Columbia Real Estate Equity Fund

**Fund performance**

- Columbia Real Estate Equity Fund Institutional Class shares returned 1.39% for the quarter ending September 30, 2021.
- The fund outperformed its benchmark, the FTSE NAREIT Equity REITs Index (the index), which returned 0.98% for the same period.
- Both stock selection decisions and allocation positioning overall contributed positively to the fund’s relative performance during the quarter.
- For monthly performance information, please check online at columbiathreadneedle.com.

**Market overview**

U.S. equities posted mixed results in the third quarter, reflecting an increasingly challenging environment compared with the first half of the year. The market performed reasonably well in July and August, during which the prospects of improving economic growth and rising corporate profits outweighed concerns about the COVID-19 Delta variant. The backdrop became less favorable in September, however, fueling a downturn that erased almost all of the advance of the prior two months. The markets had to contend with several new risk factors in the quarter’s final month, including a persistent increase in inflation, worsening supply-chain bottlenecks and instability in China’s property market. In addition, U.S. Federal Reserve Chairman Jerome Powell stated that the central bank was likely to announce a tapering of its quantitative easing program before year end. Together, these offsetting developments led to a nearly flat return of 0.21% for the Russell 1000 Index.

Small-cap stocks trailed large caps, based on the -4.36% return of the Russell 2000 Index. Smaller companies strongly outperformed in the first half of the year, as investors sought ways to capitalize on the economic recovery. More recently, slowing economic data prompted market participants to gravitate toward the perceived relative safety of larger companies. Within the large-cap space, the Russell 1000 Growth Index rose 1.16% and outpaced the Russell 1000 Value Index, which returned -0.78%. The gap largely reflects

**Average annual total returns (%) for period ending September 30, 2021**

<table>
<thead>
<tr>
<th>Share class</th>
<th>3-mon.</th>
<th>1-year</th>
<th>3-year</th>
<th>5-year</th>
<th>10-year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional Class</td>
<td>1.39</td>
<td>31.80</td>
<td>11.29</td>
<td>7.11</td>
<td>10.90</td>
</tr>
<tr>
<td>Class A without sales charge</td>
<td>1.33</td>
<td>31.48</td>
<td>11.00</td>
<td>6.84</td>
<td>10.62</td>
</tr>
<tr>
<td>Class A with 5.75% maximum sales charge</td>
<td>-4.51</td>
<td>23.91</td>
<td>8.83</td>
<td>5.58</td>
<td>9.97</td>
</tr>
<tr>
<td>FTSE NAREIT Equity REITs Index</td>
<td>0.98</td>
<td>37.39</td>
<td>10.01</td>
<td>6.83</td>
<td>11.27</td>
</tr>
</tbody>
</table>

Performance data shown represents past performance and is not a guarantee of future results. The investment return and principal value of an investment will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data shown. Please visit columbiathreadneedle.com for performance data current to the most recent month end. Institutional Class shares are sold at net asset value and have limited eligibility. Columbia Management Investment Distributors, Inc. offers multiple share classes, not all necessarily available through all firms, and the share class ratings may vary. Contact us for details.

**Expense ratio**

<table>
<thead>
<tr>
<th>Share class</th>
<th>No waiver (gross)</th>
<th>With waiver (net)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional</td>
<td>1.03%</td>
<td>1.01%</td>
</tr>
<tr>
<td>A</td>
<td>1.28%</td>
<td>1.26%</td>
</tr>
</tbody>
</table>

The investment manager and certain of its affiliates have contractually (for at least one year from the prospectus date) agreed to waive certain fees and/or to reimburse certain fund expenses.

Columbia Management Investment Distributors, Inc.  
columbiathreadneedle.com  
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Your success. Our priority.

INVESTMENT COMMENTARY

THIRD QUARTER 2021

Real estate securities, as measured by the index, generated positive, albeit muted, returns during the third quarter that outperformed the broader U.S. equity market.

