

Share Class
Symbol

A
RFRAX

C
RFRCX

Institutional
CFRZX

Institutional 2
RFRFX

Institutional 3
CFRYX

The U.S. Federal Reserve held rates steady at both meetings over the quarter, which featured both the last Federal Open Market Committee (FOMC) of Chairman Powell's tenure and the first under Chairman Warsh.

Fund strategy

- Aims for high income, as bank loans tend to have less sensitivity to interest-rate changes, due to the floating coupons that reset every three months based on current market rates
- Emphasizes a risk-aware credit selection process focused on maximizing returns relative to risk in varying market environments
- Follows a time-tested, proprietary process that employs bottom-up credit analysis designed to assess the trade-off between risk and relative value

Expense ratio

Share class	No waiver (gross)	With waiver (net)
Institutional	0.82%	0.76%
A	1.07%	1.01%

From the fund's most recent prospectus. Net expense ratio reflects a contractual fee waiver/expense reimbursement through 11/30/2026, unless sooner terminated at the sole discretion of the fund's board.

Columbia Floating Rate Fund

Fund performance

- Columbia Floating Rate Fund Institutional Class shares returned 1.80% for the quarter ending June 30, 2026.
- The fund's benchmark, the S&P UBS Leveraged Loan Index (SPLL Index), returned 1.85% for the same period.
- For monthly performance information, visit columbiathreadneedleus.com.

Market overview

The fund's benchmark, the S&P UBS Leveraged Loan Index, rebounded from the geopolitically driven volatility that drove negative returns in the prior quarter. The loan market underperformed the U.S. high-yield market, with the ICE BofA US High Yield Index returning 2.45%. The loan market outperformed the U.S. Treasury market, which returned 0.32%. As represented by the Russell 2000 Index and S&P 500 Index, equity markets returned 21.57% and 15.20%, respectively.

The U.S. leveraged-loan market stabilized during the quarter, despite elevated geopolitical uncertainty. This was supported by rising expectations for a lasting peace agreement with Iran and the reopening of the Strait of Hormuz, stronger-than-expected macroeconomic data, robust first-quarter earnings and steadier retail fund flows.

Market dispersion remained a theme, as lower-quality loans continued to underperform. Further artificial intelligence (AI) disintermediation concerns continued to drive notable underperformance in the software sector. Meanwhile, chemicals, media/telecom and consumer-related industries were notable outperformers.

The average price of loans in the market (as per S&P UBS Leveraged Loan Index) ended the quarter \$0.24 higher at \$94.05. The discount margin to 3-year takeout and the yield to 3-year takeout, both commonly used measures for estimating future return potential, were at 5.00% and 8.93%, respectively, at the end of the quarter. The discount margin to 3-year takeout decreased 14 basis points (bps) while the yield to 3-year takeout increased 23 bps. (A basis point is 1/100 of a percent.)

Average annual total returns (%) as of June 30, 2026

Columbia Floating Rate Fund	3-mon.	1-year	3-year	5-year	10-year
Institutional Class	1.80	4.47	7.26	5.21	4.82
Class A without sales charge	1.74	4.19	6.99	4.95	4.54
Class A with 3.00% maximum sales charge	-1.32	1.07	5.91	4.32	4.23
S&P UBS Leveraged Loan Index	1.85	4.29	7.58	5.93	5.49

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 columbiathreadneedleus.com 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.

Columbia Floating Rate Fund

Top holdings (% of net assets): as of June 30, 2026

Ultimate Softw are 5.913 02/10/2031	0.81
Daw n Bidco 6.663 02/04/2033	0.72
TK Elevator Midco 6.377 04/30/2030	0.68
Indy US Bidco 5.894 10/31/2030	0.67
Sedgwick 6.144 07/31/2031	0.66
Proofpoint 6.732 08/31/2028	0.66
Dechra Pharma 6.387 01/27/2032	0.64
Ascend Learning 6.644 12/11/2028	0.64
GAIA Purchaser 7.633 06/25/2033	0.63
White Cap Supply 6.894 10/19/2029	0.61

Top holdings exclude short-term holdings and cash, if applicable. Fund holdings are as of the date given, are subject to change at any time, and are not recommendations to buy or sell any security. Current and future bond holdings are subject to risk.

The U.S. Federal Reserve held rates steady at both meetings over the quarter, which featured both the last Federal Open Market Committee (FOMC) of Chairman Powell's tenure and the first under Chairman Warsh. The commentary following June's meeting was notably hawkish, as Chair Warsh characterized inflation as still elevated versus the committee's 2% inflation target. Interest rate volatility remained elevated, and U.S. Treasury yields continued to rise, albeit settling below their intra-quarter highs, as inflation data remained firm. Two-, five- and ten-year U.S. Treasury rates increased 38 bps, 28 bps and 15 bps, respectively.

