

# COLUMBIA HIGH YIELD MUNICIPAL FUND



Your success. Our priority.

## Focus on income and price appreciation

The fund aims to deliver price appreciation as well as a high level of income exempt from U.S. federal taxes by investing in higher yielding, lower quality securities.

## Strong credit research

We rely on rigorous bottom-up credit research to achieve higher income without the use of leverage or active interest rate hedging or speculation.

## Emphasis on downside protection

Liquidity and concentration limits are fund parameters created to help capture much of the market upside while helping to protect on the downside.

Class A LHIAX | Class C CHMCX | Class R4 CHIYX | Class R5 CHMYX | Class Y CHHYX | Class Z SRHMX

### Overall Morningstar Rating



Class A



Class Z

The Morningstar rating is for the indicated share classes only as of 06/30/17; other classes may have different performance characteristics. Among 145 High Yield Muni funds.

### Morningstar Rankings

Category: High Yield Muni

	Share classes	
	A	Z
1-year	62	57
3-year	56	49
5-year	52	42
10-year	33	30

### Expense Ratio\*

	Gross	Net
Class A	0.94	0.86
Class C	1.69	1.61
Class R4	0.74	0.66
Class R5	0.62	0.58
Class Y	0.57	0.53
Class Z	0.74	0.66

### Taxable Equivalent Yield (% , Class A)<sup>†</sup>

Tax Rate (%)	
38.8	5.05
43.4	5.46

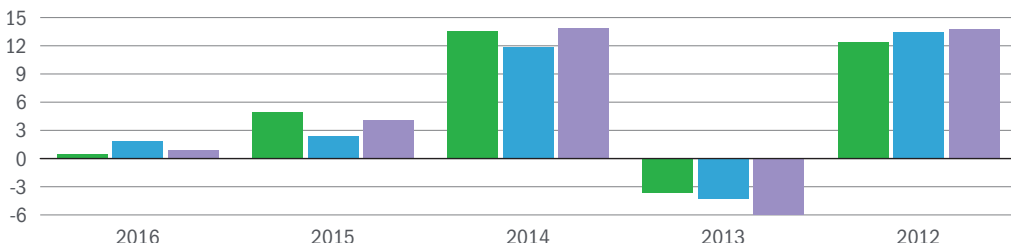
### 30-day SEC Yield (%)

	Class A	Class Z
30-day SEC yield (%)	3.09	3.38
Unsubsidized	3.03	3.33

### Average Annual Total Returns (%)

	Inception Date	YTD (cum.)	1-year	3-year	5-year	10-year	Since Inception
<b>Without sales charges</b>							
Class A <sup>†</sup>	07/31/00	3.87	-0.69	4.65	4.61	4.19	6.40
Class C <sup>†</sup>	07/15/02	3.64	-1.25	3.98	3.96	3.55	5.77
Class Z	03/05/84	3.98	-0.49	4.86	4.82	4.40	6.62
High Yield Municipal Blended Benchmark		5.10	0.55	4.72	4.45	4.56	—
Bloomberg Barclays Municipal High Yield Bond Index		6.13	1.22	5.62	5.22	4.46	—
Morningstar category: High Yield Muni		4.69	-0.18	4.76	4.48	3.65	—
<b>With sales charge</b>							
Class A <sup>†</sup>		0.77	-3.65	3.61	3.98	3.87	6.30
Class C <sup>†</sup>		2.64	-2.20	3.98	3.96	3.55	5.77

### Calendar-Year Total Returns (%)



Calendar-Year Total Returns (%)	2016	2015	2014	2013	2012
Class A NAV <sup>†</sup>	0.48	4.94	13.64	-3.69	12.38
High Yield Municipal Blended Benchmark	1.90	2.43	11.92	-4.32	13.47
Morningstar category: High Yield Muni	0.90	4.09	13.86	-5.99	13.82

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. With sales charge performance is calculated with maximum sales charge of 3.00% for the A share and 1.00% CDSC for the C share. Please visit [columbiathreadneedle.com/us](http://columbiathreadneedle.com/us) for performance data current to the most recent month end. Class R4, R5, Y and Z 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.

<sup>†</sup> The returns shown for periods prior to the share class inception date (including returns since inception, which are since fund inception) include the returns of the fund's oldest share class. These returns are adjusted to reflect any higher class-related operating expenses of the newer share classes, as applicable. For more information please visit: [columbiathreadneedle.com/us/investment-products/mutual-funds/appended-performance](http://columbiathreadneedle.com/us/investment-products/mutual-funds/appended-performance).

\* The fund's expense ratio is from the most recent prospectus. The investment manager and certain of its affiliates have contractually (for at least twelve months after the date of the fund prospectus) agreed to waive certain fees and/or to reimburse certain expenses of the fund.

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/us](http://columbiathreadneedle.com/us). Read the prospectus carefully before investing.

Not FDIC insured • No bank guarantee • May lose value

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Fund Information<sup>▲</sup>

Fund inception	03/05/84
Fiscal year end	05/31/18
Total net assets (all classes, \$m)	784
Number of Issuers	244
Number of Holdings	297
Percent AMT	15.45
Turnover Rate (1-year, %)	10
Average Effective Duration	8.07
Average maturity (years)	20.29

## Investment Objective

The fund seeks total return, consisting of current income exempt from federal income tax and capital appreciation.