**Fund strategy**

- Invests in a high-conviction, concentrated portfolio of 25–35 stocks across real estate industries
- Uses fundamental research and top-down analysis, combined with bottom-up analysis to build a competitive portfolio
- Invests in niche companies with unique business models, companies in markets with high barriers to entry and companies with turnaround stories

**Overall Morningstar Rating™**

- Class A: ★★★
- Institutional Class: ★★★

The Morningstar Rating is for the indicated share classes only as of 09/30/21; other classes may have different performance characteristics. The Morningstar ratings for the overall, three-, five- and 10-year periods for Class A shares are 3 stars, 3 stars, 3 stars and 3 stars and for Institutional Class shares are 3 stars, 3 stars, 3 stars and 3 stars among 231, 231, 199 and 147 Real Estate funds respectively, and are based on a Morningstar Risk-Adjusted Return measure.

Columbia Management Investment Distributors, Inc. offers multiple share classes, not all necessarily available through all firms, and the share class ratings may vary. Contact us for details.

1 Not Federally Insured | No Financial Institution Guarantee | May Lose Value

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Columbia Real Estate Equity Fund

INVESTMENT COMMENTARY

Third Quarter 2021

Real estate securities, as measured by the index, generated positive, albeit muted, returns during the third quarter that outperformed the broader U.S. equity market. Still, like the broader U.S. equity market, real estate investment trusts (REITs) experienced a sell-off in September. We believe there were three primary reasons for the end-of-quarter weakness in REIT shares. First was the increase in U.S. Treasury yields. The 10-year U.S. Treasury yield moved up approximately 30 basis points in September, and REITs’ share price movements have at times demonstrated negative correlations to interest rate movements in the past. (A basis point is 1/100th of a percentage point.) We have found these correlations to be short-term in nature. Second, the strong performance of REITs on a year-to-date basis through the end of the third quarter could have motivated investors to take some profits. And third was the threat of the negative effects of COVID-19 variants on economic activity overall and on REIT operating fundamentals more specifically. On the positive side, as inflation pressures rose, many investors saw the real estate sector as an attractive inflation hedge. All told, the positive quarterly performance of real estate securities was led by the apartments and manufactured homes subsectors, followed at some distance by the industrial subsector. The weakest subsectors in the index were free-standing, health care and lodging/resorts, each of which generated a negative return during the quarter.

Quarterly Portfolio Recap

The fund’s relative outperformance was driven most by effective stock selection in the office, health care and self-storage subsectors. Having an overweighted allocation to the manufactured homes subsector, which was the second strongest subsector in the index during the quarter, also helped. These positive contributors were only partially offset by stock selection in the industrial and shopping centers subsectors, which detracted.

Contributors

- Centerspace, an apartment real estate company, benefited during the quarter from strong demand for rental housing in the B-level properties within the suburban and smaller urban middle America communities in which its portfolio is focused. As the pandemic has evolved, these areas of the U.S. have experienced improved job growth as well as relatively greater population growth from recent migration trends.

- Life Storage, a self-storage REIT, significantly outperformed the index during the quarter as it did in the prior quarter, benefiting primarily from strong performance in the broader self-storage subsector. Pandemic-influenced migration trends — both ongoing from cities to suburbs and renewed movement from suburbs back to gateway cities — led to robust demand for self-storage during the quarter. Additionally, Life Storage experienced relative earnings growth within the subsector, as its management team has been effectively improving the REIT’s property portfolio, investing both in its properties and in technology supporting its operating platform.

Detractors

- Americold Realty Trust, which provides temperature-controlled food distribution services, experienced a double-digit share price decline due primarily to two challenges. First, as Americold Realty Trust’s clients’ inventories depleted, re-stocking needed to take place but was delayed on pandemic-impacted logistics and supply chain disruptions. Second, staffing for the company proved to be a challenge, leading to increased expenses for wages.

