Given the back up in rates, we have recently increased the fund’s duration to be relatively neutral to that of the benchmark, while maintaining somewhat of a barbelled term structure including floating rate corporate and asset-backed securities.

**Fund strategy**

- Uses a conservative approach in an effort to maximize yield and risk-adjusted return potential
- Seeks to maintain monthly NAV stability and low total return volatility
- Well-diversified, high-quality focus provides low correlation to riskier assets
- Diversification does not assure a profit or protect against loss.

**Fund performance**

- Columbia Short Term Bond Fund Institutional Class shares returned 0.37% for the three months ending September 30, 2018, slightly outperforming the Bloomberg Barclays 1–3 Year Government/Credit Index which returned 0.33%. For monthly performance information, please check online at columbiathreadneedle.com.

- The fund’s exposures to spread products, including corporate bonds, asset-backed securities (ABS), and commercial mortgage-backed securities (CMBS) enhanced performance, as these sectors outperformed during the quarter, with positive excess returns relative to 1- to 3-year Treasuries.

- Within the corporate market, exposures to the media, real estate investment trusts (REIT) and wirelines communication industries performed the best. Meanwhile, the non-corporate transportation and capital goods sectors trailed other sectors within the corporate market.

**Market overview**

Fixed-income market participants continued to closely monitor growth and inflation indicators during the quarter, with an eye toward the impact on U.S. Federal Reserve policy. Treasury yields rose ahead of the Fed’s September 25 meeting, as encouraging data in employment, retail sales, industrial production and consumer sentiment boosted expectations for two additional Fed rate hikes in 2018. At its meeting, the Fed increased the upper band of the target range for its benchmark overnight lending rate from 2.00% to 2.25%, while signaling the likelihood of an additional 25 basis point (bps) hike in 2018. (A basis point is 1/100 of a percent.)

For the quarter, yields rose along the length of the Treasury curve, and the curve flattened slightly, as the two-year yield increased 29 bps from 2.53% to 2.82%, while the 30-year yield increased 22 bps from 2.99% to 3.21%. Credit sentiment remained firm, as robust economic growth and corporate earnings data outweighed concerns over increasingly protectionist U.S. trade policy. Against this backdrop, most segments of the U.S. short-

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

<table>
<thead>
<tr>
<th>Columbia Short Term Bond 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>0.37</td>
<td>0.19</td>
<td>0.88</td>
<td>0.90</td>
<td>2.12</td>
</tr>
<tr>
<td>Class A w/outh sales charge</td>
<td>0.20</td>
<td>-0.06</td>
<td>0.63</td>
<td>0.63</td>
<td>1.86</td>
</tr>
<tr>
<td>Class A w/ 1.00% max sales charge</td>
<td>-0.80</td>
<td>-1.05</td>
<td>0.30</td>
<td>0.43</td>
<td>1.76</td>
</tr>
<tr>
<td>Bloomberg Barclays 1-3 Year U.S. Government/Credit Index</td>
<td>0.33</td>
<td>0.20</td>
<td>0.73</td>
<td>0.83</td>
<td>1.67</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.*

Not FDIC insured • No bank guarantee • May lose value
term bond market delivered positive excess returns relative to similar-duration Treasuries. (Duration is a measure of a bond’s sensitivity to changes in interest rates.)

Contributors and detractors

- Corporate bond spreads were tighter during the quarter, as all major subsectors generated positive excess returns vs. similar-duration Treasuries. Within the corporate market, exposures to the media, REIT and wirelines communication subsectors were particularly positive to performance, as they outperformed the rest of the corporate market. While all corporate subsectors had positive excess returns vs. Treasuries, the non-corporate, transportation and capital goods sectors trailed other sectors within the corporate market. With respect to credit quality, the fund was overweight BBB rated corporate bonds, which also had a positive effect on performance, as they outperformed A and AA quality notes of similar duration.

- The fund’s exposures to securitized products also had a positive effect on performance, as they too had positive excess returns relative to 1- to 3-year Treasuries. The Bloomberg Barclays ABS Aaa-only and Bloomberg Barclays 1–3.5 Year CMBS indices outperformed Treasuries by 0.29% and 0.39%, respectively. Within securitized products, we continue to find both ABS and non-agency CMBS relatively attractive. Our largest sector overweight was in ABS, where we continued to find value across various collateral types, particularly in auto-backed securities.

- We began the period with a duration that was approximately 0.20 years shorter than that of the benchmark, but increased it to a relatively neutral position given the back-up we saw in rates. Our duration call enhanced the fund’s performance, as interest rates rose across the curve during the quarter. Our floating rate securities benefited from the higher interest rates, as their coupons reset accordingly. Two-year Treasuries rose 29 bps to 2.82%, while three-year Treasuries were up 26 bps to 2.88%.
Outlook

The fund remains underweight U.S. government securities relative to the benchmark. We continue to particularly like non-agency ABS and CMBS, as they continue to offer relatively attractive spreads. We also believe the corporate sector will offer positive excess returns vs. Treasuries for the balance of 2018. Expectations are for gross corporate issuance to be down slightly from record levels in 2017. We remain overweight the energy, wireline communications, insurance and electric utilities sectors.

We are now targeting a duration closer to that of the benchmark, as we believe rates have less upward potential in the near term. Interest rate policy continues to be data-dependent, and we continue to watch global economic growth, global fiscal and monetary policies, as well as impacts from President Trump’s pro-growth policies and rising trade tensions. We also expect spread volatility but consider current risk premiums to be somewhat attractive in most sectors, although not as attractive as those to which investors have become accustomed.

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**Market risk** may affect a single issuer, sector of the economy, industry or the market as a whole. **Mortgage- and asset-backed securities** are affected by interest rates, financial health of issuers/originators, creditworthiness of entities providing credit enhancements and the value of underlying assets. Fixed-income securities 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. **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. Investing in **derivatives** is a specialized activity that involves special risks, which may result in significant losses.

**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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Current and future fund holdings are subject to risk.

**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.

**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.

The **Bloomberg Barclays 1–3 Year U.S. Government/Credit Index** is an index consisting of Treasury or government agency securities and investment grade corporate debt securities with maturities of one to three years. It is unmanaged and unavailable for investment.

The **Bloomberg Barclays ABS Aaa-Only Index** is the Aaa Only component of the Barclays Asset-Backed Securities (ABS) Index, which is part of the Barclays U.S. Aggregate Index. The Asset-Backed Securities (ABS) Index includes ABS with the following collateral types: credit cards, autos, and utility. The index includes passthrough, bullet and controlled amortization structures. The ABS Index includes only the senior class of each ABS issue and the ERISA-eligible B and C tranche.

The **Bloomberg Barclays 1-3.5 Year AAA CMBS Index** is an unmanaged market value weighted performance benchmark for Aaa rated commercial mortgage-backed securities with an average life between 1-3.5 years in the Bloomberg Barclays CMBS Index.

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