## Portfolio Management

Chad Farrington, CFA	19 years of experience
Catherine Stienstra	28 years of experience

## Fixed Income Sectors (% net assets)

Portfolio Weight	
CCRC	11.2
Hospital	9.0
Local General Obligation	9.0
Charter School	8.9
Special Property Tax	5.3
Turnpike/Bridge/Tollroad	4.6
Sales Tax	4.0
Multi-Family	3.4
Refunded/Escrowed	3.4
Tobacco	3.3

Credit Rating (% net assets)<sup>†</sup>

AAA	1.2
AA	8.5
A	18.8
BBB	23.5
BB	7.8
B	4.4
CCC	0.8
C	1.6
D	0.7
Net Cash & Equiv.	1.4
Non Rated	31.3

Percentages may not add up to 100 due to rounding.

**Investment risks** — Fixed-income securities present **issuer** default risk. The fund invests substantially in **municipal securities** and will be affected by tax, legislative, regulatory, demographic or political changes, as well as changes impacting a state's financial, economic or other conditions. A relatively small number of tax-exempt issuers may necessitate the fund investing more heavily in a single issuer and, therefore, be more exposed to the risk of loss than a fund that invests more broadly. **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. 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 present greater price volatility and more risk to principal and income than higher rated securities. **Market** risk may affect a single issuer, sector of the economy, industry or the market as a whole. Federal and state tax rules apply to capital gain distributions and any gains or losses on sales. Income may be subject to state, local or alternative minimum taxes. 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.

<sup>▲</sup> **Duration** measures the sensitivity of bond prices to changes in interest rates. Bonds with a higher duration experience greater price volatility from interest rate movements.

<sup>†</sup> Bond ratings are divided into categories ranging from AAA (highest) to D (lowest) and are subject to change. The ratings shown are determined by using the middle rating of Moody's, S&P and Fitch, each a third-party rating agency, after dropping the highest and lowest available ratings. When a rating from only two agencies is available, the lower rating is used. When a rating from only one agency is available, that rating is used. When a bond is not rated by one of these agencies, it is designated as Not Rated. Securities designated as Not Rated do not necessarily indicate low credit quality, and for such securities the investment adviser evaluates the credit quality. Holdings of the portfolio other than bonds are categorized under Other. Credit ratings are subjective opinions of the credit rating agency and not statements of fact and may become stale or subject to change.

<sup>‡</sup> Tax-equivalent yield indicates what the fund's 30-day SEC yield would need to be on a taxable basis in order to provide the same after-tax yield. It assumes the federal tax rate (39.6% or 35%) plus the net investment income tax (3.8%) for a combined rate of 43.4% and 38.8%, respectively. This calculation does not reflect the phase out of exemptions or the reduction of otherwise allowable deductions that occur when adjusted gross income exceeds certain levels.

The **30-day SEC Yield**: is an estimate of the fund's rate of investment income reflecting an estimated yield to maturity (assuming all current portfolio holdings are held to maturity), and it may not equal the fund's actual income distribution rate or the income paid to a shareholder's account. The yield shown reflects fee waivers in effect, if any. In the absence of such waivers, yields would be reduced. The yield will reflect an inflation adjustment that is attributable to any inflation-protected securities owned by the fund. This adjustment and the resulting yield can be positive (in the case of inflation) or negative (in the case of deflation). The **unsubsidized 30-day SEC Yield**: is the SEC yield adjusted to reflect the gross expense ratio applicable to the share class shown and without regard to the contractual reimbursements and fee waivers required of the fund's investment manager and affiliates. The 30-day SEC yields may appear to be the same due to rounding.

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**Morningstar Percentile Rankings are based on the average annual total returns of the funds in the category for the periods stated. They do not include sales charges or redemption fees but do include operating expenses and the reinvestment of dividends and capital gains distributions. The highest (most favorable) percentile rank is 1 and the lowest (least favorable) percentile rank is 100. Share class rankings vary due to different expenses. If sales charges or redemption fees were included, total returns would be lower. For the one-, three-, five- and ten-year periods there are 168, 145, 119 and 86 High Yield Muni funds, respectively. For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating<sup>™</sup> used to rank the fund against other funds in the same category. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly excess performance, without any adjustments for loads (front-end, deferred, or redemption fees), placing more emphasis on downward variations and rewarding consistent performance. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) The Morningstar ratings for the overall-, three-, five- and ten-year periods for the A-share are 4 stars, 3 stars, 3 stars, and 4 stars and for the Z-share are 4 stars, 3 stars, 4 stars, and 4 stars among 145, 145, 119 and 86 High Yield Muni funds, respectively, and are based on a Morningstar Risk-Adjusted Return measure. The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its three-, five- and ten-year (if applicable) Morningstar Rating metrics.**

The **High Yield Municipal Blended Benchmark**, which is a weighted custom composite consisting of **60% Bloomberg Barclays Municipal High Yield Bond Index** and a **40% Bloomberg Barclays Municipal Bond Index**. The **Bloomberg Barclays Municipal Bond Index** is an unmanaged index considered representative of the broad market for investment-grade, tax-exempt bonds with a maturity of at least one year. The **Bloomberg Barclays Municipal High Yield Bond Index**, measures the non-investment grade and non-rated US dollar-denominated, fixed-rate, tax-exempt bond market within the 50 United States and four other qualifying regions (Washington DC, Puerto Rico, Guam and the Virgin Islands). It is not possible to invest directly in an index.

Returns 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.

Not all products and share classes are available through all firms.

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