Short-term rates, including SOFR (Secured Overnight Financing Rate), which is the base rate used in the US leveraged-loan market, were generally stable with the Fed on hold. At the end of the second quarter, the one-month and three-month SOFR were at 3.65% and 3.73%, respectively.

Loan market technicals were balanced. Following four consecutive quarterly outflows, the trend reversed and floating-rate retail funds received \$1 billion positive flows. This was offset by collateralized loan obligation (CLO) issuance declining 35% sequentially for the lightest quarter of activity in over two years. On the supply side, the new-issue market remained moderately active with non-repricing related supply over 26% year over year.

Default and distressed exchange activity continued to moderate over the quarter. The trailing 12-month default rate for the loan market, including distressed exchanges, declined approximately 70 bps over the period to 2.29% (as calculated by JP Morgan).

Key overweights and underweights: fund vs. benchmark as of June 30, 2026

Overweights	Underweights
Utility	Healthcare
Gaming/Leisure	Service
Energy	Consumer Non-Durables
Manufacturing	Transportation
Housing	Financial

Quarterly portfolio recap

The fund's risk profile did not materially change during the period. The portfolio remained tilted toward a more conservative positioning versus the benchmark, with a slight underweight positioning in BB rated loans and a corresponding overweight position in B rated loans. Most importantly, the fund had an underweight position in the riskier CCC and lower-rated loans as well as in second lien loans.

From the industry allocation perspective, the most notable changes were increased exposure to the healthcare and financials sectors. However, the fund continues to have a significant underweight in both. Exposure to the energy, information technology and utilities sectors went down. At the end of the quarter, the fund had significant overweight positions in the gaming/leisure and utilities sectors. The significant underweight positions comprised the healthcare and services sectors, while there were less pronounced underweight positions in the financials and automotive verticals. Excluding the gaming/leisure industry, the fund was underweight industries that are directly linked to consumer spending.

For the quarter, the fund's outperformance versus the benchmark was driven by investments both in the least risky and most risky portions of the portfolio. The BBB rated loans in the fund

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outperformed the similarly rated loans in the benchmark. Similarly, the CCC and lower-rated loans in the fund generated well above the overall market return during the quarter. These benefits were partly offset by the single B rated loans in the portfolio providing lower returns than similarly rated loans in the benchmark. From the industry sector perspective, the fund benefited from credit selection and overweight positions in both the utilities and gaming/leisure sector. The positive contribution was partially offset by credit selection impact in the information technology sector.

Investments in high-yield bonds accounted for approximately 1.2% of the fund's net asset value during the second quarter, versus no weight in the SPL Index. For the quarter, the high-yield bond market outperformed the loan market and hence, marginally contributed to the fund's return versus the benchmark. The fund also had 2.8% of its value invested in CLO liabilities, mainly in BBB rated CLO debt. These holdings outperformed the overall loan market and made a small positive contribution to the fund. Finally, the fund held 2%–3% of its assets in cash during the quarter, which slightly deducted from performance versus the SPL Index.

The default rate for the Columbia Floating Rate Fund has been below the market average consistently for the last several years. In the second quarter, there were no new defaults among the portfolio companies. That marked the third consecutive quarter with no defaults. For the trailing 12 months ending June 30, 2026, the fund has had one default and participated in one distressed exchange. This translates into an annual default rate of 0.7% on the number of issuers and 0.9% on par-weighted basis. The fund's default rate compares favorably to trailing 12-month default rate for the loan market of 2.3%, as calculated by JP Morgan.

Outlook

The outlook for leveraged loans remains favorable from a fundamental and technical perspective, though we expect dispersion in performance will persist for lower-rated borrowers, those in challenged sectors and those with near-term debt maturities.

While geopolitical uncertainty remains elevated, and certain sectors face idiosyncratic cyclical headwinds (housing/building materials) or emerging AI disruption risk (software), we retain a constructive view on the macroeconomic and fundamental backdrop for corporate credit. Corporate earnings expectations remain high following a stable first-quarter reporting period, and balance sheets generally remain at a solid starting point. Most issuers and sectors are experiencing moderate growth. Many possess capital structures that they can support, long maturity runway, and liquidity and access to additional funding to weather additional shocks.

Labor market indicators remain in focus, with recent data showing some moderation, as nonfarm payroll gains declined sequentially through the second quarter. However, we have not yet seen signs of accelerated deterioration, and the unemployment rate has remained steady. Weakness among lower-end consumers persists, but we do not yet see evidence that it is spreading to broader consumer activity. This backdrop, combined with the surge in energy prices and its pass-through to inflation data, has shifted the market's outlook for the Fed, with investors now pricing in a rate hike before year-end 2026. Chairman Warsh's first post-FOMC press conference was more hawkish than expected, as he emphasized inflation's persistent overshoot of the Fed's 2% target and the committee's commitment to returning inflation to that level. Futures markets have fully removed the prospect of Fed easing in 2026, with a potential hike now fully priced in by year end.

