamanagement.com

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Investors should consider the investment objectives, risks, charges and expenses of a mutual fund carefully before investing. For a free prospectus, which contains this and other important information about the funds, visit columbiamanagement.com. The prospectus should be read carefully before investing.

Most convertible securities are not investment grade and are therefore more speculative in nature than securities with higher ratings. International investing involves special risks, including foreign taxation, currency risks, risks associated with possible differences in financial standards, and other monetary and political risks.

Investment products are not federally or FDIC-insured, are not deposits or obligations of, or guaranteed by any financial institution, and involve investment risks including possible loss of principal and fluctuation in value.

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