- Tanger Factory Outlet Centers, a factory outlet center REIT, had been a top positive contributor in several consecutive prior quarters but posted a double-digit share price decline during the quarter due to leading to increased expenses for wages.
decline during the third quarter given a number of factors. First, there was notable profit-taking by investors given the REIT’s strong performance leading up to this time. Second, the REIT market overall struggled toward the end of the third quarter, and Tanger Factory Outlet Centers fell in concert with the broad sector. Third, growing fears of an economic slowdown given the aggressive spread of the COVID-19 Delta variant had a heightened impact on the retail subsector.

During the quarter, the only significant shift in the fund’s subsector exposure was a decrease in its exposure to the data centers subsector relative to the index on lower expectations for pricing power and on our view that relative valuations were high. Within data centers, we sold the fund’s positions in CyrusOne and Equinix. We also modestly increased the fund’s relative exposure to the shopping centers subsector on both stock-specific rationales and our top-down view that leasing strength seen in the last several months would likely continue. We established a fund position in Brixmor Property Group, which owns and operates grocery-anchored community and neighborhood shopping centers. In our view, Brixmor Property Group had strong leasing prospects and an attractive relative valuation. We also added to the fund’s position in Americold Realty Trust, mentioned earlier, on weakness. While the cold storage industry was struggling during the quarter with headwinds that included difficulty restocking and wage pressures, we felt these issues were already reflected in the share price of Americold Realty Trust.

At the end of the third quarter, the fund was most overweight relative to the index in the single-family homes, manufactured homes, shopping centers and self-storage subsectors. It was most underweight relative to the index in the apartments, data centers, specialty and free-standing subsectors. The fund was rather neutrally weighted to the index in the industrials, health care, lodging/resorts and office subsectors at the end of the third quarter, and also had exposure to infrastructure REITs, which are not a component of the index. The fund had no exposure to the diversified and regional malls subsectors at the end of the third quarter.

**Outlook**

Despite the September 2021 weakness in REIT share prices, we remained positive at the end of the quarter for three primary reasons. One, we anticipated ongoing positive operating performance from property types that have strong secular tailwinds and from property types that have rebounded with the reopening of the economy. We also expected dividends to grow with REIT cash flow growth over the next several years. Two, in our view, the private commercial real estate transaction market continued to improve during the past year or so and has demonstrated strong pricing that supports REIT share price valuations. Three, merger and acquisition activity has been quite robust, and there continues to be record amounts of cash on the sidelines looking to invest in commercial real estate. We believe this should support share prices seen at the end of the third quarter or at least create a floor for share prices.

We intend to remain focused on two main areas we feel are best positioned for outperformance. At the end of the third quarter, we were focused on companies with exposure to secular tailwinds from demographic trends, changes in the economy, shifts in migration patterns and structural supply/demand imbalances, to name a few. We also continued to seek opportunities where we feel share prices are unfairly discounted relative to the turnaround opportunities in select REITs. Overall, we continued to favor, at the end of the third quarter, companies with healthy balance sheets, proactive management teams and quality portfolios to not only withstand the current challenges but also take advantage of growth opportunities as they present themselves. As always, we remain disciplined in our stock selection process.
Investors should consider the investment objectives, risks, charges and expenses of a mutual fund carefully before investing. For a free prospectus or a summary prospectus, which contains this and other important information about the funds, visit columbiathreadneedle.com. Read the prospectus carefully before investing.

Columbia Threadneedle Investments (Columbia Threadneedle) is the global brand name of the Columbia and Threadneedle group of companies.

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Additional performance information: All results shown assume reinvestment of distributions and do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

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1The fund’s expense ratio is from the most recent prospectus.

The Russell 1000 Index offers investors access to the extensive large-cap segment of the U.S. equity universe representing approximately 92% of the U.S. market.

The Russell 1000 Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

The Russell 1000 Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth values.

The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 index is a subset of the Russell 3000® index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The Financial Times Stock Exchange (FTSE) National Association of Real Estate Investment Trusts (NAREIT) Equity Real Estate Investment Trusts (REITs) Index is an index that reflects performance of all publicly-traded equity REITs.

Indices shown are unmanaged and do not reflect the impact of fees. It is not possible to invest directly in an index.