THIRD QUARTER 2018 INVESTMENT COMMENTARY

Columbia Dividend Income Fund

Fund performance

- Institutional Class shares of Columbia Dividend Income Fund returned 7.25% for the third quarter. For monthly fund performance, please check online at columbiathreadneedle.com.
- The fund’s benchmark, the Russell 1000 Index, returned 7.42% for the same period.
- Stock selection in industrials, energy and health care aided relative performance, while financials was the single biggest sector detractor from relative results.

Market overview

Tax cuts and increased government spending continued to fuel a pickup in U.S. economic growth, despite a host of policy uncertainties, many of which focused on trade. U.S. gross domestic product advanced 4.2% in the second quarter, and preliminary third-quarter data pointed to another period of solid growth. A robust labor market and rising wages figured strongly into the economy’s strength. Despite questions about housing, existing-home sales remained steady in August after four straight months of decline, according to the National Association of Realtors.

Against that favorable economic backdrop, U.S. stock prices rose as corporate profits continued to climb, while higher interest rates weighed on bond prices. Led by a rally in technology and health care stocks, the S&P 500 Index gained 7.71% in the third quarter, with dividends reinvested. Returns on industrial stocks also were strong. Growth stocks led value. Global markets were rattled by escalating threats of a trade war between the U.S. and its largest trading partners, keeping their returns in single digits.

In late September, the Federal Reserve raised the range on its key short-term interest rate, the federal funds rate, to 2.00%-2.25%, citing continued strong job growth and inflation in line with its 2.0% target.

Average annual total returns (%) for period ending September 30, 2018

<table>
<thead>
<tr>
<th>Columbia Dividend Income Fund</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>7.25</td>
<td>13.18</td>
<td>15.93</td>
<td>12.44</td>
<td>11.28</td>
</tr>
<tr>
<td>Class A w/outh sales charge</td>
<td>7.19</td>
<td>12.91</td>
<td>15.64</td>
<td>12.16</td>
<td>11.00</td>
</tr>
<tr>
<td>Class A w ith 5.75% max sales charge</td>
<td>1.05</td>
<td>6.41</td>
<td>13.38</td>
<td>10.84</td>
<td>10.34</td>
</tr>
<tr>
<td>Russell 1000 Index</td>
<td>7.42</td>
<td>17.76</td>
<td>17.07</td>
<td>13.67</td>
<td>12.09</td>
</tr>
</tbody>
</table>

Expense ratio1

<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>0.71%</td>
<td>0.71%</td>
</tr>
<tr>
<td>A</td>
<td>0.96%</td>
<td>0.96%</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.

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On a sector basis, industrials, energy and health care stocks were the fund’s best performers relative to the index, while financials lagged for the period.

- In the industrials sector, Lockheed Martin, Honeywell International and Union Pacific were top performers. After a lackluster first half, all three outperformed for the quarter. Lockheed did well, as investors let go of concerns about defense spending. Investors responded favorably to Honeywell after it reported solid results for the June quarter and reaffirmed a plan to spin off Garrett and Resideo, which has the potential to improve the growth profile and balance sheet optionality for the company. Union Pacific rallied as economic activity accelerated, an environment that is likely to benefit the rails in general. The fund had no exposure to General Electric, which continued to benefit performance relative to the index. Continued confusion about its strategy, deterioration of cash flow and bad performance from recent acquisitions kept investors at bay.

- In the energy sector, the fund gained ground against the index partly on the basis of what it did not own. It had no exposure to the oil service industry, which underperformed. An overweight in integrated oil ConocoPhillips made a solid contribution to relative results and bolstered fund gains.

- In the health care sector, several companies that did poorly in the first half of the year rebounded, as investors focused more on company fundamentals than other factors. In that regard, Johnson & Johnson (J&J), Pfizer and Merck did well for the fund. J&J offers pharmaceuticals, medical devices and consumer products. The company has a AAA rated balance sheet and solid cash flow growth, which were rewarded during the period. Pfizer rebounded after a lackluster first half, as the company’s announcement that it plans to organize into three businesses (innovative medicines, established medicines and consumer) was well received. After a period of heavy patent expirations, we believe Pfizer is poised for an acceleration in growth. Merck’s rollout of Keytruda to address small cell lung cancer continued to be successful, and the company appears to be gaining share against its competition. In addition, results in other areas such as animal health and Januvia have held up better than expected.
In the financials sector, the fund had no exposure to one of the top-performing stocks, Berkshire Hathaway, because it does not pay a dividend. Positions in BlackRock and BB&T also hampered relative returns. BlackRock, which did well in 2017, was hurt by competitor Fidelity’s announcement that it would roll out no-fee products. BB&T, a regional bank, issued tepid loan guidance for the year, which was a common theme across regional banks. Within financials, we initiated a position in Principal Financial Group, a global insurance company that offers life insurance and retirement solutions, which we saw as an opportunity to capture value. We trimmed the fund’s position in asset managers to make this investment.

Outlook

In the third quarter, we believe that investors refocused on market factors that were not working in the first half of the year, specifically valuation and cash flow, both of which are key metrics in our portfolio construction process. This helped fund performance as did a strong economy, rising earnings and decent dividend growth, which are favorable factors for U.S. companies, overall, and for companies represented in the portfolio, in particular. Against this backdrop we remain disciplined in our approach, seeking companies with clean balance sheets, the potential for growth in free cash flow and for raising their dividends over time.

The analysis includes portfolio management decisions regarding sector allocation and security selection within that sector. The net value added reflects the combination of both the sector allocation and the security selection. Effects do not reflect fees and expenses and will vary from the fund’s actual return.

Source: FactSet
Investment Risks

Market risk may affect a single issuer, sector of the economy, industry or the market as a whole. Value securities may be unprofitable if the market fails to recognize their intrinsic worth or the portfolio manager misgauged that worth. 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 than those generally applicable to U.S. issuers. Dividend payments are not guaranteed and the amount, if any, can vary over time. A rise in interest rates may result in a price decline of fixed-income (debt) instruments held by the fund, negatively affecting its performance and NAV. Falling rates may result in the fund investing in lower yielding debt instruments, lowering the fund’s income and yield. Debt instruments with longer maturity and duration have greater sensitivity to interest rate changes. Interest rates can change due to local government and banking regulation changes. The fund may invest significantly in issuers within a particular sector, which may be negatively affected by market, economic or other conditions, making the fund more vulnerable to unfavorable developments in the sector.

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.

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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. Performance attribution is used to help explain the impact of the manager's investment decisions with regard to overall investment policy, asset allocation, security selection and activity. Sector Allocation represents the contribution of the various sectors to a fund or portfolio’s return. Stock Selection represents the contribution to return of the specific stocks within a particular sector and the Net Value Added represents the combination of both.

*Expense ratios are generally based on the fund's most recently completed fiscal year and are not adjusted for current asset levels or other changes. In general, expense ratios increase as net assets decrease. See the fund's prospectus for additional details.

On November 1, 2017, Class Z, R4, R5 and Y shares were renamed to Institutional, Advisor, Institutional 2 and Institutional 3, respectively.

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Russell 1000 Index, an unmanaged index, measures performance of 1000 largest companies within the Russell 3000 Index.

The Standard & Poor's 500 Index (S&P 500 Index) is an unmanaged list of common stocks which includes 500 large companies.

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