The market has effectively dealt with near-term maturities, and only 1.6% of the market matures through the end of 2027. Looking ahead, most market observers expect 2026 default activity to continue to remain in the 3.00% area, absent a material economic slowdown.

Loan market technicals have stabilized, with low activity on both sides of the supply/demand equation. Retail fund net flows have been only slightly positive, albeit materially improved from trends over the last twelve months. CLO issuance has tapered, given the challenging arbitrage environment. While idiosyncratic sectors and issuers have experienced weakness, the broader market has behaved in an orderly manner despite broader economic and geopolitical uncertainty. The market could experience volatility if material retail fund outflows due to increasing geopolitical conflicts or material deterioration of fundamentals occur. That said, with the still-elevated coupon, wider spreads and elevated all-in yield remain attractive to long-term investors.

Positioning

The Columbia Floating Rate Fund portfolio continues to be slightly more conservatively positioned versus the benchmark. The holdings in B rated loans are moderately higher than in the benchmark, but the exposure to the riskier CCC rated and distressed loans remains below the benchmark. Furthermore, the fund has considerably lower exposure to second lien loan versus most of the other floating-rate mutual funds in the market. In our opinion, the geopolitical and economic risks are still not adequately reflected in current trading levels. Historically, higher-quality loans tend to trade down considerably less during volatile market conditions. Furthermore, the strong loan market technicals throughout 2025 caused the risk premium between BB and B rated loans to shrink. Finally, in the most distressed part of the market, the risk of liability management exercises (LMEs) remains high. As LME intentions are communicated by companies or expected by the market, price action can be very material to the downside.

The fund has exposure to all key industry verticals, but there has been conscious effort to reduce exposure to issuers that are highly exposed to geopolitical risks or new policies. There are a few sectors — information technology, chemicals and building products — that are trading at significant discount to the rest of the market. We don't seek to increase exposure to those sectors at this stage. We are comfortable maintaining conservative positioning and continue to look for dislocations in the market that provide idiosyncratic buying opportunities.

The fund maintains some holdings in highly-liquid assets to manage fund flows. During the quarter, the holdings in cash, on traded basis, fluctuated between 1% to 3% of the fund. At the end of the quarter, the holdings in high-yield bonds and BBB rated CLO liabilities accounted for 1.2% and 2.8%, respectively.

Investment Risks

Market risk may affect a single issuer, sector of the economy, industry or the market as a whole. Fixed-income securities and loan investments present **issuer default** risk. A rise in **interest rates** may result in a price decline of fixed-income instruments held by the fund, negatively impacting its performance and NAV. Falling rates may result in the fund investing in lower yielding debt instruments, lowering the fund's income and yield. These risks may be heightened for longer maturity and duration securities.

Non-investment-grade (high-yield or junk) securities or other similarly rated instruments present greater price volatility and more risk to principal and income than higher rated securities.

Prepayment and extension risk exists because the timing of payments on a loan, bond or other investment may accelerate when interest rates fall or decelerate when interest rates rise which may reduce investment opportunities and potential returns. Investment in loans may include **highly leveraged transactions** whereby the borrower assumes large amounts of debt in order to have the financial resources to attempt to achieve its business objectives. These transactions involve greater risk (including default and bankruptcy) than other investments. **Floating rate loans** typically present greater risk than other fixed-income investments as they are generally subject to legal or contractual resale restrictions, may trade less frequently and experience value impairments during liquidation. Market or other (e.g., interest rate) environments may adversely affect the **liquidity** of fund investments, negatively impacting their price. Generally, the less liquid the market at the time the fund sells a holding, the greater the risk of loss or decline of value to the fund. **Foreign** investments subject the fund to risks, including political, economic, market, social and others within a particular country, as well as to currency instabilities and less stringent financial and accounting standards generally applicable to U.S. issuers. The elimination of London Inter-Bank Offered Rate (**LIBOR**) may adversely affect the interest rates on, and value of, certain Fund investments for which the value is tied to LIBOR.

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The **ICE BofA US High Yield Constrained Index** tracks the performance of U.S. dollar-denominated below-investment-grade corporate debt, publicly issued in the U.S. domestic market.

The **Russell 2000 Index** is an unmanaged index that tracks the performance of the 2,000 smallest of the 3,000 largest U.S. companies, based on market capitalization.

The **S&P 500 Index** is an unmanaged list of common stocks which includes 500 large companies.

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